Aspect8

Investment Strategies - Quarterly Bulletin

Quarter 2 2021

Marketing material

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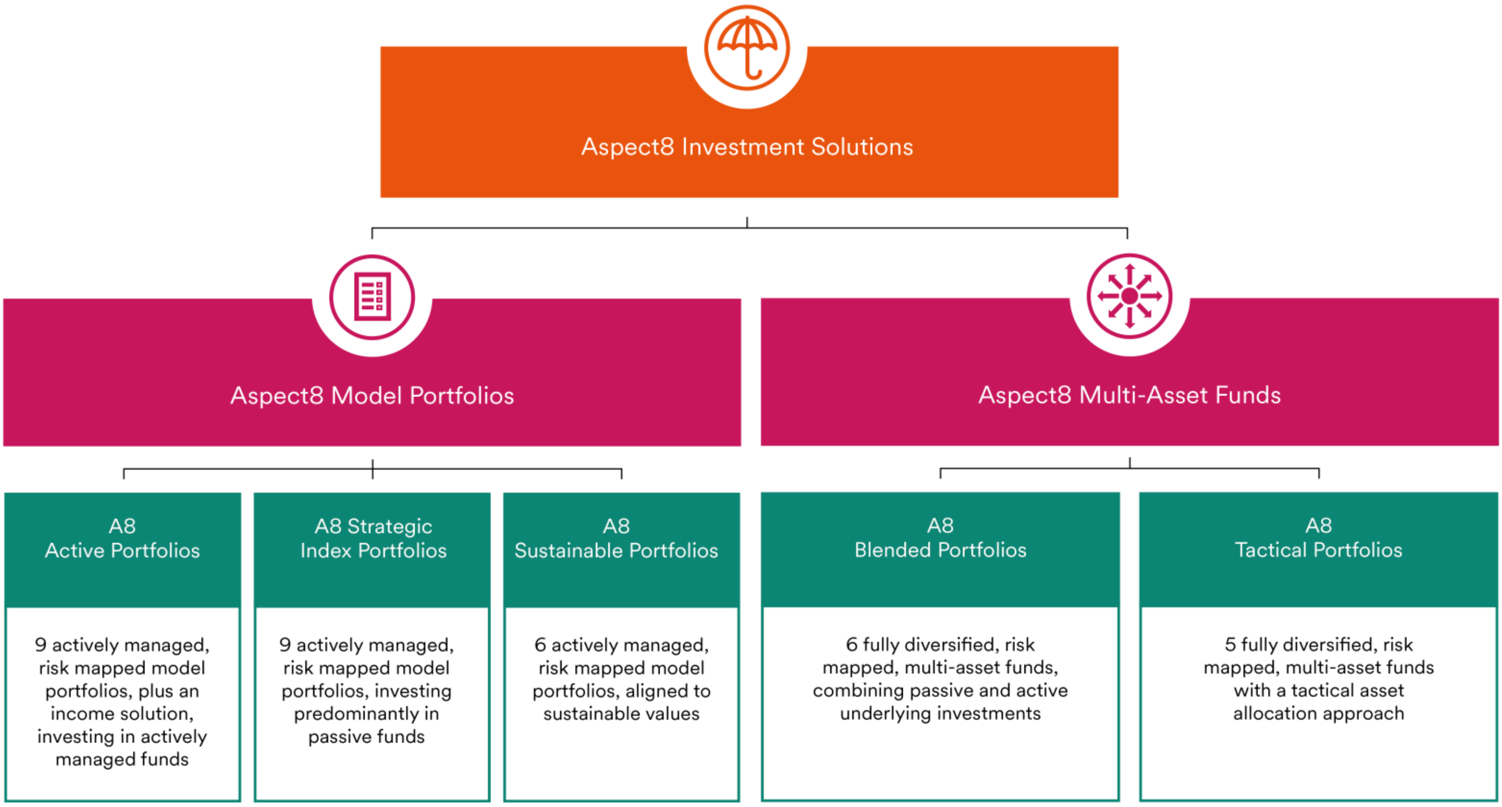
About Aspect8 Investment Solutions

Aspect8 is part of the Benchmark Capital Group backed by award-winning FTSE 100 company, Schroders[1].

