Alpha Beta Portfolios
AB6 Core

Alpha Beta Partners

Risk Rating 8 defaqto

as at 31 Dec 2021

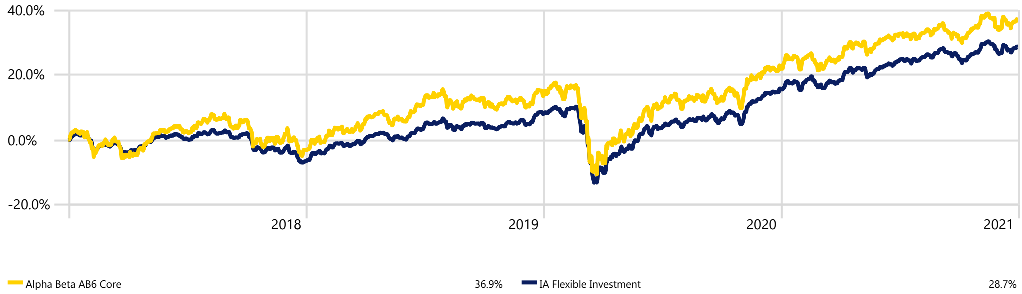
Investment Objectives

Our objective is to outperform RPI UK + 4.5% over the medium to long term, keeping within the prescribed volatility limits whilst investing in low cost ETFs or Index funds, physically invested and with a low tracking error.

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

Investment Growth

Time Period: 01/01/2018 to 31/12/2021



Snapshot

Base Currency	Pound Sterling
12 Mo Yield	1.98%
Ongoing Charge	0.19%
Management Fee (VAT where applicable)	0.20%
Portfolio Cost	0.39%

Calendar Year Returns

Data Point: Return

	3Month	6Month	YTD	2020	2019	2018	Since Inception [01-01-2018]
Alpha Beta AB6 Core	3.54	3.70	12.27	7.41	17.32	-3.24	36.90
IA Flexible Investment	2.27	3.62	11.38	7.01	15.64	-6.64	28.67

Benchmark

Benchmark	UK RPI+4.5%
Comparator Benchmark	IA Flexible

Risk Profile

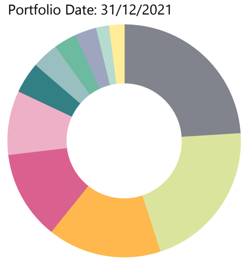
Defaqto Risk Rating	8

Risk

	Sharpe Ratio	Std Dev
Alpha Beta AB6 Core	1.08	5.92
IA Flexible Investment	1.15	4.37

Asset Allocation

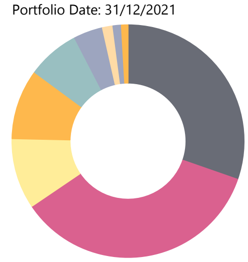
Portfolio Date: 31/12/2021



	%
US Equity Large Cap Blend	24.0
Europe Equity Large Cap	21.0
Asia ex-Japan Equity	15.8
Global Emerging Markets Equity	12.3
UK Equity Large Cap	8.9
Infrastructure Sector Equity	4.3
Japan Equity	3.7
Real Estate Sector Equity	3.2
Cash	3.0
Precious Metals Sector Equity	1.8
Other	2.0
Total	**100.0**

Equity Regional Exposure

Portfolio Date: 31/12/2021



	%
North America	30.3
Europe dev	23.4
Australasia	11.8
Asia dev	9.8
United Kingdom	9.7
Asia emrg	7.3
Japan	4.1
Africa/Middle East	1.5
Latin America	1.2
Europe emrg	0.9

Top 10 Holdings

Portfolio Date: 31/12/2021

	Portfolio Weighting %
Vanguard FTSE Dev €pe ex-UK Eq Idx £ Acc	21.01%
iShares North American Eq Idx (UK) D Acc	18.67%
Vanguard Pac exJpn Stk Idx £ Acc	15.77%
Vanguard FTSE UK All Shr Idx Unit Tr£Acc	8.91%
Fidelity Index Emerging Markets P Acc	6.30%
Vanguard Em Mkts Stk Idx £ Acc	6.04%
Vanguard U.S. Eq Idx £ Acc	5.35%
First Sentier Glb Lstd Infra B GBP Acc	4.32%
Vanguard Jpn Stk Idx £ Acc	3.68%
Fortem Capital Real Estate Idx Trck A £	3.17%
	93.21%

Investment Team

Investment Manager	Asim Javed, CFA

Manager's Commentary

Our favored 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.

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defaqto EXPERT RATED DFM MPS (Platform) Family 2021

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transact nucleus Fundment embark FundsNetwork AEGON Old Mutual Wealth IFDL advance Parmenion AVIVA novia Standard Life

Source: Morningstar Direct