FINURA

FINURA FUSION WEALTH PORTFOLIO REVIEW Q1 2021

Chartered Financial Planners

Pension TRANSFER Gold Standard

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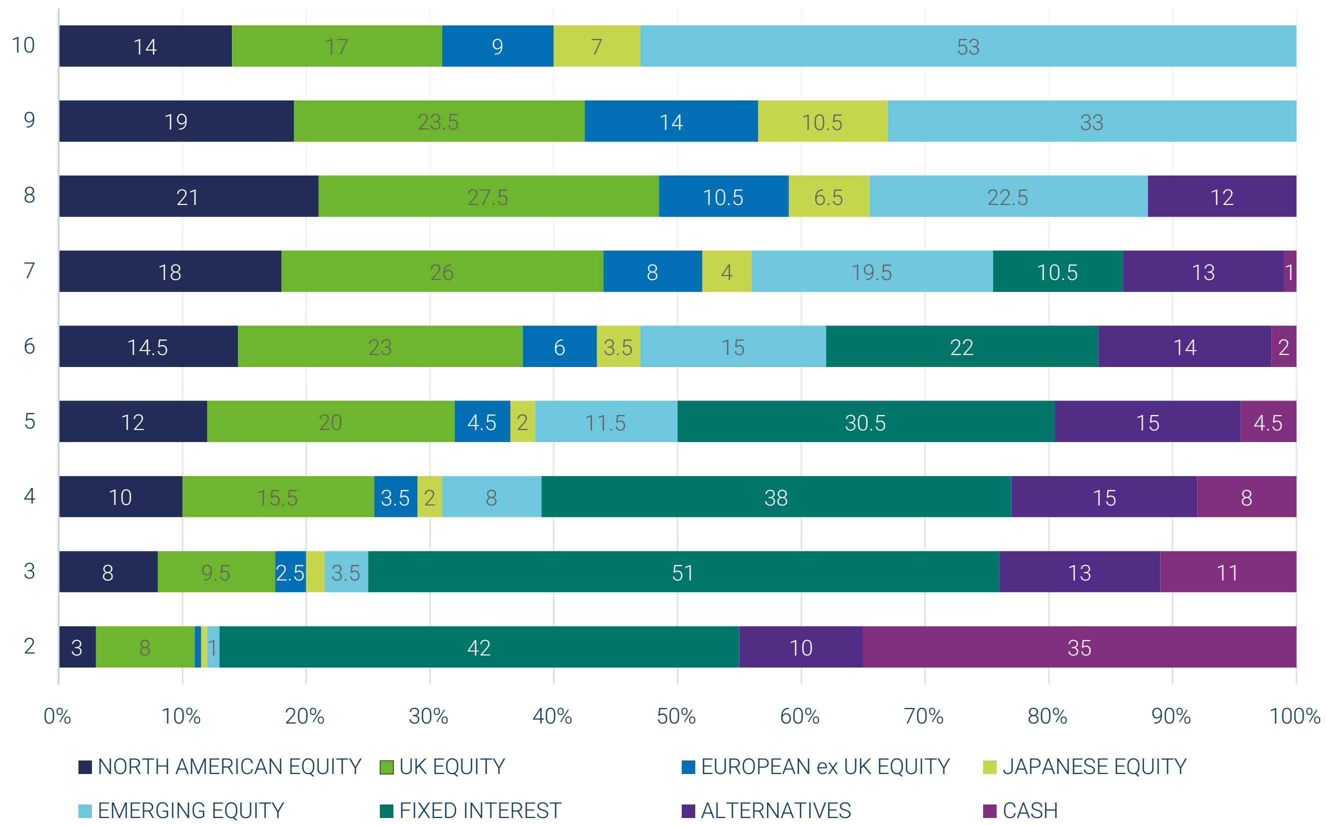
FINURA FUSION WEALTH (FW) INVESTMENT SOLUTIONS

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. April 2021. *Alternatives include non-traditional asset classes for example Commodities, Infrastructure, Real Assets and Emerging Market Debt.

GLOBAL MARKET REVIEW

Global equities advanced in Q1, supported by the roll-out of Covid-19 vaccines and news of further US fiscal stimulus. Lowly-valued parts of the market fared well, as did smaller companies.

US equities gained in Q1, despite starting uncertainly. Unusual, highly targeted trading activity saw markets rattled in January, before recovering as optimism over significant government stimulus took root.

European equities advanced in Q1. Hopes of global economic recovery supported sectors that fared poorly in 2020, such as energy and financials. Consumer discretionary stocks also performed well, notably car makers as Volkswagen announced ambitious electric vehicle targets. Underperformers were defensive areas that are less tied into the economic recovery, such as utilities and real estate.

UK equities performed well. Lowly-valued, economically-sensitive areas of the market extended the recovery seen since November. This was reflected in a very strong performance from materials, energy and financials. Banks performed particularly well amid better-than-expected results and a sharp increase in bond yields as the global economic outlook improved.

Japanese equities continued to rally as visibility on the corporate profit recovery improved after a strong set of quarterly results. Sentiment was also helped by the consistent weakness of the yen against the US dollar. The market was led by cyclical sectors and lower quality value style stocks, partly in response to early indications of changes in global interest rates and inflation expectations.

Emerging market equities (EM) registered a positive return in Q1. This was despite weakness later in the quarter as EM vaccine programmes lagged developed markets. A pick-up in daily new cases of Covid-19 led to renewed activity restrictions in some countries. Meanwhile, a marked increase in US Treasury bond yields pressured higher growth areas of the equity markets and accompanying US dollar strength was also a headwind for EM.

