



**FUSION**  
ASSET  
MANAGEMENT

# FUSION PASSIVE 2

Portfolio Report

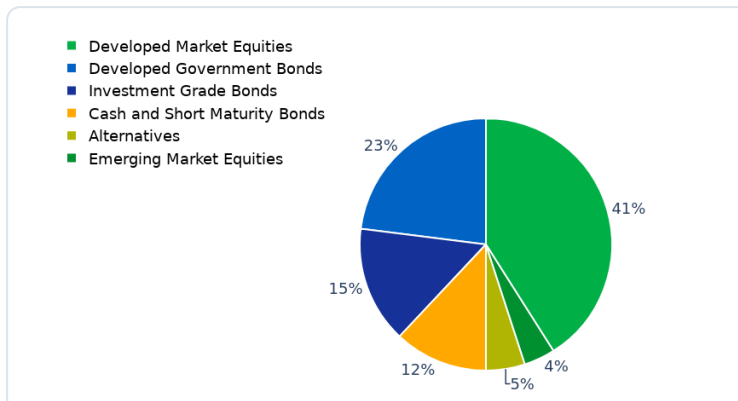
December 2022



## Portfolio Summary

Fusion Passive 2 portfolio is tilted towards low risk investments. It is suitable for investors, who are prepared to accept some risk in their investment, but are uncomfortable with large swings in the value of their portfolio. The recommended investment horizon for the portfolio is 3 to 5 years, during which investors will be aiming for stable income, with some potential to participate in capital appreciation from growth assets.

The portfolio is built on a strategic asset allocation corresponding to risk level 4 of the Dynamic Planner profiler. Investment is expressed through low-cost tracker funds.

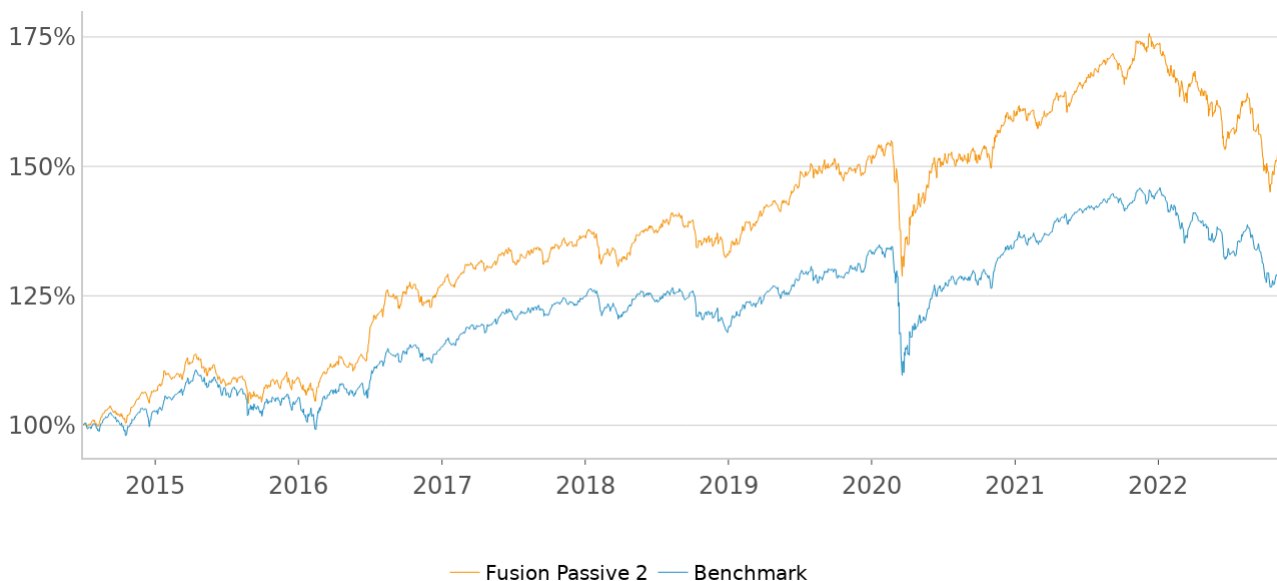


## Investment Principles

Fusion Passive portfolios start with the principles of Passive Investments: transparency - it's always clear which assets are in an index fund; risk compliance through a strategic asset allocation which is not distorted by active stock picking; low-fees - as "No one knows what the market is going to do tomorrow", why does the client have to pay more? .

