

*"The individual investor should act consistently as an investor and not as a speculator."*

— Ben Graham

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In June I celebrated ten years at LWM and as co-portfolio manager alongside Paul. We have seen the portfolios grow and are now managing just over £100 million across all the different strategies. We both see investing as a journey and never assume anything. On my desk are various books Paul gave to me to learn what the greats say about investing.

One of the biggest lessons is that we are managing your money, and that level of trust means a lot. We cannot avoid periods when markets go down, but we can look to achieve positive returns over the longer term. The nature of what we do is to avoid speculation. Only a couple of days ago I was talking to a friend, and he was showing all the shares he had invested in last year and the returns he had achieved and how he felt he could do better than me.

As I gently explained, there is a difference in how he invests, and in how I invest. To buy shares in a company you really need to know about that company. Let me expand. I spoke to a fund manager about Easy Jet and Lloyds. With Easy Jet he highlighted that there might be short term profit, but capital raising and selling its fleet meant that the true value of the company had reduced. With Lloyds they estimated that the share price may in the future reach 90 to 100 p, significantly lower than previous highs, but the reality is that it could remain significantly lower. The point is that you may see bargains, but they might be that for a reason!

Then we consider stocks like Tesla and ask whether the price is fair? Everyone has a view, and some may be right. The point is that we feel buying shares directly is speculative and not what you are asking us to do.

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We have developed a process over many years, and we stick to that. We look for good fund managers and are happy to hold them for many years. We will only look to replace if something has changed, or we find something that we feel is better.

In terms of returns, the last ten years have been good for investments, and we feel if we can achieve returns of between 5% to 7% per annum after charges over the long term then we are delivering on our stated aims.

The table below shows the annualised returns over 3, 5 and 10 years and since 1 June 2011.

	3-years		5-years		10-years		Since 1 June 2011	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Cautious	7.72%	5.52%	7.58%	5.25%	8.39%	6.34%	7.16%	5.63%
Balanced	8.54%	7.00%	9.93%	6.90%	10.42%	7.44%	8.72%	6.36%
Moderately Adventurous	9.51%	8.05%	11.27%	8.38%	11.27%	8.71%	9.34%	7.26%
Adventurous	9.72%	8.49%	11.93%	9.13%	11.97%	9.43%	9.82%	7.57%

Some argue that the last decade has been easy but there have been negative periods particularly in 2011, 2015, 2016, 2018 and 2020, and therefore to focus on the long term highlights the importance of staying in the market and sticking to the process.

When I consider the challenges both in the short and longer term, whether it is inflation, supply / demand concerns, China, or another variant, these are all part of the rich tapestry of investing. Over the last decade we had concerns over a breakup of the European Union, Brexit, COVID, Trump and much more. There are always things that test us, they just have a different name!

I am sure that there will be greater volatility over the coming weeks, months and years but still believe that if we stick to the process, we can achieve our stated aims. We want to be the safe pair of hands for your investments, and not the speculators.

*George Ladds*

October 2021

## PORTFOLIO OVERVIEW

### **Bitesize introduction**

The last quarter has been more challenging, with concerns over China, the variant, supply / demand issues etc. The returns have been flat to slightly positive across the portfolios.

However, over the year up to 30 September 2021 we have delivered gross returns (before our fees and platform charges) of between 6.86% and 8.42%.

Much of the pullback has been in the Asia, Emerging Market and China parts of the portfolio, to which we have a fairly large exposure. Short term concerns have delivered negative returns for many of these strategies, but over the long term we still believe that these can and will deliver strongly for the portfolios.

In summary, a sluggish quarter pulled down by the underperformance across Asia, Emerging Markets and China.

*Note: It is worth remembering that past performance is no guide to the future and investments can fall as well as rise.*

### **Responsible Investing**

Our responsible investing portfolios have gained traction this year with significant inflows of new money. We believe that they offer something different to the mainstream portfolios, and with a track record going back seven years they have been able to deliver strong returns.

