Alpha Beta PARTNERS

Alpha Beta Portfolios
AB Core Plus Cautious

as at 31 March 2022

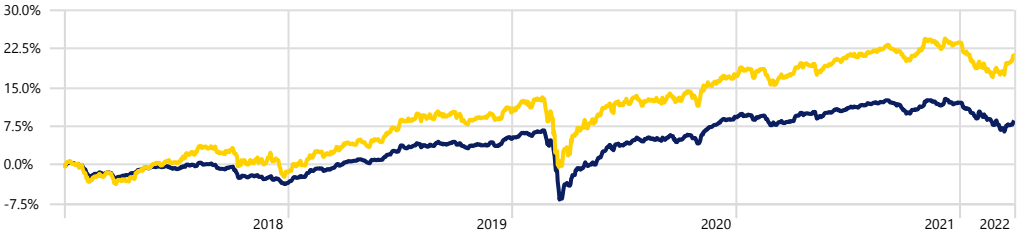
Investment Objectives

Our objective is to outperform RPI UK + 1% over the medium to long term, keeping within the prescribed volatility limits whilst investing in low cost ETFs or Index funds for the core and active funds for the satellite positions.

To achieve the investment objective we deploy quantitative and qualitative techniques and extensive research that shape our macro economic and thematic views.

Investment Growth

Time Period: 01/01/2018 to 31/03/2022



AB Core Plus Cautious 21.1% IA Mixed Investment 0-35% Shares 8.6%

Snapshot

Base Currency	Pound Sterling
12 Mo Yield	1.49%
Ongoing Charge	0.33%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	0.58%

Calendar Year Returns

Data Point: Return

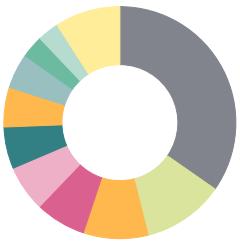
	3Month	6Month	YTD	2021	2020	2019	Since Inception [01-01-2018]
AB Core Plus Cautious	-2.08	-0.17	-2.08	5.55	6.37	11.72	21.13
IA Mixed Investment 0-35% Shares	-3.08	-2.08	-3.08	2.57	3.98	8.80	8.63

Benchmark

Benchmark	UK RPI+1%
Comparator Benchmark	IA Mixed Investment 0-35%

Asset Allocation

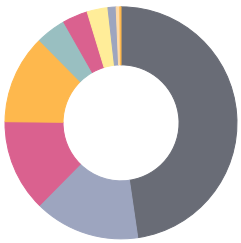
Portfolio Date: 31/03/2022



	%
Sterling Fixed Income	34.7
Global Fixed Income	11.4
US Equity Large Cap Blend	9.0
Infrastructure Sector Equity	7.1
Healthcare Sector Equity	6.4
Japan Equity	5.8
Cash	5.5
UK Equity Large Cap	4.9
US Fixed Income	3.1
Energy Sector Equity	3.0
Other	9.1
Total	**100.0**

Equity Regional Exposure

Portfolio Date: 31/03/2022



	%
North America	47.7
Japan	14.7
Europe dev	12.8
United Kingdom	12.4
Asia emrg	4.2
Australasia	3.5
Asia dev	2.9
Latin America	1.1
Africa/Middle East	0.5
Europe emrg	0.2

Risk

	Sharpe Ratio	Std Dev
AB Core Plus Cautious	-0.19	5.21
IA Mixed Investment 0-35% Shares	-0.56	3.81

Top 10 Holdings

Portfolio Date: 31/03/2022

	Portfolio Weighting %
Royal London Short Duration Gilts M Inc	21.15%
L&G Global Inflation Linked Bd Idx I Acc	8.03%
First Sentier Glb Lstd Infra B GBP Acc	7.05%
BlackRock Corporate Bond 1-10 Year D Acc	5.94%
Vanguard Jpn Stk Idx £ Acc	5.82%
Vanguard U.S. Eq Idx £ Acc	5.76%
CASH	5.52%
Schroder Global Healthcare Z Acc	5.42%
Vanguard FTSE UK All Shr Idx Unit Tr£Acc	4.87%
Baillie Gifford High Yield Bond B Acc	3.59%
	73.16%

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. Economists are busy recalibrating possible trajectories for inflation given the current squeeze on energy prices, particularly oil. The CPI readings are expected to remain high over the next few months. In the absence of the current geopolitical risk, we had expected these readings to have peaked by Q1 this year.

The Federal Reserve announced on March 16th that it would raise interest rates for the first time since 2018. Rates were raised 0.25% in response to rising inflation and undoubtedly have further to go with mortgages set to cost significantly more in time. Again, equities have been resilient in the face of central banks tightening monetary policy – which is not unusual during the early stages of an interest rate rising cycle.

Central bankers have other tools at their disposal to reduce excess liquidity in economies, with quantitative tightening, or QT if you prefer, potentially able to play a role alongside higher interest rates. Care should be taken not to raise rates too high too soon and choke off growth aggressively as economies naturally retard, as set out earlier. There is scope for central bank policy error in this regard and we remain alert to early signals.

The spread between 10Y and 2Y treasuries act as a rough measure to gauge market sentiments with regards to economic growth and risk on/off mood. An inversion of this curve generally acts as a signal for a possible slowdown within the next 12/24 months. This yield curve inverted briefly towards the end of the month signaling the shorter end of the yield curve is expecting further rate rises and demand for longer duration securities due to a possible slow down during 2023.

The healthcare and infrastructure sectors performed strongly during the month, posting near double digit returns. Chinese equities continued to underperform due to the ongoing economic and policy risks in China. We believe now is time for some sensible housekeeping. There is still scope for equity upside, of that we have little doubt, but the risk reward balance has shifted. We have marginally reduced our US equity exposure and Gold equity exposure on the last day of the month. All portfolios remained inside their allocated risk corridors during the month.

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