

BALANCED PORTFOLIO ATTITUDE TO RISK REPORT



LWM Consultants Ltd

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



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BALANCED 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 it means, and how it applies to your investment strategy.

RISK PROFILE

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

BALANCED PORTFOLIO

	Aim	Benchmark	Time frame	Risk/Volatility	Exclusions	Capital at risk
Balanced Portfolio	To deliver a return of between 6% and 8% gross over the long term. In a normalised environment, this should be above the higher rate of cash or inflation.	A basket of strategies that track an index (for example, the FTSE 100).	10-years plus	<p>This is best suited for those investors seeking slightly more risk. At the same time, it looks to deliver a balance between defensive assets and traditional UK and international assets.</p> <p>Currently, the portfolio has 60% in UK and International Assets, whereas the Cautious Portfolio has 46%.</p>	No specific exclusions.	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/>

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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 strategies is integral to building a portfolio designed to meet your financial objectives. Your portfolio is monitored and reviewed continuously to ensure it remains aligned with your risk profile.

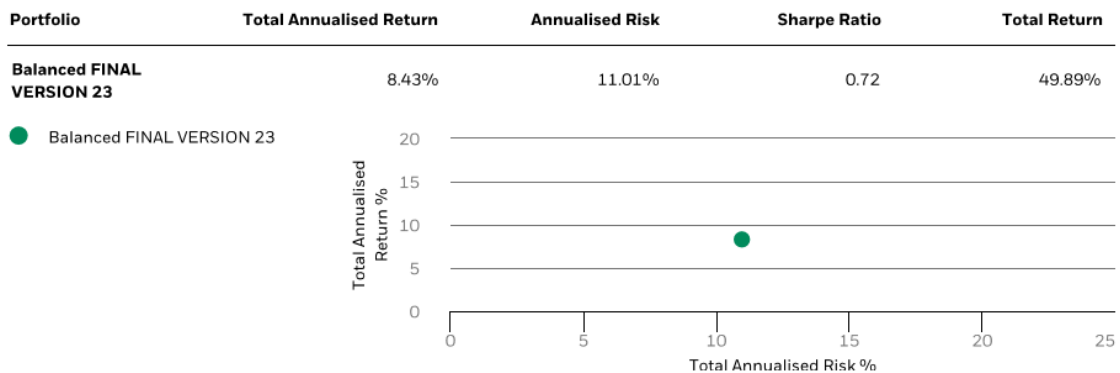
	2022/2023 Asset Allocation	2023/2024 Asset Allocation
Diversifying Assets	36.00%	40.00%
Equities		
Europe, including the UK	19.00%	17.00%
US	12.00%	12.00%
Global	16.00%	15.00%
Emerging markets and Asia, including Japan and China	17.00%	16.00%
	100.00%	100.00%

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 proposed holdings' potential volatility (rapid or unpredictable changes, especially for the worse, in the portfolio value at any given time) based on past performance. This is over a five-year timeframe.

Historical Returns vs Risk

As of 31/03/2023



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

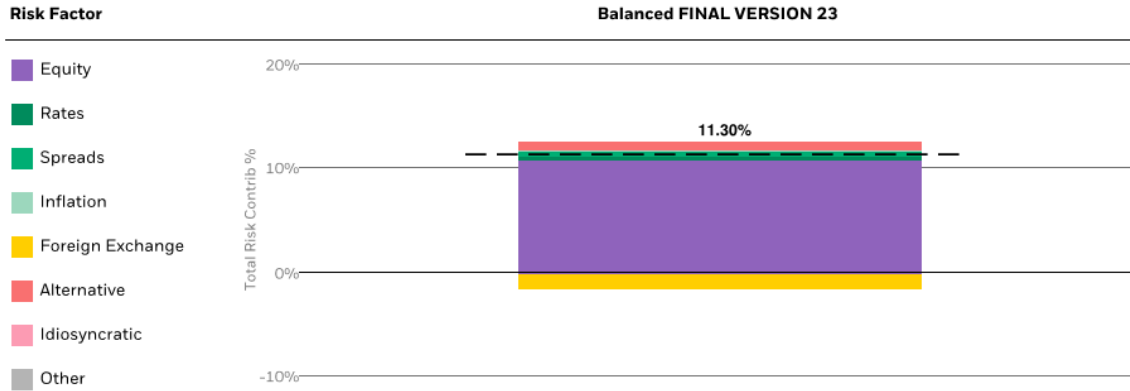
Ex-ante Risk

Portfolio	Ex-ante Risk	Beta to MSCI All Country World Gross TR Index
Balanced FINAL VERSION 23	11.30%	0.76

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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.

