



**Summer
Investment
Review 2021**



Our Investment Portfolios

Welcome to the Summer Review for Pearson Wealth Management Investment Portfolios.

We have been running our portfolios since 2008 however the aim of the Review is to give you a general feel for what has happened in the financial world over the last six months and how this may have affected your pension or investment.

We believe in a holistic approach to investment

A key part of the reporting is the colour coding. Each Pearson portfolio is colour coded to enable you to spot which category applies to you. The relevant information is then presented in a clear

and easy to understand way. However, if you require further clarification, please do not hesitate to contact us.

Firstly, we must apologise for the length of time since our last update, as it was decided to change things around at the beginning of the year. Going forward, our Winter brochures will encompass October through to March and our Summer brochures will cover April through to September. There is no ulterior motive for this other than it seems sensible for a summer review brochure to end in September rather than June.

A key part of the Pearson portfolio service is to monitor the underlying performance of each fund within the portfolio for both risk and return



Market overview

April to September 2021

Welcome to our latest market overview. 2021 so far has proven to be yet another decent period for investors as we continue to struggle out of the pandemic aided and abetted by loose fiscal policies from Governments and Central Banks globally. How long this might last could well be tested by the looming spectre of inflation. In fact, we expect this until recently forgotten topic, to be central to policymakers' decisions going forward.

For those of us old enough to remember, inflation was the curse that just would not go away. In fact, it took not one, but two recessions in the 80's and 90's before policymakers managed to get a hold on inflation. So, the question on the tip of everyone's tongue is - will it be the same again this time around?

In answer to that question, we simply do not know. Inflation has certainly reared

its ugly head through a combination of factors, not least the dramatic effect the pandemic has had on shutting down economies and the subsequent supply chain issues thereafter. As global inoculation levels ramp up considerably and economies get back on an even keel, will this slow inflation down?

Turning back to the inflationary periods of the 80's and 90's, the weapon used to attack inflation was interest rates. Central banks drove up the cost of credit in an attempt to curtail our spending with the hope of pushing inflation back down to more sustainable levels. However, we believe this time things are different, as the levels of debt accrued globally are no longer just in the hands of companies and individuals. Since the financial crisis and even more dramatically since Covid, debt has increasingly

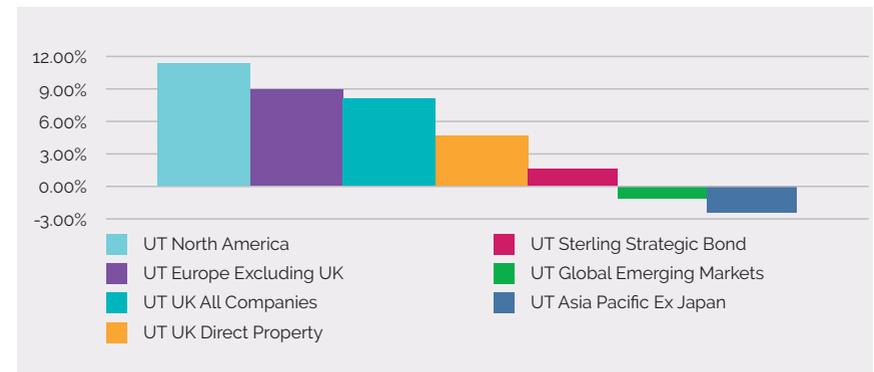
become the mainstay of Governments and to this end, total global debt is nearly \$300 trillion. Given that it would actually be impossible for this to ever be repaid, the only way to reduce this level is for global growth to increase. How this happens will undoubtedly be through innovation, improvements in technology and accommodative interest rates. Please do not confuse this as a sign Central Banks will not raise rates - they will - just not to levels that will make much difference to our cash savings rates.

Away from inflation, 2021 has also been dominated with events in China and the continuing debate around sustainability and climate change. In respect of China, we can clearly see signs of a row back on freedoms and increased interference from the Government. It started with big tech and is now spreading to other parts of the economy. As the Communist Party seek to regain control of the areas

of the economy - they believe they have lost, it will certainly make for interesting times across Asia as a whole. We still see this as a key growth region albeit one that might have a few more teething problems ahead.