Across the holdings there are often very different names to what we might see in the mainstream portfolios. The portfolios are up over the last quarter but had a poor September. This can be attributed to Civitas Social Housing.

Civitas properties are designed to directly impact the lives of people who can benefit from secure, long-term housing. We believe that this is a true impact strategy that is benefiting society. The market has raised concerns about income and tenant security, and one investor is betting on the shares going down and has issued a negative report on the company.

This is not the first time the sector has been hit, and although we think the share price for Civitas will remain volatile over the coming weeks, and perhaps months, we believe it remains a viable and good long-term investment for the portfolio. However, we will be watching it closely should something significant happen.

As an aside we are looking at Home REIT which looks to alleviate homelessness as another society-based impact strategy.

With our impact strategy our aim is not to just invest to achieve a better world but also to invest to improve society.

In summary, a positive quarter but a pull-back in September primarily linked to the holding in Civitas.

## **Last quarter (Q3)**

In the last quarter we saw stagnant returns, but the portfolios remain up for the year.

From 1 January the number of funds that outperformed the benchmark increased from 45% to 53%. Over 12 months this has increased from 73% to 78% and over 3 years it has remained at 91%.

In terms of Sectors, it is interesting to see the strongest sector (of the ones we follow) were UK Smaller Companies +22.26%, North America +16.48% and European Smaller +15.55%.

Some of the standout performers this year include AXA UK Smaller Companies +27.18%, JOHCM UK Dynamic Fund +20.16%, Artemis US Smaller Fund +19.08% and AXA Framlington American Growth Fund +18.95%.

Underperformance includes MS Asia Opportunities -15.84%, ASI China A -7.21% and JP Morgan Japanese Investment Trust -6.70%. Interestingly Matthews Asia ex Japan Dividend Fund is up +4.46% and Mathews China Smaller Fund +2.56% which shows these have been a good counterbalance.

In summary, although the performance is stagnant, we have seen an increase in funds outperforming their benchmarks, which is positive. We have also seen strong returns across certain sectors, but this has been held back by the underperformance in other regions.

*Note: Past performance is no guide to the future and investments can fall as well as rise.*

## **Fourth quarter**

We were hoping for better returns in the third quarter, but this did not come to pass. It reflects the volatility within the market and how uncertainty can cause the market to pull back. There are lots of different factors / worries at play coming into this final quarter.

If we can hold onto the returns and even add to these, then we will be happy. However, it is fair to say with the uncertainty we cannot say with certainty how this quarter will play out.

## **Summary**

Our message remains that over the long term we think risk assets are the best place to be. However, short term we think there will be greater volatility. It does mean that it is harder to see a clear runway. If the markets are less worried about things like inflation, China, global slowdown etc, then this could lead to a good end of the year. However, we know that even the slightest bad news upsets markets. Even if this happens the focus is always long term and if we can deliver 5% to 7% per annum then we are achieving what we would like to do.

*Note: You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise*

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A summary of the performance is shown below. The performance shown does not reflect our fees and any charges for where the investments are held. The impact of these charges varies but is around 1.36% p.a.

