

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.

The AB Sustainable Cautious Balanced invests a minimum core of 80% in funds that are sustainable and contribute positively to either the environment or society, and that provide solutions to global issues. The sustainable models are aligned to the core model's risk first asset allocation, utilising passive instruments, whilst remaining a cost-effective solution to responsible investing.

Snapshot

Base Currency	Pound Sterling
12 Mo Yield	1.22%
Ongoing Charge	0.57%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	0.82%

Benchmark

Comparator Benchmark	IA Mixed Investment 20-60%
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Risk

	Std Dev	Sharpe Ratio
AB Sustainable Cautious Balanced	4.73	0.95
IA Mixed Investment 20-60% Shares	3.26	1.63

Top 10 Holdings

Portfolio Date: 31/12/2021

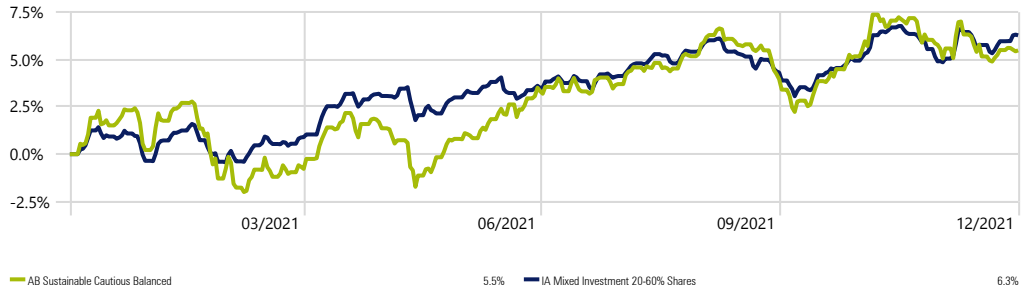
	Portfolio Weighting %
Baillie Gifford Global Stewardship B Acc	12.26%
Royal London Short Duration Gilts M Inc	10.16%
RLBF II Royal London Ethical Bond M Acc	9.66%
BMO Responsible UK Equity 2 Acc	7.81%
Brown Advisory US Sust Gr GBP B Acc	6.99%
Vanguard UK Govt Bd Idx £ Acc	5.94%
Vanguard Jpn Stk Idx £ Acc	5.47%
L&G Global Inflation Linked Bd Idx I Acc	5.13%
EdenTree Responsible & Sust Stlg B	4.84%
Rathbone Ethical Bond I Acc	4.84%
	73.10%

Investment Team

Investment Managers	Alpha Beta SRI Investment Team
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Investment Growth

Time Period: 01/01/2021 to 31/12/2021



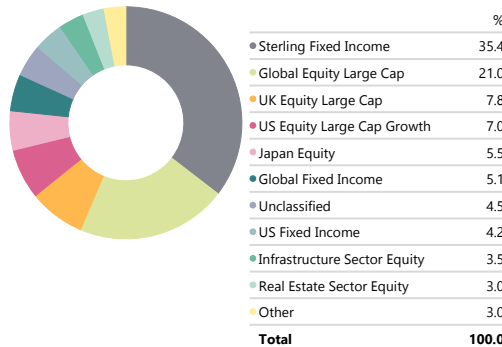
Trailing Returns

	3 Months	6 Months	YTD	1 Year
AB Sustainable Cautious Balanced	1.46	2.09	5.48	5.48
IA Mixed Investment 20-60% Shares	1.88	2.69	6.28	6.28

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.

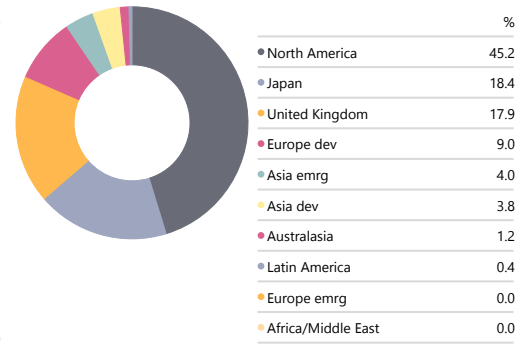
Asset Allocation

Portfolio Date: 31/12/2021



Equity Regional Exposure

Portfolio Date: 31/12/2021



Manager's Commentary

The last few days of the month reminded us, again, that the Covid-19 episode is not over yet. The equity markets made new highs during the month and then fell off a cliff during the last few days, citing the Omicron variant scare. This, coupled with Fed's Powell's comments on inflation and tapering, gripped the market with negative sentiment. Whilst we still do not have hard data on the effectiveness of vaccines, there is some suggestion that while the Omicron variant is highly transmissible, its effects may not be as severe as other variants.

Inflation remains a risk. The US CPI figures are due this week and will give a better understanding of the inflation picture. Interestingly, the Fed's Chair admitted in his testimony that inflation is here to stay a little longer than the Fed expected it to. Demand and supply dynamics are expected to find a lower equilibrium towards the middle of 2022. This, and the base effect, should help ease the high inflation numbers as we move beyond Q1 2022. On the US monetary policy front, as we had expected, monetary tightening is the theme for 2022. The Fed is gearing up to change the rate of tapering and the bond market is pencilling in at least 2 rate hikes next year. The US economy has passed the "substantial further progress" test on the inflation front and with a healthy job market, registering 4.2% unemployment rate, it is probable that the rate increases are brought forward in 2022. The Bank of England is also expected to tighten policy rates early next year.

The increased pace of tapering, yet to be announced in December FOMC meeting, may result in some headwinds for the equity markets. The key indices are near an all-time high levels and technically overbought before the recent drawdown. We expect the equity markets to do well once the tapering news is digested and markets are not surprised with an accelerated pace of monetary tightening. China has been in a difficult position since the start of the year and President Xi's common prosperity drive. The PBOC (central bank) has recently implemented a reduction in the reserve ratio, in an effort to improve liquidity conditions, to help offset the Evergrande saga and the wider property market issues China is currently facing. We are monitoring the situation closely.

The technology and clean energy sector posted positive returns this month despite the rout that gripped the market in the last few trading sessions due to Omicron discovery. We expect more data to trickle in the next few days.

At a portfolio level, the Sustainable Cautious Balanced model has benefited from its Global Equity exposure, with its biggest contributor being once again, the Janus Henderson Global Sustainable Equity Fund. This fund invests in companies whose products and services are considered by the investment manager as contributing to positive environmental or social change, and therefore having an impact on the development of a sustainable global economy. One of the fund's top holdings is Evoqua Water Technologies. They have been selected for the Frost & Sullivan Global Company of the Year Award for sustainability in the water technology market due to their next-generation technologies, and pragmatic approach to sustainability.

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