



FINURA

FINURA FUSION WEALTH PORTFOLIO REVIEW Q3 2020



Pension
TRANSFER
Gold Standard

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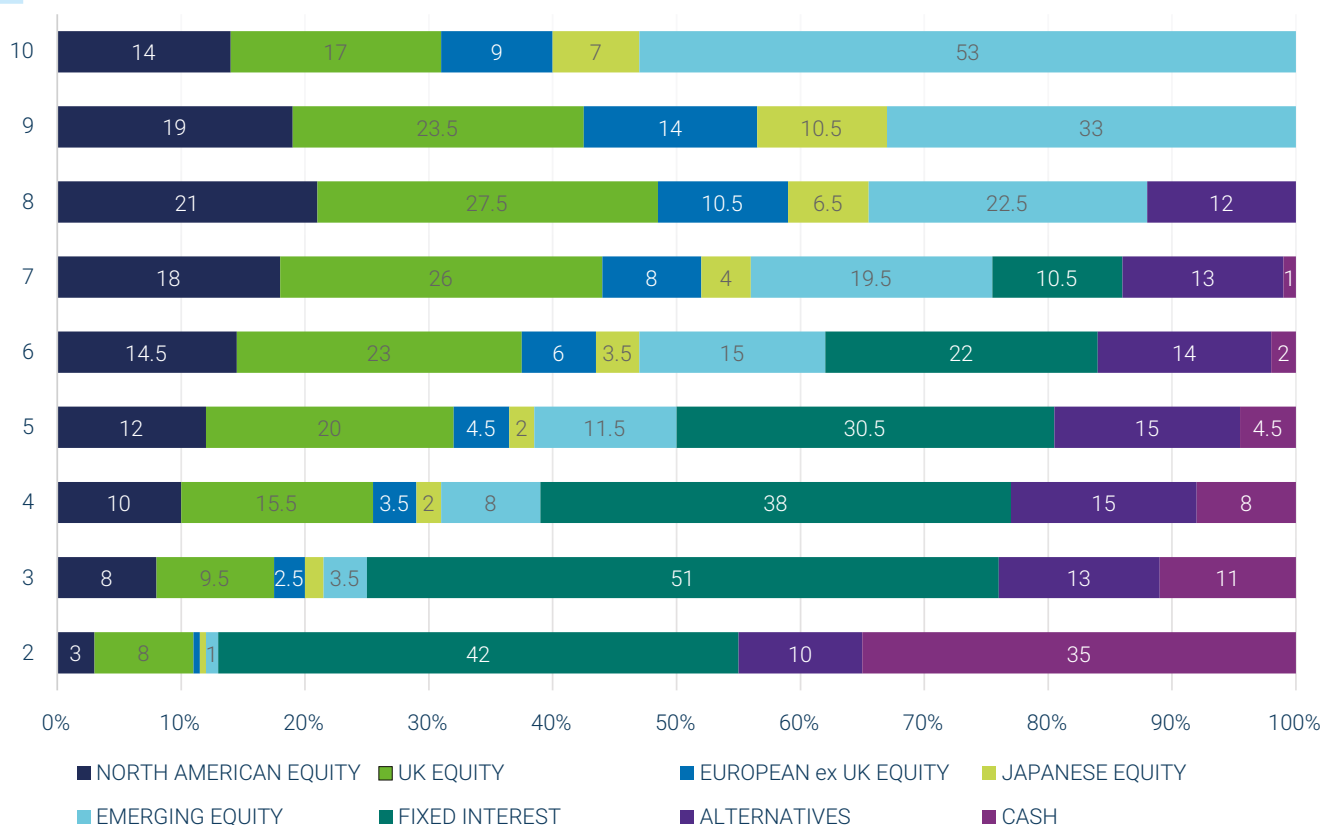
FINURA FUSION WEALTH (FW) INVESTMENT SOLUTIONS

Overseen by our own Group Chief Investment Officer, and in collaboration with Schroders, Rayner Spencer Mills Research and the Fusion Wealth Investment Committee, Clients at Finura have access to our very own Centralised Investment Proposition (CIP). This gives you access to the award-winning global and institutional expertise of one of the world's largest and oldest investment houses and market-leading independent research.

This combination provides a CIP for Clients seeking actively managed, multi-asset solutions which cover all objectives and investment styles; from strategic and tactical asset allocation through to active and passive fund strategies, each aligned to a Client's individual risk profile.

The blend of assets in your portfolio is likely to be the dominant influence on your long-term returns. It is important to spread your investments across a variety of markets which can help to reduce risk. Ideally, these assets should perform differently to each other over time. Together with our partners we have designed a Strategic Asset Allocation (SAA) which is at the heart of the FW Portfolio Range. The SAA is based on a strategic, long-term assessment of markets and is reviewed annually by the Fusion Wealth Investment Committee alongside Schroders and RSMR.

