



# LWM Consultants Ltd

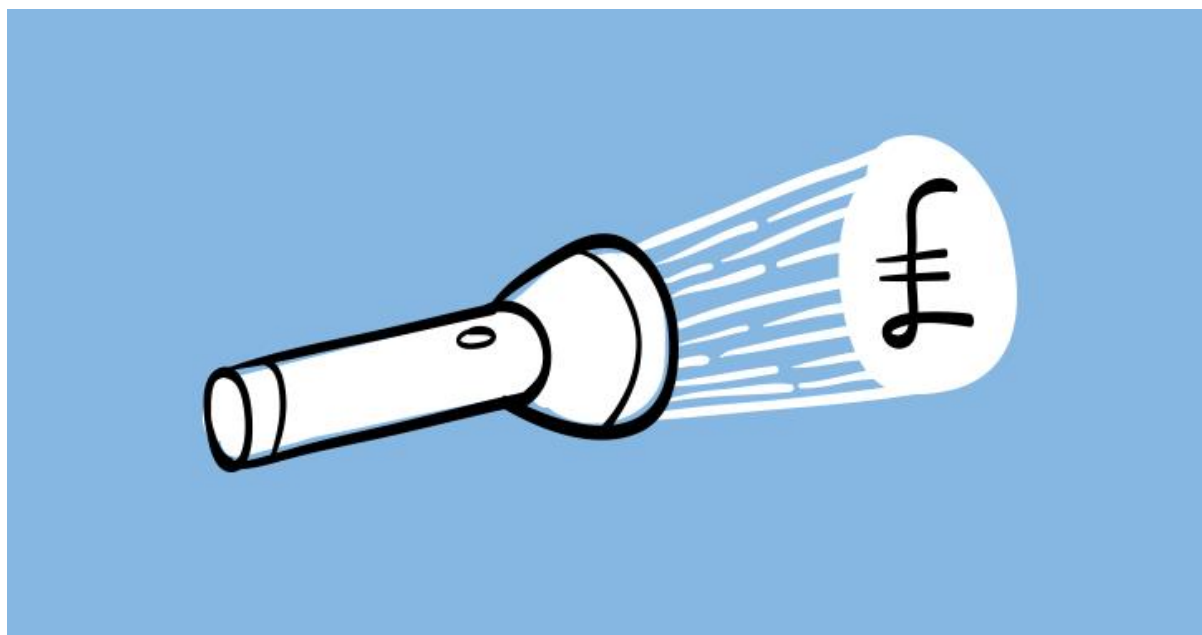
Quarterly Portfolio Update  
– January 2023



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*"If you looked at September 1986 to October 1987, the market was unchanged. It had a thousand points up and a thousand points down and they only remember the down."*

*"People who exit the stock market to avoid a decline are odds-on favourites to miss the next rally."*

— Peter Lynch

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2022 was a tough period for any investor and so it makes it hard to write this quarter's update.

Before we drop into the figures we want to spend time explaining what happens in the background.

Our process has been developed over a ten-year plus period, and below is our core framework.

Aim	To deliver a return between 6% and 8% gross over the long-term. This should in a normalised environment, be above the higher of cash rates or inflation
Benchmark	Our benchmark is based on a basket of index strategies
Time frame	We consider long-term as 10 years plus
Risk / volatility	The returns reflect the level of equity within a portfolio: the higher the equity exposure the higher the potential returns

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Our aim is to meet or research every fund held within the portfolios at least once a year. Our notes from these meetings are freely available on the website - <https://lwmconsultants.com/portfolio/fund-manager-meetings/>

Additionally, we review the performance data as a minimum at the month end. The annual rebalance is a continuous process which reflects the research we do throughout the year. We also invest in research tools and are currently looking at FE Analytics as an additional resource.

Fundamentally, we are looking to understand as much as we can about the investments we make. In 2022 we conducted additional research to understand more about some of the underlying holdings. This focused across several areas, including quality (sometimes referred to as ESG), profitability and debt.

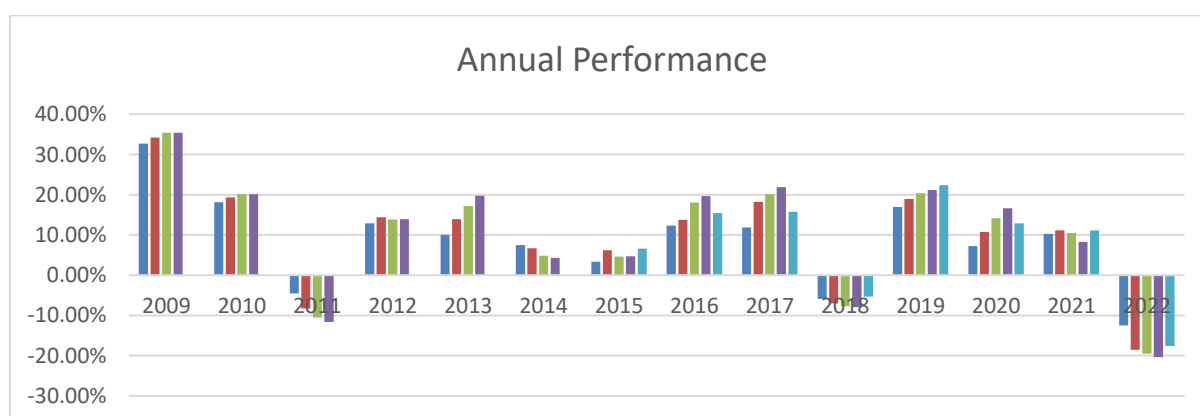
What this research demonstrated was that, in the main, we invest in high quality companies, which in the environment we are in should be good for the portfolios moving forward. We do have some higher risk funds which in theory should deliver higher returns over the longer term, however we may reduce some of this exposure in the rebalance.

