

# Balanced Growth Portfolio

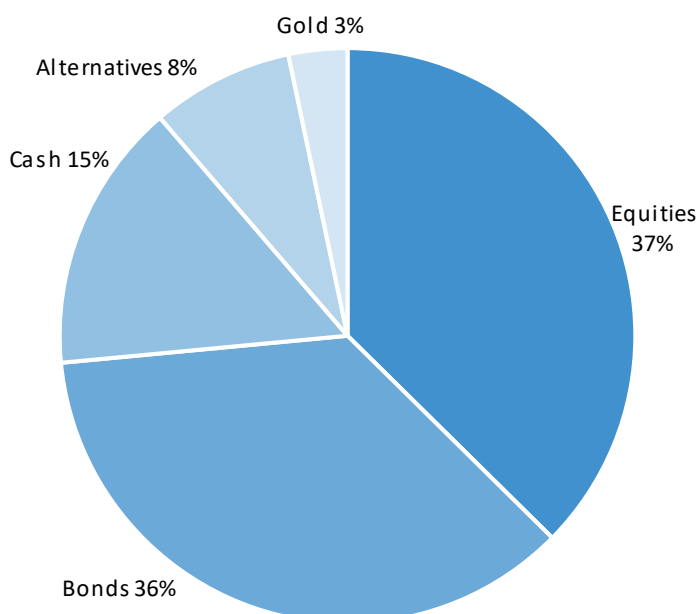
31st August 2019

## Objectives and Policy

The Portfolio aims to provide capital growth and some income by investing in a diversified range of assets and markets worldwide. The Portfolio is benchmarked against the Investment Association Mixed Investment 20%-60% Shares sector. The Portfolio will hold between 20% and 60% in equities and normally will have a volatility relative to the UK equity market of between 40% and 60%.

The Portfolio may invest up to 100% of its assets in collective investment schemes, exchange traded funds, closed ended investment schemes and real estate investment trusts, which themselves invest worldwide in any of the following: equities; bonds; and alternative assets. Alternative assets may include funds that use absolute return strategies or funds that invest in real estate, commodities or private equity. The Portfolio may also invest directly in equities, bonds and warrants, and hold cash. The Portfolio may use derivatives with the aim of reducing risk or managing the Portfolio more efficiently.

## Asset Class



## Portfolio Characteristics

<b>Benchmark</b>	IA Mixed Investment 20-60% Shares
<b>Annualised Portfolio Volatility</b>	3.84%
<b>Annualised Benchmark Volatility</b>	4.76%
<b>Portfolio FE Risk Score</b>	33
<b>Benchmark FE Risk Score</b>	43
<b>Underlying Aggregate OCF</b>	0.48%
<b>Historical Yield</b>	1.34%
<b>ASP Management Fee ex VAT</b>	0.25%
<b>Total Number of Holdings (ex cash)</b>	17

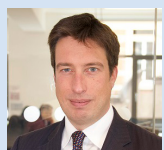
### Clive Hale- Director



Clive is a former CIO of Skandia Investment Management and Investment Manager and Consultant at Towry (now Tilney BestInvest) and John Scott & Partners. He has over 35 years' experience of fund research, asset allocation and portfolio management.

He is a director of Albemarle Street Partners and a well-known investment commentator and author of the View from the Bridge blog. He is the chairman of Albemarle's investment committee. Clive is a Chartered Accountant (FCA), a Chartered Financial Technician (CFTe) and holds the Investment Management Certificate (IMC) qualification.

### Matthew Butcher- Director



Matthew has many years' experience in the investment industry and is the former head of Research at Brewin Dolphin, serving on the Board of the operating company. Prior to Brewin Dolphin, Matthew was a senior fund analyst within the Strategic Investment Group at Merrill Lynch Investment Managers (now BlackRock). Matthew joined Albemarle in 2015 to help build on our position as a provider of investment expertise to the financial adviser community and to develop our discretionary investment management proposition for advisers and private investors.

