



Quarterly Performance Update

30 September 2022

For advisers only



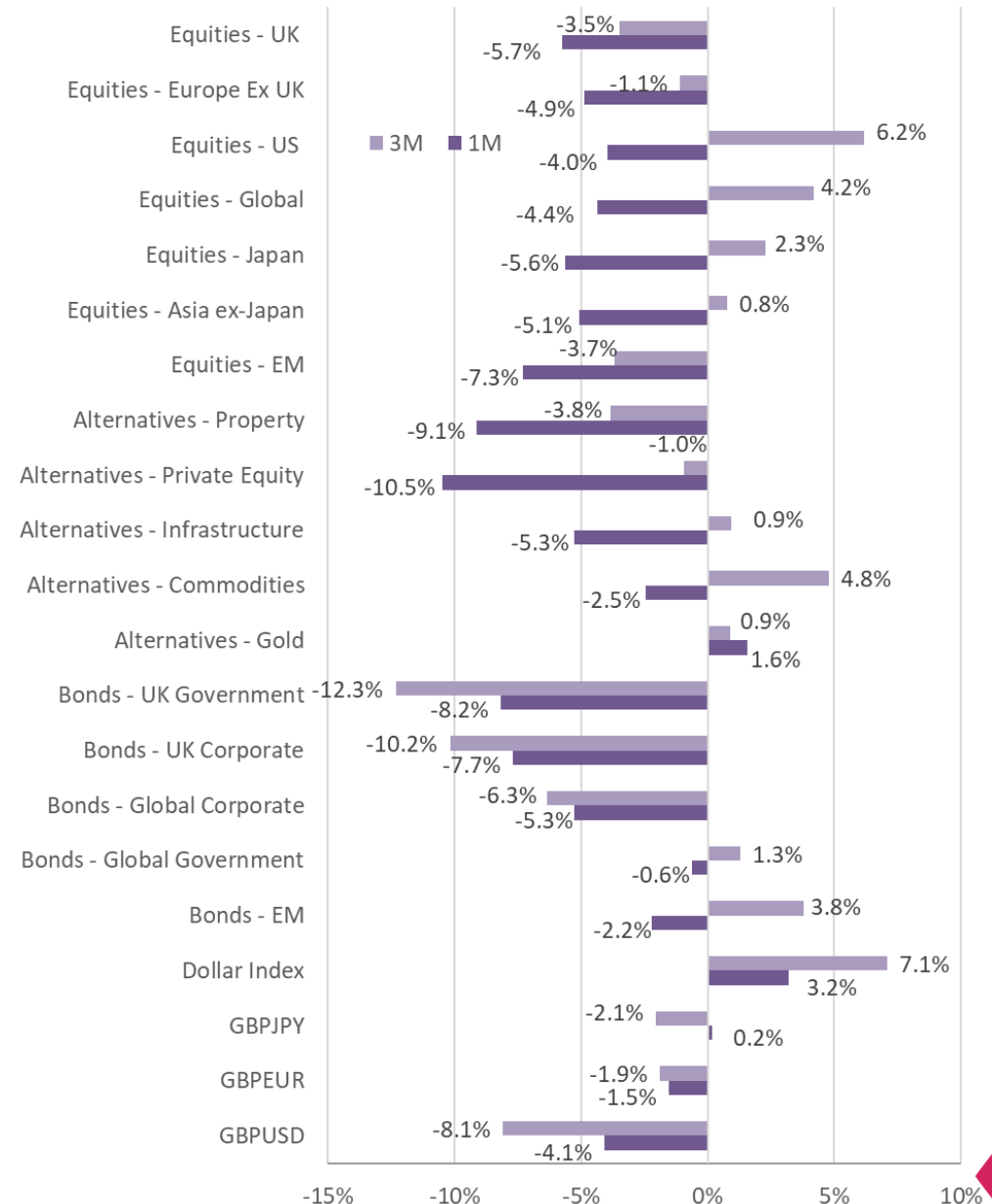
Market performance
Market Positioning
Risk barometer
Portfolio performance
Outcome charts



Market performance Q3 2022

- Investors endured another difficult month in September with most asset classes finishing the month lower over the period. Mounting concerns over persistently high inflation, hawkish central banks and weakening economic growth weighed heavily on equity markets, many of which fell to new lows for 2022. Emerging markets and North American equities were hard hit followed by UK and European stocks. UK smaller companies had a particularly challenging month due to domestic headwinds and the fact they benefit less from a weaker pound versus larger export driven companies.
- The market response to the UK's 'mini-budget' was arguably the most impactful event over the month triggering considerable volatility across fixed income and currency markets. The budget included several unfunded tax reductions as well as support by the government to help manage energy bills and stimulate growth. All in all, the value of the cuts was expected to amount to £45bn by 2027, twice as much as markets had anticipated. This was viewed negatively by investors leading to a dramatic fall in the pound and a sharp increase in bond yields. This further prompted the Bank of England to intervene announcing a two-week purchase program for long-dated Gilts to help stabilize the UK economy. Outside of the UK, global investment grade and high yield bonds also finished the month with losses.
- Commodity prices were generally softer in September. Energy prices fell over the month, led by natural gas in Europe, followed by crude oil. Overall weakness was driven by signs of global economic slowdown as well as Europe's ability to secure some LNG (liquefied natural gas) imports to help reduce reliance on Russian supplies. This was despite news late in September that both Nordstream 1 & 2 gas pipelines had experienced major explosions and subsequent leaks prompting speculation of international sabotage. Outside of energy agricultural commodities were flat in aggregate while base metals and precious metals fell over the month.
- In conclusion, markets continue to grapple with future inflation and interest rate expectations as well as ongoing geopolitical uncertainty. With the uncertainty this is creating, we expect market volatility to remain elevated for the time being with the potential for further downside risk. We still believe caution is warranted and that portfolios should remain with a more defensive posture for the time being, until there is more clarity on the trajectory of inflation and interest rates going forward.

Market Performance



Source: Refinitiv Datastream, Copia Capital Management. All numbers expressed in GBP

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Portfolio performance
Outcome charts



- We believe we are already in a bear market (albeit with occasional dead cat bounces)
- Inflation likely to remain high for some time (the Fed and BOE have been too slow to raise interest rates)
- Interest rates are likely to continue to rise, but we are starting to see select opportunities arise which we will look to take advantage of
- Quantitative Tightening (QT) to reduce liquidity and therefore less marginal cash looking for returns by investing in equities
- China equities have been over-sold
- The conflict in Ukraine has exacerbated all of the above (impact on trade; impact on inflation)
- Brexit remains a concern for the UK (GBP remains weak)

Consequently:

- Remain well diversified
- Maintain a “risk off” mind-set (risk barometer remains in the red)
- Prefer value over growth
- Regarding to bonds, we are preferring to keep the date short/shorter duration
- Keep China exposure within Emerging Markets Funds

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Portfolio performance
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-0.72

As of 30-June-2022



-0.67

As of 30-Sep-2022

Based on our proprietary Prediction Algorithm the Copia Risk Barometer is reading -0.67 as of 30-September-2022, a change of +0.05 from last quarter, staying in the Red zone, indicating that the global economic outlook continues to be negative.

