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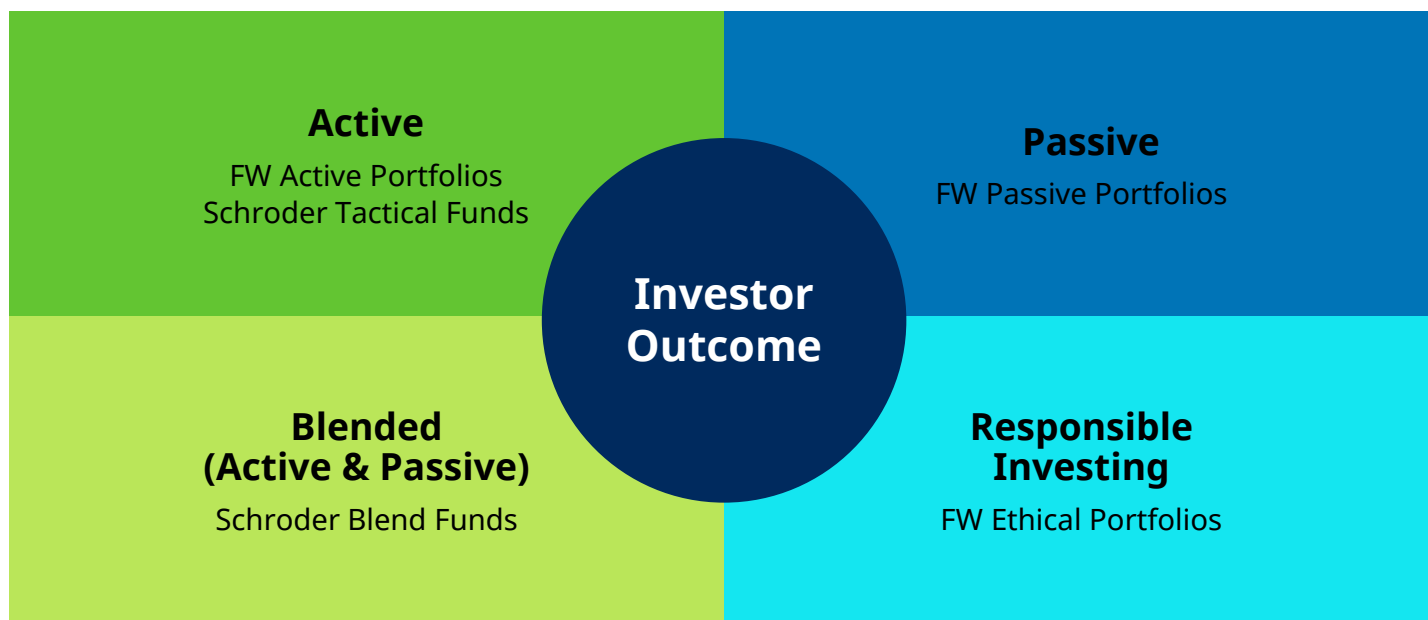
# About Fusion Wealth Investment Solutions

Fusion Wealth is part of the Benchmark Capital Group backed by award-winning FTSE 100 company, Schroders<sup>1</sup>.

Our investment solutions are available to a select number of high quality financial planning firms in the UK and are exclusive to Fusion Wealth. Your adviser will be able to help you decide which one might be right for you.

We provide investors with a range of Model Portfolios and Funds to meet their investment needs and help to deliver the outcomes they are seeking. We offer both active and passive investments in some or all of our solutions. This enables you to choose an approach that best meets your own view of the world.

We offer the following range of solutions:



Fusion Wealth helps a growing number of investors manage their hard earned savings by working with a select group of Financial Advisers.