STRATEGIC ASSET ALLOCATION (SAA)



As part of your risk profiling, you will agree on a risk level with your financial adviser. A portfolio with the lowest risk level does not mean a risk-free investment.

Source: Fusion. October 2020. *Alternatives include non-traditional asset classes for example Commodities, Infrastructure, Real Assets and Emerging Market Debt.

GLOBAL MARKET REVIEW



Global equities gained in Q3 but regional performances diverged with Asia and the US outperforming Europe and the UK. Government bond yields were little changed, however, corporate bonds enjoyed a positive quarter.



US shares gained in Q3, supported by signs of economic recovery and loose monetary policy. The Federal Reserve will now use average inflation targeting in setting interest rates, allowing for temporary overshoots in inflation.



Eurozone shares were virtually flat, lagging behind global markets as Covid-19 infections rose sharply in several countries and local restrictions to curb the virus were reintroduced.



UK equities fell during the period – extending their year-to-date underperformance of other regions – with the market’s significant exposure to poorly performing stocks in the oil and financial sectors proving unhelpful.



Japanese shares gained over the quarter, despite the yen strengthening. Shinzo Abe resigned as prime minister and was replaced by Yoshihide Suga.



Emerging market (EM) equities advanced in Q3 2020, despite a further acceleration in new cases of Covid-19 in certain countries, and an escalation in US-China tensions.



Government bond yields were generally little changed although European yields fell (meaning prices rose) after news of the €750 billion recovery fund. Corporate bonds had a positive quarter.

MARKET PERFORMANCE

Q3 2020

2015	2016	2017	2018	2019	Year to Date	Q3 2020
Japanese Equities 12.1	UK Index - linked Gilts 24.3	Asia ex Japan Equities 41.7	UK Direct Property 2.9	US Equities 30.7	UK Index - linked Gilts 9.7	Asia ex Japan Equities 10.7
Europe ex UK Equities 10.7	UK Equities 16.8	Emerging Market Equities 37.3	Global Treasury Bonds 1.1	Europe ex UK Equities 27.1	UK Gilts 7.6	Emerging Market Equities 9.6
UK Direct Property 7.6	UK Corporate Bonds 12.3	Japanese Equities 22.2	UK Gilts 0.6	UK Equities 19.2	US Equities 6.1	US Equities 9.4
Global High Yield Bonds 7.1	US Equities 11.6	US Equities 20.9	UK Index - linked Gilts -0.3	Emerging Market Equities 18.4	Global High Yield Bonds 5.5	Japanese Equities 5.2
Global Treasury Bonds 1.8	Emerging Market Equities 11.2	UK Equities 13.1	Global High Yield Bonds 6.5	Asia ex Japan Equities 18.2	Asia ex Japan Equities 5.4	Global Corporate Bonds 1.6
UK Equities 1.0	UK Gilts 10.1	Europe ex UK Equities 11.4	UK Corporate Bonds -2.2	Japanese Equities 18.1	UK Corporate Bonds 4.8	Global High Yield Bonds 1.6
UK Corporate Bonds 0.7	Global High Yield Bonds 7.3	Global High Yield Bonds 5.6	Global Corporate Bonds -2.7	Global High Yield Bonds 6.5	Global Corporate Bonds 4.5	UK Corporate Bonds 1.5
UK Gilts 0.6	Global Corporate Bonds 5.8	UK Direct Property 7.6	US Equities -5.7	UK Corporate Bonds 11.0	Global Treasury Bonds 4.4	Europe ex UK Equities 1.4
Global Corporate Bonds 0.1	Asia ex Japan Equities 5.4	UK Corporate Bonds 4.9	UK Equities -9.5	Global Corporate Bonds 10.6	Emerging Market Equities -1.2	Global Treasury Bonds 0.4
US Equities -0.9	Global Treasury Bonds 3.6	Global Corporate Bonds 4.6	Europe ex UK Equities -10.9	UK Gilts 6.9	Japanese Equities -3.4	UK Direct Property -0.2
UK Index -linked Gilts -1.0	Europe ex UK Equities 2.4	UK Index -linked Gilts 2.3	Asia ex Japan Equities -14.4	UK Index -linked Gilts 6.4	UK Direct Property -3.5	UK Gilts -1.2
Asia ex Japan Equities -9.2	Japanese Equities 0.3	UK Gilts 1.8	Emerging Market Equities -14.6	Global Treasury Bonds 5.5	Europe ex UK Equities -7.9	UK Index - linked Gilts -2.2
Emerging Market Equities -14.9	UK Direct Property -2.0	Global Treasury Bonds 1.1	Japanese Equities -16.0	UK Direct Property -0.8	UK Equities -19.9	UK Equities -2.9

Notes: All Indices in base currency. Indices used: BBgBarcGblAggCorp TR HdgGBP, BBgBarcGlobal Treasury TR HdgGBP, FTSE Act UK CnvtGilts All Stocks TR GBP, FTSE Act UK Index-link Gilts AS TR GBP, ICE BofaSterling HY TR GBP, FTSE AllShTR GBP, IA UK Direct Property, MSCI EM NR USD, MSCI Europe Ex UK NR EUR, S&P 500 TR USD, TOPIX TR JPY, BBgBarcSterling AggCorp TR GBP.