Government bond yields rose (meaning prices fell). Corporate bonds outperformed government bonds.

Source: Schroders. April 2021. Please note any past performance mentioned in this document is not a guide to future performance and may not be repeated.

MARKET PERFORMANCE
Q1 2021

2017	2018	2019	2020	Year to Date	Q1 2021
Asia Ex Japan Equities 41.7	Global High Yield Bonds 6.5	US Equities 30.7	Asia Ex Japan Equities 25.0	Japanese Equities 9.3	Japanese Equities 9.3
EM Equities 37.3	Global Treasury Bonds 1.1	Europe ex UK Equities 27.1	US Equities 19.9	Europe ex UK Equities 7.7	Europe ex UK Equities 7.7
Japanese Equities 22.2	UK Gilts 0.6	Global Property 23.1	EM Equities 18.3	Global Property 6.1	Global Property 6.1
US Equities 20.9	UK Index -linked Gilts -0.3	UK Equities 19.2	UK Index -linked Gilts 11.0	US Equities 5.6	US Equities 5.6
UK Equities 13.1	UK Corporate Bonds -2.2	EM Equities 18.4	UK Corporate Bonds 9.1	UK Equities 5.2	UK Equities 5.2
Global Property 11.4	Global Corporate Bonds -2.7	Asia Ex Japan Equities 18.2	UK Gilts 8.3	Asia Ex Japan Equities 2.7	Asia Ex Japan Equities 2.7
Europe ex UK Equities 11.4	Global Property -4.7	Japanese Equities 18.1	Japanese Equities 7.4	EM Equities 2.3	EM Equities 2.3
Global High Yield Bonds 5.6	US Equities -5.7	UK Corporate Bonds 11.0	Global Corporate Bonds 7.2	Global High Yield Bonds 1.1	Global High Yield Bonds 1.1
UK Corporate Bonds 4.9	UK Equities -9.5	Global Corporate Bonds 10.6	Global High Yield Bonds 7.0	Global Treasury Bonds -2.7	Global Treasury Bonds -2.7
Global Corporate Bonds 4.6	Europe ex UK Equities -10.9	UK Gilts 6.9	Global Treasury Bonds 4.6	Global Corporate Bonds -3.3	Global Corporate Bonds -3.3
UK Index -linked Gilts 2.3	Asia Ex Japan Equities -14.4	Global High Yield Bonds 6.5	Europe ex UK Equities 1.7	UK Corporate Bonds -4.7	UK Corporate Bonds -4.7
UK Gilts 1.8	EM Equities -14.6	UK Index -linked Gilts 6.4	Global Property -8.2	UK Index -linked Gilts -6.3	UK Index -linked Gilts -6.3
Global Treasury Bonds 1.1	Japanese Equities -16.0	Global Treasury Bonds 5.5	UK Equities -9.8	UK Gilts -7.2	UK Gilts -7.2

Notes: All Indices in base currency. Indices used: BBgBarc Gbl Agg Corp TR Hdg GBP, BBgBarc Global Treasury TR Hdg GBP, FTSE Act UK Cnvt Gilts All Stocks TR GBP, FTSE Act UK Index-link Gilts AS TR GBP, BBGBarc Global High Yield Yld USD, FTSE AllSh TR GBP, IA UK Direct Property, MSCI EM NR USD, MSCI Europe Ex UK NR EUR, S&P 500 TR USD, TOPIX TR JPY, BBgBarc Sterling Agg Corp 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. April 2021

12 MONTH MARKET OUTLOOK

🟢🟢🟢 Maximum Positive ▲ Up from last month
🟡 Neutral
🔴🔴🔴 Maximum Negative ▼ Down from last month

	Category	View	Comments
Main Asset Classes	Equities	🟢	FW believe in the fundamentals of equities over the medium-term. FW recognise, however, the risk that rising real rates pose to equity valuations, given they are a key component of the discount rate for calculating today's value of companies' future cashflows.
Main Asset Classes	Government Bonds	🔴	Yields have risen sharply since January. The global impact of the vaccine roll-out and the US fiscal package, however, mean there is still some scope for further modest rises (bond prices fall as yields rise).
Main Asset Classes	Commodities	🟢	FW remain positive as commodity prices continue to rise. Vaccine distribution and solid hopes of additional fiscal stimulus are driving the recovery in demand.
Main Asset Classes	Credit	🟡	The probability of a vaccine-led recovery in the second quarter of 2021 continues to have positive implications for credit, but FW continue to see little value.
Equities	US	🟡 ▼	The risk-return profile has deteriorated with rising real yields pressuring the technology/growth heavy market. We continue to favour economically sensitive sectors within the US.
Equities	UK	🟡 ▼	The UK is attractive given its economic sensitivity and cheap valuations. The strength of the pound, however, is weighing on a market with high foreign revenues.
Equities	Europe	🟡 ▼	The region is well positioned to benefit from any normalisation of the global recovery but is behind on vaccine delivery. Fiscal support also remains as a headwind.
Equities	Japan	🟢	FW still expect the country's export sectors to benefit from economic recovery.
Equities	Pacific ex-Japan	🟢	FW continue to favour these markets, particularly Korea and Taiwan, given signs of recovering exports and ongoing support from the technology cycle.
Equities	Emerging Markets	🟢 ▼	FW remain positive on emerging markets (EM) equities where the growth exposure in the index is diversifying to their other positions.

