

BALANCED MIXED ASSETS

BECKETT ASSET MANAGEMENT LIMITED

Jan 2020

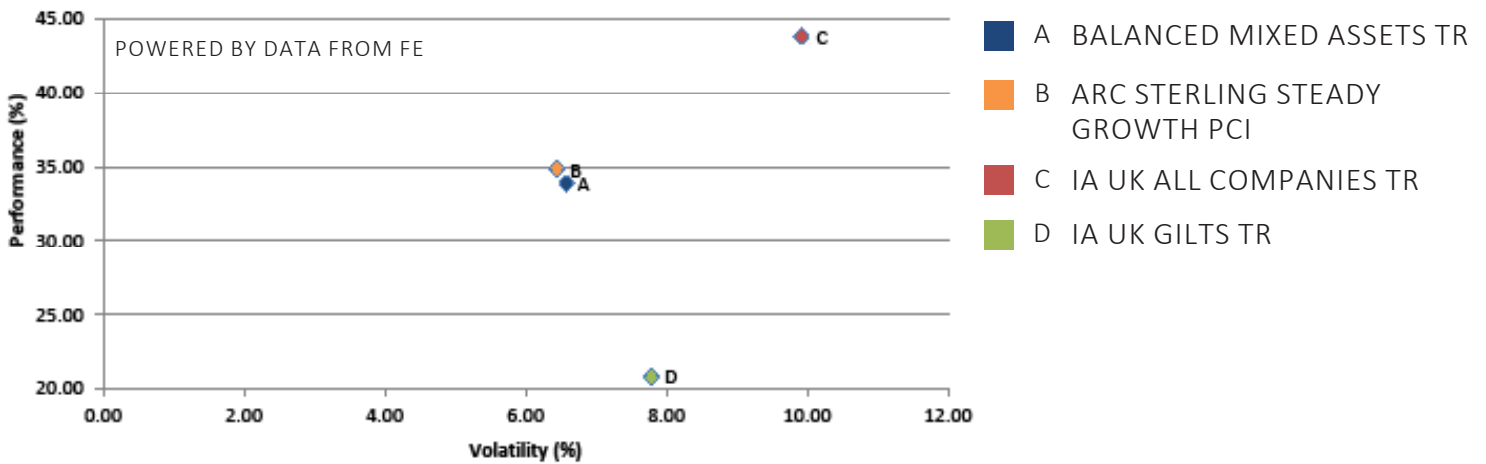
RISK PROFILE 5-6 | INCEPTION JUNE 2008

BALANCED MIXED ASSETS COMMENTARY

The strategy performed positively during the final quarter of 2019, beating its benchmark and we were right to increase the UK exposure at the last rebalance, as the fourth quarter saw some key political risks avoided, at least for now. Firstly the Conservatives won the winter election which helped to lift stocks on expectations of a Brexit deal. Plus, US tariffs on China were scheduled to increase on 15 December but a “phase one” trade deal avoided that outcome and provided a significant relief for equity markets.

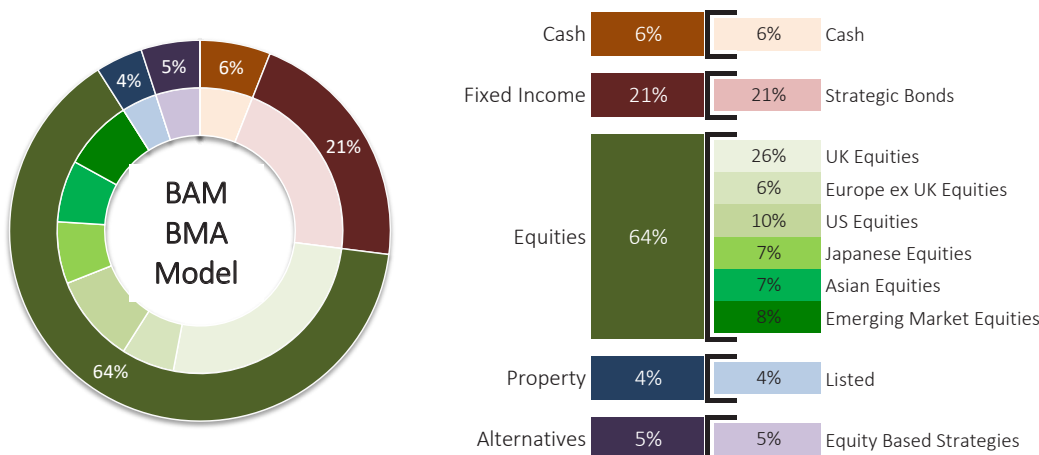
While we are comfortable with our overall asset allocation, we are always monitoring funds to ensure they are delivering for the portfolio. This has led to two sales in the US and in Asia, the funds are both run by Merian. While for many years the process adopted across the range delivered consistent benchmark beating returns, we have seen the team suffer a protracted period of underperformance and they have had to refine their process. The Asia proceeds are being redeployed into a fund by First State, managed by a very experienced team based in the region. We are using some of the US proceeds to redeploy back into an existing Artemis fund (Extended Alpha) and a new Artemis fund (US Select), plus we are topping up Man GLG as Europe is looking better, taking into account both the macro economics and market conditions.