Please note that any past performance mentioned in this document is not a guide to future performance and may not be repeated. Information is provided for illustrative purposes only and should not be considered as a recommendation to buy or sell.

Source: Morningstar Direct.

12 MONTH MARKET OUTLOOK

- ● ● Maximum Positive ▲ Up from last month
● Neutral
● ● ● Maximum Negative ▼ Down from last month

	Category	View	Comments
Main Asset Classes	Equities	● ▲	The ample liquidity (i.e. readily available funds) provided by central banks, combined with lower Covid-19 mortality rates and increased hopes for a vaccine, leads us to upgrade our view.
	Government Bonds	●	Prices remain at historically high levels whilst the effectiveness of government bonds as a source of portfolio 'protection' remains limited.
	Commodities	●	We continue to expect moderately positive returns as global economic activity improves.
	Credit	●	Despite consistent contraction in credit spreads, we remain positive as central bank monetary policies continue to support credit markets. The credit spread is the margin that a company issuing a bond has to pay the investor in excess of government yields and is a measure of how risky the market perceives the borrower to be.
Equities	US	●	We see an ongoing preference for 'quality' and 'growth' stocks in the US. This, combined with ample liquidity and falling mortality rates, should lead to continued outperformance.
	UK	● ▲	Whilst political risks remain, such as the outcome of Brexit, we nonetheless expect UK equities to benefit from the improving global growth outlook with early signs of a recovery coming through.
	Europe	● ▲	Upgraded as we expect a broader recovery in economically sensitive areas of the market as economic activity starts to rebound.
	Japan	● ▲	We expect Japanese equities to regain some lost ground as economies start to recover, boosting activity.
	Pacific ex-Japan	● ▲	Upgraded as we expect the region to continue to recover aided by the fiscal and monetary policies that are already in place and hopes for a Covid-19 vaccine. Fiscal policy and monetary policy are means by which policymakers attempt to manage economic fluctuations.
	Emerging Markets	●	Emerging markets remain our preferred equity market buoyed by the strength of the Chinese and technology recovery, US dollar weakness and cheaper valuations.

Opinions expressed are not a recommendation to buy and/or sell and do not constitute as investment advice.

Source: Schroders. October 2020. The views for equities, government bonds and commodities are based on return relative to cash in local currency. The views for corporate bonds and high yield are based on credit spreads (i.e. duration-hedged). The views for currencies are relative to the US dollar, apart from the US dollar which is relative to a trade-weighted basket.

FW ACTIVE PORTFOLIOS

PORTFOLIO UPDATES

No Fund Manager changes were made in the portfolio in Q3, following some repositioning that took place in Q2.

We did however successfully negotiate access to two funds we already own in the portfolio at a reduced management fee, helping to reduce the overall running costs of the portfolio.

The transactions were completed via a conversion. The benefits of completing this type of transaction are twofold. Firstly, the fund and therefore the underlying shares are not sold and repurchased which means you are able to maintain your market exposure at all times and not incur transaction costs. The other advantage to doing a conversion is that it avoids any potential Capital Gains Tax liability, that may have arisen through a disposal.

The two conversions that took place this quarter related to Schroders Strategic Credit and Threadneedle UK Equity.

- Schroder Strategic Credit -Conversion from X to L share class -OCF reduced from 77bps to 67bps.
- Threadneedle UK Equity -Conversion from I to X share class -OCF reduced from 106bps to 83bps.

PERFORMANCE

	QTD	YTD	2019	2018	2017	2016	2015
FW - 02 (Portfolio)	0.98	1.61	4.65	-1.20	3.49	5.31	1.59
UK CPI	0.43	0.48	1.30	2.10	2.97	1.56	0.20
FW - 03 (Portfolio)	1.93	2.18	9.56	-1.94	5.65	8.97	2.88
IA Mixed Investment 0-35% Shares	0.92	-0.18	8.80	-3.41	5.01	9.06	0.85
FW - 04 (Portfolio)	2.28	1.00	13.10	-3.97	8.10	9.58	5.76
FW - 05 (Portfolio)	2.78	0.19	15.79	-5.55	11.04	10.66	6.09
IA Mixed Investment 20-60% Shares	1.30	-2.96	12.08	-5.11	7.20	10.57	1.51
FW - 06 (Portfolio)	3.63	0.79	18.42	-6.78	15.44	12.10	5.96
FW - 07 (Portfolio)	4.44	3.30	20.80	-8.20	17.94	14.42	6.28
IA Mixed Investment 40-85% Shares	1.88	-2.33	15.94	-6.07	10.05	13.28	2.83
FW - 08 (Portfolio)	5.00	4.84	20.39	-9.31	19.11	19.64	3.69
FW - 09 (Portfolio)	5.67	7.38	22.73	-10.59	22.79	24.26	1.29
FW - 10 (Portfolio)	5.60	4.65	18.45	-10.40	22.98	26.04	-2.91
IA Flexible Investment	2.40	-1.65	15.64	-6.64	11.09	14.16	2.09

CPI is the Consumer Prices Index (weighted average of prices of a basket of goods and services).

