

# INCOME PORTFOLIO ATTITUDE TO RISK REPORT



## LWM Consultants Ltd

The Garden Suite, 23 Westfield Park, Redland, Bristol, BS6 6LT

*“Focusing on helping individuals & companies understand and plan their financial future”.*



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# INCOME PORTFOLIO

## ATTITUDE TO RISK REPORT

### INTRODUCTION

Your suitability report outlines your aims / goals and how we will look to achieve these, including the proposed investment strategy. This report outlines your risk profile, what this means and how it applies to your investment strategy.

### RISK PROFILE

Based on our discussion, your previous experience, current assets and goals, your current risk profile is best suited to our **Income Portfolio**.

### INCOME PORTFOLIO

#### Aim

	Aim	Benchmark	Time frame	Risk / volatility	Exclusions	Capital at risk
<b>Income Portfolio</b>	To deliver a yield of 3%+ p.a., with growth being secondary.	AFI Balance Index	10-years plus	<p>This is aimed at those clients seeking an income with growth being secondary.</p> <p>It is seen as balanced as to achieve the income it must take slightly more risk and has a higher exposure to investment trusts (which are traded investment companies).</p> <p>It currently invests in seven investment trusts.</p> <p>It holds 21% in fixed income assets, 19% in alternatives and the balanced in UK and international equities.</p>	No	Yes

Please read the important information at the end of this document.

To view all our portfolios, follow this link to our website - <https://lwmconsultants.com/portfolios/>

# INCOME PORTFOLIO

## ATTITUDE TO RISK REPORT

### 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.

	2022/2023 Asset Allocation	2023/2024 Asset Allocation
<b>Fixed Interest</b>	21.00%	21.00%
<b>Alternatives</b>	19.00%	19.00%
<b>Equities</b>		
<b>Europe including UK</b>	17.00%	17.00%
<b>US</b>	11.00%	11.00%
<b>General Global</b>	20.00%	20.00%
<b>Emerging Markets and Asia</b>	12.00%	12.00%
	100.00%	100.00%

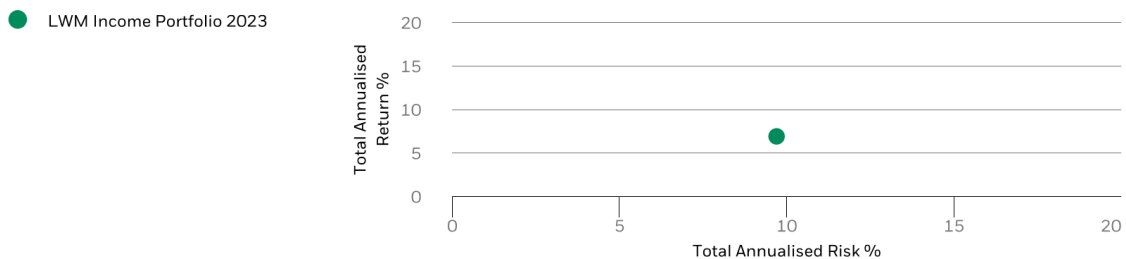
### Historical Returns vs Risk

The data below is based on the holdings for the portfolio as of 1 July 2023. It doesn't reflect any of the previous versions. It 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. This is over a five-year timeframe.

#### Historical Returns vs Risk

As of 31/03/2023

Portfolio	Total Annualised Return	Annualised Risk	Sharpe Ratio	Total Return
<b>LWM Income Portfolio 2023</b>	6.93%	9.75%	0.66	39.79%