Our ideal position is to have strategies that we can hold for the long term.

So, turning to this year. The returns have been:

Cautious	-12.52%
Balanced	-18.52%
Moderately Adventurous	-19.50%
Adventurous	-20.41%
Balanced Positive Impact Portfolio	-17.56%

The chart below shows that we have had three negative periods in 2011, 2018 and 2022.



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If we consider the longer-term the returns are:

	10-years	Since Launch
Cautious	5.74% p.a.	8.02% p.a.
Balanced	6.77% p.a.	8.74% p.a.
Moderately Adventurous	7.46% p.a.	9.14% p.a.
Adventurous	7.87% p.a.	9.35% p.a.

These reflect 2022 and although the Cautious Portfolio is slightly behind the target the others sit within the range. We do review the 6 to 8% target to ensure this is reflective of anticipated market returns and based on data from BlackRock we still believe these are achievable targets.

In summary, we cannot predict what is going to happen in terms of markets, but we do stay aware of the macro picture using a risk matrix that we have produced. The key for us is our process, the research and monitoring, because ultimately we believe if we can identify good quality fund managers, even in the most challenging times we can feel confident of the ability for them to shine over the longer term.

*George Ladds*

January 2023

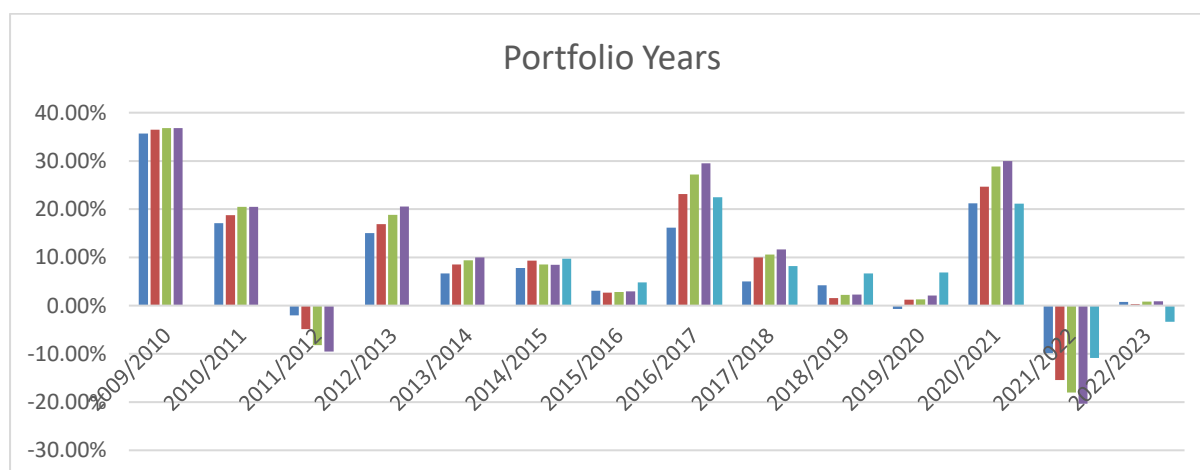
## PORTFOLIO OVERVIEW

### Bitesize introduction

We know that most of the negative performance was driven in the first half of the year. In most cases the returns for the second half were slightly positive except for the Positive Impact Portfolio which we will cover below.

Cautious	+0.78%
Balanced	+0.28%
Moderately Adventurous	+0.84%
Adventurous	+0.92%
Balanced Positive Impact Portfolio	-3.32%

The chart below shows that we have only had two negative portfolio years in 2011 / 2012 and 2021 / 2022.



We will cover more the last quarter in more details below.

### Responsible Investing

In the rebalance we introduced a strategy called Home REIT. This is a trust that is dedicated to fighting homelessness. Where it is different is that properties are developed to match a specific demand. Rents are guaranteed by the government. The strategy also has minimal debt. We wrote an update on the strategy following a meeting with the management - <https://lwmconsultants.com/app/uploads/2022/08/Fund-Manager-Update-HOME-REIT-August-2022.pdf>

During the last quarter a US short seller wrote a negative report on the trust. A short seller effectively profits from a decline in the share price. Some of the comments centred around accounting practices (which are standard), valuations (which are independent) and rent. Following this the share price effectively collapsed.

We spoke to the team and our notes are on the website

<https://lwmconsultants.com/app/uploads/2022/12/Fund-Manager-Update-HOME-REIT-December-2022.pdf>

We were aware that there would be continued volatility in the share price until enhanced audited accounts were released. This has delayed the release of the accounts which were due to be published 31<sup>st</sup> December 2022. As a result of this the company have temporarily suspended their shares which has had a negative impact on the performance of the Positive Impact Portfolio.

In all our discussions we remain committed to this investment and in fact the two recent discussions we have had only increase that. The aim is to re-list as soon as the accounts are available, and we think that although there will be volatility in the short-term the opportunities longer term remain strong.

One other headline was that Alvarium Home REIT Advisors Limited was sold prior to Alvarium Investments Limited being listed in the US, the headlines suggested this was a means of distancing themselves from the troubles, but the reality was that this was in place prior to the listing.

We have always held out that this is a good investment and fits well with the positive nature of the portfolio. Our frustration lies in the fact that someone with no experience in this area and not even based in the UK can profit by writing a spurious report and there is nothing that can be done. It is clear that the team are putting enhanced measures in place and we wait for the shares to be re-listed as soon as possible. In the meantime we will continue in dialogue with the team.

