Adventurous Model Portfolio
30 June 2020
Factsheet

LONDON WALL PARTNERS LLP

Objective

The Adventurous Model Portfolio aims to achieve long term returns from a greater proportion of higher volatility assets (e.g. real assets and company shares) than lower volatility assets (e.g. cash and/or bonds). The other available Models are Conservative, Balanced, Moderately Adventurous (which have lower risk/potential return), and Highly Adventurous (higher risk/potential return).

Portfolio construction and philosophy

Our practised advisers guide clients to the appropriate Model, accounting for their risk profile, overall situation and objectives; we aim to maximise long run potential returns, while ensuring sufficient liquidity for short term needs.

A strategic (neutral) asset allocation is set for each Model. Our experienced investment committee meets monthly to determine (i) tactical asset allocation based on our market views and (ii) specific investments based on detailed research.

We seek to identify active managers in each asset sector who can add value over the medium and long term; passive funds may be used where this is not possible. We believe a long term, disciplined approach (with a focus on business quality), a concentrated portfolio and low portfolio turnover are usually best placed to provide long term outperformance. We avoid complex, opaque funds that we are unable to adequately analyse and do not invest in ourselves. We currently allocate to company shares and property through investment trusts and open-ended funds. Bonds are purchased directly or through exchange traded funds (“ETFs”).

We rarely find bond funds offer an attractive risk/return profile, and usually prefer to invest in government bonds directly; government bonds provide superior protection against adverse events.

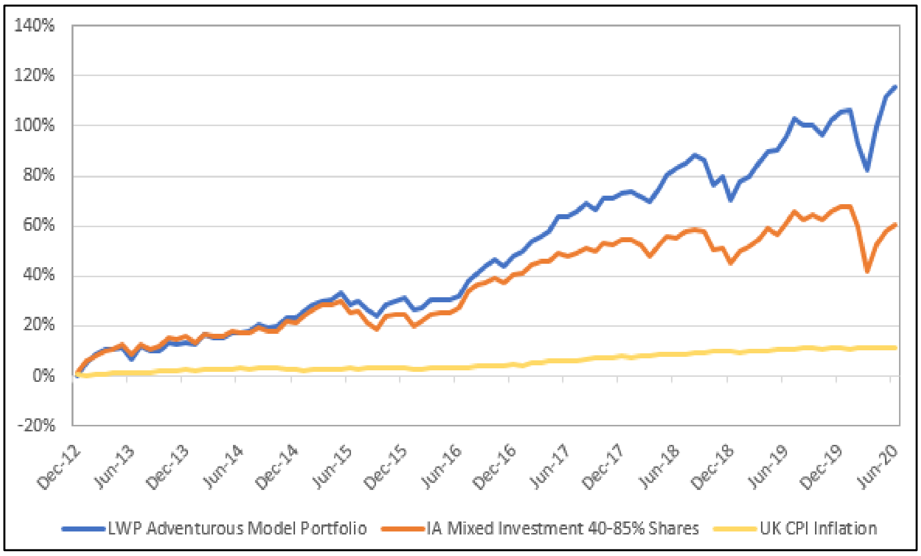
Where possible, we use fixed-fee products (e.g. pensions and ISAs) to hold investments which, combined with our own fixed-fee charges, minimise the ad-valorem charges, which can be punitive for higher value portfolios.

Implementation, monitoring and governance

Client portfolios are aligned as closely as possible with the appropriate Model and reviewed (i) regularly, (ii) if we consider important changes are required, and (iii) in response to changes in circumstances/objectives.

Models are reviewed monthly and any changes are approved by our investment committee, which includes highly experienced non-executive advisers. Review items include volatility and performance relative to agreed comparative indices, severe loss scenarios compared to those agreed with clients and deviations from the desired asset allocation. Actual client portfolio performances are also reviewed against the Model performances.

