

DEFENSIVE BALANCED MIXED ASSETS

BECKETT ASSET MANAGEMENT LIMITED

Jan 2020

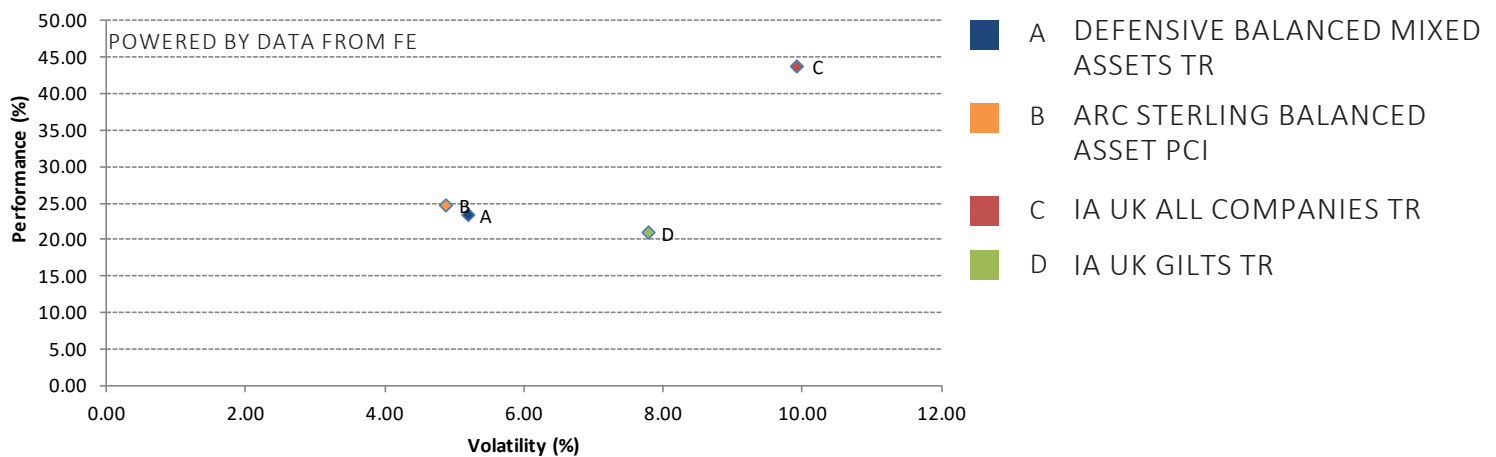
RISK PROFILE 4 | INCEPTION JUNE 2008

DEFENSIVE BALANCED MIXED ASSETS COMMENTARY

The strategy performed positively during the final quarter of 2019, beating its benchmark. Markets finished on a high as the fourth quarter saw two significant 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. The fact that the US also didn’t impose tariffs on European Union auto exports also helped support equities.

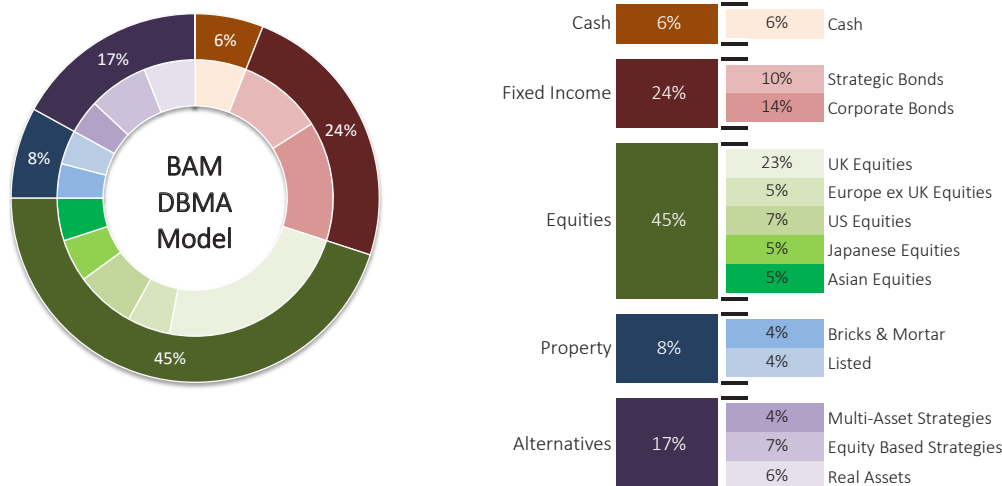
Having not made any changes last quarter we decided that there were some fund changes required this quarter. We sold two disappointing funds; Merian North America and Blackrock Asia Special Situations. The US proceeds are being reinvested into Artemis US Extended Alpha, a fund we use in other models which has a great track record. The Asian proceeds are mainly being reinvested into another Asia fund managed by Fidelity, again one we hold in other strategies, plus we are topping up RL Sustainable Leaders by 1% also.

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 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.2.71% January 2020.

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%.
- At least 30% of the fund must be in fixed income investments (Corporate and/or Government bonds) and/or "Cash" investments (current account and/or short term fixed income investments and certificates of deposit).

Country/Asset Class	Minimum Exposure	Maximum Exposure	Current Exposure	Diff
Fixed Income	22%	60%	24%	-
UK Equities	10%	40%	23%	▲
Global Equities	10%	40%	22%	▼
Property	5%	20%	8%	-
Multi Asset Abs Return	0%	15%	4%	-
Equity Based Abs Return	0%	10%	7%	-
Real Assets	0%	10%	6%	-
Cash	0%	15%	6%	-

- 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%	-
Blackrock Sterling Strategic Bond	5%	-
Legg Mason Brandywine Global Income Optimiser	5%	-
Liontrust Monthly Income Bond	5%	-
Royal London Short Duration Credit	5%	-
UK EQUITIES		
Trojan Income	5%	-
J O Hambro UK Dynamic	7%	-
Royal London UK Equity Income	5%	-
Royal London Sustainable Leaders	6%	▲
EUROPE EX UK EQUITIES		
Miton European Opps	5%	-
US EQUITIES		
Artemis US Extended Alpha	7%	*
JAPANESE EQUITIES		
Jupiter Japan Income	5%	-
ASIAN EQUITIES		
Fidelity Asia Pacific Opps	5%	*
PROPERTY		
Kames Property Income	4%	-
BMO Property Growth & Income	4%	-
ALTERNATIVES		
Artemis US Absolute Return Hedged	4%	-
Brooks Defensive Capital	4%	-
VT Gravis UK Infrastructure Income	6%	-
SVS Churchhouse Texax Absolute Return Strategy	3%	-
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.