On the subject of sustainability, COP26 breezes into Glasgow at the end of October where, for two weeks, the World's great and the good from almost 200 nations will argue the need for change at a faster rate than ever before to enable us to get to 'net zero' carbon emissions in time to avoid climate disaster. Rather than elaborate further here, if this is a topic of interest, I would suggest a visit to the website ukcop26.org where there is an awful lot of information available for you to read. Suffice to say, we reiterate that we believe this will be the biggest investment market for generations to come.

Key market performance April to September 2021



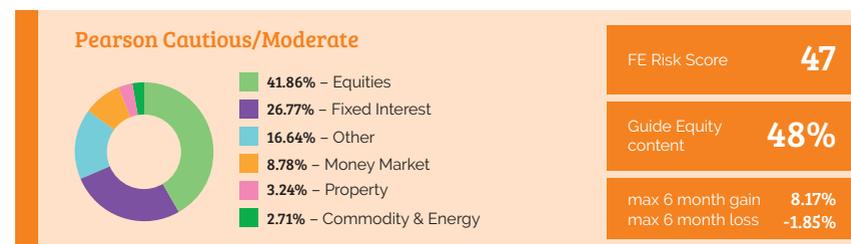
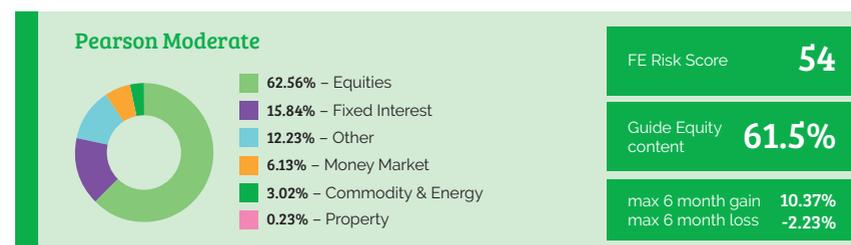
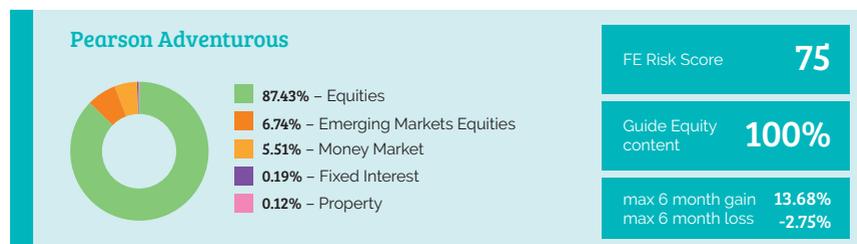
Pearson portfolios - asset allocation

There are four Regular portfolios and four Responsible portfolios that can be invested in which are detailed below. Your pension or investment will be invested in one of these categories. The tables show the aggregate composition of the portfolios with some figures to show the potential risk and return of each category.

the sources of the information, please see page 14.

We believe in a holistic approach to investment and carry out an attitude to risk with all our clients to determine which is the most relevant portfolio to invest in. This in relation to your capacity for loss will form the basis for our recommendation.

For an explanation of the figures and





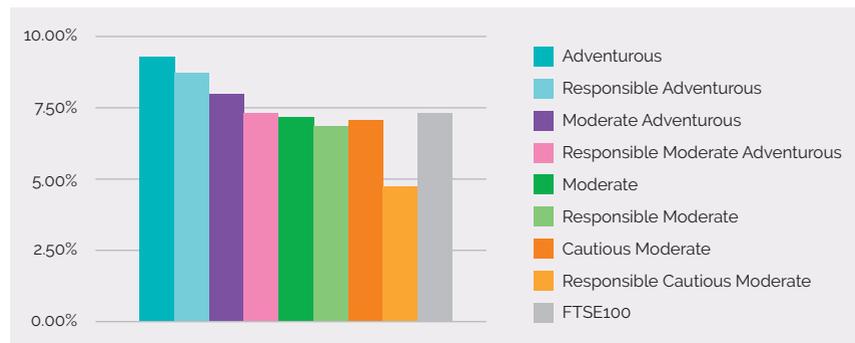
6 month performance

April to September 2021

The graphs below show how the Pearson portfolios within the different risk categories have behaved over the last six months, alongside the FTSE 100. The first graph shows the total return for the last six months whereas the second graph illustrates the 'month by month' performance (all data powered by FE).

