Monthly Strategy Review | May 2021

MFP strategies provide a low cost-high value solution for all types of investors.

MFPs provide for a dedicated team of finance professionals focused on ensuring a high-level of service by standardising investment decisions throughout all the three strategies. The low capital requirement to invest in MFPs allows a broad range of investors to tap these multi-asset strategies in line with the investor's risk profile. The investment process undertaken by the team managing the strategies ensures that asset class tilts reflects the team's positioning and interpretation of market conditions in order to add value through expected opportunities but also protect against downside risks.

Investors in MFPs vary by demography, financial background and knowledge. The mix of investor characteristics investing in MFPs underpins the attractiveness for investors and the value-added proposition in the context of a resilient investor portfolio. The high degree of diversification present in each strategy makes it possible for each strategy to be either a stand-alone investment or a compliment to other investment strategies.

European equities dominate asset class returns for the month

European equities were on the front foot for the month with a strong performance when compared to US peers and other asset classes. Thus far in 2021, Europe has led the way in equity performance in line with the expected economic recovery in view of the vaccine rollout underpinned by a value backdrop. Tourism and travel are a key economic pillar for Europe and optimism surrounding the industry makes for upbeat expectations. Other asset classes were flat for the month with Investment grade corporate debt continuing to lag behind, even on a year-to-date basis. European high yield debt started the year off yielding 2.80% and continued to tighten by c. 40bps since then. This coincided with a period in which sovereign investment grade debt sold off, especially in the medium to long-end of the yield curve. This meant that credit spreads continued to tighten as financial conditions remained ultra-loose. For the fifth consecutive month, the CCC high yield bucket continued to meaningfully outperform higher grade rating buckets in the high yield space. Indeed, year-to-date performance for the CCC credit market returned c. 8.47% when compared to the overall European high yield market which returned c. 2.45%. Turning to another frontier market in the high yield credit environment; emerging high yield remained weak for the month as covid-19 continued to ravage developing nations given the weak vaccine procurement and rollout. We still deem emerging high yield debt as a pocket of opportunity within the credit space as glimpses of recovery will provide a sense of relief which shall trickle down to further potential capital gains as risk premiums start to diminish.

The biggest winners in European equities related mostly to cyclical industries, as Retail and Banks led the way with strong returns. Retail business recovered strongly in Europe as channels of sales and distribution were convincingly reinstated following the covid-19 disruption, whilst Banks in Europe quelled fears of systematic defaults leading to significant reversals in impairment charges over the first quarter of 2021. The resurgent earnings helped banks to surprise to the upside, paving the way for strong equity returns.

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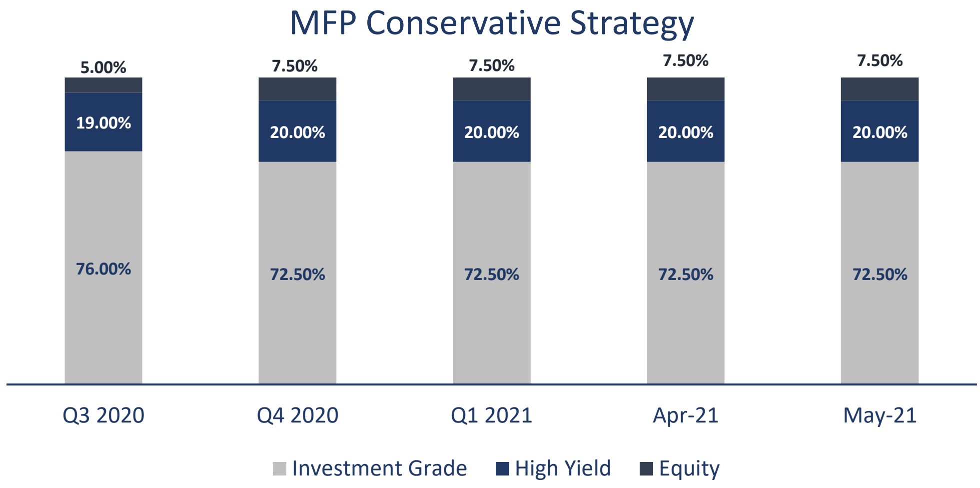
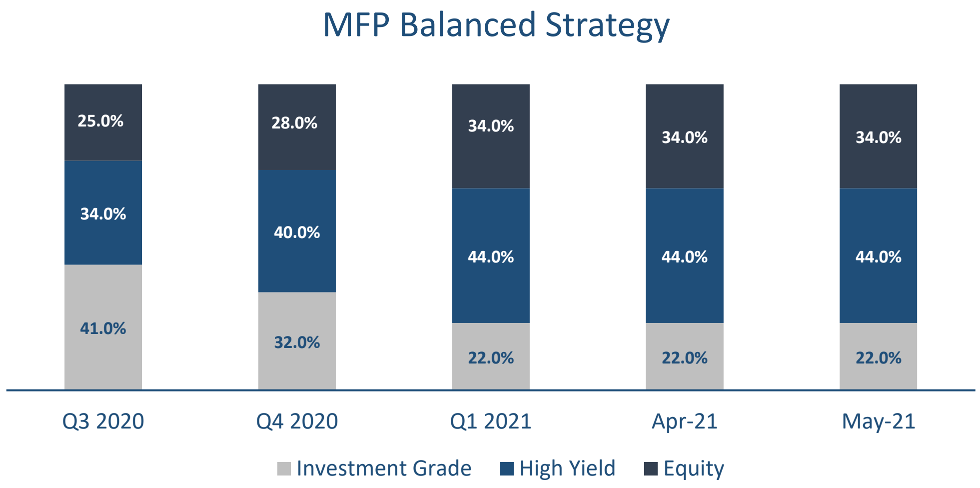
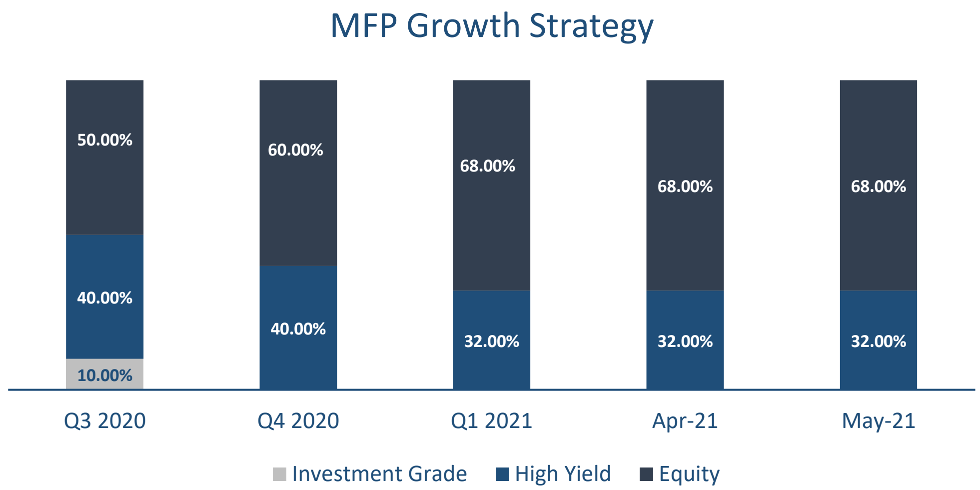
Asset allocation changes over recent quarters for each MFP strategy