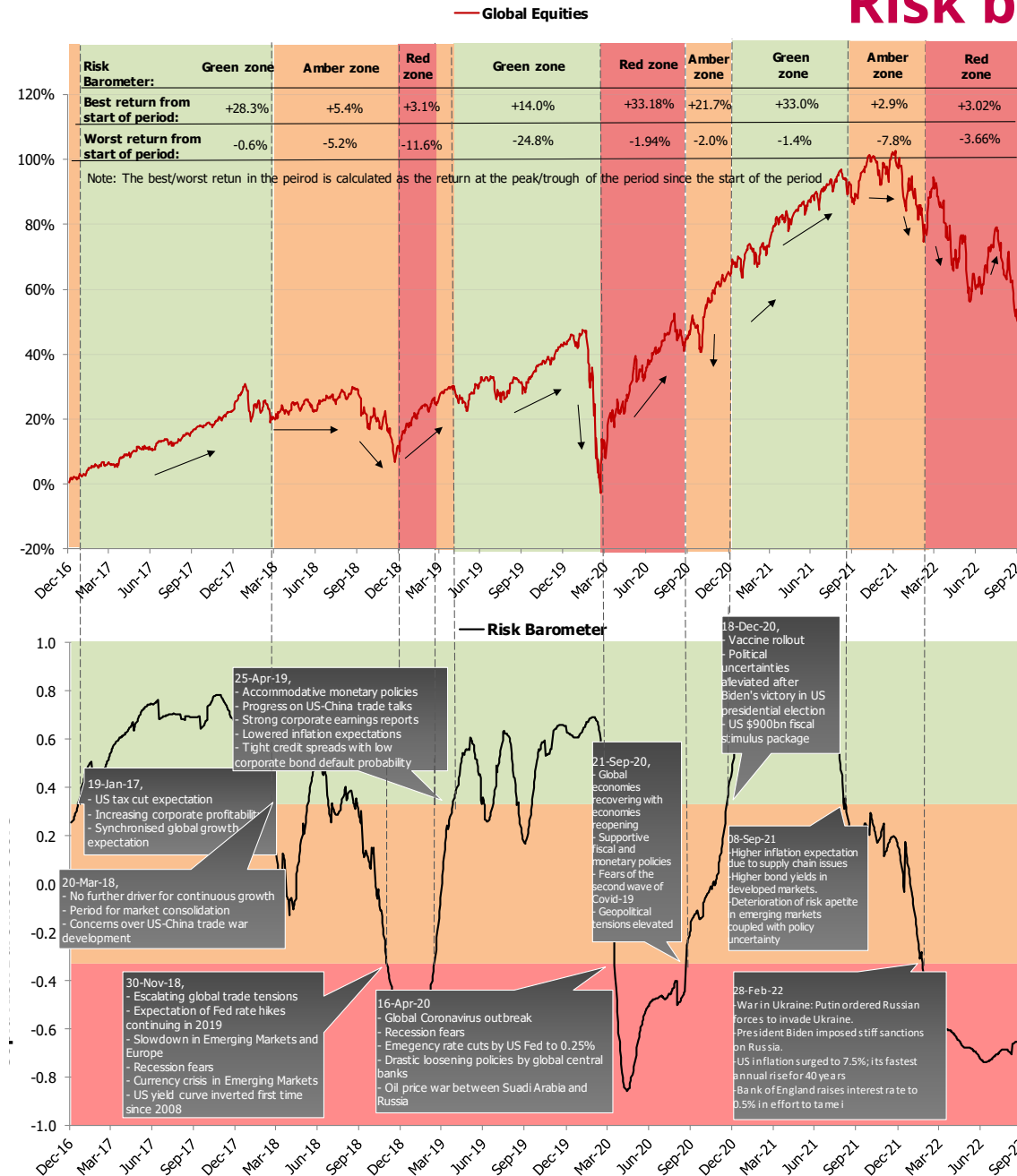
Primary drivers for the Risk Barometer:

- **Government bond markets:** Major global yield curves continue to be heavily inverted following a steep shift upwards in major developed market yield curves over the last quarter. This is a cautionary signal from the bond markets suggesting the liquidity fuelled rally in risk assets is coming to an end. Historically recessions have followed 9 out of 10 times, 18 months from the point when the yield curve inverts and remains in inversion.
- **Equity market pricing:** Economic growth expectations have been lowered going forward as companies start to feel the pressure from supply chain issues, rising inflation and stalling growth. Geopolitical uncertainty remains high and equities are likely to remain volatile in the near term. Markets have also lost its long term positive momentum and are in bear market territory. As such the equity market signals are presenting a cautious signal.
- **Credit Spreads:** The tight credit spreads which had underpinned positive sentiment in risk assets all through 2021 have materially expanded. Rising Credit Default Swap indices indicate corporate bond investors have now started to price in a probability of an inflation/Fed induced recession. Although these levels are not comparable to those seen during the Covid recession, the spreads have materially widened compared to levels seen over the last few months.
- **Overall:** The Risk Barometer is picking up much more negative signals than positive ones and is indicating a negative outlook toward risk assets. Volatility is likely to persist and if these conditions continue, economic growth outlook will be challenging for the rest of 2022.

Note: The Risk Barometer score varies between -1.0 and +1.0. A score of -1.0 indicates an extremely poor economic outlook, which is accompanied by a high probability of negative returns in risky asset classes. A score of 0 indicates a neutral economic outlook with almost equal probability of positive and negative returns in risky asset classes. A score of +1.0 indicates an extremely positive economic outlook, which is accompanied by a high probability of positive returns in risky asset classes.

Risk Barometer history

- The top chart shows the market performance (best and worst returns) during different Risk Barometer regimes.
- The bottom chart shows how the Risk Barometer has moved between different regimes and the triggers for regime changes.
- The Risk Barometer is a forward-looking quantitative model that provides a systematic rules-based approach for dynamic risk management.



Note: The Risk Barometer score varies between -1.0 and +1.0.

A score of -1.0 indicates an extremely poor economic outlook, which is accompanied by a high probability of negative returns in risky asset classes.

A score of 0 indicates a neutral economic outlook with almost equal probability of positive and negative returns in risky asset classes.

A score of +1.0 indicates an extremely positive economic outlook, which is accompanied by a high probability of positive returns in risky asset classes.

