of interest

summer 2021

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CONVERT TO CLEAN - RISK FREE

Welcome

to the Summer edition of our newsletter 2021. With a difficult 2020 and first half of 2021 behind us, I'm sure that you, like us, are looking forward to some sunshine and a return to some sort of normality. As always, we have enclosed your six monthly valuation and fund monitoring reports. Our January 2021 reports prompted a record number of fund switches by Elson clients who were clearly looking to improve returns by moving away from poorly performing funds. We believe that this vital fund monitoring information coupled with this edition of our Newsletter's articles, fund suggestions and our very own fund performance rating system Leaders, Laggards and Losers, will again prove popular and hopefully lead to more clients invested in better performing funds.

We also wanted to bring you up to date with a beneficial Re-registration change for Fidelity FundsNetwork which now means risk free conversion saving you money on funds you already hold. Plus as always, you have another chance to win £1,000 in our free prize draw!

News

2020 an exceptional year for ESG funds

Driven by increased interest in environmental, social, and governance issues, European sustainable funds broke new records in terms of inflows, assets and product development.

During 2020, sustainable open-end and ETFs available to European investors attracted net inflows of €233 billion. This was almost double the figure for 2019. In the fourth quarter alone, sustainable funds pulled close to €100 billion in net new money, taking 45% of overall European funds flows. *

The universe of sustainable funds includes equity, fixed income, allocation and alternatives funds that claim to have a primary sustainability objective and/or use binding ESG criteria for their investment selections. They do not include funds that employ only limited exclusionary screens such as controversial weapons, tobacco, and thermal coal. Several factors can explain last year's high inflows. The prospect of more regulation in the space is one, but investors have also come to realise that ESG funds offer comparable, or even in some cases, better performance than conventional funds. The Covid-19 market sell-off in the first quarter was a good test in this respect. The pandemic has also accelerated investor's interest in sustainability issues, and climate change in particular.

Increased awareness of the risks and opportunities created by the climate transition is evidenced by the fact that climate-related funds were among the best-sellers last year. In the fourth quarter, seven funds with a climate-related flavour landed in the top 10 funds in terms of flows. Leading the charge were clean energy funds, which were also the big winners of 2020 in terms of performance.
Growing interest in ESG issues, accelerated by the pandemic, will likely continue to drive demand for sustainable funds in Europe.

*Source : Morningstar

Liontrust to debut first ESG investment trust with £150m IPO

LIONTRUST

The Liontrust ESG trust (ESGT) will list ordinary shares on the premium segment of the main market of the London Stock Exchange with the intention of raising £150m via its initial issue.

Managed by the Liontrust sustainable investment team's Peter Michaelis, Simon Clements and Chris Foster, ESGT will invest in a diversified portfolio of 25 to 35 sustainable companies, which the management team believe will capitalise on and help drive the key structural growth trends shaping the sustainable global economy of the future. Investee companies will provide or produce sustainable products and services, and have a progressive approach to the management of environmental, social and governance issues The management will target "key structural growth trends" of better resource efficiency, greater safety and resilience, and improved health, in addition to 21 underlying themes.

Michaelis and Clements have managed sustainable global growth strategies since 2001 and 2010 respectively, while Foster became a co-manager in 2020 after joining the team in 2015. The portfolio will be unconstrained by market capitalisation when selecting investments, enabling the construction of a "high-conviction portfolio with less consideration of shorter-term volatility than when managing open-ended funds," Liontrust said.

It is expected that ESGT will have exposure to small-cap stocks that are not held by the open-ended funds the team currently manage. Liontrust will collect a management fee of 0.65% per annum of net assets, but will donate up to 10% of its fees to fund research identifying and developing financial instruments covering currently "uninvestable SDGs".

"When these instruments are developed, they will become available for the company and other investors," Liontrust explained.

The trust's prospectus is set to be published in late May and the initial issue will close in late June, with a placing programme allowing the company to issue up to a further 250 million ordinary shares and/or C shares. Chief executive of Liontrust John Ions said: "This is a significant launch for Liontrust in expanding our offering into investment trusts.

"The launch of ESGT recognises the growing demand for sustainable investment as an increasing number of people want their investments to make positive contributions to society, the environment and the economy.

"Over the past two decades, the sustainable investment team has demonstrated the ability of its investment process to outperform mainstream funds and the impact of its funds on sustainable development."

Portfolio manager Michaelis added: "We are excited by the opportunities that ESGT offers in being able to construct a high conviction portfolio with companies from across the market cap spectrum and our sustainable investment themes. "Key attractions include the wide opportunity set it provides as it is unconstrained by market capitalisation, a concentrated portfolio focused on the highest sustainability companies and the chance to invest a portion of the portfolio in small cap companies that we do not hold in our open-ended funds.

"These stocks fit perfectly with our focus on the long-term drivers of the sustainable economy of the future."

US economy

The US economy is set to grow at the fastest rate since 1984 this year thanks to government stimulus and the speedy rollout of coronavirus vaccines, the Organisation for Economic Co-operation and Development (OECD) has said.

In its latest economic outlook, the OECD group of rich countries said US gross domestic product would grow 6.9% in 2021, after contracting 3.5% in 2020. That would be the biggest increase since 1984, according to World Bank figures. The OECD's new US forecast was an upgrade from March's prediction of 6.5% growth, which was itself a sharp improvement on a December estimate of 3.2%.

The successive upgrades reflect the impact of both President Joe Biden's $1.9 trillion stimulus bill and of vaccines, which are allowing states to reopen their economies. More than half of the US population has now had at least one shot.

"Substantial additional fiscal stimulus and a rapid vaccination campaign have given a boost to the economic recovery," the OECD analysts wrote in their report. The authors said the recovery had picked up speed: "Indicators of consumption activity have risen, with strong household income growth and a gradual relaxation of containment measures boosting spending."

They added: "The reopening of the economy due to widespread vaccination of the population will enable activity in more sectors to return to normal."

The OECD is a global organization that promotes growth and trade, with 38 member countries. Its economic forecasts are closely watched. It predicted that the global economy would grow 5.8% in 2021, up from its March forecast of 5.6%. Yet the global recovery will be highly uneven, and the pandemic will hit some countries' living standards hard, according to OECD chief economist Laurence Boone.

"It is with some relief that we can see the economic outlook brightening, but with some discomfort that it is doing so in a very uneven way," she said in an introduction to the report.

"It is very disturbing that not enough vaccines are reaching emerging and low-income economies. This is exposing these economies to a fundamental threat because they have less policy capacity to support activity than advanced economies."

'Reason for optimism' as March bounce holds UK's Q1 GDP decline at 1.5%

UK GDP rises by 2.1% in March amid partial reopening

UK GDP rose by 2.1% in March as schools and some parts of the economy reopened throughout the month, marking the fastest monthly growth since August 2020, according to the Office for National Statistics (ONS).

The March gain helped stem the GDP contraction for the first quarter of the year at 1.5%, with UK GDP now 8.7% below where it was before the pandemic in December 2019. Compared with the end of Q1 2020, when the initial economic impact of the coronavirus pandemic began to take effect, the UK economy has contracted by 6.1%. February GDP growth has now been revised up from 0.4% to 0.7%, while the Bank of England now predicts the economy will grow 7.25% this year.

The UK's Q1 decline compares to growth of 1.6% and 0.4% in the US and France respectively, according to the ONS. However, Germany, Spain and Italy all saw contractions in the first quarter, while all five international peers' real GDP remains below pre-Covid levels.

The construction sector was the biggest beneficiary to March GDP growth at 5.8%, driven by new work, and repair and maintenance. Manufacturing, production and services saw respective growth of 2.1%, 1.8% and 1.9%. Commenting on the figures, Quilter Investors portfolio manager Paul Craig said: "After showing initial signs of life in February, the UK economy is now well on its way to recovery.

"Despite the first quarter economic contraction, the economy is heading in the right direction. It will be a record-breaking year for GDP growth, but of course one which follows a record-breaking contraction.

"While the Bank of England has uprated its expectations for growth this year, it really is just growth brought forward as a result of faster than anticipated vaccine rollouts and falling case numbers. Growth in 2022 is expected to be a more modest 5.75%, down from the 7.25% predicted in February."

Injecting hope into UK equities: Short-term volatility worth the pain to reap long-term rewards

Looking forward, Craig warned it is "extremely likely that the pause in economic activity will lead to some permanent scarring", but said "widespread pain should prove temporary and many consumers are in a very good place with considerable accumulated savings to turn on the spending taps once the restrictions are lifted".

Economist at UBS Global Wealth Management Dean Turner agreed that "there is reason for optimism".

"We expect growth to continue to accelerate in the coming months, which should be supportive for UK assets and, in particular, sterling," he added. "Taken together with the Bank of England's relatively hawkish stance and the more stable political environment following recent elections, we see sterling trading as high as 1.49 against the US dollar by the end of the year."

Converting your direct holdings to the Fidelity FundsNetwork platform - risk free

In our last Newsletter, we wrote about switching your direct investments to Fidelity FundsNetwork.

