



**FINANCE SHOP**  
Independent Financial Advisers

# **WEALTH MANAGEMENT QUARTERLY REVIEW SPRING 2021**

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# WELCOME

## Welcome to the Spring 2021 Finance Shop Wealth Management (FSWM) Quarterly Review.

The aim of the Review is to give you a general feel for what's happened in the financial world over the last three months and how this may have affected your pension or investment.

A key part of the reporting is the colour coding. Each FSWM portfolio is colour coded to enable you to spot which category applies to you. The relevant information is then presented in a clear and easy to understand way. However, if you require any further clarification, please do not hesitate to get in touch.

The FSWM Team

## MARKET OVERVIEW – QUARTER ONE 2021

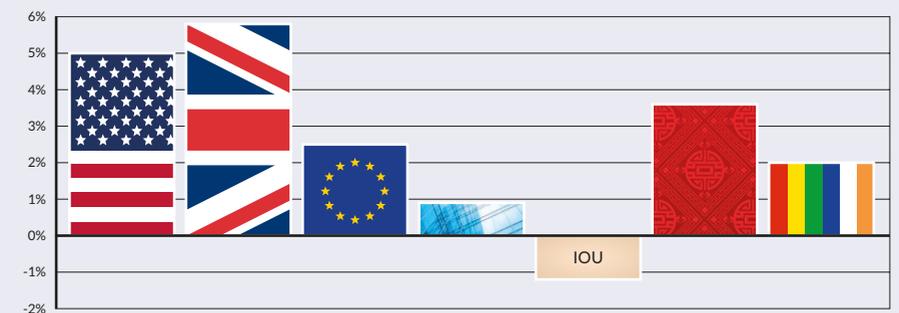
Markets enjoyed a solid first quarter as equities continued to be pushed higher by vaccine-led optimism. Underneath that, however, we saw a very different set of stocks leading the way forward. For much of 2020 it was growth style names which led the recovery, with the large US and Chinese technology stocks and more speculative names like Tesla at the forefront.

Since November this has shifted with sectors more impacted by the pandemic, such as oil, travel and hospitality playing catch up. Smaller stocks have also benefited as the hopes of normalization and stimulus measures boost sentiment.

Perhaps the biggest shift however, has been in the bond market where yields have increased sharply, pushing values down and leading to one of the worst quarters for US treasuries in years. On the flip side, banks, which have suffered a torrid few years, are back in favour, boosted by the prospect of higher returns.

As we progress further through 2021 the question will shift towards how much good news is already priced in. This is likely to see markets driven more by fundamentals and earnings numbers, than sentiment alone. Whilst conditions remain supportive and growth should be stellar, expect some bumps in the road.

