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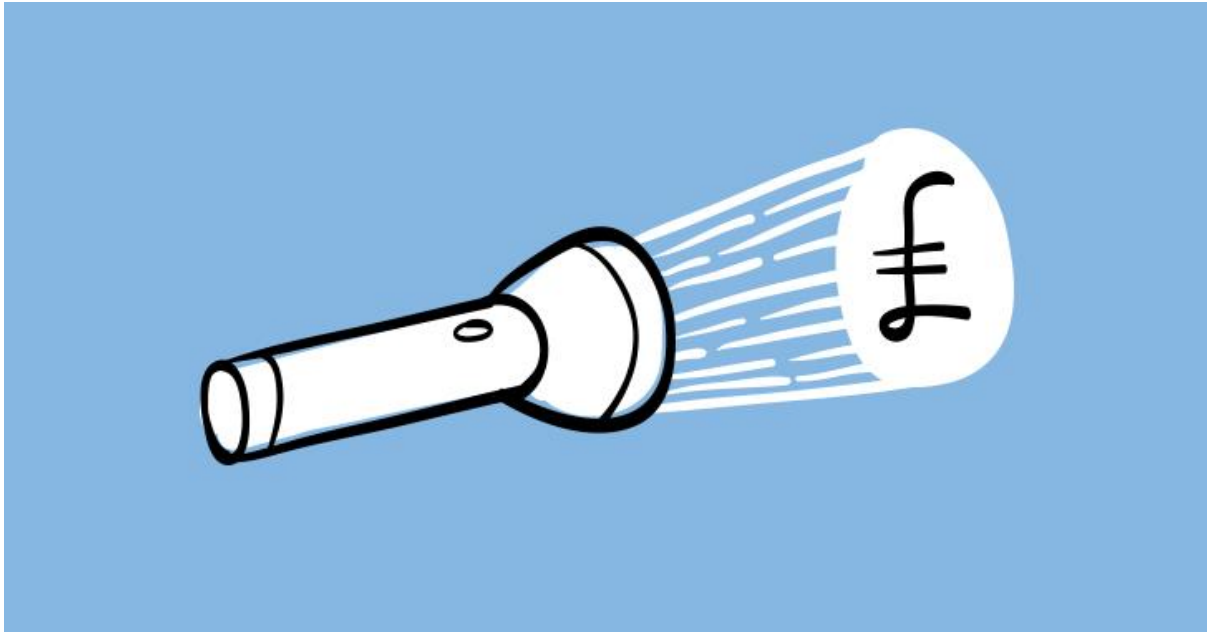
Quarterly Portfolio Update
– October 2022



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"Be fearful when others are greedy and greedy when others are fearful."

— Warren Buffett

It feels that the markets have finally capitulated.

The question is what have the markets in the UK priced in?

The consensus seems to be:

1. Interest rates at 6% +
2. High and persistent inflation
3. Recession
4. Drop in house prices

As we discussed in the market update, economists and markets are good at guessing but no-one really knows the end point. What we can probably say with some level of certainty is that in a couple of years' time things will likely be different.

However, we feel that some of the "winners" over the last ten years may not be the "winners" over the next ten years! As we mentioned in the last update, over the last few months we have been doing some detailed research into the holdings within our portfolios. What we have always felt was that we have selected fund managers who invest in high "quality" companies, although we have never had proof of this.

What our research uncovered was that in the main, most of the funds we invest in hold profitable companies with very little debt. They tend to be leaders within the areas they operate in and have strong management.

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Where we invest in unprofitable companies, these tend to be in new “technology” (however you wish to define this), and this is a smaller part of the portfolios.

We believe that to make money over the next ten years the focus will be on quality. We also think that when the recovery comes it will be in those quality names. Higher interest rates will make it harder for heavily indebted companies.

Much of the research was theoretical but we have been able to test this over the last quarter.

The performance figures this year are disappointing, but the chart below shows why we have hope moving forward:

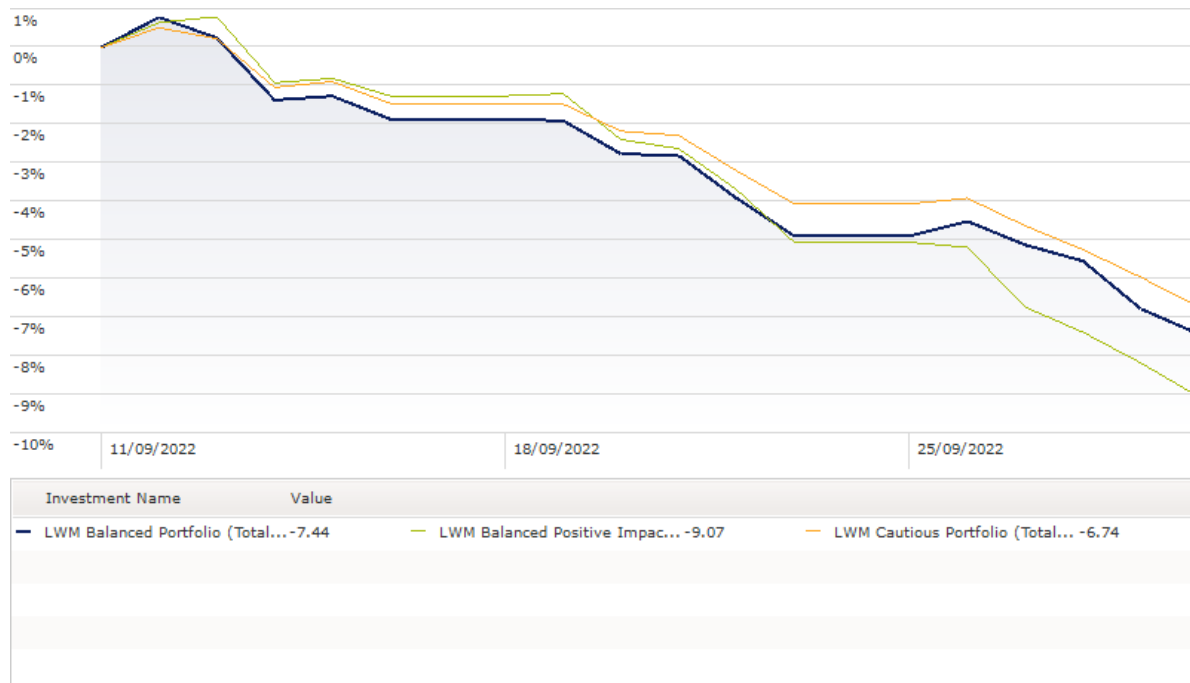


We saw a brief rally from mid-June to Mid-August and the portfolios recovered strongly during this period. The sell-off has been indiscriminate with no thought as to the quality of a business. This recovery demonstrates to us that when the focus turns to fundamentals, the portfolios should start to recover.

Of course, nothing is ever as simple as that and although we focus on “quality” we also have a bias to small and mid-cap companies. These are still profitable and leaders within their sectors, but when markets sell-down these tend to suffer the most. Again, when there is a focus on fundamentals these will do well.

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Turning to the end of September, the turmoil in the markets has added two factors to the mix: the “collapse” of sterling and the higher-than-expected interest rates. What we have found is that anything with interest rate sensitivity has collapsed (property, renewables, and infrastructure). This has meant those portfolios with more diversified assets have suffered more. The hardest hit has been the Balanced Positive Impact Portfolio as the chart below shows:



So where does this leave us? We have no doubt that the next few months will be volatile within markets, but all our work shows that most of the funds we invest in include high quality, profitable companies. We have seen that when the markets turn to fundamentals the portfolios will recover, so that gives us a great deal of confidence for the future.

In terms of the interest sensitive holdings, the fear is that anything that has “property, infrastructure or renewables” in the name will suffer in a higher interest rate environment. There are two things to consider, firstly the quality of the holdings, and secondly what happens if the markets and economists are wrong and interest rates only go to 3 or 4%. These are good diversifying assets, and we believe they will recover.

The most important question to ask is are we future proof for the next ten years especially if we think the environment will be different? We think in the main the portfolios are positioned well for the next ten-years, however we may make some tweaks around the edges to reduce some of the exposure to non-profitable companies, and introduce some different diversified assets to act as stabilisers.

I used the Warren Buffett quote for good reason.

When we talk to fund managers we discover that most of what they hold is cheap, and they are investing in new opportunities as they arise. It is at this time that most people walk away, but as Warrant Buffett famously said, “be fearful when others are greedy and greedy when others are fearful”.

I am not sold on the word “greedy”, but I do believe that he is right about looking through the noise in times like this. These are often the best times to invest, but equally if we are already invested there are so many studies about staying the course because we don’t know when the snap back will come.

We have said before that we take investing your money seriously. Of course, it feels “easier” when the markets are going up, and “harder” when the markets go down, but we always focus on the long term and what we can deliver over the next 5 to 10 years. We are constantly researching and challenging, and hope that we continue to give confidence to you in what we are doing.

George Ladds

October 2022

PORTFOLIO OVERVIEW

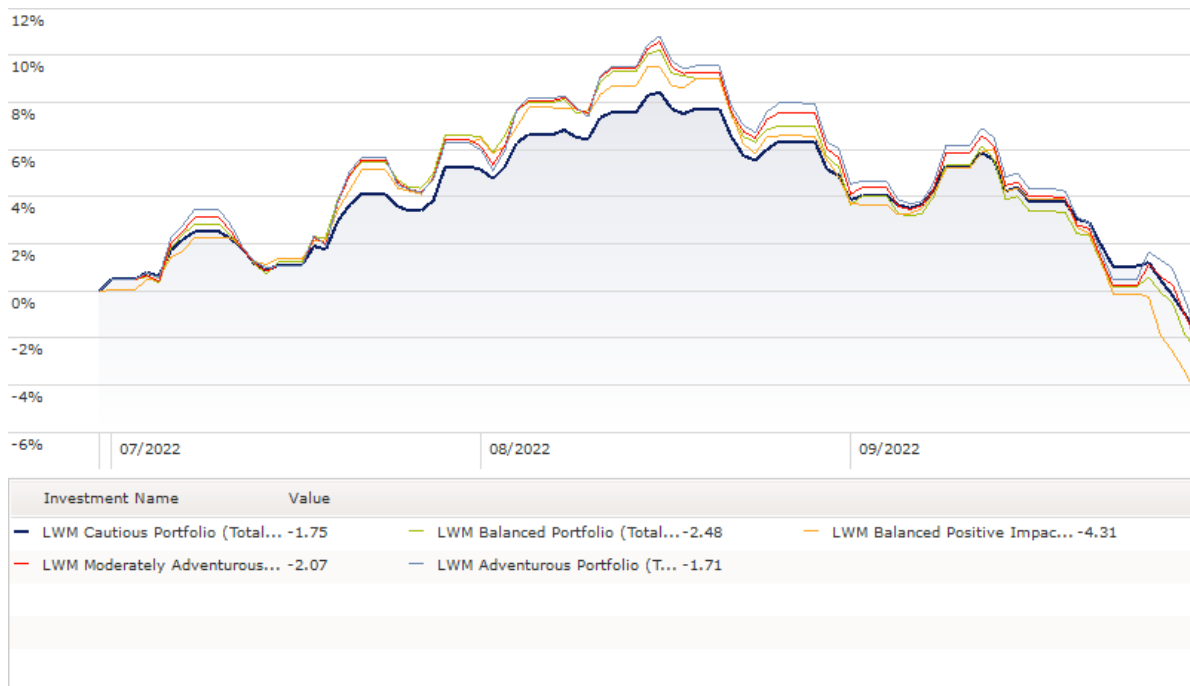
Bitesize introduction

It is fair to say the last quarter has been a rollercoaster. We saw the recovery in the portfolios which lasted until about 16th August and since then we have just seen a steady decline.