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

Source: Schroders. April 2021. 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

The Investment Committee has implemented a sleeve approach (asset class/ region) to its fund selection process, which incorporates 'best ideas' across risk profiles. A sleeve utilises the same composition of funds and will ensure the strategic asset allocation guides the appropriate risk/return. It also helps the portfolios maintain a clear separation across risk profiles.

A full review of each asset class/region was undertaken to determine an optimal blend of funds, considering a diversified range of manager styles and market cap exposures. Action taken has resulted in several transactions to bring the portfolios in line with this philosophy.

FUNDS SOLD

- Franklin UK Smaller Companies – Switching into R&M UK Equity Smaller Companies Fund
- Liontrust Special Situations – Reducing concentration to growth funds in the UK
- Baillie Gifford European – Reducing concentration to growth funds in Europe

NEW ADDITIONS

R&M UK Equity Smaller Companies Fund
The fund is run according to River & Mercantile tried and trusted 'PVT' philosophy, built around potential, value and timing. UK smaller companies are a classic area of the market where active investment management can reap big rewards and fund manager Dan Hanbury has an exceptional track record of delivering risk adjusted returns for investors in different market cycles.

LF MitonEuropean Opportunities
This is a multi-cap fund with a substantial mid-cap bias. The managers look for quality companies, with strong brands or clear competitive advantages that can create shareholder value through growing revenues, expanding margins and increasing return on capital. Importantly, these companies are not reliant on the external economic backdrop in order to achieve these goals.

JOHCM Continental European
Senior Fund Manager Paul Wild employs a pragmatic investment process that combines top-down economic and sector views with bottom-up stock picking. This flexibility style has been successful in navigating different market cycles and delivered good outperformance relative to its benchmark.

Artemis Global Emerging Markets
This fund has a multi-cap 'value' orientated style which is highly differentiated from the benchmark and the other large cap growth style managers we hold in Emerging Markets. The dispersion in valuation between growth and value is at historical extremes and offers an attractive entry point.

Royal London Short Duration Gilts Fund
The fund is predominantly investing in short-duration (1-5 years) UK government bonds, which are also known as gilts. Short-dated bonds have traditionally served as a relatively secure investment, since their short lifespan leaves them less exposed to market volatility.

CrabelGemini
CrabelGemini is a fully systematic short-term trading strategy with an average 10 day holding period. The portfolio is constructed to deliver a return profile that is uncorrelated to equities, bonds and other traditional markets which makes it a good diversifier in the portfolios.

PERFORMANCE

	QTD	YTD	2020	2019	2018	2017	2016
FW - 02 Active (Portfolio)	**-0.90**	**-0.90**	**3.58**	**4.61**	**-1.23**	**3.41**	**5.50**
UK CPI	0.22	0.22	0.59	1.30	2.10	2.97	1.56
FW - 03 Active (Portfolio)	**-0.77**	**-0.77**	**6.29**	**9.52**	**-2.01**	**5.64**	**9.08**
IA Mixed Investment 0-35% Shares	-0.79	-0.79	3.98	8.80	-3.41	5.01	9.06
FW - 04 Active (Portfolio)	**-0.23**	**-0.23**	**7.05**	**13.11**	**-3.96**	**8.22**	**10.00**
FW - 05 Active (Portfolio)	**0.46**	**0.46**	**7.69**	**15.81**	**-5.54**	**11.25**	**11.19**
IA Mixed Investment 20-60% Shares	0.90	0.90	3.49	12.08	-5.11	7.20	10.57
FW - 06 Active (Portfolio)	**0.72**	**0.72**	**10.16**	**18.44**	**-6.77**	**15.66**	**12.55**
FW - 07 Active (Portfolio)	**1.17**	**1.17**	**13.86**	**20.82**	**-8.17**	**18.14**	**14.83**
IA Mixed Investment 40-85% Shares	1.63	1.63	5.50	15.94	-6.07	10.05	13.28
FW - 08 Active (Portfolio)	**1.27**	**1.27**	**16.84**	**20.40**	**-9.30**	**19.06**	**19.72**
FW - 09 Active (Portfolio)	**1.47**	**1.47**	**21.53**	**22.73**	**-10.58**	**22.67**	**24.41**
FW - 10 Active (Portfolio)	**1.61**	**1.61**	**19.29**	**18.47**	**-10.39**	**22.87**	**26.14**
IA Flexible Investment	2.22	2.22	7.01	15.64	-6.64	11.09	14.16

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. April 2021. 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 (Q1 2021)	COMMENTARY
Dodge & Cox Worldwide US Stock	+14.88%	This value-biased strategy delivered strong returns for the quarter, benefitting from sentiment shifting to cheaper stocks that are more cyclical in nature and are expected to benefit from an economy recovery. The investment team see attractive long-term investment opportunities in US Financials, which would benefit from rising interest rates.
JOHCM UK Dynamic	+11.24%	The strategy continued to deliver good outcomes to the portfolio in Q1 2021, thanks to both a strong return and a high conviction weighting. Value and small-cap stocks continued to deliver on their recovery relative to faster growing and large-cap companies on the back of economic recovery expectations. During the period, the fund recorded its best February since inception.
Artemis US Select	+4.98%	Despite the current pressure of owning more expensive faster growing companies, the manager has been able to deliver returns through selective allocation to cheaper names that have benefitted from the rotation to value, such as Ally Financial and JPMorgan Chase. This demonstrates the investment process is flexible and will adapt to the prevailing market environment.

NEGATIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	FUND PERFORMANCE (Q1 2021)	COMMENTARY
Jupiter Gold & Silver Fund	-14.86%	This inflation and commodity hedge has faced headwinds as a result of real returns on fixed income instruments becoming more attractive as a result of rising yields. The strategy has, however, provided downside protection by falling less than that of the category average, and approximately half of the EMIX Gold Mining index. This is due in part to their Silver allocations and good stock selection.
JPM Japan	-8.56%	Following a very strong year for performance in 2020, year to date performance in 2021 has been disappointing. A focus towards quality and growth stocks has suffered as the markets start to reprice a rapidly recovering global economy and prospects for more cyclical companies. From a stock perspective, M3 (Healthcare) and Keyence Corp (Technology) detracted from performance.
Allianz Gilt	-7.56%	The fund experienced its largest drawdown since inception. Concerns about rising inflation and accelerating economic growth has resulted in higher bond yields and steeper yield curves. Despite the losses, the strategy retains its footing compared to peers and has managed to avoid placing itself in the fourth quartile in terms of performance.

Source: Morningstar Direct, Fusion. April 2021. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

FW PASSIVE PORTFOLIOS

PORTFOLIO UPDATES

The Investment Committee is taking the opportunity to increase exposure to UK mid cap companies. The FTSE 100 may be home to London's biggest listed companies, but its best performers can often be found further down the market cap scale. We think mid cap names offer superior value creation over their larger peers. This is a function of their ability to earn more attractive returns on capital employed, which can then be reinvested at higher growth rates. We also think mid cap firms tend to be more dynamic than their blue-chip counterparts and often less complex, more focused businesses giving them a greater opportunity to scale.

NEW ADDITIONS

HSBC FTSE 250 Index
As with all index tracking processes, the ability to track as close to an index as possible after charges is the key, and HSBC have built this process into a very accurate and detailed replication technique having recently invested heavily in IT systems to enhance their capabilities.

HSBC's approach to managing index funds has two equally important objectives of close tracking and increasing risk adjusted returns. This approach has generally resulted in close index tracking, whilst off-setting the 'head wind' of transaction costs typically associated with index strategies.

Index implementation research (primarily index changes) is an integral part of the portfolio management process and is performed on an on-going basis to ensure that the process of implementation is as cost effective as possible and that any pricing anomalies do not detract from returns relative to benchmark.

PERFORMANCE

	QTD	YTD	2020	2019	2018	2017	2016
FW - 02 Passive (Portfolio)	**-1.14**	**-1.14**	**3.94**	**6.22**	**-1.38**	**2.56**	**11.39**
UK CPI	0.22	0.22	0.59	1.30	2.10	2.97	1.56
FW - 03 Passive (Portfolio)	**-0.82**	**-0.82**	**6.15**	**9.16**	**-1.92**	**4.56**	**16.78**
IA Mixed Investment 0-35% Shares	-0.79	-0.79	3.98	8.80	-3.41	5.01	9.06
FW - 04 Passive (Portfolio)	**0.23**	**0.23**	**5.87**	**11.76**	**-3.22**	**6.79**	**17.17**
FW - 05 Passive (Portfolio)	**1.05**	**1.05**	**5.51**	**15.12**	**-4.71**	**8.99**	**19.10**
IA Mixed Investment 20-60% Shares	0.90	0.90	3.49	12.08	-5.11	7.20	10.57
FW - 06 Passive (Portfolio)	**1.77**	**1.77**	**5.69**	**16.54**	**-5.62**	**11.15**	**21.32**
FW - 07 Passive (Portfolio)	**2.75**	**2.75**	**5.66**	**18.45**	**-7.31**	**13.21**	**24.09**
IA Mixed Investment 40-85% Shares	1.63	1.63	5.50	15.94	-6.07	10.05	13.28
FW - 08 Passive (Portfolio)	**3.42**	**3.42**	**6.07**	**17.48**	**-6.89**	**15.13**	**27.05**
FW - 09 Passive (Portfolio)	**3.18**	**3.18**	**7.45**	**17.29**	**-7.73**	**17.59**	**28.97**
FW - 10 Passive (Portfolio)	**2.74**	**2.74**	**8.77**	**16.60**	**-7.85**	**19.00**	**32.83**
IA Flexible Investment	2.22	2.22	7.01	15.64	-6.64	11.09	14.16
CPI is the Consumer Prices Index (weighted average of prices of a basket of goods and services).							
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POSITIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	FUND PERFORMANCE (Q1 2021)	COMMENTARY
iShares Global Property	+6.30%	Real estate investment trusts (REITs) continued to recover from their pandemic-driven downturn and outpaced the S&P 500 in the quarter. The top performing REIT sectors were among those to be hardest hit by the pandemic in 2020, including Regional Malls up 31.57%, Shopping Centres up 26.09% and Lodging and Resorts up 17.96%.
HSBC American Index	+5.54%	While the index is focussed on large-cap stocks which faced headwinds over the quarter, it still delivered positive returns as a result of having a balanced style exposure. The indexes impressive track record over time makes a passive strategy in this space compelling, but we cautiously observe the valuations of key segments of the American stock market.
HSBC FTSE All Share	+5.35%	The UK stock market continued to be buoyed by its value orientated slant; market participants are expecting an economic recovery on the back of Covid-19 vaccine rollout developments. Cyclical sectors, such as financial services and basic materials, nearly a third of the index, would benefit from this continued trend.