UK Platform Awards 2018

## **Best Wealth Management**

Total Discretionary Assets Under Management<sup>2</sup>

**3.48 billion**

# Market Performance

Q2  
2020

2015	2016	2017	2018	2019	Year to Date	Q2 2020
Japanese Equities 12.1	UK Index-linked Gilts 24.3	Asia Ex Japan Equities 41.7	UK Direct Property 2.9	US Equities 30.7	UK Index-linked Gilts 12.1	US Equities 21.5
Europe ex UK Equities 10.7	UK Equities 16.8	Emerging Market Equities 37.3	Global Treasury Bonds 1.1	Europe ex UK Equities 27.1	UK Gilts 8.9	Emerging Market Equities 18.1
UK Direct Property 7.6	UK Corporate Bonds 12.3	Japanese Equities 22.2	UK Gilts 0.6	UK Equities 19.2	Global Treasury Bonds 4.0	Asia ex Japan Equities 16.7
UK High Yield Bonds 5.4	US Equities 11.6	US Equities 20.9	UK Index-linked Gilts -0.3	Emerging Market Equities 18.4	UK Corporate Bonds 3.3	Europe ex UK Equities 14.9
Global Treasury Bonds 1.8	Emerging Market Equities 11.2	UK Equities 13.1	UK High Yield Bonds -1.6	Asia Ex Japan Equities 18.2	Global Corporate Bonds 2.9	Japanese Equities 11.2
UK Equities 1.0	UK High Yield Bonds 10.5	Europe ex UK Equities 11.4	UK Corporate Bonds -2.2	Japanese Equities 18.1	US Equities -3.0	UK High Yield Bonds 10
UK Corporate Bonds 0.7	UK Gilts 10.1	UK High Yield Bonds 7.8	Global Corporate Bonds -2.7	UK High Yield Bonds 13.4	UK Direct Property -3.3	UK Index-Linked Gilts 10.3
UK Gilts 0.6	Global Corporate Bonds 5.8	UK Direct Property 7.6	US Equities -5.7	UK Corporate Bonds 11.0	UK High Yield Bond -4.3	UK Equities 10.2
Global Corporate Bonds 0.1	Asia Ex Japan Equities 5.4	UK Corporate Bonds 4.9	UK Equities -9.5	Global Corporate Bonds 10.6	Asia Ex Japan Equities -4.7	UK Corporate Bonds 9.0
US Equities -0.9	Global Treasury Bonds 3.6	Global Corporate Bonds 4.6	Europe ex UK Equities -10.9	UK Gilts 6.9	Japanese Equities -8.2	Global Corporate Bonds 7.7
UK Index-linked Gilts -1.0	Europe ex UK Equities 2.4	UK Index-linked Gilts 2.3	Asia Ex Japan Equities -14.4	UK Index-linked Gilts 6.4	Europe ex UK Equities -9.2	UK Gilts 2.5
Asia Ex Japan Equities -9.2	Japanese Equities 0.3	UK Gilts 1.8	Emerging Market Equities -14.6	Global Treasury Bonds 5.5	Emerging Market Equities -9.8	Global Treasury Bonds 0.8
Emerging Market Equities -14.9	UK Direct Property -2.0	Global Treasury Bonds 1.1	Japanese Equities -16.0	UK Direct Property -0.8	UK Equities -17.5	UK Direct Property -1.7

Notes: All Indices in base currency. Indices used: BBgBarc Gbl Agg Corp TR Hdg GBP, BBgBarc Global Treasury TR Hdg GBP, FTSE Act UK Cnvt Gilts All Stocks TR GBP, FTSE Act UK Index-link Gilts AS TR GBP, ICE Bofa Sterling HY TR GBP, FTSE AllSh TR GBP, IA UK Direct Property, MSCI EM NR USD, MSCI Europe Ex UK NR EUR, S&P 500 TR USD, TOPIX TR JPY, BBgBarc Sterling Agg Corp TR GBP

Please note that any past performance mentioned in this document is not a guide to future performance and may not be repeated. Information is provided for illustrative purposes only and should not be considered as a recommendation to buy or sell.

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The easing of Covid-19 lockdowns and early signs of economic recovery saw risk appetite return rapidly in Q2, supporting equity and credit markets.



US equities rebounded in Q2 and outperformed other major equity markets. Improving jobs and retail sales data provided cause for optimism.