What has held up relatively well until last week has been the diversified assets, as we would expect. These really underpin the lower risk portfolios. With the chaos caused by the new government, Bank of England, and markets this has really hurt these assets in the short term.

We have always said look at the long-term figures, and we know at this point that even these look relatively poor.

The chart below shows the performance of the portfolios since 1 July. We can really see how market sentiment changed so much in mid-September.



This chart is important to hold onto because when the market focuses on fundamentals then we can see that the holdings within the portfolios will do well. This will change both the short- and longer-term returns. We just need to get to that point.

Responsible Investing

The Positive Impact Portfolios have been standout “performers”, but the focus on interest rates has hit some of the holdings hard.

We have exposure to property and specialist property funds (Civitas and Home), renewables and infrastructure. We remain of the view that these are fundamentally a key part of those portfolios. We recently met with the team at Home REIT and are confident in the management of the strategy and what they are looking to achieve. We are aware that hedge funds are “shorting” the stock and this does drive down the price.

One of the concerns someone raised was the negative impact of housing for homeless people and we spoke at great length to the management at Home REIT about this. Ultimately, they deliver purpose “built” properties for charities. The charity effectively rents this from them but it remains their asset. They therefore inspect the properties as well as having independent inspections. They know the risk of poor housing and so we see this as a quality investment which is misunderstood by the market.

Civitas have said they will arrange a meeting with us, but we are still waiting to get a date in the diary.

The performance is frustrating but there is a fantastic mix of investments within these portfolios and it offers something different to the mainstream portfolios, so can be seen as a standalone investment or a blend.

Last quarter (Q3)

The table below shows the performance this year up to 30th September 2022.

	% Return
Cautious Portfolio	-14.71%
Balanced Portfolio	-20.76%
Moderately Adventurous Portfolio	-21.82%
Adventurous Portfolio	-22.48%
Balanced Positive Impact Portfolio	-18.41%

We can see where the “harm” has come from. We continue to speak to managers and all our notes are on the website. Fundamentally we are looking to grow wealth over time, so although short erosion of capital is difficult, looking at what we saw in July and August, these can recover.

In summary, a mixed quarter which held so much promise and ended up slightly negative.

2022 (Q4)

We have started work on looking at the rebalance for July 2023. We feel that in the main the holdings we have are the right ones for the next 5 to 10 years. However, we are aware that we may need some more diversifiers to protect during periods of volatility. We therefore expect to make some tweaks around the edges but nothing fundamental.

Summary

In the last update we indicated that there was a mountain to climb, and this quarter has shown we can take nothing for granted. We hope that despite the negative numbers there is a glimmer of hope that when markets turn the portfolios will benefit from this and we can see a turnaround in the performance data.

We must accept that this year will be negative unless something miraculous happens. However hard that is, we have been here before and hopefully if history repeats then we should see a recovery in 2023.

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.

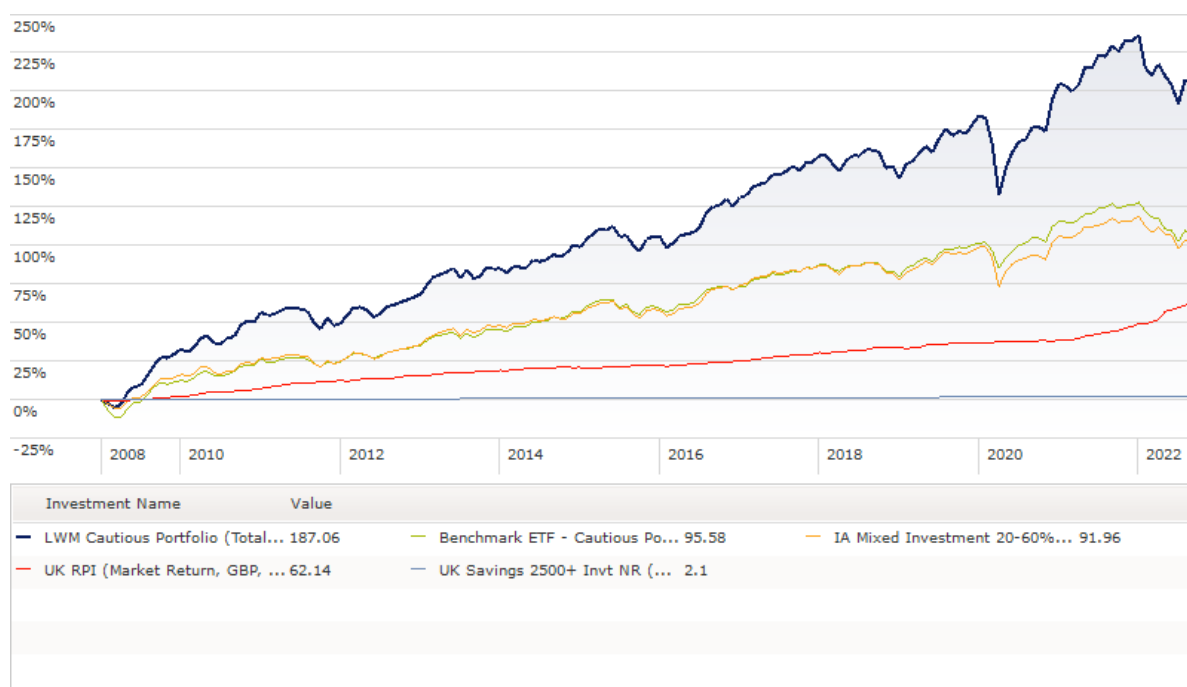
Summary of performance – 1 January 2009 – 30 September 2022