Source: Morningstar Direct, Fusion. April 2021. 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 (Q1 2021)	COMMENTARY
Vanguard UK Government Bond	-7.91%	Bond markets have fallen in dramatic fashion as investors started to worry about the prospect of higher inflation and lower levels of monetary stimulus. Gilts came off worst, as government bond funds, with their longer maturities and lower yields, bore the brunt of the sell-off as yield curves steepened.
Vanguard Global Corporate Bond	-3.01%	Despite largest headwinds in the fixed income universe in the past 30 years, the global corporate bond portfolio benefitted from the average maturity of the debt being shorter than the average global government bond index. It was thus less impacted by rising bond yields. Losses were also offset with returns earned through exposure to higher yielding countries.
Vanguard Global Bond	-2.88%	Rising bond yields were a headwind for the asset class. An allocation to corporate bonds however helped the strategy as government bonds tended to lead the sell-off over the quarter. Losses in high-quality, developed investment grade bonds were offset in part by higher yielding emerging market government debt and corporate bond holdings.

Source: Morningstar Direct, Fusion. April 2021. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

FW SCHRODER BLEND FUNDS

FUND PERFORMANCE

The ‘FW Schroder Blend’ funds were launched on 19th March 2020. These new funds follow FW’s proven investment methodology, working closely with the Schroders Economics and Multi-Asset teams and RSMR to provide a Model Portfolio Service in a single, unitised fund (for risk profiles 3-8). They combine the benefits of both active and passive investing, using a range of different underlying funds to dynamically adjust the active/passive weightings depending on the asset class, the behaviour of markets and where we are in the economic cycle. More detailed performance data will be available when the funds have 12 months return data.

PORTFOLIO UPDATES

The Investment Committee has implemented a sleeve approach (asset class/ region) to its fund selection process, which incorporates ‘best ideas’ across risk profiles. A sleeve utilises the same composition of funds and will ensure the strategic asset allocation guides the appropriate risk/return. It also helps the portfolios maintain a clear separation across risk profiles.

A full review of each asset class/region was undertaken to determine an optimal blend of funds, considering a diversified range of manager styles and market cap exposures. Action taken has resulted in several transactions to bring the portfolios in line with this philosophy.

FUNDS SOLD

- iShares Mid Cap UK Equity Index – Switching into Jupiter UK Mid Cap

NEW ADDITIONS

Jupiter UK Mid Cap
The strength and depth of the team at Jupiter means it is recognised as an industry leader and FW think puts it at a relative advantage to its peers. The fund offers investors a broad range of themes and investment opportunities across the spectrum of the UK economy from retailers to manufacturing exporters, from high-tech growth companies to established mainstream brands. In recent years, the fund has benefited from its exposure to disruptive, fast-growing technology enabled businesses, whilst avoiding companies in structural decline. The funds flexible mandate does however give it the potential to be successful across the entire cycle of economic conditions.

Blackrock Dynamic European
The fund’s high conviction, style agnostic approach aims to outperform throughout the cycle by combining bottom-up analysis within a top-down framework. The manager will dynamically tilt the portfolio towards favourable markets and whilst the fund is style agnostic, there has been an inherent growth bias. The manager has however quickly tilted the strategy towards value as and when he felt that there was strong enough evidence to do so.

Jupiter Gold & Silver
The combined use of physical bullion and gold & silver mining equities offers a unique proposition. Whilst gold is seen as a defensive asset, silver has a different narrative; it is used in solar panels, batteries, a variety of electronics, and as an antimicrobial element in medicine. The ability to tactically allocate the portfolio depending on the prevailing precious metal markets provides the manager with the opportunity to deliver alpha against the prevailing spot prices.

Vanguard Global Short-Term Bond Index Fund
The Fund attempts to track the performance of the Bloomberg Barclays Global Aggregate Ex US MBS 1-5 Year Float Adjusted and Scaled Index. Vanguard's large scale operation helps to keep costs down, resulting in low fees, and provides ample crossing opportunities, which has resulted in strong tracking performance relative to their competitors.

JPM Global Government Short Duration Bond Fund
The Fund invests primarily in short duration global government bonds, high quality sovereign/agency debt, short term money market instruments, deposits. It will seek sources of alpha from duration, yield curve positioning and cross-markets positioning. JP Morgan provides a safe pair of hands with its strong risk framework and expertise of locally based sector specialists and portfolio management teams.

POSITIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	FUND PERFORMANCE (Q1 2021)	COMMENTARY
Dodge & Cox Worldwide US Stock	+14.88%	This value-biased strategy delivered strong returns for the quarter, benefitting from sentiment shifting to cheaper stocks that are more cyclical in nature and are expected to benefit from an economy recovery. The investment team see attractive long-term investment opportunities in US Financials, which would benefit from rising interest rates.
JOHCM UK Dynamic	+11.24%	The strategy continued to deliver good outcomes to the portfolio in Q1 2021, thanks to both a strong return and a high conviction weighting. Value and small-cap stocks continued to deliver on their recovery relative to faster growing and large-cap companies on the back of economic recovery expectations. During the period, the fund recorded its best February since inception.
HSBC American Index	+5.54%	While the index is focussed on large-cap stocks which faced headwinds over the quarter, it still delivered positive returns as a result of having a balanced style exposure. The indexes impressive track record over time makes a passive strategy in this space compelling, but we cautiously observe the valuations of key segments of the American stock market.

