

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.

Snapshot

Base Currency	Pound Sterling
12 Mo Yield	0.91%
Ongoing Charge	0.80%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	1.05%

Benchmark

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

Risk

	Sharpe Ratio	Std Dev
AB Ethical Balanced Growth	2.67	10.02
IA Mixed Investment 40-85% Shares	2.29	8.15

Top 10 Holdings

Portfolio Date: 31/05/2021

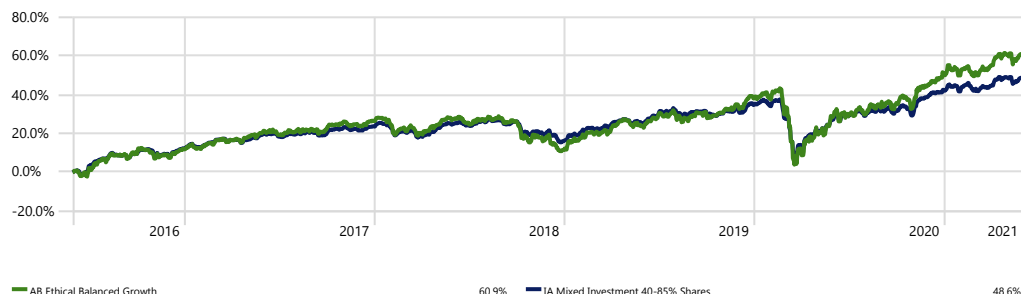
	Portfolio Weighting %
Jupiter Ecology I Inc	17.35%
Quilter Investors Ethical Eq R (GBP) Acc	16.75%
EdenTree Responsible and Sust Gbl B	16.33%
Aegon Ethical Equity GBP B Inc	14.11%
Premier Miton Ethical C Inc	11.31%
BMO Responsible UK Equity 2 Inc	9.73%
Rathbone Ethical Bond I Inc	6.67%
Aegon Ethical Corporate Bond GBP B Inc	6.27%
CASH	1.48%
	100.00%

Investment Team

Investment Manager	Paul Warner
Analyst	Sarah Warner

Investment Growth

Time Period: 01/06/2016 to 31/05/2021



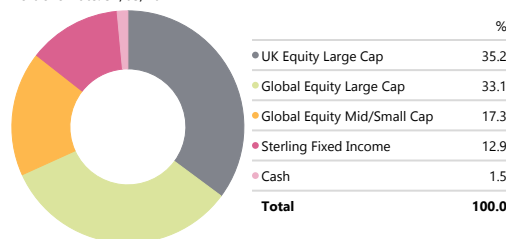
Trailing Returns

Data Point: Return

	3 Months	6 Months	YTD	1 Year	3 Years	5 Years
AB Ethical Balanced Growth	7.62	11.06	7.26	25.37	26.49	60.88
IA Mixed Investment 40-85% Shares	4.68	7.19	4.65	17.05	19.27	48.65

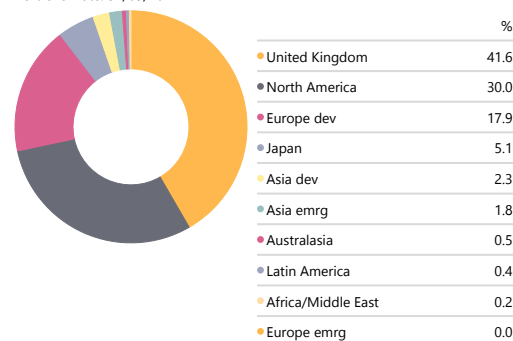
Asset Allocation

Portfolio Date: 31/05/2021



Equity Regional Exposure

Portfolio Date: 31/05/2021



Manager's Commentary

Blue Chip Equity indices barely registered any gains in May, with the S&P 500 index and FTSE 100 index both advancing by less than one percent in local currency terms, compared to a modest rise of 1.33% for the MSCI All Companies World Index. Some consolidation in US equities seemed inevitable with most of our fundamental and technical measures of the market appearing stretched for the past few months. A major cause of the market consolidation has been expectations regarding inflation and Fed policy. While the Fed has signalled that it expects inflation to run a little hot over the next few quarters, as the US economy suffers some supply side constraints relating to the Covid-19 interruption to markets, the Consumer Price Index print for April certainly surprised the market, with the 0.8% MOM and 4.2% YOY readings, considerably higher than expectations.

For now, however, the US treasury market appears to be siding with the Fed that the inflationary uplift will prove temporary. Treasury yields remained within a tight envelope in May (the big losses and rise in yields coming in the preceding six months) not signifying any stress in the market or an inflation expectation above the breakeven number. This may be down to the demand and supply of treasury securities from liability driven mandates or a precursor of a risk-off trade in the short term.

The Ethical Balanced Growth portfolio has outperformed its benchmark over the last month with its biggest contributor being the Aegon Ethical Equity fund which has over 98% exposure to UK equities. Its largest sector weighting is Telecom, Media & Technology (TMT) which has proved to have pandemic resilience.

We remain cognisant of what economic recovery could mean for both monetary policy and fiscal policy further downstream. The unemployment numbers remain below consensus for now and may help keep the monetary policy unchanged but that's only one factor. However, if the inflation and growth numbers keep rising, the Fed may be forced to taper in Q4 2021. For now, we remain cautiously risk on. However, we are keeping a close eye on inflation and the potential for any correction in developed market equities from here.

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