VOBIS

Action Required

Portfolio Alteration Request

Growth Moderate to Adventurous v3.7

September 2022

Introduction

When we last wrote back in March 2022 it had been a difficult start to Q1, which continued into Q2 with persistent inflation bringing with it continual volatility. A heady combination of rising consumer prices, interest rates, and political uncertainty both at home and abroad will likely fuel further economic slowdown towards the end of 2022 as well. That being said, the rally in mid-July clawed back a significant amount of the loss in value in the first half of the year, all in the space of 10 days. This is a classic example of being in the market at the right time and the only way to participate in these large upswings is being invested rather than trying to time the entry point.

There are many macros at work in the current global economic climate and markets may well have priced in a lot of the bad news, but this is not a certainty. It does, however, look certain that outcomes for 2022 see a slowing in growth prospects because most western economies are endeavouring to put the brakes on inflation through interest rate rises. These will, in time, slow down economic growth. Some countries, such as the UK, may experience a deeper recession whilst others, such as the US, may only enter recession for a short period (known as a technical recession).

In these times, investing is about positioning to protect downside risk whilst having exposure to equity fund managers that invest in companies that have “wide moats”, wide moats being strong balance sheets and cash flows.

It is also about having the long term capability to ride out the volatility at the higher end of the risk scale. Having exposure to quality equity fund managers and diversifying across geographic sectors and asset classes is important alongside a long term investment horizon.

Alongside this we have also undertaken peer to peer reviews to ensure our choice of funds and fund managers are performing in line with or exceeding their peers.

The purpose of this document is to provide information pertaining to your existing portfolio and the proposed new portfolio for you to keep for your records.

The information includes:

- fund comparison analysis
- portfolio risk scores
- allocations:
  - asset
  - geography

It should be noted that your own portfolio will differ from this generic comparison and does not reflect the movement in prices or values from the date of any previous switches.

Why is this document important?

We are unable to make the changes to your portfolio(s) without your say so.

What do I need to do?

In order to make the changes to your portfolio(s) please confirm by email at your earliest convenience.

If you are concerned about the level of risk you are currently taking or feel you wish to increase or decrease your risk exposure then we need to talk about this and therefore please let me know and I will arrange for a call with your wealth manager.

I look forward to hearing from you at your earliest opportunity, we are keen to make these changes therefore your prompt reply would be appreciated.

Investment Alterations

Risk Managed - Absolute Return

With the ability to hedge we continue to back the Absolute Return sector. Following the peer to peer review we will continue to hold the TM Tellworth UK Select Fund and Janus Henderson Absolute Return funds but are adding a further fund, the TM Fulcrum Diversified Core Absolute Fund. This manager has been introduced to further diversify and allow for other hedging and management styles. All of the funds and managers have done well since the start of a very tough period and all are in positive territory year to date.

Equities

We still believe that in these times, quality companies with strong cash flows where many can pass on inflation costs are important, and we are proposing to focus on a diversified spread across the US, UK and Pacific. We have however, increased our allocation to the US and reduced exposure to Europe and also the UK, given the likelihood of the US evading a long drawn out recession, unlike potentially Europe and ourselves.

We will continue to hold the Vanguard FTSE 100 Tracker and Schroders UK Equity Fund for UK exposure which are up year to date and we have added the Fidelity US Special Situations Fund to run alongside the BNY Mellon US Equity Income fund to provide additional exposure to the US. Both these fund managers have done well against peers year to date.

Our themes remain unchanged in terms of sector representation of renewables, resources, technology, healthcare and infrastructure. We have increased allocation to healthcare and added the L&G Global Health and Pharmaceutical Index Trust. At the time of writing they have almost no crossover in companies held and this sector often proves resilient in times of market stress.

We have introduced the Premier Miton Global Infrastructure Income fund to hold alongside the unchanged Clearbridge Global Infrastructure Income fund based on their diversification and performance and ability to withstand inflation as expected and allocation to this sector has also increased.

Whilst the technology sector has had a volatile year we cannot discount representation in this sector and the L&G Technology Index Trust will continue to be held. This has an excellent long term track record and continues to perform well against peers.

