

Systematic iBasket

Overview

The Systematic iBasket seeks to gain exposure to asset and sub-asset classes that have shown the largest growth over the previous short to medium-term horizon. The portfolio will invest 100% in Exchange Traded Funds (ETFs) and cash comprising assets in equities, fixed income, commodities, and alternatives across different regions globally.

The portfolio will be reviewed on a monthly basis. It will invest mainly in equity and alternatives ETFs, but during periods of economic downturn it may move part or all of the allocations away from falling markets to lower risk ETFs or cash.

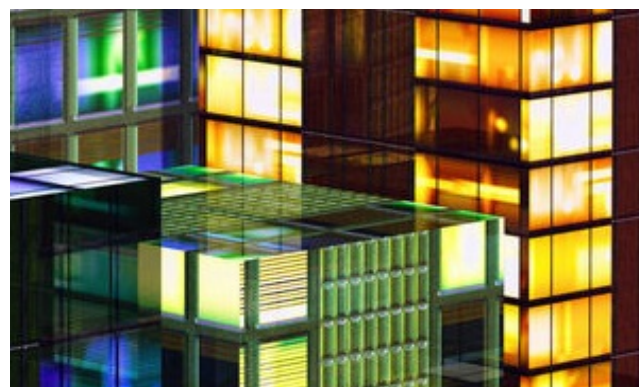
The aim of the Systematic iBasket is to provide a return in line with or outperforming global equities, while trying to reduce the volatility and drawdowns in the portfolio during economic downturns.

Investment Philosophy

- Twenty20 Investments will partner with the Investment Manager to provide advice as to the construction of diversified portfolios built entirely from ETFs, aiming to achieve outperformance by optimising and adjusting the weights using various macro-economic forecasting models and market indicators.
- These portfolios will then be managed by the Investment Manager in accordance with the investment mandate.

Investment Strategy

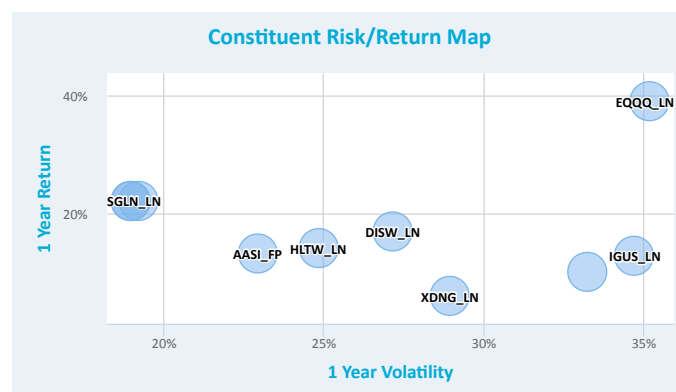
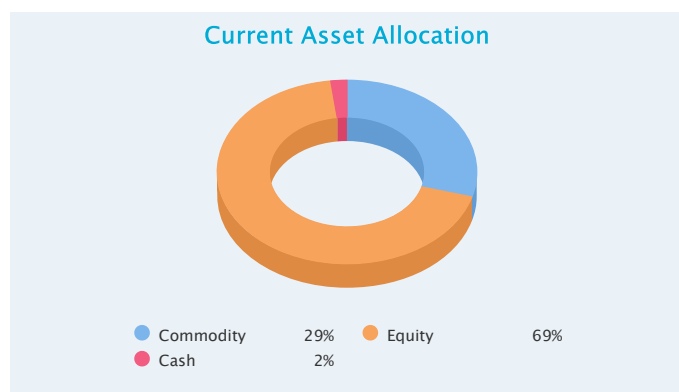
- We use the versatility of ETFs to gain exposure to a wide range of asset and sub-asset classes which makes the portfolio liquid, well diversified and very competitively priced.
- The strategy systematically selects the best performing ETFs over a set of short to medium-term time horizons with the aim of capturing those asset and sub-asset classes and regions that have a higher likelihood of higher returns.
- At times, when the strategy suggests that lower risk fixed income ETFs and gold seem to provide a better return than equities, we will switch into these lower risk assets.
- The available ETFs are selected by our Fund Research Department. This rigorous and systematic research process carefully analyses a wide universe of ETFs, identifying the best investment opportunities as and when they occur.