	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	-12.01%	-12.68%	3.54%	-4.51%	4.57%	-1.83%	10.01%	3.79%	15.36%	6.98%	186.96%	95.58%
Balanced	-18.49%	-13.70%	-1.90%	-1.30%	2.88%	1.02%	4.22%	5.73%	13.15%	10.41%	214.32%	112.51%
Mod Adventurous	-20.37%	-11.83%	-2.81%	3.40%	4.70%	6.34%	4.59%	11.23%	14.61%	18.52%	230.35%	141.47%
Adventurous	-21.66%	-11.84%	-5.30%	4.86%	4.48%	8.09%	3.49%	12.59%	14.33%	20.95%	240.10%	148.60%
Balanced Positive Impact Portfolio	-15.58%	-3.63%	-1.93%	20.30%	8.05%	-0.33%	13.77%	4.95%	23.10%	10.06%	79.54%	32.28%

Note: Please read special note at the end of the tables. 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

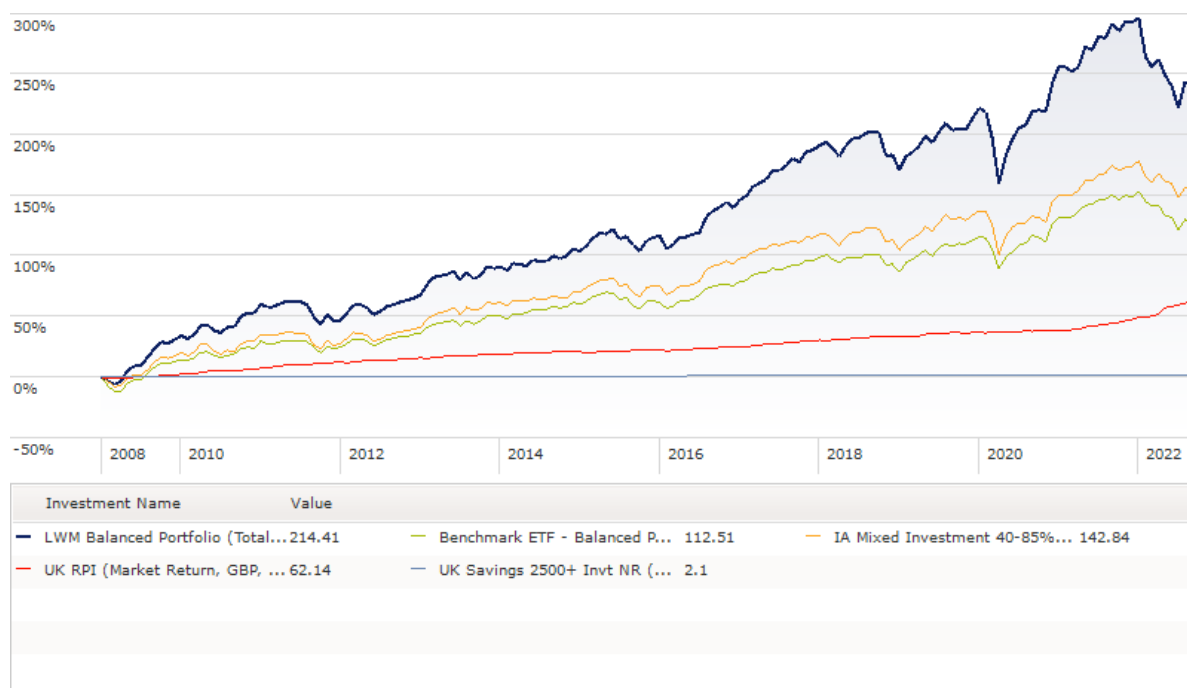


	2018	2019	2020	2021	2022	Since Launch
Cautious Portfolio	-5.88%	16.93%	7.25%	10.28%	-14.71%	7.97% p.a.
LWM Benchmark	-4.16%	12.24%	6.98%	5.76%	-14.29%	5.00% p.a.
IA Mixed Investment 20-60% Benchmark	-5.11%	12.08%	3.49%	6.28%	-12.38%	4.86% p.a.

	1 Year to 30/09/18	1 Year to 30/09/19	1 Year to 30/09/20	1 Year to 30/09/21	1 Year to 30/09/22
Cautious Portfolio	4.86%	5.20%	0.99%	17.68%	-11.98%
LWM Benchmark	3.07%	5.73%	2.80%	9.36%	-12.68%
IA Mixed Investment 20-60% Benchmark	2.64%	4.13%	-1.23%	11.25%	-10.71%

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 30 September 2022. 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