# INCOME PORTFOLIO ATTITUDE TO RISK REPORT

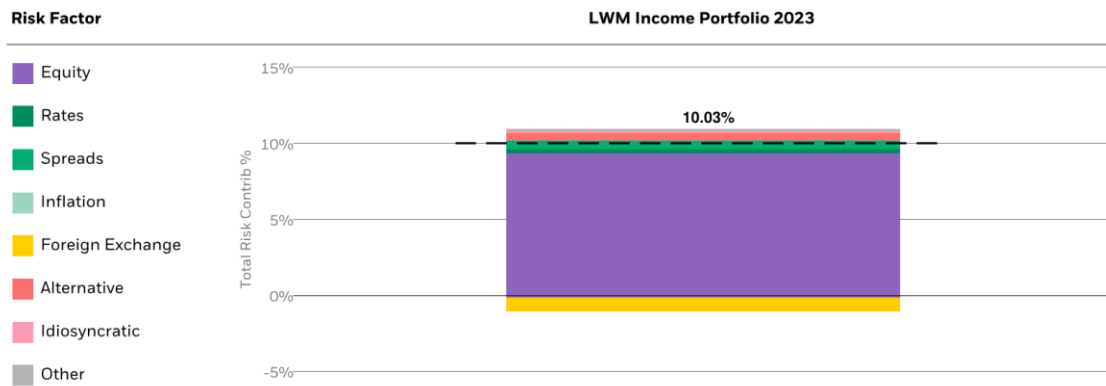
The ex-ante risk is a calculation of future risk.

## Ex-ante Risk

Portfolio	Ex-ante Risk	Beta to MSCI All Country World Gross TR Index
LWM Income Portfolio 2023	10.03%	0.67

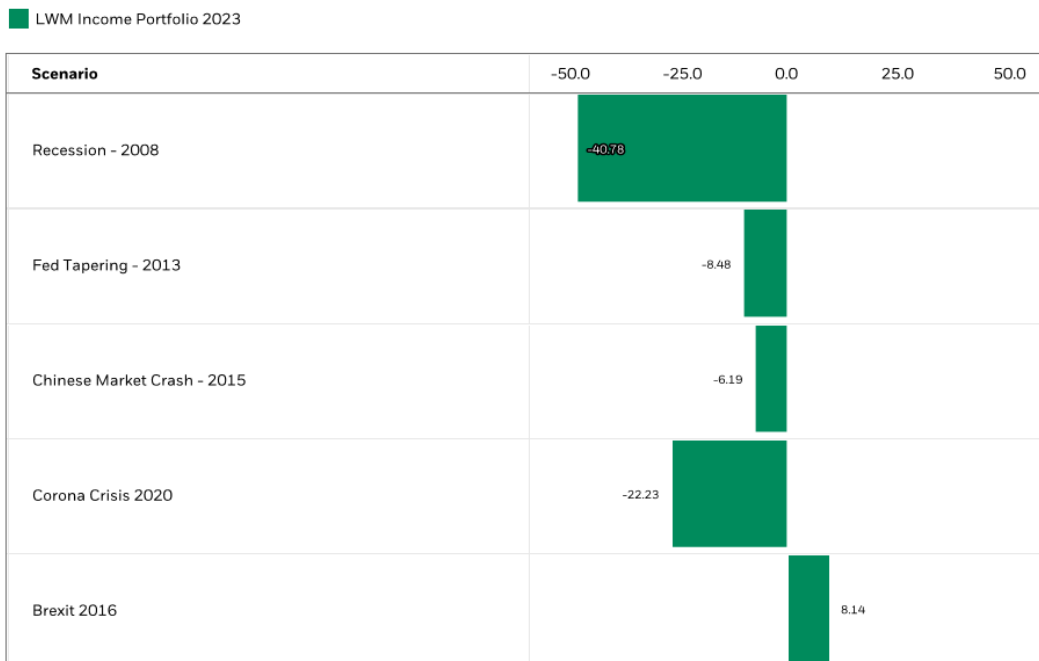
Specific risks such as inflationary risk, counterparty risk and risks arising from a lack of diversification should also be considered. Below we show the total risk contribution.

## TOTAL RISK CONTRIBUTION



## Historical Scenarios

The chart below shows how the portfolio may have responded in specific market scenarios. This is based on the holdings as of 1 July 2023.



