

Investment Objectives

The AB Ethical Balanced Income 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	2.19%
Ongoing Charge	0.75%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	1.00%

Benchmark

Benchmark	UK RPI + 2%
Comparator Benchmark	IA Mixed Investment 40-85%

Risk

	Sharpe Ratio	Std Dev
AB Ethical Balanced Income	1.45	7.56
IA Mixed Investment 40-85% Shares	1.54	8.08

Top 10 Holdings

Portfolio Date: 31/08/2021

	Portfolio Weighting %
Rathbone Ethical Bond I Inc	14.81%
EdenTree Global Equity Cls B Inc	12.89%
Janus Henderson UK Responsible Inc I Inc	12.03%
BMO Responsible UK Income 2 Inc	12.00%
Unicorn UK Ethical Income B Inc	11.54%
Aegon Ethical Corporate Bond GBP B Inc	10.84%
Climate Assets Fund B GBP Inc	10.12%
EdenTree Short Dated Bond Cls B Inc	8.87%
CASH	6.90%
	100.00%

Investment Growth

Time Period: 01/09/2016 to 31/08/2021



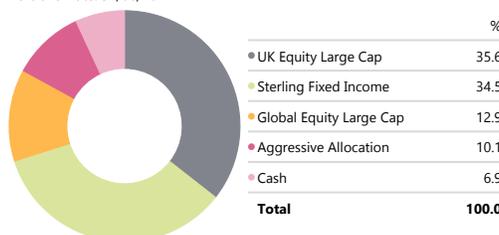
Trailing Returns

Data Point: Return

	3 Months	6 Months	YTD	1 Year	3 Years	5 Years
AB Ethical Balanced Income	4.05	9.72	8.94	16.27	18.46	30.69
IA Mixed Investment 40-85% Shares	4.72	9.63	9.60	17.92	22.95	42.94

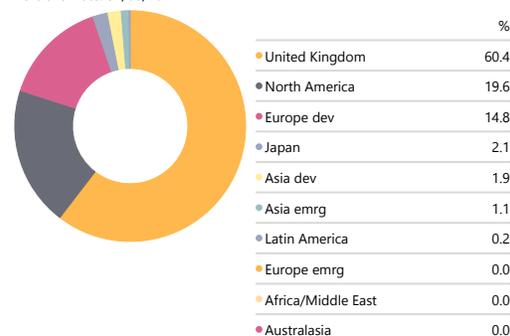
Asset Allocation

Portfolio Date: 31/08/2021



Equity Regional Exposure

Portfolio Date: 31/08/2021



Manager's Commentary

The efficient market hypothesis assumes that stock markets are very efficient discounting mechanisms and price in all available information, including present and potential future known events. This, along with the extraordinary amount of liquidity provided by the central banks, helps understand why equities have recovered to register all-time highs since the start of pandemic. We now stand on the verge of a full reopening and potential immunity from the virus. The inoculation drive throughout the developed world has helped deliver some form of immunity to the prevalent variants. Of course, there is always a chance that a more deadly variant may emerge to wreck it all, but the progress made in the last 18 months is impressive.

With all the extraordinary monetary and fiscal measures taken by the central banks and governments, asset prices are now stretched on most of the fundamental measures we look at relative to the outlook for the real economy. Consequently, how inflation, global growth and corporate earnings play out from here will play an even more crucial role in determining the direction of markets. The month was positive for the risk assets. US equities (S&P 500 Index) made new highs after a dovish statement from Chairman Powell at the Jackson Hole meeting. The US unemployment rate fell to 5.2% percent although the non-Farm payrolls data considerably undershot expectations. We remain cognisant of the potential changes in the Fed's posture and the economic data points that can drive such a change. Chairman Powell previously hinted upon creating a taper committee and was widely expected to expand on that subject at Jackson Hole but delivered little on the subject of substance.

For now, the US Treasury markets remain resilient, and yields remain range bound despite an increase in the inflation breakeven numbers. However, inflation pressure continues to build for now, despite a general cooling of the global economy, with supply-side squeezes now accentuated by Covid factors and by disruptive weather. We are keeping a close eye on wage pressures and service sector inflation which continue to suggest that inflation is not yet contained. We recently decreased our interest rate sensitivity to protect against an increase in rates.

At portfolio level, the Ethical Balanced Income model has benefited from its global equity exposure, with its biggest contributor being the EdenTree Responsible and Sustainable Global Equity Fund.

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Investment Team

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