In the vast majority of cases, we are able to save you money in charges on your existing investments whilst allowing you to hold the exact same fund(s) as you currently have. We can produce a personalised report for you comparing your existing costs to what you would pay if you switched to Fidelity FundsNetwork. This has proved extremely popular with many clients who have taken advantage of our offer and are currently better off as a result. One of the main reasons for the increase in interest is a change that has happened in the process since February this year. Previously, when the switch of a fund took place from one share class to another, the client would be out of the market for up to two working days. Now, due to a new regulation brought in by the FCA, Platforms such as FundsNetwork must complete transfer by way of a 'conversion' rather than a 'switch'. Essentially, the difference is that conversion allows the transfer to be done without being out the market. For the client, it means there is no potential loss (or gain) thus taking the risk and concern out of the transfer.

To help you see where you can make potential savings, our reports list all of your direct holdings showing either a positive or negative saving allowing you to choose the funds which save you money and ignore the ones where there is no benefit in converting. It's quick and easy to instruct us to transfer your funds to Fidelity. Once you have seen the report, read all the relevant documentation and are happy to proceed, simply return the report and we'll take care of the rest for you.

The process of converting your funds is straightforward and we provide all the documentation required, most of which is already pre-populated for you. Please note you will probably have a different number of units in the fund after you move as the prices of bundled and clean share classes are normally different.

If you are interested in finding out more about saving money on your charges and would like to discuss this, please do not hesitate to contact us on Freephone 0800 096 1111.

As well as the potential to lower the ongoing costs on your investments, holding your funds via Fidelity FundsNetwork offers a number of other advantages including:

- Access to a comprehensive range of over 5,000 investment options - including a wide selection of mutual funds, exchange-traded products, investments trusts and company shares.
- The facility to manage your funds online and switch between funds for free.
- Clients of Elson Associates DO NOT pay the standard investor fee (£45) levied by Fidelity FundsNetwork.
- A significant reduction in paperwork - one consolidated statement covers all your fund investments.
- Your annual ISA allowance can be split between different fund managers (something you cannot do when investing direct).
- A transparent charging structure - not always the case with direct holdings.

J.P.Morgan

Asset Management

Following a year where discussions were dominated by the virus, the first half of 2021 saw investors shift their focus to the vaccine. The US and the UK were quickest out of the blocks, although by the halfway point of the year, vaccination levels were picking up encouragingly across many parts of the globe.

As restrictions on activity eased, consumers were keen to make up for lost time. Government support schemes designed to protect incomes have been crucial to shielding households from the full economic force of the pandemic. When combined with social restrictions that limited people's ability to spend, the result has been a huge build-up of savings. The UK's furlough scheme continues to limit the rise in unemployment effectively, while in the US, President Biden's $1.9 trillion dollar stimulus package that was passed in March included stimulus checks to the tune of $1,400 per person.

With vaccine rollout enabling higher levels of activity, demand surged. Yet even when accounting for the recent spending splurge, households still have considerable excess savings as we head into the second half of the year, amounting to about 12% of gross domestic product (GDP) in the US, and around 10% of GDP in the UK. Not all sectors of the economy have returned to normality but consumers are spending where they can and tourism's loss appears to be home renovation and construction's gain. A healthy consumer looks set to underpin economic growth in the second half of the year.

The supply side of the economy has struggled to keep pace with the rebound in demand after a year of pandemic-related disruptions. Global supply chains are showing signs of stress, and companies are passing cost increases on to their end customers. Inflation has risen accordingly in many regions of the world. Central banks expect these inflationary pressures will largely prove to be a temporary phenomenon, but as the year has progressed, investors have become increasingly focused on the timetable for when the current support from policymakers might be scaled back. While inflation concerns could well create some market jitters going forward, ultimately it looks to be a high bar for central banks to meaningfully alter their current plans for a glacial removal of stimulus. This suggests that economic activity and corporate earnings should be well supported for now.

The combination of strong growth and modest but rising inflation created a challenging environment for fixed income investors. Government bond yields rose substantially over the first six months of the year, leading to negative returns in many parts of the fixed income market.

Stocks fared much better, with most major regions delivering positive, double-digit returns. Beneath the surface, market leadership in 2021 has looked very different to last year. In the pandemic economy of 2020, technology and online-tilted businesses were the clear winners. As the global economy rebounds, sectors such as energy and financials that underperformed in 2020 have been playing catch up. The outcomes for different sectors have also driven the regional winners and losers, with markets such as the eurozone benefitting from a relatively high weight to financial companies.

Emerging market stocks lagged despite there being little change to the positive long-term outlook for the region, with the Chinese market notably weak. This is likely linked to the fact that China experienced the post-pandemic "boom" much earlier than the developed markets, and now finds itself moving back towards more normal levels of growth. Divergences in growth across the globe will likely remain for some time, until vaccination rates become more consistent geographically.

Half yearly review

We asked JP Morgan's Hugh Gimber, a Senior Market Strategist at JP Morgan for a review of the year so far….

Driving positive change on coal financing

- Article by Fidelity International

The power of active engagement: As the most heavily polluting fossil fuel, coal should have no future in the global energy mix. Through active engagement, which is the cornerstone of our sustainable investment strategy and a crucial component to our role as stewards of client capital, we are continuing to play our part in making this a reality.

As long-term investors, we recognise that tangible action is needed to tackle the urgent climate crisis we face. Phasing out financing for coal-fired power plants (CFPPs) is a crucial step towards a more sustainable global economy and for this reason we initiated a thematic engagement with banks on their financing of such plants in Asia. Initially, we focused on Singaporean banks, but we have since expanded our engagement to banks in Japan and China.

Through the Paris Agreement signed in 2015, nearly every nation on earth committed to limit the average global temperature rise to 2 degrees Celsius, and to pursue efforts to limit the increase to 1.5 degrees. In the four years since the Paris Agreement was adopted (2016-2019), the biggest global banks have funnelled $2.7 trillion into fossil fuels.4 Continued bank financing for coal projects undermines the Paris Agreement. In fact, the disruption unleashed by Covid-19 has highlighted how much worse the consequences of climate inaction could prove.

Coal-fired power plants release more greenhouse gases per unit of energy produced than any other electricity source.5 In fact, the UN's Intergovernmental Panel on Climate Change has said that coal-fired electricity must end by 2040 if we are to limit global warming rises to 1.5 degrees Celsius.6 While financial support for coal projects across the globe is declining, in South East Asia the pipeline of financing for coal power is growing. As a result, we initiated our engagement in the region back in 2018, initially focussing on Singaporean banks due to their critical signalling effect for the region.

- 44% of global CO_2 emissions come from coal consumption.
- Emerging Markets is responsible for 76.8% of global coal consumption.
- 37% of global electricity is currently fuelled by coal-fired power plants.
- $1.9trn in financing by 33 global banks since the Paris Agreement in 2015.

The power of engagement

Over the years, Singaporean banks have introduced climate change and responsible finance policies, with the aim of reducing their financing of CFPPs where appropriate. However, in our view, the original policies were not specific enough and continued to permit new CFPP financing in emerging markets.

With this in mind, Fidelity's Asia banks analyst and our Sustainable Investing team engaged with the chief sustainability officer of a leading Singapore bank, discussing its sustainability strategy and approach to CFPP financing. The bank committed to speaking with its lending partners in the region about their coal exposure and to report in accordance with the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations. TCFD recommendations on climate-related financial disclosures are structured around four thematic areas: governance, strategy, risk management, and metrics and targets. We have been urging banks to report on all four areas, with a focus on risk management.

In addition, we collaborated with several institutional investors through a Singaporean-based ESG consultancy, with the aim of encouraging the major banks in the country to forego short-term opportunities in coal and to improve their climate change strategies.

Representatives from each asset manager, together with the consultancy, collaborated on a joint statement calling on Bank A, as well as other banks (B and C), to implement an outright ban on coal financing. Before the statement could be read out as intended at the banks' AGMs in April 2019, Bank A announced it would no longer offer financing to coal-fired plants anywhere (except its current projects, to which it remains contractually obliged), thus conceding to the wishes of a significant proportion of its shareholders.

Bank B quickly followed suit. Bank C had no policy relating to coal financing. Our jointly signed letter was sent to them and read publicly at their AGM in late April 2019, encouraging more transparency on the issue and a blanket ban on financing coal-fired facilities. The bank committed to changing its policy at the AGM and it later announced that it would also stop funding CFPPs and would focus on renewable energy projects instead.

We believe this is an excellent example of the good that can come from both constructive engagement and collaboration across the industry. We also intend to continue to promote increased climate risk disclosure in line with TCFD guidelines from all regional banks.

Engaging further afield

In early 2020, we decided to expand our engagement to Japan as the Japanese Government and Japan's commercial banks are among the largest coal financiers in the world. We wrote to the three largest commercial banks in Japan, specifically encouraging them to tighten their coal policies further to cease financing new CFPP's globally and to request reporting according to TCFD.