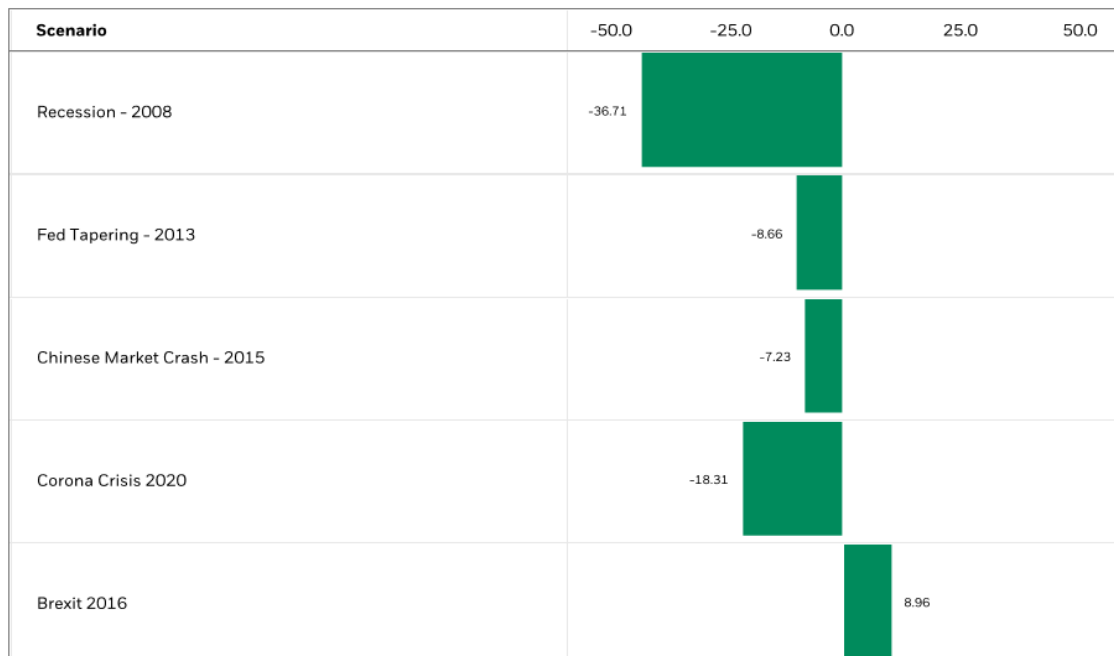
TOTAL RISK CONTRIBUTION



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.

■ Balanced FINAL VERSION 23



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

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Ratio Table

The table below outlines some “risk” data from the portfolio since launch.

Max Gain	Max Loss	Negative Periods	Positive Periods	Return	Volatility
15.70	-24.48	318	451	8.07	11.58

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 Balanced Portfolio - Jan 09	GBP	-1.64	-0.38	-3.91	9.82	1.30	0.80		87
Benchmark	Benchmark ETF - Balanced Portfolio - Jan 09	GBP	-1.69	2.89	1.21	12.02	1.73	-		72

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 and rise. **There is potential for capital loss, mainly where the asset is sold during a down period.**

SNAPSHOT

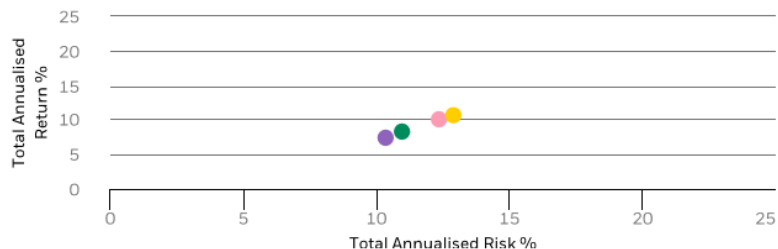
Below, we compare the Balanced Portfolio to the other Portfolios. This is based on the holdings as of 1 July 2023 and does not reflect any previous versions:

