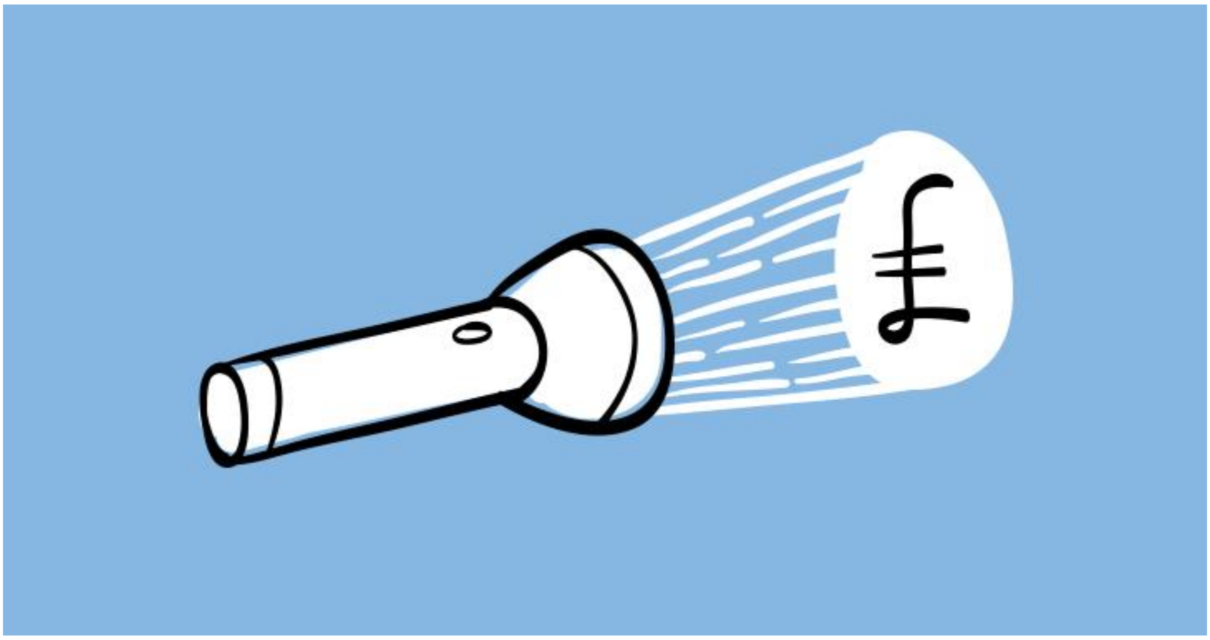
LWM Consultants Ltd

Quarterly Portfolio Update – January 2022



"Survival as an investor over that famous long course depends from the very first on recognition that we do not know what is going to happen. We can speculate or calculate or estimate, but we can never be certain."

— Peter Bernstein

2021 was very much a year about hope. As we started the year, we felt that much would be determined by the vaccine rollout and the speed with which we could return to some form of normality.

Like many, we as a business have adapted, and we have been able to meet many of you either face-to-face or via zoom to carry out your annual reviews. The reviews are an integral part of the service we provide. Knowing what your goals are determines the solutions we provide to deliver on these. It has been great to see you during 2021, and we look forward to catching up with you during this year.

From an investment standpoint the last two years have provided opportunities we would never have considered in the past. Pre-COVID, to meet fund managers often involved travelling to London, Edinburgh as well as around Bristol. This involved cost and time. The reality was that we managed around 50 to 60 meetings each year. Now using zoom we are seeing over 120 fund managers a year and have access to a rich source of economic data and information. We feel that this has enhanced what we do and therefore it reflects how we have adapted, not only in the way we meet with clients, but also in the way we gather information.

Turning again to 2021, COVID still played a massive part, and the hope that perhaps it would be the year we moved on didn't fully materialise. However, markets started to look through COVID and focused on economic factors, whether it was China, Inflation, Central Banks etc.

What we saw was increased volatility during 2021, particularly across Asia and Emerging Markets. This meant that the portfolios skewed more towards these regions didn't perform as strongly. However, this is volatility, and what can appear a bad year can quickly reverse.