All three banks that we engaged with have since tightened their coal policies, reducing the exceptions that were previously allowable and stating that they would not finance new construction of coal power. Each bank has still allowed for some exceptions; for example, they might consider financing projects which use environmentally friendly technologies, such as ultra-supercritical pressure power plants.

At the end of 2020, we expanded this engagement further to concentrate on Chinese banks. We joined a collaborative engagement run by an ESG consultancy called Asia Research and Engagement (ARE), participating in a letter written to five large Chinese banks. This requested an engagement to discuss important topics such as their ESG risk management practices, lending policies to high environmental risk sectors and climate risk scenario analysis.

We have set-up collaborative engagements with these banks which we aim to conclude in the first half of 2021. We also plan to further expand our engagement to banks in other countries in Asia such as Malaysia.

Moving towards a more sustainable future

As the most heavily polluting fossil fuel, coal should have no future in the global energy mix. We firmly believe that given its severe climate impact, coal should be rapidly phased out globally as we move towards a future with smarter and more sustainable energy options. Through active engagement, which is the cornerstone of our sustainable investment strategy and a crucial component to our role as stewards of client capital, we are continuing to play our part in making this a reality.

Economic outlook

Look through inflation and focus on earnings

The US Federal Reserve's preferred inflation measure - core personal consumption expenditure (PCE) - rose 3.1% year-on-year for the month of April. This represented a substantial increase on March's 1.9% figure, well above the Fed's 2% target rate and the highest reading since 1992.

The spike in inflation has been driven by businesses reopening and a surge in consumer activity while disruptions to supply chains as a result of the pandemic are ongoing. On the ground, our analysts have started to note cost increases across most regions and sectors. At the moment, these appear limited in time and space with the United States and China under more pressure than the rest of the world.

However, this 'champagne bottle' effect of a pop in inflation as we exit from lockdowns is most likely transitory. Supply issues are showing signs of gradually resolving, employment support policies will lapse through the year - helping the labour market find a more natural equilibrium - while it is also notable that the strength of the housing market seen in many inflation calculations forms a relatively smaller component of core PCE.

Only a self-reinforcing rise in prices underpinned by an increase in costs, especially wages, perpetuates inflation. The core PCE reading also has had little effect on yields, which are still very low and negative in real terms.

However, while the current inflation trends appear to be transitory this is not to say that they may not become more persistent later. It is also enough to justify some caution of securities that derive much of their valuation from earnings far into the future given their sensitivity to inflation expectations. Companies with pricing power, able to withstand rising costs and sustain their margins will provide added protection to portfolios. This means that the profit outlook at a granular level is crucial.

A favourable profit outlook this year

Over the past year, we have increased our exposure to cyclical stocks, particularly in technology and industrials, due to high expected growth in profits in 2021. But rather than compare earnings forecasts with last year where base effects are extremely flattering given the shutdown of economies, we have used 2019 numbers. Globally, we expect earnings growth to be around 15% higher than 2019, with Asia responsible for the biggest share and Europe only marginally up.

Significant public spending supports growth prospects on a global scale with investment diffusing across sectors and geographies. With that in mind, even within growth sectors we prefer cyclical components. One exception in banks where we remain cautious about the upside potential particularly if inflation is transitory and real yields remain negative.

Overall, consumer strength, fiscal stimulus and accommodative monetary policy remain key pillars of support in developed markets. But the celebratory mood amid the uncorking of the champagne bottle as we emerge from the crisis will subside. It is then that demographic pressures and higher tax burdens will come back into view and act as brakes on earnings growth and the economy. Excessive levels of debt will also be a source of volatility. For those reasons investors may be better served by being more cautious in the medium and longer-terms than they are in the shorter-term.

- Romain Boscher, Global CIO, Equities

Spike in inflation but real yields negative

Source: Fidelity International, Refinitiv, FRED, May 2021. Note: US PCE monthly, yoy, seasonally adj. Real yield calculated using breakeven rate.

Is the post-COVID rebound peaking?

Tougher times may lie ahead, but we believe the cyclical rally has further to run.

We're now in the middle of what promises to be a stunningly good year for growth - both in terms of economic output (GDP) and company profits. Of course, that's largely a function of 2020 being so stunningly bad. But with the rebound continuing to exceed expectations, even as the easing of social restrictions has lagged, do tougher times lie ahead?

Global and US GDP are likely already back above their pre-COVID high watermark; on some measures, cyclical parts of the stock market have enjoyed an unprecedented run relative to defensive segments. But our analysis suggests it would be premature to start positioning for tougher times right now. We expect global leading economic indicators to remain near current elevated levels until late 2021, supported by a cycle of capital expenditure that looks like it's just getting going, the rebuilding of depleted inventories and the continuing rebound in spending on consumer services. Especially as growth becomes more synchronized across the developed world, with Europe and Japan joining the UK and US in the reopening party.

We expect global leading economic indicators to remain broadly range-bound at today's elevated levels until late 2021. From there, we see these high economic growth rates decelerating throughout 2022, but staying above their historic norm thanks to a continuation of central bank and government stimulus. We don't think a change in investment strategy would be warranted until we start to see a decline in the key indicators that we believe give the best picture of where economies are headed.

Growth rates in countries that suffered the largest contractions in 2020, such as the UK, will likely stay a little more elevated as they have further to 'bounce back'. However, many of these countries operated job retention or furlough schemes (as opposed to the income-replacement policies of the US, for example) and there is some uncertainty over what their closure might do to employment, corporate defaults and consumer confidence.

Is inflation here to stay?

We do not agree with theories of runaway inflation, currently a hot topic among market commentators. To summarise briefly, the main reason for the spikes we are seeing today is that prices were abnormally low a year ago, and the rate at which they have risen since has been exacerbated by COVID-related dislocations in spending, employment, production and logistics.

We have been warning about a very uncomfortable spring since early this year (see the lead article in our latest InvestmentInsights publication). And yet inflation in the US has risen by more than our already above-consensus expectations. However, for inflation to continue spiralling upwards, wage inflation would have to accelerate perpetually and inflation expectations would also need to untether from where they have been anchored over the last quarter century, around the 2% rate embedded by independent central bank regimes across the developed world.

While the speed of the growth recovery has exceeded expectations, the speed of the employment recovery has not. In the US there are still more than seven million fewer people in work than before the pandemic. We do expect evidence of skills shortages to push wage inflation a little higher over the remainder of the year, but not to a de-stabilising degree.

Inflation expectations extracted from a broad swathe of gauges still haven't broken out above the normal range of the last 25 years. Some - although not all - measures of consumers' short-term inflation expectations have broken out, but these measures have poor 'track records' as forecasts.

We believe - as US Federal Reserve Chairman Jerome Powell has been at pains to note - that unusually high US inflation will be transitory. But it's worth clarifying what we mean by transitory. We don't mean that inflation will be back on target by year end. Instead, we see it peaking in the next month or two, before falling back toward 2% throughout 2022.

Certain about uncertainties

The bottom line is that no-one can say they fully understand the consequences of the unprecedented degree of money creation during the pandemic. The degree of uncertainty around the inflation outlook is larger than anything investors have had to face for the best part of a decade (and arguably three). That also creates considerable uncertainty around the outlook for bond yields and equity valuations. Inflation risks over the next 18 months are skewed to the upside, which is something we think it's wise to be positioned for, in and of itself.

It's clear that the global economic recovery has gathered momentum since the start of the year and that it's broadened out to encompass more geographies and economic sectors. But we believe the recovery trajectory has further to run, which is why we believe better valued cyclical themes could have further to run.

We are keenly aware that tougher times may lie ahead, particularly if immediate inflationary pressures prove more stubborn than we currently expect. We believe earnings momentum will be key, given the headwinds to valuations. In particular, as global yields and inflation risks rise, Europe's relatively cheap bank and energy sectors are likely to continue to do well.