Eurozone shares posted strong gains in Q2 as lockdown restrictions were eased. Another source of support was news of EU plans for post-Covid-19 recovery with the European Commission proposing a €750 billion fund.



UK equities rose over the period. Having contained the first wave of Covid-19, national lockdown measures were eased. Meanwhile, economic indicators suggested the downturn had past its worst point.



Japanese shares gained, supported by the improved global picture. Stocks sensitive to the economic cycle tended to fare best while domestic-focused stocks underperformed.



Emerging market (EM) equities advanced amid global monetary and fiscal stimulus. However, there was an acceleration in the number of new daily cases of Covid-19 in some EM countries.



In government bonds, US and German 10-year yields saw little change in the quarter. Corporate bonds outperformed government bonds.

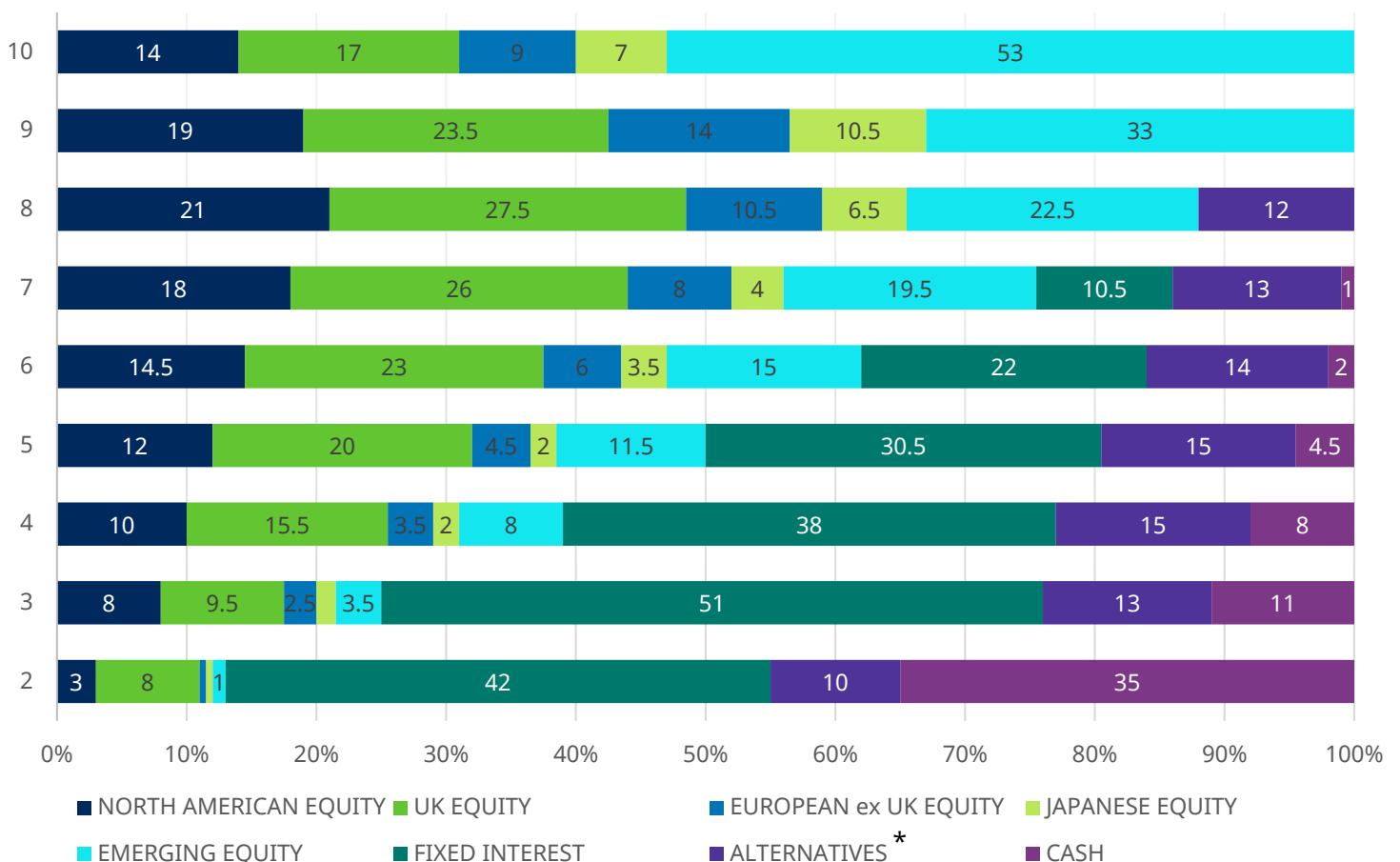
The blend of assets in your portfolio is likely to be the dominant influence on your long-term returns. It is important to spread your investments across a variety of markets which can help to reduce risk. Ideally, these assets should perform differently to each other over time.