Source: Morningstar Direct, Fusion. April 2021. 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 (Q1 2021)	COMMENTARY
JPM Japan	-8.56%	Following a very strong year for performance in 2020, year to date performance in 2021 has been disappointing. A focus towards quality and growth stocks has suffered as the markets start to reprice a rapidly recovering global economy and prospects for more cyclical companies. From a stock perspective, M3 (Healthcare) and Keyence Corp (Technology) detracted from performance.
Vanguard UK Government Bond	-7.91%	Bond markets have fallen in dramatic fashion as investors started to worry about the prospect of higher inflation and lower levels of monetary stimulus. Gilts came off worst, as government bond funds, with their longer maturities and lower yields, bore the brunt of the sell-off as yield curves steepened.
Vanguard Global Corporate Bond	-3.01%	Despite largest headwinds in the fixed income universe in the past 30 years, the global corporate bond portfolio benefitted from the average maturity of the debt being shorter than the average global government bond index. It was thus less impacted by rising bond yields. Losses were also offset with returns earned through exposure to higher yielding countries.

Source: Morningstar Direct, Fusion. April 2021. 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.

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FW SCHRODER TACTICAL FUNDS

PORTFOLIO UPDATES

Portfolio activity focussed on broadening the equity exposure to capture further opportunities as well as mitigating some of the risk associated with the pro-risk stance. FW added an overweight position in US banks, funded out of a reduction in their exposure to the S&P 500. As a result, the asset allocation in the US took on a value tilt to help manage the risk to valuations posed by higher bond yields.

FW also booked profits on their US smaller companies exposure which had performed well. Equity markets continued to gain in February, with vaccine optimism ultimately trumping fears that a stronger-than-expected economic rebound could alter the trajectory of central bank policy. During the month, FW closed the overweight UK vs European equities tilt. The story largely played out as we had expected with the UK fairing relatively better than the EU economically due to better vaccine progress and Brexit resolution. However, this sent the pound sterling higher which in turn saw UK large caps underperform. FW also closed their long emerging market equities position at the start of March in line with a reduction in their overall equity overweight. Their conviction in this region had faded somewhat whilst performance had been weaker relative to the other overweight positions which have more of a value tilt e.g. US financials and Japanese equities.

To fund its overweight equities position, FW remain underweight in government bonds; a position which benefitted the portfolios over the quarter. This was expressed through a tactical underweight German government debt trade to complement a broader global government bond underweight. In February, FW adjusted the composition, moving some of the underweight German bond exposure into the global government bond position. Elsewhere, they added an overweight Australian government bonds versus US Treasuries position. In an environment where China's activity weakens and global trade declines, Australian government bonds are likely to outperform US Treasuries. FW later took profits on their underweight German bunds position.

The Schroder Fusion Managed Defensive fund posted a positive return for the quarter with performance driven by US, Japanese and European equities. The government and corporate bond allocations contributed negative returns. The fund remains overweight equities so as to benefit from the ample liquidity and positive vaccine rollout, with a continued preference for the US, Europe and Japan. Equity positioning was little changed over the quarter. Given their view that stronger economic growth and inflation expectations would lead to shorter term government bonds outperforming, FW implemented this in the portfolio through the addition of shorter-term German and US government bonds. Later on in the quarter, they added back some exposure to Germany, and also reduced the exposure to the UK and Canada. Towards the end of the quarter, they added exposure to commodities in line with their view of a return to economic normality.

PERFORMANCE

	QTD	YTD	2020	2019	2018	2017	2016
Schroder Fusion 3 F Acc	**-0.63**	**-0.63**	**5.79**	**8.45**	**-4.31**	**-**	**-**
IA Mixed Investment 0-35% Shares	-0.79	-0.79	3.98	8.80	-3.41	5.01	9.06
Schroder Fusion 4 F Acc	**0.56**	**0.56**	**4.55**	**10.27**	**-5.72**	**-**	**-**
Schroder Fusion 5 F Acc	**1.44**	**1.44**	**3.94**	**12.45**	**-7.49**	**-**	**-**
IA Mixed Investment 20-60% Shares	0.90	0.90	3.49	12.08	-5.11	7.20	10.57
Schroder Fusion 6 F Acc	**2.25**	**2.25**	**3.29**	**13.59**	**-8.67**	**-**	**-**
Schroder Fusion 7 F Acc	**3.22**	**3.22**	**2.84**	**14.38**	**-10.51**	**-**	**-**
IA Mixed Investment 40-85% Shares	1.63	1.63	5.50	15.94	-6.07	10.05	13.28
Schroder Fusion Mgd Defensv F Acc	**0.60**	**0.60**	**1.84**	**8.89**	**-**	**-**	**-**
UK CPI +1%	0.46	0.46	1.60	2.31	3.12	4.00	2.58

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. April 2021. 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
UK equities	1.1%	5.7%	UK equities performed well. Lowly-valued, economically-sensitive areas of the market extended the recovery seen since November. This was reflected in a very strong performance from materials, energy and financials.
Global equities	0.9%	5.3%	Global equities advanced, supported by the roll-out of Covid-19 vaccines and news of further US fiscal stimulus. The overweight exposure to equities continued to drive fund returns.
US equities	0.5%	9.3%	US equities gained in Q1, despite an uncertain start. Unusual, highly targeted trading activity saw markets rattled in January, before recovering as optimism over significant government stimulus took root.

