

# DEFENSIVE BALANCED MIXED ASSETS

## BECKETT ASSET MANAGEMENT LIMITED

July 2020

RISK PROFILE 4 | INCEPTION JUNE 2008

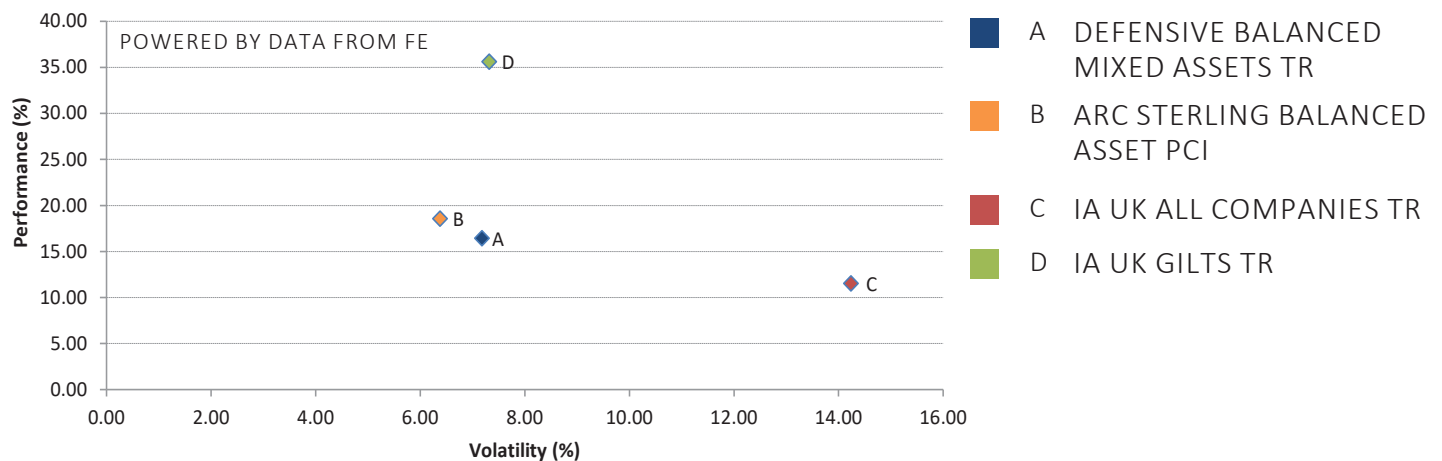
### DEFENSIVE BALANCED MIXED ASSETS COMMENTARY

Global equity markets reached the current year's low at the end of last quarter (23 March to be precise), and then had their best recovery in the second quarter since 1987. Part of this retracement can be put down to the fact that Q1 market sell off was akin to throwing the baby out with bathwater and is also thanks to the swift reactions of the policy makers. The model, therefore, delivered a positive return in Q2.

While we remain comfortable in our asset allocation, owing to the policy makers' response to the pandemic and the scale of the intervention of the ECB, the outlook for European equities has improved somewhat. We are increasing the exposure to Europe by 2% through an existing holding in the Miton European Fund. This is being funded by a partial sale of JO Hambro Uk Dynamic. We are also redeploying some of the JO Hambro weighting to Trojan Income +2%.