### KEY MARKET PERFORMANCE - QUARTER ONE 2021



Powered by data from FE - 01/01/2021 to 31/03/2021

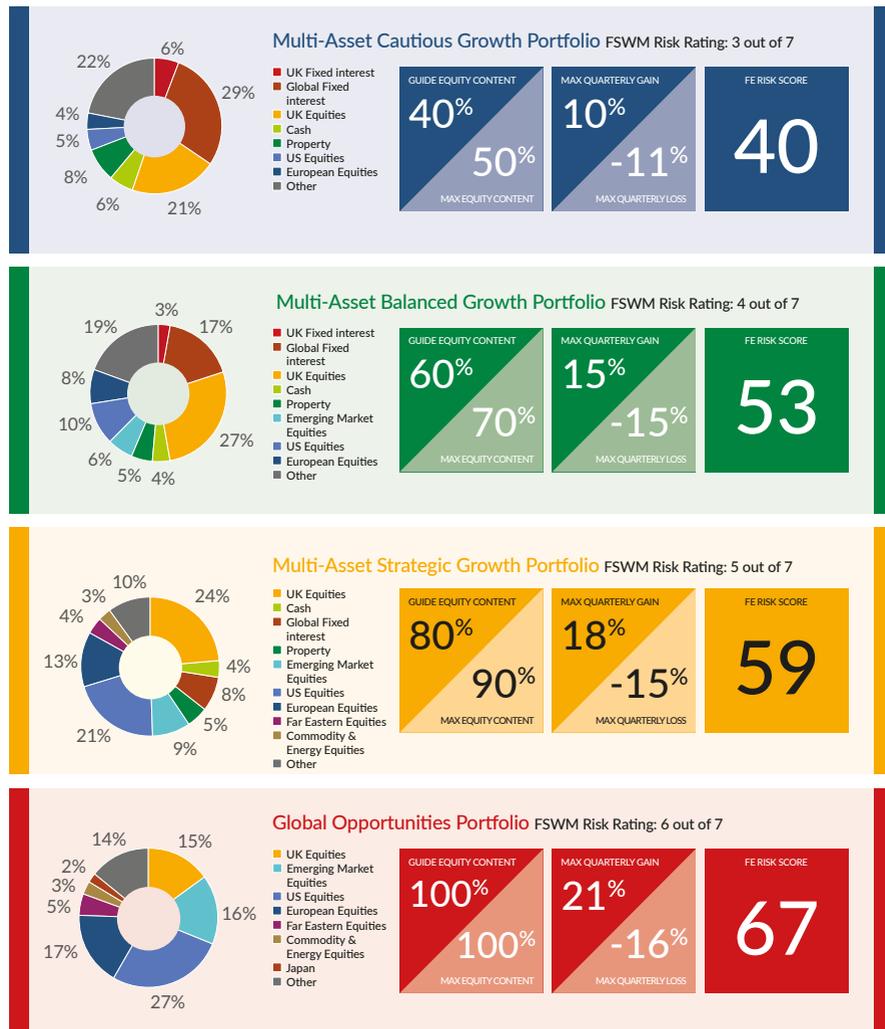


## FSWM PORTFOLIOS - ASSET ALLOCATION

There are six portfolios in the FSWM range, four growth and two income which are detailed below. Your FSWM pension or investment will be invested in one of these categories. The tables show the aggregate composition of the portfolios with some figures to show the potential risk and return of each category.

For an explanation of the figures and the sources of the information, please see page 10.

### GROWTH PORTFOLIOS

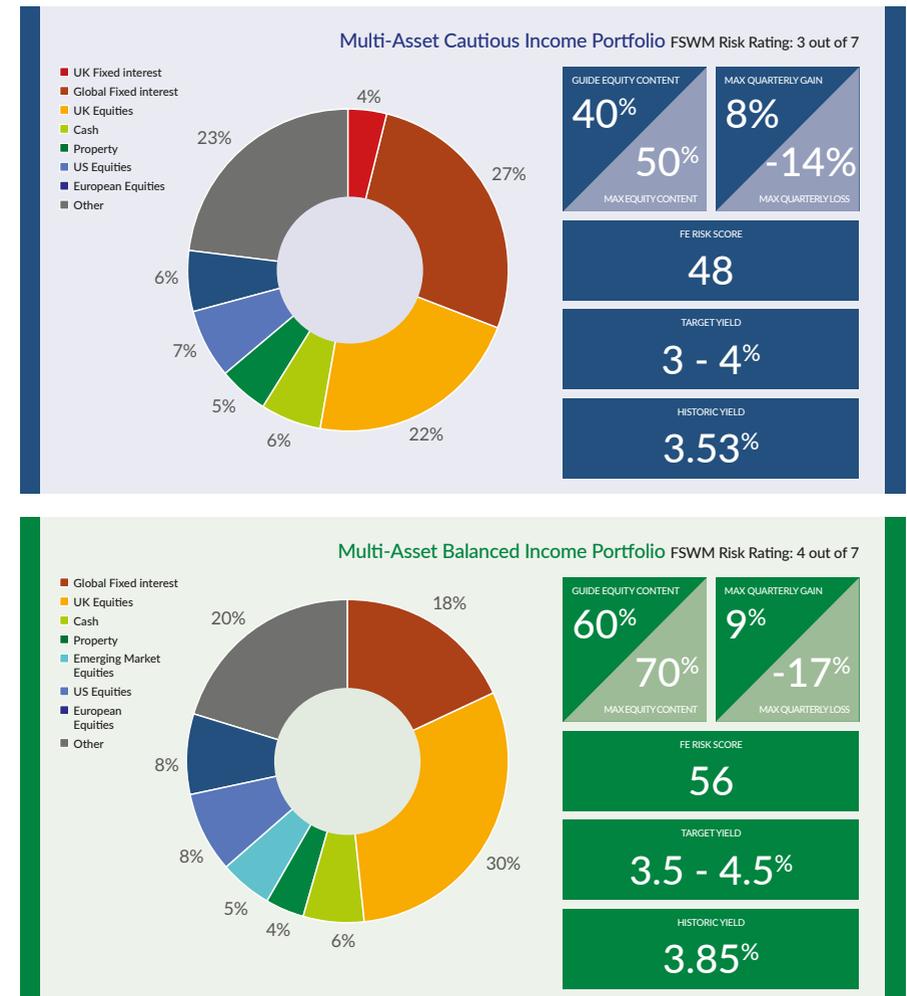


## FSWM PORTFOLIOS - ASSET ALLOCATION

There are two income portfolios which aim to produce an income within a target range as highlighted in the table below. The two portfolios cover the Cautious and Balanced Finance Shop risk categories.