Note: UK equities = FTSE 100 Index Future, UK Multi-Factor Equity Component Fund; Global equities = Global Multi-Factor Equity Fund, Schroder Global Equity Fund, Schroder Global Equity Completion Fund; US equities = S&P 500 Index Future, EminiUS Financials Future. [1]Contribution to Return for Schroder Fusion Portfolio 5. **Source:** Morningstar Direct, Fusion. January 2021. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

LEAST POSITIVE CONTRIBUTORS TO PORTFOLIO PERFORMANCE

FUND NAME	CTR[1] (F5)	ABSOLUTE RETURN	COMMENTARY
Government bonds	-1.3%	-4.5%	It was a bad quarter for government debt as bond yields rose markedly. It was the second worst quarter since 1980 for US Treasuries, with other markets also seeing large moves.
Corporate bonds	-0.4%	-4.0%	Investment grade corporate bonds made negative total returns, as yields rose.
Pacific ex-Japan equities	0.0%	3.9%	The region recorded a positive return for the quarter amid investor optimism for a return to economic normality. However, given the small allocation, the contribution to fund performance was minimal.

Notes: Government bonds = Australian 10yr, UK 10yr, UK 30yr, US 10yr bond futures, Schroder Global Sovereign Bond Tracker Fund; Corporate bonds = Schroder Global Corporate Bond Fund, Schroder Global Corporate Managed Credit Fund; Pacific ex-Japan equities = SPI 200 Index Future. [1]Contribution to Return for Schroder Fusion Portfolio 5. **Source:** Morningstar Direct, Fusion. January 2021. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

FW RESPONSIBLE PORTFOLIOS

PORTFOLIO UPDATES

The Investment Committee has implemented a sleeve approach (asset class/region) to its fund selection process, which incorporates 'best ideas' across risk profiles. A sleeve utilises the same composition of funds and will ensure the strategic asset allocation guides the appropriate risk/return. It also helps the portfolios maintain a clear separation across risk profiles.

A full review of each asset class/region was undertaken to determine an optimal blend of funds, considering a diversified range of manager styles and market cap exposures. Action taken has resulted in several transactions to bring the portfolios in line with this philosophy.

FUNDS SOLD

- Stewart Investors GEM Sustainability –Switching into Core Emerging Market Fund
- Kames Ethical Corporate Bond –Reducing duration in Fixed Income

NEW ADDITIONS

Federated Hermes Global Emerging Markets
Emerging markets are notoriously difficult for ethically minded investors to navigate but Federated Hermes has a long history focused on stewardship and sustainability. ESG factors are fully integrated into the investment process, with a proprietary ESG quantitative dashboard that ranks companies. They are not selecting companies which are either best in class or morally beyond reproach, the managers are looking for companies which are on the right path and improving trajectory.

The fund provides an attractive core exposure to Global Emerging Markets and invests in high-quality, efficient and sustainable companies whose growth is supported by robust, defensible franchises. Lead manager, KunjalGala employs a long-term approach in identifying the beneficiaries of structural drivers of growth. Structural themes currently in the portfolio relate to the rollout of 5G networks, application of the internet of things, rising financial penetration, healthcare and infrastructure development and growing consumer appetite for premium products. Kunjalis backed by considerable resource, with Hermes having one of the largest analyst teams in this space. The team has developed and run their process for a significant period and have an excellent performance track record.

Royal London Short Duration Gilts Fund
The fund is run by an experienced fixed interest team with a well-established resource. The fund is predominantly investing in short-duration (1-5 years) UK government bonds, which are also known as gilts. Short-dated bonds have traditionally served as a relatively secure investment, since their short lifespan leaves them less exposed to market volatility and can also be a useful addition to the portfolio in a rising rate environment.

PERFORMANCE

	QTD	YTD	2020	2019	2018	2017	2016
FW - 03 Responsible (Portfolio)	**-1.12**	**-1.12**	**7.89**	**11.62**	**-2.58**	**6.60**	**10.28**
IA Mixed Investment 0-35% Shares	-0.79	-0.79	3.98	8.80	-3.41	5.01	9.06
FW - 05 Responsible (Portfolio)	**0.21**	**0.21**	**9.61**	**18.78**	**-4.51**	**11.83**	**11.39**
IA Mixed Investment 20-60% Shares	0.90	0.90	3.49	12.08	-5.11	7.20	10.57
FW - 07 Responsible (Portfolio)	**1.05**	**1.05**	**12.42**	**24.24**	**-5.71**	**14.42**	**15.80**
IA Mixed Investment 40-85% Shares	1.63	1.63	5.50	15.94	-6.07	10.05	13.28
IA refers to Investment Association benchmarks https://www.theia.org/industry-data/fund-sectors							

Source: Morningstar Direct, Fusion. January 2021. 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 (Q1 2021)	COMMENTARY
EdenTreeResponsible and Sustainable Europe Equity	+7.37%	Prospects for a strong economic recovery outweighed the slower pace of vaccine rollout programmes across Europe. PostNL, an integrated shipping provider, continued to provide strong performance off a low base. The funds positioning to Industrials and Financials (two sectors comprise 46% of the portfolio, compared to the indexes 17% weight) look well placed to benefit from a cyclical recovery.
EdenTreeResponsible and Sustainable UK Equity	+4.57%	While performance in absolute terms has lagged that of value funds, the strategy's blended style exposure has helped it deliver positive returns for the quarter. Value orientated stocks (such as National Express, Ashtead, and Menzies) helped balance out losses from the higher priced growth names (such as Fevertree Drinks, Smith & Nephew, and Marshalls).
Liontrust Sustainable Future UK Growth	+3.82%	Despite its growth biased orientation (a style which faced headwinds over the quarter), the strategy continued to deliver returns. An overweight allocation to financial services and good stock selection were helpful to performance. GW Pharmaceuticals, a biopharma company, lead the gains on the back of the announcement that Jazz Pharmaceuticals will acquire the company.

