



Summer Investment Review 2020



Our Investment Portfolios

Welcome to the 4th Wealth Management Brochure for Pearson Wealth Management Investment Portfolios.

We have been running our portfolios for almost 12 years 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.

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.

We believe in a holistic approach to investment

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

January to June 2020

Only history will judge just how dramatic the last 6 months have been in respect to how we live our lives and the consequences Covid-19 will have on the world as a whole. Large swathes of the global population have been forced into an unprecedented lockdown as governments try to contain the virus. One thing is for sure, life is likely to be very different for quite some time going forward.

Just as it happened at the height of the Financial Crisis, the solution has been to throw a tsunami of money at the problem. Whether that has been in the form of loans, furlough payments or simply asset purchases, Governments and Central Banks have restarted printing money at a frightening rate. From a plus point of view, it can be seen to have helped stabilise financial markets and retain jobs for those who otherwise may

have been made redundant. But, to a certain extent it can only paper over the cracks and cannot last forever.

One of the many tasks we have when undertaking investment reviews is attempting to predict what the future looks like both from an economic and investment perspective. To pick the markets and sectors most likely to succeed and hopefully avoid those that don't. Never has this been more starkly highlighted than in this current pandemic. As a race, humans have shown a natural ability to survive and adapt whatever is thrown at us, and companies globally will also need to find answers to how they too can adapt and survive.

For a while, we have been hearing for the need to change our attitude to the natural world. So, it is not surprising to hear various bodies from scientists to Governments highlighting this

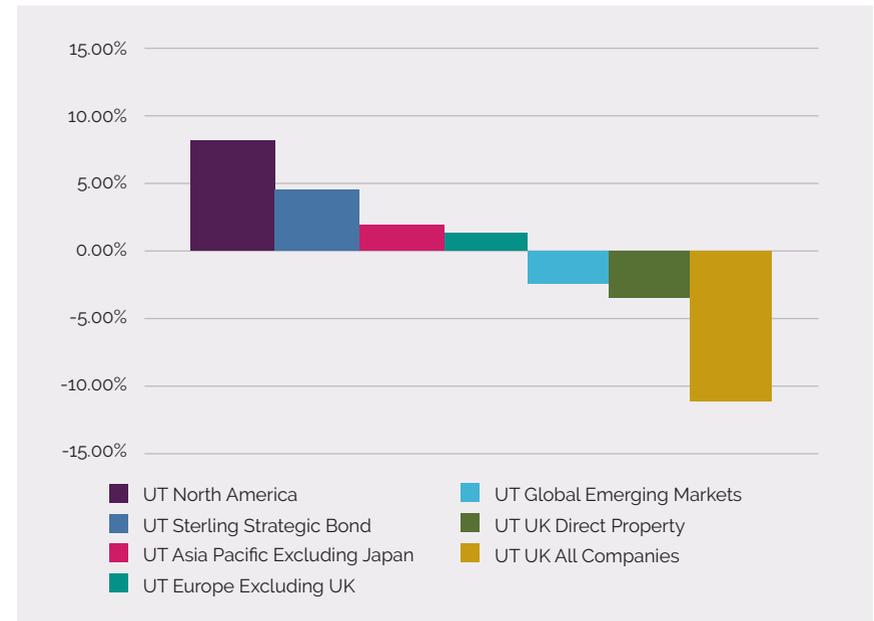
pandemic as an early warning that we need to change our ways. What is different this time is we are now also hearing this from large multinational corporations and the investment fraternity as well. The words sustainability and environmentally are likely to become the new normal of the future.

From our perspective we see this as an imperative from an investment point of view as well. Our central focus over the next 6 months will be to make the portfolios less expensive and increase our exposure to funds that invest in companies that are managing their long-term outcomes, improving

sustainability both for society and the environment. This we believe will not be detrimental to overall investment returns.

Finally, this of course is not the whole investment picture and looking ahead we will be keeping an eye out for the other challenges over the next 6 months. These will include Brexit, the US Elections in November, a possible return at some point of trade wars and finally the yet to be discussed issues faced around Hong Kong. None of these are likely to have quite the same impact as the virus has had, but these are still likely to be barriers to markets.