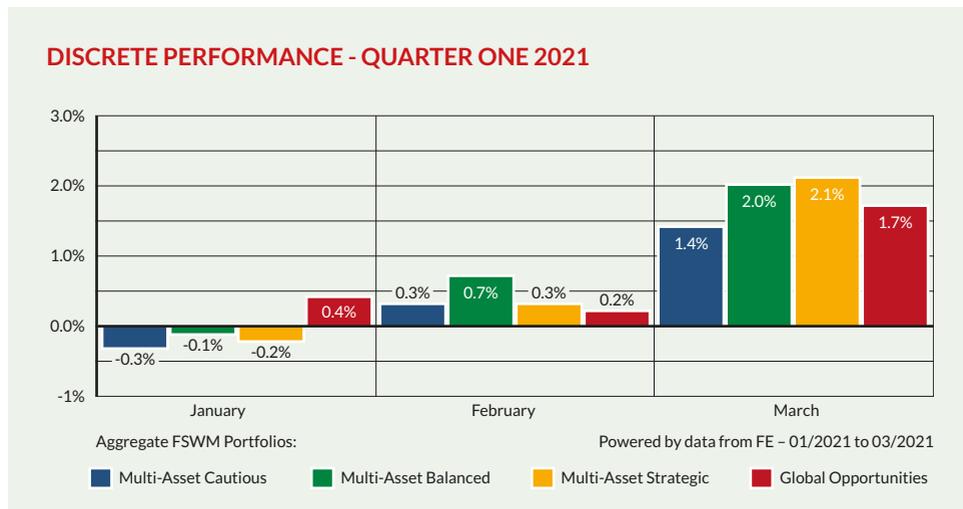
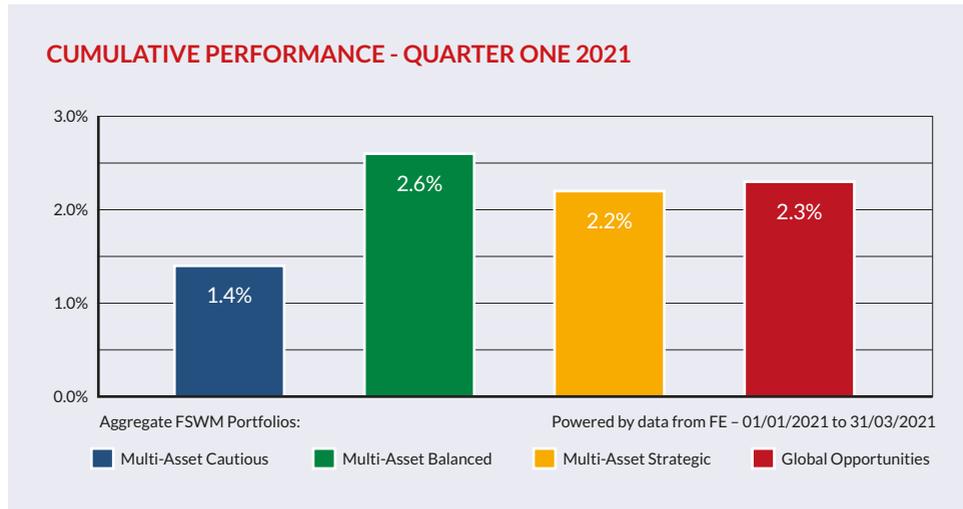
Please see page 10 for further information.

### INCOME PORTFOLIOS



## FSWM PORTFOLIOS - QUARTER ONE 2021 PERFORMANCE

The graphs below show how the FSWM portfolios within the four Finance Shop risk categories have behaved over the last three months. The first graph shows the total return for the quarter whereas the second graph illustrates the "month by month" performance. The performance figures are aggregated so, for example, the green bar is made up of all the FSWM Multi-Asset Balanced portfolios across all product types. If you require specific performance figures for your plan, please contact your adviser.

