

## MPS Cautious Balanced Portfolio



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Head of MPS and Passive

Jordan sits on the firm's Asset Allocation and Portfolio Construction Committees. He manages investments for intermediaries, pension funds, trusts and charities, specialising in multi-asset portfolios. Jordan is a CFA Charterholder.



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Investment Manager

Nick manages discretionary investment portfolios on behalf of the clients of Independent Financial Advisers. Joining CGWM from UBS in 2014, Nick is a Chartered Fellow of the Chartered Institute for Securities and Investment.

### Benchmark PIMFA Conservative Portfolio Return

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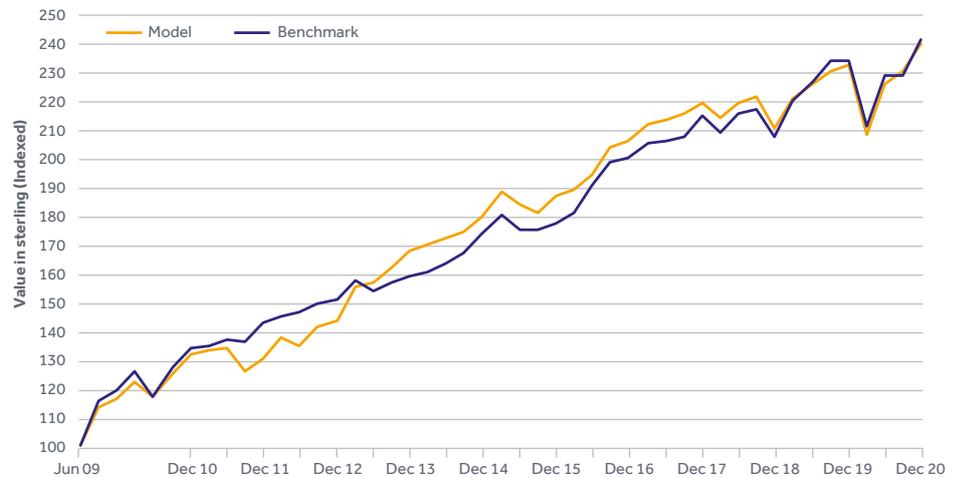
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### Investment objective

This portfolio aims to produce a balance between capital appreciation and reduced volatility over a typical investment cycle (i.e. 7-10 years). The strategy uses global equities and fixed interest and cash type investments to provide diversification, with a focus on the themes we consider are likely to perform in the prevailing economic environment. Alternative asset classes (such as commodities, currencies and hedge funds) may be employed in this strategy, to balance the risk during unfavourable conditions and produce returns uncorrelated to the general equity market.

### Performance since inception (30/06/2009)



### Discrete performance (%)

Total return to end of last calendar quarter 31/12/2020.

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Model	+3.3	+10.3	-4.0	+6.5	+10.3	+3.8	+7.4	+16.9	+10.0
Benchmark	+3.0	+12.9	-3.4	+7.5	+12.9	+1.9	+9.5	+5.1	+5.5

### Cumulative performance (%)

Total return from inception to 31/12/2020.

	3 Months	1 Year	3 Years	5 Years	Inception (30/06/2009)
Model	+4.2	+3.3	+9.3	+28.4	+139.9
Benchmark	+5.2	+3.0	+12.2	+36.2	+141.1

**Source:** Canaccord Genuity Wealth Management (CGWM).  
Total return before fees and charges are deducted.

### Risk & return since inception (%)

	Model	Benchmark / PIMFA Conservative
Annualised volatility	+7.9	+8.0
Maximum loss	-6.7	-7.1
Sharpe ratio	0.9	0.9

**Annualised volatility:** risk is measured by the variability of performance. The higher the standard deviation, the greater the variability (and therefore the risk) of the Fund or the index.

**Sharpe ratio:** measures the risk/return trade-off. It is the annualised return less the average risk-free rate, divided by the annualised volatility of the model.

