MULTI ASSET OPEN GROWTH FUND N - ACC SHARES

30 JUNE 2019

Portfolio manager: Bill McQuaker, Ayesha Akbar

Performance over quarter in GBP (%)

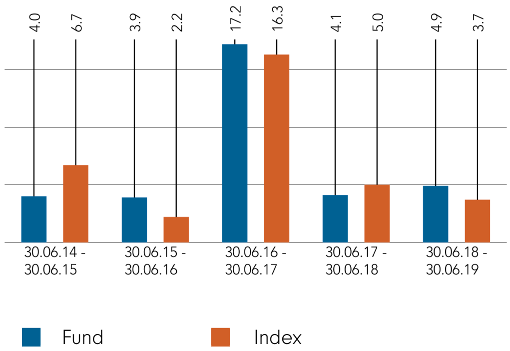
Fund	4.5
Market index	4.2

IA Mixed Investment 40-85% shares

Market index is for comparative purposes only.

Source of fund performance is Fidelity. Basis: bid-bid with income reinvested, in GBP, net of fees. Other share classes may be available. Please refer to the prospectus for more details.

Performance for 12 month periods in GBP (%)



Market Environment

Global equities rose for a second consecutive quarter. An accommodative monetary policy stance by major central banks and healthy corporate results outweighed US-China trade tensions, Brexit-related concerns and geopolitical worries over Iran. Notably, the US Federal Reserve (Fed) kept its key interest rates unchanged and signalled the possibility of rate cuts amid signs of a slowing economy. The European Central Bank (ECB) and Bank of Japan also indicated their readiness to introduce additional stimulus, if needed, as economic risks increased. China introduced targeted policy measures to support credit growth as well as infrastructure and consumer spending. Meanwhile, European leaders extended the Brexit deadline until 31 October. Against this backdrop, Europe ex UK, Pacific ex Japan and US equities were the leading gainers, while UK and Japanese stocks lagged the broader market. Emerging markets underperformed developed markets, partly due to trade tensions. At a sector level, financial stocks were the best performers, followed by information technology (IT). All asset classes generated positive returns, with equities advancing the most. Returns in sterling terms were supported by its depreciation against the yen, the euro and the US dollar.

Fund Performance

The fund generated positive absolute returns over the quarter and outperformed the average fund in its investment association (IA) peer group.

Europe ex-UK and UK equities contributed to returns
Within both these regions, underlying managers' holdings in the industrials and financials sectors added significant value. At the portfolio level, however, a short position in the FTSE 100 index held back gains. Elsewhere, within the US, holdings in the IT and financials sectors were the key contributors to performance. For example, positions in Microsoft and American International Group (AIG) within the IT and financial sectors, respectively, supported returns. At the portfolio level, the holding in an exchange-traded fund (ETF) that aims to track the US equity market performance of certain high dividend-yielding equities enhanced gains.

Diversifying assets enhanced gains
Holdings in high-yield bonds were the main contributors to performance. Underlying positions that provide exposure to property shares also added value. Meanwhile, the allocation to a long/short global equity fund had a negative impact on returns.

Hedging assets buoyed performance
The exposure to gold added value as real rates declined and the US dollar weakened. Uncertainty over the direction of risk assets further supported gold prices. Moreover, the allocation to global aggregate bonds supported returns. The holding in a third-party fund that exploits volatility as a source of returns also buoyed performance.

Fund Positioning

The fund is managed using a team approach. We can take a flexible approach to asset allocation, adjusting the exposure in response to unfolding market conditions. We also have the ability to invest in both traditional and non-traditional asset classes (such as alternatives). The aim is to achieve a specific level of return for investors, which captures capital growth while also managing risk in falling or more volatile market environments. Flexible asset allocation and strategy selection are the main drivers of performance.

Maintained a balanced stance
We believe that equity markets may be too complacent on the direction of 2019 earnings, and corporate confidence is trending downwards. This is too important a development to ignore. Firms in aggregate may decide to adopt a 'wait and see' policy on the direction of travel for the economy before deploying cash. This, combined with poor sentiment on trade tensions, could see the US slow more meaningfully than consensus expectations. Even if an economic recession is avoided, earnings could be downgraded significantly. Keeping a close eye on the corporate sector is becoming increasingly important, and we may have some more clarity during the next earnings season.

Changed underlying holdings in equity regions
Within the US, we added a long position in the financials sector index and sold a long position in the S&P Home Price index. In Europe, we sold a long position in the STOXX Europe 600 Telecommunications index.

Important Information

Past performance is not a reliable indicator of future results. The fund's returns can be affected by fluctuations in currency exchange rates.

The value of investments and any income from them may go down as well as up and an investor may not get back the amount invested. The use of financial derivative instruments may result in increased gains or losses within the fund. There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall. The investment policy of this fund means it invests mainly in other funds or invests mainly in units in collective investment schemes.

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