



Reeves Tactical Portfolio

August 2022

Tactical Portfolio Update

Market volatility has been reflected in the performance of our tactical portfolios which has translated into a staggered downturn. However, July has provided some relief, with the Tactical models capturing the recent uplift in the equity and fixed income market, recovering from the yearly lows of June. The significant upswing has seen growth rates between 3-5% depending on your exposure to risk. A recent rebalance following the June downturn has reinvested some of the cash within the models when risk assets had more attractive valuations. This has led to improved performance. Despite the shift we still maintain the current asset allocation as sentiment still remains uncertain.

MARKET ROUND UP

For the second consecutive quarter, the US economy contracted in real terms, signalling a technical recession. The Fed surprisingly increased interest rates by another 0.75% despite slowing growth. However, a statement following the increase indicated reduced tightening. This has led equities to their best month since 2020.

The market is still determining whether the lows of June were the lowest we are going to see or whether this rally sets up for further volatility ahead. However, investors are welcoming positive returns amid negative market sentiment. Inflation still remains the main concern for central banks with the Eurozone recently reporting a higher-than-forecasted inflation rate. The outlook for Europe remains bleak with concerns over a credit crunch towards the end of the year being the greatest hindrance on growth for the region. The global economy remains unclear, further exacerbated by a mixture of good and bad news for markets throughout July. Big tech has reported strong quarterly growth despite a shrinking economic backdrop and manufacturing activity has declined over recent months with the sector still held back by supply shortages, just to name a few. The unpredictability of markets, highlights the importance in remaining invested and riding short term volatility, as those who have, captured the sharp returns.



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