

2nd Quarter 2021

## CGWM Risk profile 3



**Nick Muir**  
Head of MPS and PPS

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.



**Bilal Mohammed**

Bilal has worked with the MPS and Passive investment solutions for over five years. He oversees the team's day to day operations

and works closely with intermediaries and Independent Financial Advisers. Bilal holds a BSc in Economics from Aston University.

## Benchmark

CGWM's Risk 3 benchmark may incur some occasional but modest losses to generate slightly higher total returns over time. It comprises 55% in bonds, 7.5% in equities, 30% in diversified alternatives and 7.5% in cash.

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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.

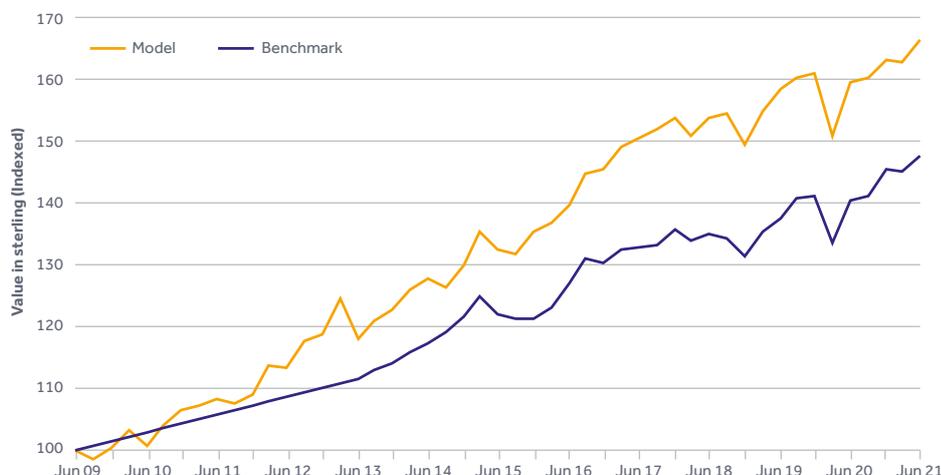
Figures represent performance of a model portfolio, individual account performance may differ.

# MPS Conservative Portfolio

## Investment objective

This portfolio aims to produce an overall return in excess of cash over a typical investment cycle (i.e. 7-10 years); some of this return will come from the income generated. This portfolio has an absolute return focus and, therefore, should have lower volatility. Investments are predominantly made into fixed interest and cash type investments, with a lower proportion to be invested into global equities or equity based vehicles. To assist in the reduction of volatility and deliver uncorrelated returns during periods of unfavourable market conditions, alternative asset classes such as commodities, currencies, infrastructure and hedge funds may be used.

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



## Discrete performance (%)

Total return to end of last calendar quarter 30/06/2021.

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Model	+1.5	+7.6	-2.7	+5.7	+7.5	+4.0	+5.9	+3.6	+8.8
Benchmark	+3.1	+7.6	-3.2	+4.0	+7.3	-0.3	+6.7	+3.5	+2.9

## Cumulative performance (%)

Total return from inception to 30/06/2021.

	3 Months	1 Year	3 Years	5 Years	Inception (30/06/2009)
Model	+2.2	+4.3	+8.2	+19.1	+66.4
Benchmark	+1.9	+5.3	+9.6	+16.2	+47.8

Source: Canaccord Genuity Wealth Management (CGWM).

Total return before fees and charges are deducted.

## Risk & return since inception (%)

	Model
Annualised volatility	+4.8
Maximum loss	-5.5
Sharpe ratio	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.



## MPS Conservative Portfolio suggested asset allocation (%)



	Model
Fixed Interest	51.1
UK Equity	2.5
International Equity	9.4
Alternatives	30.3
Property	3.4
Cash	3.2

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## Top 10 holdings (%)

MAN ASSET MANAGEMENT IRELAND LTD GLG STRATEGIC BOND IXF GBP NET MDIS	7.0
ISHARES PHYSICAL METALS PLC ISHARES PHYSICAL GOLD ETC USD ACC GBP	6.4
LINK FUND SOLUTIONS LTD TROJAN X INC GBP	6.3
HENDERSON INVESTMENT FUNDS LTD JH ABSOLUTE RETURN I ACC GBP	5.6
ISHARES IV PLC GBP ULTRASHORT BOND UCITS ETF GBP DIST GBP	5.2
VONTOBEL ASSET MANAGEMENT SA TWENTYFOUR ABST RETURN CREDIT G GBP	5.1
MFS INVESTMENT MNGMNT CO (LUX) SA GLOBAL OPPORTUNISTIC BOND IH1 GBP ACC	5.1
VONTOBEL ASSET MANAGEMENT SA TWENTYFOUR STRAT INC AQQ GBP DIS GBP	5.0
M&G SECURITIES LIMITED CORPORATE BOND PP GBP DIS GBP	5.0
RIT CAPITAL PARTNERS PLC ORD GBP1 GBP	4.9

Source: CGWM

## Portfolio Manager commentary

Markets in the second quarter have benefited from global vaccine rollouts and a concerted effort from central banks and government agencies to encourage people back into spending in the economy. We have seen a modest recovery in the more broad spectrum industries and a small pull back from the technology and healthcare sectors that had previously fared best during the early stages of the pandemic.

With a return to spending, inflation is the key metric both the Bank of England (BoE) and the government are now concentrating on. Comments by Andrew Bailey, BoE Governor, following the June Monetary Policy Committee meeting were that an increase in inflation should not be seen as a concern this year. He stated that increased inflation should be welcomed in the shorter term, as it is a strong indicator of the UK economy recovering fully back to pre-COVID-19 levels.

The announcement last month of a US\$1.2trn bipartisan agreement on US infrastructure spending lifted US markets. This is the largest ever central government infrastructure budget and we will wait to see which areas of its economy are lifted as a result. All of our models hold infrastructure either directly or indirectly in one form or another.

During the last quarter, the MPS portfolios have benefited from the rotation into more value-based investments. The actions taken earlier in the year to reduce our technology and healthcare exposure and increase our holdings in UK and cyclical global value, resulted in good performance and we expect this to continue if markets continue to strengthen. The repositioned strategies aim to take advantage of the increasing inflation and a more normal level of consumer spending.

The current growth of the Delta variant could of course slow progress if authorities are forced to, once again, increase restrictions after the summer months.