

WEALTHSELECT ACTIVE MANAGED PORTFOLIO 3

PORTFOLIO OBJECTIVE

The Portfolio aims to achieve long-term capital growth by investing in a diversified range of asset classes. The Portfolio is matched to a risk profile (level 3) which targets a specific range of volatility (see the Volatility Target) and will invest around 15% to 40% in equities, with the remainder in fixed interest, property and cash.

Q2 2020

Global markets come roaring back in second quarter

Despite the backdrop of a global pandemic that, by the end of June, had claimed more than half a million lives, global markets rallied consistently throughout the quarter, recovering much of the ground lost during the panic that characterised the first quarter.

Global equities gained some 19.3%, after declining 15.4% in the previous quarter, while US equities jumped 20.6%, paring losses to just over 3.4% for the year.

The rally was initially spurred in late March when US lawmakers agreed a \$2trn support package – the biggest in history – to protect jobs and households. Optimism that such measures would continue fuelled the ongoing rally as did the news, late in the period, that the US, UK and Europe were beginning to ease their lockdown restrictions.

Despite a brief rally during the quarter, ‘value’ stocks significantly underperformed their growth peers as the lockdown completely reshaped the landscape for dividend investors.

Late in the period, the rally in ‘risk assets’ of all kinds appeared to be losing momentum as investors began to question where the next leg of stimulus might come from amid news of a second wave of virus outbreaks in China, Japan and Germany, its continued spread in emerging markets such as Russia, Brazil and India, and the realisation that the US was still in the early throes of its outbreak – despite many states having already eased their lockdown measures.

Last quarter, we elected to make an ad hoc rebalance on 20 March, following a sharp market decline. It was followed by one of the greatest ‘risk-on’ rallies of modern times.

Your portfolio benefitted greatly from this and from the prudence we showed when we reduced risk again at the June rebalance. Our ability to ‘reset’ our portfolios whenever the need arises enabled us to book profits for investors at every risk level during a period when it was clearly better to travel, than to arrive.

PORTFOLIO INFORMATION

WEIGHTED OCF

0.58%

VOLATILITY TARGET

5.54% - 7.86%

PORTFOLIO MANAGER

STUART CLARK

As Lead Portfolio Manager Stuart has responsibility for both leading the research supporting the WealthSelect fund range and for running the Managed Portfolios, being accountable for all portfolio management decisions. Prior to joining Old Mutual Stuart was an Executive Director at Julius Baer responsible for mutual fund due diligence and has held similar roles at Merrill Lynch Wealth Management, UBS and BDO Investment Management. Stuart is a CFA Charter holder.