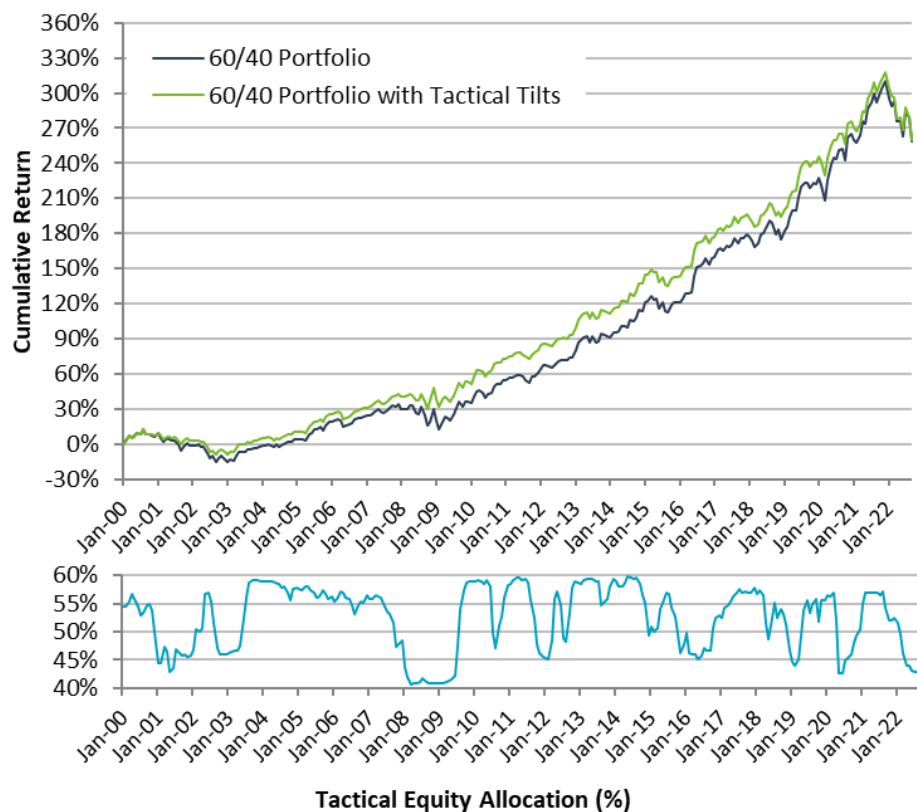
Source: Copia Capital Management, Refinitiv Datastream

Global Equities Returns is based on actual data of MSCI World Index for the period between 31-Dec-2016 and 30-Sep-2022.

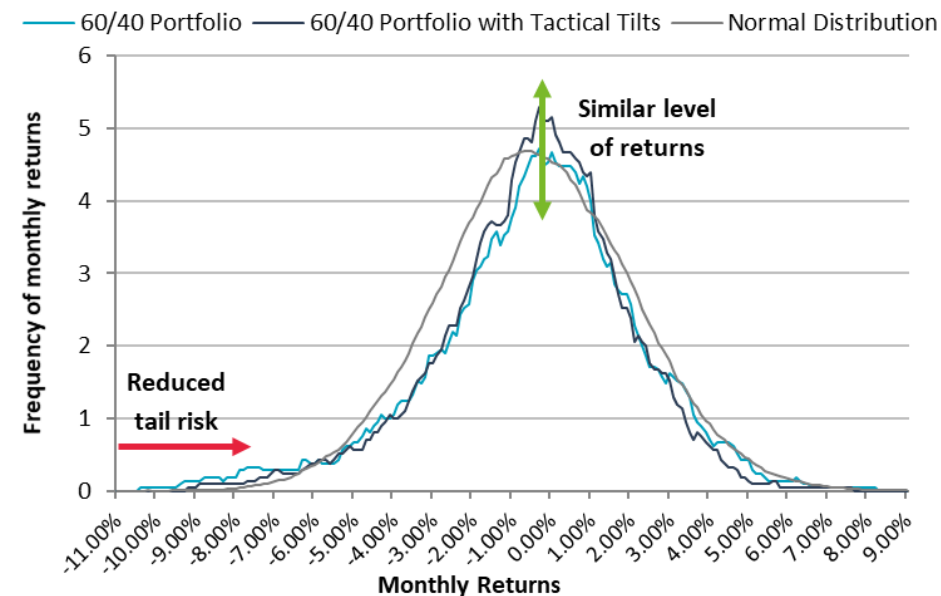


Impact of dynamic risk management using the Risk Barometer

- Objective is to achieve similar levels of returns, with a narrower dispersion of returns (reduced tail risk)
- Can enhanced risk-adjusted returns
- Can deliver a smoother investment journey whilst mitigating downside risk
- We evaluate impact using a theoretical 60/40 portfolio with and without the Risk Barometer



	Annualised Return	Annualised Volatility	Sharpe Ratio	Maximum Drawdown
60/40 Portfolio	5.80%	8.39%	0.69	-25.40%
60/40 Portfolio with Tactical Tilts	5.81%	7.31%	0.80	-19.13%
Impact	→ 0.01%	↓ -12.90%	↑ 15.05%	↓ -24.68%



Note: 60/40 Portfolio consists of 60% allocation to MSCI World Index and 40% allocation US 10 year Bond Index rebalanced monthly. Figures are based on historic actual figures in GBP terms for the period 31-Jan-2000 and 30-Sep-2022. All return figures are before fees.

The 60/40 Portfolio with Tactical Tilts consists of dynamic allocation to MSCI World Index within a range of 40% to 60% driven by the Risk Barometer. The portfolio is rebalanced monthly and remaining allocation is to US 10 year Bond Index.

Source: Copia Capital Management, Refinitiv Datastream

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Select Acc. and Select ESG performance table

Select Acc. was previously known as Select

Select Accumulation	Discrete											
	3 M	6 M	1 Yr	3 Yr	Since Inception (31-Oct-2016)	Since Inception (31-Oct-2016) (Annualized)	1 Yr Volatility	Year 1 30-Sep-17 to 30-Sep-18	Year 2 30-Sep-18 to 30-Sep-19	Year 3 30-Sep-19 to 30-Sep-20	Year 4 30-Sep-20 to 30-Sep-21	Year 5 30-Sep-21 to 30-Sep-22
Cautious	-1.90%	-5.39%	-5.65%	-1.86%	12.01%	1.94%	5.82%	2.66%	10.83%	0.97%	3.02%	-5.65%
Moderate	-1.96%	-6.03%	-6.47%	2.64%	23.25%	3.60%	6.91%	5.39%	10.08%	0.73%	8.94%	-6.47%
Balanced	-1.20%	-6.31%	-5.91%	8.09%	32.84%	4.92%	8.58%	7.07%	8.04%	0.27%	14.56%	-5.91%
Growth	-0.23%	-7.02%	-5.80%	10.61%	39.03%	5.73%	11.03%	8.22%	8.23%	-0.69%	18.24%	-5.80%
Equity	-0.39%	-7.04%	-5.40%	14.38%	45.10%	6.49%	11.07%	9.59%	6.31%	-0.18%	21.12%	-5.40%
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates												

