

SHINING A LIGHT ON THE..... Ninety-One Global Macro Allocation Fund

AT A GLANCE

| Investment Objective |
|--|
| The Fund aims to provide total returns comprised of capital growth (to grow the value of your investment) and income over at least 5 years. While the Fund aims to achieve a positive return, there is no guarantee it will be achieved over 5 years or over any period of time and there is risk of loss. The Fund invests in a broad range of assets around the world. These assets may include shares of companies (which may be of any size and in any industry sector), bonds (or similar debt-based assets), commodities, property and other alternative assets (such as hedge funds, infrastructure funds and private equity funds). Investments may be held directly in the asset itself (excluding commodities and property) or indirectly (e.g. using derivatives (financial contracts whose value is linked to the price of an underlying asset), exchange traded products and/or through funds). |

| | |
|----------------------------|---|
| Inception Date | 30 th June 2020 |
| Fund Factsheet Link | https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000001ZKF |

| Management | |
|---------------------|-----------------------------|
| Manager Name | Start Date |
| Iain Cunningham | 1 st August 2016 |
| Jimmy Elliot | 31 st May 2020 |

FUND PERFORMANCE

Performance from 1st January 2016 to 31st July 2022:

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|--------|--------|--------|--------|-------|-------|--------|
| Ninety One Global Macro Allocation Fund | 16.44% | 10.36% | -8.54% | 12.65% | 9.92% | 5.80% | -0.43% |
| Morningstar UK Mod Tgt Alloc NR GBP | 14.47% | 7.28% | -2.75% | 12.87% | 5.29% | 8.00% | -5.46% |

Performance over 12 months, 3 years, 5 years and fund manager inception:

| | 1 year | 3 years | 5 years | Since fund manager inception (2016) |
|--|--------|------------------------|------------------------|-------------------------------------|
| Ninety One Global Macro Allocation Fund | -2.27% | 20.40% (6.38% p.a.) | 24.14% (4.42% p.a.) | 42.14% (6.04% p.a.) |
| Morningstar UK Mod Tgt Alloc NR GBP | -2.89% | 8.38% | 21.67% | 30.85% |

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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.

| Tracking Error | Information Ratio | Active Share | Upside Capture Ratio | Downside Capture Ratio | Batting Average | Beta | Alpha | Equity Style |
|----------------|-------------------|--------------|----------------------|------------------------|-----------------|------|-------|--------------|
| 7.55 | 0.48 | - | 90.13 | 48.44 | 47.22 | 1.11 | 3.57 | Blend/Large |

| Volatility Measurements | |
|----------------------------|--------|
| 3-Yr Std Dev (volatility) | 11.61% |
| 3-Yr Mean Return (average) | 6.39% |

| Investment Style Details | |
|--------------------------|---|
| Giant | - |
| Large | - |
| Medium | - |
| Small | - |
| Micro | - |

| Top 5 Holdings | | |
|-------------------------------------|---|--------|
| Korea 3 Year Bond Future Sept 22 | - | 17.22% |
| Korea 10 Year Bond Future Sept 22 | - | 11.93% |
| New Zealand (Government Of) 5.5% | - | 7.19% |
| United Kingdom of Great Britain ... | - | 6.88% |
| United Kingdom of Great Britain ... | - | 4.88% |

| Top 5 Sectors | |
|------------------------|--------|
| Financial Services | 21.44% |
| Consumer Cyclical | 16.26% |
| Communication Services | 14.28% |
| Technology | 12.68% |
| Basic Materials | 8.65% |

| Top Regions | |
|------------------|--------|
| Asia – Emerging | 44.80% |
| United States | 23.15% |
| Asia – Developed | 10.12% |
| Eurozone | 7.92% |
| United Kingdom | 5.99% |

UPDATE....

We are entering a different investment world. We have been used to high returns and this will not continue. This is not unusual as we saw in the 90s. During periods of lower returns we must think how to protect assets and still capture growth. This means looking at alternatives as a source of returns. The aim with this is to look across asset classes to capture the best returns and deliver a gross return

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of 7% p.a. The return figures we have shown are net and has delivered this level since the manager took over in 2016.

They do this through active allocation, so equity exposure has drifted between 80% and 25%, duration between -0.5 to 8 years, and Asia Pacific ex Japan, and EM exposure between -84% and 42%.

To bring this to life, in 2021 the allocation was equity 70.6%, fixed income 24.6% and gold 4.9%. In 2022 this was equity 29.1%, fixed income 70.9%. In a very volatile market this year they have delivered around flat returns.

They aim to make this a transparent strategy and they look to gain returns across currency, fixed income, volatility, and equities. Within this they will use different assets to drive those returns.

The challenge with any strategy like this is whether this can run for the long term. Running the data since launch, this has returned a net return of 5.17%. This was launched in 2000 and was managed during a couple of negative years, then the financial crisis in 2008/2009 and then 2020. So it does appear to be able to deliver close to the target return reflecting a number of different market cycles.

In summary, we are looking at alternatives within our portfolios and we would be happy to include this for further research. The concern we would always have is the reliance on the team making the right calls.

The source of information in this note has been provided by Ninety-One and is correct as of August 2022. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to decide based on these notes we cannot take responsibility for this, and you should carry out your own research before deciding. We would also recommend that you receive advice before following up on any decision.