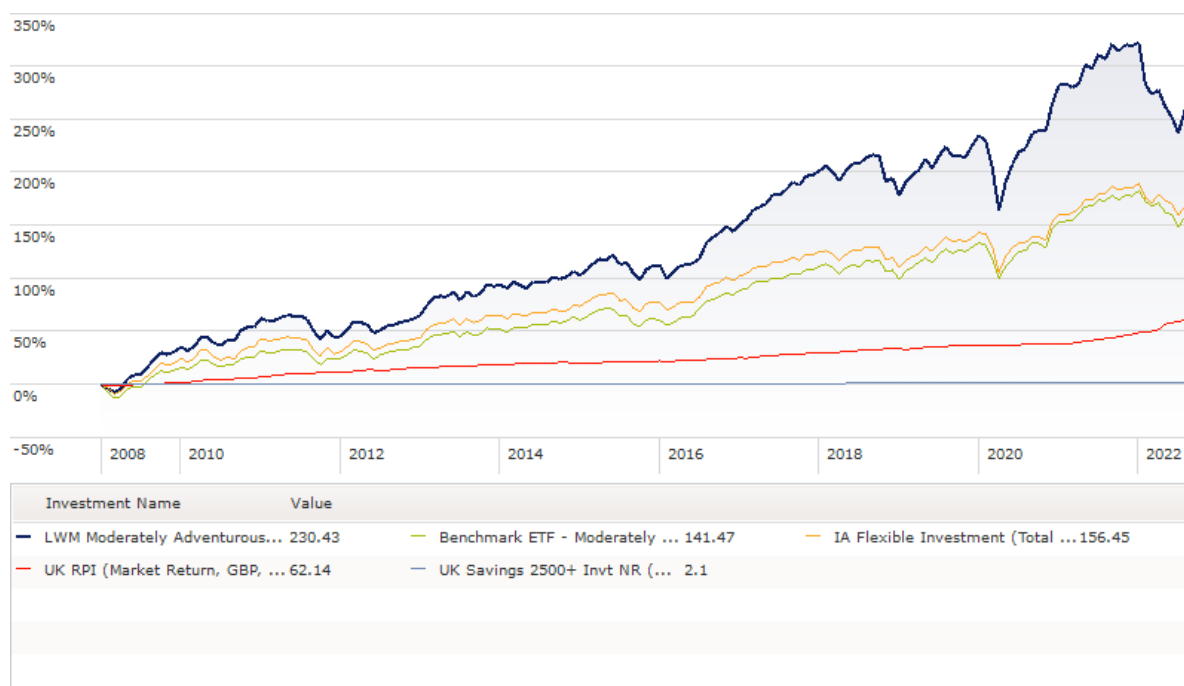


	2018	2019	2020	2021	2022	Since Launch
Balanced Portfolio	-6.99%	18.96%	10.77%	11.13%	-20.76%	8.69% p.a.
LWM Benchmark	-6.17%	15.65%	7.25%	9.29%	-16.06%	5.64% p.a.
IA Mixed Investment 40-85% Shares Benchmark	-6.07%	15.94%	5.50%	11.10%	-12.78%	6.67% p.a.

	1 Year to 30/09/18	1 Year to 30/09/19	1 Year to 30/09/20	1 Year to 30/09/21	1 Year to 30/09/22
Balanced Portfolio	8.57%	1.30%	4.87%	20.36%	-18.47%
LWM Benchmark	4.42%	4.66%	2.35%	14.37%	-13.70%
IA Mixed Investment 40-85% Shares Benchmark	5.43%	4.33%	-0.05%	16.76%	-10.26%

Note: Please read special note at the end of tables. The launch date of the is 1 January 2009, and performance is up to 30 September 2022. 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

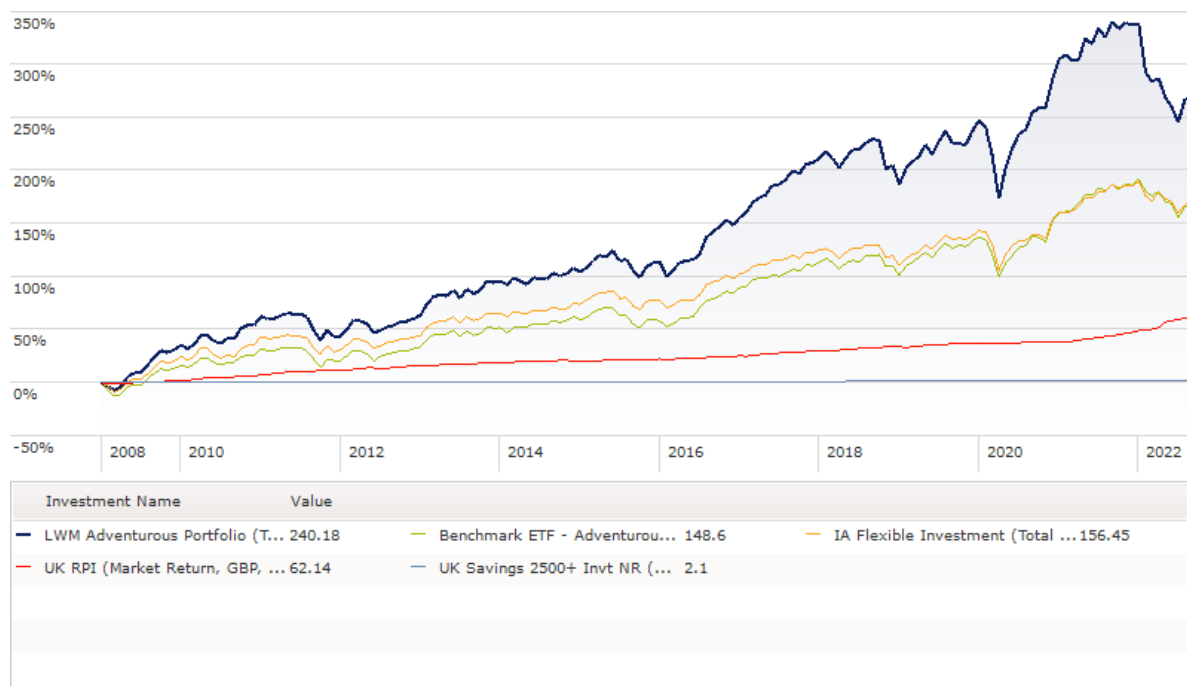


	2018	2019	2020	2021	2022	Since Launch
Moderately Adventurous Portfolio	-7.75%	20.37%	14.16%	10.46%	-21.82%	9.09% p.a.
LWM Benchmark	-5.83%	19.19%	8.58%	11.68%	-14.74%	6.62% p.a.
IA Flexible Investment Benchmark	-6.64%	15.64%	7.01%	11.38%	-11.56%	7.09% p.a.

