Alpha Beta PARTNERS

AB SRI Balanced Income Portfolio

as at 31 Dec 2021

Investment Objectives

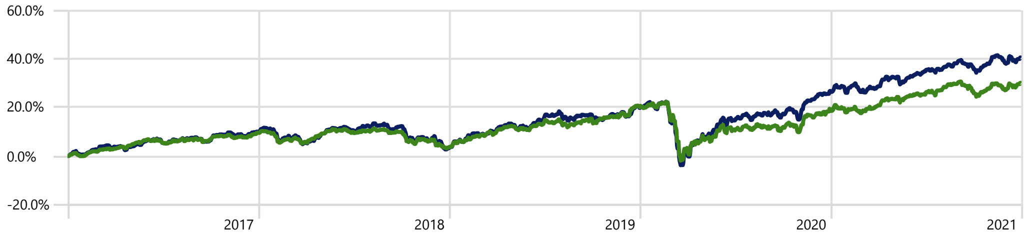
The AB SRI Balanced Income Model Portfolio will seek to deliver long-term capital growth by blending collective strategies and employing our proprietary rating and risk profiling systems.

The equity allocation of the portfolio will be managed within our self imposed parameter of 40% - 85% and in line with a Alpha Beta Risk Profile of 4 - 6.

The AB SRI Balanced Income 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: 01/01/2017 to 31/12/2021



AB SRI Balanced Income 30.0% IA Mixed Investment 40-85% Shares 40.5%

Snapshot

Base Currency	Pound Sterling
12 Mo Yield	2.44%
Ongoing Charge	0.73%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	0.98%

Trailing Returns

Data Point: Return

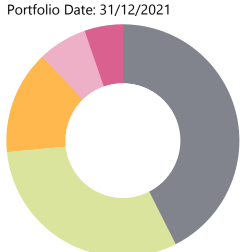
	3 Months	6 Months	YTD	1 Year	3 Years	5 Years
AB SRI Balanced Income	2.48	3.76	9.56	9.56	25.38	29.95
IA Mixed Investment 40-85% Shares	2.78	4.14	11.10	11.10	35.89	40.46

Benchmark

Benchmark	UK RPI + 1%
Comparator Benchmark	IA Mixed Investment 40-85%

Asset Allocation

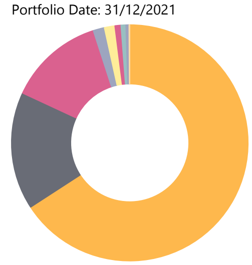
Portfolio Date: 31/12/2021



	%
UK Equity Large Cap	42.6
Sterling Fixed Income	30.9
Aggressive Allocation	14.4
Cash	6.9
Global Equity Large Cap	5.3
Total	**100.0**

Equity Regional Exposure

Portfolio Date: 31/12/2021



	%
United Kingdom	65.8
North America	16.1
Europe dev	13.1
Japan	1.5
Asia dev	1.4
Australasia	0.8
Asia emrg	0.7
Latin America	0.4
Africa/Middle East	0.1
Europe emrg	0.0

Risk

	Sharpe Ratio	Std Dev
AB SRI Balanced Income	0.80	5.20
IA Mixed Investment 40-85% Shares	1.13	4.35

Top 10 Holdings

Portfolio Date: 31/12/2021

	Portfolio Weighting %
Climate Assets Fund B GBP Inc	14.35%
BMO Responsible UK Income 2 Inc	11.19%
Janus Henderson UK Responsible Inc I Inc	10.90%
Jupiter Responsible Inc I Inc	10.47%
Montanaro UK Income Fund GBP Seed	10.02%
EdenTree Responsible & Sust Shrt Dtd B	7.77%
Rathbone Ethical Bond I Inc	7.73%
CASH	6.88%
EdenTree Responsible & Sust Stlg B	6.78%
Baillie Gifford Rspnb Glb Eq Inc B Inc	5.25%
	91.32%

Manager's Commentary

Our favoured markets ended the year at an all-time high, delivering further seasonal cheer to investors, and particularly those in Alpha Beta portfolios.

The final quarter of 2021 was an interesting one, littered with event and political risks, as forecast in our Q3 Quarterly Update. In the United States the "debt ceiling" issue and monetary policy clarity were resolved whilst the Biden Administration's spending package was not passed. Our anticipation of returning inflation stood out against more tranquil investment industry mood music last year and our forecast of inflation trending "higher for longer" was proven accurate and will remain so into 2022. Globally we see deflationary pressures coming through later in 2022 but it is unlikely central bank 2% inflation targets will be met in absolute terms in the short term. For now, in the US and particularly the UK, wages pressures are still feeding into inflation expectations and pose the biggest threat to an orderly decline in headline inflation rates, which should peak over the next four months or so.

Whilst the latest US CPI inflation figure is a whopping 6.8%, the bond market reaction remains muted. The US treasury yield curve remains in flattening mode and there was no material shift during the quarter. It seems for now at least that the market either believes 1) the Federal Reserve's projections will be delivered and inflation will ebb away, or 2) the central bank's tightening interest rates into slower economic growth ahead represent policy error and may trigger the next recession. It will, however, be interesting to see the impact on longer yields as QE is fully unwound and central banks become net sellers. Given the sharply negative real yields on offer, the scope must remain for longer yields to rise, perhaps 50-100 basis points, over the next 12 months, from current levels.

The Federal Reserve meeting during December set a clear course for higher rates in 2022 but an ongoing commitment to support markets if conditions turn weaker. This central bank strategy is likely to be adopted more widely. Forward visibility is helpful to equity investors, at least for now and the central banks are providing ample time before embarking upon a policy tightening journey. This is to ensure an orderly transition into a post Covid era, as we have been cautioning through the year. Our in-house proprietary technical indicators pointed to a positive change in momentum since the Omicron emergence at the end of November and suggest some further upside in US equities is achievable in the near term. We marginally increased our US equity exposure in late December.

We expect equities to perform strongly in the first quarter with earnings momentum from 2021 still likely to provide a supportive tail wind. We remain cautiously risk-on as the markets navigate this transition.

At portfolio level, the SRI Balanced Income model has benefited from its thematic holding, with its biggest contributor being once again, the Climate Assets Fund. This funds invests in companies who are providing sustainable solutions to global issues such as climate change, resource scarcity, and population growth. One of the fund's largest holdings is American Water Works. American Water has been named on Corporate Knights 17th annual Global 100 list of the World's Most Sustainable Corporations, and is ranked number 9, making it the top ranked water utility company on the list. Water use and efficiency is a critical component of their operations, by increasing water efficiency they can reduce operating costs and energy consumption, whilst achieving source water preservation.

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defaqto EXPERT RATED ★★★★★ DFM MPS on Platform 2021

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Investment Team

Investment Manager	Alpha Beta SRI Investment Team

Source: Morningstar Direct