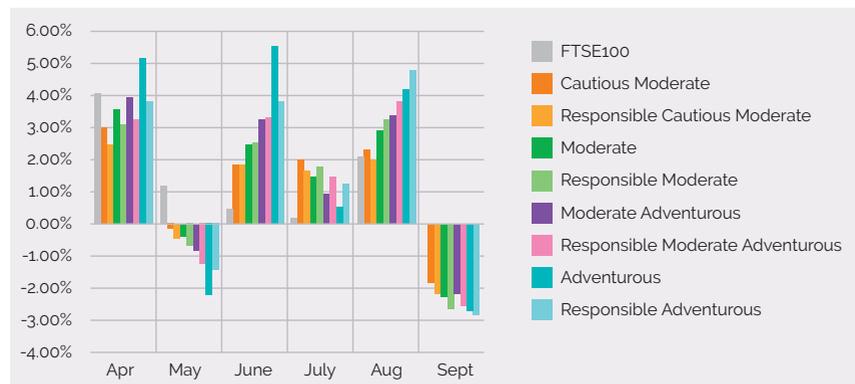
Cumulative performance - 6 Months

01/04/2021 to 30/09/2021



Discrete performance - 6 Months

01/04/2021 to 30/09/2021

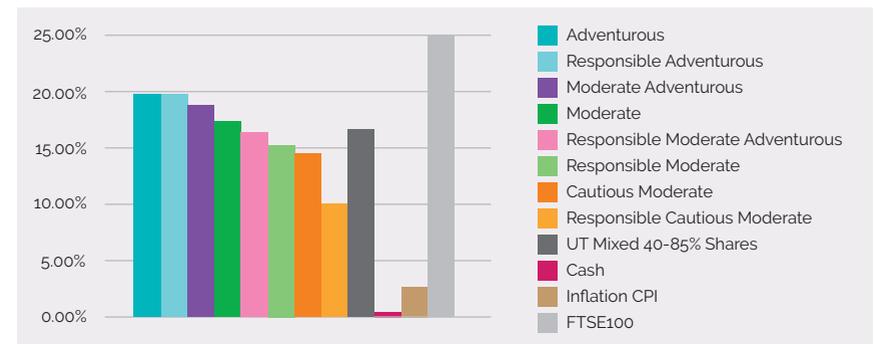


Longer term performance

The graphs below show how the Pearson portfolios within the different risk categories have performed over the longer term. The first graph shows the total return for the last year whereas the second graph illustrates the performance in the last 5 years. For comparison, the returns of Cash (MoneyFacts 90 days notice 10K), inflation (UK Consumer Price index) and UT Mixed Investments 40-85% shares are also shown (all data powered by FE).