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The value of investments and any income from them can go down as well as up and you may not get back the amount originally invested.

Past performance is not a guide to future performance.

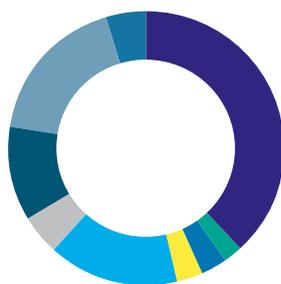
Levels and bases for taxation may change.

Investors should note that actual portfolio returns may be different to the returns of the model portfolio.

Figures represent performance of a model portfolio, individual account performance may differ.



## MPS Cautious Balanced Portfolio suggested asset allocation (%)



	Model
Fixed Interest	38.1
Asia Equity	2.3
Europe Equity	3.2
Japan Equity	3.0
UK Equity	15.2
US Equity	4.7
Sector Specific	11.0
Alternatives	17.9
Cash	4.6

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## Top 10 holdings (%)

ISHARES PHYSICAL METALS PLC ISHARES PHYSICAL GOLD ETC USD ACC	6.8
BAILLIE GIFFORD & CO POSITIVE CHANGE B ACC	6.8
FIL INVESTMENT SERVICES(UK)LIMITED SPECIAL SITUATIONS W ACC NAV	5.9
LINK FUND SOLUTIONS LTD LF LINDSELL TRAIN UK EQUITY DIS	5.5
VONTOBEL ASSET MANAGEMENT SA TWENTYFOUR STRAT INC AQQ GBP DIS	5.4
LINK FUND SOLUTIONS LTD TROJAN X INC	5.2
INVESCO MANAGEMENT SA BOND Z GBP QD DIS	5.2
VONTOBEL ASSET MANAGEMENT SA TWENTYFOUR ABST RETURN CREDIT G GBP	5.0
M&G SECURITIES LIMITED CORPORATE BOND I GBP INC	4.9
BROWN ADVISORY FUNDS US SUSTAINABLE GROWTH SI GBP DIS	4.7

Source: CGWM

## Portfolio Manager commentary

At the end of a tumultuous year in which the global pandemic, COVID-19, impacted so many lives, it is hard to believe that financial markets delivered positive returns despite all the bad news. Performance in the last quarter of the year was unequivocally boosted by a number of vaccine breakthroughs that were reported, fostering hopes of a return to more normal economic times. Global equity markets were the natural beneficiary of this positive sentiment with riskier assets making up for lost ground. Throw in Joe Biden's win in the US Presidential Election and the \$900 billion US stimulus package that was announced in December and the ground was set for an increase in asset prices.

Unlike the previous two quarters though it was the sectors that have previously suffered most from the pandemic that benefitted, with the more economically sensitive sectors like energy and financials gaining the most. This was of particular benefit to the UK equity market which has a greater exposure to these sectors and was able to reverse some of the underperformance that it suffered relative to developed market equities in 2020. A Brexit agreement that came at the eleventh hour helped drive UK equity performance in the final trading days of 2020.

With investor appetite buoyant, it was somewhat surprising that safe-haven government bond prices were not weaker over the quarter. Only US government bonds were able to generate a material sell-off, as European government bond prices rose after the European Central Bank engaged in more Quantitative Easing (QE) while UK Gilts were little changed as Brexit uncertainty continued late into the quarter. Corporate bonds (bonds issued by companies) had a strong run outpacing government bonds as expectations of improved corporate earnings drove investor sentiment.

As vaccine news lifted hopes for a global recovery the more economically sensitive commodity markets performed well. Crude oil prices rose as a stronger demand outlook outweighed increasing supply, while copper prices (seen as a bellwether of economic activity because of its many industrial uses) had a strong run too. Precious metals, in particular gold, had a more challenging quarter as fears over economic gloom rescinded with the gold price falling during the quarter.