April 2024

Reward, Smooth Portfolio

PORTFOLIO OBJECTIVE

The RiskTailors Reward, Smooth Portfolio aims to deliver better risk-adjusted returns than the IA mixed investment with 20-60% share allocation over a five-year rolling horizon.

PORTFOLIO OVERVIEW

The RiskTailors Reward, Smooth Portfolio seeks to achieve its objective by gaining exposure to a range of global asset classes through cost effective ETF solutions. The allocation to each asset class is reoptimised every quarter to maximise returns relative to maximum drawdown. It will typically maintain an exposure to global equities of between 25% and 60% depending on the prevailing macroeconomic and market conditions. RiskTailors expects the portfolio to provide returns in line with the IA mixed investment with 20-60% share allocation, but with generally lower levels of volatility and smaller drawdowns.

PORTFOLIO FACTS

Investment manager: RiskTailors

Total cost*: 0.46%

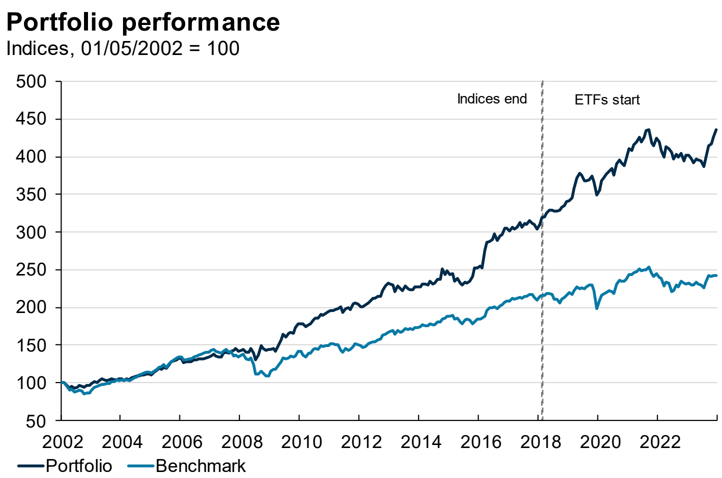
Base currency: Sterling

* Includes annual management costs (AMC), underlying costs and transaction costs

Source: RiskTailors, LSEG Refinitiv

PERFORMANCE

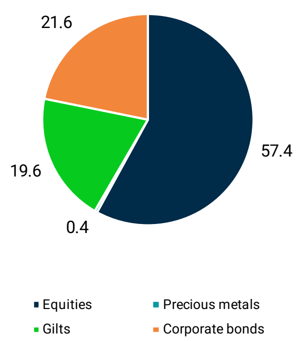
All history



Source: LSEG Refinitiv, RiskTailors

The chart refers to simulated past performance and past performance is not a reliable indicator of future performance.

Current asset allocation



Portfolio asset allocation

Asset class ranges	Min.	Max.
Equities	25%	60%
Precious metals	0%	35%
Gilts	15%	30%
Corporate bonds	15%	35%

Risk warning: Past performance is no guarantee of future results. The value of investments and the income from them can fall and you may get back less than you invested. The simulated performance is shown net of average transaction costs of 3.5 bps.

RiskTailors

April 2024

Reward, Smooth Portfolio

PERFORMANCE

Period performance, percentage points, annualised						
	2024 Q1 (Q on Q)	YTD	1 Year	3 Year	5 Year	10 Year
Portfolio	5.0	5.0	8.2	3.1	5.1	6.7
Benchmark	0.1	5.1	5.2	0.7	2.4	3.4
Calendar year performance, percentage points						
		2023	2022	2021	2020	2019
Portfolio		3.9	-8.4	10.1	7.3	12.3
Benchmark		6.6	-10.1	7.4	2.4	12.1
Risk characteristics:						
Volatility, per cent			1 Year	3 Year	5 Year	10 Year
Portfolio			6.4	7.0	7.1	7.3
Benchmark			5.8	6.9	8.6	7.1
Max loss, per cent						
Portfolio			-11.2	-11.2	-11.2	-11.2
Benchmark			-10.9	-12.8	-13.7	-13.7
Sharpe ratio						
Portfolio			1.3	0.5	0.7	0.9
Benchmark			0.9	0.1	0.3	0.5

All figures in these tables up to March 2024 refer to simulated past performance and past performance is not a reliable indicator of future performance.

Source: LSEG Refinitiv, RiskTailors

COMMENTARY

Q1 2024 was the third complete quarter since RiskTailors' launch that our portfolios have been at risk-on allocation to reflect the change in macroeconomic conditions. By the end of the quarter, the Fathom Risk-Off Gauge (FROG) – a probabilistic assessment of whether markets are in a risk-on or off phase – has stayed into risk-on territory. Although pressure from geopolitical developments added volatility on the month-to-moth assessment, risk-on prevailed at the end of the quarter. The products continue to perform according to expectations of its risk and investment journey preference. The risk-on deployment helped in closing the gap with the benchmark at the end of 2023. But in 2024, the evolving risk-on allocation helped all products to move ahead of their benchmarks. Especially the less risk averse balanced, reward, and high reward products moved 1.9% and 7.2% ahead of their benchmarks, YTD, reflecting the dynamism of the allocation process. For Q2 2024 there are still two major risks that could derail the global economy (while both risks could be amplified by an escalation in geopolitical tensions): a further credit squeeze triggered by the impact of interest rates that are left high for too long, and a persistent inflationary pressure that could force central banks to tighten policy further. These two scenarios have been named 'It's out for delivery' and 'Sticky inflation'. Only the US seems able to avoid both risks in 2024. The RiskTailors asset allocation framework monitors these types of risks as the macroeconomic and market environment evolves. The few rebalancing changes at the end of Q1 2024 slightly increase government over corporate fixed income. The expose to equities and precious metal will remain roughly the same.

RiskTailors

Issued by Risk Tailors Limited. Registered in England No. 12396869.
Risk Tailors Limited is authorised and regulated by the Financial Conduct Authority (Financial Services Register reference number 926570).
Registered Office: 20-22 Wenlock Rd, London N1 7GU.

transact