Fusion Wealth have partnered with award winning<sup>1</sup> FTSE 100 company Schroders and fund research specialists Rayner Spencer Mills Research (RSMR).

Through our partnership with Schroders we have access to their extensive global research and analysis resources. We have also been able to use Schroders' expertise to help develop the long term strategic asset allocation and risk management framework for all of the Fusion Wealth (FW) Portfolios. RSMR are a firm of investment fund research specialists. They provide FW with impartial, whole of market fund research for the full range of FW Portfolios.

Together with our partners we have designed a Strategic Asset Allocation (SAA) which is at the heart of the FW Portfolio Range. The SAA is based on a strategic, long-term assessment of markets and is reviewed annually by the Fusion Wealth Investment Committee alongside Schroders and RSMR.

## Strategic Asset Allocation (SAA)



When it comes to investing, your goals and attitude to risk are as individual as you are, so a “one size fits all” approach won’t do. Your financial adviser will work closely with you to understand what you are aiming to achieve and how much risk you are comfortable with taking. Together, these will determine your “risk profile” on a scale of 1-10 and this will form the foundation of your investment portfolio. A portfolio with the lowest risk level does not mean a risk-free investment.

<sup>1</sup> Global Fund Manager Group of the Year 2019 Source: Fusion. July 2020.

\*Alternatives include non-traditional asset classes for example Commodities, Infrastructure, Real Assets and Emerging Market Debt



## 12 month outlook from the Schroders Multi-Asset Team

### Key

●●● Maximum positive   ● Neutral   ●●● Maximum negative   △ Up from last month   ▽ Down from last month

	Category	View	Comments
MAIN ASSET CLASSES	Equities	● △	We believe the more cyclical sectors can catch up with the strong performance of defensives as the global economy reopens over the coming months. Overall, the fundamental outlook is still weak but liquidity continues to support prices.
	Government bonds	●	We remain neutral. Valuations remain at historically rich levels and the effectiveness of bonds as a 'protection position' in our portfolios has deteriorated.
	Commodities	● △	We have upgraded our view. Commodities appear to have bottomed out and a price recovery has started, led by energy.
	Credit	●	We remain positive on credit, driven by liquidity injections and financing programs on both sides of the Atlantic, combined with a reduction in interest rates across developed and emerging markets (EM).

	Category	View	Comments
EQUITIES	US	●	With levels having rebounded close to all-time highs, we expect other regions to catch up as the global economy reopens. We remain neutral for now.
	UK	●●	Our view on UK equities is unchanged due to continued weakness caused by lockdown measures combined with renewed concerns over a no-deal Brexit.
	Europe	● △	Europe is now our preferred market, as the European Central Bank (ECB) continues to support liquidity while the prospect of fiscal coordination is alleviating political risk.
	Japan	● △	The cyclical nature of the market, a large fiscal response and the relatively limited economic impact from the virus allows for further recovery.
	Pacific ex-Japan	● △	We have upgraded our score as fiscal and monetary policy have dampened the impact of lockdowns.
	Emerging markets (EM)	●	We remain neutral. The potential for increased trade tensions between China and the rest of the world is a headwind. We continue to favour the cyclical and tech-heavy markets of Korea and Taiwan.