We do focus on the long-term and the table below shows the performance over 12 months, 3-years, 5-years and since launch. We hope you are pleased with these returns:

	12-months	**3-years**	**5-years**	**Since inception ***
Cautious Portfolio	10.25%	38.26%	45.50%	236.47%
Cautious Positive Impact Portfolio	9.10%	N/A	N/A	23.47%
Balanced Portfolio	11.14%	46.46%	61.07%	296.79%
Balanced Positive Impact Portfolio	11.12%	53.45%	68.40%	120.06%
Moderately Adventurous Portfolio	10.46%	51.78%	68.24%	322.68%
Adventurous Portfolio	8.24%	52.93%	71.51%	338.80%
Adventurous Positive Impact Portfolio	12.95%	N/A	N/A	31.00%

Note: The portfolios were launched on 1 January 2009 except for: Balanced Positive Impact Portfolio 1 August 2014, Cautious Positive Impact Portfolio 1 July 2020 and Adventurous Positive Impact Portfolio 1 July 2020.

Past performance is no guide future performance and investments can fall as well as rise.

As we said in the review in January 2021, performance is important but it is only part of the package. We aim to understand an individual’s needs and goals, which could be providing an income in retirement, building a portfolio for retirement, providing investments for next generation planning etc.

These are long-term goals, and over any investment cycle values will fall as well as rise, but if the focus is on the goals then short-term movements become less relevant.

The quote from Peter Bernstein is important to have in mind. We don’t know the future. If COVID becomes less prevalent the focus will turn to other things (inflation, central bank policies etc), and we can only guess what might happen. But it is a guess, and nothing is certain. What we can focus on is twofold, firstly understanding an individual’s goals and needs, and secondly building and managing a robust investment process to weather whatever comes our way.

George Ladds

January 2022

PORTFOLIO OVERVIEW

Bitesize introduction

We thought it would be good to do things a little differently this time. The tables below show the top-5 performing investments, and the bottom-5.

Top-5

Investment	12-month return (1 January – 31 December 2021)
AXA Framlington American Growth Fund	+28.12%
Schroder Global Cities Real Estate Fund	+23.48%
TR Property	+23.48%
AXA UK Smaller Companies Fund	+23.08%
JOHCM UK Dynamic Fund	+22.71%

Bottom-5

Investment	12-month return (1 January – 31 December 2021)
Baillie Gifford Global Discovery Fund	-20.59%
Morgan Stanley Asia Opportunities Fund	-19.62%
Legg Mason IF Japan Equity Fund	-16.33%
Carmignac Emerging Markets Fund	-16.26%
JP Morgan Japanese Investment Trust	-8.30%

Each of the mainstream portfolios may hold some or all these investments. We wanted to show these figures because it starts to explain the difference in performance between the Cautious and Adventurous Portfolio.

The Cautious Portfolio has 54% allocated to diversifying assets, and across all the strategies has seen positive returns. The Adventurous Portfolio has just a 12% weighting. The more volatile areas have been Asia, Emerging Markets, China and Japan, and the Adventurous Portfolio has a 29% weighting to these areas whereas Cautious is just 13%.

In the short term we will see that volatility plays a role in performance and the Cautious Portfolio has done what we would expect during this period. Equally the Balanced Portfolio has held up well during this time.

Could this reverse in 2022? In terms of regions, if Asia, Emerging Markets, China, and Japan recover during 2022 then naturally those portfolios with a higher weighting are likely to outperform. We know that China is moving into a growth phase and therefore there is a high probability that the Adventurous Portfolios will outperform in 2022. However, as we have indicated there are many factors at play and if 2022 is not favourable for equities then the Cautious Portfolio should continue to provide a smoother journey.

In summary, volatility outside of developed markets played a significant role in the underperformance of the Adventurous Portfolios. However, if this reverses then we will likely see better performance from these portfolios in 2022.

Responsible Investing

In January 2021 we talked about responsible investing as a “hot topic”, and this continues to be the case. Even with the challenges faced by Civitas Social Housing the returns over 12-months across the three Positive Impact Portfolios remain strong. In fact Civitas was only down -2.69% over the year despite the big pull back in September.

The tables below show the top-5 performing investments, and the bottom-5.