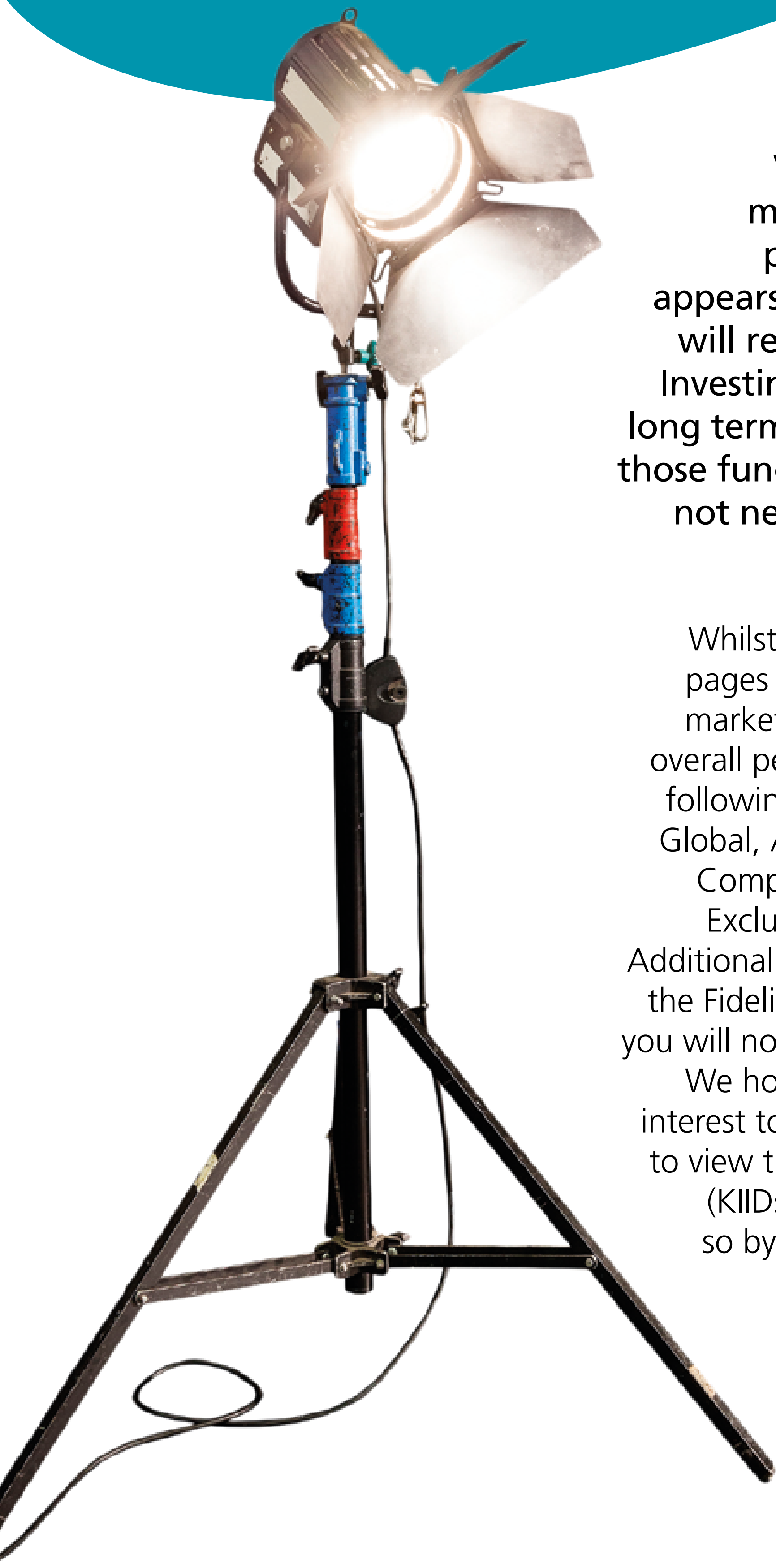
Meanwhile, we will be keeping a close lookout for any risks that our favoured leading indicators might start to decline. It's at that point - but not before - that a change of investment strategy might be warranted.

- Julian Chillingworth,
Chief investment officer,
Rathbones Funds

Rathbones
Look forward

These views are not necessarily those of Elson Associates but of the experts mentioned.

Funds
under the spotlight



With the easing of restrictions and markets around the world generally performing well, market sentiment appears to be very positive. How long this will remain for is of course an unknown. Investing is still and will always be for the long term which is why we like to highlight those funds with good overall track records, not necessarily just those that have over-performed in the short-term.

Whilst the funds highlighted on the following pages are not immune to significant events or market downturns, they have achieved strong overall performances. The funds featured on the following pages are from the following sectors: Global, Asia Pacific Excluding Japan, UK Smaller Companies, Sterling Corporate Bond, Europe Excluding UK and Targeted Absolute Return. Additionally, since all of the funds are available on the Fidelity FundsNetwork and Aegon platforms, you will not incur an initial charge when investing. We hope that the funds highlighted will be of interest to you. Please note that if you would like to view the Key Investor Information Documents (KIIDs) for the funds highlighted, you can do so by visiting the Fund Centre at our website www.elsonassociates.com or in the application pack with this newsletter.

Strategy

Anthony adopts a fundamental, bottom-up approach to build a high conviction portfolio where each holding can meaningfully contribute to overall fund performance. However, having fewer holdings does not translate into higher risk. He mitigates risk by building a diversified portfolio, where stock correlations play a significant role in portfolio construction. Anthony has a broadly style neutral approach, but new positions in the portfolio can exhibit a contrarian/value bias. Stock selection is driven by a combination of investor sentiment, valuation and fundamental research. He is a patient investor with an average holding period of more than two years.

FundsNetwork

Fund Managers	Anthony Srom
IA Sector	Asia Pacific Excluding Japan
Fund size	£1280.00m at 31.05.2021
Launch date	24.09.2014
Fund manager charge	0.90%

Objectives & Investment Policy

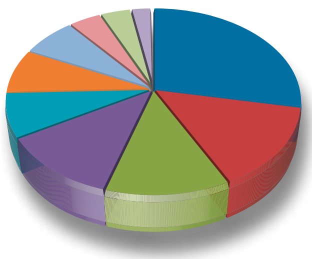
- The fund aims to increase the value of your investment over a period of 5 years or more.
- The fund will invest at least 70% in companies in the Asia Pacific region (excluding Japan). This region includes countries considered to be emerging markets as determined by the Investment Manager at its sole discretion.
- Emerging markets are countries progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body.
- The companies will be either listed, incorporated, domiciled, or have significant business activities in the region.
- The remainder will be invested in companies outside of the region detailed above and in other investment types such as cash and derivatives.
- Derivatives are investments whose value is linked to another investment, or to the performance of a stock exchange or to some other variable factor, such as interest rates and used to reduce risk or transaction costs and/or to generate extra income or further increase the value of your investment.
- The fund aims to hold a concentrated portfolio, investing in 25-35 companies or other types of investment.
- The fund is actively managed. The Investment Manager identifies suitable opportunities for the fund utilising in-house research and investment capabilities.
- The Investment Manager will, when selecting investments for the fund and for the purposes of monitoring risk, consider the MSCI All Country Asia Pacific ex Japan Index.
- The Investment Manager has a wide degree of freedom relative to the index and may take larger, or smaller, positions in companies, and/or may invest outside the index, to take advantage of investment opportunities. This means the fund's investments and therefore performance may vary significantly from the index.
- Income earned by the fund is paid into the fund and reflected by an increase in the value of each share.
- Shares can usually be bought and sold each business day of the fund.

Top 10 holdings 31.05.2021

1. Taiwan Semiconductor Manufacturing 9.70%
2. Alibaba Group HLDG Ltd 8.10%
3. Kweichow Moutai 6.90%
4. HDFC Bank Ltd 5.40%
5. Franco Nevada Corp 5.10%
6. Hangzhou Hikvision Digital Technology Co Ltd 4.80%
7. ASML Holding NV 4.60%
8. Techtronic Industries Co 4.30%
9. Beijing Oriental Yuhong Waterproof 4.00%
10. CSL Ltd 3.50%

Total 56.40%

Sector breakdown (top 10) 31.05.2021



Information Technology	27.80%
Consumer Discretionary	14.30%
Materials	11.90%
Financials	11.90%
Communications	7.70%
Industrials	7.60%
Consumer Staples	6.90%
Health Care	4.20%
Money Market	3.70%
Real Estate	2.60%

Discrete performance as at 30.06.2021

	0-12m	12-24m	24-36m	36-48m	48-60m
Fund	35.93%	9.62%	11.23%	13.19%	23.65%
Sector	25.80%	1.93%	5.30%	7.43%	29.63%
Benchmark	24.46%	2.67%	4.58%	7.80%	28.60%
Relative to Sector	10.12%	7.69%	5.93%	5.76%	-5.98%
Rank within Sector	5/63	12/61	8/60	6/58	55/58
Quartile Rank	1	1	1	1	4

Please note that the Fund manager charge is taken by the fund manager as payment for their management of the fund. We've used the latest figure provided by the Fund Manager that includes all their costs and charges. This charge may be higher than the Ongoing Charges Figure (OCF) shown in the fund KIID. Past performance is not necessarily a guide to future returns. Income and capital values can fall as well as rise and are not guaranteed. Exchange rate fluctuations may also cause the value of investments and any income from them to fall as well as rise. You may not get back the amount invested. Investments in small and emerging markets can be more volatile than more developed markets. Specialist funds carry a high degree of risk. Performance figures as at 30.06.2021. Performance data supplied by Financial Express. Past performance figures are based on bid to bid or mid to mid prices with net income reinvested.

FE fundinfo Crown Fund Rating

Asia Pacific Opportunities

Fidelity

Global Smaller Companies

Invesco

FE fundinfo Crown Fund Rating

Fund investment objective and policy

The objective of the Fund is to achieve long-term (5 years plus) capital growth. The Fund invests at least 80% of its assets in shares of smaller companies, globally. The Fund may use derivatives (complex instruments) to manage the Fund more efficiently, with the aim of reducing risk, reducing costs and/or generating additional capital or income.

