

2nd Quarter 2021

## CGWM Risk profile 4



**Patrick Thomas**  
Investment Director

Patrick sits on the firm's Portfolio Construction Committee, Fund Selection Committee and Alternatives Committee.

He manages investment portfolios for intermediaries, trusts, charities and pension funds, specialising in discretionary mandates. Patrick is a chartered Wealth Manager and a Chartered Fellow of the CISI.



**Paul Parker**  
Head of Intermediary  
Portfolio Management  
Team

Paul and his team manage CGWM's MPS models and inheritance tax portfolios. He has been with Canaccord Genuity since 2001 and is a Chartered Fellow of the Chartered Institute for Securities and Investment.

### Benchmark

CGWM's Risk 4 benchmark may incur occasional moderate capital losses to achieve slightly higher total return over time. It comprises 52.5% in bonds, 35% in equities, 10% in diversified alternatives and 2.5% 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.

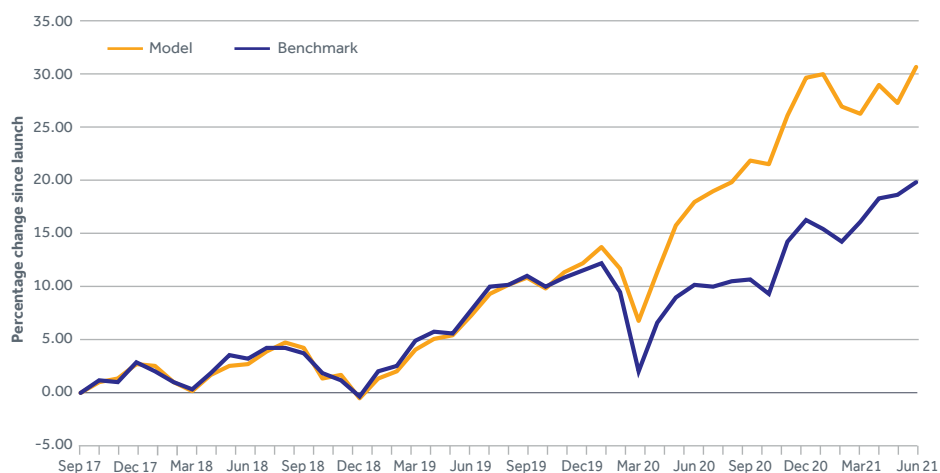
Figures represent performance of a model portfolio, individual account performance may differ.

## ESG Cautious Balanced Portfolio

### 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) using investments that consider environmental, social and governance criteria alongside traditional financial metrics. An active screening approach is used to select potential portfolio allocations. This portfolio will have exposure to funds that focus on ESG factors (including resource efficiency, employee engagement and business culture), as well as focused thematic investments, such as environmental technology, and those that have measurable impact, such as social housing. The volatility profile could therefore differ from a traditional discretionary portfolio with the same asset allocation.

### Performance since inception (30/09/2017)



### Discrete performance (%)

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

	2020	2019	2018
Model	+15.7	+12.6	-3.0
Benchmark	+3.0	+12.9	-3.4

### Cumulative performance (%)

Total return from inception to 30/06/2021.

	3 Months	1 Year	3 Years	Inception (30/09/2017)
Model	+3.5	+10.8	+27.2	+30.7
Benchmark	+3.2	+8.8	+16.1	+19.8

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

### Risk & return since inception (%)

	Model	Benchmark
Annualised volatility	+6.0	+6.2
Maximum loss	-6.0	-9.0
Sharpe ratio	5.1	3.2

**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.



## ESG Cautious Balanced Portfolio asset allocation (%)



Model	Percentage
Fixed Interest	46.6
Thematic Equity	43.9
Alternative Investments	9.0
Cash	0.5

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## Top 10 holdings (%)

VANGUARD INVESTMENT SERIES U S GOVT BOND IDX GBP ACC HGD GBP	10.6
ROBECO LUXEMBOURG GLOBAL SDG CREDITS IEH GBP GBP	8.9
LYXOR INTERNATIONAL ASSET MGMT LYXOR CORE UK GOVERNMENT BOND (DR)	8.3
ROYAL LONDON ASSET MANAGEMENT ETHICAL BOND M GBP ACC GBP	6.3
UBS FUND MANAGEMENT(LUXEMBOURG)SA SUS.DE .BA.BDS UCIT GBP	6.3
RATHBONE UNIT TRUST MANAGEMENT ETHICAL BOND S GBP DIS GBP	6.1
IMPAX FUNDS(IRELAND) ENVIRONMENTAL MKTS(IRE) X GBP GBP	4.3
RIZE UCITS ICAV SUSTAINABLE FUTURE OF FOOD ETF GBP ACC GBP	4.1
NINETY ONE FUND MANAGERS UK LTD GLOBAL ENVIRONMENT K GBP ACC GBP	4.0
BAILLIE GIFFORD & CO POSITIVE CHANGE B ACC GBP	3.9

Source: CGWM

## Portfolio Manager commentary

While these portfolios are about both positive change and positive performance, we were pleased to observe another very strong quarter of returns for our ESG portfolios. The strategies performed in line with their benchmarks and we continue to see a virtuous circle at play. Companies making a product or service that helps alleviate a global sustainability challenge are seeing attractive profits, fund managers buying said companies are seeing attractive performance, and society and the planet should benefit from this.

Some of our favoured structural themes such as cloud, cyber security, genetic therapies and oncology saw a significant bounce with more cyclical areas like battery technology taking a pause for breath. We like all of our themes because they target companies with growth opportunities, competitive advantages and business models that are not only well placed to survive short-term pressures but should resume their positive trends when the current crisis is over. From a diversification perspective it is pleasing to see them perform differently at different times.

One new theme that was added this quarter was a sustainable timber fund. It plays on the sustainable forest management theme; carbon capture and storage and the rise in wood use in building and packaging. It also adds useful diversification to the significant overweight to healthcare and technology. We also added to our existing sustainable nutrition theme. It is obvious that consumer demand is shifting towards products that are not only better for us, but also better for the environment. A good example is milk substitutes. Instances of milk allergies and lactose intolerance, concerns over the use of hormones, pesticides and antibiotics in cows and the desire to reduce sugar and improve our health and wellbeing are driving greater adoption of dairy alternatives.