



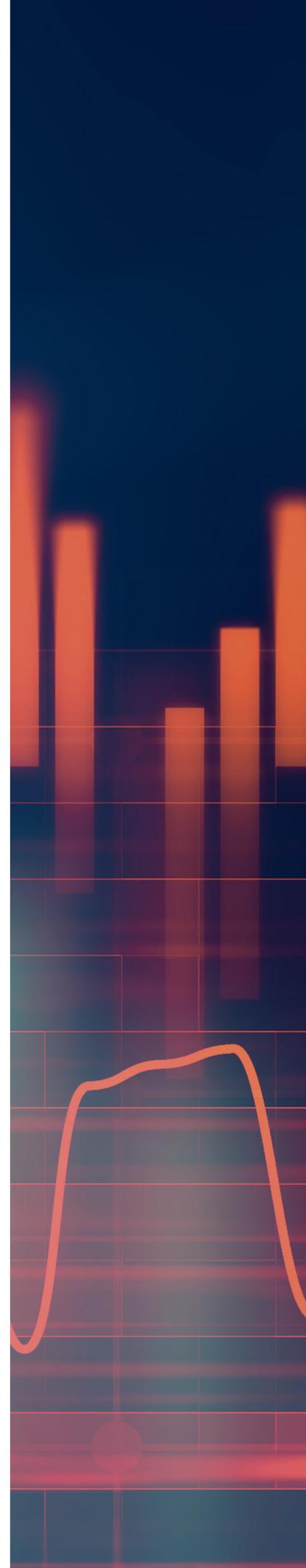
# Reeves Tactical Portfolio

October 2022

# Tactical Portfolio Update

---

The effect of external factors on the market has amplified the volatility of the Tactical portfolios over the third quarter of this year. This has led to a continued downturn in almost all asset classes throughout 2022. However, whilst remaining invested there is potential to recover losses over the long term. An overweight Cash position has provided downside protection whilst we monitor the market for buying opportunities. An underweight position in fixed income has not fully protected us from the downturn in this sector, however whilst capital has depreciated, the regular income element has gradually been increasing. Property continues to generate returns year-to-date amid a bleak outlook. Equity markets have suffered throughout the third quarter due to negative sentiment. UK equities have been impacted by a distorted gilt market, however over 12 months our holdings remain relative outperformers against global equities. A mixed message from our Global Equity basket as the strength of the USD versus GBP has provided positive returns for UK investors from overseas assets priced in USD and companies that generate US denominated revenues whilst the EU feels the pressure of rising energy prices. The performance of our specialist holdings has resembled that of the current market trend, as speculative growth such as tech continues to underperformer relative to our Value specialist funds such as infrastructure and insurance which provide much welcomed relief. Diversification remains our message going into the fourth quarter. Whilst certain assets have underperformed due to external factors in recent times, over the long term these areas are key to achieving long term capital growth, as they have done before.



# Tactical Portfolio Update

---

## MARKET ROUND UP

The issues economies face worldwide seen in the first half of 2022 continue to cause uncertainty within the markets. Inflation remains stubbornly high despite the efforts of central banks to reduce it. August saw UK CPI fall from 10.1% in July to 9.9%, a sign which many investors believed could see the Bank of England allow a monetary policy pivot. The celebrations were cut short following Liz Truss' first move in the house commons, with a tax cutting agenda and a dash for growth. However, the lack of a fiscal consideration behind her proposal was swiftly recognised by investors which led to the UK being derated from neutral to negative by institutional analysts and banks. The actions of her administration have caused a mass sell-off in UK Gilts assets which has driven their value down, as well as forecasts for inflation being adjusted to increase, which sees CPI back to double digits for the remainder of 2022. In the US there are signs of inflation decreasing throughout the fourth quarter counterbalanced by positive job market data. The USD is strong against all currencies due to attractive US interest rates and being a relatively safe asset. Anything priced in USD is being boosted by its strength such as gold. Household names such as those within the FTSE 100 generate revenues in USD and are mildly protected by currency fluctuations. The EU has seen a right-wing government take control of Italy, Germany providing subsidies to their industries - an action being marked as uncompetitive by other EU nations and inflation forecasted to be 10.0% for September as energy costs spiral. While a global recession is being priced into the markets, labour markets remain strong and Credit defaults remain isolated which could reduce its severity. Whilst a recession by definition is a contraction in economic growth, at least confirmation provides investors with more certainty for which markets seem desperate.



Reeves Independent Limited: 30 High Street, Gosforth, Newcastle Upon Tyne, NE3 1LX  
Tel: 0800 989 0029  
Email: [info@reevesifa.com](mailto:info@reevesifa.com)

*Reeves Independent is a trading name of Reeves Independent Limited (Reg No 11751772)  
Authorised and Regulated by the Financial Conduct Authority (FRN 839943).  
Reeves Independent (Acquisitions) Limited (Reg No 12578328, FRN 925912) is an appointed  
representative of Reeves Independent Limited.*

© 2022 Reeves Independent Limited.