Source: Morningstar Direct, Fusion. April 2021. 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 (Q1 2021)	COMMENTARY
RWC NissayJapan Focus	-9.41%	With its current positioning in mid-cap faster growing companies, the strategy faced headwinds as the market shifted to cheaper, cyclically orientated companies that would stand to benefit from an economic recovery and higher interest rates. M3 and Asahi Intecc (Healthcare names) led the losses over the quarter, as the market favoured industrials and consumer cyclical names.
Allianz Gilt	-7.56%	The fund experienced its largest drawdown since inception. Concerns about rising inflation and accelerating economic growth has resulted in higher bond yields and steeper yield curves. Despite the losses, the strategy retains its footing compared to peers and has managed to avoid placing itself in the fourth quartile in terms of performance.
Liontrust Sustainable Future Corporate	-2.71%	Despite the losses, the strategy has managed to provide downside protection relative to the index and peers. The 19% allocation to banks is expected to provide a hedge against rising interest rates, as banks operating margins should increase in such environments.

Source: Morningstar Direct, Fusion. April 2021. Net of Fees. Past performance is not a guide to future performance and may not be repeated.

FW INCOME PORTFOLIO

PORTFOLIO UPDATES

Government bonds (as well as other types of fixed income investments) are sensitive to interest rate risk, which refers to the possibility that a rise in interest rates will cause the value of the bonds to decline. Bond prices and interest rates move in opposite directions.

The strong economic rebound in global growth given the considerable monetary and fiscal response from central banks and government around the world has led us to reassess our expectations for interest rates and the direction of travel for bond yields. With the balance of probabilities now skewed to potentially higher yields (or at least, limited reasons for lower yields), it's prudent to reduce risk and protect capital. We are therefore introducing shorter dated bonds that are less exposed to market volatility.

NEW ADDITIONS

Royal London Short Duration Gilts Fund
The fund is run by an experienced fixed interest team with a well-established resource. The fund is predominantly investing in short-duration (1-5 years) UK government bonds, which are also known as gilts. Short-dated bonds have traditionally served as a relatively secure investment, since their short lifespan leaves them less exposed to market volatility and can also be a useful addition to the portfolio in a rising rate environment.

JPM Global Government Short Duration Bond Fund
The Fund invests primarily in short duration global government bonds, high quality sovereign/agency debt, short term money market instruments, deposits. It will seek sources of alpha from duration, yield curve positioning and cross-markets positioning. JP Morgan provides a safe pair of hands with its strong risk framework and expertise of locally based sector specialists and portfolio management teams.

PERFORMANCE

	QTD	YTD	2020	2019	2018	2017	2016
FW - Income (Portfolio)	**1.74**	**1.74**	**-4.80**	**9.66**	**-**	**-**	**-**
IA Mixed Investment 20-60% Shares	0.90	0.90	3.49	12.08	-5.11	7.20	10.57
IA refers to Investment Association benchmarks https://www.theia.org/industry-data/fund-sectors							

Source: Morningstar Direct, Fusion. April 2021. 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 (Q1 2021)	COMMENTARY
Schroder Income Maximiser	+11.51%	The fund continued to generate strong returns thanks to its overweight financials and energy allocations (nearly 40% combined). These cyclical sectors continued to benefit from a supportive backdrop and rotation provided by market participants. Stand out stocks were Reach, Royal Mail, HP, Intel and Barclays. Despite the strong performance, the strategy continues to yield a respectable 3.3%.
JPM US Equity Income	+9.99%	A large overweight position in financials (24.8% versus the S&P500's 11%) benefitted from improving sentiment towards economic growth and expectations for higher interest rates (higher margins for banks). Good position sizing and strong stock performance from EOG Resources, Deere & Co, Hartford Financial and ConocoPhillips also pulled up performance and offset losses in Apple and Alexandria Real Estate.
Schroder Asian Income	+6.26%	The strategy continued to deliver strong returns thanks to both regional allocations and stock selection. The underweight to China continued to work in its favour. Taiwan, the strategies largest country weight at 22%, also drove performance. From a stock perspective, Novatek Microelectronics led the pack, while TSMC, the current largest position, also continued to deliver positive performance for the quarter.

Source: Morningstar Direct, Fusion. April 2021. 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 (Q1 2021)	COMMENTARY
Allianz Gilt	-7.56%	The fund experienced its largest drawdown since inception. Concerns about rising inflation and accelerating economic growth has resulted in higher bond yields and steeper yield curves. Despite the losses, the strategy retains its footing compared to peers and has managed to avoid placing itself in the fourth quartile in terms of performance.
M&G Emerging Markets Bond	-5.08%	Rising US government bond yields resulted in emerging markets selling off. Despite losses, the below-benchmark allocation to investment grade corporate bonds helped the strategy to outperform its composite benchmark index. The attractive yield and real returns in emerging markets still warrant an allocation to this asset class.
Royal London International	-2.81%	The strategy's conservative approach in holding higher credit quality, lower duration assets provided downside protection against losses, falling by nearly 50% less than the category average.

Source: Morningstar Direct, Fusion. April 2021. 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

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