We provide investors with a range of Model Portfolios and Funds to meet their investment needs and help to deliver the outcomes they are seeking. We offer both active and passive investments in some or all of our solutions. This enables you to choose an approach that best meets your own view of the world, and your adviser will be able to help you decide which one might be right for you.

We offer the following range of solutions:



UK Platform Awards 2013-2019

Leading adviser business 7 years running

Total Assets Under Management[2]

£1.1 billion

Source: Aspect8. [1] Global Fund Manager Group of the Year 2019.
[2] As of 3rd August 2021.

What do you need to consider when investing?

What do you need to know?

We intend to achieve the investment objectives we set, but there's no guarantee that investments will perform as expected. The value of investments can go up and down – please consider that you may not necessarily get back the amount you initially invested. Please note that fees have already been subtracted from the performance figures provided.

What can affect investment performance?

- Market conditions and the macro economic environment may affect your investments and make objectives harder to achieve.
- 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.
- Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses.
- If interest rates change, the fund may lose value.
- The transition from interbank offered rates (IBORs) to alternative reference rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the fund.
- Derivatives may be used to manage the portfolio efficiently; a derivative may not perform as expected, may decline in value and may result in losses to the fund. The fund may invest in derivatives including using short selling and leverage techniques with the aim of making a return. When the value of an asset changes, the value of a derivative based on that asset may change to a much greater extent. This may result in greater losses than investing in the underlying asset.
- The fund may lose value as a result of movement in foreign exchange rates.
- If the owner of a bond, whether an individual or a company, experiences financial trouble or decline, this could cause the value of that bond to diminish or become worthless.
- The fund may have contractual agreements with counterparties. If a counterparty is unable to fulfil their obligations, the sum that they owe to the fund may be lost.
- Unless the performance of an investment meets or exceeds the rate of inflation, the real value of that investment will reduce.
- Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk. High Yield Bonds also carry greater market, credit and liquidity risk.

Where do we get our information from?

Our **data** comes from Morningstar Direct and the Fusion Wealth Platform and is correct as of 30 June 2021. This bulletin will be updated and re-issued on a quarterly basis.

Our **market commentary** comes from our Investment Team and from our parent company, Schroders.

If you have any questions about any of the information in this bulletin, please speak to your adviser.

Market Performance

Q2
2021

2016	2017	2018	2019	2020	YTD	Q2 2021
US Equities 33.1	Asia Ex Japan Equities 29.4	Global High Yield Bonds 13.1	US Equities 25.7	Asia Ex Japan Equities 21.2	Commodities 30.0	Commodities 15.6
Commodities 32.8	EM Equities 25.4	Global Property 1.2	Europe ex UK Equities 20.0	US Equities 16.2	Global Property 14.9	Global Property 9.3
EM Equities 32.6	Europe ex UK Equities 15.8	Global Treasury Bonds 1.1	UK Equities 19.2	EM Equities 14.7	US Equities 13.7	US Equities 8.7
Global High Yield Bonds 27.9	Japanese Equities 15.6	UK Gilts 0.6	Global Property 18.3	UK Index-linked Gilts 11.0	UK Equities 11.1	Europe ex UK Equities 7.7
Asia Ex Japan Equities 25.8	UK Equities 13.1	US Equities 0.1	Japanese Equities 14.6	Japanese Equities 9.5	Europe ex UK Equities 10.4	UK Equities 5.6
Global Property 25.2	US Equities 10.4	UK Index-linked Gilts -0.3	EM Equities 13.9	UK Corporate Bonds 9.1	EM Equities 6.3	EM Equities 4.9
UK Index-linked Gilts 24.3	UK Corporate Bonds 4.9	UK Corporate Bonds -2.2	Asia Ex Japan Equities 13.6	UK Gilts 8.3	Asia Ex Japan Equities 5.3	UK Index-linked Gilts 3.6
Japanese Equities 23.4	Global Corporate Bonds 4.6	Global Corporate Bonds -2.7	Commodities 13.1	Europe ex UK Equities 7.5	Global High Yield Bonds 1.2	Asia Ex Japan Equities 3.5
Europe ex UK Equities 18.6	UK Index-linked Gilts 2.3	Japanese Equities -8.4	UK Corporate Bonds 11.0	Global Corporate Bonds 7.2	Japanese Equities 0.2	Global Corporate Bonds 2.4
UK Equities 16.8	UK Gilts 1.8	Commodities -8.5	Global Corporate Bonds 10.6	Global Treasury Bonds 4.6	Global Corporate Bonds -0.9	UK Corporate Bonds 2.0
UK Corporate Bonds 12.3	Global Property 1.8	Asia Ex Japan Equities -9.0	UK Gilts 6.9	Global High Yield Bonds 3.7	Global Treasury Bonds -2.1	UK Gilts 1.7
UK Gilts 10.1	Global Treasury Bonds 1.1	EM Equities -9.3	UK Index-linked Gilts 6.4	UK Equities -9.8	UK Corporate Bonds -2.8	Global High Yield Bonds 1.0
Global Corporate Bonds 5.8	Commodities -3.4	UK Equities -9.5	Global Treasury Bonds 5.5	Global Property -11.0	UK Index-linked Gilts -3.0	Global Treasury Bonds 0.6