Key market performance January - June 2020

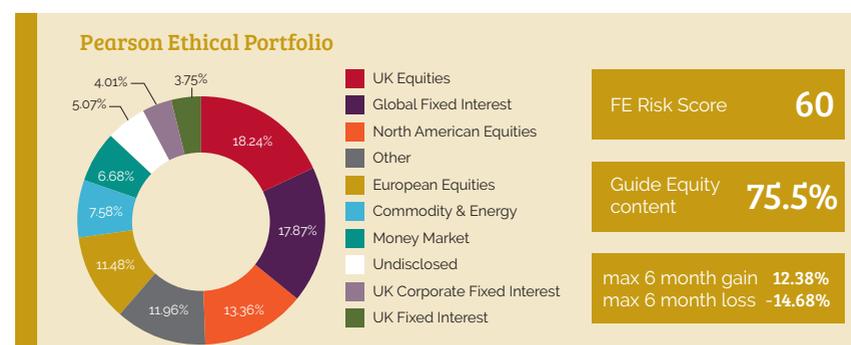
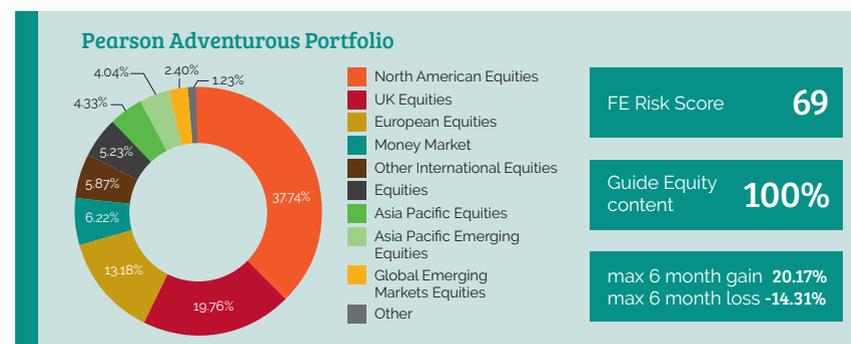
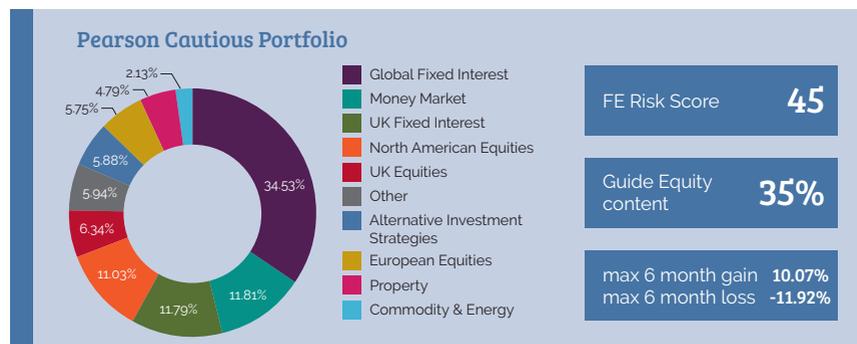
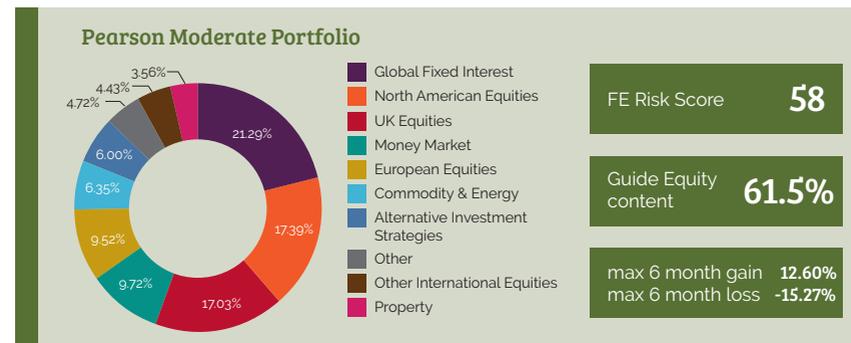


Pearson portfolios - asset allocation

There are six 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.

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 the sources of the information, please see page 14.





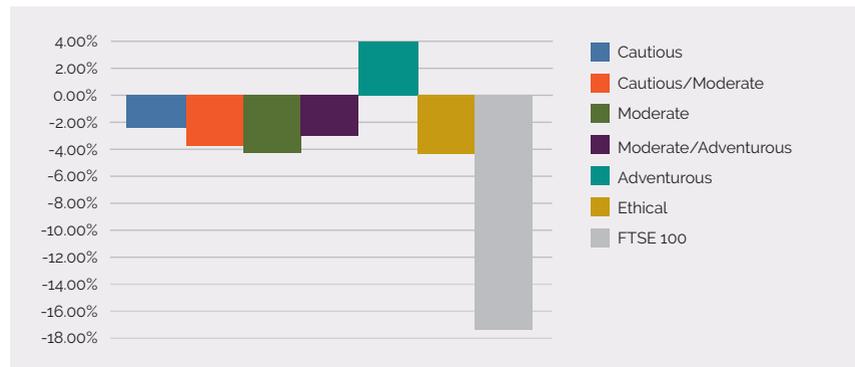
6 month performance

January - June 2020

The graphs below show how the Pearson portfolios within the six Pearson 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).

