

1st Quarter 2021

MPS 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.



Nick Muir
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 Balanced Portfolio Total Return

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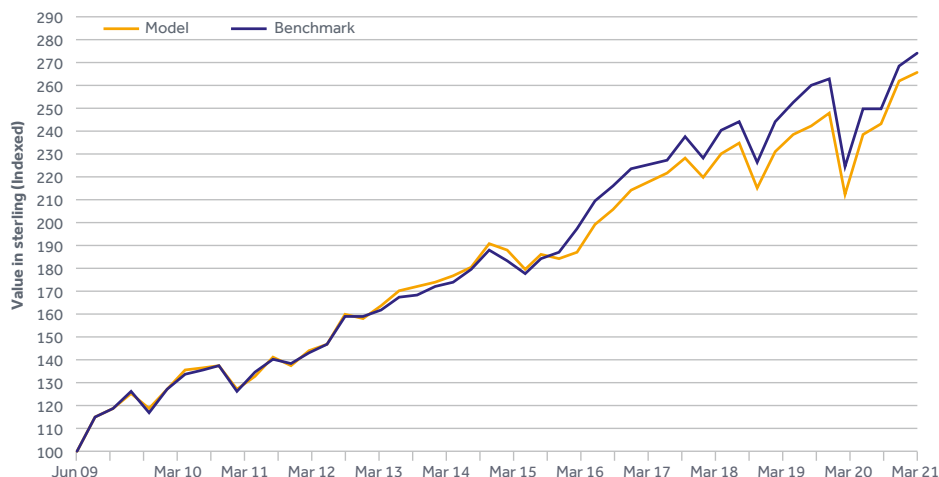
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Investment objective

The MPS Balanced Portfolio aims to produce a balance between capital appreciation and income over the medium to long term. The strategy utilises global equities and fixed interest/cash type investments to provide diversification, plus some focus on the themes likely to perform in the prevailing economic environment. Alternative asset classes may be employed in this strategy to hedge against unfavourable conditions and produce returns uncorrelated to the general market.

Performance since inception (30/06/2009)



Discrete performance (%)

Total return to end of last calendar quarter 31/03/2021.

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Model	+6.0	+15.0	-5.6	+10.5	+11.0	+2.6	+6.5	+15.6	+10.9
Benchmark	+1.9	+16.2	-4.8	+10.0	+17.1	+2.7	+7.2	+14.1	+9.1

Cumulative performance (%)

Total return from inception to 31/03/2021.

	3 Months	1 Year	3 Years	5 Years	Inception (30/06/2009)
Model	+1.3	+25.1	+20.8	+44.1	+165.0
Benchmark	+2.1	+22.0	+19.9	+46.2	+173.5

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

Risk & return since inception (%)

	Model	Benchmark / PIMFA Balanced
Annualised volatility	+10.1	+10.2
Maximum loss	-7.8	-8.3
Sharpe ratio	0.8	0.8

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.

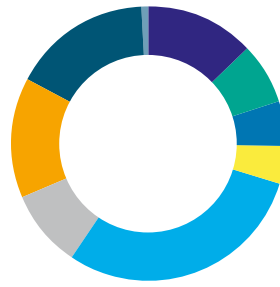
Levels and bases for taxation may change.

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 Balanced Portfolio suggested asset allocation (%)



	Model
Fixed Interest	13.0
Asia Equity	7.2
Europe Equity	5.2
Japan Equity	4.4
UK Equity	29.8
US Equity	9.2
Sector Specific	14.0
Alternatives	16.4
Cash	0.8

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Top 10 holdings (%)

FIL INVESTMENT SERVICES(UK)LIMITED SPECIAL SITUATIONS W ACC NAV GBP	9.2
NINETY ONE FUND MANAGERS UK LTD UK ALPHA J GBP ACC GBP	6.1
LINK FUND SOLUTIONS LTD LF LINDSELL TRAIN UK EQUITY DIS GBP	5.8
BLACKROCK FUND MANAGERS LTD EUROPEAN DYNAMIC FD ACC GBP	5.2
SLATER INVESTMENTS LIMITED GROWTH P UNITS GBP ACC GBP	5.2
POLAR CAPITAL FUNDS NORTH AMERICAN HEDGED I GBP DIS NAV GBP	5.0
PERSONAL ASSETS TRUST ORD GBP12.50 GBP	5.0
ISHARES PHYSICAL METALS PLC ISHARES PHYSICAL GOLD ETC USD ACC GBP	4.7
LINDSELL TRAIN LIMITED JAPANESE EQUITY B HGD DIS GBP	4.4
FUNDROCK MANAGEMENT COMPANY SA ARTEMIS US SMALLER COMPANIES FI GBP DIS	4.2

Source: CGWM

Portfolio Manager commentary

In the first quarter of the year equity markets picked up from where they left at the end of 2020. Renewed investor confidence was evident, as prices of riskier assets rose steadily during the period. The seeds for this newfound confidence had been sown in the latter stages of 2020: the new US\$1.9trn US fiscal package, unwavering monetary policy support from global central banks, significant progress in vaccine supply and deployment, and built-up consumer and corporate savings earmarked for spending. Corporate earnings announced in January revealed stronger results than analysts had forecast with guidance around expectations for earnings in 2021 to be even stronger again. These underlying drivers set the tone for investor appetite early in the new year.

Naturally, fixed income markets, often considered more defensive, struggled in this environment. As economic times turn more prosperous, investor expectations for interest rate rises move up – in this case implying that the current emergency levels of post-pandemic support from central banks were no longer necessary. It was predominantly government bond prices that fell in the first quarter, to be expected given their sensitivity to potentially higher interest rates. During the period, the yield (which moves inversely to its price) on the US 10-year Treasury bond rose back to its pre-pandemic level. High credit quality corporate bonds also failed to escape the rotation by investors into riskier assets as prices fell. Gold too, seen as increasingly defensive, witnessed price weakness. Only low credit quality bonds (also known as high yield) were able to avoid material losses.

Many will point to the fact that some of the industries and companies that struggled in the past year have seen their share price benefit from a rebound in investor optimism in the first quarter of the year. It is noticeable how the more traditionally cyclical business, like banks have seen their valuations rise significantly, some of this helped by anticipated interest rate rises which improve bank profitability. Another of the more economically sensitive industries – energy – has also seen valuations improve. Again, some of this is also helped by the oil price which rose from US\$48 to US\$63 over the period. Along with materials and basic industries (like mining and metal refining), we would expect these sectors to continue on this trajectory of share price improvement.

Over this period, the MPS portfolios have looked to benefit from the rotation to more cyclically sensitive sectors and regions in the global equity market. In US equity markets in particular, we have seen valuations of cyclical companies (sometimes referred to as 'value' stocks) outperforming more growth-like companies (e.g. the big tech stocks) for the first time in years. In trimming some of the technology and healthcare equity exposure from the MPS portfolios and re-investing the proceeds into a more cyclical, value-biased US equity fund, we anticipate portfolios will be better positioned for a sustained period of investor confidence.