

## Market and portfolio review

Many equity markets saw strong returns in December on the expectation that the latest wave of the coronavirus pandemic would ease and that central banks would manage a smooth transition to higher interest rates. Over 2021 shares in most developed countries did well while emerging markets overall, the majority of fixed interest holdings and defensive assets such as gold struggled. Recent new restrictions will have impacted the economy although the sharp fall in energy prices proved short-lived. The increased rate of inflation has been striking: in the UK the Consumer Prices Index was 5.1% higher in November than the previous year, and in the US 6.8%, the highest level for forty years. The Bank of England raised its short-term interest rates for the first time in three years, if only from 0.1% to 0.25% for now. As often central banks will be mindful of trying to avoid volatility, and so are likely to raise interest rates modestly. Companies have continued to benefit from improved demand, sales and profits while the recovery in dividend payments has been quicker than expected, while the level of corporate activity has been at record-setting highs. The new year holds the prospect of further economic progress if with a typical array of challenges, while much will depend on the extent that market ratings have already reflected those prospects. Politics may play a role in what is a key year for Chinese President Xi Jinping.

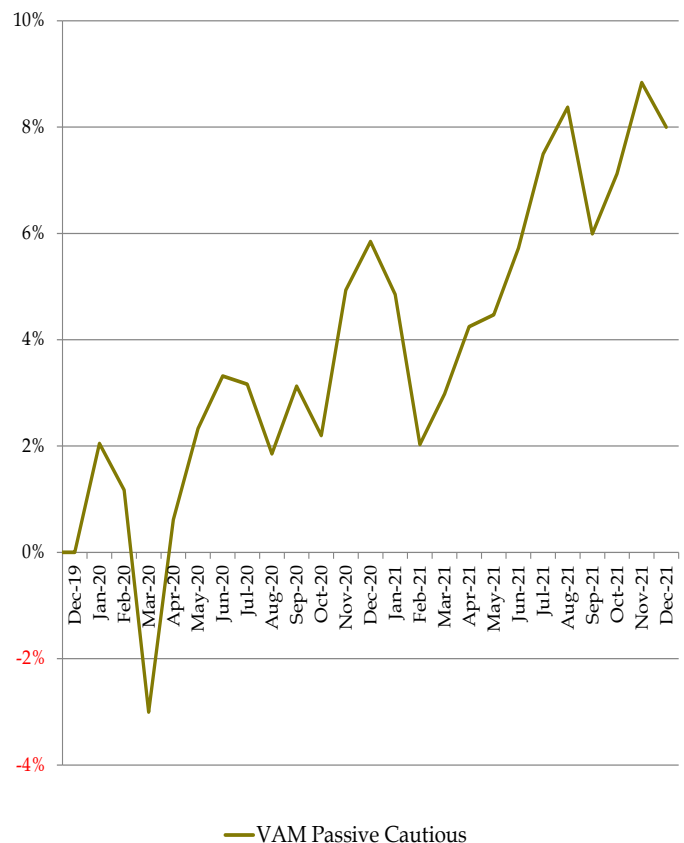
For the portfolio the total return in December was -0.8%. HSBC FTSE All-Share Index was the largest contributor to performance at +0.45%, with iShares Index Linked Gilt Index the largest detractor at -0.47%.

## Portfolio information:

<b>Launch date:</b>	January 2020
<b>Initial charge:</b>	Nil
<b>Investment management fee:</b>	0.15%
<b>Ongoing Charge Figure (OCF):</b>	0.12%
<b>Transaction costs:</b>	0.03%
<b>Incidental costs:</b>	0.00%
<b>Portfolio yield:</b>	1.3%
<b>Re-balancing strategy:</b>	Quarterly
<b>Platform availability:</b>	Aviva

## Historical performance (as of 31st December 2021)

Rolling	1 mth	3 mth	1 yr	3 yr	From inception
VAM Passive Cautious	-0.8%	+1.9%	+2.0%	-	+8.0%



## Investment objective:

Our MPS Passive models are intended to provide investors with a low-cost exposure to investment markets through a diversified portfolio of index-tracking funds. We expect to maintain a constant broad allocation to the asset class of Bonds, Equities, Alternatives and Cash while actively selecting the component funds.

