Alpha Beta PARTNERS

AB SRI Adventurous Portfolio

as at 31 May 2022

Investment Objectives

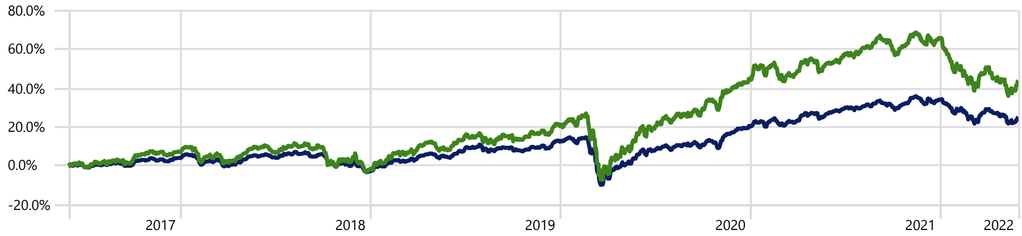
The AB SRI Adventurous Model Portfolio will seek to deliver long-term capital growth by blending collective strategies and employing our proprietary rating and risk profiling systems.

The equity allocation of the portfolio will be managed within our self imposed parameter of 70% - 100% and in line with a Alpha Beta Risk Profile of 7 - 10.

The AB SRI Adventurous Portfolio only invests in funds that are sustainable and contribute positively to either the environment or society. The model selects investments that provide solutions to global issues such as climate change, biodiversity, water shortage, urbanisation, health and well-being, and social inclusion. The United Nation's Sustainable Development Goals are utilised to inform analysis and research on these themes, and the holdings in the model.

Investment Growth

Time Period: 01/06/2017 to 31/05/2022



Snapshot

Base Currency	Pound Sterling
12 Mo Yield	0.68%
Ongoing Charge	0.95%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	1.20%

Trailing Returns

Data Point: Return

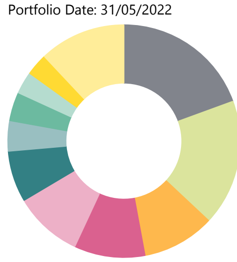
	3 Months	6 Months	YTD	1 Year	3 Years	5 Years
AB SRI Adventurous	-1.16	-11.90	-13.22	-5.87	32.81	43.95
IA Flexible Investment	-0.17	-5.20	-6.56	-1.29	19.96	25.34

Benchmark

Benchmark	UK RPI + 4.5%
Comparator Benchmark	IA Flexible Investment

Asset Allocation

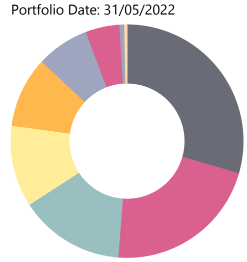
Portfolio Date: 31/05/2022



	%
Asia Equity	19.4
Europe Equity Large Cap	17.5
Global Equity Mid/Small Cap	10.1
Asia ex-Japan Equity	9.9
US Equity Large Cap Growth	9.5
UK Equity Large Cap	7.1
Infrastructure Sector Equity	4.2
Global Emerging Markets Equity	4.0
Real Estate Sector Equity	3.1
Global Equity Large Cap	3.1
Other	12.0
Total	**100.0**

Equity Regional Exposure

Portfolio Date: 31/05/2022



	%
North America	29.5
Europe dev	21.8
Asia emrg	14.6
Asia dev	11.3
United Kingdom	9.8
Japan	7.3
Australasia	4.7
Latin America	0.7
Africa/Middle East	0.3
Europe emrg	0.0

Risk

	Sharpe Ratio	Std Dev
AB SRI Adventurous	-1.14	12.69
IA Flexible Investment	-1.20	7.59

Top 10 Holdings

Portfolio Date: 31/05/2022

	Portfolio Weighting %
Impax Asian Environmental Markets IRL X	19.43%
Liontrust Sust Fut Eurp Gr 2 Net Acc	17.54%
FP WHEB Sustainability C GBP Inc	10.11%
Stewart Inv Asia Pac Sustnby B GBP Acc	9.86%
Brown Advisory US Sust Gr GBP B Inc	9.54%
Premier Miton Responsible UK Eq C Inc	7.13%
FP Foresight Global Rl Infras A GBP Acc	4.22%
Stewart Inv Glbl EM Sustnby B GBP Acc	3.99%
FP Foresight Sust Rl Estt Scs A GBP Acc	3.09%
Sarasin Responsible Global Equity P£HInc	3.06%
	87.98%

Manager's Commentary

The geopolitical risk emanating from the Russia-Ukraine conflict continued to affect the markets in May, with the wider impact of the conflict continuing to be felt across energy and agricultural commodity prices and in to inflation numbers. With inflation rates elevated and at 40 plus year highs throughout G7 and beyond, markets are now primarily responding to the central banks response and monetary policy risks and with an increasing probability of a recession in the next 12-18 months being factored in.

The broader based US S&P 500 index saw 7-straight weeks of consecutive falls culminating in an intra-day bear market, where losses reached 20% from their peak. This was followed by a strong rally as equity markets had become over sold, with the S&P 500 index up 6.6% during a single week. Quite a roller coaster ride of a year so far. We raised cash in portfolios across the board most recently and had previously reduced duration in fixed income allocations which has certainly helped buffer portfolios against market gyrations so far along with the unhedged US dollar exposure which has performed heroically.

With CPI inflation in the United States standing at 8.6%, raising rates multiple times and removing excess liquidity by quantitative tightening will slow economic growth whilst the inflation emanating from services sector may remain sticky. This can lead to a stagflationary environment. So, the distinct possibility of central bank policy error is factored into our asset allocation decisions. The theme of economic slowdown is global in nature. In Europe the ECB is expected to raise rates as German, French and Spanish inflation hit a high point. Japan has seen the yen hit a 20-year low as the Bank of Japan seeks to control borrowing costs at ultra-low levels. In China the slowdown is somewhat more pronounced, although the stringent zero Covid-19 policy appears to be abating with restrictions being lifted in the economically important Shanghai area.

US 10-year treasury yields hit 3% which is almost at the market implied Fed Fund Terminal Rate. We know markets are a hugely efficient discounting mechanism, looking forwards and discounting back future probabilities to today's stock and bond prices. This means markets are already pricing in much of the slowdown and potential recession we could see in due course. Therefore, it begs the question – "why would a sensible investor cash in his/her portfolio today?" As higher rates get closer it can be reasonably expected that future, longer term rates are likely to begin falling based upon the expectation of the slowdown passing and a recovery getting underway. We have shifted focus within some of the fixed income allocation towards the longer duration end of the yield curve. Then there is a case of curve inversion – we have seen both the Treasury 10/2 and OIS 30/5 curve inverted – signaling tighter borrowing conditions for economic agents in the near term. We are now favouring changes to duration and cash and intend to take some further equity exposure off into any sign of strength.

At a portfolio level, the SRI Adventurous model has benefited from its Asia Pacific ex Japan exposure, with the best performing fund being the Impax Asian Environmental Markets fund. One of the fund's biggest holdings is Taiwan Semiconductor Manufacturing Co. the world's first dedicated semiconductor foundry. It is well known for its unique integration of cutting-edge process technologies, pioneering design services, manufacturing productivity and product quality.

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Investment Team

Investment Manager	Alpha Beta SRI Investment Team

Source: Morningstar Direct