Select ESG	Discrete											
	3 M	6 M	1 Yr	3 Yr	Since Inception (31-Mar-2020)	Since Inception (31-Mar-2020) (Annualized)	1 Yr Volatility	Year 1 30-Sep-17 to 30-Sep-18	Year 2 30-Sep-18 to 30-Sep-19	Year 3 30-Sep-19 to 30-Sep-20	Year 4 30-Sep-20 to 30-Sep-21	Year 5 30-Sep-21 to 30-Sep-22
Cautious	-3.57%	-6.95%	-7.57%	#N/A	0.87%	0.35%	6.48%	#N/A	#N/A	#N/A	1.96%	-7.57%
Moderate	-4.33%	-8.65%	-9.28%	#N/A	8.76%	3.41%	8.01%	#N/A	#N/A	#N/A	7.92%	-9.28%
Balanced	-4.07%	-9.37%	-9.29%	#N/A	18.48%	7.01%	9.72%	#N/A	#N/A	#N/A	12.95%	-9.29%
Growth	-3.45%	-10.28%	-9.58%	#N/A	24.16%	9.04%	12.00%	#N/A	#N/A	#N/A	16.67%	-9.58%
Equity	-3.33%	-10.33%	-9.46%	#N/A	28.66%	10.60%	12.37%	#N/A	#N/A	#N/A	19.30%	-9.46%
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates												

Select Decumulation performance table

Previously known as Retirement Income

Select Decumulation	Discrete											
	3 M	6 M	1 Yr	3 Yr	Since Inception (28-Feb-2017)	Since Inception (28-Feb-2017) (Annualized)	1 Yr Volatility	Year 1 30-Sep-17 to 30-Sep-18	Year 2 30-Sep-18 to 30-Sep-19	Year 3 30-Sep-19 to 30-Sep-20	Year 4 30-Sep-20 to 30-Sep-21	Year 5 30-Sep-21 to 30-Sep-22
RP1/3-10Y	-2.08%	-3.82%	-4.39%	-2.81%	3.09%	0.55%	3.35%	1.51%	5.08%	-0.88%	2.54%	-4.39%
RP1/11-15Y	-3.60%	-6.35%	-7.34%	-6.01%	1.54%	0.27%	5.48%	2.02%	6.34%	-2.79%	4.34%	-7.34%
RP1/16-20Y	-3.28%	-6.71%	-7.76%	-6.46%	3.40%	0.60%	6.07%	2.49%	8.20%	-4.01%	5.64%	-7.76%
RP1/20-25Y+	-3.21%	-7.09%	-8.29%	-5.89%	5.41%	0.95%	6.72%	2.52%	9.18%	-3.93%	6.81%	-8.29%
RP2/3-10Y	-2.02%	-4.76%	-5.06%	-2.84%	3.31%	0.58%	4.83%	1.82%	4.74%	-3.57%	6.13%	-5.06%
RP2/11-15Y	-3.36%	-7.08%	-8.17%	-7.04%	1.11%	0.20%	6.60%	2.96%	5.84%	-6.40%	8.16%	-8.17%
RP2/16-20Y	-2.96%	-7.26%	-8.24%	-6.46%	4.20%	0.74%	7.31%	3.53%	7.64%	-6.94%	9.54%	-8.24%
RP2/20-25Y+	-2.45%	-7.49%	-8.27%	-5.50%	6.57%	1.14%	8.01%	3.57%	8.51%	-6.71%	10.44%	-8.27%
RP3/3-10Y	-2.31%	-6.15%	-6.84%	-5.18%	1.97%	0.35%	6.22%	2.82%	4.56%	-7.23%	9.71%	-6.84%
RP3/11-15Y	-2.71%	-7.48%	-8.51%	-6.70%	2.03%	0.36%	7.75%	3.52%	5.46%	-8.79%	11.80%	-8.51%
RP3/16-20Y	-2.42%	-7.67%	-8.67%	-6.30%	5.20%	0.91%	8.30%	4.23%	7.16%	-9.04%	12.79%	-8.67%
RP3/20-25Y+	-2.32%	-7.99%	-9.14%	-6.26%	5.84%	1.02%	8.62%	4.44%	7.34%	-9.01%	13.37%	-9.14%
RP4/3-10Y	-2.25%	-7.59%	-8.32%	-5.93%	3.02%	0.53%	8.67%	4.46%	4.37%	-11.13%	15.46%	-8.32%
RP4/11-15Y	-2.19%	-7.82%	-8.97%	-6.65%	3.63%	0.64%	9.26%	4.66%	5.29%	-12.65%	17.40%	-8.97%
RP4/16-20Y	-2.17%	-7.95%	-9.16%	-5.98%	5.05%	0.88%	9.38%	4.91%	5.62%	-11.65%	17.16%	-9.16%
RP4/20-25Y+	-2.04%	-8.03%	-9.47%	-7.12%	3.95%	0.70%	9.16%	5.33%	5.42%	-11.84%	16.38%	-9.47%
RP5/3-10Y	0.07%	-7.79%	-7.85%	-2.35%	11.39%	1.95%	11.53%	6.65%	5.86%	-12.06%	20.50%	-7.85%
RP5/11-15Y	-1.51%	-8.31%	-9.72%	-5.04%	7.45%	1.29%	10.97%	6.69%	4.94%	-13.15%	21.10%	-9.72%
RP5/16-20Y	-1.70%	-8.39%	-9.85%	-5.40%	6.29%	1.10%	10.79%	6.42%	4.47%	-13.15%	20.84%	-9.85%
RP5/20-25Y+	-1.91%	-8.37%	-10.07%	-6.32%	4.30%	0.76%	10.40%	6.09%	3.85%	-13.43%	20.34%	-10.07%

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates

Select Volatility	Cumulative Returns				Since Inception (28-Oct-2013)	Since Inception (28-Oct-2013) (Annualized)	1 Yr Volatility	Discrete Returns				
	3 M	6 M	1 Yr	3 Yr				Year 1 30-Sep-17 to 30-Sep-18	Year 2 30-Sep-18 to 30-Sep-19	Year 3 30-Sep-19 to 30-Sep-20	Year 4 30-Sep-20 to 30-Sep-21	Year 5 30-Sep-21 to 30-Sep-22
Model 1	-2.41%	-1.03%	-3.88%	-4.04%	5.55%	0.61%	3.20%	0.07%	3.36%	0.79%	-0.95%	-3.88%
Model 2	2.05%	5.86%	4.01%	3.31%	13.65%	1.44%	3.51%	0.35%	3.71%	0.69%	-1.36%	4.01%
Model 3	-0.04%	1.26%	0.42%	-1.72%	16.39%	1.71%	3.94%	0.31%	5.08%	-1.16%	-0.97%	0.42%
Model 4	-0.13%	-0.45%	0.00%	-1.92%	20.49%	2.11%	4.61%	1.04%	4.41%	-2.30%	0.38%	0.00%
Model 5	-0.49%	-1.85%	-1.43%	-4.94%	19.45%	2.01%	5.89%	2.87%	4.36%	-4.46%	0.94%	-1.43%
Model 6	-0.32%	-1.10%	0.39%	-3.00%	24.21%	2.46%	6.39%	3.77%	4.97%	-5.80%	2.57%	0.39%
Model 7	0.29%	-1.18%	0.89%	-1.49%	30.77%	3.05%	7.32%	5.53%	5.14%	-6.86%	4.83%	0.89%
Model 8	0.64%	-1.85%	1.09%	1.46%	36.35%	3.53%	8.39%	6.65%	4.47%	-5.59%	6.30%	1.09%
Model 9	1.08%	-2.40%	1.36%	1.01%	38.63%	3.73%	9.32%	6.66%	4.43%	-7.82%	8.11%	1.36%
Model 10	0.26%	-5.83%	-1.87%	-1.10%	35.56%	3.47%	10.11%	7.39%	4.05%	-5.42%	6.56%	-1.87%