IA refers to Investment Association benchmarks <https://www.theia.org/industry-data/fund-sectors>

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

POSITIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	FUND PERFORMANCE (Q3 2020)	COMMENTARY
Merian Gold & Silver	+19.77%	Central bankers are stepping up to the reflation plate, thereby driving long end real yields lower and gold and silver higher. The fund's performance was driven by strong attribution from silver miners and even from the exploration and development element of the portfolio.
Fidelity Emerging Markets	+9.74%	Overweight to Technology and Consumer Cyclical sectors contributed the most to returns. Holdings in Alibaba Group and Taiwan Semiconductor manufacturing co delivered 30.2% and 35.4% respectively. Alibaba achieved net income and revenues which beat expectations and Taiwan Semi was buoyed by orders from its largest customers including Apple.
Blackrock European Dynamic	+9.64%	Both defensive shares & industrials have continued to do well at the expense of travel & leisure and banks. The fund managers however remain acutely aware that the composition of investment returns, by both sector and style, might differ over the next six months versus the last as various pharmaceutical companies publish their Phase III vaccine results.

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

NEGATIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	FUND PERFORMANCE (Q3 2020)	COMMENTARY
JOHCM UK Dynamic	-5.96%	The Fund under-performed for the quarter, with 90% of this in the last two weeks as Brexit fears re-emerged. Fund specific news flow did not warrant such underperformance and we witnessed significant levels of share purchases by management teams across the portfolio in recognition of this mispricing.
Threadneedle UK Equity	-3.36%	The holdings in Diageo and Reckitt Benckiser were unhelpful; both companies are 'dollar earners' so were hurt by the pound's strength, as well as by the rotation away from defensives. Diageo's shares were also impacted as earnings missed expectations, due to weakness in the bar and restaurant trade.
Ninety One UK Alpha	-3.05%	The share prices of BP and Shell hit their lowest levels in 25 years during the quarter. Recent increases in Covid-19 infections globally has fuelled fears of a further fall in demand for energy. In response, BP intends to cut capital expenditure by 25 per cent and Shell announced a cut in dividends for the first time since the Second World War.

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

FW PASSIVE PORTFOLIOS

PERFORMANCE

	QTD	YTD	2019	2018	2017	2016	2015
FW - 02 Passive (Portfolio)	0.28	1.74	6.12	-1.39	2.52	11.14	0.98
UK CPI	0.43	0.48	1.30	2.10	2.97	1.56	0.20
FW - 03 Passive (Portfolio)	0.83	2.40	9.08	-2.03	4.40	16.35	2.10
IA Mixed Investment 0-35% Shares	0.92	-0.18	8.80	-3.41	5.01	9.06	0.85
FW - 04 Passive (Portfolio)	0.91	0.82	13.33	-3.28	6.63	16.77	3.10
FW - 05 Passive (Portfolio)	1.02	-0.50	15.15	-4.72	8.98	19.08	3.48
IA Mixed Investment 20-60% Shares	1.30	-2.96	12.08	-5.11	7.20	10.57	1.51
FW - 06 Passive (Portfolio)	1.29	-1.57	16.52	-5.66	11.17	21.06	1.56
FW - 07 Passive (Portfolio)	1.66	-2.89	18.47	-7.31	13.25	23.74	0.38
IA Mixed Investment 40-85% Shares	1.88	-2.33	15.94	-6.07	10.05	13.28	2.83
FW - 08 Passive (Portfolio)	1.86	-3.40	17.47	-6.91	15.22	26.90	-1.96
FW - 09 Passive (Portfolio)	2.18	-2.80	17.30	-7.73	17.65	28.83	-4.17
FW - 10 Passive (Portfolio)	2.55	-1.89	16.60	-7.85	19.01	32.68	-7.26
IA Flexible Investment	2.40	-1.65	15.64	-6.64	11.09	14.16	2.09

CPI is the Consumer Prices Index (weighted average of prices of a basket of goods and services).