The portfolio is built on a strategic asset allocation which consistently corresponds to the predefined Dynamic Planner risk profiler. Asset classes are represented by low-cost tracker funds from a diversified set of first tier providers.

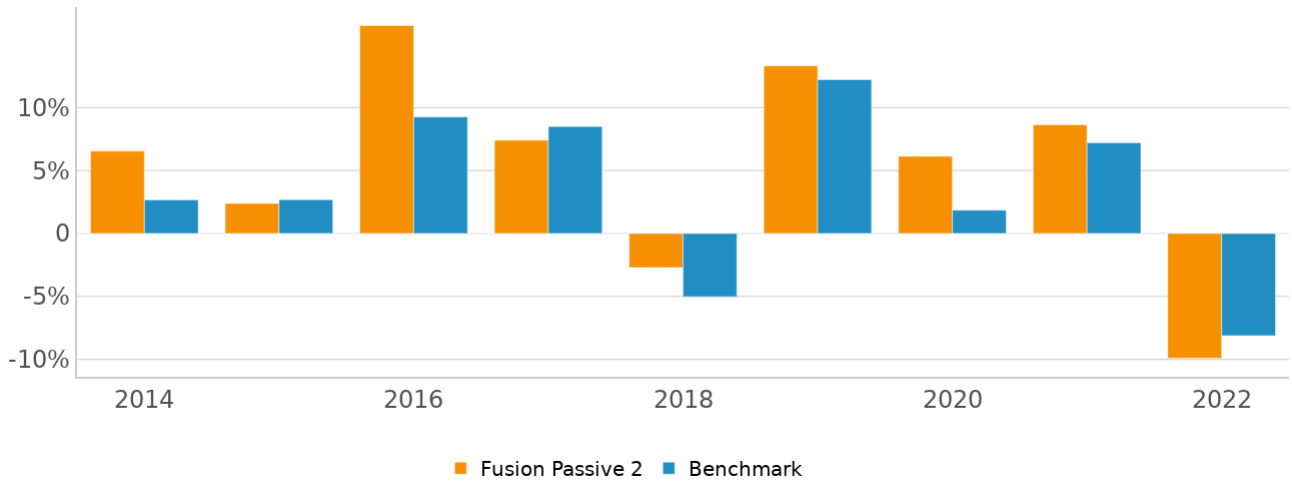
## Performance\*:



The benchmark is the LF Prudential Risk Managed Active 3 Fund which has one of the lowest tracking errors with the IA Mixed investments 20-60 index. Performance prior to June 2014 is reconstructed from the index performance.

\*The performance figures in this report are based on the live performance of the portfolio since September 2022. Performance before this date is synthetically built on quarterly asset allocations provided by Distribution Technology and the actual performance of selected tracker funds.

### Historical Performance\*



	PERFORMANCE (ANNUALISED)				VOLATILITY (ANNUALISED)				SHARPE RATIO				MAXIMUM DRAWDOWN
	1Y	3Y	5Y	SINCE INCEPTION	1Y	3Y	5Y	SINCE INCEPTION	1Y	3Y	5Y	SINCE INCEPTION	
<b>Portfolio</b>	-9.45%	1.29%	3.05%	5.45%	8.32%	9.23%	8.02%	7.49%	-1.29	0.08	0.31	0.66	-17.46%
<b>Benchmark</b>	-6.68%	0.60%	1.54%	3.50%	8.04%	9.16%	7.88%	7.41%	-1.00	0.01	0.12	0.40	-18.67%

### Quarterly Performance\*

	AVERAGE ANNUAL RETURN	AVERAGE QUARTER RETURN	BEST QUARTER	BEST QUARTER RETURN	WORST QUARTER	WORST QUARTER RETURN
<b>Portfolio</b>	5.45%	1.32%	Q2 2020	10.47%	Q1 2020	-9.31%
<b>Benchmark</b>	3.50%	0.85%	Q2 2020	10.15%	Q1 2020	-13.88%