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates

Select Volatility	Cumulative Returns				Since Inception (02 Nov 20)	Since Inception (02 Nov 20) (Annualized)	1 Yr Volatility	Discrete				
	3 M	6 M	1 Yr	3 Yr				Year 1 30-Sep-17 to 30-Sep-18	Year 2 30-Sep-18 to 30-Sep-19	Year 3 30-Sep-19 to 30-Sep-20	Year 4 30-Sep-20 to 30-Sep-21	Year 5 30-Sep-21 to 30-Sep-22
Select Preservation	-1.92%	-4.87%	-3.41%	#N/A	2.15%	1.12%	5.39%	#N/A	#N/A	#N/A	#N/A	-3.41%

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates

						Discrete Returns						
	3 M	6 M	1 Yr	3 Yr	Since Inception (14-Mar-2016)	Since Inception (14-Mar-2016) (Annualized)	1 Yr Volatility	Year 1 30-Sep-17 to 30-Sep-18	Year 2 30-Sep-18 to 30-Sep-19	Year 3 30-Sep-19 to 30-Sep-20	Year 4 30-Sep-20 to 30-Sep-21	Year 5 30-Sep-21 to 30-Sep-22
Select Thematic	2.39%	-8.67%	-11.74%	5.84%	49.19%	6.30%	14.52%	5.92%	-0.36%	-0.59%	20.62%	-11.74%

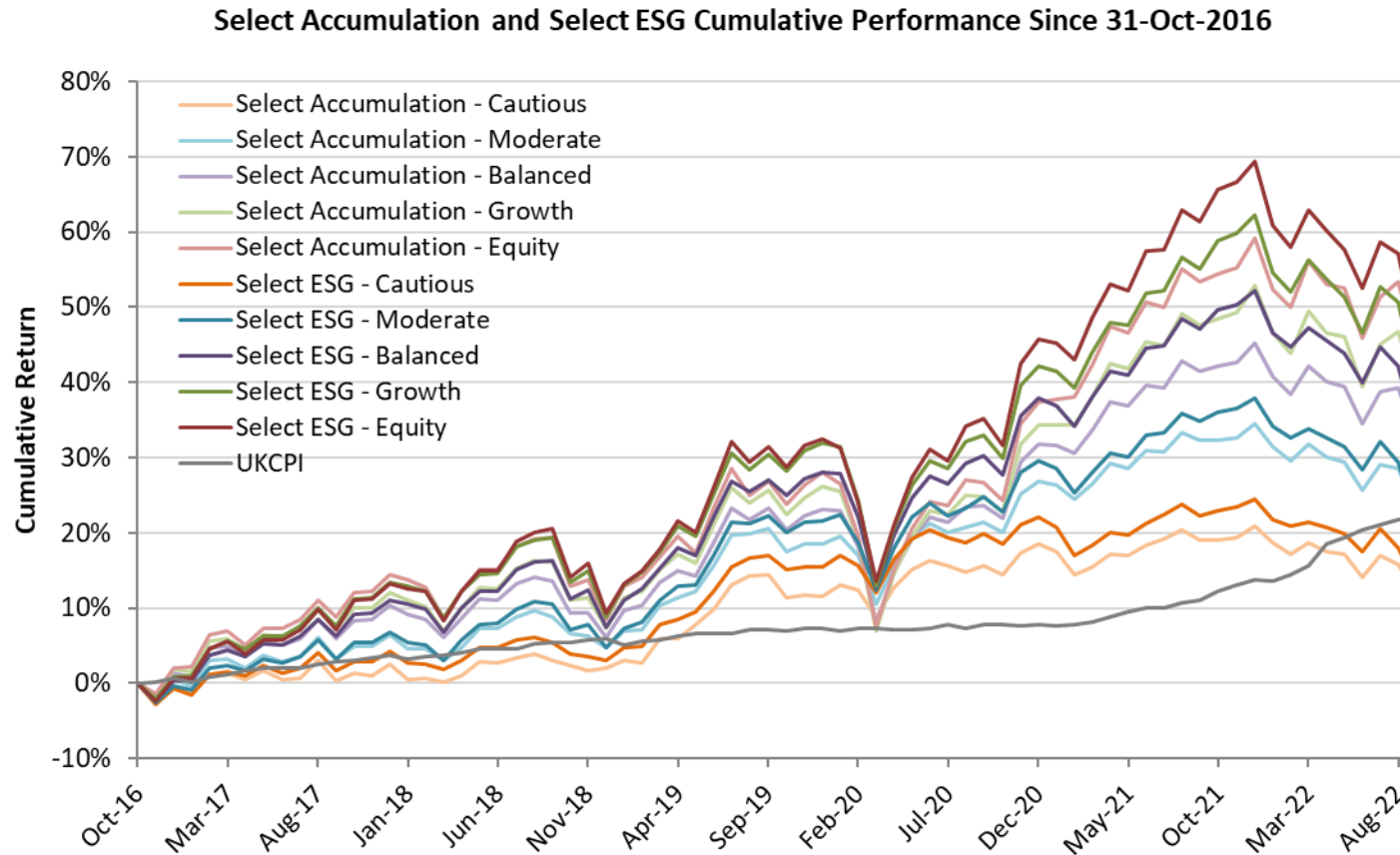
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates



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Outcome (cumulative return) analysis as of 30 September 2022



Our 'Select Accumulation' portfolio was previously known as 'Select'.

