AB Ethical Balanced Growth Portfolio

as at 31 July 2021

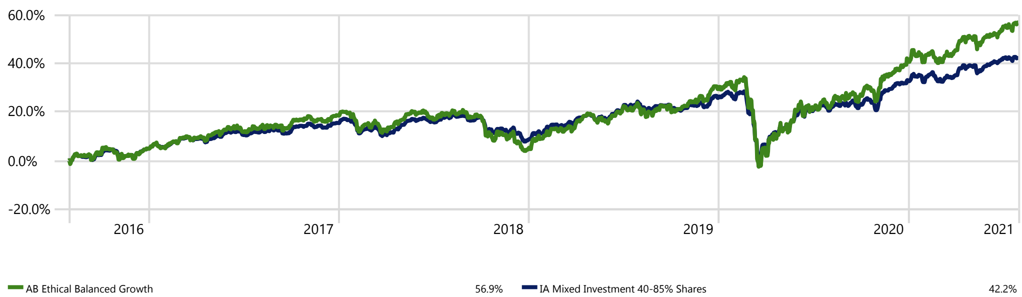
Investment Objectives

The AB Ethical Balanced Growth Model Portfolio will seek to deliver long-term capital growth and income by blending collective strategies and employing our proprietary rating and risk profiling systems.

We employ a strict negative screening process in order to highlight investments that do not meet our ethical criteria. Our process will screen for and seek to avoid investments in areas like Animal testing, Gambling, Intensive farming, Nuclear power, Pornography, Tobacco & Weaponry. In addition to this, we seek to exclude companies that support oppressive regimes or operate in a way that does not respect human rights issues.

Investment Growth

Time Period: 01/08/2016 to 31/07/2021



Snapshot

Base Currency	Pound Sterling
12 Mo Yield	0.87%
Ongoing Charge	0.80%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	1.05%

Trailing Returns

Data Point: Return

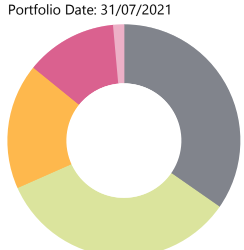
	3 Months	6 Months	YTD	1 Year	3 Years	5 Years
AB Ethical Balanced Growth	4.15	11.61	11.54	28.94	31.70	56.89
IA Mixed Investment 40-85% Shares	2.32	7.50	7.19	17.99	20.55	42.25

Benchmark

Benchmark	UK RPI+4%
Comparator Benchmark	IA Mixed Investment 40-85%

Asset Allocation

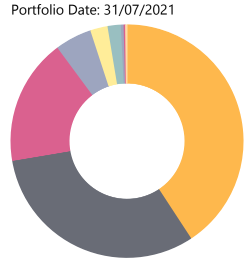
Portfolio Date: 31/07/2021



	%
UK Equity Large Cap	34.7
Global Equity Large Cap	33.7
Global Equity Mid/Small Cap	17.5
Sterling Fixed Income	12.7
Cash	1.4
Total	**100.0**

Equity Regional Exposure

Portfolio Date: 31/07/2021



	%
United Kingdom	40.8
North America	31.6
Europe dev	17.5
Japan	5.1
Asia dev	2.4
Asia emrg	1.8
Latin America	0.4
Australasia	0.2
Africa/Middle East	0.2
Europe emrg	0.0

Risk

	Sharpe Ratio	Std Dev
AB Ethical Balanced Growth	2.25	9.70
IA Mixed Investment 40-85% Shares	1.74	8.09

Top 10 Holdings

Portfolio Date: 31/07/2021

	Portfolio Weighting %
Jupiter Ecology I Inc	17.49%
Quilter Investors Ethical Eq R (GBP) Acc	17.34%
EdenTree Responsible and Sust Glbl Eq B	16.33%
Aegon Ethical Equity GBP B Inc	14.09%
Premier Miton Ethical C Inc	11.04%
BMO Responsible UK Equity 2 Inc	9.56%
Rathbone Ethical Bond I Inc	6.55%
Aegon Ethical Corporate Bond GBP B Inc	6.16%
CASH	1.43%
	100.00%

Manager's Commentary

It has been something of a "stop-go" summer so far. Short spells of very hot weather punctuated by longer periods of rain and grey skies. In some ways markets have portrayed similar attributes. All-time highs punctuated by mini market corrections delivered at high speed and accentuated by all powerful central bank liquidity whilst equity market momentum has typically been falling.

We have been monitoring inflationary drivers as set out previously. Pressure continues to build with supply-side squeezes now accentuated by Covid factors and by disruptive weather. Commodity prices overall, and notably oil prices have risen sharply too. Wage pressure is the next and obvious corollary and is happening in some sectors already. Central banks persist with their statements defending the inflationary spike as what they term as "transitory".

Fixed income markets witnessed falling yields during the month with the headline 10-year treasury yield falling to 1.2% driven lower by technical factors and a lack of supply. The fall in yields is counter intuitive when set against the backdrop of rising inflation and may have masked inflationary concerns for some investors. CPI numbers pointing to an inflation number that, if repeated in the next reading, may not be a comfortable one for the markets.

Corporate earnings announcements from larger firms have continued to boost already expensive equity valuations. Financial results from the likes of Apple and Facebook to name just two have powered ahead at almost unmatched velocity. Facebook simultaneously advised investors not to expect an ongoing repeat of such growth. We are increasingly of the opinion that peak growth for this cycle has perhaps been achieved.

Equities, especially the US equities, remain overbought both fundamentally and technically. This type of exuberance usually leads to correction to a more reasonable level. We do not know what can trigger the correction, but it does call for caution.

We remain cautiously risk-on in the short term and risk-on medium to long term.

Investment Team

Investment Manager	Alpha Beta SRI Investment Team

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defaqto EXPERT RATED ★★★★★ DFM MPS on Platform 2021

defaqto EXPERT RATED ★★★★★

Source: Morningstar Direct