# Alpha Beta Balanced Income Portfolio

Alpha Beta PARTNERS

as at 30 June 2022

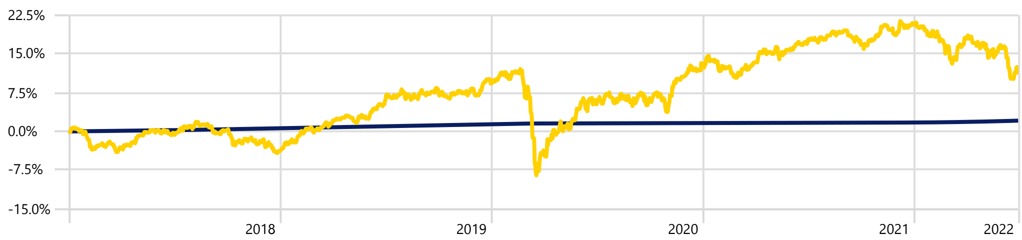
## Investment Objectives

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 30/06/2022




Alpha Beta Balanced Income 11.0% — Bank of England Base Rate 2.1%

## Snapshot

| | |
|---|---|
| Base Currency | Pound Sterling |
| 12 Mo Yield | 4.23% |
| Ongoing Charge | 0.54% |
| Management Fee (VAT where applicable) | 0.25% |
| Portfolio Cost | 0.79% |

## Calendar Year Returns

Data Point: Return

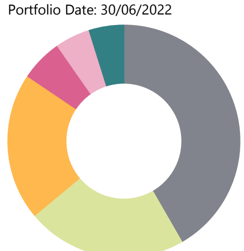
| | 3Month | 6Month | YTD | 2021 | 2020 | 2019 | Since Inception [01-01-2018] |
|---|---|---|---|---|---|---|---|
| Alpha Beta Balanced Income | -5.97 | -7.94 | -7.94 | 7.38 | 2.83 | 13.51 | 11.03 |
| Bank of England Base Rate | 0.24 | 0.35 | 0.35 | 0.11 | 0.23 | 0.76 | 2.09 |

## Benchmark

| | |
|---|---|
| Benchmark | Bank of England Base Rate |

## Asset Allocation

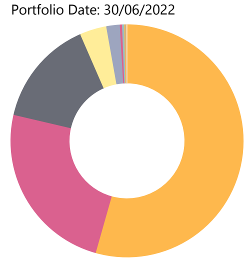
Portfolio Date: 30/06/2022



| | % |
|---|---|
| Sterling Fixed Income | 41.7 |
| UK Equity Large Cap | 22.3 |
| Global Equity Large Cap | 20.5 |
| Infrastructure Sector Equity | 5.9 |
| Emerging Markets Fixed Income | 4.9 |
| Europe Equity Large Cap | 4.8 |
| **Total** | **100.0** |

## Equity Regional Exposure

Portfolio Date: 30/06/2022



| | % |
|---|---|
| United Kingdom | 54.4 |
| Europe dev | 24.2 |
| North America | 14.8 |
| Asia dev | 3.7 |
| Japan | 1.9 |
| Australasia | 0.3 |
| Asia emrg | 0.3 |
| Europe emrg | 0.2 |
| Latin America | 0.1 |
| Africa/Middle East | 0.1 |

## Risk

| | Sharpe Ratio | Std Dev |
|---|---|---|
| Alpha Beta Balanced Income | -1.51 | 6.39 |
| Bank of England Base Rate | -1.70 | 0.11 |

## Top 10 Holdings

Portfolio Date: 30/06/2022

| | Portfolio Weighting % |
|---|---|
| Fidelity Global Enhanced Income W Inc | 10.63% |
| Liontrust Global Dividend C Inc GBP | 9.87% |
| Vanguard FTSE 100 Idx Unit Tr £ Inc | 7.69% |
| Liontrust Monthly Income Bond B Grs Inc | 6.44% |
| Premier Miton Global Infras Inc B Inc | 5.86% |
| HSBC UK Gilt Index C Inc | 5.42% |
| RLBF II Royal London Shrt Dur Crdt M Inc | 4.94% |
| M&G Emerging Markets Bond GBP I Inc | 4.85% |
| Vanguard SRI European Stk £ Dist | 4.84% |
| Invesco High Yield UK Y Inc | 4.71% |
| | 65.25% |

## Investment Team

| | |
|---|---|
| Investment Manager | Asim Javed, CFA |

## 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. All portfolios remained inside their allocated risk corridors during the month.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Source: Morningstar Direct