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 AllShTR GBP, FTSE EPRA Nareit Developed TR USD, MSCI EM NR USD, MSCI Europe Ex UK NR EUR, S&P 500 TR USD, TOPIX TR JPY, BBgBarc SterlingAgg Corp TR GBP

Market Commentary

Q2
2021

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.

Global equities advanced in Q2, supported by the accelerating roll-out of Covid-19 vaccines. Growth stocks outperformed more lowly valued parts of the market.

The second quarter was strong for US equities, and indeed the S&P 500 reached a new all-time high in late June. Tech giants like Apple, Alphabet and Microsoft made strong gains over the quarter. By sector, energy, IT, communication services and real estate were amongst the strongest areas of the market. Utilities and consumer staples lagged.

Eurozone shares gained in the quarter, supported by a strong corporate earnings season and an acceleration in the pace of vaccine roll-out in the region. Many European countries saw Covid-19 infections fall over the quarter and were able to loosen restrictions on social and economic activity.

UK equities performed well over Q2, although beneath the strong headline figure the quarter was mixed. Markets were largely driven by lowly valued and economically sensitive sectors during April and May, continuing a trend in train since November which has been beneficial to the UK. Amid improving sentiment global fund managers reported being "overweight" the country for the first time since 2014.

Japanese shares underperformed other developed markets in Q2. Although the rate of Covid infections in Japan remained markedly below most other countries, the persistent increase in cases led the government to delay lifting the state of emergency until 20 June. This, together with initial slow progress in the vaccine roll-out, further damaged the credibility of the Suga administration.

Emerging market equities registered a strong return over the second quarter. This was despite a sell-off in May as higher-than-expected US inflation renewed concerns over the timing of global monetary policy tightening. Brazil was the best-performing market in the MSCI Emerging Markets index, with currency strength amplifying gains. Central bank actions to tighten policy in the face of rising inflation, an acceleration in vaccine roll-out, an easing in fiscal concerns and renewed reform progress all boosted sentiment.

Government bond yields saw divergent performance. US 10-year yields fell (meaning prices rose) while yields rose in Europe. Corporate bonds outperformed government bonds.