TOTAL RETURN PERFORMANCE VS VOLATILITY OVER 5 YEARS (31/12/2014- 31/12/2019)



PLEASE NOTE: PAST PERFORMANCE IS NO INDICATOR OF FUTURE PERFORMANCE. PERFORMANCE IS GROSS OF ANY WEALTH MANAGEMENT AND PLATFORM FEES. IT IS PROVIDED FOR INFORMATION PURPOSES TO INDICATE HISTORICAL PERFORMANCE.

PORTFOLIO COMPOSITION



PLEASE NOTE: PORTFOLIO COMPOSITION SHOWN IS AS JANUARY 2020. ASSET ALLOCATIONS MAY CHANGE OVER TIME.

STRATEGY DESCRIPTION

This strategy seeks a total return from investing in a blend of income and growth generating assets, using a fund of funds approach to investment. The strategy invests in a blend of different assets, which will include Equities as well as Fixed Interest and Property. The portfolio is comprised of funds that invest across a range of geographical areas. The funds are selected on a discretionary basis from a number of top fund management houses.

This strategy is particularly suited to those investors seeking a combination of a regular income and longer-term capital growth (5 years plus). Investors can also opt to reinvest the investment income that is generated. Investors should be prepared to accept a medium level of investment risk.

INCOME YIELD

Income yield of this strategy is currently c. 2.06% January 2020.

STRATEGY BENCHMARK

The performance of the strategy will be measured against the ARC Sterling Steady Growth PCI over the medium to long term.

This benchmark has a targeted standard volatility band of 60% - 80% relative risk to world equities.

ONGOING FUND CHARGES (OCF)

In the region of 0.76% but subject to change depending on the underlying funds and platform. OCF does not include any further transactional costs incurred by the funds held or any performance fee that may be levied by them.

RISK CONTROLS AND INVESTMENT STRATEGY CHARACTERISTICS

- The strategy will always have a minimum and a maximum exposure as defined below. Maximum equity exposure restricted to 85% of the Fund and is currently 64%.

Country/Asset Class	Minimum Exposure	Maximum Exposure	Current Exposure	Diff
Fixed Income	15%	40%	21%	-
UK Equities	15%	50%	26%	-
Europe ex UK Equities	0%	15%	6%	▲
US Equities	5%	15%	10%	▼
Global Equities	0%	25%	0%	-
Japanese Equities	0%	10%	7%	-
Asia Equities	5%	15%	7%	-
Emerging Market Equities	0%	15%	8%	-
Property	0%	15%	4%	-
Multi Asset Abs Return	0%	15%	0%	-
Equity Based Abs Return	0%	10%	5%	-
Cash	0%	10%	6%	-

- This strategy can invest in overseas assets which can be positively or negatively impacted by changes in the relative valuation of currencies if the currency is not hedged.
- The strategy will hold a minimum of 10 different fund holdings and a maximum of 20.
- No individual holding will account for more than 17% of the strategy.
- No investment house will have more than 3 funds represented within the strategy.
- The policy of the strategy is to be managed on a “fully invested” basis.
- In addition to mainstream Unit Trust / OEIC funds, the strategies may also invest, where appropriate, in: Boutique investment house funds, Alternative investment funds (FAIFS), Investment Trusts, Structured Products, Tracker-type investments and ETFs.

BALANCED MIXED ASSETS CONSTITUENTS

UK FIXED INCOME		Diff
Twentyfour Dynamic Bond	8%	-
Jupiter Strategic Bond	8%	-
Blackrock Strategic Bond	5%	-
UK INCOME		
ASI UK Equity Income Unconstrained	4%	-
UK GROWTH		
Chelverton UK Growth	5%	-
Jupiter UK Special Situations	6%	-
Liontrust UK Special Situations	6%	-
Baillie Gifford UK Alpha	5%	-
EUROPE		
Man GLG Continental European Growth	6%	▲
US		
Artemis US Select	3%	*
Artemis US Extended Alpha	7%	▲
PROPERTY		
BMO Property Growth & Income	4%	-
JAPAN		
Baillie Gifford Japanese	7%	-
FAR EAST		
First State Asia Focus	7%	*
EMERGING MARKETS		
ASI Global Emerging Markets Income	6%	-
Vanguard Global Emerging Markets	2%	-
ALTERNATIVES		
Jupiter Absolute	5%	-
CASH		
	6%	-

*represents new funds

THE INVESTMENTS MENTIONED IN THIS REPORT ARE INTENDED AS LONG-TERM INVESTMENTS. SOME OF THEM MAY GO DOWN AS WELL AS UP AND YOU THEREFORE MAY NOT GET BACK THE FULL AMOUNT INVESTED. WHERE INVESTMENTS ARE DENOMINATED IN FOREIGN CURRENCIES, CHANGES IN THE RATE OF EXCHANGE MAY HAVE AN ADVERSE EFFECT ON THE VALUE OR PRICE OF THE INVESTMENT IN STERLING TERMS. PAST PERFORMANCE IS NOT NECESSARILY A GUIDE TO FUTURE PERFORMANCE. THIS DOCUMENT SHOULD NOT BE CONSTRUED AS AN OFFER DOCUMENT OR SOLICITATION AND IS CIRCULATED BECAUSE THE CONTENTS MAY BE OF INCIDENTAL INTEREST. THE OPINIONS STATED ARE THOSE OF BECKETT ASSET MANAGEMENT LTD, WHICH IS AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.