Top-5

Investment	12-month return (1 January – 31 December 2021)
Impax environmental Markets Ord	+30.08%
FP Foresight Sustainable Real Estate Securities Fund	+26.14%
Legg Mason CB US Equities Sustainable Leaders Fund	+25.29%
Royal London Sustainable Leaders Fund	+22.23%
BMO Responsible Global Equity Fund	+20.26%

Bottom-5

Investment	12-month return (1 January – 31 December 2021)
Carmignac Emerging Markets Fund	-16.26%
Civitas Social Housing	-2.69%
FP Foresight Global Real Infrastructure Fund	-1.51%
Aegon Ethical Corporate Bond Fund	-1.39%
Rathbone Ethical Bond Fund	-0.41%

The make-up of the portfolios is different to the mainstream portfolios, although we expect some crossover over time. In a more volatile market, the Positive Impact Portfolios tend to perform better. The portfolios also have a bias to more specialist investments like Renewables Infrastructure, Impax Environmental Markets and Civitas Social Housing, as well as fixed income investments. It is that mix that tends to make this a less volatile option.

The focus on these types of investments will increase as pressure builds, both from individuals and governments. We are not investing in blue sky ideas. These are established fund managers investing in high quality companies. Some of these will be names we know and recognise, like for example Microsoft, but they are also investing in profitable companies that are at the heart of the change to a net-zero world.

In summary, we continue to be pleased with the returns across the Positive Impact Portfolios. They do seem to offer a point of difference, but we are constantly watching and researching as this is a rapidly changing area of the market.

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

Last quarter (Q4)

It has been a volatile quarter, with October and December being positive and November negative. The returns over the year of between 8.24% and 11.14% (gross) have been hard fought but we are hoping clients are pleased with these returns.

We know where there have been weaknesses within performance, and we highlighted three funds in the yearly review. We are not anticipating major changes in the rebalance as we believe we have a good mix of strategies. We do however feel that some more exposure to strategies at the heart of the race to net-zero will enhance returns over the long term, and this may be something we explore at the rebalance.

In summary, quarter 4 was positive across the portfolios and helped us to deliver positive returns across the portfolios for the year. Volatility outside of developed markets meant the Adventurous Portfolios struggled more in 2021 but this could reverse in 2022.

2022

The message is not dissimilar to January 2021. There are signs that 2022 will be the year we finally move away from the pandemic. Economies are recovering and greater freedom will encourage the consumer to spend more. That mixed with corporates investing and growing earnings would lead to the assumption that equities are still the place to be.

The general view seems to lead towards single digit returns, but if inflation persists and central banks make a policy mistake, this could be negative for markets.

Summary

In the short-term markets will do what markets do. We have had two good years in terms of returns and that reflects the drop in markets in March 2021. We are still recovering from a recession and the economic data remains positive. Therefore, logically we should see positive returns in 2022 but nothing is guaranteed. Areas we will be looking at include China, Inflation, Central Bank policies and variants / re-opening of economies, as we think these are some of the key drivers for returns, positive or negative, in 2022.

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 ris

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.