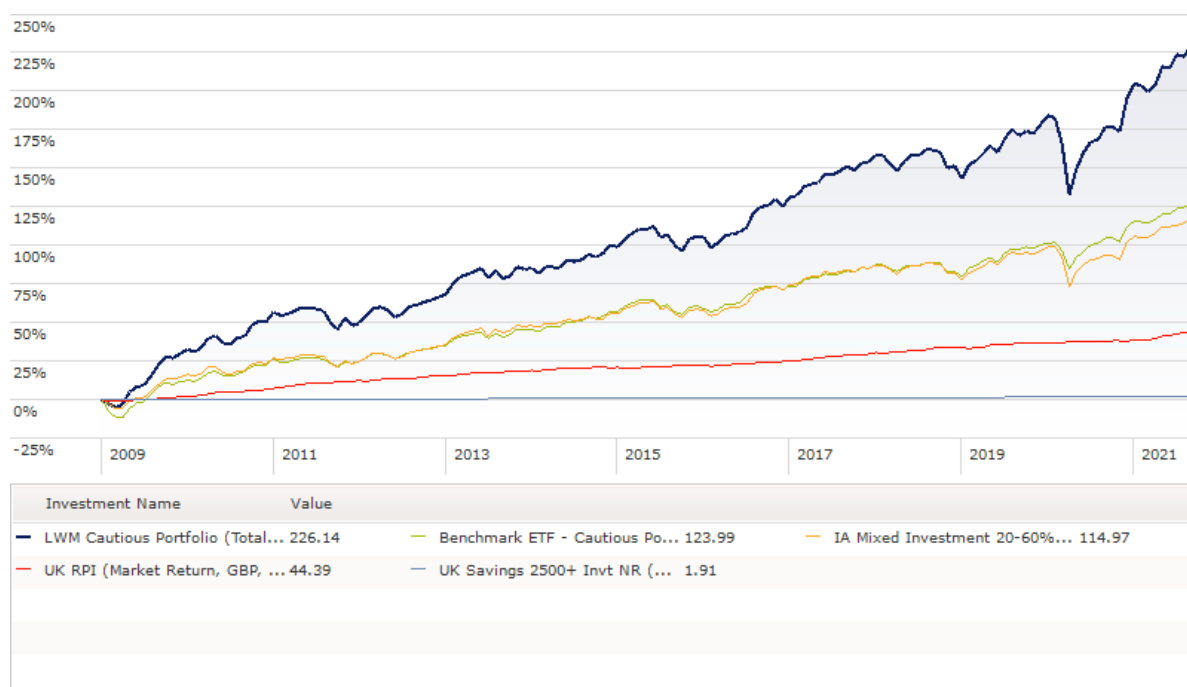
## Summary of performance – 1 January 2009 – 30 September 2021

	12 months		2 years		3 years		4 years		5 years		Since launch	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Cautious	17.67%	9.36%	18.84%	12.43%	25.02%	18.87%	31.10%	22.51%	44.13%	29.16%	226.16%	123.99%
Balanced	20.37%	14.37%	26.23%	17.06%	27.87%	22.52%	38.83%	27.94%	60.51%	39.57%	285.70%	146.26%
Mod Adventurous	22.05%	17.27%	31.49%	20.60%	31.36%	26.15%	43.93%	34.42%	70.57%	49.54%	314.93%	173.85%
Adventurous	20.88%	18.95%	33.36%	22.61%	32.10%	27.71%	45.94%	37.20%	75.68%	54.80%	334.18%	182.00%
Balanced Positive Impact Portfolio	16.17%	24.83%	27.99%	3.42%	34.77%	8.90%	45.82%	14.20%	67.30%	26.46%	112.69%	37.26%
Note launch 1 January 2009 except the Defensive fund which was 1 July 2011 and Ethical 1 August 2014												

Note: Please read special note to tables at the end of this section. The launch date of the portfolios is 1 January 2009 except for the Positive Impact Portfolio which is 1 August 2014. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.