PERFORMANCE INFORMATION SINCE 24/02/14 - 07/09/20



CUMULATIVE PERFORMANCE

1M	3M	6M	YTD	1Y	3Y	5Y	10Y	SI (24/02/14 - 08/09/20)
-0.10%	1.51%	3.63%	2.07%	2.82%	9.68%	25.14%	0.00%	34.74%

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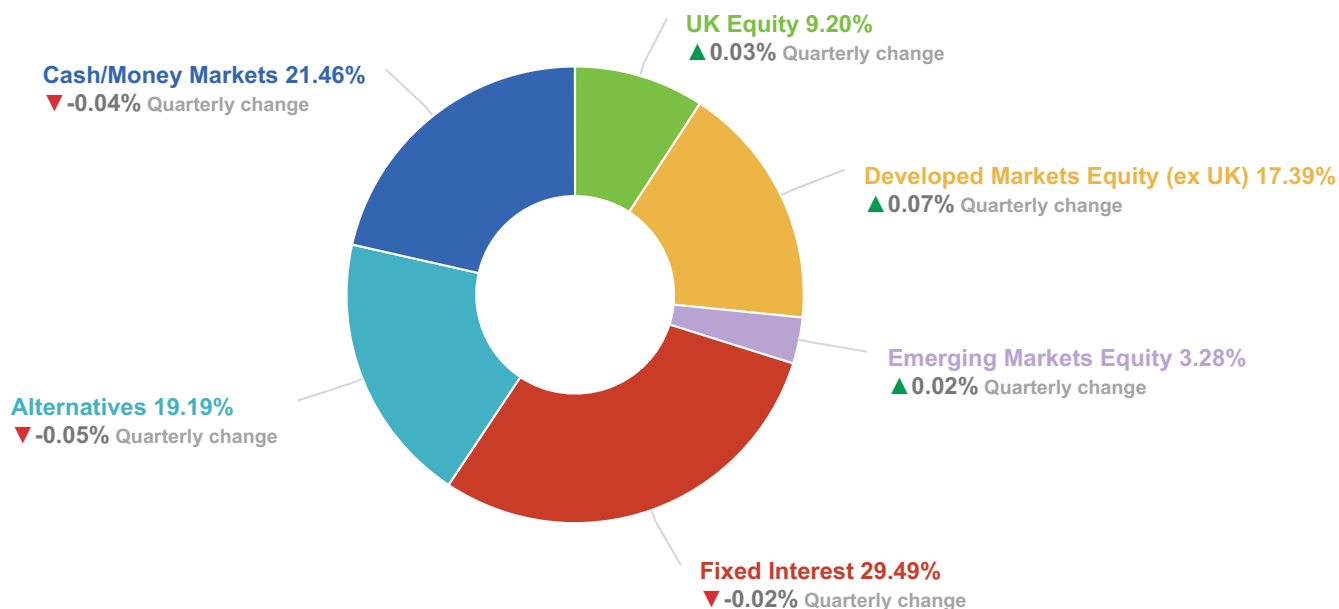
DISCRETE QUARTERLY PERFORMANCE

Q2/2018	Q3/2018	Q4/2018	Q1/2019	Q2/2019	Q3/2019	Q4/2019	Q1/2020	Q2/2020
1.85%	-0.08%	-2.92%	3.92%	3.20%	1.87%	0.61%	-6.97%	8.52%

Past performance is not a guide to the future. The value of investments can fall as well as rise and investors may not get back the full amount invested.

This portfolio launched on 24 February 2014. Due to there being no underlying retail share class alternative to the WealthSelect passive funds used within this portfolio we are unable to provide any synthesized past performance. Please view the equivalent Active portfolio for a representation of potential past performance on a portfolio with the same Strategic Asset Allocation approach.

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ASSET ALLOCATION AND FUNDS

FUND	VALUE (%)
UK EQUITY	9.20%
Quilter Investors UK Equity Large-Cap Income (Artemis)	2.62%
Quilter Investors UK Equity Opportunities (Artemis)	2.01%
Quilter Investors UK Equity (Merian)	1.96%
Quilter Investors UK Equity Growth (BlackRock)	1.94%
Quilter Investors UK Equity Income (Merian)	0.66%
DEVELOPED MARKETS EQUITY (EX UK)	17.39%
Quilter Investors Precious Metals Equity (BlackRock)	3.29%
Quilter Investors Global Equity Value (BNY Mellon)	2.12%
Quilter Investors Asia Pacific (ex Japan) Equity (Fidelity)	1.80%
Quilter Investors Japanese Equity (Schroders)	1.72%
Quilter Investors Asia Pacific (ex Japan) Large-Cap Equity (Invesco)	1.60%
Quilter Investors North American Equity (Merian)	1.57%
Quilter Investors Europe (ex UK) Equity (Janus Henderson)	1.26%
Quilter Investors US Equity Income (BNY Mellon)	1.20%
Quilter Investors Europe (ex UK) Equity Growth (Allianz)	0.65%