Ultimately this is not a place we want to be in. The Balanced Positive Impact Portfolio has delivered strong returns since 2014 and we have stuck to the core values. We take utmost care with what we invest in and so this hurts us. However, we hope we can provide confidence that we have and continue to engage with the company and at the moment there are no signs that there is anything we should be concerned about.

### **Last quarter (Q4)**

After a significant drop in September, October and December were marginally negative but October delivered strong positive returns. Normally we benefit from a Santa Rally at the end of the year but this did not happen.

Based on how 2022 played out, when we consider the wider picture to be marginally positive for the second six months is perhaps something we wouldn't have expected, and so we can take some comfort from that.

### 2023

It would be hard for us to predict what the returns will be in 2023. Areas of comfort are the last six months performance, and the fact that we know that when markets rose for two months between mid-June and mid-August the portfolios responded strongly, reflecting the higher quality holdings.

History also indicates that in most cases where there has been a negative year, there is a positive year after. 2000 was perhaps an exception to the rule. We have to reflect that markets don't tend to go up until we enter a recession and therefore it is likely the next few months will be volatile. To some extent the sooner a recession comes the better in terms of markets!

### Summary

It has been a tough year and one we really take to heart. We hope that we can provide confidence in the process we follow and the research we do. We have always focused on good quality managers and in turn the underlying investments. There is a balance to be had to get the returns so there will always be an element of higher growth strategies to drive higher returns.

We are more than happy to sit down with you and talk through the investments and show in more detail what we do. We also have all the information freely available on the website.

We hope that history repeats and the positive aspects we have seen during June to August 2022 will mean that 2023 is a better year, but we cannot guarantee this.

*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 – 31 December 2022

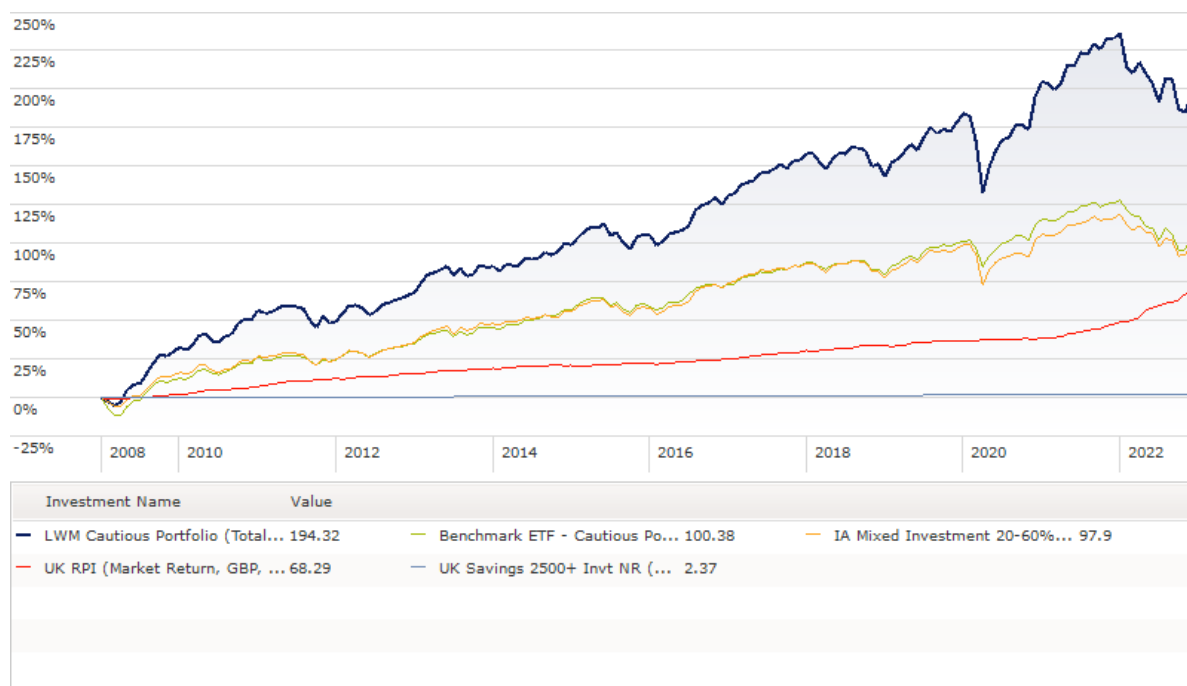
Performance up to 31 December 2022															
	12 months		2 years		3 years		4 years		5 years		10 years		Since launch		
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	
Cautious	-12.52%	-12.19%	-3.52%	-7.13%	3.48%	-0.64%	20.99%	11.52%	13.87%	6.88%	74.76%	48.11%	194.42%	100.38%	
Balanced	-18.52%	-12.71%	-9.44%	-4.60%	0.31%	2.32%	19.33%	18.33%	10.99%	11.02%	92.51%	61.94%	223.29%	120.98%	
Mod Adventurous	-19.50%	-11.72%	-11.08%	-1.41%	1.51%	7.05%	22.18%	25.45%	12.71%	18.14%	105.42%	83.21%	240.25%	150.02%	
Adventurous	-20.41%	-11.61%	-13.86%	-0.66%	0.46%	8.68%	21.71%	28.25%	11.98%	20.58%	113.33%	92.86%	249.28%	158.14%	
Balanced Positive Impact Portfolio	-17.56%	1.15%	-8.40%	17.58%	3.39%	5.02%	26.50%	24.94%	19.86%	15.62%	-	-	81.41%	44.15%	