Historical Returns vs Risk

As of 31/03/2023

Portfolio	Total Annualised Return	Annualised Risk	Sharpe Ratio	Total Return
Balanced FINAL VERSION 23	8.43%	11.01%	0.72	49.89%
Cautious FINAL VERSION 23	7.48%	10.41%	0.67	43.42%
Mod Adv FINAL VERSION 23	10.20%	12.41%	0.79	62.55%
Adv FINAL VERSION 23	10.64%	12.91%	0.79	65.80%

- Balanced FINAL VERSION 23
- Cautious FINAL VERSION 23
- Mod Adv FINAL VERSION 23
- Adv FINAL VERSION 23

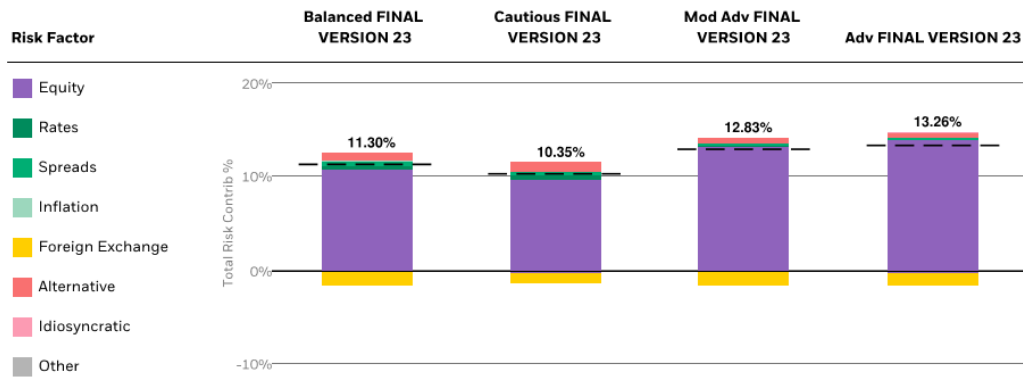


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Ex-ante Risk

Portfolio	Ex-ante Risk	Beta to MSCI All Country World Gross TR Index
Balanced FINAL VERSION 23	11.30%	0.76
Cautious FINAL VERSION 23	10.35%	0.73
Mod Adv FINAL VERSION 23	12.83%	0.85
Adv FINAL VERSION 23	13.26%	0.88

TOTAL RISK CONTRIBUTION



The ratio table below is based on the actual portfolios from launch to 30 September 2023:

	Max Gain	Max Loss	Negative Periods	Positive Periods	Return	Volatility
Cautious Portfolio	14.02	-23.40	312	457	7.34	9.97
Balanced Portfolio	15.70	-24.48	318	451	8.07	11.58
Moderately Adventurous Portfolio	22.66	-24.35	319	450	8.39	12.81
Adventurous Portfolio	22.66	-24.37	317	452	8.57	13.43

SPECIAL NOTES:

- Please note that the holdings can and do change; the figures shown above are illustrative only and do not guarantee what might happen in the future.
- 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.
- Fund charges can vary; therefore, these are for illustration purposes only.

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BALANCED PORTFOLIO PERFORMANCE – 1 JANUARY 2009 – 30 SEPTEMBER 2023

The Portfolio was launched on 1 January 2009. The chart shows the total return up to 30 September 2023.

