Alpha Beta
PARTNERS

INVESTMENT CRIB SHEET

FEBRUARY 2024

FOR PROFESSIONAL INVESTORS ONLY

www.alphabetapartners.co.uk

Investment Crib Sheet February 2024

		Opportunity Set	UW	N	OW	Change	Conviction
Main Asset Class	Debt	Sovereign			▲		Increase in duration – we expect monetary policy easing across the developed economies.
		HY Sterling		●			High Yield credit spreads do not show signs of stress at this point. We may revisit this as we approach Q1 2024.
		Sterling Corporate		●			High quality corporate bonds with duration under 5 years favored. Corporate debt refinancing wall in 2024 – good quality Credit favored.
	Equities	North America		●			Leading indicators continue to point to a weakness in risk assets and some latest macro data point to weakness ahead. We expect the US treasury and the Fed to provide ample liquidity along with rate cuts to keep a risk-on sentiment at least in H1 2024. This is an election year.
		Equity - UK			▲		UK equities overweight compared to Morgan Stanley Capital International All Country World Index allocation.
		Japan			▲		Japanese equities have exhibited strong resilience as inflation has emerged from its dormant state. We expect further upside in Japanese equities.
		Emerging Markets		●			Chinese equities have shown some signs of life. It remains to be seen if there is a broader support behind this rally. A weaker dollar should help Emerging Market to do well in 2024 – obvious risk to this story is the Red sea situation.
		Europe X UK		●			We expect the European Central Bank to step and ease before summer.
		Asia Pac X Japan		●			Emerging Market excluding China suffering from higher interest rates and higher dollar prices that has now eased – we expect these to do well as dollar weakens and ample liquidity story plays out. PBOC's policy easing may help.
	Infrastructure	Global Infrastructure		●			Green infrastructure spending and energy infrastructure rewiring in Europe can provide some long-term opportunities. However, this asset class has still to show some positive momentum.
	Real Estate	Real Estate Equity					No exposure to real estate – will revisit later in the year once we know the magnitude of rate cuts across different economies.
	Commodity	Gold/Copper			▲		Gold remains a commodity of interest. No direct investments in Gold. We took a small copper position in our Global Macro portfolio. We expect copper to benefit from supply shortages, China reopening and a weaker dollar.
	Cash	Cash					We have selectively and cautiously deployed some cash back into risk assets.
	Technology	Global tech and AI		●			Technology remains a much-loved sector despite valuations – we have added some exposure in satellite positions.
	Future World	Sustainable world					Healthcare exposure in lower risk portfolios.
	Look East	New growth areas					We have added some exposure to emerging markets in higher risk portfolios.
	Special Situations	Special Situations					We have added some European and American special situations funds in our higher risk portfolios.

- **The above views are as at the end of February 2024.**
- **ABP Asset Allocation is independent of Strategic Benchmark.**
- **Thematic allocation using active managers in Core Plus, Ethical, SRI and Sustainable portfolios**

▼ **Underweight** ● **Neutral** ▲ **Overweight**

MANAGER'S COMMENTARY

- US, EU and Bank of England monetary policy on pause with the bond market now moving to a more realistic 3-4 rate cuts during the year 2024. European Central Bank has signalled a couple of rate cuts, possibly before summer.

- Yield curve inversion still in play – albeit less severe. Treasury supply and absorption remains market's focus. US Treasury reduced the supply of duration and we expect this to continue for the rest of the year. The next QRA is at the end of April 2024.

- We have not seen any change in Chinese fiscal policy. People's Bank Of China retains a supportive stance. We now see some risk-on sentiment in the Chinese equities. We have added to our Emerging Markets exposure in Core Plus portfolios.

- We keep a close eye on Bonds, Dollar Index, and risk assets and cautiously risk-on with expectations of ample liquidity, continuation of issuance policy and deficit spending in the US to help risk assets.

IMPORTANT INFORMATION

This is a marketing communication from Alpha Beta Partners which is a trading name of AB Investment Solutions Limited who are authorised and regulated by Financial Conduct Authority (FCA). Retail clients should not rely on any of the information provided in this document and should seek assistance from a Financial Adviser for all investment guidance and advice.

The information and opinions contained in this document are subject to updating and verification and may be subject to amendment. The information and opinions do not purport to be full or complete. No representation, warranty or undertaking, express or limited, is given as to the accuracy or completeness of the information or opinions contained in this document by Alpha Beta Partners and AB Investment Solutions Limited. No liability is accepted by such persons for the accuracy or completeness of any such information or opinions. As such, no reliance may be placed, express or limited, as to the accuracy or completeness of the information or opinions contained in this document by Alpha Beta Partners and AB Investment Solutions for any purpose in the information or opinions contained in this document.

Please remember that you should not base decisions on past performance and that prices may fluctuate, and you may not get back your original investment. Past performance is not a reliable guide to future performance. Further information is available on request, or on our website www.alphabetapartners.co.uk

Andrew Thompson

Tel: 020 8152 5117

Email: at@alphabetapartners.co.uk

Address: Northgate House, Upper Borough Walls, Bath BA1 1RG.