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

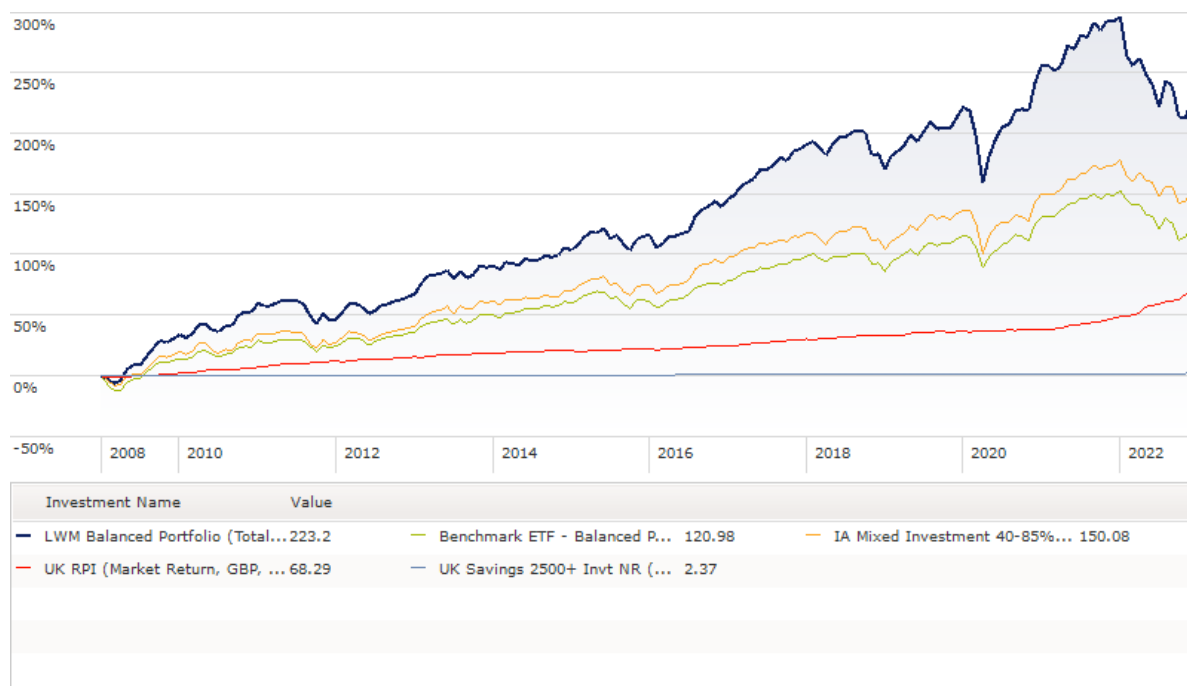


	2018	2019	2020	2021	2022	Since Launch
<b>Cautious Portfolio</b>	-5.88%	16.93%	7.25%	10.28%	-12.55%	8.02% p.a.
<b>LWM Benchmark</b>	-4.16%	12.24%	6.98%	5.76%	-12.19%	5.09% p.a.
<b>IA Mixed Investment 20-60% Benchmark</b>	-5.11%	12.08%	3.49%	6.28%	-9.67%	5.00% p.a.

	1 Year to 31/12/18	1 Year to 31/12/19	1 Year to 31/12/20	1 Year to 31/12/21	1 Year to 31/12/22
<b>Cautious Portfolio</b>	-5.88%	16.93%	7.25%	10.28%	-12.55%
<b>LWM Benchmark</b>	-4.16%	12.24%	6.98%	5.76%	-12.19%
<b>IA Mixed Investment 20-60% Benchmark</b>	-5.11%	12.08%	3.49%	6.28%	-9.67%

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 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

