Alpha Beta PARTNERS

AB SRI Defensive Portfolio

as at 30 June 2022

Investment Objectives

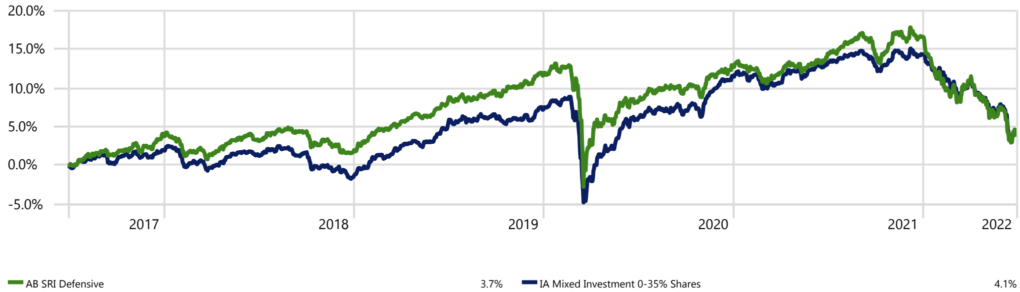
The AB SRI Defensive Model Portfolio will seek to deliver long-term capital growth by blending collective strategies and employing our proprietary rating and risk profiling systems.

The equity allocation of the portfolio will be managed within our self imposed parameter of 0% - 35% and in line with a Alpha Beta Risk Profile of 3 - 5.

The AB SRI Defensive 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: 01/07/2017 to 30/06/2022



Snapshot

Base Currency	Pound Sterling
12 Mo Yield	1.97%
Ongoing Charge	0.69%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	0.94%

Trailing Returns

Data Point: Return

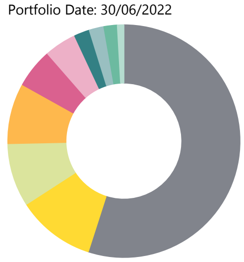
	3 Months	6 Months	YTD	1 Year	3 Years	5 Years
AB SRI Defensive	-6.56	-11.05	-11.05	-8.93	-3.86	3.70
IA Mixed Investment 0-35% Shares	-6.07	-8.96	-8.96	-7.90	-0.60	4.07

Benchmark

Benchmark	UK RPI
Comparator Benchmark	IA Mixed Investment 0-35% Shares

Asset Allocation

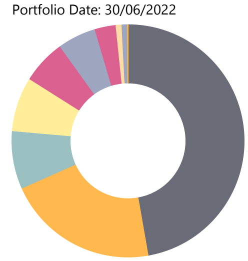
Portfolio Date: 30/06/2022



	%
Sterling Fixed Income	55.0
Cash	10.9
Aggressive Allocation	8.8
US Equity Large Cap Growth	8.4
UK Equity Large Cap	5.5
Asia Equity	4.5
Real Estate Sector Equity	2.2
Infrastructure Sector Equity	2.1
Global Emerging Markets Equity	1.9
Global Equity Large Cap	0.9
Total	**100.0**

Equity Regional Exposure

Portfolio Date: 30/06/2022



	%
North America	47.3
United Kingdom	21.1
Asia emrg	8.0
Asia dev	7.6
Europe dev	6.1
Japan	5.3
Australasia	2.9
Africa/Middle East	0.8
Latin America	0.8
Europe emrg	0.0

Risk

	Sharpe Ratio	Std Dev
AB SRI Defensive	-1.87	6.62
IA Mixed Investment 0-35% Shares	-1.94	4.92

Top 10 Holdings

Portfolio Date: 30/06/2022

	Portfolio Weighting %
EdenTree Responsible & Sust Shrt Dtd B	17.32%
RLBF II Royal London Ethical Bond M Inc	11.29%
Rathbone Ethical Bond I Inc	11.22%
CASH	10.90%
Climate Assets Fund B GBP Inc	8.80%
Brown Advisory US Sust Gr GBP B Inc	8.41%
Sarasin Responsible Corporate Bond P Acc	7.58%
EdenTree Responsible & Sust Stlg B	7.56%
Impax Asian Environmental Markets IRL X	4.47%
CT Responsible UK Income 2 Inc	3.48%
	91.03%

Manager's Commentary

The geopolitical risk emanating from the Russia-Ukraine conflict continued to affect the markets in June, with the wider impact of the conflict continuing to be felt across energy and agricultural commodity prices and into inflation numbers.

After a prolonged period "behind the curve" the Federal Reserve and other central banks have woken up to the issues presented by strong inflationary pressure. Interest rates have been raised twice in US and similarly around the world to control rising prices. Excess liquidity will be removed using quantitative tightening, a relatively new technique and whose side-effects for markets is not fully understood. Simultaneously economies, led by the United States, are naturally slowing and so the ability to create an economic "soft landing" will be tough indeed. The pathway to avoid a recession is narrowing. 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.

As markets anticipate a possible recession, an earnings slowdown will be factored in and could impact valuations as results are announced. Consumer behavior will be important from here. For us, the S&P 500 index level of around 3200-3000 would be a clear re-entry point and a strong buying envelope, provided there is no new exogenous risk. With the current PE ratio hovering around 19-times earnings today, these levels point to a more modest PE of around 14 times.

Significant falls in value have been recorded with even US treasuries down 10%. The culprit is of course inflation and the knock-on anticipation of rising interest rates which has dragged yields higher and capital values lower. Higher yielding corporate bonds have suffered more so as their default risk has risen. The benchmark 10-year treasury hit 3.49% yield, very close to our target level of 3.5%. However, glimmers of hope are now appearing – longer dated treasury yields have begun to fall along with some early indications that inflation may have peaked. Commodity prices for many industrial metals including the leading indicator copper have begun to fall back.

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. 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 Defensive model has benefited from its Short Duration Bond exposure, with the best performing fund being the EdenTree Responsible and Sustainable Short Dated Bond fund.

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Investment Team

Investment Manager	Alpha Beta SRI Investment Team

Source: Morningstar Direct