Alpha Beta PARTNERS

AB Risk Rated Defensive

as at 31 July 2022

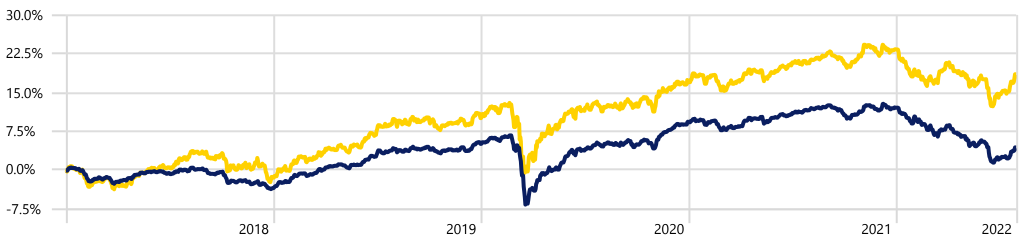
Investment Objectives

Our objective is to outperform RPI UK + 1% over the medium to long term, keeping within the prescribed volatility limits whilst investing in low cost ETFs or Index funds for the core and active funds for the satellite positions.

To achieve the investment objective we deploy quantitative and qualitative techniques and extensive research that shape our macro economic and thematic views.

Investment Growth

Time Period: 01/01/2018 to 31/07/2022



Snapshot

Base Currency	Pound Sterling
12 Mo Yield	1.64%
Ongoing Charge	0.48%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	0.73%

Calendar Year Returns

	3Month	6Month	YTD	2021	2020	2019	Since Inception [01-01-2018]
AB Risk Rated Defensive	-0.11	-0.36	-3.89	5.40	6.31	11.66	18.54
IA Mixed Investment 0-35% Shares	-2.05	-4.35	-6.84	2.57	3.98	8.80	4.41

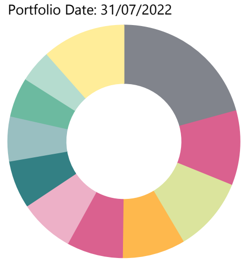
Launch date 28/01/2021. Past performance shown prior to this date is for illustration purposes only and shows performance of *AB Core Plus Cautious.*

Benchmark

Benchmark	UK RPI+1%
Comparator Benchmark	IA Mixed Investment 0-35%

Asset Allocation

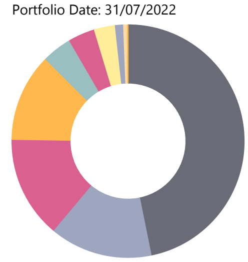
Portfolio Date: 31/07/2022



	%
Sterling Fixed Income	20.8
Cash	10.4
Global Fixed Income	10.3
US Equity Large Cap Blend	8.7
US Fixed Income	7.8
Flexible Allocation	7.6
Infrastructure Sector Equity	6.6
Healthcare Sector Equity	6.2
Japan Equity	5.5
UK Equity Large Cap	4.5
Other	11.5
Total	**100.0**

Equity Regional Exposure

Portfolio Date: 31/07/2022



	%
North America	46.8
Japan	14.3
Europe dev	14.1
United Kingdom	12.2
Asia emrg	4.1
Australasia	3.7
Asia dev	2.9
Latin America	1.1
Africa/Middle East	0.5
Europe emrg	0.1

Risk

	Sharpe Ratio	Std Dev
AB Risk Rated Defensive	-1.25	7.56
IA Mixed Investment 0-35% Shares	-1.80	5.61

Top 10 Holdings

Portfolio Date: 31/07/2022

	Portfolio Weighting %
CASH	10.38%
Royal London Short Duration Gilts M Inc	9.40%
Vanguard U.S. Govt Bd Idx £ H Acc	7.82%
Optimal Multi Asset Balanced A GBP	7.63%
L&G Global Inflation Linked Bd Idx I Acc	7.38%
First Sentier Glb Lstd Infra B GBP Acc	6.62%
Vanguard U.S. Eq Idx £ Acc	5.68%
Vanguard Jpn Stk Idx £ Acc	5.48%
Schroder Global Healthcare Z Acc	5.25%
Vanguard FTSE UK All Shr Idx Unit Tr£Acc	4.50%
	70.15%

Manager's Commentary

The somewhat surprising market rally in July saw the technology focused Nasdaq +12.6% and the broader S&P 500 +9.1% as the market interpreted what would normally be bad news as good news – insofar as persuading a hawkish Federal Reserve to raise rates perhaps a little slower and a little less aggressively. Of course, investors will have welcomed the arrested equity market falls and reassuring bounce with warm applause. The geopolitical risk remains a live risk and potential to derail any rally based on weak fundamentals.

Some of the inflationary leading indicators have begun to soften from previous highs. Certain commodities are sharply down in price, such as copper which is recognised as a key industrial metal, present in a broad and growing number of products. Oil is also showing signs of backwardation in its future dated contracts, taking increasing probability of a recession into account.

The geopolitical issues in Ukraine remains unresolved and the knock-on impacts to food and energy prices remain acute. Europe in general but Germany remains directly in the grip of Putin's gas weaponisation strategy. The knock-on consequences to Europe's manufacturing base should not be trivialised, particularly as autumn and winter lie ahead. The exogenous nature of these scenarios means the monetary policy remains inadequate to deal with this risk. The Consumer Price Inflation in US hit a 40-year high at 9.1% in July and the recent reading of 8.5% suggests some cooling off due to base effect and price stabalisation in rents and used car prices. This however, remains well above the Fed's target for the year and invites further tightening during the year.

The Green energy, infrastructure and technology sectors posted strong gains during the month. Chinese equities gave back most of the gains from last month.

As markets anticipate a possible recession, an earnings slowdown will be factored in the price. Markets, so far, are expecting monetary policy tightening to halt or even reverse by Q1 2023. This provides a rationale for the recent rally in stocks. What remains to be seen is when the recession begins and how severe this recession may turn out to be. Whilst the recent rally is a welcome event, yield curve inversion and tightening into a slower economy doesn't bode well for the next 12 months.

We are now favouring changes to duration and cash and intend to take some further equity exposure off into strength. All portfolios remained inside their allocated risk corridors during the month.

Investment Team

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defaqto EXPERT RATED DFM MPS on Platform 2022

defaqto EXPERT RATED DFM MPS (Platform) Family 2022

Source: Morningstar Direct