IA refers to Investment Association benchmarks <https://www.theia.org/industry-data/fund-sectors>

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

POSITIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	FUND PERFORMANCE (Q3 2020)	COMMENTARY
HSBC American Index	+4.79%	US growth stocks, which have benefited from the shift online caused by Covid-19 this year, came under some pressure in early September, but still finished the quarter ahead. Consumer discretionary stocks, particularly restaurants and apparel retailers, also performed well.
Fidelity Index World	+3.45%	Global equity markets continued their rebound from earlier this year, despite struggling in the final month of the quarter. Regional performances did highlight some divergence with Asia and the US outperforming Europe, and the UK as Growth stocks continued their dominance over Value names.
iShares Emerging Markets	+3.25%	Taiwan, where strong performance from IT stocks supported gains, and South Korea were among the best-performing index markets. Conversely, Turkey recorded a negative return and was the weakest market in the index, primarily due to Lira weakness.

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

NEGATIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	FUND PERFORMANCE (Q3 2020)	COMMENTARY
HSBC FTSE All share Index	-2.70%	Sterling strength against a weak dollar weighed on large UK companies with exposure to international markets, as a stronger pound makes their products more expensive. In contrast many domestically focused areas started to perform better as their valuations began to reflect the more encouraging macroeconomic data seen over the summer.
Vanguard UK Government Bond	-1.46%	With risk assets continuing to grind higher, UK gilts delivered negative returns in the period, with yields moving higher, particularly throughout the month of August. The Index contains several longer dated maturities and with long-term rates increasing at a faster rate than short-term rates this had negative implications for index returns.
Threadneedle UK Property	-0.25%	In the absence of meaningful transactional evidence to illustrate pricing in the post-lockdown environment, valuers were forced to attribute changes to property values based on prevailing occupational and investor sentiment, including considering early data on rent collection.

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

FW SCHRODER BLEND FUNDS

FW SCHRODER BLEND FUNDS PERFORMANCE

The 'FW Schroder Blend' funds were launched on 19th March 2020. More detailed performance data will be available when the funds have 12 months return data.

PORTFOLIO UPDATES

We have introduced a new fund, Crabel Gemini within our Alternatives Allocation.

Within Alternatives, we are looking to identify funds that can generate return profiles that are different from those available in traditional asset classes such as equities and bonds and therefore provide further diversification in the portfolio. Alternative Assets can include both risk seeking and defensive type assets, but importantly we seek to identify those with low correlation to equities and bonds and those with the potential to generate positive returns in different market conditions.

Our research led us to the Crabel Gemini fund which is a fully systematic short-term trading strategy (10-day average holding period). The portfolio is designed to target behavioural and structural market inefficiencies across equities, rates, currencies and commodities.

The portfolio balances risks between four underlying sub-strategies (each employing multiple models): volatility breakout (40% target allocation), reversal (20%), factor timing and opportunistic.

The volatility breakout engine targets opportunities where volatility is believed to expand in a directional way (e.g. after a consolidation phase).

Reversal aims to profit from mean-reversion patterns which may materialise after 'irrational expansions'.

Factor timing is an environmental-based strategy that aims to exploit pricing inefficiencies caused by the interplay between market participants (e.g. by tracking money flows the system seeks to predict and profit from deleveraging events).

The opportunistic engine takes advantages of other opportunities which are largely behavioural in nature.

Most strategies are designed to work symmetrically, either long or short across all asset classes (there is a bias towards equity which typically represents 50% of the risk) but most importantly, the portfolio is deliberately structured to provide low correlation to all asset classes and therefore offers a unique source of return.

POSITIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	FUND PERFORMANCE (Q3 2020)	COMMENTARY
Miton European Opportunities	+11.94%	The strongest performers in the period were Adevinta/Schibsted (Norway-quoted online classified ads businesses) and Vestas Wind Systems (Denmark –a wind turbine manufacturer) which all responded positively to results statements.
JP Morgan Japan	+9.55%	At the stock level, the largest positive contributions came from M3 (online medical portal). The share price of M3 continued to outperform on the back of strong business momentum and increasing demand for their MR-kun (web service for pharmaceutical company MR to deliver the latest medical and pharmaceutical information) and LINE Healthcare (a health consultation services with doctors available round-the-clock onLINE).
HSBC American Index	+4.79%	US growth stocks, which have benefited from the shift online caused by Covid-19 this year, came under some pressure in early September, but still finished the quarter ahead. Consumer discretionary stocks, specifically restaurants and apparel retailers, also performed well.

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

NEGATIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	FUND PERFORMANCE (Q3 2020)	COMMENTARY
JOHCM UK Dynamic	-6.37%	The Fund under-performed for the quarter, with 90% of this in the last two weeks as Brexit fears re-emerged. Fund specific news flow did not warrant such underperformance and we witnessed significant levels of share purchases by management teams across the portfolio in recognition of this mispricing.
Vanguard FTSE 100	-3.57%	The FTSE 100 again underperformed global markets, as the pound strengthened further. The Energy sector was a leading detractor with BP and Royal Dutch Shell falling 25.7% and 22.4% respectively.
M&G Emerging Market Bond	-2.49%	As concerns remained about the effects of the coronavirus pandemic, emerging market bonds delivered mixed returns. The fund remains globally diversified across emerging market hard currency and local currency government and corporate bonds.

