Alpha Beta Portfolios
AB Sustainable Cautious Balanced

as at 31 July 2021

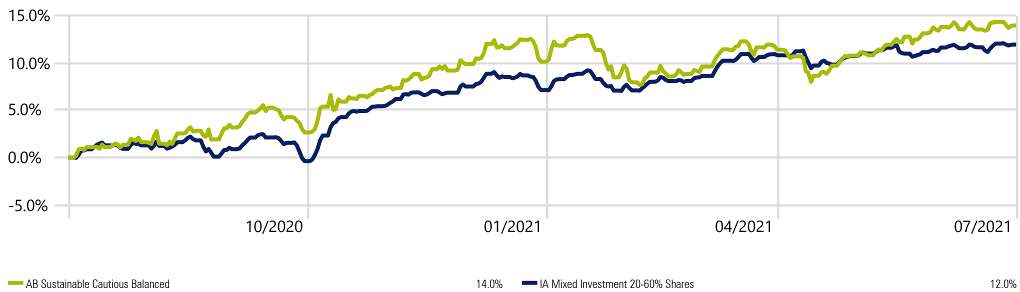
Investment Objectives

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, physically invested and with a low tracking error.

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

Investment Growth

Time Period: 01/08/2020 to 31/07/2021



Snapshot

Base Currency	Pound Sterling
12 Mo Yield	1.13%
Ongoing Charge	0.58%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	0.83%

Trailing Returns

	3 Months	6 Months	YTD	1 Year
AB Sustainable Cautious Balanced	2.30	3.48	3.70	13.97
IA Mixed Investment 20-60% Shares	1.02	4.49	4.13	11.95

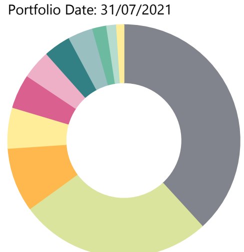
The Portfolio launched on 1 March 2021. Performance data prior to this date is for illustration purposes only and is back tested performance using the asset allocation of the Portfolio at launch. Past performance is no guarantee of future returns.

Benchmark

Comparator Benchmark	IA Mixed Investment 20-60%

Asset Allocation

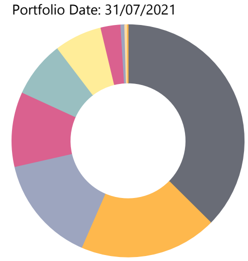
Portfolio Date: 31/07/2021



	%
Sterling Fixed Income	38.2
Global Equity Large Cap	26.8
UK Equity Large Cap	8.9
Cash	5.7
Asia Equity	4.8
Japan Equity	4.0
Infrastructure Sector Equity	3.8
Real Estate Sector Equity	3.5
Global Emerging Markets Equity	2.0
US Fixed Income	1.4
Other	1.0
Total	**100.0**

Equity Regional Exposure

Portfolio Date: 31/07/2021



	%
North America	37.4
United Kingdom	19.1
Japan	14.9
Europe dev	10.4
Asia emrg	7.8
Asia dev	6.6
Australasia	2.8
Latin America	0.5
Africa/Middle East	0.4
Europe emrg	0.1

Risk

	Std Dev	Sharpe Ratio
AB Sustainable Cautious Balanced	5.79	3.37
IA Mixed Investment 20-60% Shares	6.39	2.74

Top 10 Holdings

Portfolio Date: 31/07/2021

	Portfolio Weighting %
Royal London Short Duration Gilts M Inc	13.62%
RLBF II Royal London Ethical Bond Z Inc	10.43%
Janus Henderson Global Sust Eq I Acc	9.30%
BMO Responsible UK Equity 2 Acc	8.93%
Stewart Inv Wldwd Sustnby B GBP Acc	7.89%
Baillie Gifford Global Stewardship B Acc	6.95%
CASH	5.70%
Rathbone Ethical Bond I Inc	5.18%
EdenTree Responsible and Sust Stlg Bd B	5.14%
Impax Asian Environmental Markets IRL X	4.76%
	77.90%

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 Managers	Alpha Beta SRI Investment Team

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

defaqto EXPERT RATED ★★★★★

Source: Morningstar Direct