

2021 performance by asset class

- Sustained recovery in risk assets
- Real assets to the fore
- Inflation focus drives UK equity income strength

Sustained recovery in risk assets

2021 saw a sustained recovery in risk assets, with the exception of Emerging Markets. Listed Private Equity was the top performing exposure returning +43.08% in GBP terms.

Regionally, US equities remained the strongest performing market +30.06%.

Real assets to the fore

Real asset exposures, such as Water, Commodities and Timber continued to rally in face of rising inflation risk, returning +32.81%, +28.22% and +17.66% respectively.

Our Liquid Real Assets Index (ticker ELSLRA Index) – which combines higher risk real assets and lower risk rate-sensitive assets to deliver volatility similar to bonds – returned +7.98%, whilst UK Gilts declined -5.16%.

UK equity income strength

Within UK equity market segments, UK Equity Income outperformed all other segments as inflation fears made income-generative, value-oriented shares relatively more attractive. UK Equity Income, represented by our Freedom Smart Beta UK Dividend Index (ticker ELSUKI Index), returned +20.77%, whilst UK Large Cap returned +19.68% and UK Core returned +18.44%. UK Small Cap was the weakest UK segment, returning +14.70% for the year.

Fig.1. Asset Class 3m & 12m performance (GBP) as at end Dec-21

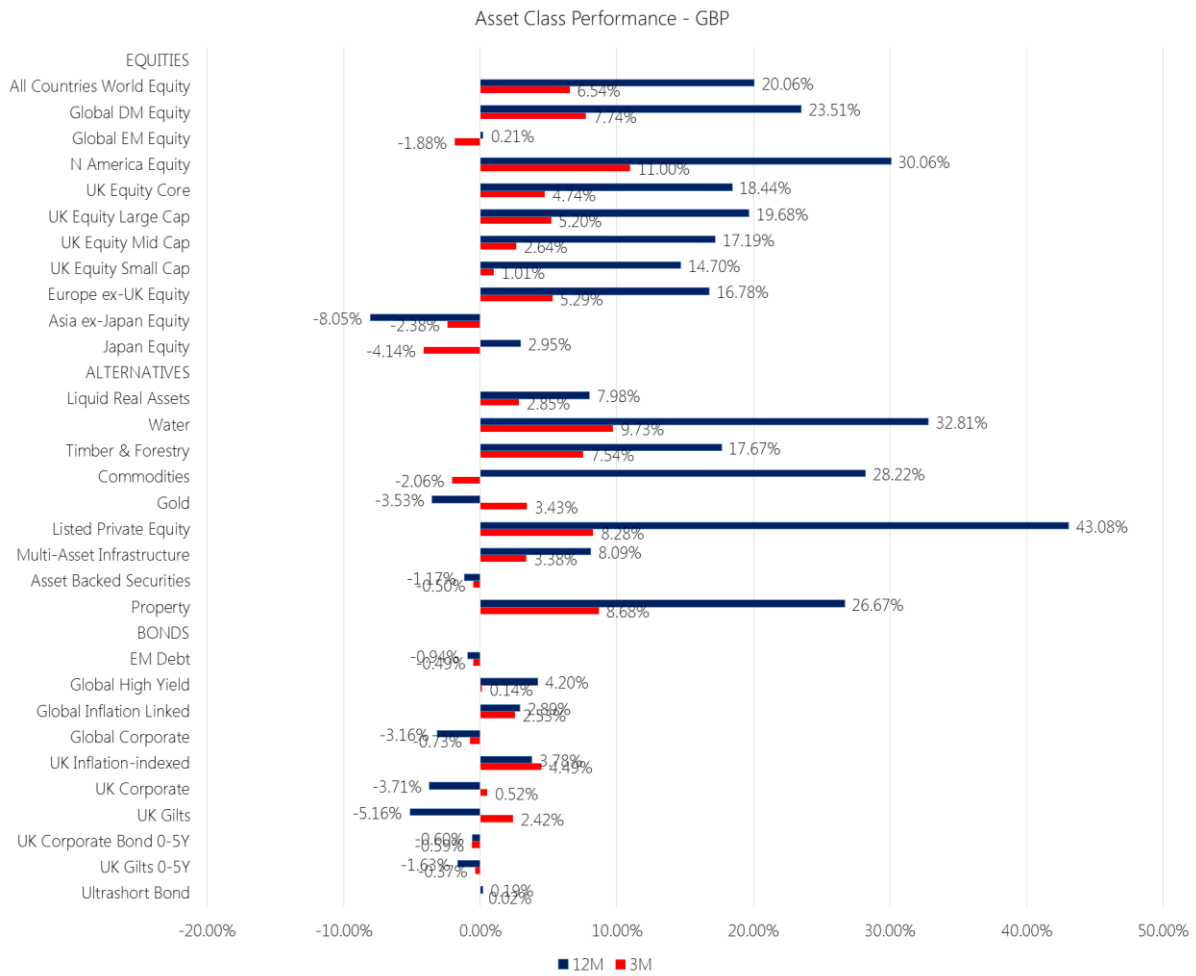
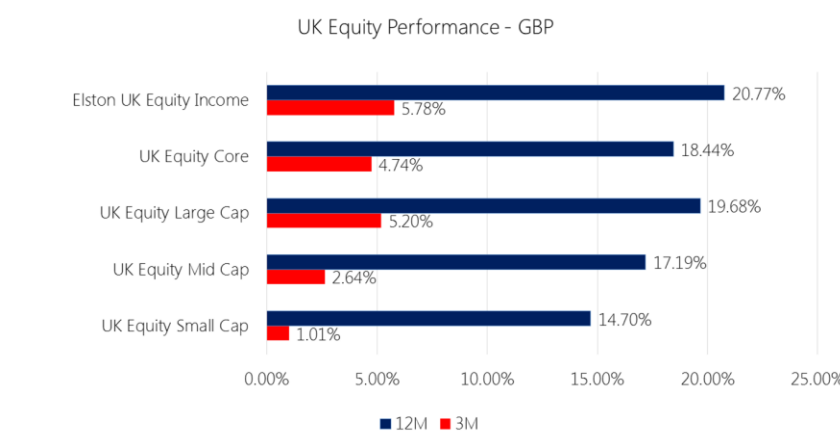
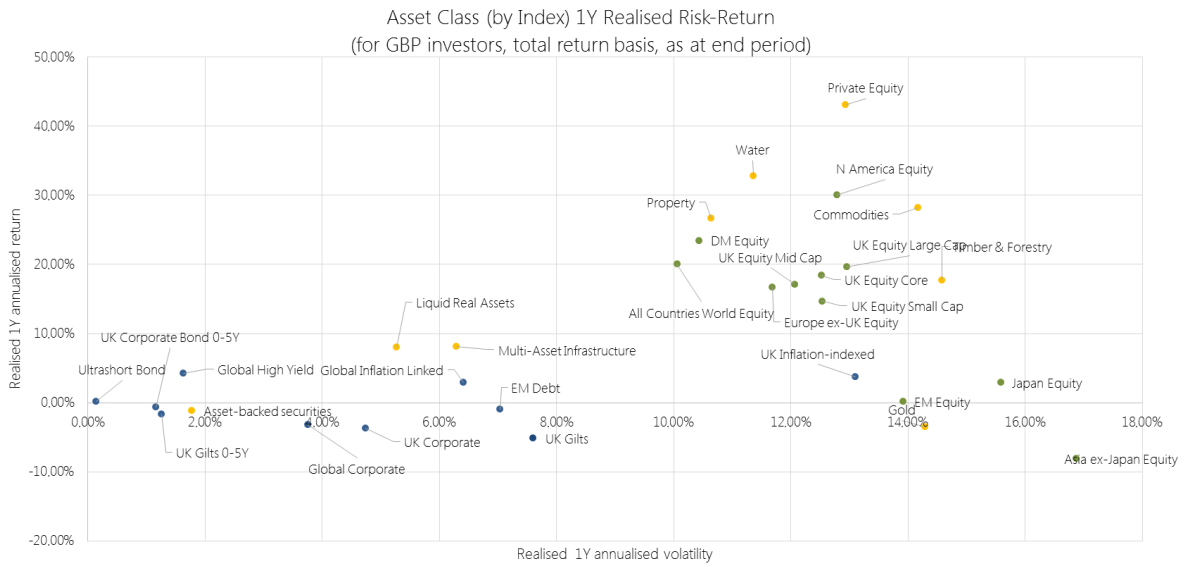


Fig.2 UK equity segment performance (GBP) as at end Dec-21



Source: Elston research, Bloomberg data

Fig.3. Asset Class 1Y Risk-Return (GBP) as at end Dec-21



Source: Elston research, Bloomberg data



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