

2nd Quarter 2022

CGWM Risk profile 5



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 5 benchmark may incur slightly higher short-term losses in exchange for the possibility of higher total returns. It comprises 35% in bonds, 57.5% in equities, 5% 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.

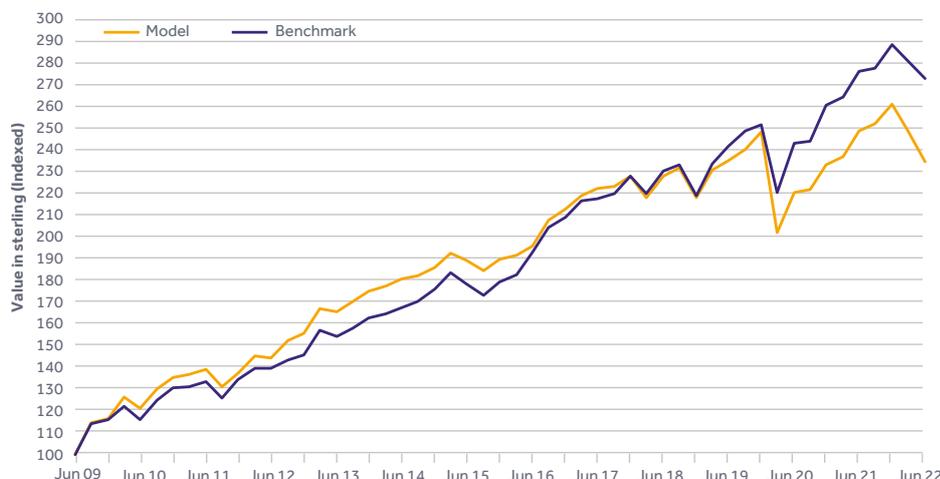
Figures represent performance of a model portfolio, individual account performance may differ.

MPS Income Portfolio

Investment objective

This portfolio aims to produce an income stream, with some prospects for capital appreciation over a typical investment cycle (i.e. 7-10 years). With its focus on income production, fixed interest type investments tend to feature significantly, although there also tends to be a large proportion devoted to income producing equities. 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 30/06/2022.

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Model	+11.8	-5.9	+13.9	-4.4	+7.1	+12.2	+2.1	+6.2	+12.5
Benchmark	+10.6	+3.6	+15.0	-3.9	+8.9	+16.7	+2.0	+7.9	+11.7

Cumulative performance (%)

Total return from inception to 30/06/2022.

	3 Months	1 Year	3 Years	5 Years	Inception (30/06/2009)
Model	-5.7	-5.7	-0.2	+5.5	+135.1
Benchmark	-2.8	-1.1	+12.9	+25.6	+173.4

Source: Canaccord Genuity Wealth Management (CGWM).

Total return before fees and charges are deducted.

Risk & return since inception (%)

	Model	Benchmark
Annualised volatility	+9.7	+8.8
Maximum loss	-6.0	-6.1
Sharpe ratio	0.6	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.



MPS Income Portfolio suggested asset allocation (%)



	Model
Fixed Interest	20.5
UK Equity	24.7
Asia Equity	6.6
Europe Equity	2.5
International Equity	29.2
US Equity	1.8
Alternatives	9.3
Cash	5.4

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Top 10 holdings (%)

T BAILEY FUND SERVICES LTD EVENLODE GLOBAL INCOME F GBP DIS GBP	9.2
FIL INVESTMENT SERVICES(UK)LIMITED GLOBAL DIVIDEND W INC NAV GBP	7.0
GUINNESS ASSET MANAGEMENT FUNDS PLC GUINNESS GLOBAL EQUITY INCOME	6.7
LINK FUND SOLUTIONS LTD TROJAN EQUITY INCOME O INC GBP	6.6
BAILLIE GIFFORD & CO RESPONSIBLE GLOBAL EQUITY INCOME B DIS GBP	6.3
T BAILEY FUND SERVICES LTD TB EVENLODE INCOME C DIS GBP	6.2
THREADNEEDLE (LUX) UK EQUITY INCOME LGP GBP DIS GBP	6.1
ARTEMIS FUND MANAGERS INCOME I DIS GBP	5.8
Cash	5.5
CIM INVESTMENT FUND ICAV CIM DIVIDEND INCOME J ORDINARY GBP DIS GBP	5.2

Source: CGWM

Portfolio Manager commentary

Q2 2022 will always be remembered as the quarter the US Federal Reserve (Fed) decided they needed to do something meaningful about inflation. Gas prices exceeding US\$5 per gallon and baby formula shortages dominated the news in the US, rising mortgage rates slowed the housing market - each doing their part, and the result is that the US narrative changed. Up until now, President Biden had previously been pushing for 100% employment, however 100% employment comes hand in hand with increasing wages, while rising wages supports rising inflation. From mid-June onwards, the president's primary goal is to reduce inflation.

In perfect step with the flip in direction, the Fed announced a 0.75% base rate rise to 1.75% with a very strong suggestion in July that they will raise rates by another 0.75% to 2.5%. An increase to 2.5% in July would mean a fourfold increase from April and a fivefold increase from 1 Jan 2022.

The June increase was the largest single jump since 1994 and if combined with another similar increase in July you would have to go back to the late 1970s to see rises of these magnitudes. These jumps are important, as they show central banks' intent to begin the processes of inflationary control and monetary tightening.

The rate rises caused falls that put the US markets into official bear territory and could mark the beginnings of an oversold market and hopes that this may lead to far pricing once again.

Company earnings remain strong, order books remain full and shortages suggest that consumer spending has yet to wane significantly, all pointing towards the possibility that when the markets turn they may do so as quickly as they fell.

Our current neutral equity positions will remain - we have no intention currently of moving to an underweight position but equally we believe it is too early to overweight risk. This summer will give a much better indication of how the world will react to the shortages predicted as a result of the Ukraine conflict.