Performance



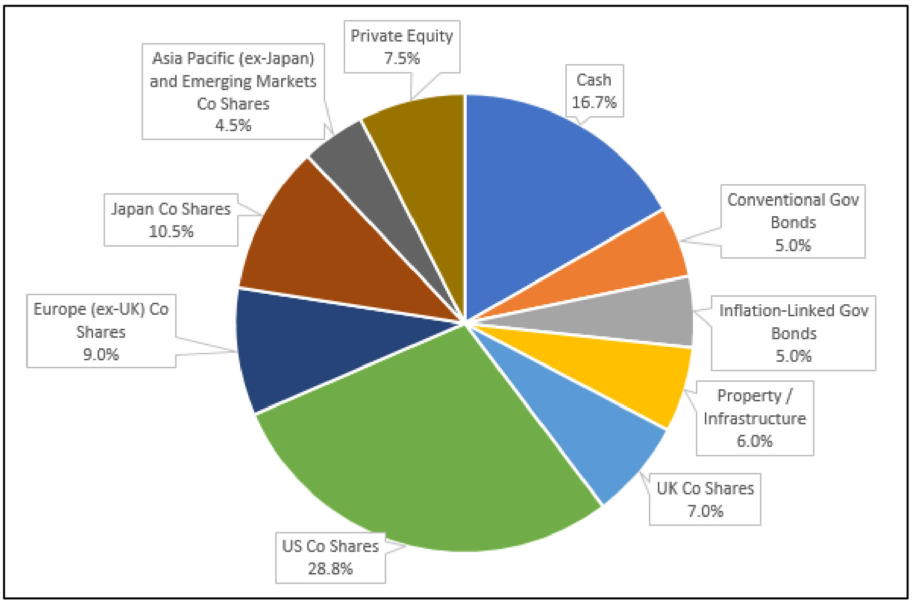
12-month total return to 30 June	2016	2017	2018	2019	2020
LWP Adventurous (%)	***2.6***	***24.4***	***11.6***	***6.8***	***9.9***
IA Mixed Investment 40-85% Shares (%)	1.9	16.1	4.8	3.6	-0.1
CPI Inflation (%)	0.4	2.7	2.4	2.0	0.6

Compound annual return to 30/06/2020	3 Yrs	5 Yrs	Since authorisation*
LWP Adventurous (% p.a.)	***9.4***	***10.8***	***10.6***
IA Mixed Investment 40-85% Shares (% p.a.)	2.8	5.1	6.5
CPI Inflation (% p.a.)	1.7	1.6	1.5