	1 Year to 30/09/18	1 Year to 30/09/19	1 Year to 30/09/20	1 Year to 30/09/21	1 Year to 30/09/22
Moderately Adventurous Portfolio	9.57%	-0.10%	7.73%	22.05%	-20.35%
LWM Benchmark	6.56%	4.60%	2.84%	17.27%	-11.83%
IA Flexible Investment Benchmark	5.50%	3.17%	1.04%	18.54%	-9.55%

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 30 September 2022. 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

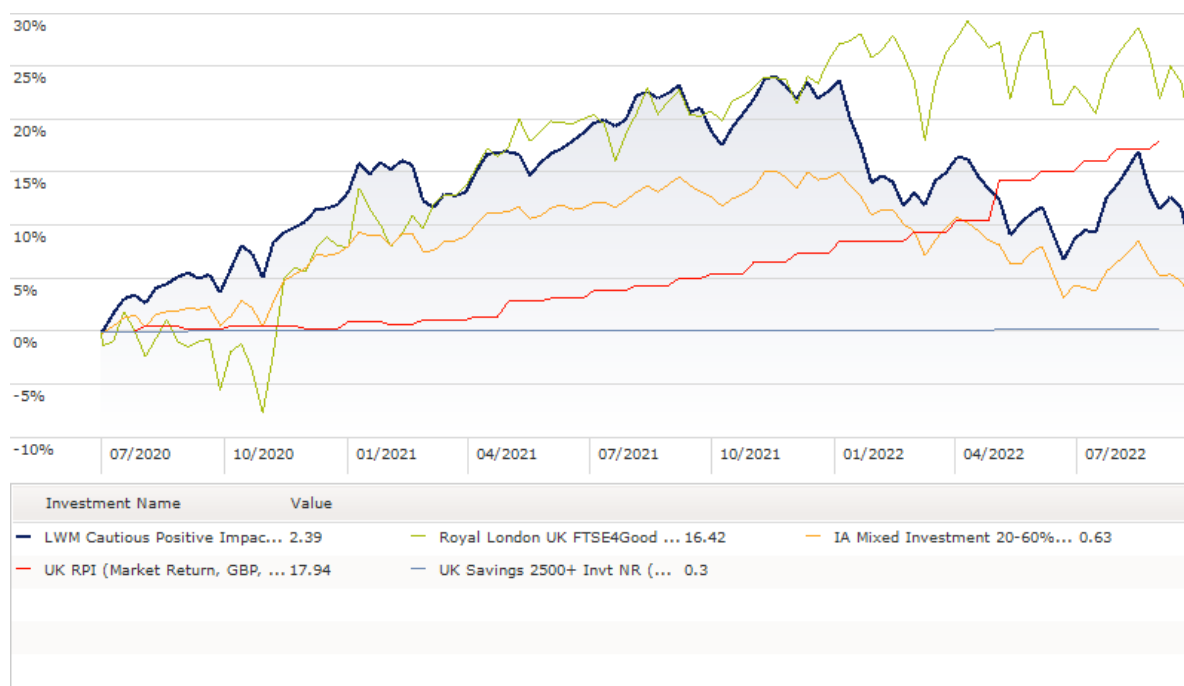


	2018	2019	2020	2021	2022	Since Launch
Adventurous Portfolio	-7.99%	21.15%	16.62%	8.24%	-22.48%	9.32% p.a.
LWM Benchmark	-5.99%	18.02%	9.40%	12.39%	-14.88%	6.85% p.a.
IA Flexible Investment Benchmark	-6.64%	15.64%	7.01%	11.38%	-11.56%	7.09% p.a.

	1 Year to 30/09/18	1 Year to 30/09/19	1 Year to 30/09/20	1 Year to 30/09/21	1 Year to 30/09/22
Adventurous Portfolio	10.48%	-0.95%	10.33%	20.88%	-21.64%
LWM Benchmark	7.43%	4.16%	3.08%	18.95%	-11.84%
IA Flexible Investment Benchmark	5.50%	3.17%	1.04%	18.54%	-9.55%

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 30 September 2022. 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.

