Optimus Capital

Discretionary Fund Management

Dec 2020

31st December 2020

Core Model Strategy

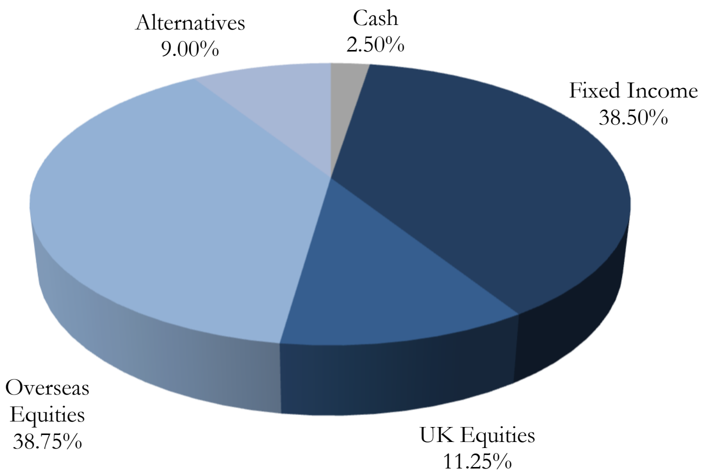
To generate capital growth and income over the long term, through a diverse mix of asset classes

Investment Objective, Approach & Typical Investor

The objective of the Core Model Strategy, over the medium term, is to achieve an above inflation return through a combination of income and capital growth. A typical investor would be seeking long-term growth. The diversified nature of the investments makes the strategy suitable for investors wishing to achieve a broad spread of exposure to asset classes. The strategy is expected to have a moderate degree of volatility, relative to pure equity investment.

The model strategy will invest in ETFs and other collective funds. The manager's approach is to utilise passive instruments where possible to minimise cost. However, active managers are considered for each asset class and used in a minority of cases where it is felt justified. The firm's investment philosophy advocates complementing a core of traditional assets with exposure to risk premia such as value, low volatility and size. Within equities, a global approach is taken with only a moderate UK bias. For alternative investments, lowly correlated, daily liquid funds are used.

Current Asset Allocation*



Cash	Cash	2.50%
Fixed Income	Sovereign	18.75%
	Inflation Linked	4.50%
	Corporate	8.75%
	Emerging Markets	3.25%
	Asset Backed Securities	3.25%
UK Equities	UK	11.25%
Overseas Equities	Europe	2.50%
	US	9.75%
	Pacific	2.25%
	Emerging Markets	4.25%
	Global	20.00%
Alternatives	Commodities	3.00%
	Alternative Return Strategies	6.00%
	Total	**100.00%**

*The asset allocation is the target asset allocation of the Core Strategy as of 31st December 2020. The realised asset allocation of any MPS portfolio may differ due to implementation restrictions and fund performance drift.

Market Commentary and Positioning

We believe that the next 18 months will be good for equities due to a cyclical upturn as a result of the vaccine roll out. Thus, we favour either investing in markets where the cyclical exposure is greater – such as outside the US or in having a higher allocation to cyclical stocks and value stocks as an outright position. For now the latter approach is the one we are adopting. We are underweight bonds due to expected low returns and overweight alternatives which we expect will provide positive real returns but also cushion the portfolios on the downside. As this cyclical upturn evolves over the next 18 months, we will continue to analyse the longer-term outlook but we do see green shoots that are indicative of a strong decade ahead.

Notable positives:
Emerging market assets. The model strategies are overweight EM equities and EM sovereign bonds relative to traditional multi-asset portfolios. Both tilts outperformed their developed market counterparts last month, which served as a tailwind to performance.

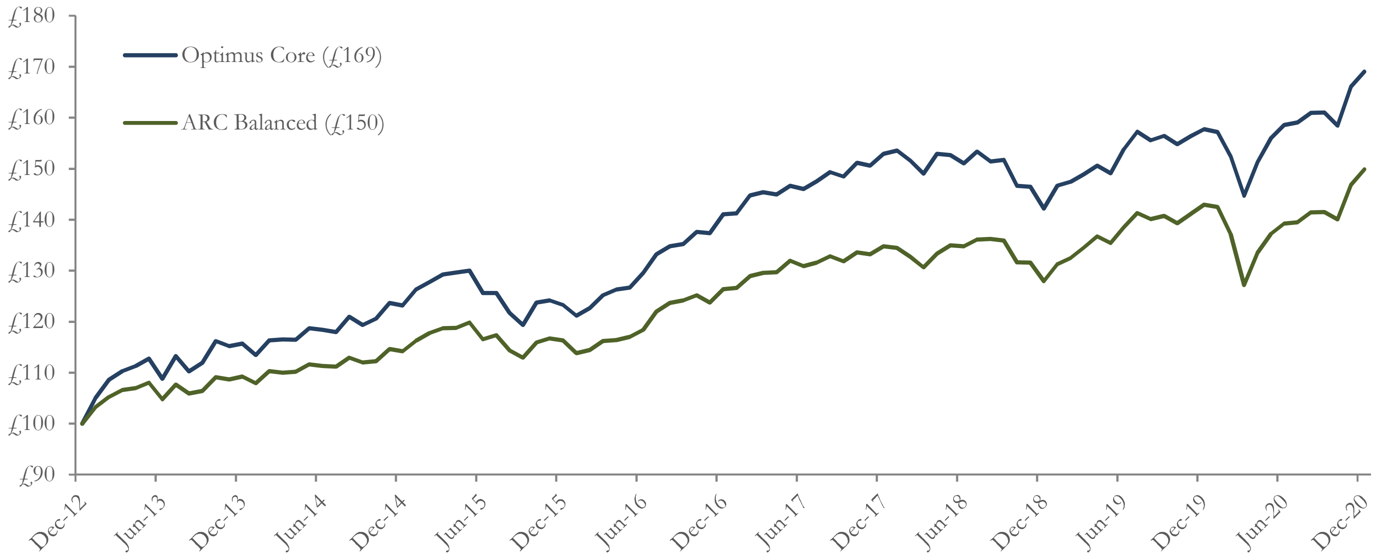
Risk premia. The model strategies invest in 'value' and 'quality' equities unlike traditional multi-asset portfolios. Both tilts outperformed global equities in December, marking the fourth consecutive month of outperformance for the 'value' position.

