



June 2022

REALM BALANCED PORTFOLIO: FACT SHEET

Portfolio Objective:

The investment objective is to grow the capital value of the portfolio. The Realm Balanced Strategy is designed for an investor with a time horizon of more than 5 years, and a medium tolerance for risk that can accept moderate variation or disruption to capital value or current income in order to achieve their longer-term objective.

The Realm Balanced Strategy is a diversified portfolio of investments in a range of asset classes that is managed by a process of active asset allocation and investment selection. The portfolio is composed of active funds, passive trackers where applicable and investment trusts.

Annual Management Fees:	1%
Minimum Investment:	£100,000
Average number of holdings:	30-40
Rebalancing frequency	Dynamic
Base Currency:	Sterling
Strategy Inception:	Aug 2016
Benchmark:	IA Mixed Investment 20-60

Asset allocation range

Asset type	Range Percentage
Equity	30-60
Fixed Income	15-50
Property	0-15
Alternatives	0-30
Cash	0-30

Market Commentary:

Global equity markets were volatile in May as investors remain extremely bearish due to unabated high inflation which is prompting hawkish moves by Central Banks. Further, the ongoing Russia-Ukraine war threatens to derail economic growth while also exacerbating the inflation problem. The US Fed which announced a 50bp rate hike in its May meeting (steepest since 2000) to bring down a four-decade high inflation rate has indicated two more rate hikes of similar magnitude in the upcoming June and July FOMC meetings. While the Bank of England has already raised rates to 1%, being the highest level since 2009, the European Central Bank too is expected to end its bond buying scheme and announce rate hikes from the historic low levels in the next few months.

US economic data released for May was a mixed bag. While non-farm payroll employment exceeded expectations rising by 390,000 jobs in May, unemployment rate remained unchanged at 3.6% for the month (vs. estimate of 3.5%). ISM manufacturing PMI inched up to 56.1 in May from 55.4 in April. However, Services PMI fell to 53.4 for the month impacted by the fall in client demand and supplier delivery delays.

UK's manufacturing sector PMI fell to 54.6 in May (vs. 55.8 in March), impacted by weaker domestic demand, lower intake of export orders and supply chain issues. The country's Consumer Confidence indicator fell to -40 in May surpassing the previous low of -39 set in July 2008 amidst higher interest rates and soaring inflation.

Eurozone's May private sector final composite output index was healthy at 54.8, although down from 55.8 in April. The four-month low reading was due to the weakness in manufacturing sector which was impacted once again by supply-side disruptions. However, the relaxation of covid-19 restrictions aided service sector growth in the region.

Brent Crude prices rose by ~6% in May and remained above US\$100/barrel levels for the whole month. US Dollar continued to remain strong in May versus other currencies.

Strategy

High inflation and aggressive central bank actions are the biggest risk to equity markets currently which cannot be overlooked by investors. However, falling US wage growth and easing of supply chain problems after relaxation of covid-19 restrictions in China provides encouraging factors for inflation to decline from a high base.

Global dividends surged by 11% (with an underlying growth of 16.1%) in the first four months of 2022 with commodity manufacturers leading the way. While we have seen a softening of certain metal prices over the past few weeks, they remain significantly elevated compared to the previous years, thus enabling companies to maintain their healthy dividend pay-outs.

Several global equity markets including Germany, Japan, Australia, Singapore and the UK now trade on Dividend yields higher than their respective Bond yields offering attractive opportunities which does not happen often. We continue to remain positive on Asia due to healthy underlying economic growth a strong fiscal position and being home to a significant number of corporates with strong balance sheets and sustainable dividends.

While we continue to maintain our cash position and reduce weighting to corporate bonds, we are starting to see pockets of value emerge in government bonds, European equities and equity funds that pursue strategies focused on balance sheet strength, sustainable long term growth and cashflow generation. At the height of the pandemic, the headlines were about the demise of various industries and major economic disruptions. Today a mere 18 months later we have travel delays at airports and rather than deflation the talk is about steep inflation. Often it helps to step back and view the economic fundamentals dispassionately, with a focus on the long term returns for our clients.

Portfolio Performance (%)

Through to 31st May 2022

Name	Inception Date	1m	3m	6m	Ytd	1y	3y	Inception
REALM Balanced Portfolio	29-Aug-16	-0.65	-0.12	-4.17	-5.79	-1.13	13.07	22.78
Portfolio Benchmark		-0.53	-0.86	-4.38	-5.56	-2.01	10.80	21.29

Source: FE Analytics

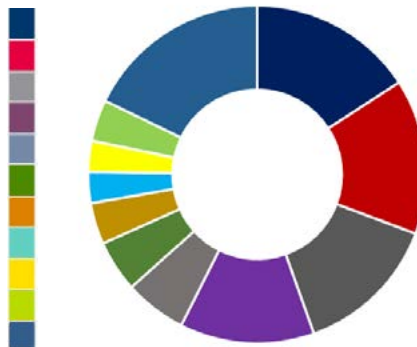
Risk Statistics

Risk Statistics	FE Risk Score	Portfolio Risk Level Suitability		
		Short Term (3-7yrs)	Medium Terms (8-15yrs)	Long Terms (15yrs+)
Realm Balanced Portfolio	50	Moderate to Adventurous	Moderate	Cautious to Moderate
Portfolio Benchmark	41			

Source: FE Analytics

Total Portfolio: Asset Allocation (%)

UK Equities	17.4%
North American Equities	15.4%
European Equities	13.5%
Global Fixed Interest UK	13.1%
Asia Pacific Emerging EQ	5.4%
UK Fixed Interest	4.5%
Commodity & Energy	3.9%
Japanese Equities	3.4%
International Equities	0.9%
Other Assets	4.8%
Money Market & Cash	17.6%



HOW TO INVEST:

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Top 10 Holdings

Marlborough Global Bond	4.8%
JO Hambro UK Opportunities	4.5%
Invesco Monthly Income Plus	4.2%
Aegon Investment Grade Bond	4.0%
Jupiter European	3.9%
Fundsmith Equity	3.8%
M&G North American Value Fund	3.1%
iShares FTSE 100 ETF	3.1%
Blackrock Continental Europe	3.0%
L&G Global Health & Pharms Index Trust	2.9%

Top Regional Weightings (%)

UK	28.5%
North America	18.6%
Europe Ex UK	17.4%
Pacific Basin	6.5%
International	5.1%
Japan	3.5%
Australasia	1.2%
Asia Pacific	1.2%
Other Regions	0.4%
Money Market & Cash	17.6%