Source: Morningstar Direct, Fusion. October 2020. Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios. Past performance is not a guide to future performance.

FW SCHRODER TACTICAL FUNDS

FUND UPDATES AND POSITIONING

While the impact of the Covid-19 pandemic on the global economy remained the dominant theme for markets in the third quarter, risk assets broadly moved higher, underpinned by a continuation of supportive monetary and fiscal policy measures discussed in the previous report. Towards the end of the quarter, the run-up to the US election at the start of November created uncertainty and increased market volatility. The Schroder Fusion Portfolios delivered positive returns over the quarter with equities the main driver of performance. Credit and government bonds were generally flat or marginally negative across the portfolio range.

We moved to a moderately pro-risk stance over the quarter and diversified some of this exposure into tactical equity strategies where we identified opportunity for superior returns. Going into the third quarter of the year, we were marginally underweight equities, but gradually increased our exposure as economies began to recover from their post-lockdown lows. Towards the end of July, we closed out our overweight European equities versus US equities position. Following the announcement of the € 750bn European Recovery Fund, we believed that European equities would benefit. However, the sharp rise in the number of Covid-19 cases in countries such as Spain and France compounded fears of a second wave in Europe.

A key development over the quarter was the weakening of the US dollar. A weaker dollar loosens monetary conditions in emerging markets and represented an opportunity to increase our allocation to emerging equities in search of cheaper valuations. With economies gradually reopening as well as central bank and fiscal liquidity still plentiful, we added to global equities in September as we expect a broad-based recovery with activities normalising post-Covid. To accommodate this addition, we reduced both Nasdaq and emerging market equity overweight allocations.

We remained positive on credit throughout the third quarter, generally expressing our overweight position through US and global investment grade corporate bonds. However, despite the continued support from central banks, the sharp reversal in credit spreads (a smaller difference between the rates on government bonds versus corporate bonds) gave us a reason to be cautious as we moved through the quarter.

The Schroder Fusion Managed Defensive Fund posted a positive return for the quarter with positive contributions coming from US and emerging market equities. We placed an emphasis on the US equity region given its significant technology exposure – a sector which is performing well in this current low growth/low yielding environment. We also added a bias towards emerging market (EM) equities in August and continue to hold this position in the portfolio. EM equities remain attractively valued, particularly given our expectation that the US dollar is likely to remain capped for the time being. Within government bonds, we hold a preference towards Australian and US government bonds at the expense of German and UK government bonds.

PERFORMANCE

	QTD	YTD	2019	2018	2017	2016	2015
Schroder Fusion 3 F Acc	0.18	2.00	8.45	-4.31	-	-	-
IA Mixed Investment 0-35% Shares	0.92	-0.18	8.80	-3.41	5.01	9.06	0.85
Schroder Fusion 4 F Acc	0.00	-0.82	10.27	-5.72	-	-	-
Schroder Fusion 5 F Acc	0.11	-2.61	12.45	-7.49	-	-	-
IA Mixed Investment 20-60% Shares	1.30	-2.96	12.08	-5.11	7.20	10.57	1.51
Schroder Fusion 6 F Acc	0.11	-4.20	13.59	-8.67	-	-	-
Schroder Fusion 7 F Acc	0.13	-5.66	14.38	-10.51	-	-	-
IA Mixed Investment 40-85% Shares	1.88	-2.33	15.94	-6.07	10.05	13.28	2.83
Schroder Fusion Mgd Defensv F Acc	1.30	-0.97	8.89	-	-	-	-
UK CPI +1%	0.69	1.24	2.31	3.12	4.00	2.58	1.20

CPI is the Consumer Prices Index (weighted average of prices of a basket of goods and services).

IA refers to Investment Association benchmarks <https://www.theia.org/industry-data/fund-sectors>

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated. A comparator benchmark has been selected because the investment manager believes that this benchmark is a suitable comparison for performance purposes given the fund's investment objective.

POSITIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	CTR ¹ (F5)	ABSOLUTE RETURN	COMMENTARY
Emerging Market equities	0.9%	10.1%	Emerging market equities registered a robust return in Q3, aided by optimism on the progress of a Covid-19 vaccine as well as ongoing economic recovery. US dollar weakness proved supportive. Our overweight vs. developed markets performed well.
US equities	0.7%	9.1%	The US economy's recuperation continued, and the Federal Reserve's (Fed) messaging remained highly accommodative. Our emphasis on the Nasdaq index aided performance over the quarter.
Credit*	0.4%	1.6%	The quarter's tone was predominantly positive or "risk on" in markets. This was underpinned by policy measures, the gradual reopening of economies and, to some degree, hopes of a Covid-19 vaccine. Our overweight corporate bonds added return.