Fund strategy

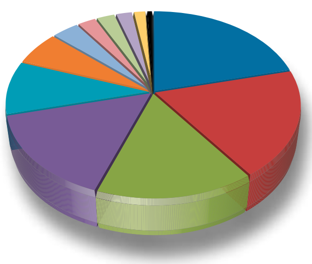
Erik Esselink (lead fund manager) and the Global Smaller Companies Group, Henley Investment Centre, focus on delivering a globally diversified smaller companies' strategy. We believe that smaller companies are best managed by regional smaller company specialists and that only regional asset allocation should be decided at a global level. Investment decisions are based on views and perspectives from the bottom-up, where the regional managers find value and identify stock opportunities. A dual fund manager/analyst role within the Group provides both ownership and accountability for each investment decision and the performance of each regional element. The lead fund manager appraises the attractiveness of each region based primarily on valuation, but also considers the outlook for economic growth, and regional fund managers input their local perspective. Only then does the lead fund manager decide how much capital to allocate to each geographic region globally.

Fund Manager	Erik Esselink
IA Sector	Global
Fund size	£747.58m at 31.05.2021
Launch date	31.03.2014
Fund manager charge	0.90%

Top 10 holdings 31.05.2021

1.	Lattice Semiconductor Corp	0.82%
2.	Signify NV	0.76%
3.	Onemain HLDGS Inc	0.69%
4.	Piper Sandler Companies	0.64%
5.	Western Alliance Bancorp	0.64%
6.	LPL Financial HLDGS Inc	0.62%
7.	Overstock.com Inc	0.62%
8.	Nordex SE	0.62%
9.	Owens Corning Inc	0.61%
10.	Chiba Bank	0.61%
	Total	**6.63%**

Sector breakdown 31.05.2021



Industrials	21.23%
Consumer Discretionary	18.80%
Information Technology	15.71%
Financials	15.46%
Health Care	9.41%
Materials	6.11%
Real Estate	3.61%
Consumer Staples	2.49%
Money Market	2.49%
Communications	2.44%
Utilities	1.43%
Energy	0.82%

Discrete performance as at 30.06.2021

	0-12m	12-24m	24-36m	36-48m	48-60m
Fund	44.33%	-2.63%	0.25%	7.97%	32.73%
Sector	25.18%	3.64%	7.87%	8.42%	20.55%
Benchmark	32.88%	11.82%	9.36%	15.94%	23.87%
Relative to Sector	19.15%	-6.27%	-7.61%	-0.45%	12.18%
Rank within Sector	8/301	225/274	229/252	119/229	12/216
Quartile Rank	1	4	4	3	1

Please note that the Fund manager charge is taken by the fund manager as payment for their management of the fund. We've used the latest figure provided by the Fund Manager that includes all their costs and charges. This charge may be higher than the Ongoing Charges Figure (OCF) shown in the fund KIID. Past performance is not necessarily a guide to future returns. Income and capital values can fall as well as rise and are not guaranteed. Exchange rate fluctuations may also cause the value of investments and any income from them to fall as well as rise. You may not get back the amount invested. Investments in small and emerging markets can be more volatile than more developed markets. Specialist funds carry a high degree of risk. Performance figures as at 30.06.2021. Performance data supplied by Financial Express. Past performance figures are based on bid to bid or mid to mid prices with net income reinvested.

J.P.Morgan
Asset Management

Fund Managers	Virginia Heriz, Benoit Lanctot, Josh Berelowitz, Shrenick Shah
IA Sector	Targeted Absolute Return
Fund size	£1982.62m at 30.06.2021
Launch date	15.02.2013
Fund manager charge	0.66%

Investment Objective

The Fund aims to provide positive investment returns over a rolling 3 year period in all market conditions by investing in securities globally, using financial derivative instruments where appropriate. A positive return is not guaranteed over this or any time period and a capital loss may occur.

A Macro Framework for Investing

Global macroeconomic trends are the main driver of asset class returns. The investment team continually monitors the macro landscape to identify the key trends and changes shaping the world today.

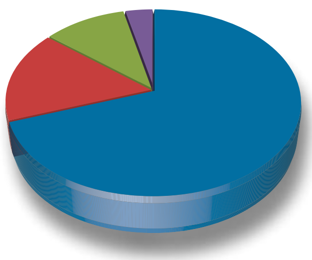
Macro views are reflected in a focused and flexible portfolio of long and short exposures across equity, fixed income, currency, gold and volatility. As the macro landscape evolves, or to protect the portfolio from particular risks, the team can dynamically shift the fund's exposures. Risk management is integrated holistically in the fund's investment approach.

A Differentiated Return Profile

The fund's macro approach, focused implementation and ability to flexibly adjust exposures enable it to pursue positive returns in varying market environments, with a differentiated medium-term return profile to traditional balanced allocations.

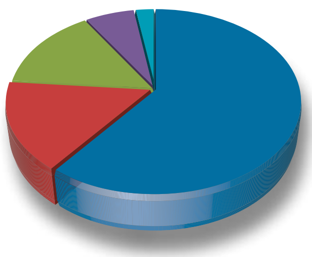
In an environment in which long-term risk-adjusted return expectations have fallen across most traditional asset classes, we believe that this return profile is particularly attractive.

Asset breakdown 31.05.2021



International Equities	69.90%
Alternative Investment Strategies	16.20%
Global Fixed Interest	10.50%
Money Market	3.40%

Region breakdown 31.05.2021



North America	60.60%
Asia Pacific ex Japan	16.00%
Europe ex UK	14.70%
Global Emerging Markets	6.20%
UK	2.50%

Discrete performance as at 30.06.2021

	0-12m	12-24m	24-36m	36-48m	48-60m
Fund	13.63%	2.75%	2.90%	11.32%	-2.63%
Sector	7.94%	-0.74%	-0.04%	0.46%	4.16%
Benchmark	0.05%	0.54%	0.71%	0.42%	0.28%
Relative to Sector	5.69%	3.49%	2.93%	10.86%	-6.79%
Rank within Sector	17/76	17/71	19/63	3/62	52/56
Quartile Rank	1	1	2	1	4

Please note that the Fund manager charge is taken by the fund manager as payment for their management of the fund. We've used the latest figure provided by the Fund Manager that includes all their costs and charges. This charge may be higher than the Ongoing Charges Figure (OCF) shown in the fund KIID. Past performance is not necessarily a guide to future returns. Income and capital values can fall as well as rise and are not guaranteed. Exchange rate fluctuations may also cause the value of investments and any income from them to fall as well as rise. You may not get back the amount invested. Investments in small and emerging markets can be more volatile than more developed markets. Specialist funds carry a high degree of risk. Performance figures as at 30.06.2021. Performance data supplied by Financial Express. Past performance figures are based on bid to bid or mid to mid prices with net income reinvested.

FE fundinfo Crown Fund Rating

Global Macro Opportunities

JPM

UK Micro Cap Growth

FP Octopus

FE fundinfo Crown Fund Rating

octopus investments

Fund Managers	Richard Power, Chris McVey, Dominic Weller
IA Sector	UK Smaller Companies
Fund size	£303.34m at 30.06.2021
Launch date	12.07.2007
Fund manager charge	1.25%

Fund Objective

The Fund aims to achieve capital growth by investing in a portfolio of 50-80 high-quality UK smaller companies quoted on the official list of the London Stock Exchange, Alternative Investment Market (AIM) and NEX markets.

Investment Proposition

The FP Octopus UK Micro Cap Growth fund is now over £300m in size. We manage across the desk £2.6bn in mandates focused on small and mid-sized companies. Given the breadth of the platform, the team can draw on stock ideas from across the various mandates to source investment ideas and themes at potential inflection points.

The team manages Octopus AIM VCT plc and Octopus AIM VCT 2 plc, as well as Octopus Eureka Enterprise Investment Scheme (EIS). Given the strict rules ensuring investments qualify for inclusion within a VCT or EIS, these mandates ensure we meet many early stage companies, often starting at the pre-IPO stage and taking long-term stakes within these businesses. Having a strong position within this seedbed of early stage businesses allows the team to identify those companies that are potentially at an inflection point in their growth or income. Potential winners are discovered early, often before they feature on the radar of the wider investment community.

The team also manages the Octopus AIM Inheritance Tax Service and Octopus AIM Inheritance Tax ISA. Both focus on companies at the more established end of the UK smaller companies universe. The team has been managing portfolios focused on inheritance tax since 2005, often taking significant stakes in typically strong, profitable, cash-generative businesses with strong management teams.

Our Approach

We look to create a concentrated core-satellite portfolio of proven winners and emerging stars within the UK smaller companies universe. We typically looks to include companies which have an established management with a clear strategy for growth, niche or proprietary product or service - potential for investee companies to become significantly more relevant, ideally on a global scale. The manager wants to understand how accompany can double profits over the next 3-5 years.

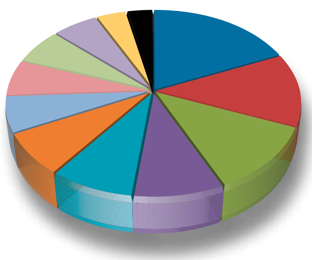
Core: Established profitable companies on a recognisable growth trajectory.

