MOVE ASSET MANAGEMENT
ALTERNATIVE EMERGING MANAGERS

3rd Quarter, 2022

Net return & statistics for the Quarter ending Sep 30, 2022

Fund Performance (USD)	3Q-2022 QTD	YTD	1-Year	Volatility*	Sharpe Ratio 2	Sortino
Move Model Portfolio: Alternative Emerging managers ** 1,2	**-2.1%**	**-5.4%**	**-7.4%**	**7.1%**	**0.6**	**1.1**
S&P 500 Index	-4.9%	-23.9%	-15.5%	15.3%	0.6	--
MSCI ACWI ex-USA ***	-9.7%	-26.9%	-25.7%	18.9%	0.6	--
HFRI FOF Index Composite	0.1%	-7.2%	-6.8%	5.3%	0.4	--
90-Day T-Bill	0.5%	0.6%	0.6%	0.2%	--	--
Barclays Aggregate Bond Index	-4.7%	-14.5%	-14.6%	4.1%	0.0	

		2022	2021	2020	2019	Annualized Jan 1-2017	Inception Jan-1 2017
Alt Emerging Managers ** 1,2	USD	-5.4%	9.2%	18.6%	-1.2%	3.9%	24.6%
	NZD	+15.2%	13.9%	11.8%	-1.2%	6.5%	43.9%

* Annualized (geometric)
** Net of MOVE/Admin fees (before performance fee, computed annually).
*** MSCI ACWI ex USA is composed of large and mid-cap stocks across 23 Developing & 24 Emerging Markets
1. All exposures shown represent Move's Asset Allocation Model.
2. The Sharpe ratio describes how much excess return you are receiving for the extra volatility that you have for holding a riskier asset.

Move Asset Management has taken all reasonable care in the preparation of this Factsheet, however, accepts no responsibility for any errors or omissions contained within. Past performance is not necessarily an indication of future performance. Opinions expressed in this Factsheet are our view as at the date of issue and may change

INVESTMENT ADVISER: Move Asset Management

CURRENCY: USD

EXPENSE RATIO: 0.51% / 10% performance

PORTFOLIO INCEPTION: JAN 1, 2017

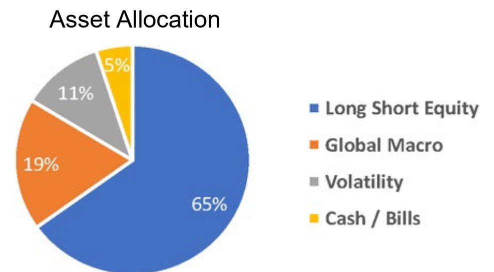
MANAGERS: 7

STRUCTURE:
Separately Managed accounts

INVESTOR ELIGIBILITY:
Wholesale & Institutional Investors

INVESTMENT MINIMUMS: Initial: $250,000

Asset Allocation



The Quarter. The 3rd quarter was yet again a defining moment for the Alternative Managers portfolio as we significantly outperformed many of the benchmarks we follow. In terms of net performance, the portfolio is down -5.4% for the first nine months of the year vs. the S&P500 & MSCI ACWI being down -24% & -27% respectively for the same period. The bond market performance was the worst in over 50 years! We have been staunch advocates for avoiding the 60/40 Equity/Bond portfolio as bonds no longer carry the hedge or negative correlation / diversifier they have had for the last 50 years. The major driver of the returns for Move in 3Q-22 was our long volatility manager, global-macro and our relative value long/short fund in USA which has a bias to industrial/capex. We struggled with our event manager given their European exposure in terms of FX as well as single name headwinds. Despite that we were able to preserve capital, to fight another day.

Inflation….what else? The US economy is less sensitive to a blunt instrument like interest rate hikes with 95% fixed-rate mortgages; excess cash on household balance sheets; strong corporate balance sheets; and a service-oriented economy.

US Corporate Balance Sheets - Corporate balance sheets are strong: An estimated 75% of S&P 500 companies have debt at long-term fixed rates. Debt held by investment grade corporates has an average 14 years until maturity, while lower-rated companies have 5.5 years before refinancing becomes necessary. The combination gives companies a buffer before higher rates start to negatively impact debt financing decisions.

Services are less rate sensitive - The US service sector comprises 70% of total economic activity. The intangible nature of service industries (e.g., retail, leisure) mean Fed hikes only work if demand slows as the labor market worsens. Service industries are proving resilient as demand stays strong. The service sector added 200k jobs in November. The consensus has continued to cut sales estimates for goods companies while expectations for services have remained resilient

Mortgages in US mostly LT fixed - Most mortgages are fixed: Adjustable-rate mortgages comprise just 5% of the US mortgage market, well below the 34% average of developed market peers. Low adjustable-rate mortgages mean new homebuyers might feel squeezed by higher rates, but homeowners are mostly insulated from the first-order effects. This is different in an economy like Canada where more than half of mortgages are variable and rate hikes are already cutting into inflation. Most households do not own enough financial assets to feel the direct impact of tighter financial conditions through stock and bond declines. These dynamics imply that the unemployment needs to rise before the Fed truly pivots.

Adjustable-rate mortgages, % of total	
Japan	75%
Canada	55%
Australia*	50%
Italy	48%
Spain	26%
UK	20%
Euro Area	19%
Germany	13%
United States	**5%**
France	4%

Source: BofA Research Investment Committee, Statista, ECB. *Australia based on historical avg.
BofA GLOBAL RESEARCH

The Pinch - The combination of a tight labor market and elevated excess savings means the Fed won’t stop hiking until it hurts. Recent labor data shows that the labor market remains unbalanced with 1.9 job openings per unemployed person