Source: BlackRock, Aladdin as of 31/03/2023, Currency: GBP

# INCOME PORTFOLIO ATTITUDE TO RISK REPORT

## Portfolio summary

Portfolio Summary									
Instrument	Name	Currency	6 Months	1 Year	3 Years	5 Years	Hist. Yield	Portfolio Expense	FE fundinfo Risk Score
Portfolio	LWM Income Portfolio - Jul 22	GBP	-1.61	2.69	-	-	4.82	0.98	
Benchmark	AFI Cautious - Oct 04	GBP	-0.24	1.60	7.06	9.87	-	-	55

## 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. There is potential for capital loss particularly where the investment is sold during a down period.

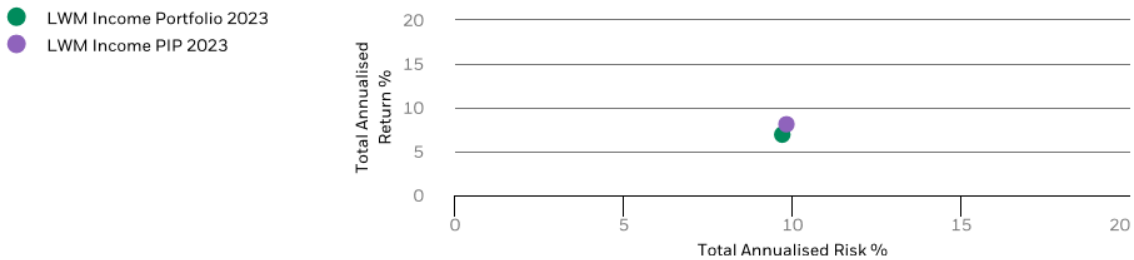
## SNAPSHOT

Below we compare the Income Positive Impact Portfolio to the Income Portfolio. This is based on the holdings as of 1 July 2023:

### Historical Returns vs Risk

As of 31/03/2023

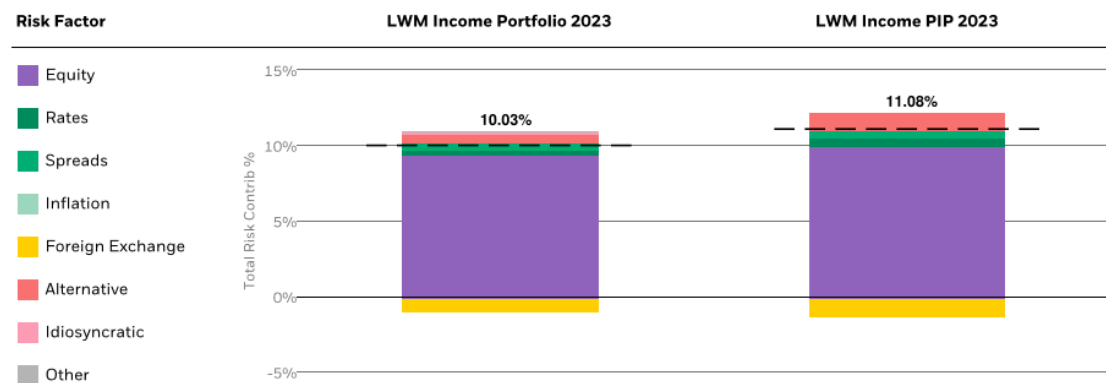
Portfolio	Total Annualised Return	Annualised Risk	Sharpe Ratio	Total Return
LWM Income Portfolio 2023	6.93%	9.75%	0.66	39.79%
LWM Income PIP 2023	8.18%	9.85%	0.77	48.17%



### Ex-ante Risk

Portfolio	Ex-ante Risk	Beta to MSCI All Country World Gross TR Index
LWM Income Portfolio 2023	10.03%	0.67
LWM Income PIP 2023	11.08%	0.67