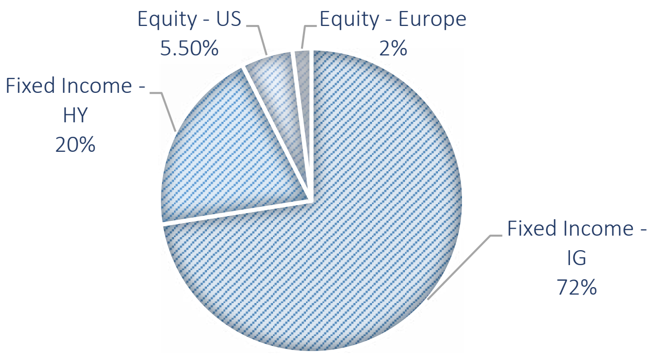






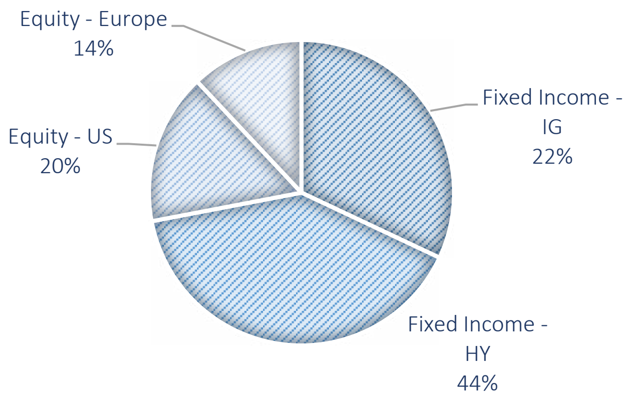
Strategy Snapshot

Asset Allocation | Conservative Strategy



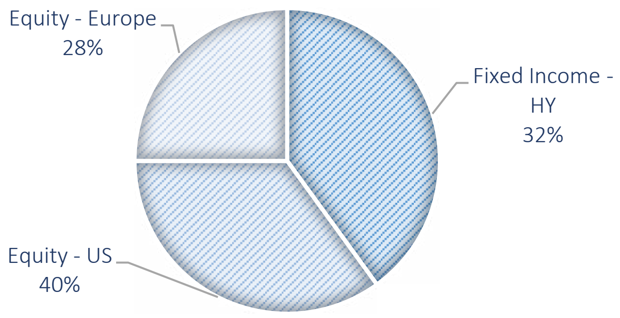
Current Distribution Yield: 1.46%*
Fixed Income Duration: 5.37*

Asset Allocation | Balanced Strategy



Current Distribution Yield: 2.39%*
Fixed Income Duration: 3.97*

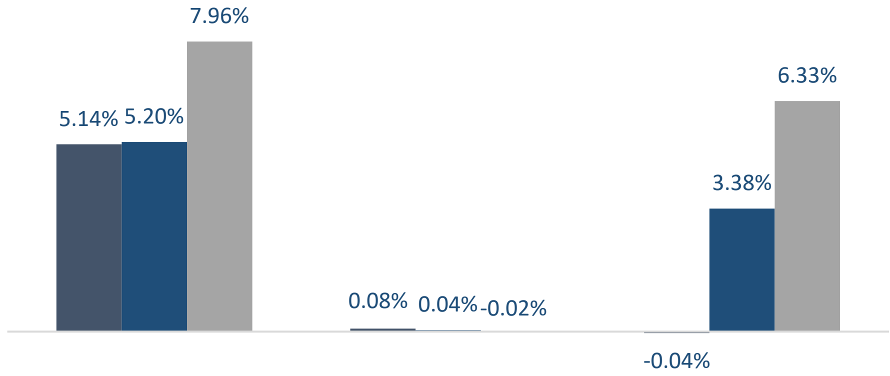
Asset Allocation | Growth Strategy



Fixed Income Duration: 3.19*

** All figures quoted are as at 31st May 2021*

Performance Snapshot



	2020	May-21	YTD
Conservative Strategy	5.14%	0.08%	-0.04%
Balanced Strategy	5.20%	0.04%	3.38%
Growth Strategy	7.96%	-0.02%	6.33%

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