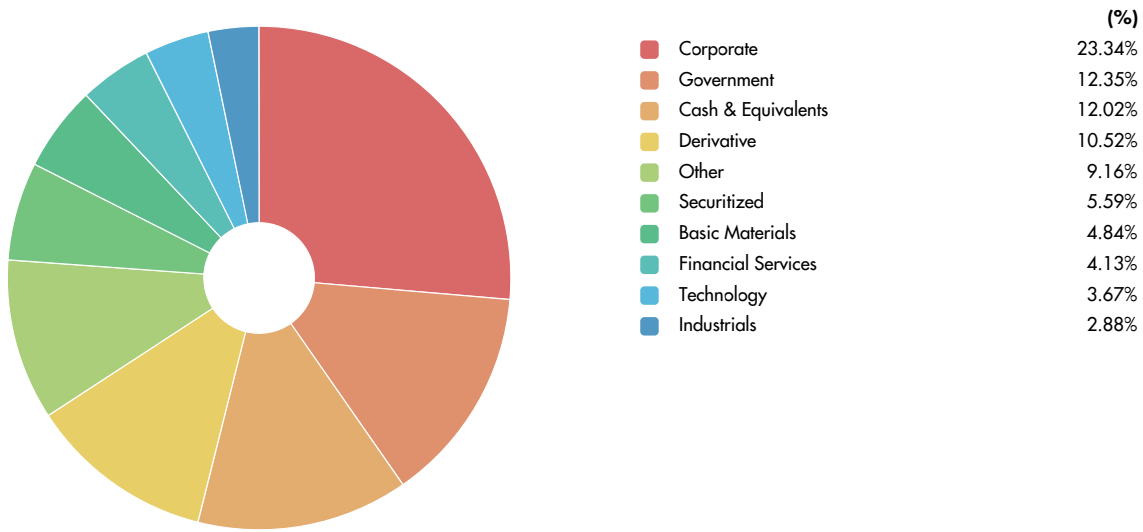
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Quilter Investors Europe (ex UK) Equity Income (Schroders)	0.64%
Quilter Investors US Equity Growth (JP Morgan)	0.59%
Quilter Investors US Equity Small/Mid-Cap (Schroders)	0.57%
Quilter Investors Natural Resources Equity (Janus Henderson)	0.37%
EMERGING MARKETS EQUITY	3.28%
Quilter Investors Emerging Markets Equity Income (Wells Fargo)	0.93%
Quilter Investors Emerging Markets Equity Growth (JP Morgan)	0.92%
Quilter Investors Emerging Markets Equity (Merian)	0.85%
Quilter Investors China Equity (Janus Henderson)	0.57%
FIXED INTEREST	29.49%
Quilter Investors Gilt Index (BlackRock)	9.58%
Quilter Investors Sterling Diversified Bond (Fidelity)	5.66%
Quilter Investors Corporate Bond (Merian)	5.21%
Quilter Investors Investment Grade Corporate Bond (Invesco)	4.01%
Quilter Investors Diversified Bond (Merian)	3.15%
Quilter Investors Sterling Corporate Bond (Fidelity)	1.04%
Quilter Investors Emerging Markets Bond (Merian)	0.84%
ALTERNATIVES	19.19%
Quilter Investors Absolute Return Bond (Janus Henderson)	6.98%
PIMCO Dynamic Bond	5.53%
Quilter Investors Global Equity Absolute Return (Merian)	4.53%
Janus Henderson UK Property	2.15%
CASH/MONEY MARKETS	21.46%
BlackRock Cash	21.46%

Asset allocation is based on the Towers Watson sub-asset classes used as part of Old Mutual Wealth's asset allocation process. The asset allocations shown above are dynamic, based on the daily price movements of the underlying funds. Clients entering this Managed Portfolio for the first time, either via new business or a switch, will have their asset allocation based on the strategic asset allocation determined at the last quarterly review date and available on our [adviser website](#)

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SECTOR BREAKDOWN - TOP 10



Data is showing the breakdown of the top 10 equity sectors only as a proportion of the total portfolio.

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For an explanation of any investment terms you can view our glossary at www.oldmutualwealth.co.uk/glossary or consult your Financial Adviser.

IMPORTANT INFORMATION

All performances are inclusive of any net reinvested income. Performance figures are as at 08/09/20. A minority of funds also feature a performance related fee which is not shown here. Source: Morningstar. The value of investments and the income from them can fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Past performance is not a guide to the future.

All investments carry risks and knowing what they are can help you manage them. You'll find information about some of them within this report but for a full understanding of investment risk view our 'Understanding risk' brochure available at www.oldmutualwealth.co.uk/risk

INFORMATION SOURCE: MORNINGSTAR

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