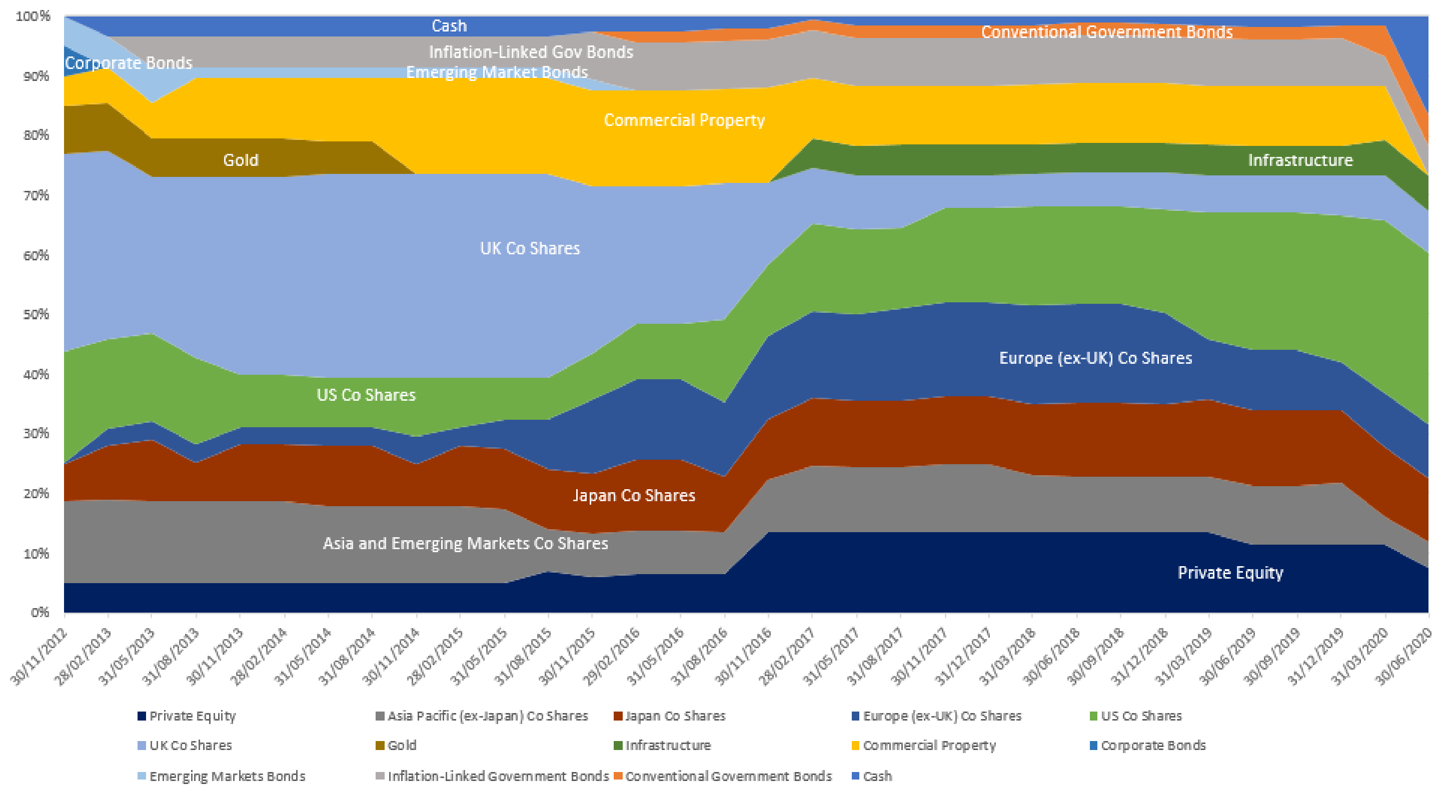
*30 November 2012

Notes:
LWP = London Wall Partners
IA = Investment Association
CPI = Consumer Prices Index

Current Asset Allocation



Historical Asset Allocation



Performance commentary

In broad terms, in the last 12 months, we predominately benefited from allocations to (i) certain global company share funds that invest in quality businesses, with notable allocations to technology, healthcare and consumer non-durable businesses, and (ii) high quality government bonds.

Our asset allocation has changed over time, as indicated by the chart above. The most significant development over the last five years has been a decrease in UK company shares in favour of the US. We initiated an allocation to a Global Infrastructure fund, increasing portfolio diversification and resilience, and during the Covid-19 pandemic reduced allocations to assets such as commercial property and smaller companies, which could be most adversely impacted by a global economic recession. We exited Emerging Markets Bonds and initiated an allocation to Conventional Government Bonds, which, along with our Inflation-Linked Government Bonds, provide higher quality protection against adverse events.

Outlook

Our investment strategy continues to be based on the belief that productive businesses should continue to deliver attractive returns over the long term and our recommended asset allocation favours company shares. We are mindful of challenges to this view, including (i) the economic impact of the coronavirus outbreak and disruption from a potential second wave of the virus, (II) the risk of rising inflation, which could lead to higher interest rate expectations, and (iii) if Brexit proves less damaging than feared, sterling could rise, which would adversely impact the value of overseas investments. We keep matters under constant review.

Key facts	
Inception date	30.11.12
Number of holdings (excl. cash)	16
Ongoing charges (% p.a.)	0.65
Max. drawdown (%)	-20.2 (-19.9)
Beta	1.07 (1.00)
Sharpe ratio	0.66 (0.32)

Note:
Figures in brackets are for the relevant IA index

Important information

Performance figures are on a bid-bid basis for 12-month periods ending 30 June of each year and for three and five years annualised to 30 June 2020. The source of performance data is London Wall Partners and Financial Express. Past performance is not a reliable indicator of future results; the value of investments and the income therefrom is not guaranteed and may go down as well as up. You may not get back what you invest. Returns are shown in sterling. Returns from investments in markets/currencies other than those of an investor’s own country of residence may increase or decrease as a result of currency fluctuations. Returns shown are after fund management charges but before financial and investment advice fees, other charges and taxes, which will reduce the returns according to the charges and taxes for the products and services used to access them, and the personal tax position of an investor. From 30 September 2018, we have used dirty prices for gilts to more accurately reflect actual client returns and historic numbers have been updated accordingly. This data was produced on 3 July 2020, and may be subject to retrospective revisions as investment performance data providers update their information.