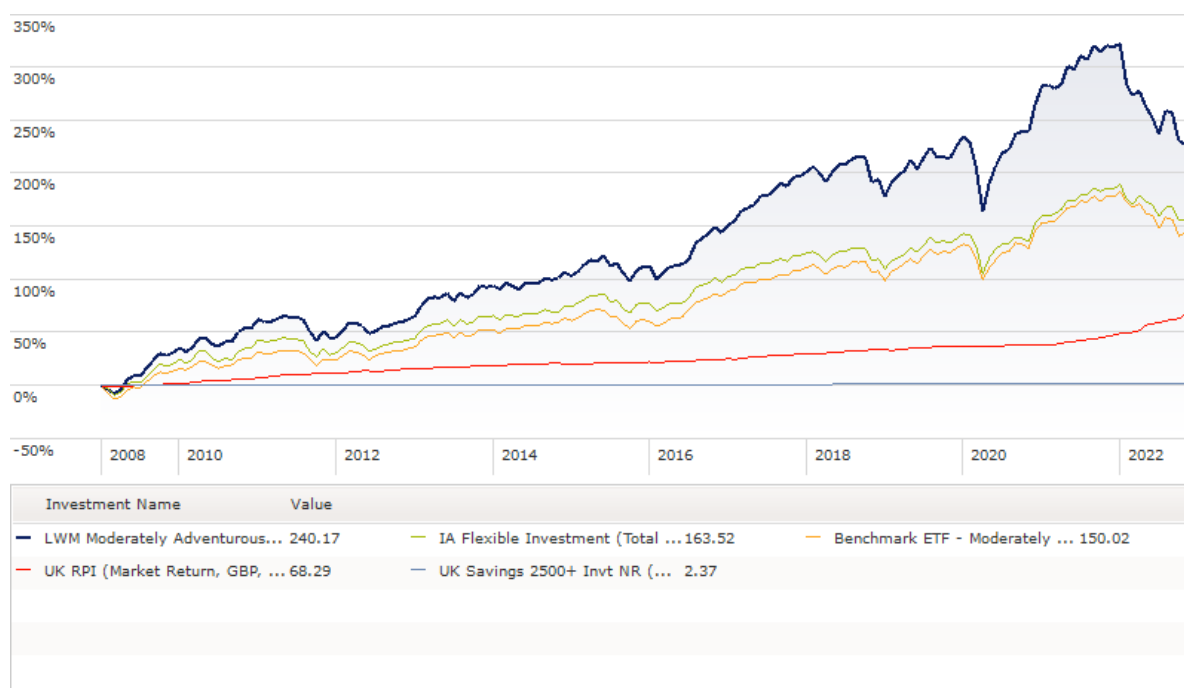


	2018	2019	2020	2021	2022	Since Launch
<b>Balanced Portfolio</b>	-6.99%	18.96%	10.77%	11.13%	-18.54%	8.74% p.a.
<b>LWM Benchmark</b>	-6.17%	15.65%	7.25%	9.29%	-12.71%	5.86% p.a.
<b>IA Mixed Investment 40-85% Shares Benchmark</b>	-6.07%	15.94%	5.50%	11.10%	-10.18%	6.77% p.a.

	1 Year to 31/12/18	1 Year to 31/12/19	1 Year to 31/12/20	1 Year to 31/12/21	1 Year to 31/12/22
<b>Balanced Portfolio</b>	-6.99%	18.96%	10.77%	11.13%	-18.54%
<b>LWM Benchmark</b>	-6.17%	15.65%	7.25%	9.29%	-12.71%
<b>IA Mixed Investment 40-85% Shares Benchmark</b>	-6.07%	15.94%	5.50%	11.10%	-10.18%

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 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

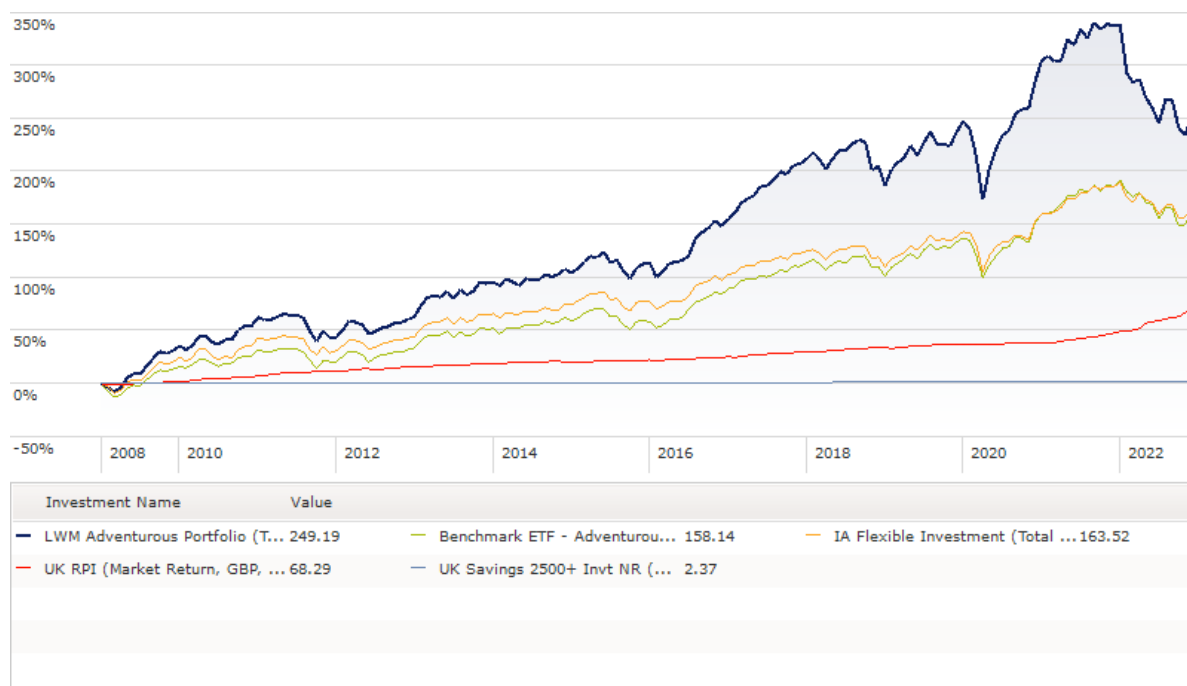


	2018	2019	2020	2021	2022	Since Launch
<b>Moderately Adventurous Portfolio</b>	-7.75%	20.37%	14.16%	10.46%	-19.52%	9.14% p.a.
<b>LWM Benchmark</b>	-5.83%	19.19%	8.58%	11.68%	-11.72%	7.17% p.a.
<b>IA Flexible Investment Benchmark</b>	-6.64%	15.64%	7.01%	11.38%	-9.12%	6.77% p.a.

	1 Year to 31/12/18	1 Year to 31/12/19	1 Year to 31/12/20	1 Year to 31/12/21	1 Year to 31/12/22
<b>Moderately Adventurous Portfolio</b>	-7.75%	20.37%	14.16%	10.46%	-19.52%
<b>LWM Benchmark</b>	-5.83%	19.19%	8.58%	11.68%	-11.72%
<b>IA Flexible Investment Benchmark</b>	-6.64%	15.64%	7.01%	11.38%	-9.12%

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 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