Note: Emerging market equities = MSCI EM index futures; US equities = Nasdaq 100, S&P500 and Industrials index futures; Credit = iShares USD Corporate Bond ETF, Schroder AB Global Corporate Bond Fund, Schroder Global Corporate Bond Fund. 1Contribution to Return for Schroder Fusion Portfolio 5. *Note, adding currency movements due to hedged positions.

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

NEGATIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	CTR ¹ (F5)	ABSOLUTE RETURN	COMMENTARY
UK equities	-0.7%	-3.9%	UK equities extended their year-to-date underperformance of other regions, with the market's significant exposure to poorly performing stocks in the oil and financial sectors proving unhelpful. Renewed fears around a disorderly Brexit also weighed on sentiment.
European equities	-0.1%	-0.8%	The rate of improvement in economic data slowed over the quarter and worries took hold over sharply rising Covid-19 infections in many European countries. Our European relative value trades, notably vs. US equities detracted over the quarter.
Government bonds	-0.0%	-0.1%	Government bond performance was mixed, with both the US and UK 10-year bond prices falling, whilst European bonds performed well following the announcement of the EU pandemic recovery fund.

Notes: Note: UK Equities = FTSE 100 index futures, Schroder AB UK Equity Fund; European Equities = Eurostoxx50 index futures; Government bonds = Australian 10yr, UK 10yr UK 30yr, US 10yr bond futures, Schroder AB Global Sovereign Bond Fund . ¹Contribution to Return for Schroder Fusion Portfolio 5. **Source:** Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

FW ETHICAL PORTFOLIOS

PORTFOLIO UPDATES

The FW Ethical Portfolios have been available since 2008 and have been widely used for clients ESG (“Ethical, Social, Governance”) investment requirements. Over the last 10 years, ESG adoption has developed significantly and there are many more investment options available than before.

We constantly strive to provide you with a market-leading offering and to ensure that our solutions remain relevant in a rapidly changing world. After many months of research, analysis and discussion with advisers, we are delighted to announce the launch of the FW Responsible Portfolios.

The FW Responsible Portfolios align to our Strategic Asset Allocation and will therefore be investing in our “best idea” regional equity funds across the responsible investment universe, rather than taking a single global equity exposure. We have also included an allocation to Alternative Investments with a responsible investing mandate to further enhance the drawdown protection of these portfolios.

One of the most important components of responsible investing is reporting. We have partnered with Schroders and their Sustainex Reporting Tool to provide a quarterly assessment of how the FW Responsible Portfolios are aligned to improving the world concerning Planet, People and Prosperity & Governance by linking our investments to the United Nations Sustainable Development Goals (UN SDG’s). This report aims to provide a clear, simple and easy to understand document that shows how investments are helping to achieve the UN SDG’s by investing in companies that are aligned to a better world.

It is a very exciting time for responsible investing. There is no doubt it will become more and more part of our daily lives and we look forward to continuing this journey with you and the FW Responsible Portfolios.

PERFORMANCE

	QTD	YTD	2019	2018	2017	2016	2015
FW - Ethical Cautious (Portfolio)	2.08	3.92	11.67	-2.57	6.62	9.99	2.82
IA Mixed Investment 0-35% Shares	0.92	-0.18	8.80	-3.41	5.01	9.06	0.85
FW - Ethical Balanced (Portfolio)	2.86	2.99	18.82	-4.51	11.90	11.31	4.60
IA Mixed Investment 20-60% Shares	1.30	-2.96	12.08	-5.11	7.20	10.57	1.51
FW - Ethical Adventurous (Portfolio)	3.99	3.37	24.35	-5.71	14.48	15.31	5.84
IA Mixed Investment 40-85% Shares	1.88	-2.33	15.94	-6.07	10.05	13.28	2.83

IA refers to Investment Association benchmarks <https://www.theia.org/industry-data/fund-sectors>

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

POSITIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	FUND PERFORMANCE (Q3 2020)	COMMENTARY
WHEB Sustainability	+7.68	Industrials and Healthcare sectors were significant contributors to the outperformance of this fund. A strong increase in Asian machine tool data was supportive for the growth recovery thesis at Renishaw which returned +39.6%. Kion Group was another stand out performer, +33.3% as 2Q results showed very strong free cash flow and record order growth in the warehouse automation segment.
Janus Henderson Global Sustainability	+7.47%	This quarter saw strong performance from investments that are exposed to the low carbon energy transition including renewable energy developers Boralex & Innergex, efficient electric motor company Nidec, low carbon building material manufacturer Kingspan, and water technology and infrastructure company Xylem.
Quilter Investors Ethical	+7.06%	Nvidia Corp was up 36.2% and contributed 1.06% of the returns in the portfolio. Nvidia generates most of its revenue from the sales of graphics processing units, which are used for competitive gaming, professional visualization, and cryptocurrency mining.