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

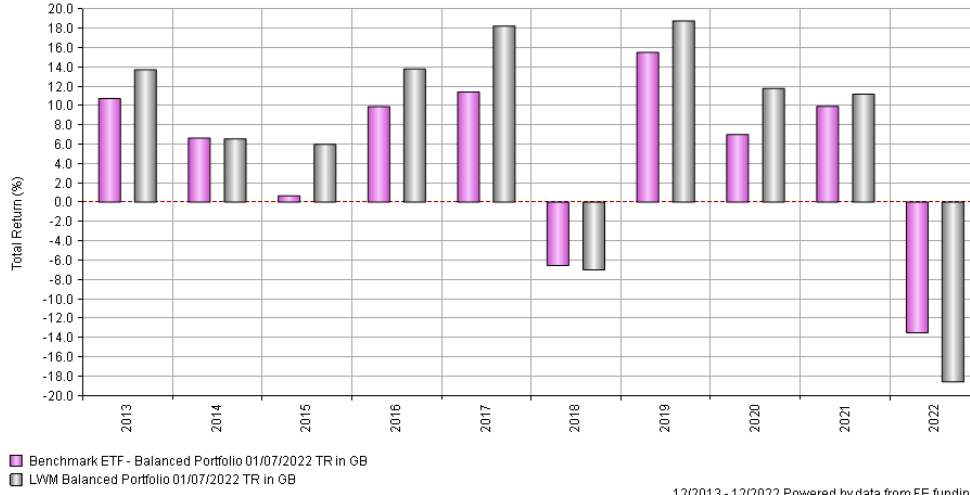


01/01/2009 - 29/09/2023 Data from FE fundinfo2023

	10-year Annualised Return	Total Return Since Launch	Annualised Return Since Launch
Balanced Portfolio	5.79% p.a.	219.32%	8.19% p.a.
LWM Benchmark	4.17% p.a.	125.69%	5.67% p.a.

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Pricing Spread: Bid-Bid • Currency: Pounds Sterling

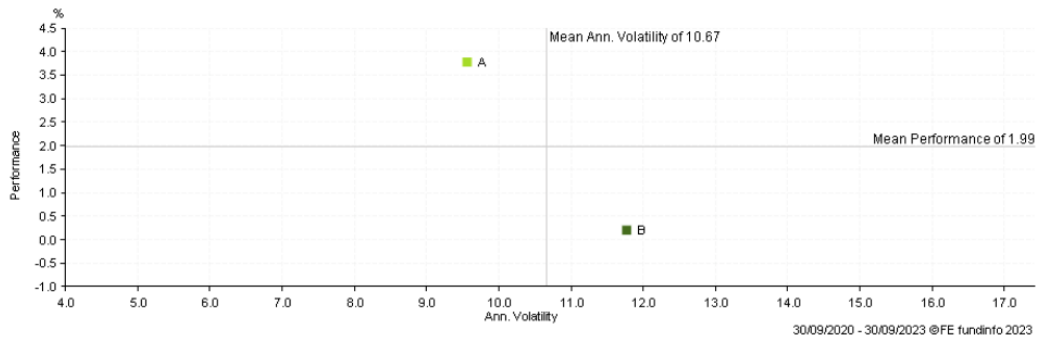


	2019	2020	2021	2022	2023	Since Launch
Balanced Portfolio	18.78%	11.78%	11.18%	-18.61%	-0.66%	8.19% p.a.
LWM Benchmark	15.52%	7.01%	9.91%	-13.06%	1.41%	5.67% p.a.

	1 Year to 30/09/19	1 Year to 30/09/20	1 Year to 30/09/21	1 Year to 30/09/22	1 Year to 30/09/23
Balanced Portfolio	1.03%	5.47%	19.61%	-17.60%	2.10%
LWM Benchmark	4.46%	2.31%	14.81%	-13.20%	4.42%

Volatility

Pricing Spread: Bid-Bid • Currency: Pounds Sterling



Key	Name	Performance	Annualised Volatility
A	Benchmark ETF - Balanced Portfolio TR in GB	3.78	9.56
B	LWM Balanced Portfolio TR in GB	0.20	11.77

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IMPORTANT INFORMATION

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

	Fixed Income	Real Assets & Alternatives	UK and International Assets
Cautious Portfolio	27.00%	27.00%	46.00%
Balanced Portfolio	19.50%	20.50%	60.00%
Moderately Adventurous Portfolio	8.00%	16.00%	76.00%
Adventurous Portfolio	4.00%	13.00%	83.00%

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

The target or aim is to deliver returns of 6% to 8% p.a. over ten years. This includes the fund charges but not our fees and platform charges.

