



AMERICAN SELECTIVE PORTFOLIO

SECOND HALF REVIEW 2023



The American Selective model delivered a total return of 4.5% in the second half of 2023 and 18.7% over the full year. The US market increased by 8.0% in H2 and 26.3% over the year, driven by a disproportionate contribution from the technology sector, to which this model has a more modest exposure by comparison. Since inception in January 2015, the portfolio has achieved an annualised return of 10.5%, whilst the US market has returned 11.8%.

After an otherwise turbulent year, equity markets embarked on a significant rebound over the last few months of 2023, driven by hopes of rate cuts on the horizon. This positive sentiment was reaffirmed by a welcome Santa Rally which was driven by supportive economic data releases and comments from central bank policy makers. In dollar terms, world equities climbed 10.7% during the fourth quarter, providing robust full year returns of 20.1%. This was hugely influenced by the stellar growth of the 'Magnificent 7' technology stocks, which account for over a quarter of the US equity market and close to one-fifth of the global market. In the United States, whilst its equity market had a stellar run over the year owing to the previously mentioned tech stocks, it is essential to note that the strength of the stock market does not necessarily reflect the strength of economy. Concerning the latter, the data is good. Inflation is well on its way to returning to the Federal Reserve's 2% target with a November reading of 3.1%, while GDP growth is expected to be amongst the strongest of the developed economies this year. Yet, there is a lot of debt across the non-tech business landscape and some companies could be vulnerable to a reduction in demand from lower consumer spending. Whilst market commentators are largely optimistic about the US economy experiencing a soft-landing, it is still not entirely clear to what extent the pandemic-driven build up in excess savings has delayed the impact of higher interest rates. If families have been dipping into these pots to maintain their standard of living, despite rising prices, then consumer demand could still be impacted, to the detriment of those companies with less resilient balance sheets. That said, the US accounts for two thirds of world markets and, within the last two years, the US Government announced stimulus packages amounting to around \$10tn. This suggests that a significant amount of cash is still being made available, from which a wide range of companies are well placed to benefit. The year ahead is also set to include a rematch between Donald Trump and Joe Biden. Whilst this will doubtless be an unpredictable presidential race, election seasons are statistically beneficial for US equity market. The resulting political volleyball may set the stage for additional volatility, but this should present investors with attractive opportunities over the next twelve months.

Chubb was the strongest contributor to performance with a total return of 18.3% in H2 and 4.2% over the year. This marks a strong rebound after a weaker start to the year, as the company was able to deliver solid numbers despite weakness in the agriculture insurance unit. The company has been successful in raising prices (+13.9% in North America and 11.7% in the international business) and the latest quarterly results also showcased a 9.1% increase in net premiums written, excellent underwriting profitability and a strong combined ratio. This means it is well placed to benefit from today's favourable demand environment. Nvidia Corp was also an excellent performer with a total return of 17.1% in H2 and 239.0% over the year. This return was weighted to the first half owing to a surge in demand for chips used for AI processing, a market within which Nvidia sits as a clear leader. This company is one of the 'magnificent 7' stocks, alongside Microsoft, and given their disproportionate influence on market returns over the year, it's unsurprising to see it contribute so much to full year returns.

Hormel Foods Corp was the portfolio's largest detractor, declining by 18.9% in H2 and 27.5% over the year. The company has struggled recently in the face of elevated food price inflation which in turn has placed a squeeze on already narrow margins. International revenue has been impacted by continued softness in China driven by lower branded export demand.

Portfolio Performance

(Total Return ex. Charges)

	American Selective	US Equities
6 Months	4.46%	8.02%
1 year	18.71%	26.26%
3 years*	10.82%	9.98%
5 years*	12.24%	15.66%
Inception	144.80%	173.64%
*Annualised	10.46%	11.83%
Avg. Yield	1.92%	

Stock Performance (Total Return)

30th June 2023 to 31st December 2023

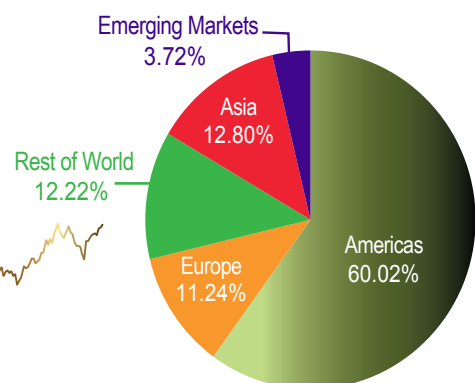
Top three

Chubb Corp	18.30%
NVIDIA Corp	17.09%
3M Co	12.60%

Bottom three

PepsiCo Inc	-6.96%
Air Products & Chemicals	-7.44%
Hormel Foods Corp	-18.93%

Geographic spread (Revenues)



Total Return since inception

31st December 2014 to 31st December 2023



Performance data is illustrated on the basis of a standardised weighting of assets within the portfolio model. Performance of your portfolio may vary based on the size of the portfolio net of fees, the timing of investments and variance in asset weightings.