## Detailed breakdown of performance

### Cautious Portfolio

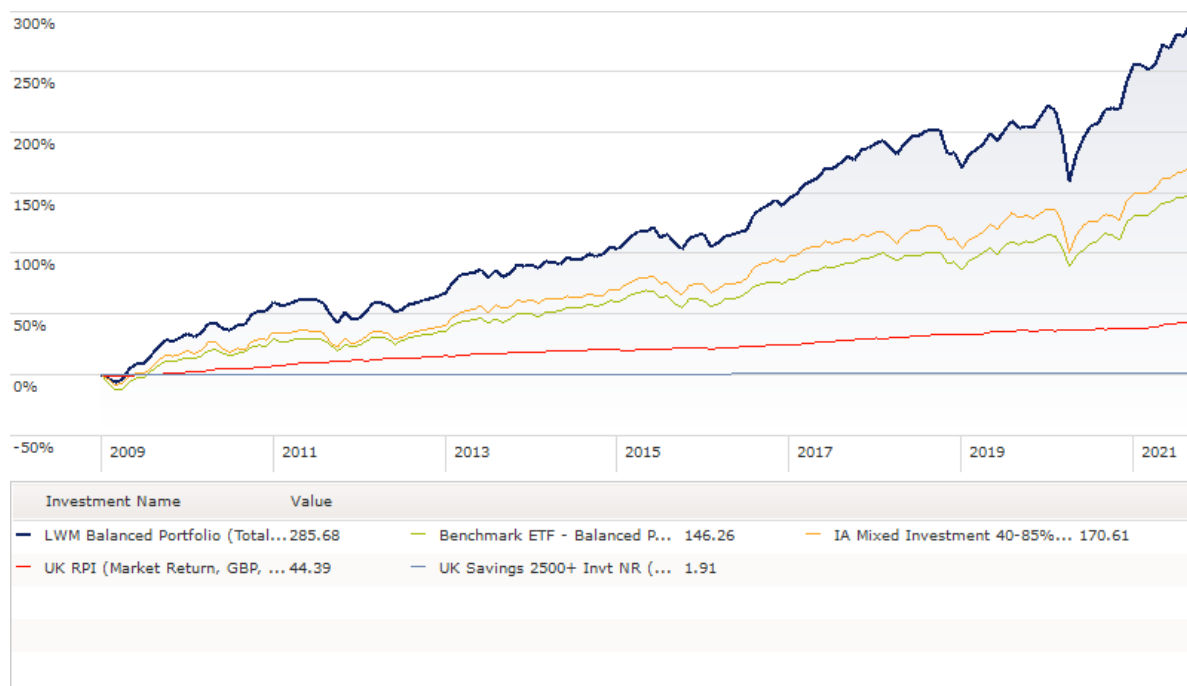


	2016	2017	2018	2019	2020	2021	Since launch
<b>Cautious Portfolio</b>	12.36%	11.81%	-5.88%	16.93%	7.24%	6.86%	9.72% p.a.
<b>Benchmark</b>	9.33%	7.77%	-4.16%	12.24%	6.98%	3.81%	6.53% p.a.

	1 Year to 30/09/17	1 Year to 30/09/18	1 Year to 30/09/19	1 Year to 30/09/20	1 Year to 30/09/21
<b>Cautious Portfolio</b>	9.94%	4.86%	5.20%	0.99%	17.67%
<b>Benchmark</b>	5.43%	3.07%	5.73%	2.80%	9.36%

Note: Please read special note to tables at the end of this section. The launch date of the Portfolio is 1 January 2009, and performance is up to 30 September 2021. The Benchmark performance tracks the performance period of the portfolio. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.

