

# MPS-ETHICAL BALANCED STRATEGY

JUNE 2020

## INVESTMENT OBJECTIVE

The objective of this portfolio is to grow capital over the medium to longer term. Investors should expect a high correlation to stock market behaviour and rewards, including significant fluctuations in value, with only moderate protection in times of market weakness.

## KEY INFORMATION

Launch Date	January 2019
Estimated Yield (Current)	1.20%
Initial Charge	0.00%
Investment Management Charge	0.25% (+VAT)
Fund Underlying Charges	0.45%

## TOP TEN HOLDINGS

Hermes Unconstrained Credit	16.3%	First State Asia Pacific Sustainable	5.9%
Threadneedle Invs UK Social Bond	15.8%	Pictet GEO	5.0%
EdenTree Short Dated	15.8%	BGF Sustainable Energy	5.0%
JPM US Income	10.0%	Vanguard Global SRI	5.0%
L&G Ethical UK Trust	7.9%	Cash	4.8%

## RISK LEVEL



DEFENSIVE

BALANCED

ADVENTUROUS

## INVESTMENT STRATEGY

Our investment strategy has three key components:

**ASSET ALLOCATION** > Focused on analysing the economic and financial environment, assessing the prospective returns and risks of each of the major asset classes, both over the short and long term.

**FUND SELECTION** > Our rigorous fund selection process involves assessing which funds best allow us to gain exposure to the most attractive asset classes, regions and themes.

**PORTFOLIO CONSTRUCTION** > These two building blocks are then combined to create portfolios which are designed to meet their specific objectives and are actively managed with regular rebalancing.

The process is run by our research and strategy team and overseen by our investment committee to ensure that the portfolios are managed in line with their objectives and risks are kept to appropriate levels.

## KEY ETHICAL THEMES



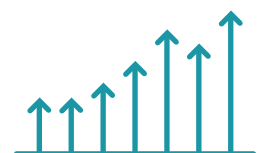
WATER SUSTAINABILITY



GENDER EQUALITY



IMPACT OPPORTUNITIES

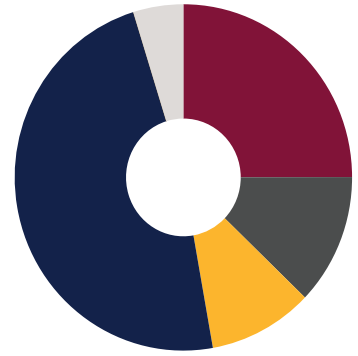


GLOBAL MEGATREND FOCUS

# OUR PORTFOLIO

## ASSET ALLOCATION

■ Equities - International	25.0%	■ Equities - UK	12.2%
Equities - Global	5.0%	■ Equities - Thematic	10.0%
Equities - Asia (incl Japan)	5.9%	■ Bonds	48.0%
Equities - Emerging Markets	2.3%	■ Cash	4.8%
Equities - Europe (excluding UK)	1.7%		
Equities - US	10.0%		



Equity markets ended 2019 on a strong note as hopes have grown of a recovery in global growth on the back of the widespread easing of monetary policy and more recently the reduction in US-China trade tensions. An upturn in global growth over the coming year should fuel a pick-up in corporate earnings, which in turn should provide the basis for further gains in equities.

Equity valuations, however, have risen substantially over the last year, limiting somewhat the scope for further price increases. Even so, prospective returns looked significantly higher for equities than for bonds where the low level of yields leaves return prospects looking very limited.

We increased our equity exposure significantly over the past year and our equity weighting is now back to neutral. We feel this is appropriate as even though the economic outlook has improved markedly, significant risks remain - not least on the geopolitical front.

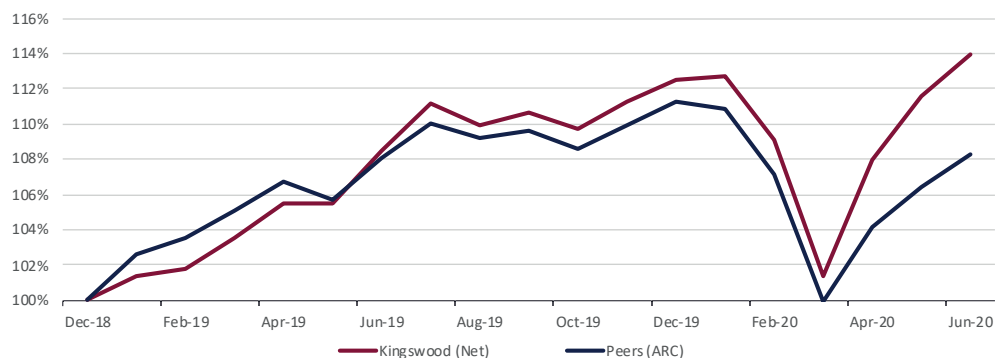
Within equities, we remain positive on Asia/emerging markets and also retain an exposure to various themes such as technology where we believe medium term growth prospects remain favourable. We have also become rather more positive on the UK as political and Brexit-related risks have diminished significantly yet valuations remain relatively cheap.

## PERFORMANCE (%)

Summary	
2019	12.2%
1 year	4.6%
Q2	12.2%
Since inception	13.3%

Past performance is not a guide to future returns.

## ESG BALANCED (SINCE INCEPTION)



Source: Morningstar; ARC Research Ltd PCI ([www.suggestus.com](http://www.suggestus.com))



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