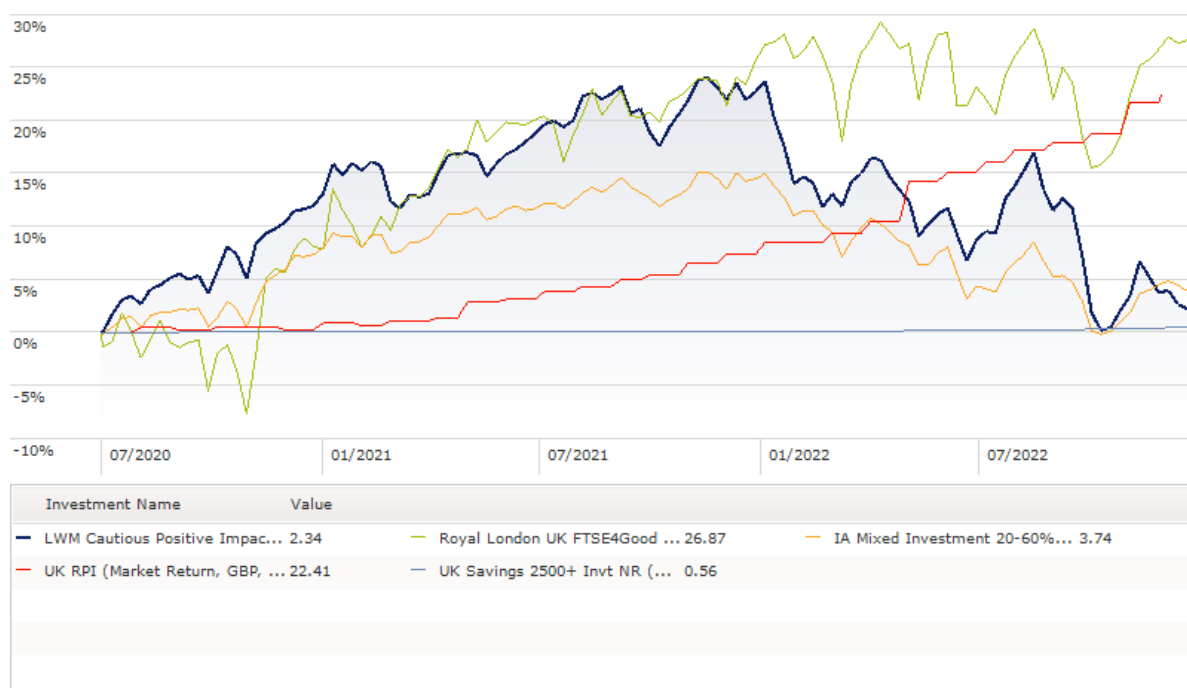


	2018	2019	2020	2021	2022	Since Launch
<b>Adventurous Portfolio</b>	-7.99%	21.15%	16.62%	8.24%	-20.43%	9.35% p.a.
<b>LWM Benchmark</b>	-5.99%	18.02%	9.40%	12.39%	-11.61%	7.01% p.a.
<b>IA Flexible Investment Benchmark</b>	-6.64%	15.64%	7.01%	11.38%	-9.12%	7.17% p.a.

	1 Year to 31/12/18	1 Year to 31/12/19	1 Year to 31/12/20	1 Year to 31/12/21	1 Year to 31/12/22
<b>Adventurous Portfolio</b>	-7.99%	21.15%	16.62%	8.24%	-20.43%
<b>LWM Benchmark</b>	-5.99%	18.02%	9.40%	12.39%	-11.61%
<b>IA Flexible Investment Benchmark</b>	-6.64%	15.64%	7.01%	11.38%	-9.12%

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 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

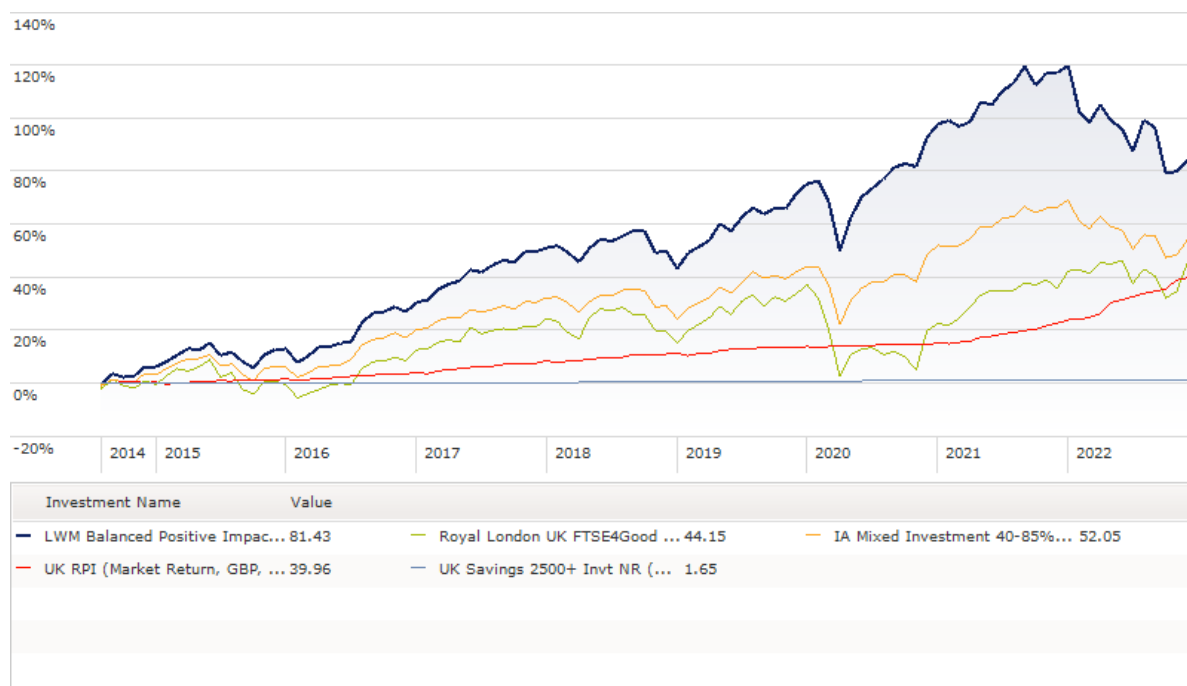


	2021	2022	Since Launch
<b>Cautious Positive Impact Portfolio</b>	9.10%	-17.11%	0.93% p.a.
<b>LWM Benchmark (Royal London FTSE4 Good Tracker)</b>	16.24%	1.15%	9.98% p.a.
<b>IA Mixed Investment 20-60% Shares</b>	6.31%	-9.67%	1.48% p.a.