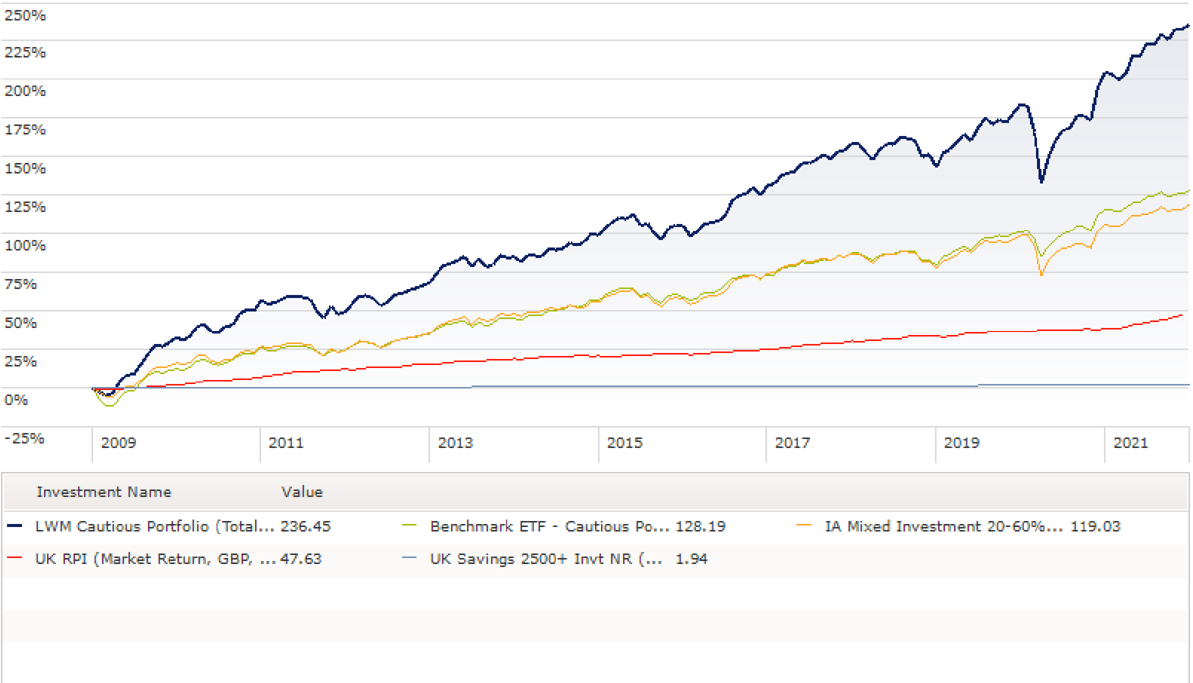
Summary of performance – 1 January 2009 – 31 December 2021

	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	10.25%	5.76%	18.25%	13.14%	38.26%	26.99%	30.14%	21.71%	45.50%	31.17%	236.47%	128.19%
Balanced	11.14%	9.29%	23.11%	17.22%	46.46%	35.56%	36.22%	27.19%	61.07%	41.44%	296.79%	153.16%
Mod Adventurous	10.46%	11.68%	26.10%	21.26%	51.78%	42.11%	40.02%	33.82%	68.24%	49.47%	322.68%	183.21%
Adventurous	8.24%	12.39%	26.23%	22.95%	52.93%	45.11%	40.71%	36.42%	71.51%	53.95%	338.80%	189.99%
Balanced Positive Impact Portfolio	11.12%	16.24%	25.42%	3.83%	53.45%	23.52%	45.40%	14.30%	68.40%	26.33%	120.06%	42.51%

Note: Please read special note at the end of the tables. The launch date of the portfolios is 1 January 2009 with the exception of 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

