

INVESTMENT OBJECTIVE

The objective of this portfolio is to grow capital over the medium to longer term. Investors should expect reasonable correlation to stock market behaviour and rewards, including quite sharp fluctuations in values, whilst also some protection in times of market weakness.

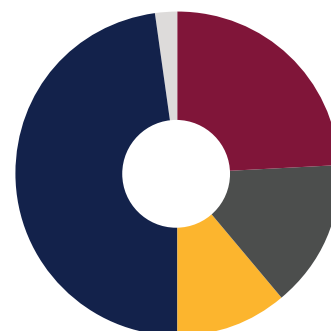
KEY INFORMATION



Launch Date	July 2019
Historic Yield	1.77%
Investment Management Charge	0.25% (+VAT)
Ongoing Charges Figure	0.14%

ASSET ALLOCATION

■ Equities - International	24.3%	■ Equities - UK	14.7%
Equities - Global	1.6%	■ Equities - Thematic	11.0%
Equities - Asia (excluding Japan)	3.7%	■ Bonds	48.0%
Equities - Emerging Markets	2.5%	■ Cash	2.0%
Equities - Europe (excluding UK)	1.9%		
Equities - Japan	2.7%		
Equities - US	12.1%		

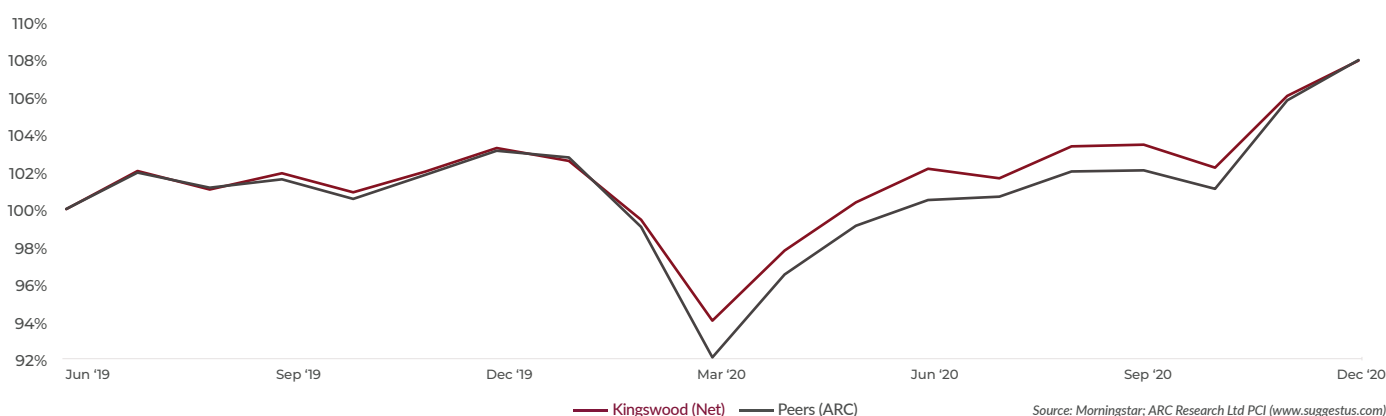


PERFORMANCE (%)

	Cumulative (%)			Calendar year performance (%)
	3 m	1 yr	Since Launch	2020
Portfolio:	4.5%	4.7%	8.2%	4.7%
ARC:	5.9%	4.8%	8.2%	4.8%

PASSIVE BALANCED MPS (SINCE INCEPTION)

Past performance is not a guide to future returns.



- Global equities gained as much as 12.9% in the fourth quarter, although returns were reduced to 8.5% in sterling terms by a recovery in the pound.
- The very positive news on vaccines in early November more than offset worries about the second wave of covid infections and new lockdown restrictions.
- Biden's victory in the US also helped buoy sentiment as it promised more fiscal stimulus and a more stable government.
- Brexit, meanwhile, was a source of some volatility for UK markets but the last minute deal provided a modest boost to both UK equities and sterling.
- UK equities outperformed over the quarter, benefiting from a rotation away from the winners earlier in the year, and reversed part of their recent underperformance
- Corporate bonds also had a relatively strong quarter, benefiting from the risk-on sentiment. Government bonds, by contrast, recorded a loss in the US and a modest gain in the UK.

INVESTMENT OUTLOOK

The global recovery is under pressure near term from the surge in Covid infections and new lockdown and social distancing restrictions, particularly in the UK and Europe. However, fiscal stimulus, particularly now the Democrats have gained control of Congress in the US, should limit the damage. If the rapid vaccine roll-out goes to plan, a strong rebound in global growth looks likely from the second quarter.

Equity valuations are high following the sizeable gains seen of late but should be sustainable if as expected interest rates remain super low for a considerable time to come. The forthcoming rebound in growth means equities still have further upside and prospective returns look rather higher than for bonds.

Return prospects for fixed income are modest because bond yields are so low to start with and because yields are likely to trend slowly higher, imposing capital losses.

TOP 10 HOLDINGS

Vanguard UK Short Term IG Bond Index	18.4%	L&G All Stocks Gilt Index Trust	4.2%
Legal & General US Index	15.3%	Vanguard Global Short-Term Bond Index	4.1%
Vanguard SRI Global Stock Fund	12.7%	L&G Global Index Linked	3.6%
HSBC FTSE 250 Index	12.1%	L&G Global 100 Index Trust	2.7%
Vanguard FTSE 100	10.3%	L&G Global Technology Index Trust	2.5%

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.

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AEON

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