## Balanced Portfolio

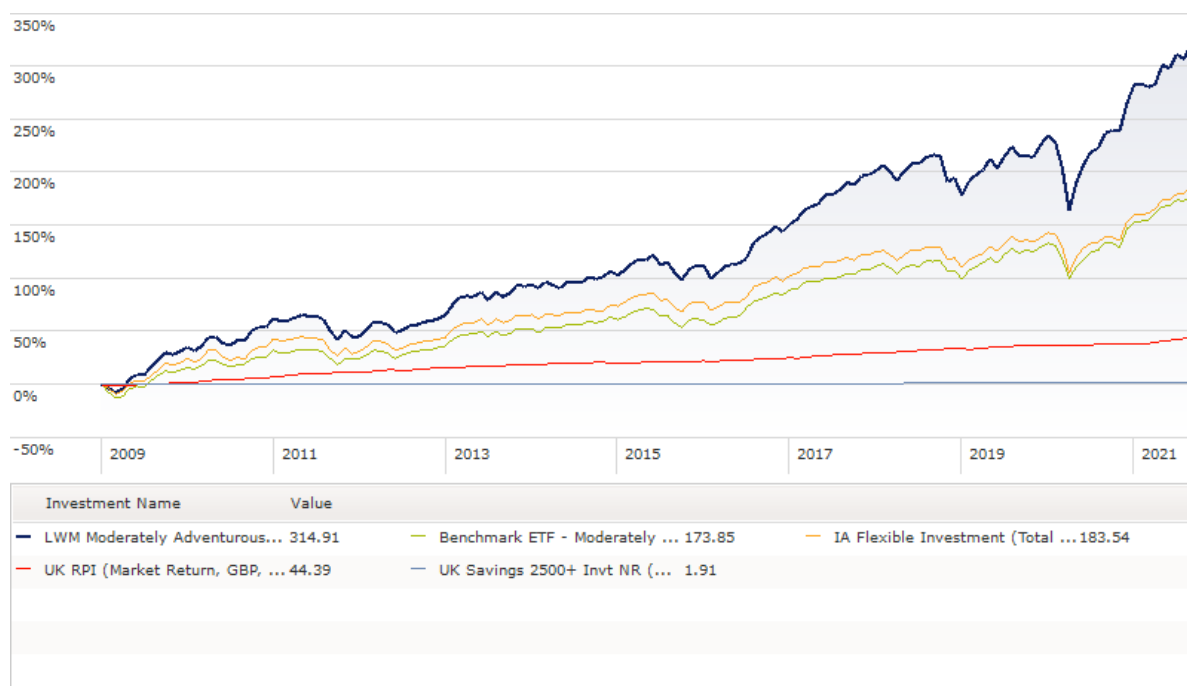


	2016	2017	2018	2019	2020	2021	Since launch
<b>Balanced Portfolio</b>	13.72%	18.24%	-6.99%	18.96%	10.77%	8.02%	11.17% p.a.
<b>Benchmark</b>	13.31%	11.21%	-6.17%	15.65%	7.25%	6.31%	7.33% p.a.

	1 Year to 30/09/17	1 Year to 30/09/18	1 Year to 30/09/19	1 Year to 30/09/20	1 Year to 30/09/21
<b>Balanced Portfolio</b>	15.61%	8.57%	1.30%	4.87%	20.37%
<b>Benchmark</b>	9.09%	4.42%	4.66%	2.35%	14.37%

Note: Please read special note to tables at the end this section. The launch date of the is 1 January 2009, and performance is up to 30 September 2021. The Benchmark performance tracks the performance period of the portfolio. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.