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Monthly Performance\*

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR	OUTPERFORMANCE
2014	Portfolio							0.70%	2.22%	-0.69%	1.19%	2.85%	0.14%	6.54%	3.87%
	Benchmark							0.26%	1.25%	-0.85%	-0.26%	2.88%	-0.59%	2.67%	
2015	Portfolio	3.21%	-0.04%	1.82%	-0.77%	0.63%	-3.77%	1.49%	-2.57%	-1.32%	3.28%	1.09%	-0.44%	2.39%	-0.29%
	Benchmark	2.38%	1.11%	1.98%	0.48%	0.27%	-2.91%	0.25%	-2.93%	-1.37%	3.31%	0.45%	-0.17%	2.68%	
2016	Portfolio	-1.22%	1.60%	1.98%	-0.14%	0.74%	4.41%	4.22%	2.27%	0.26%	0.69%	-1.60%	2.38%	16.52%	7.26%
	Benchmark	-3.05%	1.82%	2.58%	0.25%	-0.11%	0.93%	4.09%	1.15%	0.48%	0.79%	-1.88%	2.02%	9.26%	
2017	Portfolio	0.06%	2.35%	0.58%	-0.36%	1.88%	-1.07%	0.62%	1.56%	-1.53%	1.75%	-0.06%	1.49%	7.41%	-1.08%
	Benchmark	0.48%	1.90%	1.09%	0.00%	1.70%	-0.08%	0.30%	0.85%	-0.91%	1.90%	-0.01%	0.98%	8.49%	
2018	Portfolio	-0.69%	-1.23%	-1.42%	2.33%	1.93%	0.08%	1.03%	0.59%	-0.37%	-2.42%	-0.14%	-2.31%	-2.71%	2.32%
	Benchmark	0.37%	-1.52%	-2.12%	2.48%	0.71%	-0.60%	1.44%	0.08%	-0.15%	-3.92%	1.09%	-2.81%	-5.03%	
2019	Portfolio	2.79%	0.72%	2.58%	1.46%	-0.23%	2.27%	2.95%	-0.04%	0.59%	-1.52%	1.04%	0.06%	13.31%	1.09%
	Benchmark	2.57%	1.15%	0.70%	2.32%	-0.99%	1.92%	2.11%	-1.54%	1.13%	-0.60%	1.41%	1.49%	12.22%	
2020	Portfolio	1.00%	-3.20%	-7.24%	6.09%	2.73%	1.36%	-0.51%	0.79%	0.34%	-1.36%	5.41%	1.26%	6.13%	4.28%
	Benchmark	-0.15%	-2.65%	-11.41%	5.58%	2.78%	1.51%	0.71%	0.80%	-0.08%	-1.33%	5.04%	2.12%	1.85%	
2021	Portfolio	-0.53%	-1.01%	1.93%	1.92%	0.29%	1.40%	1.21%	1.67%	-1.43%	1.10%	1.32%	0.52%	8.64%	1.44%
	Benchmark	-0.44%	0.28%	1.34%	2.20%	0.32%	0.79%	0.29%	1.39%	-0.85%	0.21%	-0.08%	1.57%	7.20%	
2022	Portfolio	-3.08%	-1.64%	1.59%	-2.10%	-1.45%	-4.19%	3.89%	-1.86%	-5.53%	1.32%	3.11%		-9.91%	-1.79%
	Benchmark	-2.74%	-1.82%	1.63%	-1.60%	-0.38%	-3.59%	1.71%	-0.10%	-5.31%	0.41%	3.70%		-8.11%	

\*The performance figures in this report are based on the live performance of the portfolio since September 2022. Performance before this date is synthetically built on quarterly asset allocations provided by Distribution Technology and the actual performance of selected tracker funds.