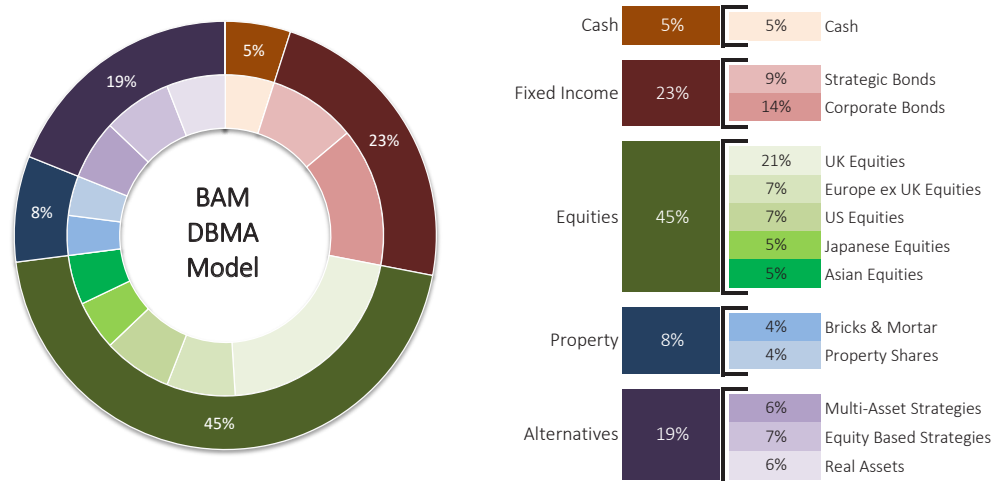
We will also be selling the remainder of our holding in BlackRock Sterling Strategic Bond fund which has not lived up to our expectations and replacing it with TwentyFour Monument Bond Fund. This fund has a lower volatility than the BlackRock fund and should improve the risk reward profile of the model.

### TOTAL RETURN PERFORMANCE VS VOLATILITY OVER 5 YEARS (30/06/2015 – 30/06/2020)



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 JULY 2020. ASSET ALLOCATIONS MAY CHANGE OVER TIME.

## STRATEGY DESCRIPTION

This strategy seeks to achieve a combination of investment income and longer-term capital growth, 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 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 moderate level of investment risk.

## INCOME YIELD

The Income yield of this strategy is currently c.2.67% June2020.

## STRATEGY BENCHMARK

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

This benchmark has a targeted standard volatility band of 40%-60% relative risk to world equities.

## ONGOING FUND CHARGES (OCF)

In the region of 0.74% 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 have a minimum or maximum exposure as defined. The maximum equity exposure is restricted to 60% of the fund and the current weighting is 45%.

Country/Asset Class	Minimum Exposure	Maximum Exposure	Current Exposure	Diff
Fixed Income	15	60	23	-
UK Equities	10	40	21	▼
Europe ex UK Equities	0	15	7	▲
US Equities	0	15	7	-
Global Equities	0	40	0	-
Japanese Equities	0	15	5	-
Far East & Asian Equities	0	15	5	-
Property	5	20	8	-
Multi Asset Abs Return	0	15	9	-
Equity Based Abs Return	0	10	4	-
Real Assets	0	10	6	-
Cash	0	15	5	-

- This strategy is limited in the amount it 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 Trust, Structured Products, Tracker-type investments and ETFs.

## DEFENSIVE BALANCED MIXED ASSETS CONSTITUENTS

FIXED INCOME		Diff
GAM Credit Opportunities	4%	-
Twentyfour Monument Bond	4%	*
Legg Mason Brandywine Global Income Optimiser	5%	-
Liontrust Monthly Income Bond	5%	-
Royal London Short Duration Credit	5%	-
UK EQUITY		
Trojan Income	7%	-
J O Hambro UK Dynamic	3%	▼
Royal London UK Equity Income	5%	-
Royal London Sustainable Leaders	6%	-
EUROPEAN EQUITY		
Miton European Opps	7%	▲
US EQUITY		
Artemis US Extended Alpha	7%	-
PROPERTY		
Kames Property Income	4%	-
BMO Property Growth & Income	4%	-
JAPANESE EQUITY		
Jupiter Japan Income	5%	-
FAR EAST & ASIAN EQUITY		
Fidelity Asia Pacific Opportunities	5%	-
ALTERNATIVES		
SVS Churchhouse Texax Absolute Return Strategy	5%	-
Artemis US Absolute Return Hedged	4%	-
IFSL Brooks Defensive Capital	4%	-
VT Gravis UK Infrastructure Income	6%	-
CASH		
	5%	-

\*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.