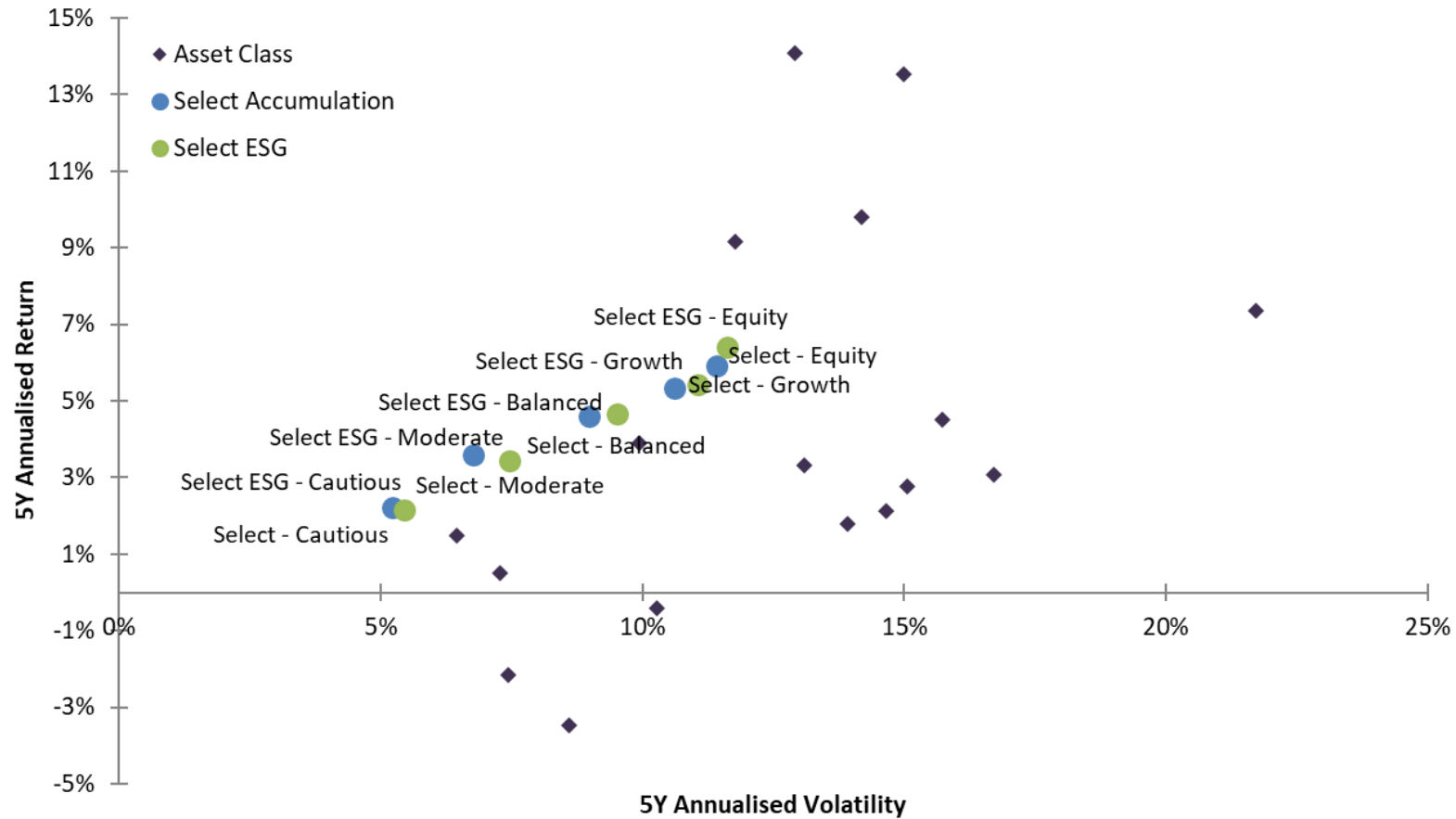
For illustration only.

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.

Available CPI data has been used as a comparator for real returns. CPI data for Sep 2022 is currently unavailable and not shown.

The cumulative returns are calculated based on the period from the inception date of the Select Accumulation portfolios (31-Oct-2016). The performance figures for Select ESG portfolios include simulated data before the inception date of the Select ESG portfolios (31-Mar-2020).

Outcome (risk-return) analysis as of 30 September 2022



Our 'Select Accumulation' portfolio was previously known as 'Select'.

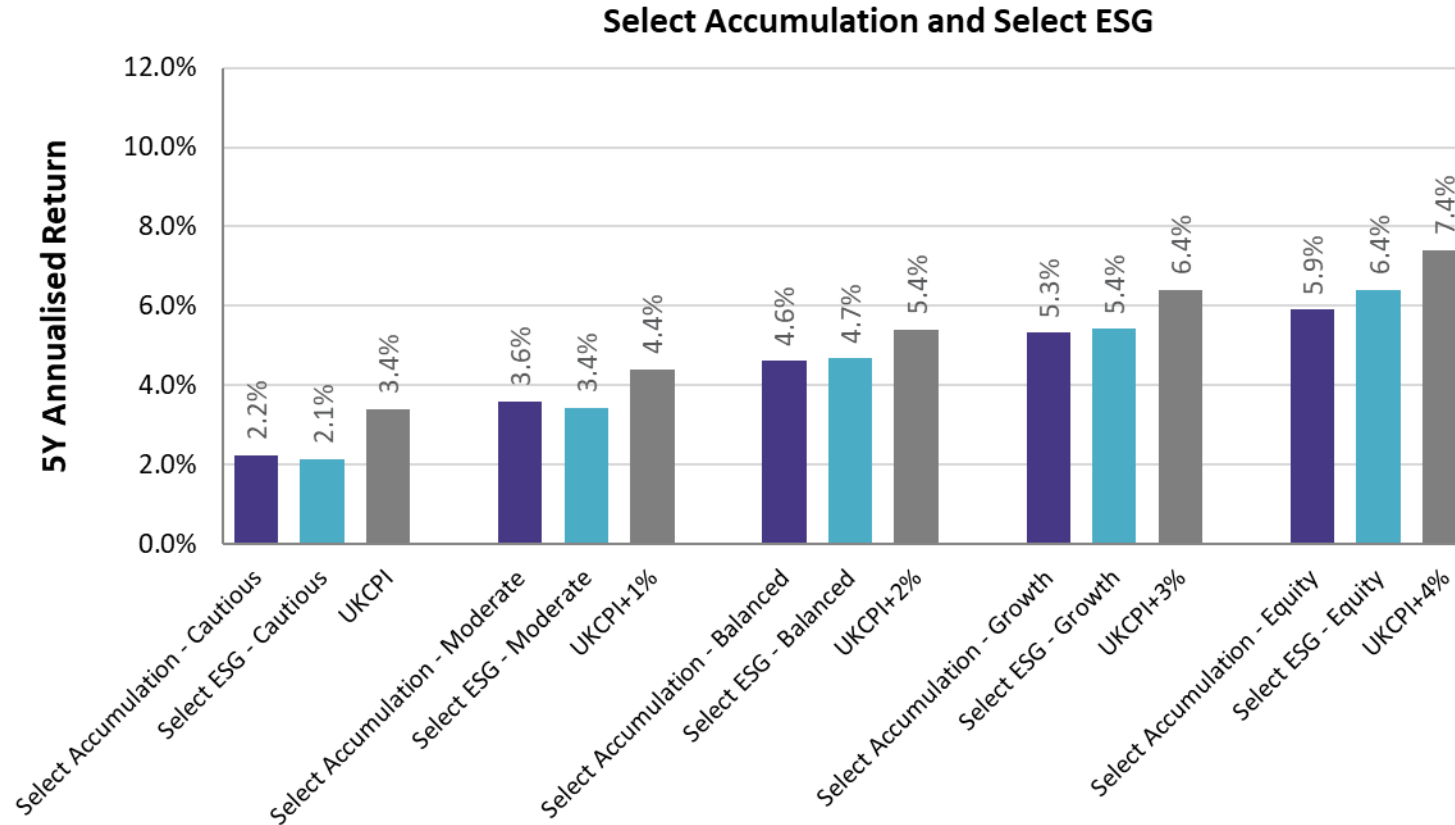
For illustration only.

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.

The annualised risk and return figures are calculated based on a historic 5 year period as of 30-Sep-2022.

The performance figures for Select ESG portfolios include simulated data before the inception date of the Select ESG portfolios (31-Mar-2020).