## Moderately Adventurous Portfolio



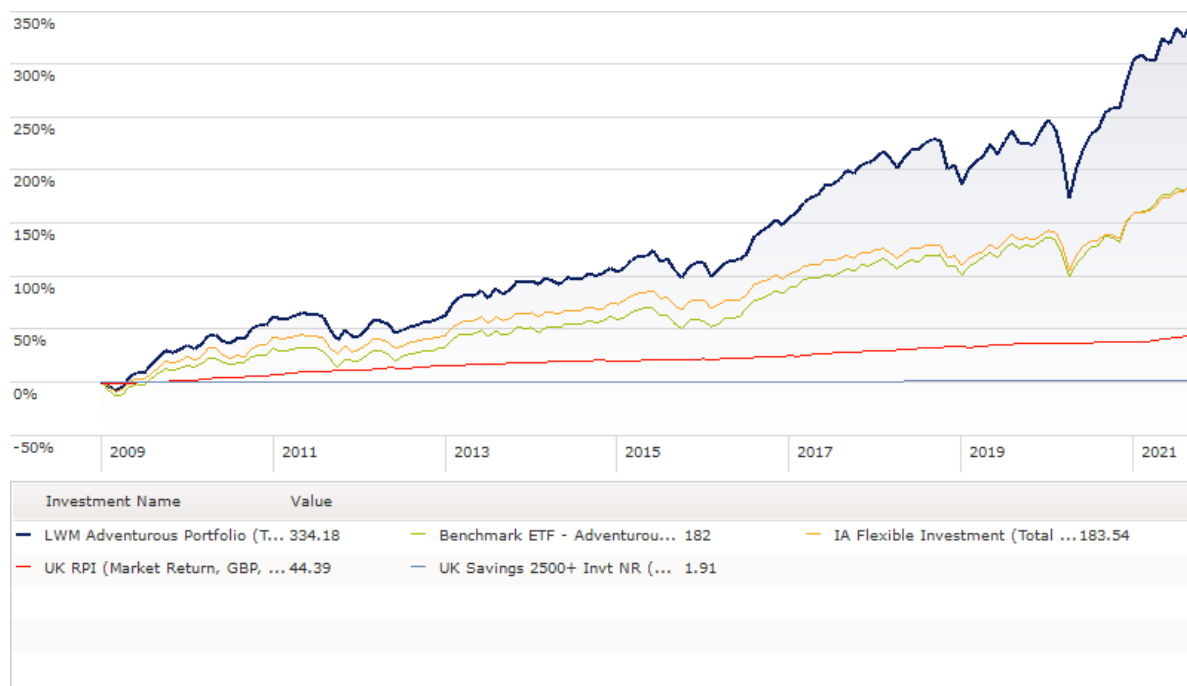
	2016	2017	2018	2019	2020	2021	Since launch
<b>Moderately Adventurous Portfolio</b>	18.05%	20.16%	-7.75%	20.37%	14.15%	8.42%	11.81% p.a.
<b>Benchmark</b>	17.97%	11.70%	-5.83%	17.19%	8.58%	7.99%	8.22% p.a.

	1 Year to 30/09/17	1 Year to 30/09/18	1 Year to 30/09/19	1 Year to 30/09/20	1 Year to 30/09/21
<b>Moderately Adventurous Portfolio</b>	18.51%	9.57%	-0.10%	7.73%	22.05%
<b>Benchmark</b>	11.25%	6.56%	4.60%	2.84%	17.27%

Note: Please read special note to tables at the end of this section. The launch date of the Portfolio is 1 January 2009, and performance is up to 30 September 2021. The Benchmark performance tracks the performance period of the portfolio. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.