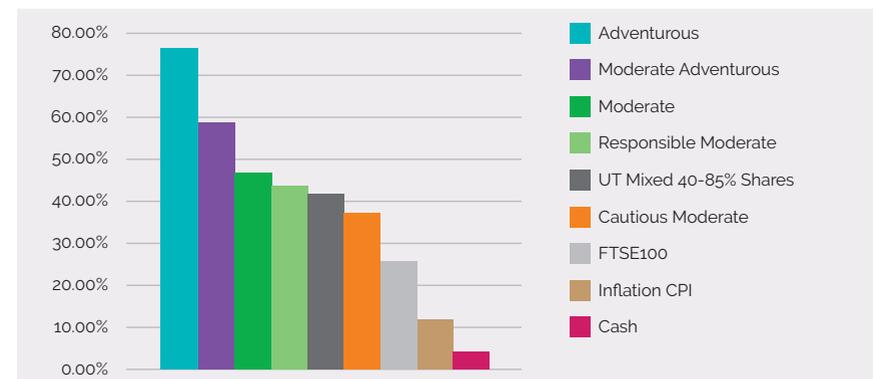
Pearson portfolio - 1 year

01/10/2020 to 30/09/2021



Pearson portfolio - 5 year

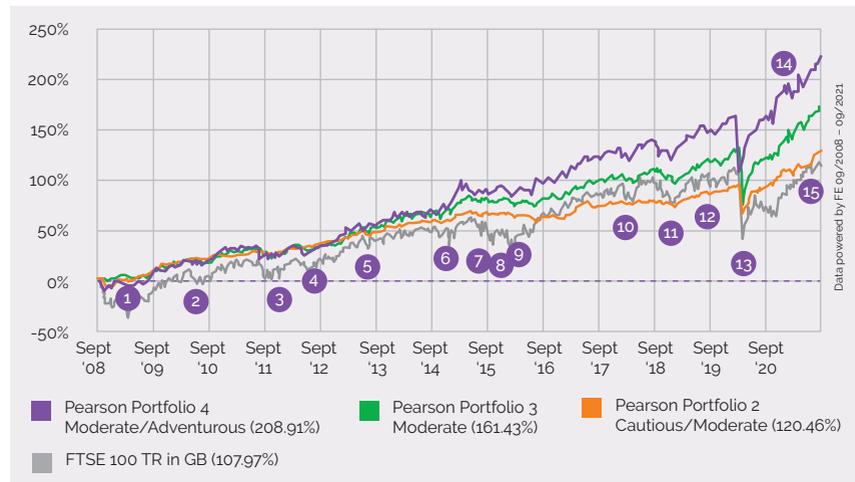
01/10/2016 to 30/09/2021





Market Volatility 13 year performance context

In the last 13 years the markets have seen some extreme short-term ups and downs, therefore we have created the graph below in order to put these and the performance of two of our most popular portfolios into context alongside the FTSE 100.

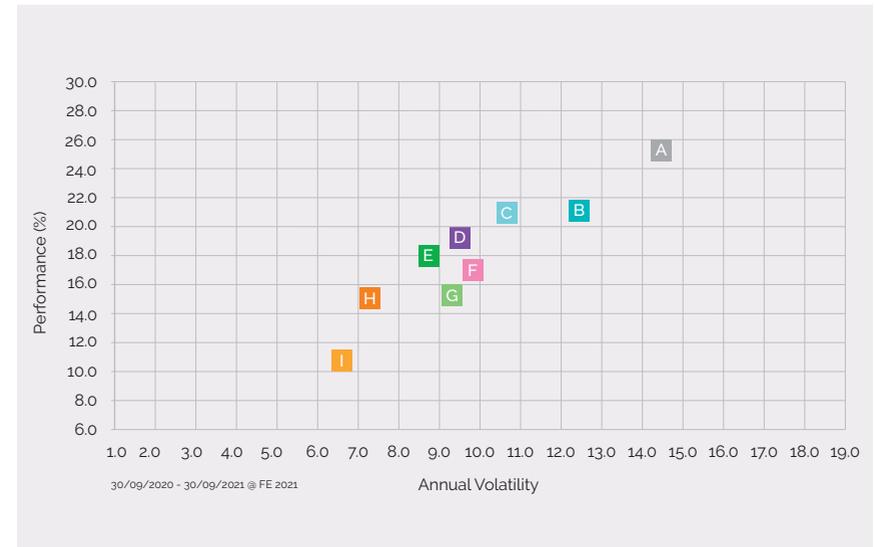


- 1 2008/2009 Lehman Brothers file for bankruptcy. HBOS and Lloyds in merger talks. Bank of England cuts interest rates to 0.5%. Greek debt crisis starts.
- 2 2010 Flash Crisis Dow Jones loses nearly 1000 points. US Debt.
- 3 2011 Volatile Markets plummet. Japanese earthquake.
- 4 2012 Spanish debt crisis. London Olympics. Libor scandal.
- 5 2013 US deficit decline. Euro at its strongest. Gold price tumbled.
- 6 2014 Ebola breakout. Industrial problems. Fear of US slowdown.
- 7 2015 Fear Chinese slowdown.
- 8 2015 Oil prices fall.
- 9 2016 EU Referendum. Donald Trump elected USA president.
- 10 2017 Global Market sell off. Brexit uncertainty. Weaker dollar pushed the index down.
- 11 2018 US /China Trade war intensification. US interest rate hikes. Volatile Italian/Brazilian elections. Continued Brexit saga.
- 12 2019 Market volatility. FED lowers Interest rates. Brexit end in sight USA/China agree trade deal
- 13 2020 Coronavirus Pandemic. Oil Price Crash. Brexit Negotiations
- 14 2020 A Vaccine and a Brexit Deal.
- 15 2021 Inflation worries. supply chain issues. energy prices up

Risk vs return trade-off

Higher risk generally means a higher return on your investment. However, the higher the risk the higher the chance of volatility.

The risk / return ratio of our portfolios is shown in the scatter chart below along with the FTSE 100 for comparison.