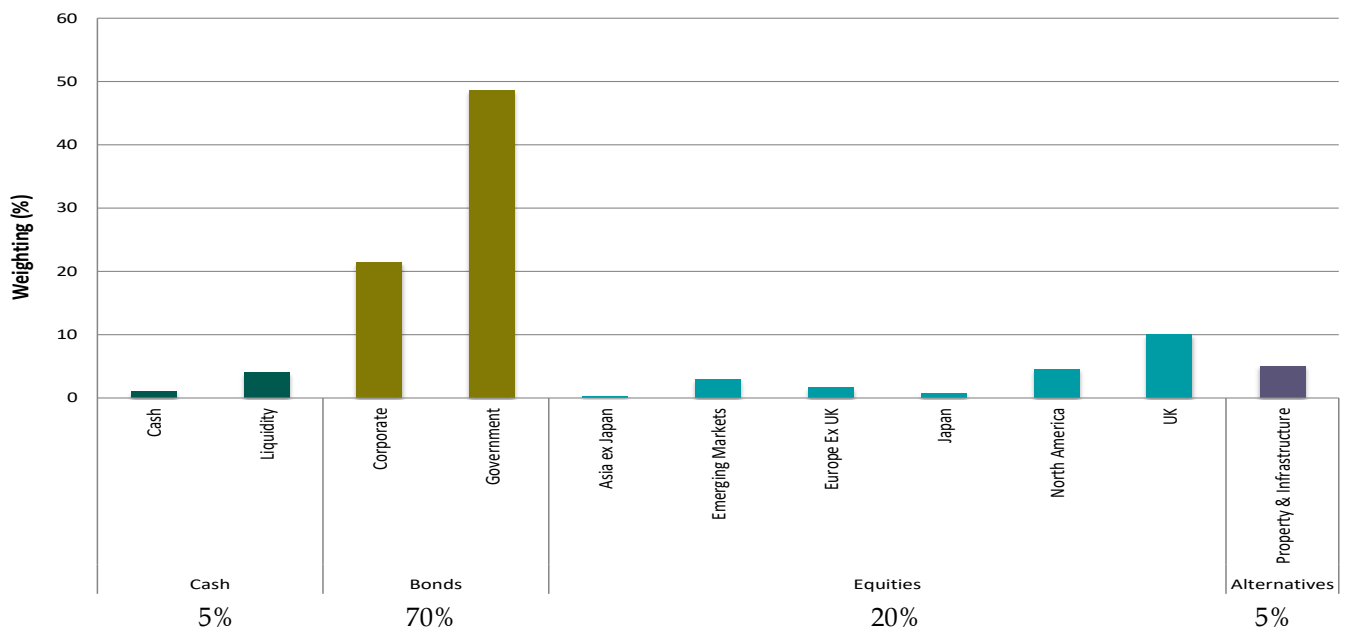
The MPS Passive Cautious model has a bias to the UK, which accounts for two-thirds of the allocation to Bonds and one-half of Equities. For the international equity weightings we reflect a blend of market capitalisation and Gross Domestic Product for countries, which results in a higher relative weighting to developing economies, and we re-calibrate this annually. The portfolios include an allocation to alternative or real asset sectors such as infrastructure and real estate through equity-based tracker funds.

Please note that past performance is no guarantee of future returns and that capital in the portfolio is at risk of loss. The figures are based on a model and may vary between platforms if holdings differ due to availability. Performance is shown net of the OCF, transaction and ancillary costs and the investment management fee (deducted monthly) but gross of platform (and adviser) fees; it is calculated using Financial Express with Bloomberg for contribution analysis and assumes no frictional dealing costs nor any delay during model rebalancing. The investment management fee was liable to VAT until end March 2021 and so equivalent to 0.18%.

## Top 10 portfolio holdings (excluding cash and money market funds)

Weight	Holding	Weight	Holding
15.0%	iShares UK Gilts All Stocks Index	7.8%	iShares Index Linked Gilt Index
10.0%	iShares Corporate Bond Index	7.5%	iShares Overseas Government Bond Index
10.0%	Vanguard Global Bond Index Hedged	5.8%	Vanguard Global Corporate Bond Index Hedged
10.0%	HSBC FTSE All-Share Index	5.6%	Vanguard UK Investment Grade Bond Index
8.3%	Vanguard UK Government Bond Index	4.6%	HSBC American Index

## Asset allocation\*



\*This is based upon VAM's classification of each holding by asset class and sector, taking into account the holding's investment strategy, and does not purport to aggregate the asset distribution of each holding's underlying investments, which may vary from that represented above. The asset allocation and top 10 holdings are shown as of the latest re-balance (which was implemented on 29th October 2021).

## About Vintage Asset Management

Vintage Asset Management (VAM) is an independent and boutique discretionary fund management company which was established in 2008. We provide bespoke portfolio management for private clients, companies and trusts advised by financial intermediaries for whom we offer a model-based Managed Portfolio Service on a number of platforms. This service comprises a range of model portfolios for different mandates across active, passive and ESG offerings. VAM is authorised and regulated by the Financial Conduct Authority (FCA) with number 489408 for investment business in the UK only. More information about VAM's business and investment services can be found on our website or please feel free to contact a member of the team.

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