Satellite: Exceptional growth opportunities or investment expected to benefit from the prevailing market conditions.

Top 10 holdings 31.05.2021

1.	Future Plc	2.00%
2.	Next Fifteen Communications Group	2.00%
3.	Joules Group Plc	1.90%
4.	Renew HLDGS	1.80%
5.	Maxcyte Inc	1.80%
6.	Brickability Group Plc	1.70%
7.	Breedon Group Plc	1.70%
8.	Mattiolo Woods	1.70%
9.	RWS HLDGS	1.60%
10.	Inspiration Healthcare Group Plc	1.60%
	Total	**17.80%**

Sector breakdown 31.05.2021



Others	18.45%
Support Services	12.90%
Media	11.80%
Money Market	9.05%
Software	8.30%
Biotechnology/Medical	7.30%
Building & Construction	6.60%
Retailers - General	6.40%
Financials	6.30%
Health Care	5.70%
Leisure & Hotels	4.00%
Financials	3.20%

Discrete performance as at 30.06.2021

	0-12m	12-24m	24-36m	36-48m	48-60m
Fund	65.18%	6.34%	-4.83%	26.09%	42.84%
Sector	53.14%	-7.01%	-6.15%	16.83%	34.35%
Benchmark	52.32%	-10.74%	-7.22%	8.80%	31.80%
Relative to Sector	12.05%	13.35%	1.31%	9.26%	8.49%
Rank within Sector	9/53	2/53	25/50	3/47	10/47
Quartile Rank	1	1	2	1	1

Please note that this fund invests in companies quoted on the Alternative Investment Market (AIM) and Aquis Exchange which are typically considered to be higher risk. The Fund manager charge is taken by the fund manager as payment for their management of the fund. We've used the latest figure provided by the Fund Manager that includes all their costs and charges. This charge may be higher than the Ongoing Charges Figure (OCF) shown in the fund KIID. Past performance is not necessarily a guide to future returns. Income and capital values can fall as well as rise and are not guaranteed. Exchange rate fluctuations may also cause the value of investments and any income from them to fall as well as rise. You may not get back the amount invested. Investments in small and emerging markets can be more volatile than more developed markets. Specialist funds carry a high degree of risk. Performance figures as at 30.06.2021. Performance data supplied by Financial Express. Past performance figures are based on bid to bid or mid to mid prices with net income reinvested.

Premier Miton
INVESTORS

Objective

The objective of the Fund is to provide total returns, comprised of income and capital growth, over the long-term, being five years or more. Five years is also the minimum recommended period for holding shares in this Fund. This does not mean that the Fund will achieve the objective over this, or any other, specific time period and there is a risk of loss to the original capital invested.

Fund Managers	Carlos Moreno
IA Sector	Europe Excluding UK
Fund size	£2717.51m at 30.06.2021
Launch date	14.12.2015
Fund manager charge	0.82%

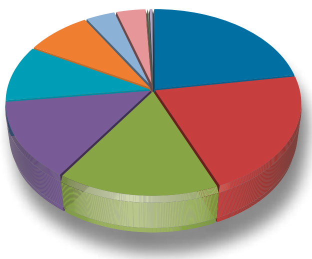
Investment overview

- Able to invest across the full range of large, medium and small sized companies but with a bias to medium sized companies.
- Focus on individual companies and the global markets they operate in, rather than the European economic outlook.
- The fund managers favour companies that can create value through a combination of growth in revenues and profit margins, and where their potential to create value is currently not reflected in the share price.
- Long term investment horizon.
- Employing a consistent investment strategy over the long-term.

Top 10 holdings 31.05.2021

1. Soitec	4.60%
2. ASML Holding NV	3.90%
3. Porsche Automobil HLDG SE	3.73%
4. Finecobank SPA	3.07%
5. Interroll HLDG AG	2.88%
6. Amplifon SPA	2.82%
7. Airbus SE	2.76%
8. SIKA AG	2.72%
9. NEXI SPA	2.71%
10. Kingspan Group	2.68%
Total	31.86%

Sector breakdown (top 10) 31.05.2021



Industrials	22.66%
Information Technology	21.20%
Health Care	15.60%
Financials	13.87%
Communications	9.77%
Consumer Discretionary	8.29%
Materials	3.94%
Consumer Staple	3.90%
Cash & Cash Equivalents	0.39%
Utilities	0.38%

Discrete performance as at 30.06.2021

	0-12m	12-24m	24-36m	36-48m	48-60m
Fund	34.89%	17.63%	11.99%	17.74%	35.99%
Sector	23.82%	1.28%	3.33%	2.98%	29.39%
Benchmark	22.83%	0.55%	7.93%	2.52%	29.05%
Relative to Sector	11.07%	16.35%	8.65%	14.76%	6.60%
Rank within Sector	9/98	4/95	2/90	2/85	6/81
Quartile Rank	1	1	1	1	1

Please note that the Fund manager charge is taken by the fund manager as payment for their management of the fund. We've used the latest figure provided by the Fund Manager that includes all their costs and charges. This charge may be higher than the Ongoing Charges Figure (OCF) shown in the fund KIID. Past performance is not necessarily a guide to future returns. Income and capital values can fall as well as rise and are not guaranteed. Exchange rate fluctuations may also cause the value of investments and any income from them to fall as well as rise. You may not get back the amount invested. Investments in small and emerging markets can be more volatile than more developed markets. Specialist funds carry a high degree of risk. Performance figures as at 30.06.2021. Performance data supplied by Financial Express. Past performance figures are based on bid to bid or mid to mid prices with net income reinvested.

FE fundinfo Crown Fund Rating

European Opportunities

Premier Miton

Ethical Bond

Rathbones

FE fundinfo Crown Fund Rating

MORNINGSTAR

Rathbones
Look forward

Investment Objective

We aim to deliver a greater total return than the Investment Association (IA) Sterling Corporate Bond sector, after fees, over any rolling five-year period. Total return means the return we receive from the value of our investments increasing (capital growth) plus the income we receive from our investments (interest payments). We use the IA Sterling Corporate Bond sector as a target for our fund's return because we aim to achieve a better return than the average of funds that are similar to ours.

Fund Managers	Bryn Jones, Noelle Cazalis
IA Sector	Sterling Corporate Bond
Fund size	£2431.89m at 31.05.2021
Launch date	03.01.2012
Fund manager charge	0.65%

Investment strategy

When picking our investments, there are three assessments we make. First, we look at the economic environment to determine which industries we want to own and the duration of our investments. Then we use the Four Cs Plus approach to evaluate creditworthiness.

We assess:

Character: Whether a company's managers have integrity and competence

Capacity: Ensuring a company isn't over-borrowing and has the cash to pay its debts

Collateral: Are there assets backing the loan, which reduces the risk of a loan

Covenants: These loan agreements set out the terms of the bond and restrictions on the company

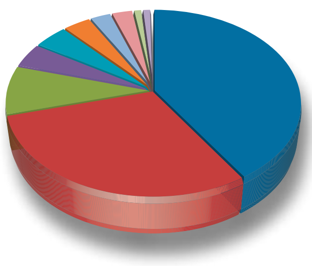
Conviction: The Plus: We think differently to the market; sometimes contrarian, sometimes sceptical of orthodox thinking, but always opinionated

Meanwhile, Rathbone Greenbank, an ethical research division of our company, assesses potential investments against positive and negative social and environmental criteria. Finally, we compare prices to determine the best value bonds to include in our fund.

Top 10 holdings 31.05.2021

	Holding	%
1.	Lloyds 2.707% 12/03/2035	2.71%
2.	HSBC Bank Plc 5.844%	2.61%
3.	Aviva 6.875% 20/05/58 GBP50000	1.85%
4.	BUPA Finance Plc 4.125% 14/06/35 GBP 100000	1.65%
5.	Just Group 9.0% 10/26/2026	1.57%
6.	Scottish Widows Ltd 7% NTS 16/06/43 GBP 1000	1.55%
7.	Legal & General Group 5.5% NTS 27/06/64 GBP 100000	1.55%
8.	M&G Plc 5.625% NTS 20/10/51 GBP T2	1.52%
9.	Royal London 4.875% 10/07/2049	1.48%
10.	Legal & General Group 3.75% RST SUB NTS 26/11/49 GBP 100000	1.47%
	Total	**17.96%**

Sector breakdown (top 10) 31.05.2021



Insurance	40.02%
Banks	29.45%
Property	8.29%
Financial Services	4.45%
Cash & Cash Equivalents	4.27%
Telecommunications	3.46%
Alternative & Renewable Energy	2.95%
Real Estate	2.47%
Fixed Interest	1.28%
Infrastructure	1.15%

