Canaccord Genuity Wealth Management

4th Quarter 2020

ESG Balanced Portfolio

Patrick Thomas
Investment Director

Patrick sits on the firm's Portfolio Construction Committee, Fund Selection Committee and Alternatives Committee. He manages investment portfolios for intermediaries, trusts, charities and pension funds, specialising in discretionary mandates. Patrick is a chartered Wealth Manager and a Chartered Fellow of the CISI.

Paul Parker
Head of Intermediary Portfolio Management Team

Paul and his team manage CGWM's MPS models and inheritance tax portfolios. He has been with Canaccord Genuity since 2001 and is a Chartered Fellow of the Chartered Institute for Securities and Investment.

Benchmark

PIMFA Balanced Portfolio Total Return

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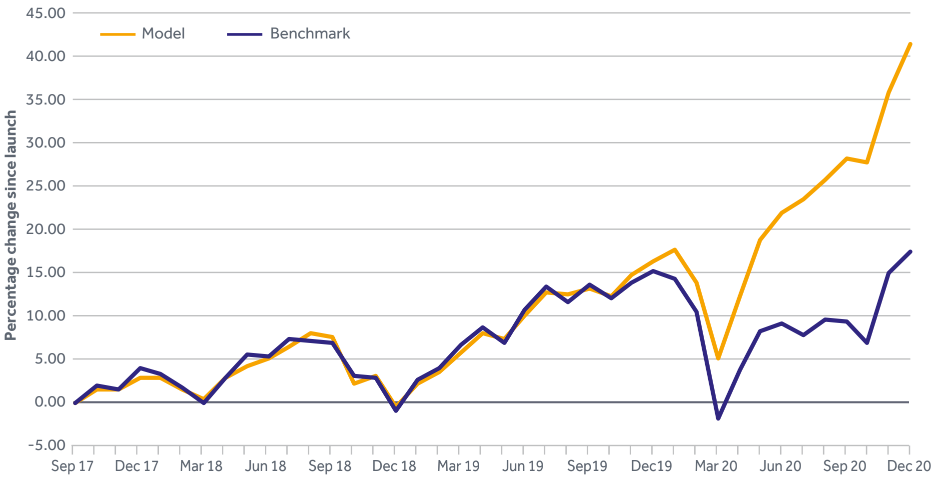
Investment objective

This portfolio aims to produce a balance between capital appreciation and income over a typical investment cycle (i.e. 7-10 years) using investments that consider environmental, social and governance criteria alongside traditional financial metrics. An active screening approach is used to select potential portfolio allocations. This portfolio will have exposure to funds that focus on ESG factors (including resource efficiency, employee engagement and business culture), as well as focused thematic investments, such as environmental technology, and those that have measurable impact, such as social housing. The volatility profile could therefore differ from a traditional discretionary portfolio with the same asset allocation.

Performance since inception (30/09/2017)



Discrete performance (%)

Total return to end of last calendar quarter 31/12/2020.

	2020	2019	2018
Model	**+21.5**	**+16.8**	**-3.3**
Benchmark	**+1.9**	**+16.2**	**-4.8**

Cumulative performance (%)

Total return from inception to 31/12/2020.

	3 Months	1 Year	3 Years	Inception (30/09/2017)
Model	**+10.2**	**+21.5**	**+37.2**	**+41.2**
Benchmark	**+7.4**	**+1.9**	**+12.8**	**+17.3**

Source: Canaccord Genuity Wealth Management (CGWM).
Total return before fees and charges are deducted.

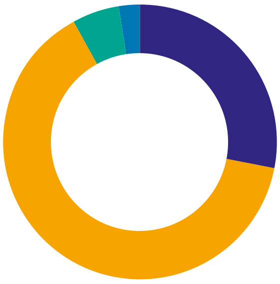
Risk & return since inception (%)

	Model	Benchmark (PIMFA Balanced Portfolio Total Return)
Annualised volatility	**+9.5**	**+10.7**
Maximum loss	**-10.6**	**-14.7**
Sharpe ratio	**+4.3**	**+1.6**

Annualised volatility: risk is measured by the variability of performance. The higher the standard deviation, the greater the variability (and therefore the risk) of the Fund or the index.

Sharpe ratio: measures the risk/return trade-off. It is the annualised return less the average risk-free rate, divided by the annualised volatility of the model.

ESG Balanced Portfolio asset allocation (%)



	Model
Fixed Interest	28.1
Thematic Equity	64.1
Alternative Investments	5.4
Cash	2.4

Top 10 holdings (%)

BAILLIE GIFFORD & CO POSITIVE CHANGE B ACC	6.1
LYXOR INTERNATIONAL ASSET MGMT LYXOR CORE FTSE ACTUARIES UK GILTS (DR)	5.9
BLACKROCK FUNDS I ICAV GLOBAL IMPACT Z GBP ACC	5.7
MONTANARO ASSET MANAGEMENT LIMITED BETTER WORLD GBP DIS	5.3
VANGUARD INVESTMENT SERIES U S GOVT BOND IDX GBP ACC HGD	5.2
NINETY ONE FUND MANAGERS UK LTD GLOBAL ENVIRONMENT K GBP ACC	5.0
IMPAX FUNDS(IRELAND) ENVIRONMENTAL MKTS(IRE) X GBP	4.6
FIRST TRUST GLOBAL FUNDS PLC CLOUD COMPUTING UCITS ETF A EUR	4.6
UBS FUND MANAGEMENT(LUXEMBOURG)SA SUS.DE .BA.BDS UCIT	4.5
ROBECO LUXEMBOURG GLOBAL SDG CREDITS IEH GBP	4.4

Source: CGWM

Portfolio Manager commentary

While these portfolios are about both positive change and positive performance, we were pleased to observe another very strong quarter of returns for our ESG portfolios. The strategies substantially outperformed their benchmarks and we continue to see a virtuous circle at play. Companies making a product or service that helps alleviate a global sustainability challenge are seeing attractive profits and fund managers buying said companies are seeing attractive performance, which society and the planet should ultimately benefit from.

Some of our more cyclical themes such as battery technology, clean energy and robotics saw a significant bounce with more defensive areas like cyber security and cloud computing taking a pause for breath. We like all our themes because they target companies with growing opportunities, competitive advantages and business models that are not only well placed to survive short-term pressures but should resume their positive trends when the current crisis is over. From a diversification perspective it is pleasing to see them perform differently at different times.

We took the opportunity to add to a new sustainable theme we like at a more depressed price. The world is faced with the problem of not enough clean water in developing countries and poor infrastructure to transport it in wealthier economies. We added a position in one fund targeting clean water solutions, with a focus on utilities, engineering and technology companies. We see the incredible collaboration worldwide to develop the COVID-19 vaccine as a potential blueprint for solving more of the worlds growing challenges.