Clean Energy is a sector which has been more volatile than expected, policy makers and governments continue to increase investment into renewable energy and infrastructure. On the flip side there has been a small but significant shift into 'the dirty sector' given the Russian influenced energy crisis. We have introduced the Guinness Sustainable Energy Fund alongside the iShares Global Clean Energy Exchange Traded Fund allowing us to benefit from both active management and an index tracker.

We have however removed our direct holdings in sustainable or impact funds. This sector saw a fast rise and significant pull back over 2021 and 2022 and for now, this will be an area that we will not hold directly.

We remain neutral in Japan and Global Water but have removed both the Fidelity Japan and Baillie Gifford Pacific funds. The latter has been a stalwart of many portfolios for some time but the performance is falling short of what we would expect in this sector and by this manager. We have replaced the Fidelity Japan fund with the Man GLG Japan Core Alpha fund which focuses on larger companies and also added the Fidelity Asian Dividend fund for Asia Pacific exposure.

Overall, this portfolio is placed at the lower end of the risk band, offers some downside protection with equity representation backing the US over the UK or Europe.

Portfolio comparison

Existing Portfolio 3.6	% Holdings	Proposed Portfolio 3.7	% Holdings
RL Diversified Asset-Backed Securities	3.0%	Axa US Short Duration High Yield Bond	0.0%
Aegon Global Equity Mkt Neutral	4.0%	Vanguard US Government Bond Index	0.0%
JPM Global Macro Opportunities	4.0%	RL Diversified Asset-Backed Securities	0.0%
JH Multi-Asset Absolute Return	4.0%	JH Multi-Asset Absolute Return	4.0%
TM Tellworth UK Select	4.0%	Tellworth UK Select	4.0%
Vanguard FTSE 100 Index Unit Tst	5.0%	TM Fulcrum Diversified Core Ab Return	4.0%
Schroder UK Equity Income	5.0%	Schroder UK Equity Income	4.0%
BNY Mellon US Equity Income	10.0%	Vanguard FTSE 100 Index Unit Tst	4.0%
Fidelity Japan	6.0%	BNY Mellon US Equity Income	6.0%
BG Pacific	6.0%	Fidelity American Special Situations	6.0%
JH Sustainable Global Equity	5.0%	Man GLG Japan Core Alpha	6.0%
BG Positive Change	4.0%	Fidelity Asian Dividend	6.0%
Pictet Clean Energy	5.0%	Guinness Sustainable Energy	6.0%
GF Sustainable Energy	5.0%	iShares Global Clean Energy	6.0%
iShares Global Water GBP	6.0%	iShares Global Water	6.0%
L&G Global Technology Index Trust	8.0%	L&G Global Technology Index Trust	6.0%
Fidelity Global Health Care	6.0%	Fidelity Sus Global Health Care	6.0%
ClearBridge Global Infrastructure Income	5.0%	L&G Global Health & Pharma Index	6.0%
M&G Global Listed Infrastructure	5.0%	ClearBridge Global Infrastructure Income	8.0%
		M&G Global Listed Infrastructure	12.0%
Total	**100.0%**	**Total**	**100.0%**

Portfolio risk scores

The new portfolio remains with your chosen risk band and therefore there is no change to your current attitude to investment.

Existing Moderate to Adventurous Growth Portfolio	Risk Score 75
Proposed Moderate to Adventurous Growth Portfolio	Risk Score 70

Model portfolio risk bands

There has been a slight variation in our risk bands to mirror the level of volatility which is detailed below:

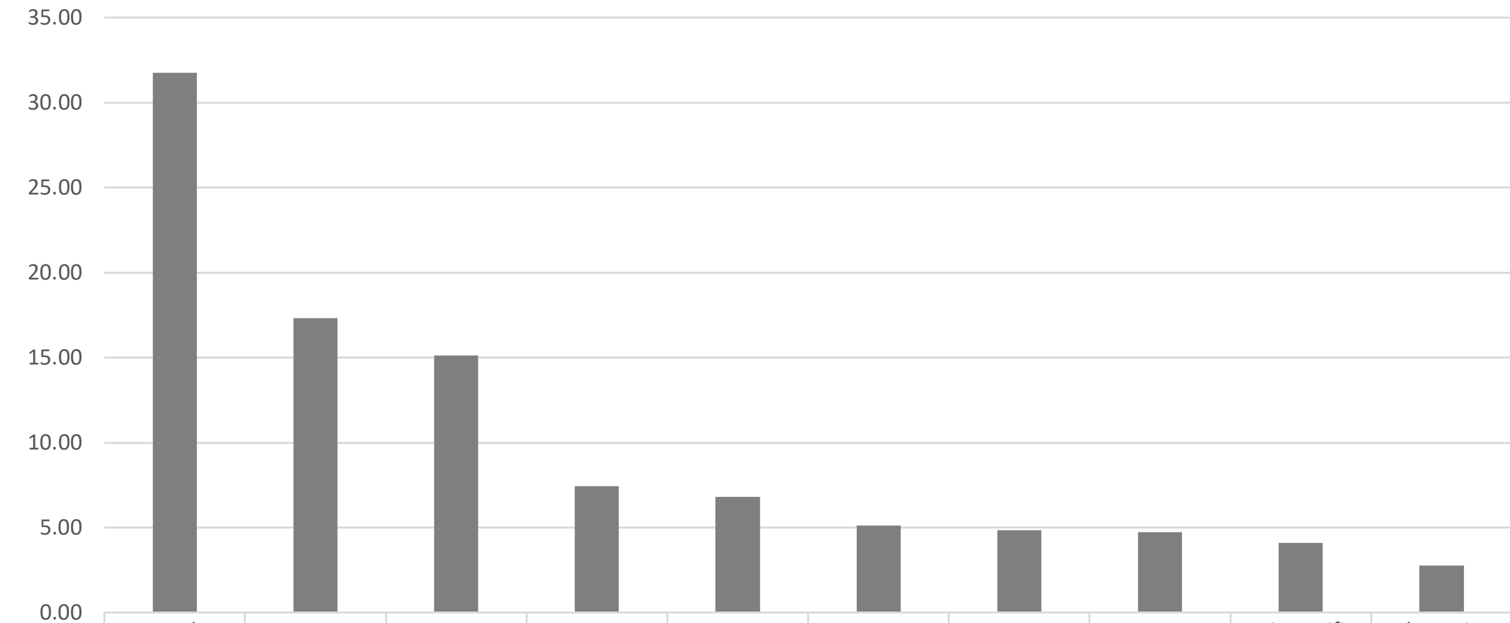
Cautious	Risk Band - From 25-40	**to 25-45**
Cautious to Moderate	Risk Band – From 40-50	**to 45-55**
Moderate	Risk Band – From 50-60	**to 55-65**
Moderate to Adventurous	Risk Band – From 60-75	**to 65-80**
Adventurous	Risk Band – From 75-130	**to 75-130**

Asset & geographical allocations

These are produced by our global analytical system using the data and information supplied to them by the fund managers and investment houses hence there are ‘undisclosed’ or ‘other’ categories showing based on the sometime limited information supplied to them. When carrying out our in-house analysis we do contact these investment houses directly to drill down and ascertain this information but for the purpose of this report we do, unfortunately, have to use the data supplied.