### TOTAL RISK CONTRIBUTION

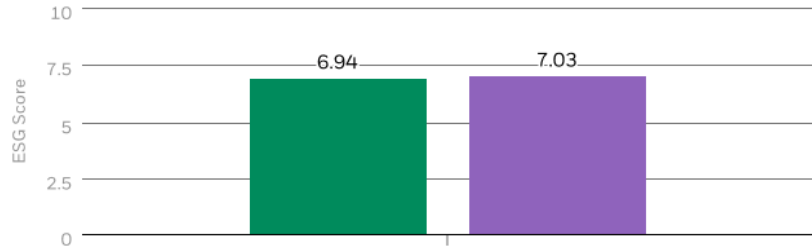


# INCOME PORTFOLIO ATTITUDE TO RISK REPORT

## MSCI ESG Quality Score

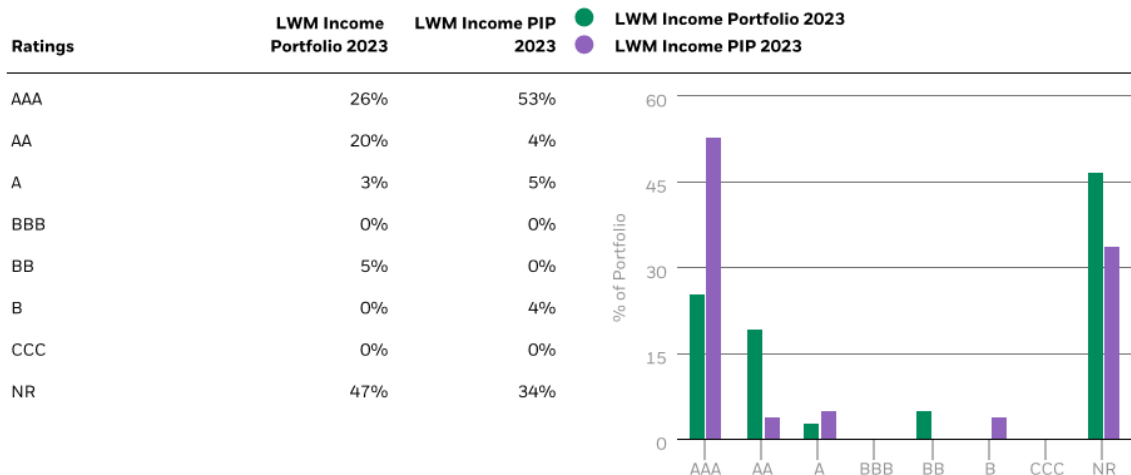
### OVERALL QUALITY SCORE

■ LWM Income Portfolio 2023  
■ LWM Income PIP 2023



Source: Based on portfolio holdings data. For information only, subject to change. **For explanations about the methodology, refer to the MSCI Fund Ratings page [www.msci.com/esg-fund-ratings](http://www.msci.com/esg-fund-ratings)**. The ratings, metrics, methodologies and scores may differ from those of other providers. Certain information ©2022 MSCI ESG Research LLC. Reproduced with permission; no further distribution.  
As of: 31/03/2023

### ESG Rating Distribution



Source: Based on portfolio holdings data. For information only, subject to change. **For explanations about the methodology, refer to the MSCI Fund Ratings page [www.msci.com/esg-fund-ratings](http://www.msci.com/esg-fund-ratings)**. The ratings, metrics, methodologies and scores may differ from those of other providers. Certain information ©2022 MSCI ESG Research LLC. Reproduced with permission; no further distribution.  
As of 31/12/2021

### SPECIAL NOTES:

- Please 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.
- The performance reflects total return including income.
- The performance reflects fund charges but not the LWM Fees, or platform charges.
- Where an investment is not available for the whole period simulated past performance will be used.
- We aim to rebalance the holdings once a year. This may generate capital gains. Specialist tax advice should be sought where this occurs.
- The fund charges can vary and therefore these are for illustration purposes only.

# INCOME PORTFOLIO ATTITUDE TO RISK REPORT

## INCOME PORTFOLIO PERFORMANCE – 1 July 2022 – 30 JUNE 2023

The Portfolio was launched on 1 July 2022. The chart shows the total return up to 30 June 2023.

