Brooks Macdonald Bespoke Portfolio Service Performance

		Year to 30.06.20	Q2 2020	5 years to 30.06.20
Low Risk	BM Low Risk	-2.48%	7.63%	16.08%
	ARC Sterling Cautious PCI	-0.89%	6.00%	13.48%
	Relative performance	-1.59%	1.63%	2.60%
Low-to-Medium Risk	BM Low-to-Medium Risk	-3.11%	10.52%	21.79%
	ARC Sterling Balanced Asset PCI	-3.36%	8.60%	18.53%
	Relative performance	0.25%	1.92%	3.26%
Medium Risk	BM Medium Risk	-4.03%	13.79%	26.31%
	ARC Sterling Steady Growth PCI	-5.13%	10.90%	25.67%
	Relative performance	1.09%	2.89%	0.64%
Medium-to-High Risk	BM Medium-to-High Risk	-3.65%	17.45%	34.45%
	ARC Sterling Equity Risk PCI	-6.58%	13.00%	30.46%
	Relative performance	2.93%	4.45%	3.99%
High Risk	BM High Risk	-3.75%	19.35%	40.12%
	ARC Sterling Equity Risk PCI	-6.58%	13.00%	30.46%
	Relative performance	2.83%	6.35%	9.66%

***All figures are rounded to 2 decimal places. Please note that due to rounding, the figures shown in this table may not precisely add up to the totals/differentials shown. Past performance is not a reliable indicator of future results. All performance figures are net of underlying fund charges and Brooks Macdonald management fees but gross of professional adviser charges. Deduction of these fees will impact on the performance shown.**

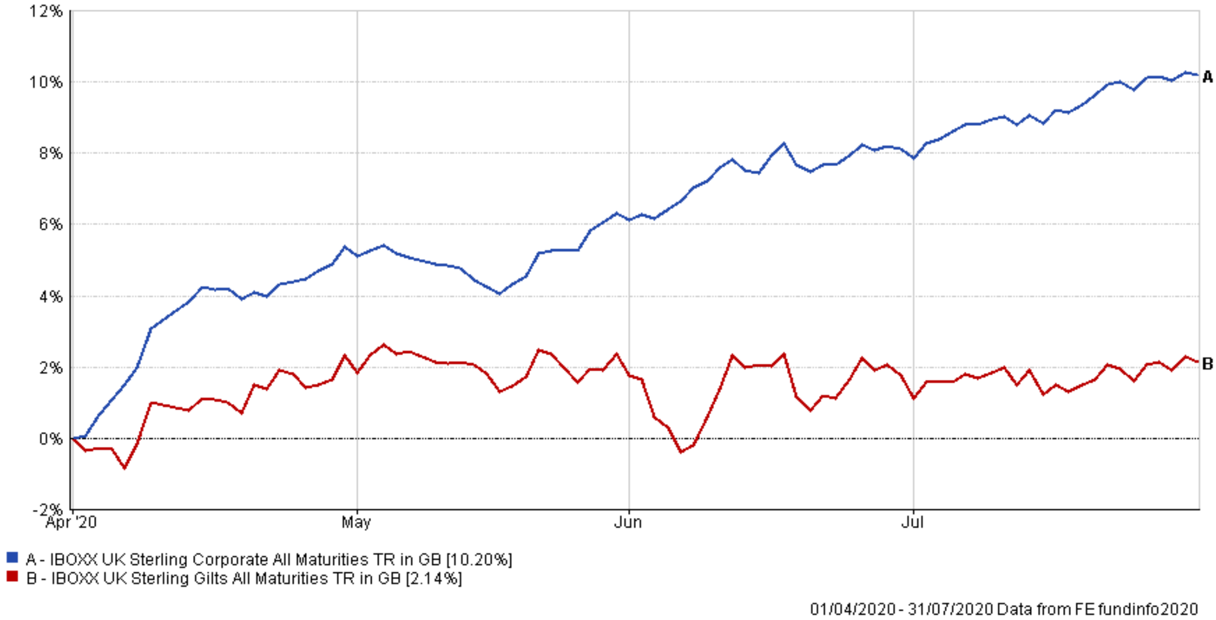
Our BPS portfolios performed extremely strongly over Q2, rebounding sharply from the lows of Q1. All Risk profiles (bar low risk) are now ahead of the ARC (estimates) in 2020, with each risk profile outperforming the ARC estimates by over 1.5% in the 2nd quarter. This strong performance has been driven by a number of factors summarised below:

The largest contributor to our outperformance has come from international equities, with our strategic allocation to Healthcare and Technology delivering significant outperformance (see chart below). We also added to international equities in March as the markets bottomed following the coronavirus turmoil, which has proved well timed as the markets have bounced strongly since.

MSCI World compared against our preferred Healthcare and Technology funds

01/01/2020 - 30/06/2020 Data from FE fundinfo2020

Another active decision we made at the height of the volatility in March was to sell out of our UK government debt exposure and reinvest the proceeds into UK corporate debt. Our widest held UK Government debt asset was a 0.75% UK Gilt 2023. The 0.75% UK Gilt 2023 was first purchased in client portfolios over December 2018 and into the early part of 2019 as we sought to protect from a potential market correction. The defensive qualities of this gilt were demonstrated perfectly during Q1 of this year. As equity markets fell by as much as 30%, this gilt actually rose in value as investors sold out of riskier assets (equities) and moved into 'safe haven' assets such as government bonds. Action by central banks in cutting interest rates to support economies also helped to drive prices of gilts higher as yields on government bonds fell (due to the inverse relationship between yield and price). Following this rally we sold out of position and reinvested the proceeds into UK corporate debt. As can be seen this decision has been rewarded with significant outperformance of corporate bonds over gilts in the time since we made the switch.



Another important factor in our outperformance has been our overweight position to structured return. While this allocation did detract from performance over Q1, as can be seen on the below graph, the AHFM Defined Returns fund (100% structured products) has rebounded extremely strongly and outperformed the wider UK market since the lows of March.