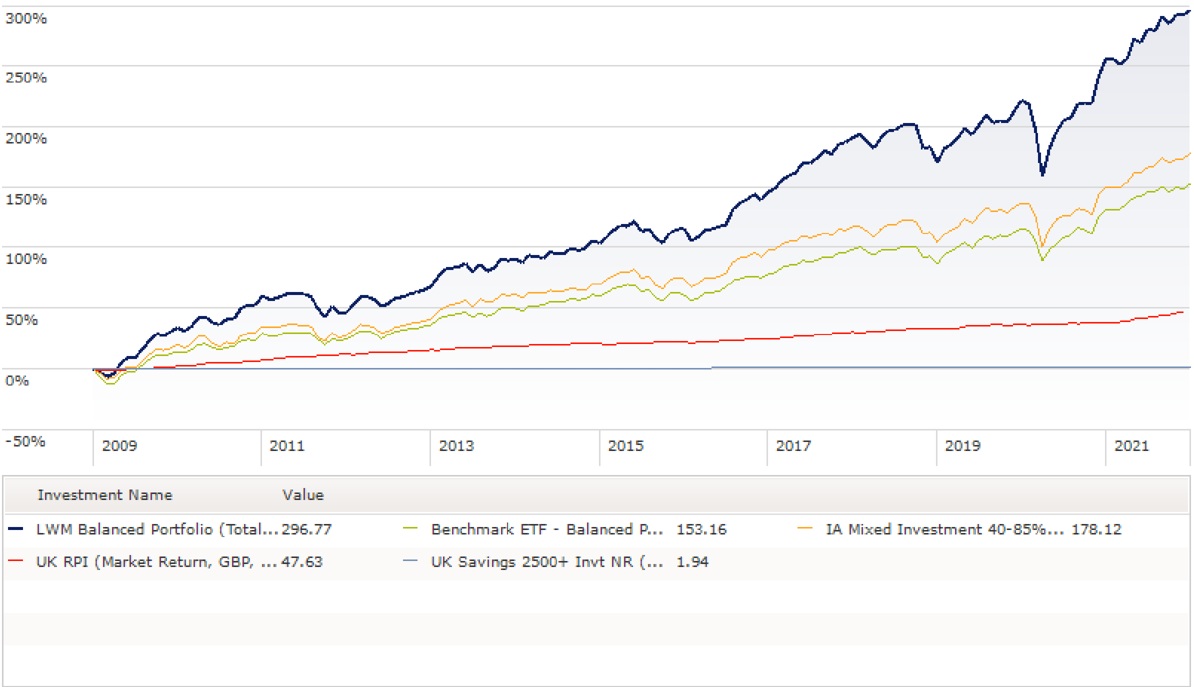


	2016	2017	2018	2019	2020	2021	Since launch
Cautious Portfolio	12.36%	11.81%	-5.88%	16.93%	7.24%	10.25%	9.79% p.a.
Benchmark	9.33%	7.77%	-4.16%	12.24%	6.98%	5.76%	6.55% p.a.

	1 Year to 31/12/17	1 Year to 31/12/18	1 Year to 31/12/19	1 Year to 31/12/20	1 Year to 31/12/21
Cautious Portfolio	11.81%	-5.88%	16.93%	7.24%	10.25%
Benchmark	7.77%	-4.16%	12.24%	6.98%	5.76%

Note: Please read special note at the end of the tables. The launch date of the Portfolio is 1 January 2009, and performance is up to 31 December 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

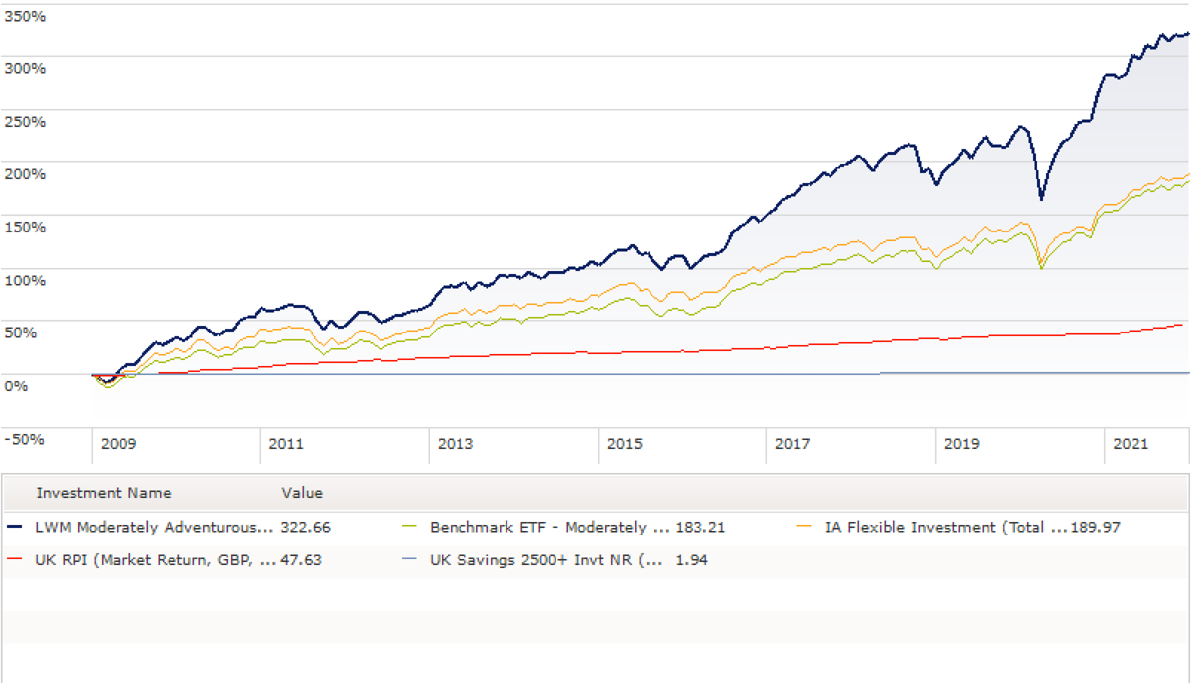


	2016	2017	2018	2019	2020	2021	Since launch
Balanced Portfolio	13.72%	18.24%	-6.99%	18.96%	10.77%	11.14%	11.19% p.a.
Benchmark	13.31%	11.21%	-6.17%	15.65%	7.25%	9.29%	7.41% p.a.