Asset Allocation

Q2
2021

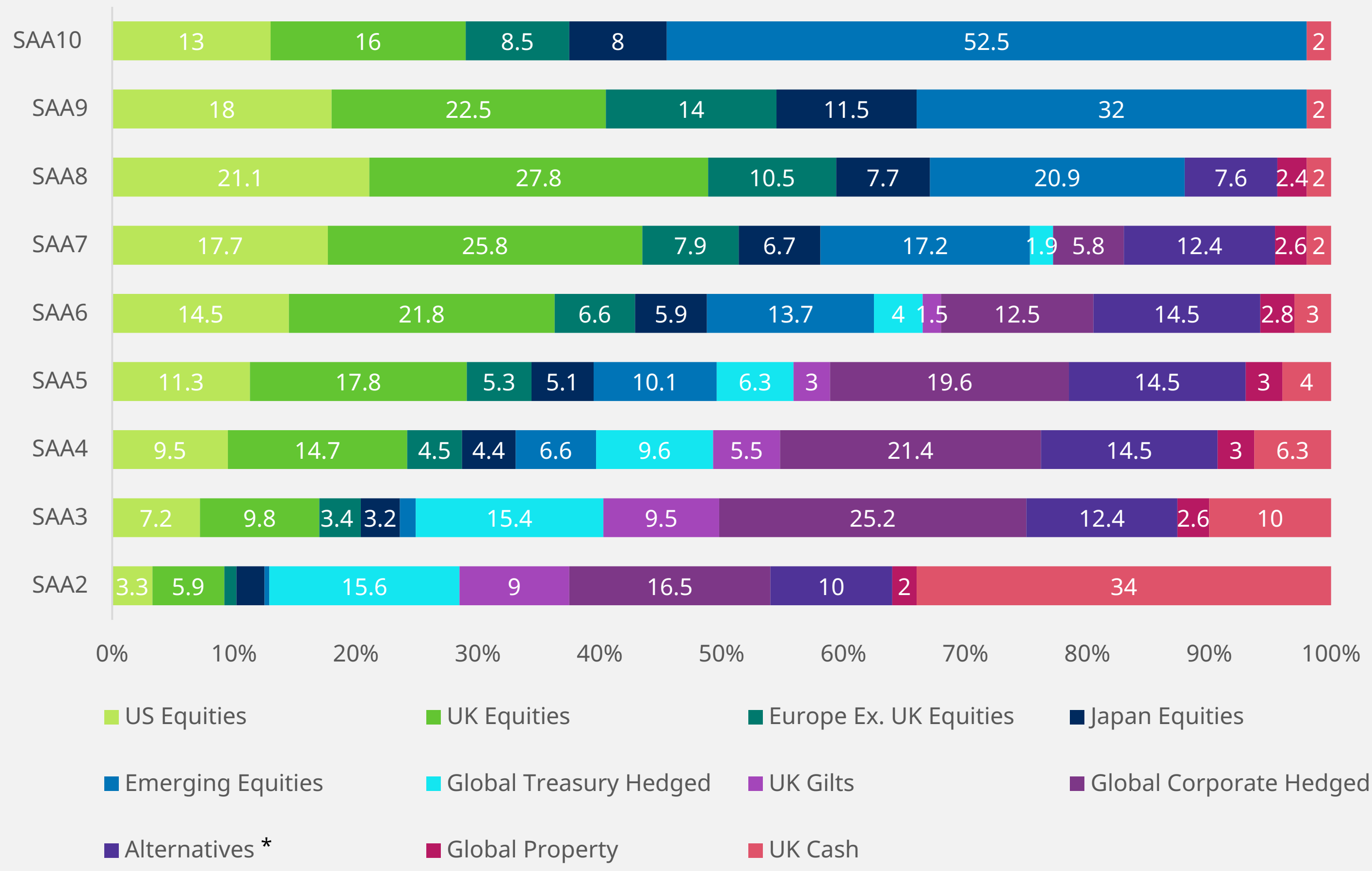
The blend of assets in your portfolio is likely to be the dominant influence on your long-term returns. It is important to spread your investments across a variety of markets which can help to reduce risk. Ideally, these assets should perform differently to each other over time.

Aspect8 have partnered with award winning[1] FTSE 100 company Schroders and fund research specialists Rayner Spencer Mills Research (RSMR).

Through our partnership with Schroders, we have access to their extensive global research and analysis resources. We have also been able to use Schroders' expertise to help develop the long-term strategic asset allocation and risk management framework for all of the Aspect8 (A8) Portfolios. RSMR are a firm of investment fund research specialists. They provide Aspect8 with impartial, whole of market fund research for the full range of A8 investment solutions.

Together with our partners we have designed a Strategic Asset Allocation (SAA) which is at the heart of the A8 range. The SAA is based on a strategic, long-term assessment of markets and is reviewed annually by the Aspect8 Investment Committee alongside Schroders and RSMR.