Discrete performance as at 30.06.2021

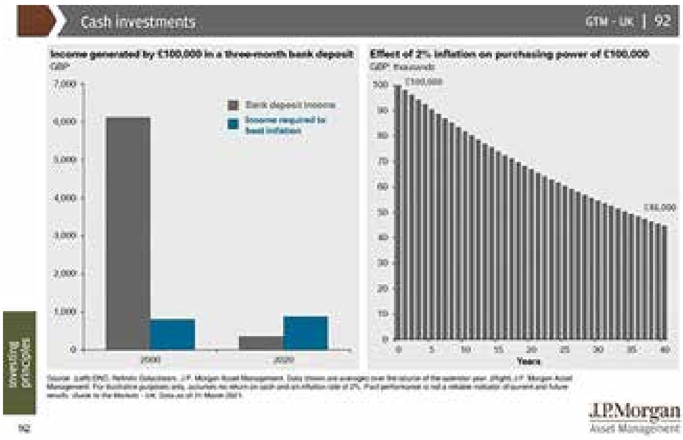
	0-12m	12-24m	24-36m	36-48m	48-60m
Fund	7.85%	5.43%	6.15%	2.26%	11.28%
Sector	3.20%	5.96%	5.57%	0.57%	6.32%
Benchmark	3.29%	5.76%	5.58%	0.58%	6.40%
Relative to Sector	4.56%	-0.34%	0.57%	1.67%	4.88%
Rank within Sector	2/103	58/99	28/94	2/93	2/86
Quartile Rank	1	3	2	1	1

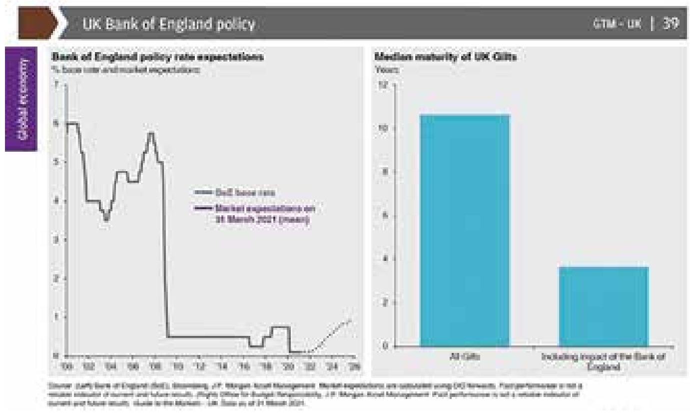
Please note that the Fund manager charge is taken by the fund manager as payment for their management of the fund. We've used the latest figure provided by the Fund Manager that includes all their costs and charges. This charge may be higher than the Ongoing Charges Figure (OCF) shown in the fund KIID. Past performance is not necessarily a guide to future returns. Income and capital values can fall as well as rise and are not guaranteed. Exchange rate fluctuations may also cause the value of investments and any income from them to fall as well as rise. You may not get back the amount invested. Investments in small and emerging markets can be more volatile than more developed markets. Specialist funds carry a high degree of risk. Performance figures as at 30.06.2021. Performance data supplied by Financial Express. Past performance figures are based on bid to bid or mid to mid prices with net income reinvested.

There’s safety in numbers

If you hold a Cash ISA it may be because you’re concerned about risk. However, with rates at an all-time low and inflation eating into your real returns over time, you may wish to know if there is any alternatives?

According to research by JP Morgan, the market expects UK interest rates only to return to 1% by 2026. The tables below speak for themselves showing the effect of real returns on your cash with just 2% inflation and the Bank of England’s interest rate expectations.





As we all know, stocks and shares can offer great returns long term but on the downside, your investments could fall in value. For the risk averse, this is a real concern and coupled with the dilemma of being unhappy with current interest rate levels, it does cause some confusion about where’s the best place to hold your ISAs.

As all of our clients hold Stocks and Shares ISAs we have to assume that you are all happy with some sort of risk albeit to varying degrees. For those of you who are more cautious and hold Cash ISAs, we believe that we could offer a solution to potentially increase returns.

Multi Asset funds offer a mixture of Equities, Corporate and Government Bonds, Preference shares, Property and Cash spread across various sectors and geographical areas which increases the diversification of an overall portfolio. This reduces risk (volatility) compared to holding one class of asset and although one asset class might outperform during a particular period of time, historically, no asset class will outperform during every period. By having that broad spread, returns are more likely to be positive albeit not usually exciting!

Many fund companies offer asset allocation funds that are designed to perform according to an investor’s tolerance for risk. The funds can range from aggressive to conservative. An aggressive style fund would have a much higher allocation to equities, with maybe as much as 100% with others having as little as 20%. We can offer a variety of options based on investment goals from a wide range of providers. These funds are available to buy through us on the usual platforms and with so many to choose from it may be sensible to spread your holdings between a few funds thus increasing diversification even further. For more information on Multi Asset funds, please don’t hesitate to contact us.

Leaders, Laggards & Losers

Our very own unique fund performance rating system

Leaders, Laggards and losers is Elson Associates' very own unique fund performance rating system.

This helpful online tool, designed by ourselves, provides a rating for over 2,000 funds highlighting both the out-performers and underachievers over a three year period. You'll now be able to see at the click of a button just how well (or badly) your funds are doing compared to their peers. Highlighting both the out-performers and underperformers, relative to their sector averages over the past three years. To be a Leader, a Laggard or a Loser, your fund must fulfil certain criteria. Its category rating will be arrived at by looking not only at its relative performance over a full three year period but also how consistently it has either out performed or under-performed its sector average in each of the last three discrete one year periods.

Many funds won't meet the criteria to be classified as a Leader, Laggard or Loser. These funds will appear in the 'Others' category. This simply means a fund's performance is not good enough to achieve the status of a Leader, but neither is it so poor as to appear in the Laggards or Losers list.

There are literally thousands of funds on the market and to be honest, there is no way of predicting how any of these funds will perform in the future, despite how well or poorly they've performed in the past. There are so many factors that could affect performance going forward and there are no guarantees as to what lies ahead.

If you would like more information and a more comprehensive and detailed overview of this tool, please visit our website www.elsonassociates.com. If you do not have internet access, we will be happy to send you a paper copy of whichever sector(s) you are interested in.

LEADERS
LAGGARDS
LOSERS

To give you some idea of how Leaders, Laggards and Losers works, we have included the top 'Leaders' from a selection of sectors to give you an idea of what the online functionality looks like. Page 19 shows the ratings for funds included in 'Funds under the spotlight'. Pages 20 - 25 show the ratings for funds in a selection of 6 different sectors.

LEADERS LAGGARDS LOSERS

Funds under the spotlight

Fidelity Asia Pacific Opportunities fund — Leader

	Year to 01/07/2021	Year to 01/07/2020	Year to 01/07/2019	Year to 01/07/2018	Year to 01/07/2017
Rolling 12 month performance	35.93	9.62%	11.23%	13.19%	23.65%

30 Day Measure: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

Invesco Global Smaller Companies fund — Other

	Year to 01/07/2021	Year to 01/07/2020	Year to 01/07/2019	Year to 01/07/2018	Year to 01/07/2017
Rolling 12 month performance	44.26%	-2.68%	0.20%	7.92%	32.66%

30 Day Measure: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

J.P. Morgan Global Macro Opportunities fund — Leader

	Year to 01/07/2021	Year to 01/07/2020	Year to 01/07/2019	Year to 01/07/2018	Year to 01/07/2017
Rolling 12 month performance	13.63%	2.75%	2.90%	11.32%	-2.63%

30 Day Measure: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

FP Octopus UK Micro Cap Growth fund — Leader

	Year to 01/07/2021	Year to 01/07/2020	Year to 01/07/2019	Year to 01/07/2018	Year to 01/07/2017
Rolling 12 month performance	65.18%	6.34%	-4.83%	26.09%	42.84%

30 Day Measure: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

Premier Miton European Opportunities fund — Leader

	Year to 01/07/2021	Year to 01/07/2020	Year to 01/07/2019	Year to 01/07/2018	Year to 01/07/2017
Rolling 12 month performance	34.89%	17.63%	11.99%	17.74%	35.99%

30 Day Measure: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

Rathbone Ethical Bond fund — Other

	Year to 01/07/2021	Year to 01/07/2020	Year to 01/07/2019	Year to 01/07/2018	Year to 01/07/2017
Rolling 12 month performance	7.85%	5.43%	6.15%	2.26%	11.28%

30 Day Measure: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

Criteria explained

Leaders

Funds in this category have the best record of consistently out-performing their sector peers over the past three years. To be a Leader, it must have produced a positive return relative to the sector average over each of the last three discrete years and show accumulative performance over those three years of at least 10% better than the sector average.

Laggards

These funds are regularly under-performing. Their performance in each of the last three discrete years is worse than the sector average and the accumulative performance over three years is between -20% and -50% relative to the sector average.

Losers

These funds are consistently under-performing and by a significant margin over three years. Like the Laggards, their performance falls short of the sector average in each of the last three discrete years. The accumulative performance over three years, however, is even worse at over 50% below the sector average.