How do we test these figures?

We follow the BlackRock Capital Market Assumptions

<https://www.blackrock.com/institutions/en-zz/insights/charts/capital-market-assumptions>

These outline the long-term asset return expectations. The current return expectations for the portfolios are:

	Return
Cautious Portfolio	6.52% p.a.
Balanced Portfolio	6.78% p.a.
Moderately Adventurous Portfolio	7.11% p.a.
Adventurous Portfolio	7.34% p.a.

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Would we review the expectations?

If the market expectations for returns were reduced, we would reduce our long-term return profile. We review this quarterly, and although the long-term market expectations have come down, they are still within the 6% to 8% target.

Do we guarantee a 6% to 8% p.a. return over ten years?

This is our stated aim. We do not guarantee this. The challenging market environment since 31 December 2021 has meant we have missed the 6% target for the Cautious and Balanced Portfolio. The table below only shows the portfolios with a ten-year track record.

	10-years (p.a.)	Since launch (p.a.)
Cautious Portfolio	4.97%	7.43%
Balanced Portfolio	5.79%	8.19%
Moderately Adventurous Portfolio	6.10%	8.53%
Adventurous Portfolio	6.29%	8.71%

Why do we have a benchmark?

The benchmark is a measure of performance vs a basket of passive funds. Passive funds follow a particular index. We aim to deliver a return of between 6% and 8% p.a. over ten years. In doing that over the same period, we should also outperform this basket.

In the short term, there will be periods where passive funds outperform, particularly in periods of extreme market volatility.

The table below shows performance vs the benchmarks over five years, ten years and since launch.

	5-years (p.a.)	10-years (p.a.)	Since Launch (p.a.)
Cautious Portfolio	2.61%	4.97%	7.43%
Benchmark	1.52%	3.46%	4.99%
Balanced Portfolio	1.63%	5.79%	8.19%
Benchmark	2.34%	4.17%	5.67%
Moderately Adventurous Portfolio	1.51%	6.10%	8.53%
Benchmark	3.46%	5.45%	6.67%
Adventurous Portfolio	1.16%	6.29%	8.71%
Benchmark	3.74%	5.85%	6.78%

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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. We update the website quarterly with performance data and provide updates.
4. From September to February, we conduct 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.

For example, we increased exposure to fixed income (debt) in 2023 to reflect higher interest rates and a more conducive environment for these investments.

Fund Level

At a minimum, we review all the funds within the portfolios once a year. We write up the notes from these reviews which are available on the website.

Although we consider more extended-term performance, we also look at short-term performance to understand the reasons for any underperformance or sudden spike. We may change the strategy where we feel that there is a long-term shift in the environment, where we think the investment will no longer be appropriate, if there are better opportunities, or where there has been a significant change to the operation of the strategy.

For example, with higher interest rates, the availability of cash will naturally be limited, meaning companies needing money to develop will find it harder. Therefore, we have increased our exposure to “quality” and reduced our exposure to strategies that carry higher risk with more innovative and cash-poor companies.

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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 30 September 2023 provided by Trustnet.

	Fund fees	Historic Yield
Cautious Portfolio	0.74%	1.73%
Balanced Portfolio	0.80%	1.30%
Moderately Adventurous Portfolio	0.89%	0.72%
Adventurous Portfolio	0.90%	0.66%
Cautious Positive Impact Portfolio	0.94%	2.99%
Balanced Positive Impact Portfolio	0.91%	2.43%
Adventurous Positive Impact Portfolio	0.91%	1.89%
Income Portfolio	0.99%	4.92%
Positive Impact Income Portfolio	1.06%	4.49%

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 Balanced Portfolio are available via our website - <https://lwmconsultants.com/portfolio/balanced/>

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.

SPECIAL NOTE: You should note that past performance is not a reliable indicator of future returns, and the value of your investments can fall and rise. The total return reflects performance without platform charges, adviser fees, or the effects of taxation. Still, it is adjusted to reflect all ongoing fund expenses and assumes dividends and capital gains reinvestment. If adjusted for platform charges, adviser fees and the effects of taxation, the performance quoted would be reduced.

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