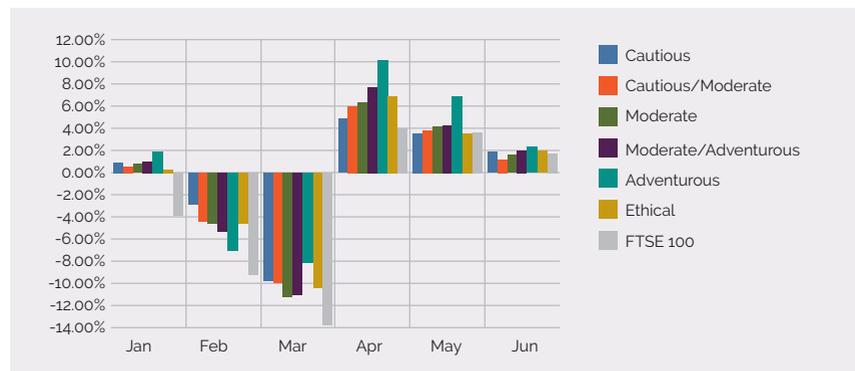
Cumulative performance - 6 Months

30/12/2019 - 30/06/2020



Discrete performance - 6 Months

30/12/2019 - 30/06/2020

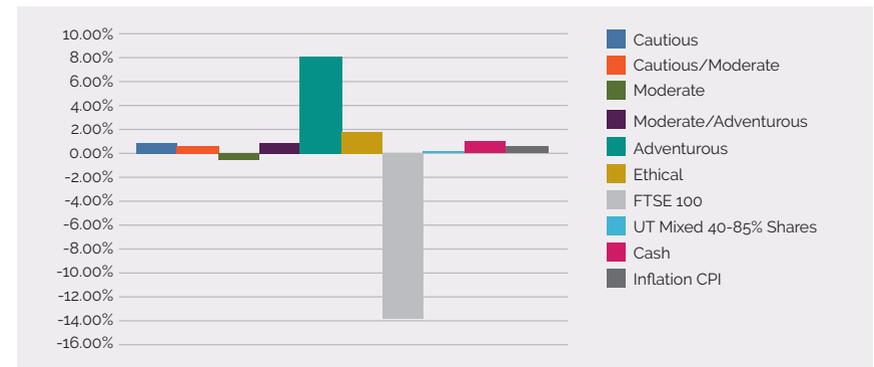


Longer term performance

The graphs below show how the Pearson portfolios within the six Pearson 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).

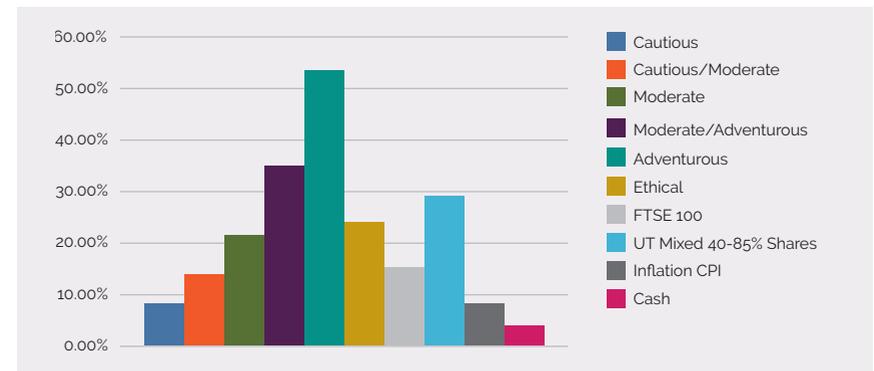
Pearson portfolio - 1 year

30/06/2019 - 30/06/2020



Pearson portfolio - 5 year

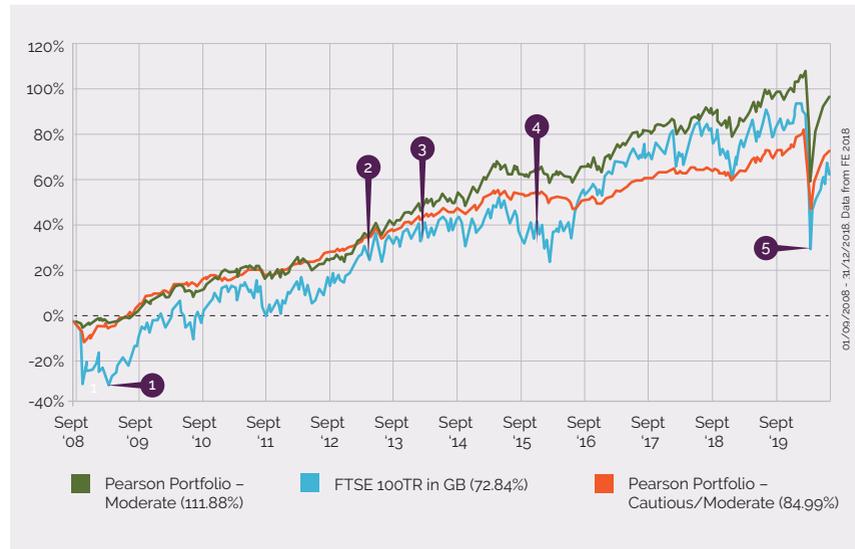
30/06/2015 - 30/06/2020





Market Volatility and pandemics

In the last 12 years the markets have seen some extreme short term ups and downs in relation to pandemics and so we have created the graph below in order to put these into context against the performance of two of our most popular portfolios and the FTSE 100.

