

# DEFENSIVE MIXED ASSETS PORTFOLIO

## BECKETT ASSET MANAGEMENT LIMITED

Jan 2020

RISK PROFILE 2-3 | INCEPTION DEC. 2011

### DEFENSIVE MIXED ASSETS PORTFOLIO COMMENTARY

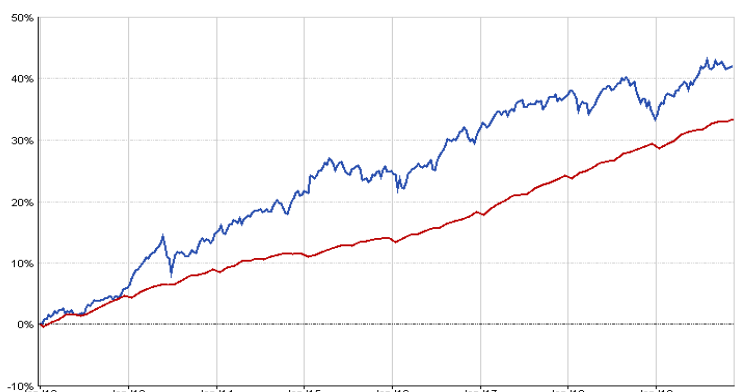
The strategy performed positively during the final quarter of 2019, as we saw some significant political risks avoided, at least for now. US tariffs on China were scheduled to increase on 15 December but a “phase one” trade deal avoided that outcome and provided a significant relief for equity markets. The fact that the US also didn’t impose tariffs on European Union auto exports also helped support equities.

While we are comfortable with our overall asset allocation we have made some changes to our global equity exposure as it vitally important that we get the best risk reward we can with this part of the model which is part of our returns engine. Therefore, we felt we can achieve a better outcome by selling Merian Global Equity and redeploying the proceeds to top up the existing holding of Jupiter Global value to 7% and starting a new 8% position in BMO Global Responsible. The reason for this is that climate change is quickly becoming one of the most important secular issues for investors, and policy makers are preparing to take action. We are alert to the potential investment implications.

### MODEL PORTFOLIO RETURN AND VOLATILITY

The chart below represents the performance of the Defensive Mixed Assets model versus its benchmark of UK CPI + 2% from inception of the model to the last available UK CPI print. The graphic to the right of the bar chart highlights the range of three year realised volatility for the model since inception along with that of Global Equities, represented by the MSCI World index.

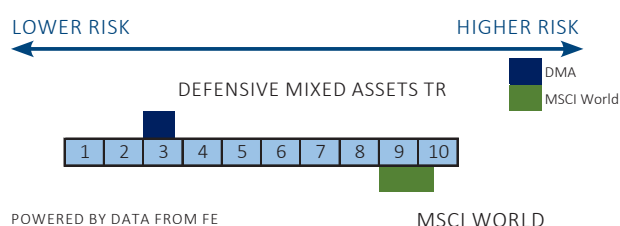
SINCE INCEPTION PERFORMANCE\*



■ A - Defensive Mixed Assets 18/10/2019 TR in GB [42.07%]  
■ B - UK Consumer Price + 2% TR in GB [33.46%]

POWERED BY DATA FROM FE

3 YEAR ROLLING VOLATILITY RANGE SINCE INCEPTION



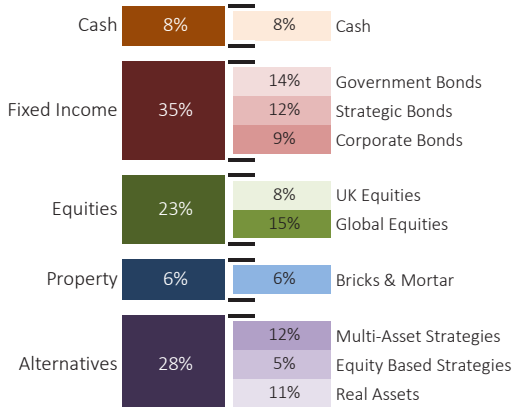
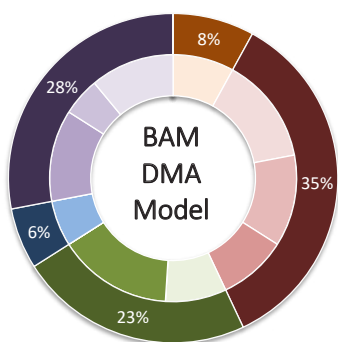
POWERED BY DATA FROM FE

MSCI WORLD

\*Performance since inception of Defensive Mixed Assets model to the latest available UK CPI print

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 primarily seeks to achieve a return in excess of inflation over a 3 year rolling time horizon, using the UK Consumer Price Index (CPI) plus 2% as its benchmark. The strategy uses a fund of funds approach to investment and invests in a blend of different asset classes, which will include Equities as well as Fixed Interest, Property, Absolute Return and Cash. The strategy 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 real return (in excess of UK CPI) over a three year rolling time horizon, with lower volatility than Global Equities over the medium to long-term (5 years plus). Investors should be prepared to accept a cautious level of investment risk.

## INCOME YIELD

The Income yield of this strategy is not targeted and any income received will be reinvested.

## STRATEGY BENCHMARK

The performance of the strategy will target a return of the UK Consumer Price index + 2% over rolling three year periods.

## ONGOING FUND CHARGES (OCF)

In the region of 0.69% 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. The Maximum equity exposure is restricted to 25% of the fund and is currently 23%.

Country/Asset Class	Minimum Exposure	Maximum Exposure	Current Exposure	Diff
Fixed Income	10%	50%	35%	-
UK Equities	5%	25%	8%	-
Global Equities	5%	25%	15%	-
Property	0%	20%	6%	-
Multi Asset Abs Return	5%	30%	12%	▼
Equity Based Abs Return	0%	10%	5%	-
Real Assets	0%	15%	11%	▲
Cash	5%	20%	8%	-

- At least 45% of the fund must be fixed income investments (for example, corporate and Government bonds) and/or “cash” investments. “Cash” can include investment and certificates of deposit and may be within absolute / managed funds.
- 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 3 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.
- 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.

## DMA PORTFOLIO CONSTITUENTS

FIXED INCOME		Diff
BNY Mellon Inflation Linked Corporate Bond	4%	-
ASI Short Duration Global Index Linked Bond	6%	-
Artemis Strategic Bond	5%	-
Royal London Short Duration Credit	5%	-
Blackrock UK Gilts All Stocks Tracker	3%	-
BlackRock Overseas Global Government Bond Tracker	5%	-
Allianz Strategic Bond	7%	-
UK EQUITY		
Threadneedle UK Equity Income	5%	-
Chelverton UK Growth	3%	-
GLOBAL EQUITIES		
Jupiter Global Value	7%	▲
BMO Global Responsible	8%	*
PROPERTY		
BMO UK Property Feeder	6%	-
ALTERNATIVES		
Architas Diversified Real Assets	5%	-
TIME Commercial Long Income	6%	-
IFSL Brooks Defensive Capital	6%	-
SVS Churchhouse Texax Absolute Return Strategy	6%	-
Artemis US Absolute Return	5%	-
CASH	8%	-

\*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.