	1 Year to 31/12/17	1 Year to 31/12/18	1 Year to 31/12/19	1 Year to 31/12/20	1 Year to 31/12/21
Balanced Portfolio	18.24%	-6.99%	18.96%	10.77%	11.14%
Benchmark	11.21%	-6.17%	15.65%	7.25%	9.29%

Note: Please read special note at the end of tables. The launch date of the is 1 January 2009, and performance is up to 31 December 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

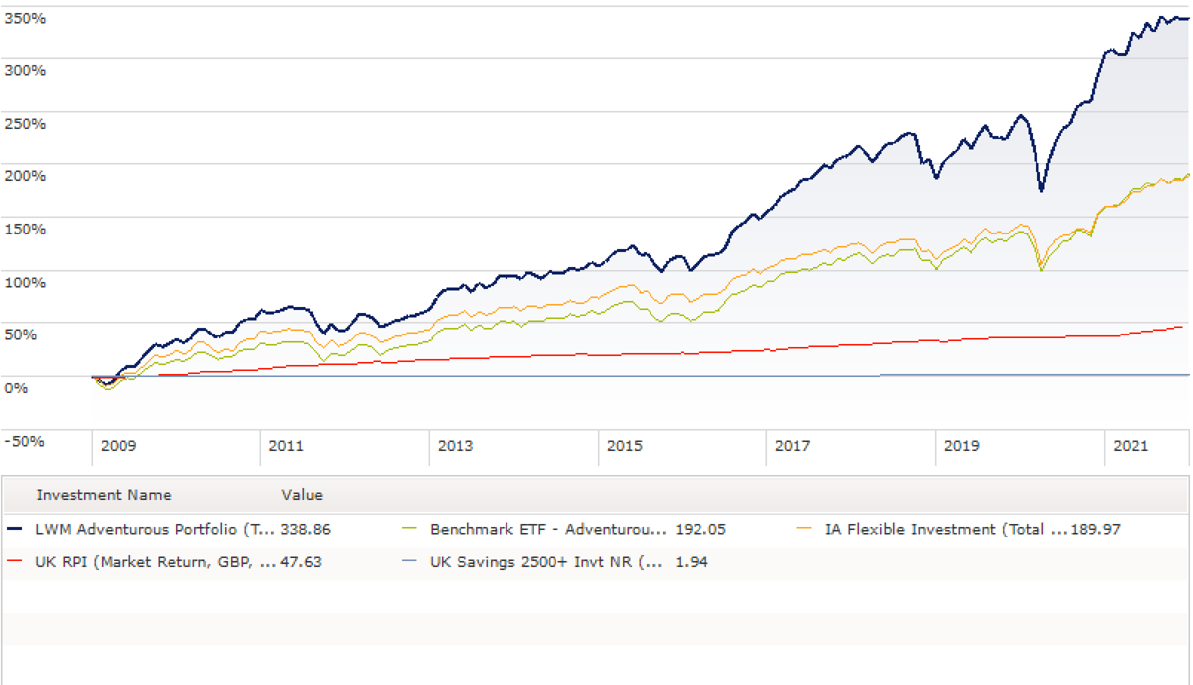


	2016	2017	2018	2019	2020	2021	Since launch
Moderately Adventurous Portfolio	18.05%	20.16%	-7.75%	20.37%	14.15%	10.46%	11.73% p.a.
Benchmark	17.97%	11.70%	-5.83%	17.19%	8.58%	11.68%	8.34% p.a.