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

NEGATIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	FUND PERFORMANCE (Q3 2020)	COMMENTARY
BMO Responsible UK Income	-1.98%	UK equities trailed the returns generated in other regions during the period, extending their year-to-date underperformance. Renewed fears around a disorderly Brexit and rising infection rates weighed on sentiment. This was particularly prevalent in the financial sectors, to which the fund held several poorly performing stocks.
Allianz Gilt Yield	+0.90%	With risk assets continuing to grind higher, UK gilts delivered negative returns in the period, with yields moving higher, specifically throughout the month of August. The UK yield curve bear steepened, with longer-dated bonds marking their largest monthly jump since 2016.
Threadneedle UK Property	-0.25%	In the absence of meaningful transactional evidence to illustrate pricing in the post-lockdown environment, valuers were forced to attribute changes to property values based on prevailing occupational and investor sentiment, including considering early data on rent collection.

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

FW SCHRODER INCOME PORTFOLIO

PORTFOLIO UPDATES

After many months of research, analysis and discussion with advisers, we are delighted to announce the launch of the FW Income Portfolio.

As we continued to refine our investment range over the past year, one key guiding principle has remained vitally important: 'Nobody is right all the time' and that it is important to diversify by asset class, fund manager and investment style. The current FW Schroder Income Portfolio does not align with this key principle. Therefore, we are re-naming this portfolio as the FW Income Portfolio and it too will invest in our "best ideas" across various asset classes, fund managers and investment styles.

By aligning to our Strategic Asset Allocation, the revised solution will also include an allocation to Alternative Investments which will allow us to access wider sources of income for investors. Furthermore, we have re-assessed the 5% income target of the Portfolio and, given the global outlook for income, feel this is not a prudent target. We will therefore be targeting 3% to 5% of income for investors in the FW Income Portfolio.

PERFORMANCE

	QTD	YTD	2019	2018	2017	2016	2015
FW - Schroder Income (Portfolio)	-0.01	-9.91	9.67	-3.70	8.33	16.21	0.28
IA Mixed Investment 20-60% Shares	1.30	-2.96	12.08	-5.11	7.20	10.57	1.51

IA refers to Investment Association benchmarks <https://www.theia.org/industry-data/fund-sectors>

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated. A comparator benchmark has been selected because the investment manager believes that this benchmark is a suitable comparison for performance purposes given the fund's investment objective.

POSITIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	FUND PERFORMANCE (Q2 2020)	COMMENTARY
Schroder High Yield Opportunities	4.57%	Market sentiment was predominantly positive or “risk on”. As such, the fund’s allocation to corporate bonds, and in particular high yield corporate bonds through the Schroder High Yield Opportunities fund, contributed notably to returns.
Schroder Strategic Bond	4.27%	This is flexible and unconstrained bond fund, designed to prosper in all conditions. A tilt towards higher yielding bonds, balanced with government related bonds continued to work well.
Schroder Asian Dividend Maximiser	1.71%	Whilst the fund posted a positive return over the quarter, it underperformed the wider Asian markets as low yielding names continued to outperform higher yielding names. Given the fund’s equity income orientation, this has been a headwind for its performance so far this year.

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

NEGATIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	FUND PERFORMANCE (Q2 2020)	COMMENTARY
Schroder Income Maximiser	-7.01%	Schroder Income Maximiser was the largest detractor within Schroder Monthly Income Fund -where the banking holdings (Standard Chartered, Natwest, Barclays, Lloyds) meaningfully detracted and exposure to the oil majors also weighed.
Schroder European Dividend Maximiser	-4.26%	Europe lagged the global market as Covid-19 infections rose sharply in several countries and local restrictions to curb the virus were reintroduced.
Global Dividend Maximiser	-2.27%	The Global Dividend Maximiser weighed on performance over the quarter. A notable overweight in European stocks reflecting the underlying value investment approach, continued to underperform.

Source: Morningstar Direct, Fusion. October 2020. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

RISK CONSIDERATIONS

- Past performance is not a guide to future performance and may not be repeated
- The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested
- This information is for illustrative purposes only and is not intended as investment advice, nor a solicitation to invest
- You may be exposed to currency risk caused by fluctuations in foreign exchange rates. This can adversely affect the value of your return and the value of your investment
- Unless the performance of an investment meets or exceeds the rate of inflation, the real value of that investment will reduce
- As a result of fees being charged to capital, the distributable income of the fund may be higher but there is the potential that performance or capital value may be eroded
- The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses
- Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk
- High yield bonds (normally lower rated or unrated) generally carry greater market, credit and liquidity risk
- A rise in interest rates generally causes bond prices to fall
- A decline in the financial health of an issuer could cause the value of its bonds to fall or become worthless
- In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares
- A derivative may not perform as expected, and may create losses greater than the cost of the derivative

Important information

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