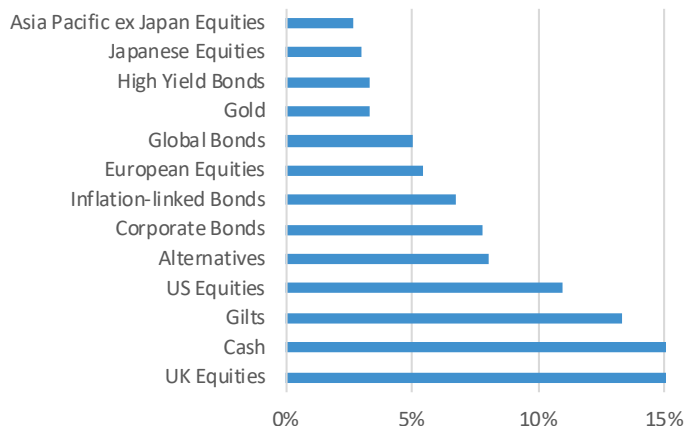
## Portfolio 5 Year Performance

	Cumulative						Annualised
	1m	3m	6m	1yr	3yr	5yr	5yr
<b>Balanced Growth Portfolio</b>	0.37%	2.00%	3.26%	1.90%	19.81%	40.89%	7.10%
<b>IA Mixed Investment 20-60% Shares</b>	-0.95%	3.22%	5.32%	2.97%	12.79%	25.34%	4.62%

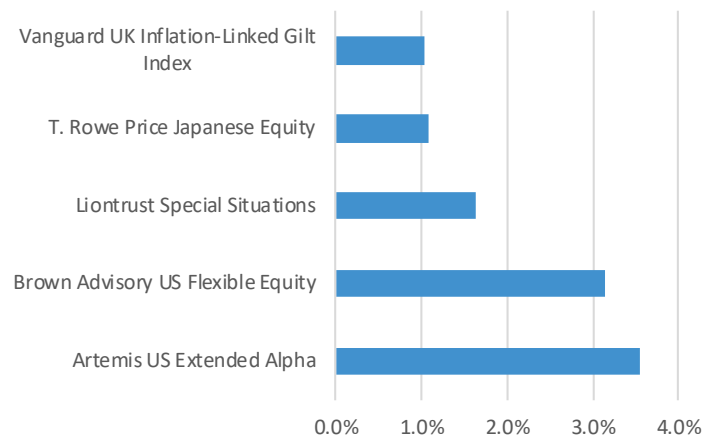
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## Sector Weights



## Top Contributors Over 3 Years



## Market Commentary

It was not the announcement of a 25bps rate cut and the premature ending of quantitative tightening that has worried the markets, as both were pretty much baked into most people’s expectations. It was what Powell said afterwards. Along with saying that they don’t consider political implications in their deliberations – a pointed rejection of the Trump tweet fest – that they remain data dependent, that this was a mid-cycle policy insurance measure to ensure that economic recovery remained on track, he also said that this was not the start of multiple rate cuts. Up until that point in the press conference the markets, both equity and currency, remained unmoved. This was what they were waiting for and it wasn’t the message they wanted.

By the end of the day the S&P 500 had fallen by 1% and the dollar had risen by a similar amount; all of which can be reversed in the blink of an eye. Trade negotiations with China are reaching a critical stage and a few concessions on both sides could see an “agreement” reached which would put the algos (algorithmic trading accounts for 70% of traded equity volumes) back into buy mode. On the other hand, a piece of bad news, the scope for which is large and varied, could result in a downward cascade.

There is another issue that may yet force the Fed’s hand to become more accommodative. Congress has agreed to remove the debt ceiling until after the elections in November 2020 so theoretically Trump could spend his way to a second term. An unintended consequence is that the US Treasury can now rebuild its emergency reserve fund. This fund is used in the case of national emergencies such as hurricane relief and to pay government workers when previous debt ceiling limits have been reached. Currently this fund is sub \$200 billion and once the debt ceiling is removed the Treasury are obliged to build it back up again which they do by issuing Treasuries and then parking the cash with the Federal Reserve. This has a similar effect to quantitative tightening, which the Fed has just ended, in that it removes money from the system and adds to the current shortage of dollars.

This is important because without this liquidity there won’t be sufficient buyers of US Treasuries, which are going to be issued, not just to raise the emergency fund, but also to pay for the ever increasing budget deficit. We suspect markets may well force the Fed’s hand; a “crash” will not go down well in the White House so political pressure will be brought to bear too, despite Powell’s assertion that they give it no heed. This could herald the anticipated recommencement of quantitative easing. A market shake-out will be concentrated in the current leaders of the rally notably quality growth stocks and tech, so we are anticipating a renaissance for value stocks, including precious metals and emerging markets both beneficiaries of a weaker dollar. With all this profligate money printing inflation will make a comeback but neither are on the radar...yet.

## Platform Availability:



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