Cautious Positive Impact Portfolio

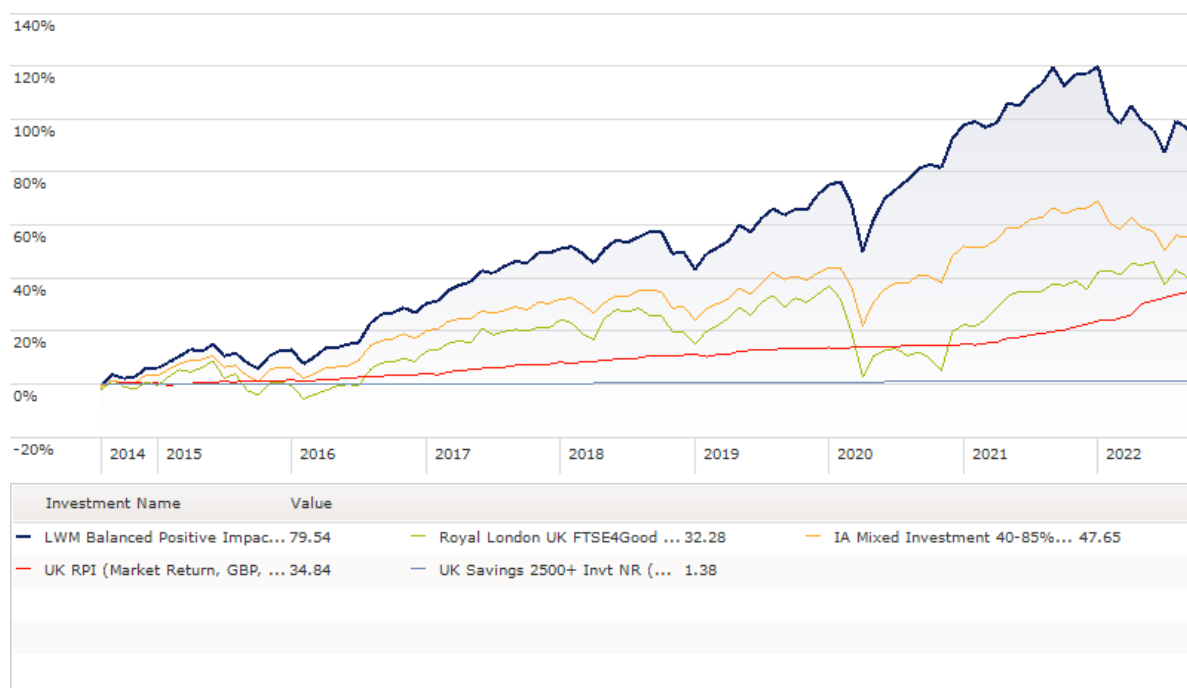


	2021	2022	Since Launch
Cautious Positive Impact Portfolio	9.10%	-17.07%	1.06% p.a.
LWM Benchmark (Royal London FTSE4 Good Tracker)	16.24%	-7.18%	6.99% p.a.
IA Mixed Investment 20-60% Shares	6.31%	-12.38%	0.28% p.a.

	1 Year to 30/09/21	1 Year to 30/09/22
Cautious Positive Impact Portfolio	12.81%	-13.88%
LWM Benchmark (Royal London FTSE4 Good Tracker)	24.83%	-3.63%
IA Mixed Investment 20-60% Shares	11.25%	-10.71%

Note: Please read special note at the end of the tables. The launch date of the Portfolio is 1 July 2020, and performance is up to 30 September 2022. 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

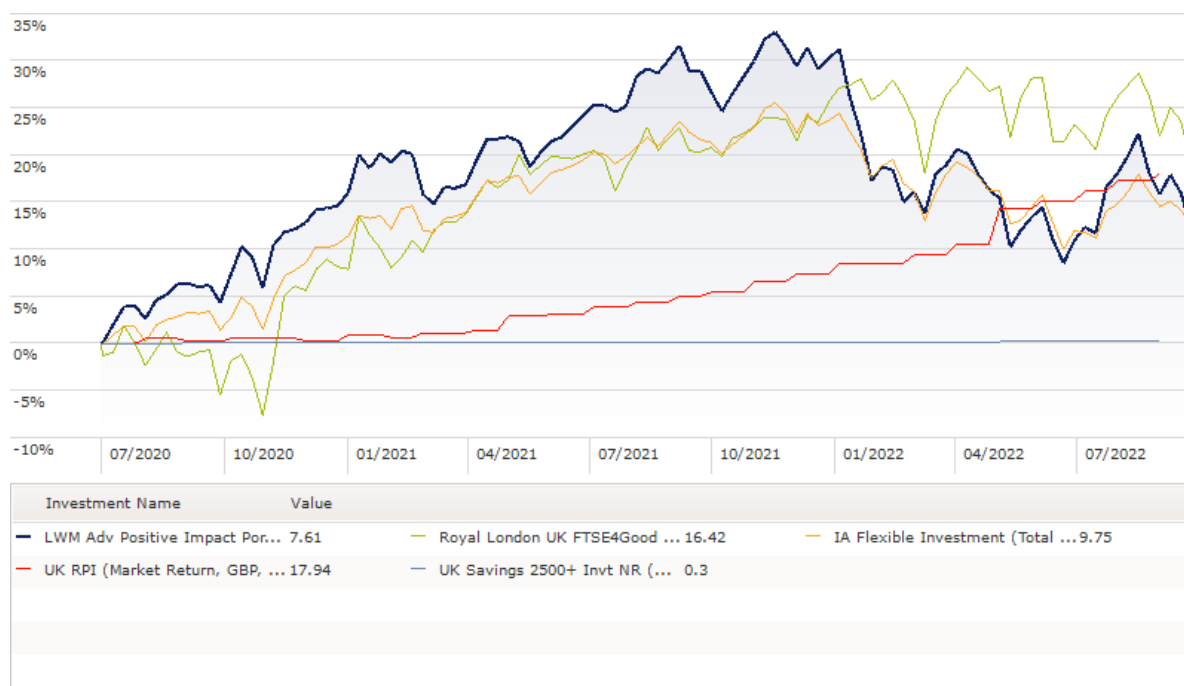


	2018	2019	2020	2021	2022	Since Launch
Balanced Positive Impact Portfolio	-5.24%	22.35%	12.87%	11.12%	-18.41%	7.43% p.a.
LWM Benchmark (Royal London FTSE4 Good Tracker)	-7.46%	18.97%	-10.68%	16.24%	-7.18%	3.49% p.a.
IA Mixed Investment 40-85% Shares	-6.07%	15.94%	5.50%	11.10%	-12.78%	4.89% p.a.

	1 Year to 30/09/18	1 Year to 30/09/19	1 Year to 30/09/20	1 Year to 30/09/21	1 Year to 30/09/22
Balanced Positive Impact Portfolio	8.20%	5.29%	10.78%	16.17%	-15.58%
LWM Benchmark (Royal London FTSE4 Good Tracker)	4.87%	5.30%	-17.15%	24.83%	-3.63%
IA Mixed Investment 40-85% Shares	5.43%	4.33%	-0.05%	16.76%	-10.26%

Note: Please read special note at the end of the tables. The launch date of the Portfolio is 1 August 2014, and performance is up to 30 September 2022. 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 Positive Impact Portfolio



	2021	2022	Since Launch
Adventurous Positive Impact Portfolio	12.95%	-17.85%	3.32% p.a.
LWM Benchmark (Royal London FTSE4 Good Tracker)	16.24%	-7.18%	6.99% p.a.
IA Flexible Investment Benchmark	11.38%	-11.56%	4.22% p.a.