Notable negatives:
Long volatility fund. The strategies have a small weighting to a fund which expects to generate positive returns during periods of heightened market volatility. The benign equity environment in recent months has weighed on the returns of this fund.

Japanese government bonds in yen. We have a small weighting in unhedged Japanese government bonds, which provides the strategies with exposure to the Japanese Yen – a safe haven asset. As sterling rallied against most of its developed market peers, including yen, this unhedged position fell in value and was a drag on performance.

Model Strategy Performance

Since inception, simulated performance of the Core Model Strategy from 31st December 2012 to 31st December 2020 is shown below*.



Live Model Strategy Discrete Annual Performance*

	Equity Content	2013	2014	2015	2016	2017	2018	2019	2020	Since Inception
Optimus Core Strategy	50.0%	15.7%	6.5%	0.1%	14.4%	8.4%	-7.0%	10.9%	7.2%	69.0%
ARC Balanced	40.0-60.0%**	9.3%	4.5%	1.9%	8.6%	6.7%	-5.1%	11.8%	4.8%	49.9%

Source: www.assetrisk.com, for the ARC Private Client Indices. Bloomberg data for Optimus performance.
* All simulated returns are total returns net of management fees and platform costs. Platform costs of 0.1% have been deducted but this may differ upon your platform of choice and portfolio size. Returns may increase or decrease depending on currency fluctuations if the investor's currency is not GBP.
**Specifically, target relative risk as a % of world equity, as defined by Asset Risk Consultants (ARC). See www.assetrisk.com for more details on the ARC PCI indices. ARC data for 2020 and Since Inception is subject to revision.

Past performance is not a guide to future performance and the value of investments can fall as well as rise.

Mapped Risk Level 3/5 4/7 OXFORDRisk

Information on Oxford Risk can be found at **www.oxfordrisk.com**.

Contact Us
Email: investments@optimuscapital.com
Website: www.optimuscapital.com
General Enquiries: 020 7535 1700

RISK WARNINGS & DISCLAIMER

Risk Warnings

Please note that the investments referred to in this document are subject to market fluctuations, there can be no assurance that appreciation will occur and it may be possible that losses will be realised**. Past performance is not necessarily a guide to future performance and the value of investments can fall as well as rise.**

Disclaimer

Optimus Capital LLP, a limited liability partnership registered in England and Wales with number OC348019, is authorised and regulated by the Financial Conduct Authority as Firm 506790. A list of members of Optimus Capital LLP together with those non-members who are designated as partners and their professional qualifications is open to inspection at its registered office 8th Floor, 116 Park Street, London, W1K 6SS.

The information contained in this document has been compiled by Optimus Capital LLP and its affiliates and subsidiaries from sources believed by it to be reliable, but no representations or warranty, express or implied, is made by Optimus Capital LLP or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute Optimus Capital LLP's judgment as of the date of publishing, are subject to change without notice and are provided in good faith but without legal responsibility. The information in this document, which does not purport to be comprehensive, has not been verified by Optimus Capital LLP.

The receipt of this document by any person is not to be taken as constituting the giving of investment advice by Optimus Capital LLP to any such person, nor to constitute such person as a client of Optimus Capital LLP. Unless otherwise agreed, Optimus Capital LLP will not regard any person as a client and will not be responsible for providing any protections afforded to clients of Optimus Capital LLP.

The investments discussed in this report and strategies outlined in this document may not be eligible for sale in some jurisdictions and countries. Neither Optimus Capital LLP nor any of its affiliates and subsidiaries, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or the information contained herein. This material is not for distribution in the USA. This document may not be reproduced, distributed or published by any recipient hereof for any purposes.