Outcome (annualised return) analysis as of 30 September 2022



Our 'Select Accumulation' portfolio was previously known as 'Select'.

For illustration only.

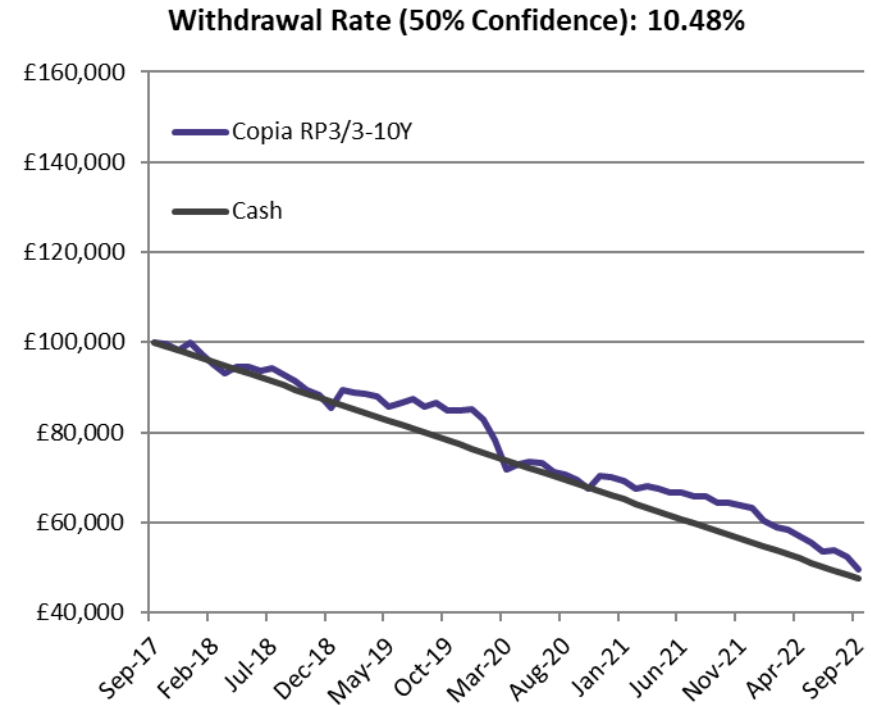
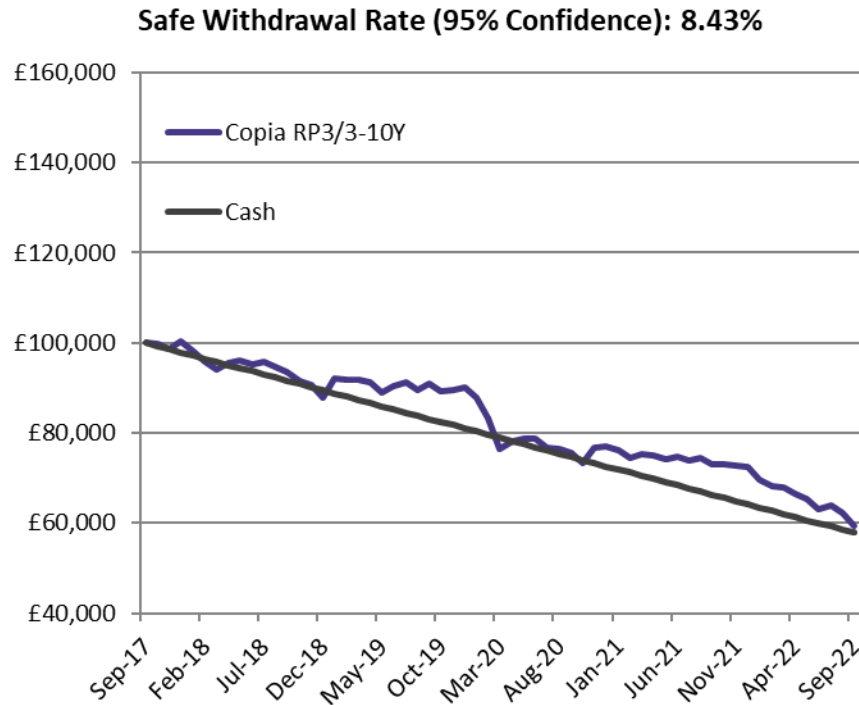
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.

Available CPI data has been used as a comparator for real returns. CPI data for Sep 2022 is currently unavailable and not shown.

The annualised returns are calculated based on a historic 5 year period as of 30-Sep-2022.

The performance figures for Select ESG portfolios include simulated data before the inception date of the Select ESG portfolios (31-Mar-2020).

