

MPS Cautious Balanced Portfolio



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Benchmark
PIMFA Conservative Portfolio Return

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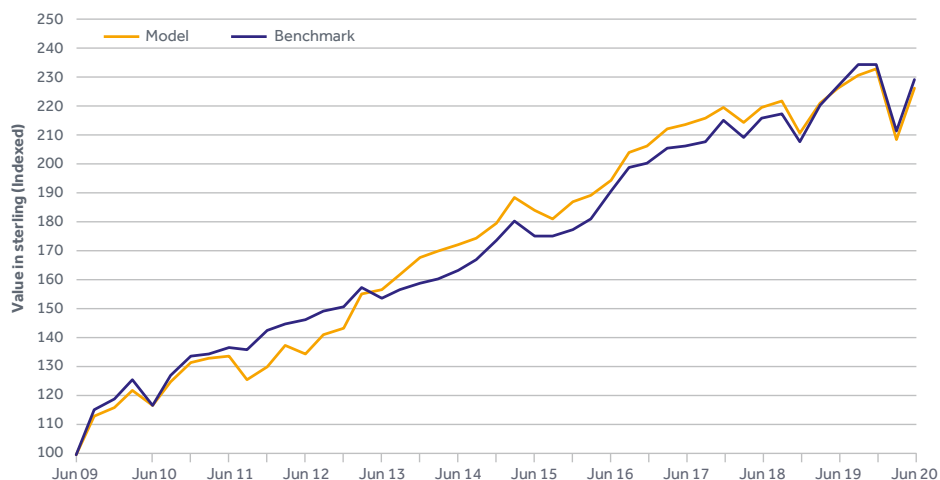
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Investment objective

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 30/06/2020.

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

Cumulative performance (%)

Total return from inception to 30/06/2020.

	3 Months	1 Year	3 Years	5 Years	Inception (30/06/2009)
Model	+8.5	-0.1	+5.8	+22.6	+125.8
Benchmark	+8.3	+1.1	+11.1	+30.4	+128.9

Source: Canaccord Genuity Wealth Management (CGWM).

All performance data to 30/06/2020. Total return before fees and charges are deducted.

Risk & return since inception

	Model	Benchmark / PIMFA Conservative
Annualised volatility (%)	+8.1	+8.1
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	39.6
Asia Equity	2.0
Europe Equity	3.1
Japan Equity	3.2
UK Equity	13.2
US Equity	4.5
Sector Specific	9.3
Alternatives	18.9
Cash	6.2

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Top 10 holdings (%)

ISHARES PHYSICAL METALS PLC ISHARES PHYSICAL GOLD ETC	7.3
41039841.2001 Dealing Account GBP	6.3
LINK FUND SOLUTIONS LTD LF LINDSELL TRAIN UK EQUITY DIS	5.5
LINK FUND SOLUTIONS LTD TROJAN X INC GBP	5.4
VONTOBEL ASSET MANAGEMENT SA TWENTYFOUR STRAT INC	5.4
BAILLIE GIFFORD & CO POSITIVE CHANGE B ACC GBPT	5.3
INVESCO MANAGEMENT SA BOND Z GBP QD DIS GBP	5.3
VONTOBEL ASSET MANAGEMENT SA TWENTYFOUR ABST RETURN	5.2
M&G SECURITIES LIMITED CORPORATE BOND I GBP INC GBP	5.1
VANGUARD FUNDS PLC USD TREASURY BOND UCITS ETF USD ACC(GBP)	4.8

Source: CGWM

Portfolio Manager commentary

There has been an eerie symmetry to market behaviour this year. After the ninth worst quarter for the S&P 500 since 1926 in the first quarter of 2020, the second quarter of the year saw the ninth best. Markets globally recovered strongly as they grappled with analysing more optimistic virus data and attempted to ascertain what this meant for earnings over the next year, should economies return to some degree of normality. While economic data remains somewhat alarming, there continues to be an unprecedented and coordinated response from both central banks and governments.

At times like these we feel it incumbent on ourselves to remind investors of the measures we take within portfolios to make them resilient in a variety of market environments. We own gold and have elevated cash positions which we feel will help cushion the strategies against more stressed market conditions such as the one we saw during the first quarter of the year. We also have targeted exposure to more resilient growth themes, such as technology and healthcare, that should be less impacted by unfolding events. During the quarter we added newer environmental, social and governance (ESG)-related themes to help the portfolios navigate a world where environmental and social issues could have significant financial implications. A geographical allocation was also made to Europe, a more cyclical market with differing sector exposure to what is held elsewhere in the portfolio.

Our focus is on making sure the portfolios are robust in the shorter term and well positioned for the recovery.