	1 Year to 31/12/17	1 Year to 31/12/18	1 Year to 31/12/19	1 Year to 31/12/20	1 Year to 31/12/21
Moderately Adventurous Portfolio	20.16%	-7.75%	20.37%	14.15%	10.46%
Benchmark	11.70%	-5.83%	17.19%	8.58%	11.68%

Note: Please read special note at the end of the tables. The launch date of the Portfolio is 1 January 2009, and performance is up to 31 December 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

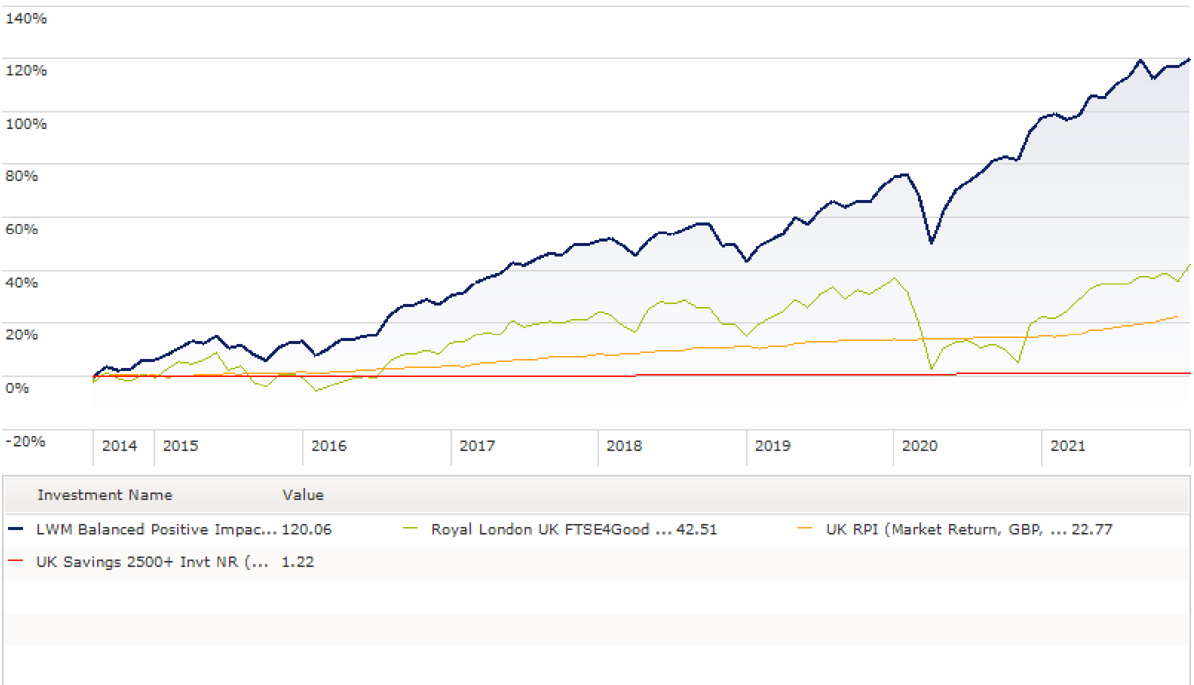


	2016	2017	2018	2019	2020	2021	Since launch
Adventurous Portfolio	19.64%	21.89%	-7.99%	21.15%	16.62%	8.24%	12.05% p.a.
Benchmark	20.01%	12.85%	-5.99%	18.02%	9.40%	12.39%	8.53% p.a.

	1 Year to 31/12/17	1 Year to 31/12/18	1 Year to 31/12/19	1 Year to 31/12/20	1 Year to 31/12/21
Adventurous Portfolio	21.89%	-7.99%	21.15%	16.62%	8.24%
Benchmark	12.85%	-5.99%	18.02%	9.40%	12.39%

Note: Please read special note at the end of the tables. The launch date of the Portfolio is 1 January 2009, and performance is up to 31 December 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.

Positive Impact Portfolio



	2016	2017	2018	2019	2020	2021	Since launch
Positive Impact Portfolio	15.51%	15.73%	-5.30%	22.35%	12.92%	11.12%	11.22% p.a.
Benchmark	13.27%	10.52%	-7.46%	18.97%	-10.68%	16.24%	4.89% p.a.

	1 Year to 31/12/17	1 Year to 31/12/18	1 Year to 31/12/19	1 Year to 31/12/20	1 Year to 31/12/21
Positive Impact Portfolio	15.73%	-5.30%	22.35%	12.92%	11.12%
Benchmark	10.52%	-7.46%	18.97%	-10.68%	16.24%

The launch date of the Portfolio is 1 August 2014, and performance is up to 31 December 2021. The Benchmark performance tracks the performance period of the portfolio.

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