Investment Advisor	Twenty20 Investments
Investment Manager	Linear Investments Limited
Legal Form	Model Portfolio
Target Investments	Investing 100% in Exchange Traded Funds comprising assets in equities, fixed income, alternatives, commodities and cash
Investment Objective	The model utilises a trend-following strategy that picks the highest returning ETFs
Target Return	Equal Weight Benchmark
Target Risk	Seeking to provide a lower risk than global equities over a medium to long-term horizon
Minimum Subscription	£15,000
Redemption Period	Daily
Inception Date	15 Mar 2016
Management Fee	0.50% + VAT
Investment Wrapper	SIPP, ISA, JISA, General Investment
Platform Availability	Ascentric, Transact

Portfolio Construction

Asset Allocation - 2 Sep, 2020



A portfolio allocation diversified across asset and sub-asset classes and across regions.

On an asset-by-asset basis, the one year risk and return characteristics of the constituent ETFs are shown in the chart above.

iBasket Top Holdings - 2 Sep, 2020

Systematic iBasket	Ticker	Asset Class	Theme	Region	Weight
Amundi MSCI EM Asia UCITS ETF	AASI_FP	Equity	Large Cap	Asia Pacific	9.8%
Invesco Nasdaq-100 UCITS ETF	EQQQ_LN	Equity	Sector	United States	9.8%
iShares Core S&P 500 UCITS ETF USD (Acc)	CSP1_LN	Equity	Large Cap	United States	9.8%
iShares Physical Gold ETC	SGLN_LN	Commodity	Sector	Global	9.8%
iShares S&P 500 GBP Hedged UCITS ETF (Acc)	IGUS_LN	Equity	Large Cap	United States	9.8%
Lyxor MSCI World Consumer Discretionary TR UCITS ETF	DISW_LN	Equity	Sector	Global	9.8%
Lyxor MSCI World Health Care TR UCITS ETF	HLTW_LN	Equity	Sector	Global	9.8%
WisdomTree Physical Gold	PHGP_LN	Commodity	Sector	Global	9.8%
Xtrackers JPX-Nikkei 400 UCITS ETF (DR) (GBP hedged)	XDNG_LN	Equity	Large Cap	Japan	9.8%
Xtrackers Physical Gold ETC	XGLD_LN	Commodity	Sector	Global	9.8%

Performance

Calendar-Year Performance	2016*	2017	2018	2019	2020 Ytd
Equal Weight Benchmark**	16.42%	8.79%	-4.51%	15.49%	1.46%
iBasket Return	17.59%	14.00%	-6.37%	8.05%	5.65%

* Since inception date of 15 Mar 2016.

** The Equal Weight Benchmark comprises all potential ETFs in the portfolio, equally weighted.

	iBasket Return	Equal Weight Benchmark**
1 Year Performance	1.55%	2.36%
3m Performance	1.89%	3.36%
6m Performance	8.52%	3.87%
Performance Since Inception	43.27%	41.71%
Ytd Performance	5.65%	1.46%

OCF: The ongoing charges figure of the underlying ETFs is 25.1ps.

Source: Twenty20 Investments, Markit. All returns in GBP, including the underlying ETF charges but excluding the model portfolio management fee. Any fees or charges payable to your Financial Adviser are in addition to the above.

Market Commentary

August proved to be another month with a risk-on sentiment, with equities broadly up for the month and Fixed Income down. The US Dollar, which declined -5.3% against Sterling in the previous month, was down another -2.1% for this month. The S&P 500 in the US had another record month (iShares S&P 500 ETF up 6.8% in USD, 4.7% in GBP) as the index climbed above the record high reached back in February. The US technology focused NASDAQ index trumped that record and was up 9.7% in USD for the month and 39.2% year-to-date (or 73.5% since its trough in March this year). The US Federal Reserve (Fed) confirmed its readiness to offer further support when it announced a shift to average inflation targeting, confirming that monetary policy will remain supportive for the foreseeable future.

