DEFAULT FOCUS BALANCED PORTFOLIO

WORKPLACE PENSIONS

FACTSHEET AND COMMENTARY — 28 FEBRUARY 2023

PORTFOLIO OBJECTIVE

This default Focus Balanced portfolio comprises mainstream investment vehicles including unit trusts, mutual funds and exchange traded funds (ETFs), whose managers aim to outperform their respective markets. Asset classes you could find in this portfolio are equities, government bonds, corporate bonds, alternatives, commodities and cash. Absolute return, multi-asset and property may all feature within the alternatives classification.

Focus Balanced seeks to generate capital growth over the medium term (5 years or more) with the aim of riding out short-term fluctuations in value. The portfolio will have a balanced approach to equity exposure, typically comprising 50% equity and 50% non-equity, though weightings may deviate within set parameters, allowing managers to react to market conditions.

PORTFOLIO INFORMATION

Inception	19 March 2015
Benchmark	50% Bloomberg Developed Market Large & Mid Cap Total Return Index GBP 50% Bloomberg Barclays Global Aggregate Bond Index GBP
TAM management charge	0.20%[1]
Underlying fund charge	0.30%[2]
Total charge	**0.50%[3]**

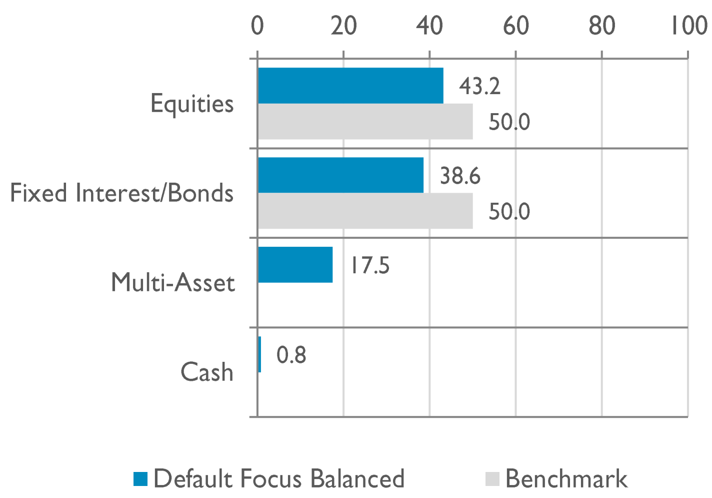
[1]This includes administration, platform and custody charges.
[2]Underlying fund charge is at quarter end and subject to minor fluctuations.
[3]Plus execution fee of 0.5% up to 50p per transaction.

PERFORMANCE %

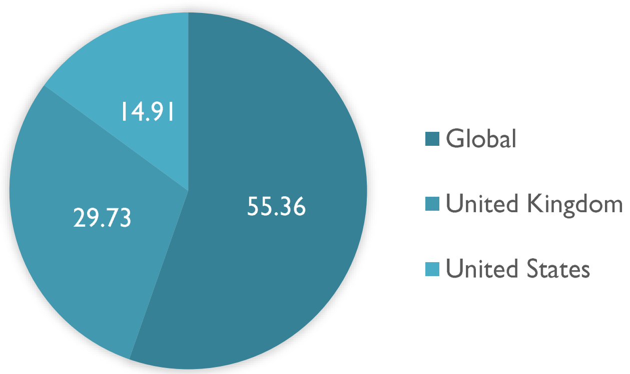
Cumulative					
3 Month	6 Month	1 Year	3 Year	5 Year	Since Inception
1.96	1.36	-1.15	3.34	10.68	28.61
Calendar Year					**Annualised**
2019	2020	2021	2022	2023 YTD	Return
13.18	-2.34	10.40	-11.01	1.63	3.58

All performance figures are net of TAM's investment management charge.

ASSET ALLOCATION %



REGIONAL EXPOSURE %



PORTFOLIO ACTIVITY

Starting the year, portfolio movements were centred around increasing the ESG credentials of the portfolio. This will remain a core part of the portfolio's construction moving forward. For the month of February, however, there were no changes to the asset allocation. We remain comfortable with our investment exposure following the reduction in UK equity holdings and the introduction of a pure play short-dated corporate debt position, an area where we see a pocket of relative value for 2023.

Reviewing your current positioning for the month we observed that European equities within your global funds performed well, specifically value opportunities. This was in line with global value funds which were able to outperform the market. Stock selection was critical in February as TAM's UK mid cap income focused funds contributed positively, outperforming both the UK and the global market. With both equities and bonds underperforming, TAM's tactical underweight stance on these asset classes helped to deliver outperformance to clients. Finally, funds focused on benefiting from an increase in volatility were good havens to invest client capital in February. On the flipside, investments into Emerging markets and precious metals suffered at the hands of a stronger dollar and Chinese stocks suffered from investors pausing for breath after a very strong Q4 rally in 2022. Also, the geopolitical flare-up between the US and China served to push the Chinese index down.

PORTFOLIO HOLDINGS %

1. JP Morgan Global Bond Opps X Acc	28.9
2. SSGA SPDR MSCI World Climate Paris Aligned UCITS ETF	18.4
3. TAM Balanced Fund C GBP	17.5
4. Wellington Management US Dynamic Equity E A H GBP	14.9
5. Vangard ESG Global Corporate Bond UCITS ETF GBP Hedged Acc	9.6
6. Nomura Global Sustainable Equity F GBP	9.9
Cash	0.8

MARKET REVIEW

Markets continued their strong run as we moved into February, as positivity around a more muted inflation picture in the US caused investors to keep buying the "deflation and rate cut" trade, which boosted fixed income, sold off the dollar and boosted growth focused equities. These moves were reminiscent of the 2021 rally, where the time-tested strategy of owning bonds and growth stocks began to roar once again. Alas, this tranquil positivity began to unwind as inflation numbers in the US started to come in above expectations. This forced investors to face the prospect of a more resilient inflation picture and proved to be the start of a reversal in sentiment which saw the February market finish in negative territory.

Specifically, the pain was felt in bonds which resumed their slide, with corporate bonds particularly coming down harder than the government backed equivalent. The dollar rallied, to the detriment of emerging markets and China (which was due a break from its impressive Q4 rally). The Dollar strength also helped push the UK's benchmark FTSE 100 to all-time highs, as well as boosting more domestic focused US stocks. In absolute terms, both the equity and bond markets both finished in negative territory, making it a difficult market to outperform.

OUTLOOK AND STRATEGY

The outlook from here continues to remain bifurcated. Either we have inflation coming back convincingly to target (2%) or it settles at 3-4%. If we get a convincing transition to on-target inflation then more strength is going to come back to the market. Bonds will rally and stocks, particularly those with a stronger focus on growth, will do better in absolute terms. Unfortunately, one must raise the question: with some of the forces of inflation remaining very much engrained, how do we get back to 2% inflation? One would need demand for goods to contract and for that to happen, one must expect to see job losses from across the global economy.

In this instance, one should expect a positive market reaction from a slowing jobs report in the US. Should we see more labour market strength in the US then it stands to reason that inflation returning to 2% will be harder to achieve. Further strength will entail higher rates for longer which will likely not be positive for equities and specifically those growth focused names. For now, as we grapple with month-on-month inflation prints dictating the narrative, we must remain data dependent.

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