Strategic Asset Allocation (SAA)



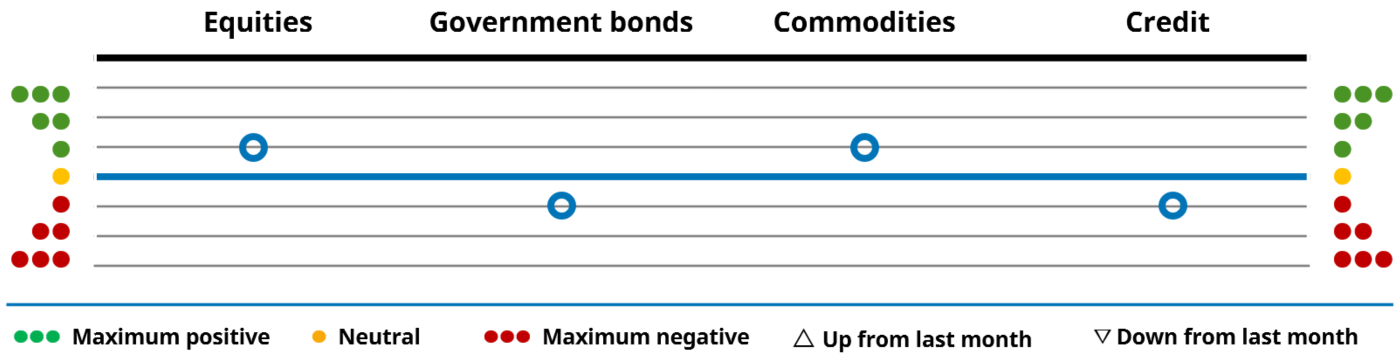
When it comes to investing, your goals and attitude to risk are as individual as you are, so a "one size fits all" approach won't do. Your financial adviser will work closely with you to understand what you are aiming to achieve and how much risk you are comfortable with taking. Together, these will determine your "risk profile" on a scale of 1–10 and this will form the foundation of your investment portfolio. A portfolio with the lowest risk level does not mean a risk-free investment.

*1 Global Fund Manager Group of the Year 2019 *Alternatives include non-traditional asset classes for example Commodities, Infrastructure, Real Assets and Emerging Market Debt. Please note that the illustration may not show our current asset allocation.*

Asset Class Views

Q2
2021

12 month outlook from the Schroders Multi-Asset Team



MAIN ASSET CLASSES

Category	View	Comments
Equities	●	Strong corporate earnings, continued policy support and low bond volatility reaffirm our positive view. We continue to have a tilt in favour of cyclical/value.
Government bonds	●	Although valuations have slightly improved, we continue to believe break-even inflation rates will move higher and economic momentum will be a headwind.
Commodities	●	Supplies remain under pressure as stocks have plummeted to decade lows. Vaccine distribution and fiscal stimulus continue to support the economic recovery.
Credit	● ▽	Valuations have increasingly become very expensive across developed markets while the outlook for technical factors appears less favourable going forward.

EQUITIES

Category	View	Comments
US	●	Corporate earnings continue to positively surprise while monetary stimulus remains supportive. Our preference is for economically sensitive/value over defensive/growth.
UK	●	The UK offers attractive exposure to the economic recovery and cheap valuations, but the strength of the pound still weighs on a market with high foreign revenues.
Europe	●●	A strong rebound in the pace of vaccinations coupled with support by the European Central Bank (ECB) leads us to believe that Europe will benefit from an expected reopening.
Japan	●	Vaccine rollout is improving quickly, which is beneficial for this export-led market as we expect the cyclical recovery to continue.
Pacific ex-Japan	●	We continue to favour Korea and Taiwan as their manufacturing outlook remains bright, with low semiconductor inventory and an environment of high global demand.
Emerging markets (EM)	● △	We upgraded our view due to relatively attractive valuations as the market begins to recover from the effects of the virus.

Source: Schroders, June 2021. *Note: 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.*

Important Information

- This publication has been prepared solely for informational purposes, and is not an offer or a solicitation of an offer to buy or sell any security, product, service or investment. The opinions expressed in this publication do not constitute investment advice.
- Should you require advice, please speak to your financial adviser.
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