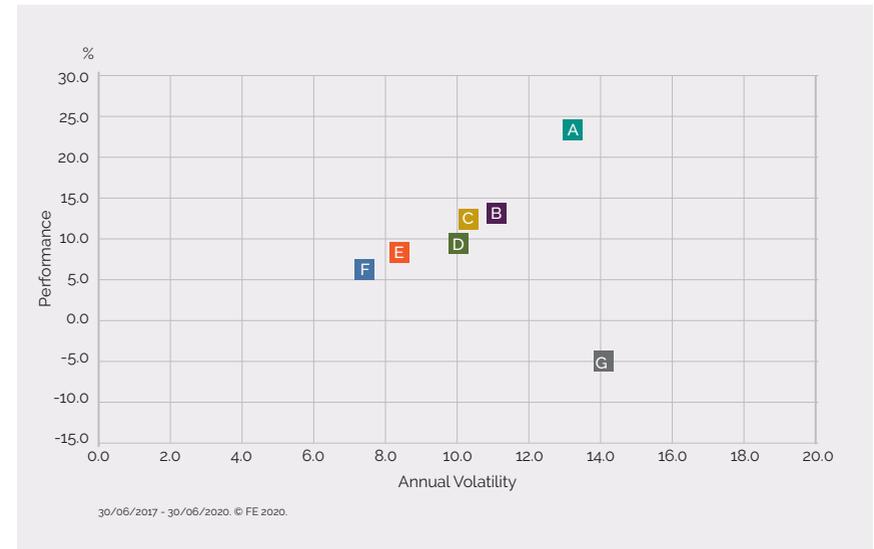


- 1 April 2009 Swine Flu
- 2 May 2013 MERS
- 3 March 2014 Ebola
- 4 January 2016 Zika Virus
- 5 March 2020 Covid-19

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	Pearson Portfolio 5 Adventurous – Transact TR in GB	23.60	12.99
B	Pearson Portfolio 4 Moderate/Adventurous – Transact TR in GB	13.55	10.92
C	Pearson Portfolio 6 Ethical – Transact TR in GB	12.47	10.14
D	Pearson Portfolio 3 Moderate – Transact TR in GB	9.62	9.89
E	Pearson Portfolio 2 Cautious/Moderate – Transact TR in GB	8.55	8.21
F	Pearson Portfolio 1 Cautious – Transact TR in GB	6.38	7.30
G	FTSE 100 TR in GB	-4.82	13.94



Performance review

2020 has been a difficult year for all investments, but those that have a sustainable outlook seem to have fared better.

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:

- Amedeo Air Four Plus
- Axa Framlington Managed Income
- Axa Framlington Monthly Income
- Brooks Macdonald Defensive Capital
- BNY Mellon Global Income
- Invesco Monthly Income
- Merian North American
- Natixis H2O
- 3i Infrastructure
- ASI UK Equity
- Unicorn Ethical Income
- Climate Assets

We have added the following funds where applicable:

- Allianz Green Bond
- Baillie Gifford Positive Change
- EdenTree Amity Sterling Bond
- Foresight Global Real Infrastructure
- Heriot Global
- Liontrust SF European Growth
- Montanaro Better World
- Nomura Dynamic Global Bond
- Pictet Water
- Waverton Sterling Bond
- WHEB Sustainability



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 36 months.

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 June 2020. 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.

Financial Express limited registration number: 2405213. Registered office:

7 Chertsey Road, Woking, Surrey,
GU12 5AB

www.financialexpress.net

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

Pearson Wealth Management Ltd

Tuddenham Hall Estate Office
Tuddenham, Ipswich, Suffolk IP6 9DD

T: 01473 784430

F: 01473 784687

E: info@pearsonwm.co.uk

Broomfield Place, 189 Main Road,
Chelmsford, Essex, CM1 7DJ

T: 01376 503561

F: 01473 784687

E: info@pearsonwm.co.uk

Authorised and regulated by the Financial Conduct Authority. FCA N°. 825434. Registered in England N°. 11533720.
Directors: A.J. Keith and S.Pyne. Head office: Tuddenham Hall Estate Office, Tuddenham, Ipswich, Suffolk, IP6 9DD.