INTELLIGENTMONEY

IM OPTIMUM SUSTAINABLE FACTSHEET – OCTOBER 2021

INVESTMENT OBJECTIVE

This portfolio aims to outperform its benchmark over the long term (5 years or more) through dynamic asset allocation and diversification to meet our objectives. The portfolio has a total return objective with no bias towards income or capital growth.

The objective of a sustainable investment fund is to achieve positive returns for investors while prioritising environmental, social and governance considerations in its investment decisions.

HISTORIC PERFORMANCE

Cumulative Performance			
1yr	3yr	5yr	10yr
21.03%	33.61%	-	-

Discrete Annual Performance				
2021	2020	2019	2018	2017
5.58	11.10%	18.17%	-3.81%	-

All figures to 30th September 2021 and inclusive of charges.The value of investments and the income from them can fall as well as rise and past performance is no guarantee of future returns. You may not recover what you invest. All past performance figures have been synthetically generated prior to launch by replicating the exact underlying holding after charges.

INVESTMENT MANAGEMENT

Julian Penniston-Hill:

As Intelligent Money's Chief Executive, Julian is responsible for all investment management oversight, strategy and asset allocation modelling of IM Sustainable. Julian has 25 years of financial services experience having previously been Investment Management Director at Willis Owen, where he was responsible for generating and retaining £1bn of funds.

Will Dickson:

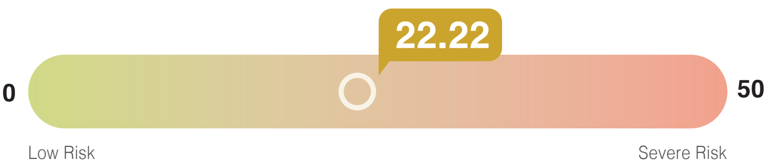
Will is responsible for implementing this strategy, advising upon and running the ongoing investment management on our behalf.

Will achieved an Accounting and Finance BSc from the University of Bath, an MSc in Finance and Investment from the University of Exeter and holds Chartered Wealth Manager status from the Chartered Institute of Securities and Investments. He has been recognised by Citywire as one of the UK's top investment managers for three years in a row and is Chief Investment Officer at P1 Investment Management.

Historical Sustainability Score Percent Rank

29

Current Sustainability Score



ESG Breakdown (lower score = lower risk)

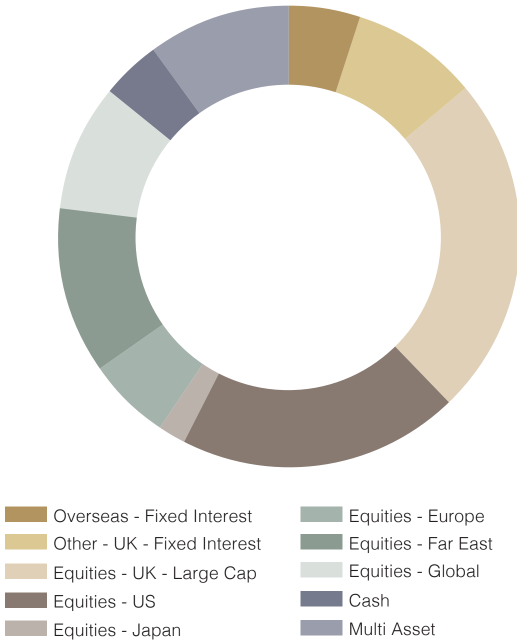
4.29 Environmental

8.90 Social

7.03 Governance

Sustainability score correct as of 30th June 2021. Scores and ranks are calculated using an average of the Morningstar ratings for each underlying investment where available.

ASSET ALLOCATION



MARKET COMMENTARY

The third quarter of the year saw further gains during July and August, driven by developed market equities. However, with notable selling occurring in September, the first since March and most significant since September 2020, the net impact was for little equity market movement over the quarter. Continuing economic strength in the US and Europe initially drove markets higher, lifted by impressive corporate earnings from the vast majority of sectors. However, regulatory interventions in China, and growing COVID outbreaks in many Asian countries led to the region underperforming tangibly, weighing on broader emerging market equities. Within fixed income government bond yields and credit spreads had been stubborn, moving little over the quarter up to September, when, inline with equities, selling was widespread, and yields rose. Rising and higher than expected inflation readings in the period, as well as messaging from central bankers that interest rate rises are moving closer support further weakness in fixed income.

The main development of the quarter was a series of regulatory interventions by the Chinese government. Initially, the relatively small tutoring sector was singled out, with the government effectively banning profit making in after school tutoring and resultingly wiping out billions of dollars' worth of equity value. While this was the most severe intervention, big tech companies and overseas listings were also the subjects of disapproval. This regulatory action has had the immediate effect of suppressing share prices in those companies under scrutiny, however, it has left the market looking over its shoulder and speculating what may be next. Resultingly, it is now reasonable to expect that Chinese equities, as well as broader Asian and Emerging Market equities, will demand a greater risk premium over the coming years. Although, with the negative relative performance over the quarter, much of this now appears to be already in the price.

Inflation, and with it, monetary policy continues to be major themes. While it is expected that we are now approaching a high in the current bout of inflation globally, it is of more value to note that most readings from major economies are coming in ahead of expectations. While the drivers of higher inflation are diverse, there are several factors that are likely to last for a prolonged period, weakening any base effect reversal. Labour shortages and logistical challenges both have the potential to build stickier inflation lasting a number of years, adding pressure to central bankers to tighten monetary policy. Currently, most policy makers are happy to point to transitory factors and are willing to be late in raising rates. However, leaving monetary tightening too long will lead to the eventual action being more aggressive, likely choking off any growth.

The continued rise in equity markets has been sustained by rising earnings. However, this factor is likely to weaken over coming quarters as the initial rebound from the pandemic, and impact of unlocking restrictions eases. Furthermore, much of the future earnings growth will be needed to moderate valuations, which are currently elevated. While there is still scope for robust equity market returns, especially when considered in the context of exceptionally low government bond yields, it is difficult to envisage sustained rises. Nevertheless, with few alternatives and a robust economic backdrop, any meaningful fallback is likely to be met with buying pressure.