## Top 10 Holdings

ASSET CLASS	NAME	RETURN			VOLATILITY		
		1Y	3Y	5Y	1Y	3Y	5Y
<b>Bonds</b>	iShares Corporate Bond Index Fund UK	-16.91%	-4.30%	-0.79%	8.81%	8.08%	6.71%
	abrdn OEIC I - abrdn Sterling Money Market Fund	1.20%	0.54%	0.58%	0.16%	0.13%	0.10%
	Vanguard Investment Series PLC - Global Bond Index Fund	-13.16%	-3.51%	-0.81%	6.28%	4.86%	4.14%
	Vanguard Investments Funds ICVC - Vanguard UK Inflation-Linked Gilt Index Fund	-34.99%	-7.90%	-3.00%	34.87%	23.38%	19.59%
	iShares UK Gilts All Stocks Index Fund UK	-22.46%	-6.96%	-2.25%	12.37%	9.58%	8.50%
<b>Equities</b>	iShares UK Equity Index Fund UK	5.72%	3.36%	3.77%	13.84%	18.92%	16.28%
	HSBC Index Tracker Investment Funds - American Index Fund	-4.38%	11.99%	12.64%	15.97%	16.59%	15.84%
	Vanguard FTSE Developed Europe ex UK Equity Index Fund	-3.69%	5.95%	5.06%	18.23%	20.50%	17.59%
	Fidelity Investment Funds - Index Japan Fund	-6.24%	2.27%	2.77%	13.89%	15.82%	14.57%
<b>Alternatives</b>	iShares Global Property Securities Equity Index Fund UK	-10.85%	-1.79%	2.94%	16.70%	21.86%	18.44%

## Fees & Charges:

Total Ongoing charges for underlying funds **0.11%**

Management Charge **0.15%**



## Description of Components

### **ISHARES UK EQUITY INDEX FUND UK**

iShares UK Equity Index Fund (UK) is a unit trust incorporated in the United Kingdom. The Fund's objective is capital growth for investors by tracking closely the performance of the FTSE All Share Index by investing in companies in the Index.

### **HSBC INDEX TRACKER INVESTMENT FUNDS - AMERICAN INDEX FUND**

HSBC Index Tracker Investment Funds - American Index Fund is an open-end investment company incorporated in the United Kingdom. The aim of the Fund is to provide long-term capital growth by matching the capital performance of the Standard & Poors 500 Index. The Fund invests in all equity securities within the Standard & Poors 500 Index.

### **ISHARES CORPORATE BOND INDEX FUND UK**

iShares Corporate Bond Index Fund (UK) is a unit trust incorporated in the United Kingdom. The Fund aims to achieve a total return for investors by tracking closely the performance of the iBoxx £ Non-Gilts Overall TR Index. The Fund invests in fixed income securities contained in the index.

### **ABRDN OEIC I - ABRDN STERLING MONEY MARKET FUND**

abrdn OEIC I - abrdn Sterling Money Market Fund is a OEIC incorporated in the UK. The Fund aims to generate income and preserve some capital over the short term (2 years or less) by investing in cash deposits and money market instruments.

### **VANGUARD INVESTMENT SERIES PLC - GLOBAL BOND INDEX FUND**

Vanguard Investment Series PLC - Global Bond Index Fund is an open-end fund incorporated in Ireland. The Fund's objective is to provide current returns consistent with the performance of the Bloomberg Barclays Global Aggregate Bond Index, by investing in other Vanguard Investment Series PLC sub-funds. The Fund can invest up to 10% of its net assets in collective investment schemes.

### **VANGUARD INVESTMENTS FUNDS ICVC - VANGUARD UK INFLATION-LINKED GILT INDEX FUND**

Vanguard Investments Funds ICVC - Vanguard UK Inflation-Linked Gilt Index Fund is an open-end fund incorporated in the United Kingdom. The Fund seeks to track the performance of the Bloomberg Capital UK Government Inflation-Linked Float Adjusted Bond Index.

### **VANGUARD FTSE DEVELOPED EUROPE EX UK EQUITY INDEX FUND**

Vanguard FTSE Developed Europe ex UK Equity Index Fund is an open-end fund incorporated in the United Kingdom. The Fund seeks to track the performance of the FTSE Developed Europe ex-UK Index. The Fund employs an indexing investment strategy designed to achieve a result consistent with the replication of the Index by investing in all securities that make up the Index.

### **FIDELITY INVESTMENT FUNDS - INDEX JAPAN FUND**

Fidelity Investment Funds - Index Japan Fund is an open-end fund incorporated in the United Kingdom. The Fund's objective is to achieve long-term capital growth. The Fund closely matches the performance of the MSCI Japan Index. The Fund aims to hold securities that represent the MSCI Japan Index.

### **ISHARES UK GILTS ALL STOCKS INDEX FUND UK**

iShares UK Gilts All Stocks Index Fund (UK) is a unit trust incorporated in the United Kingdom. The Fund aims to achieve a total return for investors by tracking closely the performance of the FTSE Actuaries UK Gilts All Stocks TR Index. The Fund invests in fixed income securities contained in the Index.