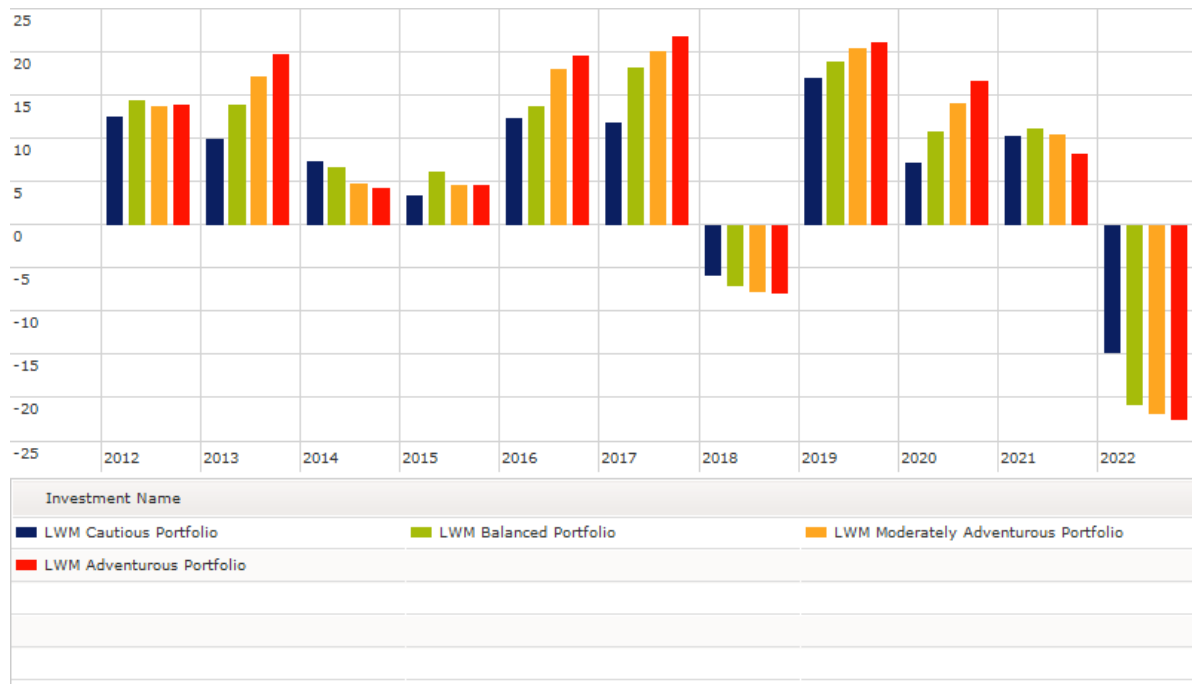
	1 Year to 30/09/21	1 Year to 30/09/22
Adventurous Positive Impact Portfolio	18.91%	-15.06%
LWM Benchmark (Royal London FTSE4 Good Tracker)	24.83%	-3.63%
IA Flexible Investment Benchmark	18.54%	-9.55%

The launch date of the Portfolio is 1 July 2022, and performance is up to 30 September 2022. The Benchmark performance tracks the performance period of the portfolio.

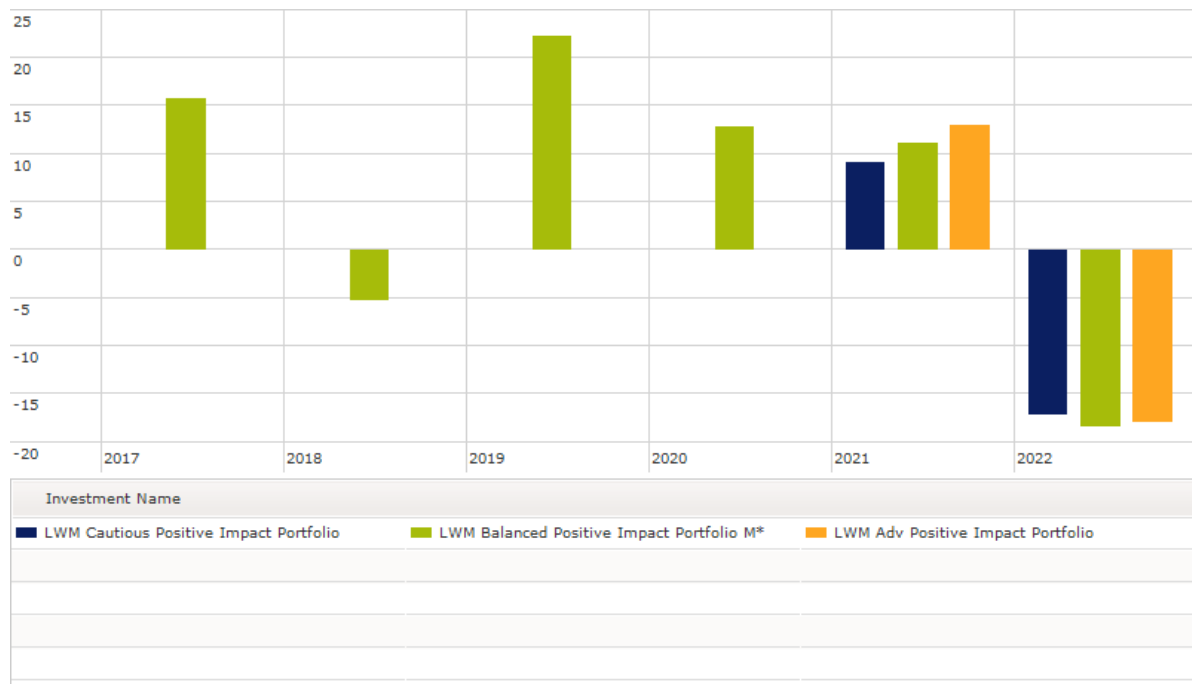
Special note to tables: You should note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund 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.

Summary

Mainstream Portfolios performance 1 January 2012 – 30 September 2022



Positive Impact Portfolios performance 1 January 2017 – 30 September 2022



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
UK
Europe
US
Global
Asia
Emerging Markets
Japan

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

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