Key	Name	Performance	Volatility
A	FTSE 100 TR in GB	25.36	14.41
B	Pearson Portfolio 5 Adventurous - Transact TR in GB	21.01	12.32
C	Pearson Portfolio 5R Responsible/Adventurous - TR in GB	20.96	10.72
D	Pearson Portfolio 4 Moderate/Adventurous - Transact TR in GB	19.53	9.50
E	Pearson Portfolio 3 Moderate - Transact TR in GB	18.05	8.90
F	Pearson Portfolio 4R Responsible Mod/Adv - TR in GB	17.27	9.80
G	Pearson Portfolio 3R Responsible/Moderate - TR in GB	15.75	9.20
H	Pearson Portfolio 2 Cautious/Moderate - Transact TR in GB	15.31	7.18
I	Pearson Portfolio 2R Responsible Cau/Mod - TR in GB	10.42	6.69



Performance review

The summer of 2021 has seen some distinct highs and lows, fueled by inflation worries and supply chain issues.

Pearson fund review policy

A key part of the Pearson portfolio service is to monitor the underlying performance of each fund within the portfolio for both risk and return. We have selected quality funds with strong track records and therefore do not envisage a high turnover of holdings. However, there will be occasions when the performance of an individual fund will lead to it being removed from the portfolio(s). There are a number of factors that determine this decision, eg. consistent under performance or

a change in the management team. It is also important however to have patience with a fund that is just suffering from short term under performance.

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

Result of fund & asset allocation review

The investment Committee meets on a Quarterly basis and one of its primary functions is to review our existing fund range.

Within this meeting we scrutinise any funds which we feel are performing significantly differently from their peer group or benchmark. We then run this against our internal performance and risk measurements.

Following the most recent review of the portfolios, we have reassessed our fund holdings with the following funds moving to red status and being removed from the portfolios as applicable:

- ConBrio SDL UK Buffettology
- Lindsell Train UK Equity
- Fidelity China Bond
- M&G Emerging Markets Bond
- Pictet Asian Local Currency Debt
- Liontrust SF Managed Growth

We have added the following funds where applicable:

- Stewart Inv. Asia Pacific Sustainability
- Fidelity Emerging Asia Fund
- Polar Capital Biotechnology
- Foresight Global Sustainable Real Estate
- Royal London Global Select
- Pimco Climate Bond

We have selected quality funds with strong track records and therefore do not envisage a high turnover of holdings





Asset allocation table pages 6 & 7 Important information

The maximum gain and loss figures in the asset allocation tables on pages 6 & 7 are taken from Financial Express figures based on the last 12 months to include the Responsible portfolios.

FE Risk Score: Financial Express have introduced FE Risk Scores to provide a single, easy to understand measure of risk across a range of investments. In the UK, risk scores measure the riskiness of any given investment in relation to the FTSE 100. Weekly volatility is measured over 3 years, with recent behaviour counting more heavily than earlier behaviour. The risk score is calculated weekly and can be tracked over time. Cash type investments will have scores near zero, investment funds will tend to have scores in the 0-150 range. The FTSE 100 is always 100, there is no upper limit to the scores

The asset allocation figures on pages 6 & 7 are aggregated based on the current holdings within the portfolios as of September 2021. They will vary daily subject to market fluctuations. Rebalancing will be recommended if equity content exceeds the benchmark maximums. There is no guarantee that any of the model portfolios will achieve their stated objectives. Each model portfolio may also experience more or less volatility than expected. The value of investments will fall as well as rise and are not guaranteed. Past performance is no guide to future performance.

Additional important information

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

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

Performance figures are based on bid to bid gross returns and do not include plan, contract or ongoing adviser charges. Please refer to your policy documentation for further details.

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About Pearson Wealth Management Ltd

Pearson Financial Consultants Ltd formed in 2005 and re-branded to Pearson Wealth Management Ltd in 2018. Our success has been built on referrals from our existing clients and our professional connections, which we believe is strong evidence of the level of service we offer to our clients.

We are a locally owned, genuinely independent company and we believe the key to successful financial planning is to work in partnership with our clients to create a better understanding of their objectives and priorities. Being able to provide a wide range of expertise amongst our advisers allows us to build long term relationships with our clients throughout their financial journey.

Our client's financial wellbeing is at the heart of our business. With over 180

years of financial services experience within the firm and over £200 million of assets under management, we have the expertise, experience and knowledge to be able to advise on all aspects of financial planning.

Our services

Each recommendation is tailored to suit the personal circumstances of the client from the range of services we offer. This includes:

- Retirement planning
- Investment management
- IHT / Estate Planning
- Protection
- Long Term Care

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