Outcome analysis as of 30 September 2022

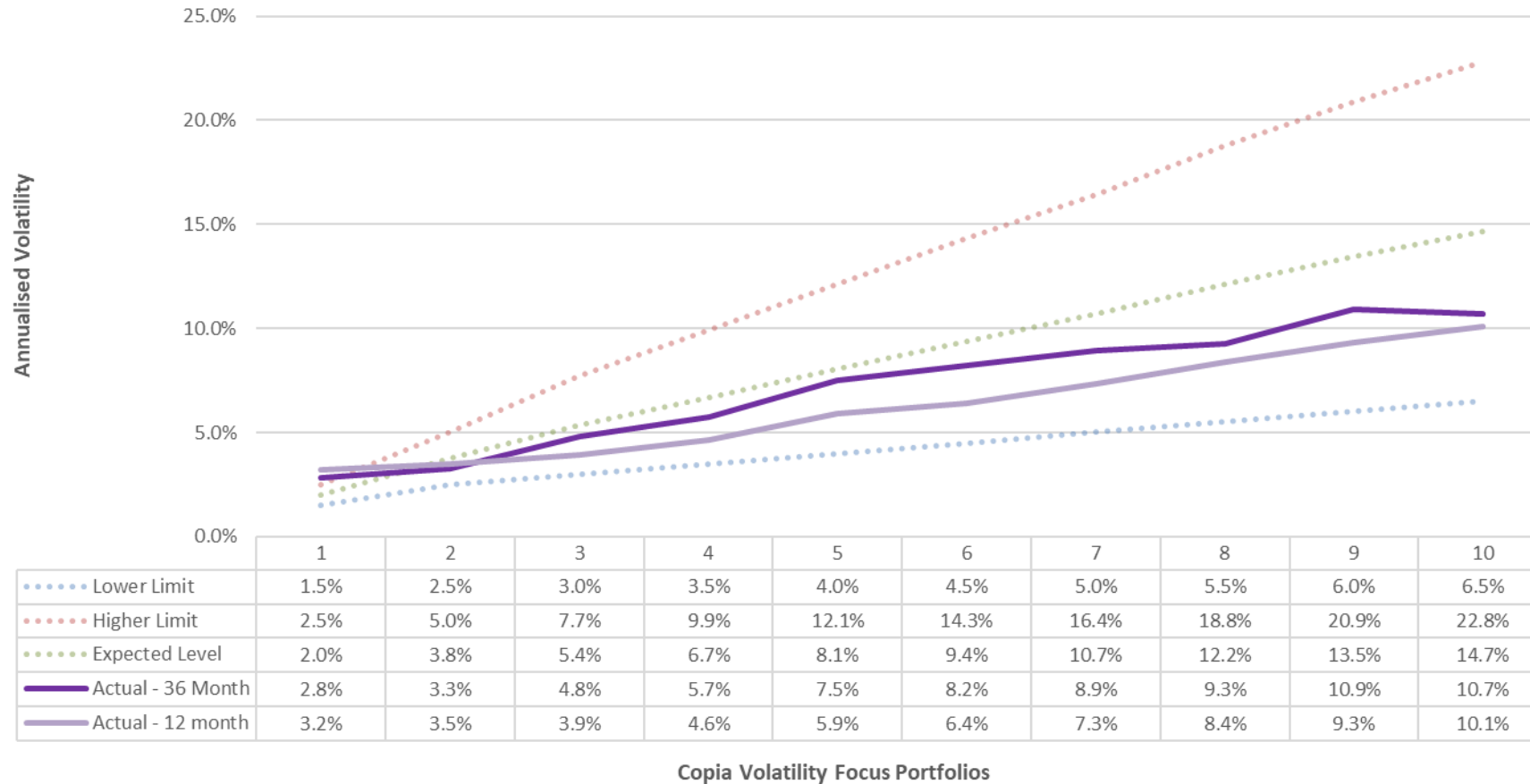


Our 'Select Decumulation' portfolio was previously known as 'Retirement Income'.

*For illustration only.
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.
Performance includes simulated performance for data prior to launch date (28-Feb-2017). Actual data is used from 1-Mar-2017 to Present.*

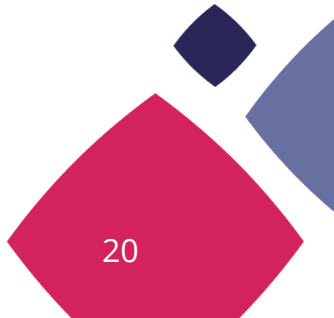


Outcome analysis as of 30 September 2022

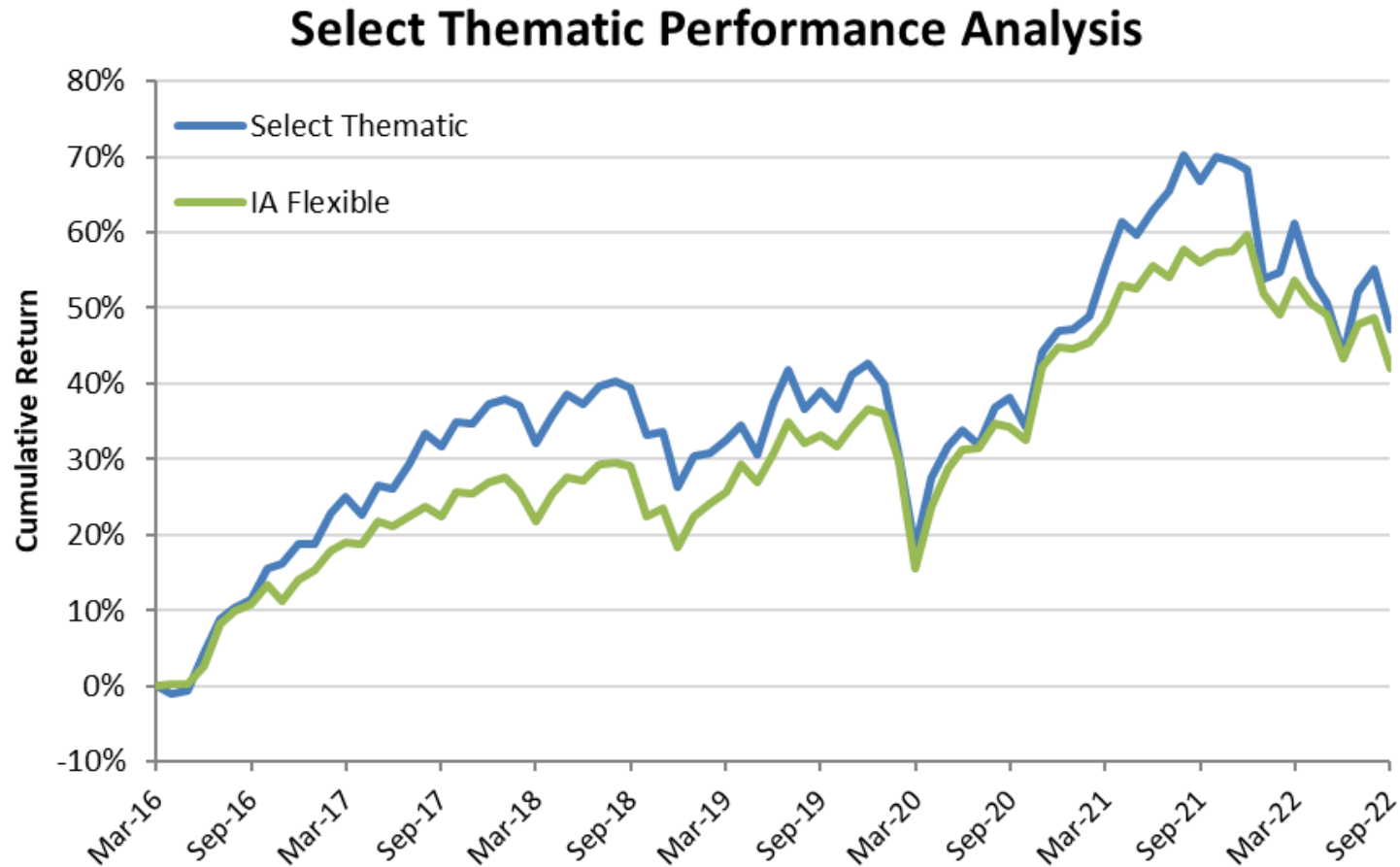


Our 'Select Volatility' portfolio was previously known as 'Volatility Focus'.

*For illustration only.
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.*

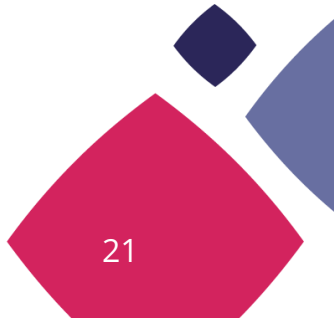


Outcome analysis as of 30 September 2022



Our 'Select Thematic' portfolio was previously known as 'Copia Enhanced Equity'.

*For illustration only.
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.*



copia:capital

Understanding the risks

- Investment model portfolios may not be suitable for everyone
- The value of funds can increase and decrease, past performance and historical data cannot guarantee future success
 - Investors may get back less than they originally invested

Disclaimer

Some figures and numbers in this document are based on Copia's simulation data. Figures relating to simulated performance is not a reliable indicator of the future. Models are prepared in accordance with tolerance to risk and not client circumstances and information is from given sources and taken to be reliable and accurate, which Copia cannot warrant for accuracy or completeness.

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