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Founded 1902

Market Cap \$46.13bn

Yield 5.68%

Sector Industrials

3M Co is a multinational conglomerate that operates across four business segments: safety and industrial, transportation and electronics, healthcare, and consumer, spanning more than 60,000 products.



Founded 1940

Market Cap \$47.92bn

Yield 2.57%

Sector Materials

Air Products and Chemicals is one of the world's leading industrial gas suppliers, operating in 50 countries with 19,000 employees. Industries it serves include chemicals, energy, healthcare, metals and electronics.



Founded 1949

Market Cap \$76.03bn

Yield 2.39%

Sector Industrials

Automatic Data Processing provides payroll and human capital management solutions, providing its services to the full scope of businesses from micro to global corporations.



Founded 1897

Market Cap \$54.62bn

Yield 1.59%

Sector Health Care

Becton Dickinson is the world's largest manufacturer and distributor of medical surgical products, which includes needles and syringes. Its segments are BD Medical, BD Life Sciences and BD Interventional.



Founded 1882

Market Cap \$70.62bn

Yield 1.57%

Sector Financials

Chubb Ltd is one of the largest property and casualty insurers in the world, with operations in 54 countries spanning commercial and personal P&C insurance, reinsurance, and life insurance.



Founded 1823

Market Cap \$24.48bn

Yield 3.60%

Sector Utilities

Consolidated Edison Inc is a utility company that provides steam, natural gas, and electricity to customers in southeastern New York and New Jersey.



Founded 1925

Market Cap \$17.05bn

Yield 1.32%

Sector Industrials

Dover is an industrial manufacturing company with products and services that are split across five business segments: engineered systems, clean energy and fuelling solutions, imaging and identification, pumps and process solutions, and climate and sustainability technologies equipment.



EMERSON

Founded 1890

Market Cap \$43.13bn

Yield 2.19%

Sector Industrials

Emerson Electric sells automation equipment and services under two segments: intelligent devices and software control. Nearly half of the company's sales come from the Americas.



Founded 1891

Market Cap \$13.62bn

Yield 3.58%

Sector Consumer Staples

Hormel Foods is a branded food company whose brands include Hormel, Spam, Jennie-O, Columbus, and Planters. It sells its products through multiple channels, such as US retail, US food service, and international.



Founded 1886

Market Cap \$295.13bn

Yield 3.06%

Sector Health Care

Johnson & Johnson is the world's largest and most diverse healthcare company, and operates across two segments: Innovative Medicine, and MedTech. Just over half of sales are generated in the US.



Microsoft

Founded 1975

Market Cap \$2,201.22bn

Yield 0.80%

Sector Information Technology

Microsoft is a global software company most known for its Windows operating system and Office suite. It is split across three business segments: Productivity and Business Processes, Intelligence Cloud, and More Personal Computing.



NVIDIA

Founded 1993

Market Cap \$970.03bn

Yield 0.03%

Sector Information Technology

Nvidia is a leading developer of GPUs, which have a variety of use cases but are important for use in artificial intelligence. It is also increasingly expanding its data centre solutions.



PEPSICO

Founded 1965

Market Cap \$180.92bn

Yield 3.03%

Sector Consumer Staples

PepsiCo is a global leader in snacks and beverages, owning well-known household brands including Pepsi, Mountain Dew, Gatorade, Lays, Cheetos, and Doritos.



Procter & Gamble

Founded 1837

Market Cap \$270.43bn

Yield 2.59%

Sector Consumer Staples

Procter & Gamble is one of the world's largest manufacturers of consumer products. Its range of globally recognised brands include Tide, Charmin, Pantene, and Pampers.



Stanley Black & Decker

Founded 1843

Market Cap \$11.87bn

Yield 3.32%

Sector Industrials

Stanley Black & Decker manufactures hand and power tools. It operates in two segments: Tools and Outdoor, and Industrial. It derives most of its sales from the US.



Sysco

Founded 1969

Market Cap \$29.07bn

Yield 2.74%

Sector Consumer Staples

Sysco is the largest foodservice distributor in the US, distributing food and non-food products to restaurants, education and government buildings, travel and leisure healthcare facilities, and other locations.



VISA

Founded 1969

Market Cap \$423.90bn

Yield 0.80%

Sector Financials

Visa is the largest payment provider in the world, operating in over 200 countries and processing transactions in over 160 currencies. It is capable of processing over 65,000 transactions per second.



Walmart

Founded 1962

Market Cap \$330.52bn

Yield 1.47%

Sector Consumer Staples

Walmart is the preeminent retailer in the US, offering low-price business strategy by offering a convenient one-stop shopping destination. It has over 4,700 stores in the US and 10,000 globally.