



## **LWM CONSULTANTS LTD**

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### **BALANCED POSITIVE IMPACT PORTFOLIO**



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**Aim** - The portfolio looks to deliver above inflation returns (capital growth) through a combination of fixed interest and equity investments with an ethical mandate.

The investments will be screened from the available UK Ethical Funds and Investment Trusts (currently approximately 80 available investments). The portfolio will look to avoid investments which are 'sustainable' but don't have an ethical screening.

**Key points** - The portfolio holds a higher content of equities compared to the cautious and defensive portfolios, but less than the adventurous portfolios (*we currently do not offer ethical versions of these portfolios*). Currently the portfolio holds approximately 20% in assets such as fixed interest and absolute return funds, with the rest in equity funds which can include property. We believe this is the best way to provide potential upside growth as well as providing equal weight between risk and reward.

**Asset allocation** – the portfolio will diversify your assets between funds, offering exposure to different sectors of the market and regions. Creating the right mix of assets is an important part of the process of building a portfolio designed to meet your financial objectives. Your portfolio is monitored and reviewed on an ongoing basis to ensure that it remains in line with your risk profile.

	<b>2022/2023 Asset Allocation</b>
<b>Fixed Interest</b>	10.00%
<b>Alternative</b>	34.00%
<b>Europe including UK</b>	16.00%
<b>US</b>	6.00%
<b>General Global</b>	24.00%
<b>Emerging Markets and Asia</b>	10.00%

**Risk** - The table below shows the potential volatility (rapid or unpredictable changes, especially for the worse, in the portfolio value at any given point in time) of the proposed holdings based on past performance. For example, over 15 years, the proposed holdings returned 7.79% p.a., the volatility on the upside and downside was 11.15%. This means at any point in time the average maximum downside was -3.36%, and upside 18.94%. These are purely a guide and are not guaranteed; the actual figures could be higher or lower at any single point in time.

	<b>Return</b>	<b>Volatility</b>
1 Year	-0.05%	11.30%
3 Years	12.60%	11.85%
5 Years	10.30%	10.10%
10 Years	11.17%	8.87%
15 Years	7.79%	11.15%

We aim to deliver positive returns over the medium to long term with volatility similar to the FTSE World Index. **Both returns and volatility are not guaranteed but act as a guide.**

You should also consider specific risks such as inflationary risk, counterparty risk and risks arising from a lack of diversification.

**Market shocks** - The table below takes nine past market shocks and shows how the holdings **in the portfolio as at 1 July 2021** would have performed both in the year of and after the event. This reflects the fund charges but does not account for any product charges or advice fees.

Black Monday		September 11		WorldCom bankruptcy	
1987	1988	2001	2002	2002	2003
12.04%	3.43%	-7.54%	-19.10%	-19.10%	14.25%
Global economic crisis		Eurozone crisis		Flash Crash	
2008	2009	2011	2012	2015	2016
-22.69%	22.89%	-8.11%	17.32%	6.95%	14.08%
Brexit / Trump		Mini Taper Tantrum		COVID	
2016	2017	2018	2019	2020	2021
14.08%	15.32%	-2.85%	21.92%	23.21%	10.28%

Putting this in context, the table below shows what £150,000 invested on 1 January 2008 would have been worth each December from 2008 to 2012 (including all fees and charges), based on the proposed portfolio:

	% return (cumulative)	Monetary Amount (£)
31 December 2008	-24.09%	£113,865.00
31 December 2009	-7.78%	£138,335.00
31 December 2010	1.04%	£151,566.00
31 December 2011	-8.56%	£137,152.00
31 December 2012	6.00%	£158,986.00

The average return after charges from 1 January 2008 to 31 December 2012 was 1.20% p.a.; this reflects two down periods in 2008 and 2011. Note not all the funds were available during this period and so the figures reflect this.

**Time period return:** The table below shows the best and worst returns over 3 months, 1 year and 3 years:

	Best (%)	Worst (%)
3 months	17.83 (04/20 -06/20)	-11.14 (01/20-03/20)
1 year	38.82 (04/20-03/21)	-2.85 (01/18-12/18)
3 years	18.32 (01/19-12/21)	5.07 (04/17-03/20)

**Loss of capital** - The portfolio is positioned as a long-term investment (5 years plus). The aim is to achieve a positive outcome over the investment period; although past performance is no guide to future performance and investments can fall as well as rise.

The table above highlights that there will be movements in the value of the investment (both positive and negative) during this time frame. The figures do not reflect any withdrawals or additional investments.

There is the potential for capital loss particularly where the investment is encashed during a down period (in this example 2008, 2009 and 2011).

**SPECIAL NOTE:** You should note that the holdings can and do change; the figures shown above are illustrative only and are not a guarantee of what might happen in the future. They aim to demonstrate the potential risks and volatility based on five past market shocks, with no prediction of future events.

## BALANCED POSITIVE IMPACT PORTFOLIO PERFORMANCE

The Portfolio was launched on 31 July 2014 and the total return up to 30 June 2022 was 87.64% against a benchmark return of 37.86%.

Portfolio vs Benchmark – 31 July 2014 – 30 June 2022



	2018	2019	2020	2021	2022	Since Launch
<b>Balanced Positive Impact Portfolio</b>	-5.24%	22.35%	12.87%	11.12%	-14.74%	8.28% p.a.
<b>LWM Benchmark (Royal London FTSE4 Good Tracker)</b>	-7.46%	18.97%	-10.68%	16.24%	-3.26%	4.14% p.a.
<b>IA Mixed Investment 40-85% Shares</b>	-6.07%	15.94%	5.50%	11.10%	-10.86%	5.32% p.a.

	1 Year to 30/06/18	1 Year to 30/06/19	1 Year to 30/06/20	1 Year to 30/06/21	1 Year to 30/06/22
<b>Balanced Positive Impact Portfolio</b>	8.21%	5.89%	6.73%	21.15%	-10.86%
<b>LWM Benchmark (Royal London FTSE4 Good Tracker)</b>	7.27%	2.88%	-13.35%	18.78%	2.15%
<b>IA Mixed Investment 40-85% Shares</b>	4.99%	3.71%	0.10%	17.39%	-7.17%

**Note:** RPI is a measure of inflation; for example, in 2021 the Portfolio returned 6.02% after inflation. Cash is a means of demonstrating an upward curve with no stock market volatility.

**BENCHMARKS:** The key measure for us is to outperform a fund that tracks an index over the medium to long term. 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 tradeable and therefore can be invested in.

**SPECIAL 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. The total return reflects performance without platform charges and adviser fees 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 platform charges, adviser fees and the effects of taxation, the performance quoted would be reduced.

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