Source: Schroders, June 2020. The views for equities, government bonds and commodities are based on return relative to cash in local currency. The views for corporate bonds and high yield are based on credit spreads (i.e. duration-hedged). The views for currencies are relative to the US dollar, apart from the US dollar which is relative to a trade-weighted basket.

Opinions expressed are not a recommendation to buy and/or sell and do not constitute as investment advice.

## FW Active Portfolios Performance

	QTD	YTD	2019	2018	2017	2016	2015
<b>FW - 02 Active (Portfolio)</b>	<b>5.32</b>	<b>0.62</b>	<b>4.65</b>	<b>-1.20</b>	<b>3.49</b>	<b>5.31</b>	<b>1.59</b>
UK CPI	-0.05	0.05	1.30	2.10	2.97	1.56	0.20
<b>FW - 03 Active (Portfolio)</b>	<b>8.77</b>	<b>0.25</b>	<b>9.57</b>	<b>-1.94</b>	<b>5.65</b>	<b>8.97</b>	<b>2.88</b>
IA Mixed Investment 0-35% Shares	7.61	-1.09	8.80	-3.41	5.01	9.06	0.85
<b>FW - 04 Active (Portfolio)</b>	<b>11.18</b>	<b>-1.25</b>	<b>13.10</b>	<b>-3.97</b>	<b>8.10</b>	<b>9.58</b>	<b>5.76</b>
<b>FW - 05 Active (Portfolio)</b>	<b>12.96</b>	<b>-2.52</b>	<b>15.79</b>	<b>-5.55</b>	<b>11.04</b>	<b>10.66</b>	<b>6.09</b>
IA Mixed Investment 20-60% Shares	10.12	-4.22	12.08	-5.11	7.20	10.57	1.51
<b>FW - 06 Active (Portfolio)</b>	<b>15.29</b>	<b>-2.74</b>	<b>18.42</b>	<b>-6.78</b>	<b>15.44</b>	<b>12.10</b>	<b>5.96</b>
<b>FW - 07 Active (Portfolio)</b>	<b>17.83</b>	<b>-1.09</b>	<b>20.81</b>	<b>-8.20</b>	<b>17.94</b>	<b>14.42</b>	<b>6.28</b>
IA Mixed Investment 40-85% Shares	13.10	-4.13	15.94	-6.07	10.05	13.28	2.83
<b>FW - 08 Active (Portfolio)</b>	<b>19.86</b>	<b>-0.15</b>	<b>20.39</b>	<b>-9.31</b>	<b>19.11</b>	<b>19.64</b>	<b>3.69</b>
<b>FW - 09 Active (Portfolio)</b>	<b>20.80</b>	<b>1.62</b>	<b>22.73</b>	<b>-10.59</b>	<b>22.79</b>	<b>24.26</b>	<b>1.29</b>
<b>FW - 10 Active (Portfolio)</b>	<b>20.05</b>	<b>-0.90</b>	<b>18.45</b>	<b>-10.40</b>	<b>22.98</b>	<b>26.04</b>	<b>-2.91</b>
IA Flexible Investment	13.59	-3.95	15.64	-6.64	11.09	14.16	2.09

Source: Morningstar Direct, Fusion. July 2020. Net of Fees. CPI is the Consumer Prices Index (weighted average of prices of a basket of goods and services). **Past performance is not a guide to future performance and may not be repeated.**

## Most Positive Contributors to Portfolio Performance

Fund Name	Fund Performance (Q2 2020)	Commentary
Merian Gold & Silver	+51.99%	This fund outperformed both the gold price and the silver price, which rose 13% and 30% respectively. Most of the fund's mining stocks came to better reflect the sector's improved fundamentals. De Grey Mining Limited was the fund's best performing holding and achieved a share price gain of 285% during the quarter.
Merian UK Mid Cap	+30.07%	The fund's overweight to online retail, gained through holdings including Asos, boohoo and The Hut Group, helped deliver material outperformance in the quarter as it became increasingly apparent that the Covid crisis is helping accelerate the spending shift away from physical stores to online.
Blackrock European Dynamic	+25.05%	The fund's holdings in semiconductor names ASML, BE Semiconductor and STMicroelectronics contributed positively to returns. These companies have performed well throughout the Covid-19 period as demand for remote connectivity solutions surged.