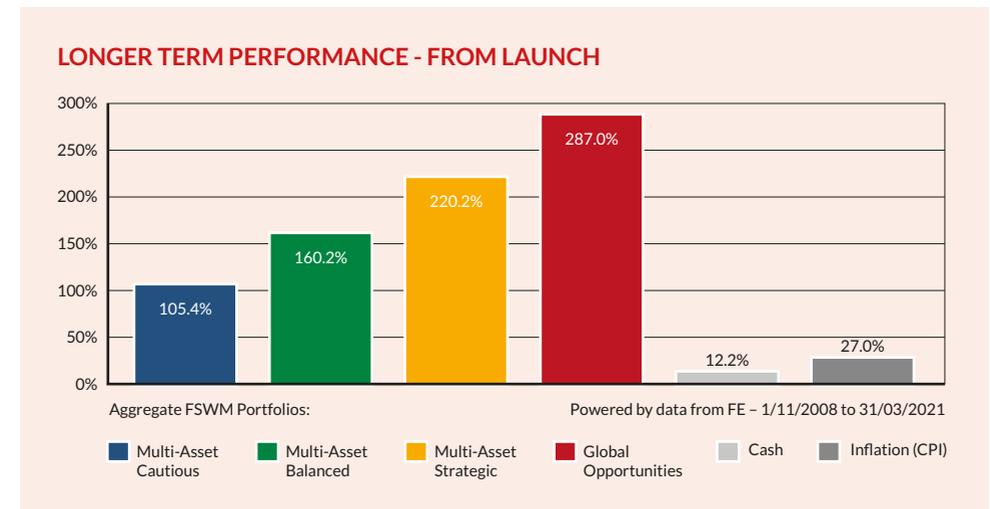
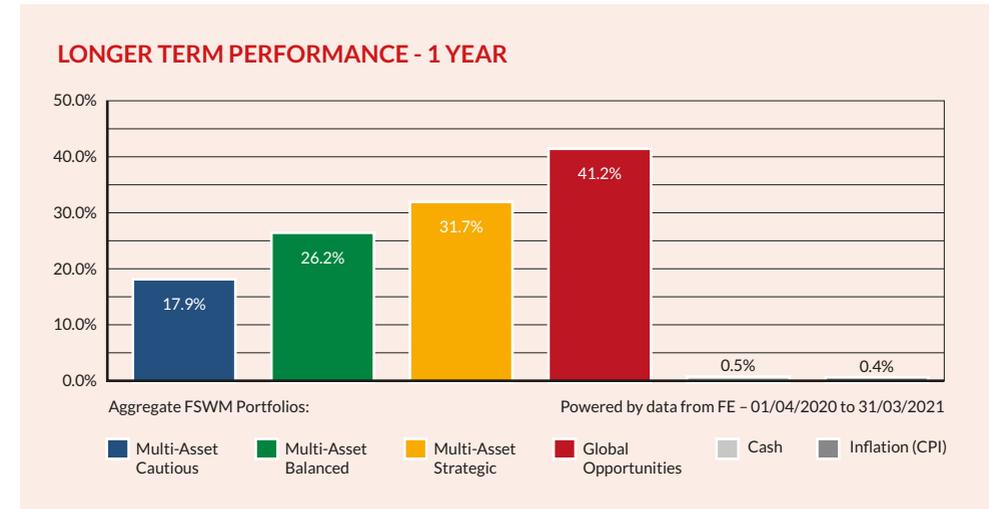


## FSWM PORTFOLIOS - LONGER TERM PERFORMANCE

The first graph below shows how the FSWM portfolios have performed over 12 months. For comparison, the returns of cash (MoneyFacts 90 days notice 10K) and inflation (UK Consumer Price Index) are also shown. As with the graphs on page 6, the figures for each category are aggregated.

The second graph illustrates how the portfolios have performed since launch (1st November 2008).

Please refer to page 10 for further information.



## PERFORMANCE REVIEW

All of the portfolios produced positive returns over the quarter, but it was the “Balanced” portfolios which fared best. Balanced has a mix which is

slightly more skewed towards value names and also has a greater exposure to the UK, both of which have benefited most over the last few months.

## FSWM FUND REVIEW POLICY

A key part of the FSWM service is to monitor the underlying performance of each fund within the portfolios for both risk and return. We have selected quality funds with strong track records and therefore do not envisage a high turnover of holdings. However, there will be occasions when the performance of an individual fund will lead to its expulsion from the portfolio(s). There are a number of factors that determine this decision, for example consistent under-performance, change of management team etc. It is also important, however, to have patience with a fund that is just suffering short-term under-performance.

