

### 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 Balanced Portfolio 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	1.18%
Ongoing Charge	0.60%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	0.85%

### Benchmark

Comparator Benchmark	IA Mixed Investment 20-60%
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### Risk

	Std Dev	Sharpe Ratio
AB Sustainable Balanced	5.67	1.25
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	15.45%
Brown Advisory US Sust Gr GBP B Acc	9.25%
Stewart Inv Wldwd Sustnby B GBP Acc	8.24%
Vanguard Jpn Stk Idx £ Acc	7.39%
RLBF II Royal London Ethical Bond M Acc	7.19%
BMO Responsible UK Equity 2 Acc	6.73%
FP Foresight Global RI Infrs A GBP Acc	5.18%
Royal London Short Duration Gilts M Inc	4.82%
Vanguard U.S. Govt Bd Idx £ H Acc	4.22%
Vanguard UK Govt Bd Idx £ Acc	4.19%
	72.67%

### Investment Team

Investment Managers	Alpha Beta SRI Investment Team
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### Investment Growth

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



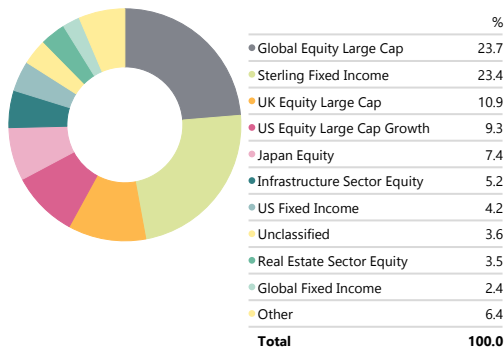
### Trailing Returns

	3 Months	6 Months	YTD	1 Year
AB Sustainable Balanced	1.88	3.10	8.08	8.08
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.**

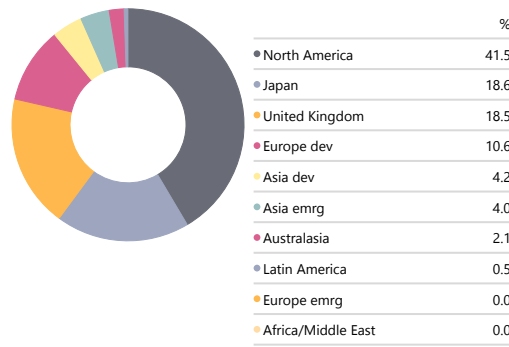
### Asset Allocation

Portfolio Date: 31/12/2021



### Equity Regional Exposure

Portfolio Date: 31/12/2021



### Manager's Commentary

Our favoured markets ended the year at an all-time high, delivering further seasonal cheer to investors, and particularly those in Alpha Beta portfolios.

The final quarter of 2021 was an interesting one, littered with event and political risks, as forecast in our Q3 Quarterly Update. In the United States the "debt ceiling" issue and monetary policy clarity were resolved whilst the Biden Administration's spending package was not passed. Our anticipation of returning inflation stood out against more tranquil investment industry mood music last year and our forecast of inflation trending "higher for longer" was proven accurate and will remain so into 2022. Globally we see deflationary pressures coming through later in 2022 but it is unlikely central bank 2% inflation targets will be met in absolute terms in the short term. For now, in the US and particularly the UK, wages pressures are still feeding into inflation expectations and pose the biggest threat to an orderly decline in headline inflation rates, which should peak over the next four months or so.

Whilst the latest US CPI inflation figure is a whopping 6.8%, the bond market reaction remains muted. The US treasury yield curve remains in flattening mode and there was no material shift during the quarter. It seems for now at least that the market either believes 1) the Federal Reserve's projections will be delivered and inflation will ebb away, or 2) the central bank's tightening interest rates into slower economic growth ahead represent policy error and may trigger the next recession. It will, however, be interesting to see the impact on longer yields as QE is fully unwound and central banks become net sellers. Given the sharply negative real yields on offer, the scope must remain for longer yields to rise, perhaps 50-100 basis points, over the next 12 months, from current levels.

The Federal Reserve meeting during December set a clear course for higher rates in 2022 but an ongoing commitment to support markets if conditions turn weaker. This central bank strategy is likely to be adopted more widely. Forward visibility is helpful to equity investors, at least for now and the central banks are providing ample time before embarking upon a policy tightening journey. This is to ensure an orderly transition into a post Covid era, as we have been cautioning through the year. Our in-house proprietary technical indicators pointed to a positive change in momentum since the Omicron emergence at the end of November and suggest some further upside in US equities is achievable in the near term. We marginally increased our US equity exposure in late December.

We expect equities to perform strongly in the first quarter with earnings momentum from 2021 still likely to provide a supportive tail wind. We remain cautiously risk-on as the markets navigate this transition.

At a portfolio level, the Sustainable Balanced model has benefited from its US exposure, with its biggest contributor once again being, the Brown Advisory US Sustainable Growth Fund. One of the fund's biggest holdings is Verisk. Verisk is a leading data analytics provider helping customers protect people, property, and financial assets worldwide. Verisk help government and nongovernment organisations identify vulnerabilities in critical infrastructure, understand potential social and economic impacts, and inform risk transfer and mitigation strategies to strengthen emergency management programs. They assess building codes and grade communities on adoption and enforcement, which are proven ways to help reduce financial losses, and the social impact of natural disasters on communities.

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