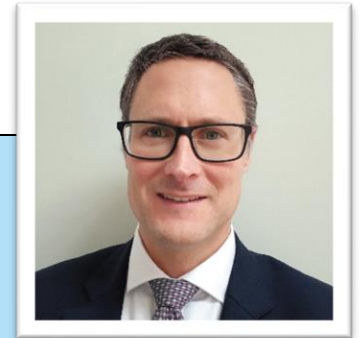


Investments update – Spring 2023

A update from Mark Pearce, a member of MTC's Board of Directors and Chair of the Finance Committee.



Mark works for an international investment management firm and brings over 20 years of financial services experience to the Board. He previously headed up the charity investment team at a leading UK private bank and so aside from a deep knowledge of the current financial environment, he also has a sound understanding of the not-for-profit sector.

How we administer the investments within Trusts

At MTC, we realise that the performance of any investments held within the Trusts we manage is a key factor in each Trust's long term success.

We work hard to ensure that these investments are successful over time without exposing them to more risk than is appropriate, given each Beneficiary's needs and circumstances. We also ensure that any investments made are flexible enough to be accessed at short notice should a withdrawal be required (usually to fund a payment to a Beneficiary).

To achieve the above, we currently use a professional fund management company called Investec. They run individual investment accounts for each Trust and provide us with monthly performance updates. We also meet with Investec regularly and require them to provide us with a wide range of information. This allows us to assess their performance both against the objectives we have set them and against other UK fund managers, to ensure they are performing satisfactorily. The meetings also give us a good understanding of Investec's current holdings, strategy and market outlook.

We are pleased to report that over the long term, Investec have delivered strong returns for our Trusts. If that changes in future, we will consider a move to an alternative fund manager.

Recent financial market movements

2022 was a very difficult year for investors. There have only been four years in the last century when bonds and equities have both posted negative annual returns and 2022 was one such example, meaning even the most diverse portfolios suffered. Portfolios managed for MTC by Investec were not immune to this and typically fell by roughly 10-11% over the year. While disappointing, it is worth noting that many major financial markets fell significantly more than this, an example being the USA where the S&P500 (an index of roughly the 500 largest companies in USA) fell by 20% in 2022.

The key factors which influenced markets in 2022 were rising inflation, rising interest rates and the war in Ukraine. The residual effects of the COVID pandemic also had a lesser, but still negative, impact on the global economy.

Long term performance remains strong and even after a difficult 2022, typical Balanced portfolios managed for MTC by Investec have delivered returns in the region of 60% over the last decade.

Looking to 2023

2023 has started well for financial markets and the portfolios managed for MTC have benefitted from this, with a typical Balanced portfolio up around 3% in the first two months of the year.

Investec's view is that 2023 will be a much better year than 2022. They believe that inflation has peaked in many large economies and that interest rates are also likely to level out this year. They are less optimistic about a resolution to the war in Ukraine but believe that much of the negative impact on global markets is already reflected in asset prices.

Overall, it is important to remember that although markets rise and fall over time, and periods of decline are never easy, these movements are a normal part of investing.

MTC invests funds over the very long term and has deep experience over decades of investment on behalf of Trusts. We will continue to focus on doing the best we can for all our Beneficiaries, ensuring that the invested funds achieve their objectives both now and for many decades to come.

If you know a family who could benefit from our service, please tell them about Mencap Trust Company.

Remember you can contact the team at Mencap Trust Company in any of the following ways:

By **phone** on: 020 7696 6932

By **post** to: Mencap Trust Company Ltd, 123 Golden Lane, London EC1Y 0RT

By **email** at: mtc@mencaptrust.org.uk

You will find more information about Mencap Trust Company on our website:
www.mencaptrust.org.uk