Alpha Beta Partners

Alpha Beta Balanced Income Portfolio

as at 30 April 2022

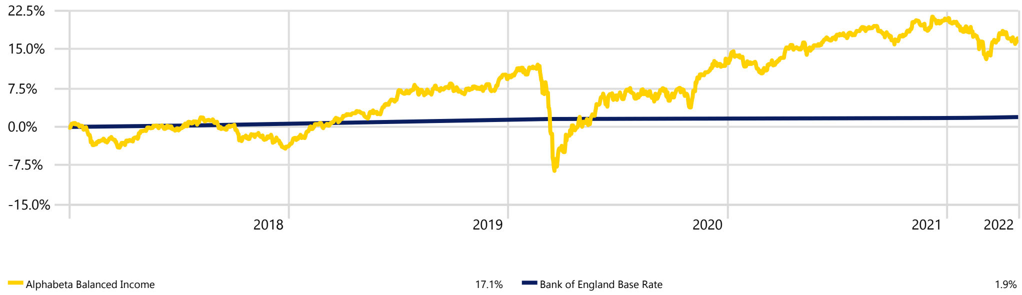
Investment Objectives

The Portfolio's investment objective is to achieve a combination of moderate income yield and capital appreciation by deploying globally focused multi asset strategy.

The portfolio will gain this exposure through collective investment schemes and ETFs where required.

Investment Growth

Time Period: 01/01/2018 to 30/04/2022



Snapshot

Base Currency	Pound Sterling
12 Mo Yield	3.95%
Ongoing Charge	0.54%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	0.79%

Calendar Year Returns

Data Point: Return

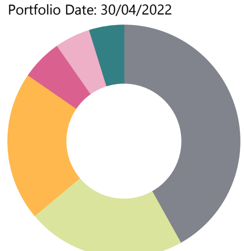
	3Month	6Month	YTD	2021	2020	2019	Since Inception [01-01-2018]
Alphabeta Balanced Income	-1.34	-1.09	-2.90	7.38	2.83	13.51	17.11
Bank of England Base Rate	0.15	0.20	0.17	0.11	0.23	0.76	1.90

Benchmark

Benchmark	Bank of England Base Rate

Asset Allocation

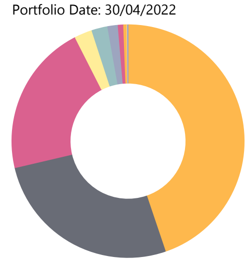
Portfolio Date: 30/04/2022



	%
Sterling Fixed Income	41.9
UK Equity Large Cap	22.0
Global Equity Large Cap	20.7
Infrastructure Sector Equity	5.7
Europe Equity Large Cap	4.9
Emerging Markets Fixed Income	4.8
Total	**100.0**

Equity Regional Exposure

Portfolio Date: 30/04/2022



	%
United Kingdom	44.8
North America	26.5
Europe dev	21.2
Asia dev	2.5
Asia emrg	2.2
Japan	1.4
Australasia	0.8
Europe emrg	0.4
Africa/Middle East	0.1
Latin America	0.1

Risk

	Sharpe Ratio	Std Dev
Alphabeta Balanced Income	-0.80	4.37
Bank of England Base Rate	-1.23	0.07

Top 10 Holdings

Portfolio Date: 30/04/2022

	Portfolio Weighting %
Fidelity Global Enhanced Income W Inc	10.56%
Liontrust Global Dividend C Inc GBP	10.11%
Vanguard FTSE 100 Idx Unit Tr £ Inc	7.64%
Liontrust Monthly Income Bond B Grs Inc	6.48%
Premier Miton Global Infras Inc B Inc	5.69%
HSBC UK Gilt Index C Inc	5.48%
Vanguard SRI European Stk £ Dist	4.92%
Invesco High Yield UK Y Inc	4.81%
RLBF II Royal London Shrt Dur Crdt M Inc	4.80%
M&G Emerging Markets Bond GBP I Inc	4.77%
	65.27%

Manager's Commentary

The geopolitical risk emanating from Russia-Ukraine conflict continued to affect the market. The wider impact of this conflict can be felt across energy and agricultural commodity prices, ultimately finding its way to the inflation numbers.

With CPI inflation in the United States standing at 8.5%, created by the Covid-19 supply shock and exacerbated by mountains of central bank liquidity, the vampire-like effect of spiraling price rises across the board is a serious headwind to progress. A possible summer of discontent at home takes us back to images of the 1970s. Central banks face a tough challenge of slaying the inflation vampire whilst maneuvering delicately to avoid a recession. Raising rates multiple times and removing excess liquidity by a new tool called quantitative tightening will slow economic growth. However, economies are simultaneously slowing down quite naturally following the turbo charged recovery from the worst effects of the pandemic. So, the distinct possibility of central bank policy error must be calculated and factored into our forthcoming asset allocation decisions.

The Federal Reserve announced has raised FFR again in May's FOMC as expected. Interestingly, the accompanying Q&A session revealed the limitations of monetary policy in curbing the supply-side inflation. It is however, destroying the demand side of the equation. This leads us back to thinking if the fed is behind the curve again. Care should be taken not to raise rates aggressively as we progress through the year. There is scope for central bank policy error in this regard and we remain alert to early signals.

US 10-year treasury yields hit 3%, the highest level since 2018. The world's supply of negative yielding bonds has evaporated before our eyes as the bond bubble steadily deflates. Higher bond yields prove a disruptor for equity valuations, particularly for those levered firms and those whose stock prices have risen perhaps too high. 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 believe now is time for some sensible housekeeping. There is still scope for equity bounce, of that we have little doubt, but the risk reward balance has shifted. We are now favoring changes to duration, cash and at the next upside failure we intend to take some of the equity exposure off. All portfolios remained inside their allocated risk corridors during the month.

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Investment Team

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Source: Morningstar Direct