We operate a “traffic light” system and will move a fund from a “green” to “amber” rating if the fund requires closer scrutiny at the next review. If a fund shows sufficient improvement, it will move back to “green”. If the fund consistently under-performs without good reason its status will change to “red” and the fund will be removed from the portfolio(s). A replacement fund will be selected and all clients holding the fund within their portfolio will be notified. Upon receipt of their authority, the client’s funds will be switched accordingly.

## RESULTS OF FUND & ASSET ALLOCATION REVIEW

The Investment Committee meets on a quarterly basis and one of its primary functions is to review our existing fund range. Within this meeting we scrutinise any funds which we feel are performing significantly differently to their peer group or benchmark, with a number then run against our internal performance and risk measurements.

There were several changes to the funds under review with a number, including Schroder Global Income and JPM US Equity Income, being removed and Ardevora Global and Jupiter European being added. The funds under review are as follows:

- Aberdeen Standard European
- Ardevora Global
- Ardevora UK
- Artemis Global Growth
- BNY Mellon Asian Income
- Fidelity European
- Garraway Financial Trends
- Jupiter European
- Jupiter Strategic Bond
- Legg Mason Weston Asset Macro Opportunities



## ASSET ALLOCATION TABLE PAGES FOUR AND FIVE – IMPORTANT INFORMATION

The maximum quarterly gain and loss figures in the asset allocation tables on pages 4 & 5 are taken from Financial Express based on the last 48 quarters of the longest running FSWM portfolios (up to February 2021). For the table on page 5, the figures are based on 30 quarters.

FE Risk Score: Financial Express have introduced FE Risk Scores to provide a single, easy to understand measure of risk across a range of investments. In the UK, Risk Scores measure the riskiness of any given investment in relation to the FTSE 100. Weekly volatility is measured over up to 3 years, with recent behaviour counting more heavily than earlier behaviour. The Risk Score is calculated weekly, and can be tracked over time. Cash type investments will have scores near zero, investment funds will tend to have scores in the 0 - 150 range.

The FTSE 100 is always 100. There is no upper limit to the scores.

The asset allocation figures on pages 4 and 5 are aggregated based on the current holdings within the FSWM portfolios for a new investor as at 15th February 2021. They will vary on a daily basis subject to market fluctuations. Rebalancing will be recommended if equity content exceeds the benchmark maximums. There is no guarantee that any of the model portfolios above will achieve their stated objectives. Each model portfolio may also experience more or less volatility than expected. The value of investments will fall as well as rise and are not guaranteed. Past performance is no guide to future performance. The Finance Shop Risk Categories are graded from 1 to 7. The above portfolios cover categories 3 to 6. For further information on all categories, please speak to your Finance Shop Independent Financial Adviser.

## ADDITIONAL IMPORTANT INFORMATION

This report has been issued by the Investment Committee of the Finance Shop Wealth Management team using data provided by Financial Express. Care has been taken to ensure that the information is correct but Financial Express and Finance Shop neither warrants, represents nor guarantees the contents of the information, nor does Financial Express or Finance Shop accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Currency fluctuations can also affect fund values. The above report does not constitute advice and you should speak to your Independent Financial Adviser before you make any alterations to investments or pension plans.

The instruments recorded above are weighted model portfolios created using Financial Express Analytics. Performance figures shown are based on the weighted models and may differ from the actual returns achieved by investors. Performance figures shown are based on bid to bid gross returns and do not include plan, contract or ongoing adviser charges / commission. Please refer to your policy documentation for further details.

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Finance Shop is authorised and regulated by the Financial Conduct Authority.

## ABOUT FINANCE SHOP

Formed in 1990, Finance Shop has grown to become one of the region's leading firms of Independent Financial Advisers.

As a locally owned, genuinely independent company, we pride ourselves on the quality of our advice and service to both personal and corporate clients. With over 150 years of financial services experience within the firm and over half a billion of assets under management, we have the expertise, experience and knowledge to be able to advise on all aspects of financial planning.

Our belief is that access to quality, independent advice is more important than ever and that is why we spend the majority of our time face to face with new and existing clients, explaining the key issues of today and helping them plan for the future.

## OUR SERVICES

- Retirement Planning
- Corporate Pension Solutions
- IHT / Estate Planning
- Personal & Business Protection
- Investment Planning
- Mortgages / Equity Release
- Trustee Investment

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