The risk-on sentiment investment landscape has been driven by a slowly improving economy, a better than expected earnings season, especially in the US, and the hope for an early approval of a vaccine. The Google Community Mobility Report for the UK, for example, shows that activity in Retail is slowly increasing, although still down -17% against the baseline. As an aside, the only numbers up in terms of mobility are, not surprisingly, parks and residential areas (up 80% and 9% against the baseline). This picture is replicated in nearly all countries around the world.

The drawback is that with COVID-19 cases rising in many European countries, especially France and Spain, this mobility might become restricted again. Macro-economic data for Europe gives a similar state of affairs – positive, but with the growth trend slowing. On the other hand, unemployment in the Eurozone is at a still fairly low 7.8%, showing that the job retention schemes in various countries are working. The SPDR MSCI Europe ETF was up 2.9% in EUR (2.1% in GBP).

A better than expected earnings season and the hope for an early vaccine helped Asian and Emerging Markets as well. The Xtrackers Nikkei 225 ETF rose 6.6% in Japanese Yen (4.2% in GBP), although Japanese Prime Minister Shinzo Abe resigned on the last day of the month due to health reasons. Asia Pacific ex Japan and Emerging Markets were also up in USD, although the iShares MSCI EM ETF was down -1.7% in GBP.

With the general risk-on scenario, bonds struggled in August. Government bonds in major currencies lost ground, especially UK gilts, which were down -3.5% for the month. Corporate bonds fared somewhat better, helped by lower credit spreads and high yield outperformed investment grade both in Europe and the US. Gold reached its all-time high of above \$2,000 per ounce at the beginning of the month but ended up losing ground and finished the month -0.4% down.

Market Returns Overview - 2 Sep, 2020

We include an overview of the returns of different asset and sub-asset classes to provide a sense of the most recent market returns.

ETF Name	Asset Class	Theme	Asset Region	ytd	1m	1yr	3yr	5yr
iShares Developed Markets Property Yield UCITS ETF USD (Dist)	Alternative	Property	Global	-18.5%	-0.4%	-22.2%	-5.8%	32.8%
Lyxor MSCI AC Asia Pacific Ex Japan UCITS ETF	Equity	Large Cap	Asia Pacific Ex Japan	1.6%	1.8%	4.6%	7.0%	74.3%
iShares MSCI EM UCITS ETF USD (Dist)	Equity	Large Cap	Emerging Markets	-2.4%	-1.7%	0.4%	1.9%	66.9%
SPDR MSCI Europe UCITS ETF	Equity	Large Cap	Europe	-6.5%	2.1%	-4.2%	1.5%	39.9%
Xtrackers Nikkei 225 UCITS ETF 1D	Equity	Large Cap	Japan	-0.4%	4.2%	3.7%	24.6%	74.6%
iShares Core FTSE 100 UCITS ETF GBP (Dist)	Equity	Large Cap	United Kingdom	-18.9%	1.7%	-14.3%	-9.6%	16.3%
iShares S&P 500 UCITS ETF USD (Dist)	Equity	Large Cap	United States	8.5%	4.7%	10.4%	43.8%	119.0%
iShares JP Morgan \$ EM Bond UCITS ETF USD (Dist)	Fixed Income	Government	Emerging Markets	0.6%	-1.6%	-6.5%	8.8%	54.5%
Xtrackers II Eurozone Government Bond UCITS ETF (DR)	Fixed Income	Government	Eurozone	8.0%	-1.5%	-2.5%	6.6%	40.8%
SPDR Bloomberg Barclays Sterling Corporate Bond UCITS ETF	Fixed Income	Investment Grade	United Kingdom	4.4%	-1.0%	4.3%	13.1%	33.6%
Vanguard UK Gilt UCITS ETF	Fixed Income	Government	United Kingdom	8.8%	-3.5%	4.4%	16.5%	32.4%
iShares £ Index-Linked Gilts UCITS ETF GBP (Dist)	Fixed Income	Inflation	United Kingdom	8.2%	-4.5%	-1.9%	13.6%	41.4%
Xtrackers II iBoxx \$ Treasuries UCITS ETF (DR)	Fixed Income	Government	United States	8.2%	-3.3%	-2.7%	12.6%	39.0%

Source: Twenty20 Investments, Markit. All returns in GBP.

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