	1 Year to 31/12/21	1 Year to 31/12/22
<b>Cautious Positive Impact Portfolio</b>	9.10%	-17.11%
<b>LWM Benchmark (Royal London FTSE4 Good Tracker)</b>	16.24%	1.15%
<b>IA Mixed Investment 20-60% Shares</b>	6.31%	-9.67%

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 31 December 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

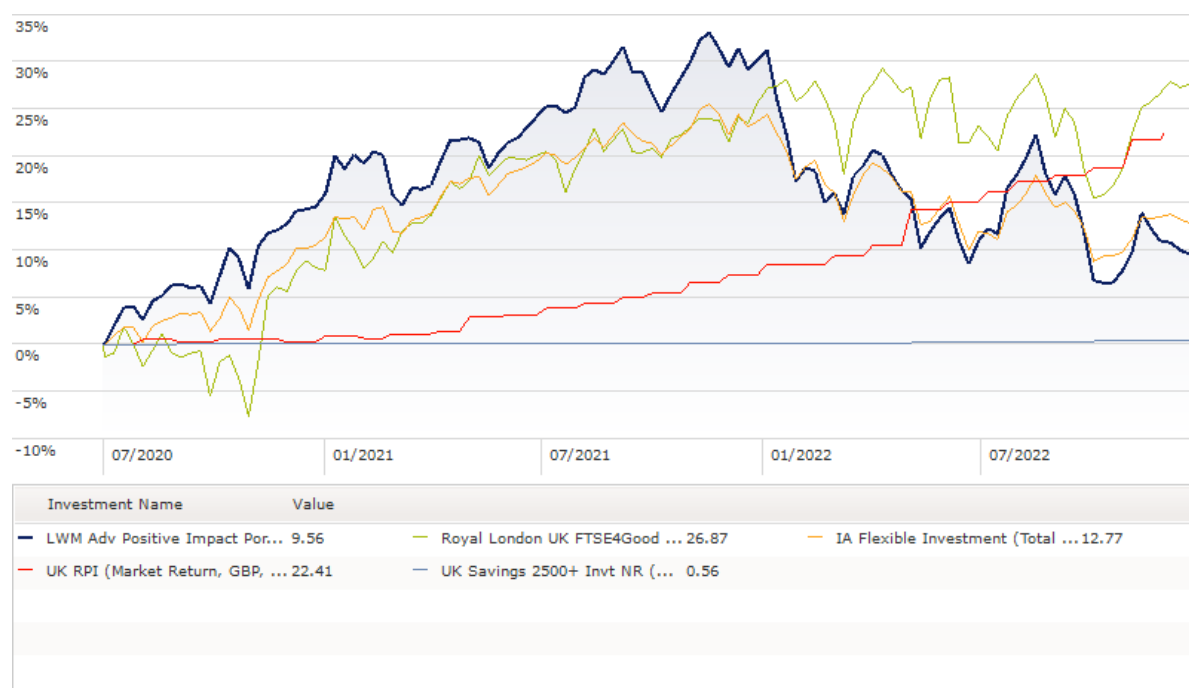


	2018	2019	2020	2021	2022	Since Launch
<b>Balanced Positive Impact Portfolio</b>	-5.24%	22.35%	12.87%	11.12%	-17.56%	7.33% p.a.
<b>LWM Benchmark (Royal London FTSE4 Good Tracker)</b>	-7.46%	18.97%	-10.68%	16.24%	1.15%	4.44% p.a.
<b>IA Mixed Investment 40-85% Shares</b>	-6.07%	15.94%	5.50%	11.10%	10.18%	5.10% p.a.

	1 Year to 31/12/18	1 Year to 31/12/19	1 Year to 31/12/20	1 Year to 31/12/21	1 Year to 31/12/22
<b>Balanced Positive Impact Portfolio</b>	-5.24%	22.35%	12.87%	11.12%	-17.56%
<b>LWM Benchmark (Royal London FTSE4 Good Tracker)</b>	-7.46%	18.97%	-10.68%	16.24%	1.15%
<b>IA Mixed Investment 40-85% Shares</b>	-6.07%	15.94%	5.50%	11.10%	10.18%

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 31 December 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
<b>Adventurous Positive Impact Portfolio</b>	12.95%	-16.37%	3.72% p.a.
<b>LWM Benchmark (Royal London FTSE4 Good Tracker)</b>	16.24%	1.15%	9.98% p.a.
<b>IA Flexible Investment Benchmark</b>	11.38%	-9.12%	4.92% p.a.