Source: Morningstar Direct, Fusion. July 2020. Net of Fees.

Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios.



## Least Positive and Negative Contributors to Portfolio Performance

Fund Name	Fund Performance (Q2 2020)	Commentary
Threadneedle UK Property	-3.36%	A Material Uncertainty Clause remains in place over property valuations. April and May saw greater downward moves than in June, but the trajectory was clear. It's worth noting however that across the business, several office and retail sales have been completed above prevailing valuation.
Royal London International Government Bond	+0.97%	Bonds lagged the strong returns seen in risk assets but remained positive for the period. The fund's performance was driven by a recovery in Global Break-evens (the difference between the yield of a nominal bond and an inflation-linked bond).
Allianz UK Gilt	+2.78%	Although the fund outperformed its benchmark and its underweight positioning in the ultra long-dated gilts helped offset some weakness, being underweight in the 5-10 year area ultimately led to a negative contribution from its curve positioning in Q2.

Source: Morningstar Direct, Fusion. July 2020. Net of Fees.

## Portfolio Updates

### US Equity (Portfolios 3-6 & 10)

The recent (and ongoing) economic and market events has meant the environment looks significantly more uncertain for several stocks and sectors (e.g. financials, airlines/travel, retail, hospitality), most of which would fall into the value/cyclical category. We have therefore taken action to reduce our value tilt in the US by scaling back exposure to the Dodge & Cox fund and reinvesting into the Brown Advisory US Sustainable Growth fund where we feel the fundamental outlook appears much stronger.

### UK Equity (Portfolios 2-8)

In the UK, we have seen a significant number of companies cutting or foregoing dividends which presents a headwind for funds with an income mandate. Against this backdrop, we have switched the JOHCM UK Equity Income into JOHCM UK Dynamic, a fund that holds a mixture of restructuring, recovery and hidden growth names.

### Global Government Bonds (Portfolios 2-5)

Within Global Government Bonds we are switching the Legg Mason Brandywine fund, which has proved to be too volatile for our requirements into the JP Morgan Global Short Dated Government Bond Fund. This fund operates under a much tighter remit and allows us to reduce duration within the fixed income element of the portfolio.

### Alternative Assets (Portfolios 2-8)

In Alternative Assets we are taking the opportunity to switch out of the H20 Multi Returns Fund; our higher risk/return strategy in favour of the Neuberger Berman Uncorrelated Strategies Fund. This new fund has been selected for its solid track record and stable return profile in periods of market volatility. It will therefore provide ballast to the existing funds already used.

Source: Morningstar Direct, Fusion, Schroders, July 2020. Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios.

**Past performance is not a guide to future performance and may not be repeated.**

## FW Schroder Tactical Funds Performance

	QTD	YTD	2019	2018	2017	2016	2015
<b>Schroder Fusion 3 F Acc</b>	<b>7.42</b>	<b>1.82</b>	<b>8.45</b>	<b>-4.31</b>	—	—	—
IA Mixed Investment 0-35% Shares	7.61	-1.09	8.80	-3.41	5.01	9.06	0.85
<b>Schroder Fusion 4 F Acc</b>	<b>9.38</b>	<b>-0.82</b>	<b>10.27</b>	<b>-5.72</b>	—	—	—
<b>Schroder Fusion 5 F Acc</b>	<b>10.99</b>	<b>-2.72</b>	<b>12.45</b>	<b>-7.49</b>	—	—	—
IA Mixed Investment 20-60% Shares	10.12	-4.22	12.08	-5.11	7.20	10.57	1.51
<b>Schroder Fusion 6 F Acc</b>	<b>12.42</b>	<b>-4.31</b>	<b>13.59</b>	<b>-8.67</b>	—	—	—
<b>Schroder Fusion 7 F Acc</b>	<b>13.99</b>	<b>-5.79</b>	<b>14.38</b>	<b>-10.51</b>	—	—	—
IA Mixed Investment 40-85% Shares	13.10	-4.13	15.94	-6.07	10.05	13.28	2.83
<b>Schroder Fusion Mgd Defensv F Acc</b>	<b>2.06</b>	<b>-2.23</b>	<b>8.89</b>	—	—	—	—
UK CPI +1%	0.20	0.55	2.31	3.12	4.00	2.58	1.20

Source: Morningstar Direct, Fusion. Schroders. July 2020. Net of Fees.