Others

Funds in the 'Others' category haven't quite met the stringent criteria required to be a Leader, but at the same time their performance isn't poor enough to qualify as a 'Laggard' or a 'Loser'.

30 Day Measure

The criteria for Leaders, Laggards and Losers is updated on a daily basis. The nature of fund performance, however, is such that a fund can quickly drop out of the Leaders category or improve its performance from one day to the next to escape being labelled a Loser. For this reason, we indicate each fund's categorisation going back over the past 30 days to provide evidence of the regularity or otherwise that a fund has appeared in any given category over a longer period than just a day. Please note: 'Day 1' represents the fund's categorisation based on performance data received on the previous business day.

Asia Pacific Exc Japan

Sector

Company	Fund	Perf. 36m	Crown rating
Quilter Investors Limited	Asia Pac (ex Jap) Eq U2 A£	66.21%	FE fundinfo Crown Fund Rating ♛♛♛♛
Fidelity International (FIL In	Asia Pacific Opps W Acc	65.73%	FE fundinfo Crown Fund Rating ♛♛♛♛
JP Morgan Asset Management UK	Asia Growth C Acc	59.09%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Fidelity International (FIL In	Sustainable Asia Eq W A	46.17%	FE fundinfo Crown Fund Rating ♛♛♛♛
Aberdeen Fund Managers Limited	Asia Pacific Equity I Acc	41.84%	FE fundinfo Crown Fund Rating ♛♛♛♛

Past performance is not necessarily a guide to future returns. Income and capital values can fall as well as rise and are not guaranteed. Exchange rate fluctuations may also cause the value of investments and any income from them to fall as well as rise. You may not get back the amount invested. Investments in small and emerging markets can be more volatile than more developed markets. Specialist funds carry a high degree of risk. Performance figures as at 30.06.2021. Performance data supplied by Financial Express. Past performance figures are based on bid to bid or mid to mid prices with net income reinvested.

Global
Sector

Company	Fund	Perf. 36m	Crown rating
Baillie Gifford & Co Ltd	Gbl Stwrdshp B Acc	101.12%	FE fundinfo Crown Fund Rating
Baillie Gifford & Co Ltd	Gbl Discovery B Acc	97.64%	FE fundinfo Crown Fund Rating
T. Rowe Price UK Limited	GblFcsdGwtEq C A	86.22%	FE fundinfo Crown Fund Rating
Liontrust Fund Partners LLP	SF Gbl Gth 2 Acc	76.93%	FE fundinfo Crown Fund Rating
Columbia Threadneedle	Global Focus Z	72.13%	FE fundinfo Crown Fund Rating
Baillie Gifford & Co Ltd	International B Acc	70.06%	FE fundinfo Crown Fund Rating
Janus Henderson Global Investors	GlSusEq I A	69.63%	FE fundinfo Crown Fund Rating
JP Morgan Asset Management UK	Glbl Unconstrnd Eq C Acc	69.12%	FE fundinfo Crown Fund Rating
Baillie Gifford & Co Ltd	Gbl Alp Gth B Acc	66.75%	FE fundinfo Crown Fund Rating
TM Cerno	Cerno Global Leaders A GBP Acc	65.51%	FE fundinfo Crown Fund Rating

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Targeted Absolute Return
Sector

Company	Fund	Perf. 36m	Crown rating
Maitland Institutional Service	Sonoma Partners Investment A Acc	25.66%	FE fundinfo Crown Fund Rating
BNY Mellon Fund Managers Ltd	Real Rtn I W Acc	24.52%	FE fundinfo Crown Fund Rating
BNY Mellon Fund Managers Ltd	MltsAstDivRt I W Acc	22.67%	FE fundinfo Crown Fund Rating
GLG Partners	Absolute Value P CX Acc	20.96%	FE fundinfo Crown Fund Rating
JP Morgan Asset Management UK	Gbl Macro Opps C Acc	20.13%	FE fundinfo Crown Fund Rating
BNY Mellon Fund Managers Ltd	Mgd Tgtd Rtn I W Acc	18.86%	FE fundinfo Crown Fund Rating
Columbia Threadneedle	Dynmic RealRtn ZNA £	14.23%	FE fundinfo Crown Fund Rating

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UK Smaller Companies
Sector

Company	Fund	Perf. 36m	Crown rating
Marlborough Fund Managers	Nano Cap Growth P	72.21%	FE fundinfo Crown Fund Rating ♛♛♛♛
Liontrust Fund Partners LLP	UK Micro Cap I Acc	71.96%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Octopus Investments	Octopus UK Micro Cap Gth P Acc	67.16%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Marlborough Fund Managers	UK Micro Cap Gwth P Acc	55.35%	FE fundinfo Crown Fund Rating ♛♛♛
Ninety One Fund Managers	UK Smaller Comp I Inc£	46.89%	FE fundinfo Crown Fund Rating ♛♛♛♛
JP Morgan Asset Management UK	UK Smaller Comp C Acc	44.67%	FE fundinfo Crown Fund Rating ♛♛♛

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Europe Ex. UK
Sector

Company	Fund	Perf. 36m	Crown rating
Baillie Gifford & Co Ltd	European B Acc	79.46%	FE fundinfo Crown Fund Rating
Premier Miton Investors	EuOpp B A£	77.70%	FE fundinfo Crown Fund Rating
BlackRock	Cntl European D Acc	71.04%	FE fundinfo Crown Fund Rating
Legg Mason Investment Funds Li	IFMCEuUnctd X Acc	69.02%	FE fundinfo Crown Fund Rating
BlackRock	European Dyn D Acc	65.05%	FE fundinfo Crown Fund Rating
Quilter Investors Limited	EurxUKEqGth U2 A£	60.82%	FE fundinfo Crown Fund Rating
Allianz Global Invtrs GmbH(UK)	Contl Ep C	57.06%	FE fundinfo Crown Fund Rating
Janus Henderson Global Investors	ErpFs I A	37.21%	FE fundinfo Crown Fund Rating

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Sterling Corporate Bond
Sector

Company	Fund	Perf. 36m	Crown rating
Schroder UT Managers	Sterling Corp Bd Z Acc	32.69%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Quilter Investors Limited	Corporate Bond U2 A£	22.00%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Jupiter Unit Trust Mgrs Ltd	Corporate Bond I Acc	21.97%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Jupiter Unit Trust Mgrs Ltd	InstGrBd I A£	21.38%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
HSBC Gbl Asset Mgt (HSBC Inv)	Corporate Bond C Acc	18.80%	FE fundinfo Crown Fund Rating ♛♛♛
Legal & General UT Mgr Ltd	Mgd Mnthly Inc Trust I Acc	18.77%	FE fundinfo Crown Fund Rating ♛♛♛♛
Legal & General UT Mgr Ltd	Fixed Interest Trust I Acc	18.29%	FE fundinfo Crown Fund Rating ♛♛♛♛
Aberdeen Fund Managers Limited	Corporate Bond I Acc	18.10%	FE fundinfo Crown Fund Rating ♛♛♛♛
BNY Mellon Fund Managers Ltd	Rspbl Hrzn UK Crp Bd IW Acc GBP	17.70%	FE fundinfo Crown Fund Rating ♛♛♛
UBS Asset Mgmt Funds Ltd	Corp Bd UK Plus C Gr Acc	17.65%	FE fundinfo Crown Fund Rating ♛♛♛

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Win £1,000

Do you enjoy the challenge of puzzle solving? If so, why not have a go at the Sudoku puzzle opposite. You don't even need to invest to be in with a chance of winning our £1,000 cash prize!

Elson

		1						
8								9
				7				5
				9				
					2	8	3	
					8	1		
	7					4		6
	5							
			3		1			

Name: **Client No:**

How to play

If you're not familiar with Sudoku, let me briefly explain. Put simply, Sudoku is a number-placement puzzle based on a square grid, typically 9 squares by 9, giving 81 squares in all. The puzzle is further divided (by bold gridlines) into 9 boxes or 'regions', each a square measuring 3 squares by 3. Figures from 1 to 9 (known as 'givens') are already inserted in some of the squares. To complete the puzzle, a player must insert the missing numbers so that each row, each column, and each region contains the numbers 1 to 9 once and once only, without any repeats.

Once you think you have correctly completed the puzzle, tear off this page ensuring your name and client number is correct and return it to us in the enclosed FREEPOST envelope. Please ensure your entry reaches us no later than 31 August 2021.

Competition Rules

- Entries must reach Elson Associates plc no later than 31 August 2021. By submitting their entry, entrants will be deemed to have agreed to be bound by these rules.
- The winner will be notified personally as soon as practical after the date given above.
- The competition is open to all customers on our database except employees of Elson Associates plc, any other company affiliated with Elson Associates plc including the distribution of this newsletter, or any member of their households.
- There is a limit of one entry per client. Responsibility cannot be accepted for entries lost, damaged or delayed in transit.
- The winning entry will be drawn from those that have correctly completed the Sudoku puzzle.
- No purchase is necessary.
- The reward will be a cheque to the winning entrant for £1,000.
- No other prizes will be awarded.

Contact us today

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