### **ISHARES GLOBAL PROPERTY SECURITIES EQUITY INDEX FUND UK**

iShares Global Property Securities Equity Index Fund (UK) is a unit trust incorporated in the United Kingdom. The Fund aims to achieve capital growth by tracking closely the FTSE EPRA/NAREIT Global Real Estate Series Developed Index. The Fund invests in equities of companies that are constituents of the index.



## A Guide to Portfolio Report

### Portfolio Summary

Portfolio description gives a Portfolio overview, including the description of target investors, portfolio building approach, resulted asset allocation and recommended investment horizon.

### Investment Principles

The main principles applied by test to building investment portfolios, including Strategic Asset Allocation methods and investment Component selection process applied to achieve optimal performance for a range of risk profiles.

### Historical Performance

Historical performance analysis is based on applying chosen systematic Asset Allocation approach retrospectively on historical market data to determine weightings for a range of Asset Classes on an annual basis. Component selection within Asset Classes is based on matching target portfolio risk level. The prices used in historical valuations are mid-market prices for Components quoted on a stock exchange. For Components that are not quoted on a stock exchange, the valuation has been based on fair value. This is our best judgement of the price likely to be agreed between a willing buyer and willing seller, dealing on an arm's length basis, where both are in possession of all freely available information concerning those Components.

Missing prices for Components with insufficient pricing history are proxied by using corresponding data for the best suitable alternative, which the Component is reasonably assumed to track, and applying reasonable transaction costs.

Portfolio historical performance is displayed on the graphs and its statistical analysis is summarized in the tables showing Performance, Volatility and Sharpe Ratio. The graph and the statistics is shown against the corresponding Portfolio Benchmark. The historical performance is calculated on a daily basis. All Volatility figures are annualized.

All performance is gross of fees.

### Portfolio Benchmark

The benchmark is the LF Prudential Risk Managed Active 3 Fund which has one of the lowest tracking errors with the IA Mixed investments 20-60 index. Performance prior to June 2014 is reconstructed from the index performance.

### Portfolio Asset Allocation

This shows the various Asset Classes that the portfolio is invested in and the percentage allocated to each of them within the portfolio.

### Portfolio Components

A table of Components, which the portfolio is invested in, with the proportions of the total portfolio amount and individual Components Performance, Volatility and Sharpe Ratio.

## Glossary of Terms

### Asset Class

An asset class is a group of securities that exhibits similar characteristics, behaves similarly in the marketplace and is subject to the same laws and regulations. The three main asset classes are equities, or stocks; fixed income, or bonds; and cash equivalents, or money market instruments. Some investment professionals add real estate and commodities, and possibly other types of investments, to the asset class mix.

### Asset Allocation

The investment split between various asset classes as a percentage.

### Component

A portfolio component represented either by a financial product, which can be traded between financial counterparties, or an index, which can be accurately tracked by a financial product.

### Protective Component

A financial product or an index constructed to ensure significant performance increase in times of financial crisis.

### Volatility

A common statistical measure used to assess the risk levels of different investments. It is an annualised figure measuring the dispersion of monthly returns around the average monthly return of that security. If a portfolio has a high volatility, this suggests a greater variation of returns.

### Drawdown

Drawdown is a measure of the downside risk of a portfolio. It is peak-to-trough decline during a specific recorded period of an investment, fund or commodity. It can be applied directly to the size of the portfolio giving an estimate of how much money you could lose at some intermediate point during the life of the investment strategy. Maximum drawdown is the maximum loss from a peak to a trough of a portfolio.


### Sharpe ratio


The Sharpe ratio is a risk-adjusted measure of return that is used to evaluate the performance of a portfolio. The ratio helps to make the performance of one portfolio comparable to that of another by making an adjustment for the level of risk associated with the underlying assets held within the portfolio.



## Company Information

Fusion Asset Management LLP (Fusion) is an investment management firm which was set up in 2004. The firm is based in London and is regulated by the FCA. The core of Fusion expertise lies in the combination of extensive market experience with a quantitative approach to portfolio construction and risk management discipline. The firm culture aims at maintaining the stability of the investment and operations teams, helping to preserve the expertise and development of investment know-how. Fusion has a 15+ year track record of managing investment products and providing advisory services, with particular emphasis on protective strategies. Fusion uses its expertise in protective strategies across all Fusion products.

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