## Adventurous Portfolio

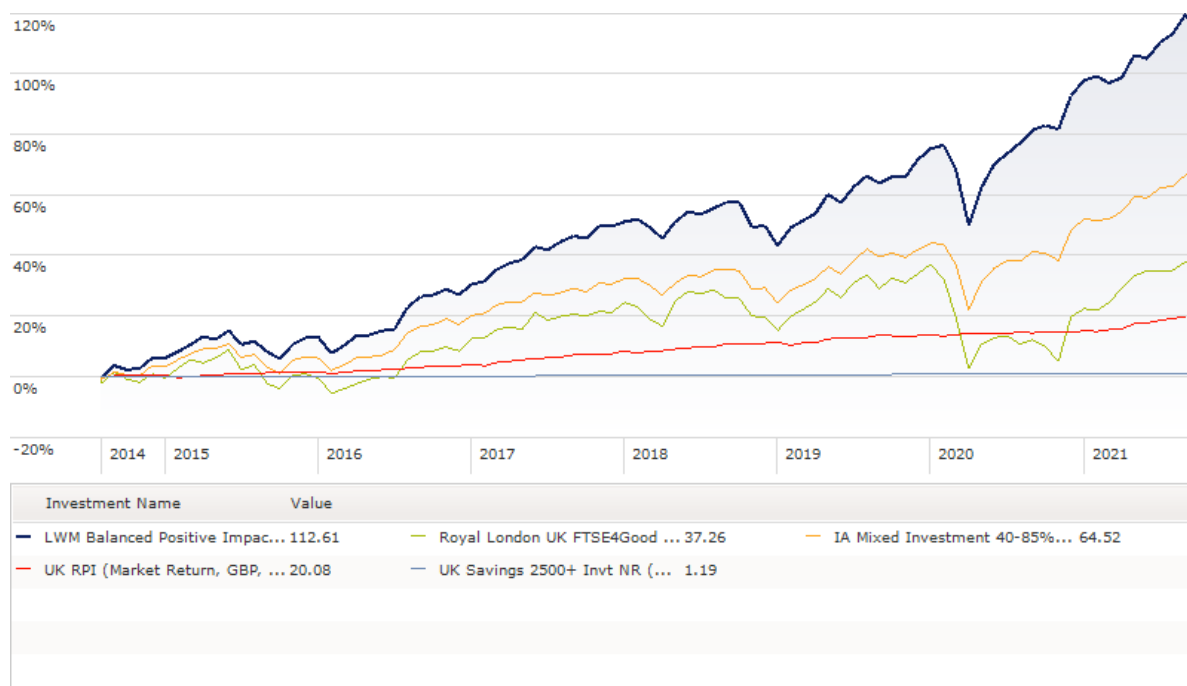


	2016	2017	2018	2019	2020	2021	Since launch
<b>Adventurous Portfolio</b>	19.64%	21.89%	-7.99%	21.15%	16.62%	7.07%	12.21% p.a.
<b>Benchmark</b>	20.01%	12.85%	-5.99%	18.02%	9.40%	8.52%	8.47% p.a.

	1 Year to 30/09/17	1 Year to 30/09/18	1 Year to 30/09/19	1 Year to 30/09/20	1 Year to 30/09/21
<b>Adventurous Portfolio</b>	20.38%	10.48%	-0.95%	10.33%	20.88%
<b>Benchmark</b>	12.82%	7.43%	4.16%	3.08%	18.95%

Note: Please read special note to tables at the end of this section. The launch date of the Portfolio is 1 January 2009, and performance is up to 30 September 2021. The Benchmark performance tracks the performance period of the portfolio. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.

## Balanced Positive Impact Portfolio



	2016	2017	2018	2019	2020	2021	Since launch
<b>Balanced Positive Impact Portfolio</b>	15.51%	15.73%	-5.30%	22.35%	12.92%	7.39%	11.10% p.a.
<b>Benchmark</b>	13.27%	10.52%	-7.46%	18.97%	-10.68%	11.96%	4.52% p.a.

	1 Year to 30/09/17	1 Year to 30/09/18	1 Year to 30/09/19	1 Year to 30/09/20	1 Year to 30/09/21
<b>Balanced Positive Impact Portfolio</b>	14.74%	8.20%	5.29%	10.18%	16.17%
<b>Benchmark</b>	10.74%	4.87%	5.30%	-17.15%	24.83%

Note: Please read special note to tables at the end of this section. The launch date of the Portfolio is 1 August 2014, and performance is up to 30 September 2021. The Benchmark performance tracks the performance period of the portfolio. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.

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**Special note to tables:** *You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

## Additional notes

The key measure for us is to outperform a fund that tracks an index over a medium to long term period. Within each sector, we will have funds that perform differently. We have set a benchmark which accurately and fairly reflects what we are aiming to do. The benchmark is tradable and therefore can be invested in. The benchmarks we have used are:

Diversifying Assets	Vanguard Global Bond Index Fund
UK	Vanguard FTSE All Share Fund
Europe	iShares MSCI Europe Ex UK
US	iShares MSCI North America
Global	iShares MSCI World Dist
Asia	iShares MSCI AC Far East Ex Japan
Emerging Markets	iShares MSCI Emerging Markets (Acc)
Japan	DB X-Trackers MSCI Japan ETF

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