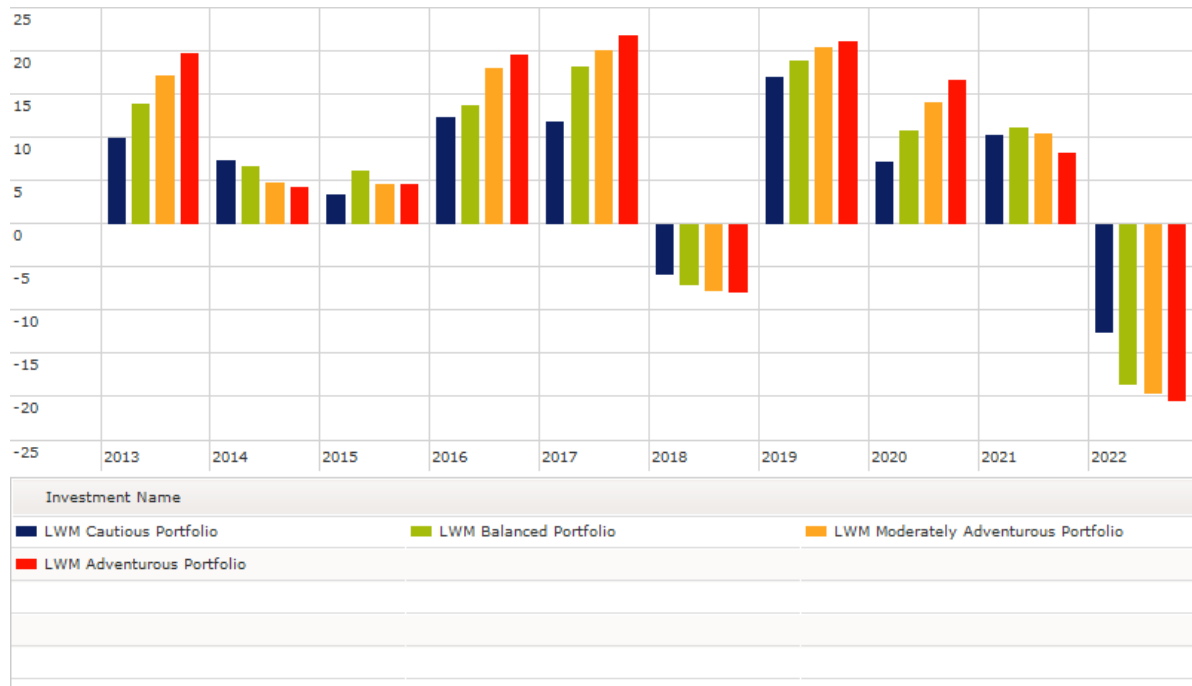
	1 Year to 31/12/21	1 Year to 31/12/22
<b>Adventurous Positive Impact Portfolio</b>	12.95%	-16.37%
<b>LWM Benchmark (Royal London FTSE4 Good Tracker)</b>	16.24%	1.15%
<b>IA Flexible Investment Benchmark</b>	11.38%	-9.12%

The launch date of the Portfolio is 1 July 2022, and performance is up to 31 December 2022. The Benchmark performance tracks the performance period of the portfolio.

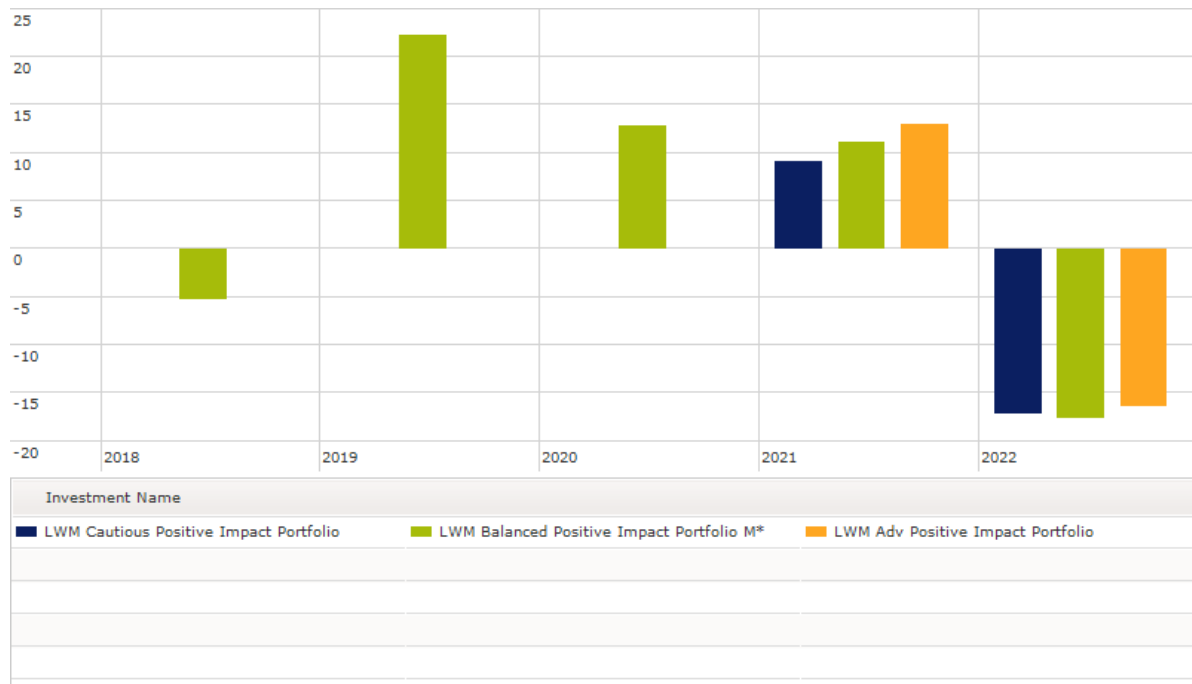
**Special note to tables:** *You should note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going 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 – 31 December 2022



Positive Impact Portfolios performance 1 January 2017 – 31 December 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	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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