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



01/07/2022 - 30/06/2023 Data from FE fundinfo2023

	Total Return Since Launch
<b>Income Portfolio</b>	2.09%

# INCOME PORTFOLIO

## ATTITUDE TO RISK REPORT

### IMPORTANT INFORMATION

What is the fund split between fixed income, real assets and alternatives, and UK and international assets? How does this compare?

	Fixed Income	Real Assets & Alternatives	UK and International Assets
<b>Income Portfolio</b>	21.00%	19.00%	60.00%
<b>Positive Impact Income Portfolio</b>	20.00%	32.00%	48.00%

What is the difference between the aim of the strategies and benchmark?

The target or aim is to deliver a yield of 3% p.a. over ten years.

Do we guarantee a yield of 3% p.a. over a ten-year period?

This is our stated aim. We do not guarantee this.

Why do we have a benchmark?

These are slightly different to other portfolios in that we target a yield rather than a return. However, we use the AFI Balanced Index as a comparison. This is made up of the recommended portfolios of a panel of UK financial advisers. The portfolios were launched on 1 July 2022.

The first table shows the current yield vs the target yield. The second table is total return performance over 1-year and since launch.

	Yield	
<b>Income Portfolio</b>	4.97%	
<b>Target</b>	3.00%	
<b>Positive Impact Income Portfolio</b>	4.44%	
<b>Target</b>	2.50%	
	1-year	Since launch (p.a.)
<b>Income Portfolio</b>	-2.21%	1.24%
<b>Benchmark</b>	-1.33%	2.58%
<b>Positive Impact Income Portfolio</b>	-7.82%	-2.50%
<b>Benchmark</b>	-1.33%	2.58%



# INCOME PORTFOLIO

## ATTITUDE TO RISK REPORT

### How do we measure performance?

#### Portfolio Level

We have several touchpoints when monitoring performance:

1. We monitor performance monthly.
2. We have an internal monthly investment risk matrix. Within this we monitor the target return, and compare the performance to a range of discretionary managed portfolios.
3. On a quarterly basis we update the website with performance data and provide updates.
4. From September to February, we carry out a comprehensive review of the portfolios and rebalance on 1 July each year (subject to your approval).

The primary focus of this work is to understand periods of underperformance and adjust where we see appropriate.

### Charges

The performance data includes the fund charges but not the platform and LWM fees. Fees are fully disclosed. Below are the fund fees as of 31 August provided by Trustnet.

	<b>Fund fees</b>
<b>Cautious Portfolio</b>	0.74%
<b>Balanced Portfolio</b>	0.80%
<b>Moderately Adventurous Portfolio</b>	0.89%
<b>Adventurous Portfolio</b>	0.90%
<b>Cautious Positive Impact Portfolio</b>	0.94%
<b>Balanced Positive Impact Portfolio</b>	0.91%
<b>Adventurous Positive Impact Portfolio</b>	0.91%
<b>Income Portfolio</b>	0.99%
<b>Positive Impact Income Portfolio</b>	1.06%

We review our charges within the Consumer Duty Fair Value Assessment. We also disclose under transparency on the website.

### Additional information

Full details of the current holdings of the Cautious Positive Impact Portfolio are available on via our website - <https://lwmconsultants.com/portfolio/lwm-income-portfolio/>

This includes quarterly market updates, performance, holdings and links to the key information documents (KIIDS).

### Changing risk profile

You can review your risk rating at your annual meeting. However, you can discuss this at any time should circumstances change.

# INCOME PORTFOLIO

## ATTITUDE TO RISK REPORT

**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.

### KEY CONTACT INFORMATION

Paul Berry	<a href="mailto:paul.berry@lwm-c.com">paul.berry@lwm-c.com</a> 0117 370 2490
Nicola McKissick	<a href="mailto:Nicola.mckissick@lwm-c.com">Nicola.mckissick@lwm-c.com</a> 0117 370 2493
George Ladds	<a href="mailto:George.ladds@lwm-c.com">George.ladds@lwm-c.com</a> 0117 370 2494

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Registered in England and Wales under Company Number 07408315. Registered Office: The Garden  
Suite, 23 Westfield Park, Redland, Bristol, BS6 6LT