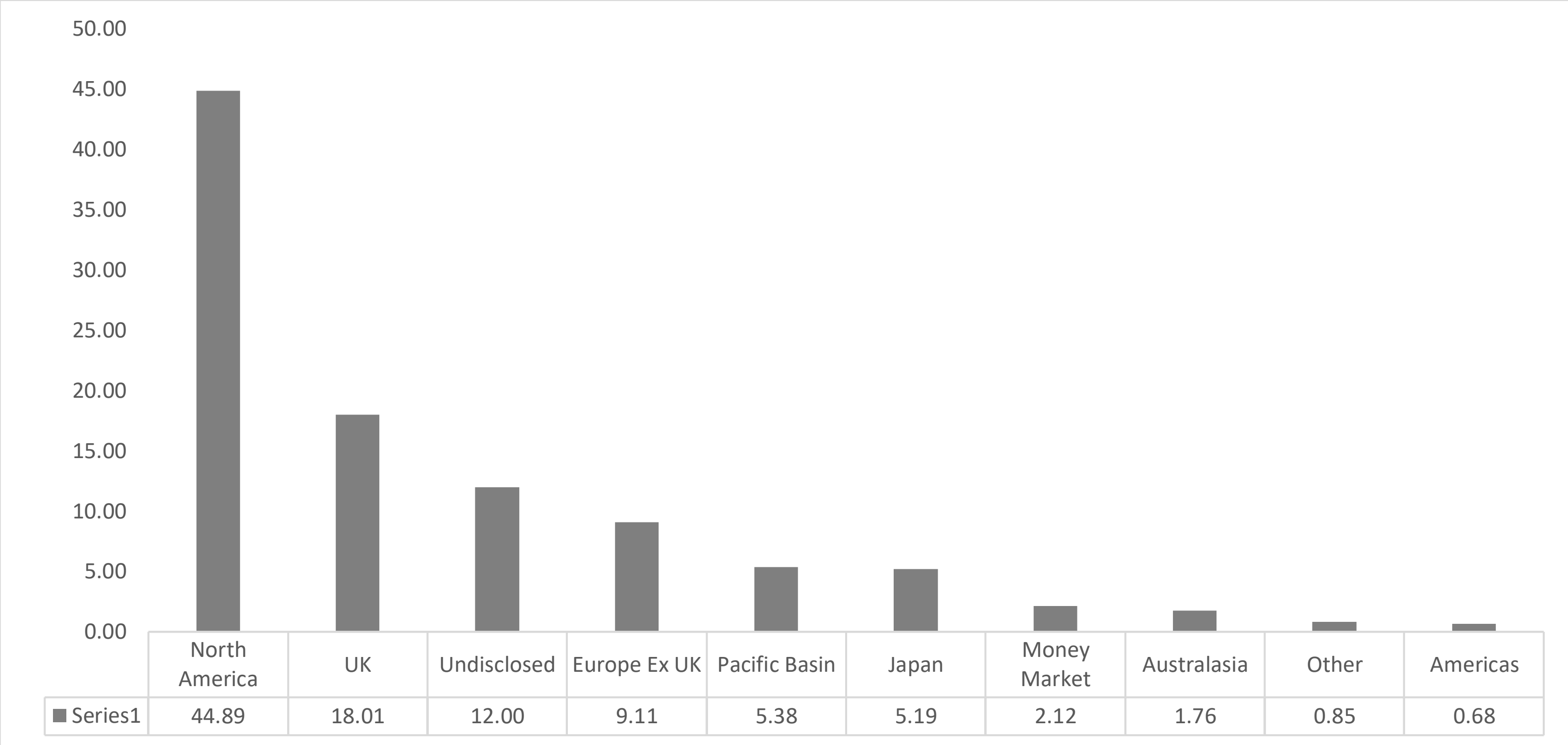
New portfolio information

Asset type



	North American Equities	UK Equities	Other Int Equities	Other	European Equities	Japanese Equities	Global Fixed Interest	Commodity & Energy	Asia Pacific Emerging Equities	Alernative Invt Strategies
Series1	31.77	17.33	15.11	7.45	6.79	5.13	4.84	4.72	4.09	2.78

Geography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40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
0.00
North America
UK
Undisclosed
Europe Ex UK
Pacific Basin
Japan
Money Market
Australasia
Other
Americas
Series1
44.89
18.01
12.00
9.11
5.38
5.19
2.12
1.76
0.85
0.68

Summary

We are happy that this will leave the portfolio positioned at the lower end of the risk scale offering a diversified approach heading into the latter stages of 2022.

We would like to make these changes quickly and your response is required to start the process.

I look forward to hearing from you soon.

Sarah Lockington

Thank you. Please confirm your acceptance by emailing

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