**Past performance is not a guide to future performance and may not be repeated.** A comparator benchmark has been selected because the investment manager believes that this benchmark is a suitable comparison for performance purposes given the fund's investment objective.

## Most Positive Contributors to Portfolio Performance

Asset class	CTR1 (F5)	Absolute Return	Commentary
Corporate bonds	2.3%	8.1%	The overweight allocation to credit posted strong returns. The position directly benefits from the vast liquidity injections and financing programmes on both sides of the Atlantic, combined with a global reduction in interest rates.
Global equities	2.0%	17.8%	Global equities performed strongly with the lifting of lockdown measures combined with considerable worldwide policy support, particularly from European authorities.
UK equities	2.0%	10.4%	Having contained the first wave of the coronavirus allowing national lockdown measures to ease, UK equity markets rose. Economic indicators suggested the downturn had past its worst point but Brexit has returned to the agenda.

Source: Morningstar Direct, Fusion. July 2020. Net of Fees.

Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios.

## Least Positive Contributors to Portfolio Performance

Asset class	CTR <sup>1</sup> (F5)	Absolute Return	Commentary
Global Government debt	0.2%	1.1%	Broadly, government bond yields saw a degree of divergence over the quarter. The US and Germany's 10-year yields were little changed, but those more sensitive to risk sentiment declined (meaning prices rose).
Pacific ex-Japan equities	0.1%	17.1%	Regional markets were buoyed by fresh stimulus from major central banks, ongoing normalisation and the easing of global lockdowns stemming from Covid-19.
Emerging Market (EM) debt	0.1%	6.9%	Despite several emerging markets, including India and Latin America, struggling to get the virus under control, EM debt benefitted from a rebound in investor sentiment.

Note: Global Government debt = Schroder AB Global Sovereign Bond Fund, UK, US & Australian Government bond futures; Pacific ex-Japan equities = SPI 200 index futures; Emerging Market debt = iShares JPMorgan EM Bond Fund. 1Contribution to Return for Schroder Fusion Portfolio 5. Source: Morningstar Direct, Fusion. July 2020. Net of Fees.

## Portfolio positioning

Investors' risk appetite returned rapidly over the second quarter of the year as global lockdowns arising from the coronavirus pandemic (Covid-19) eased and early signs of an economic recovery came through. As a result, equity and credit markets performed well given the more optimistic backdrop. The Funds delivered positive returns over the quarter with equity and credit the main drivers of performance. Government debt also contributed positively to performance over the period.

Having cut the equity allocation to help protect the portfolio during the market turmoil earlier this year, we took the opportunity to gradually add back some exposure throughout the second quarter. We initially kept our underweight equity positioning in April, closing out the emerging market (EM) equities versus US equities tilt, choosing to take EM risk through bonds where we held more conviction. The sell-off in emerging market debt created a compelling valuation opportunity. We then adjusted our equity underweight, moving from a predominantly short US equities position to a more broad-based short across Europe, Japan and emerging markets. However, we later added back to equities on market liquidity and positive re-opening developments.

May and June saw the easing of lockdown measures spread further into Europe. Europe is now our preferred equity market as the European Central Bank continues to support liquidity, while the prospect of fiscal coordination serves to alleviate political risk. The tilt toward Europe was at the expense of the US; with levels having rebounded closer to all-time highs, we expect other regions to catch up as the global economy reopens.

The overweight allocation to credit continued to post strong returns. The position benefits directly from the plethora of liquidity injections and financing programmes on both sides of the Atlantic, combined with a reduction in interest rates across developed and emerging markets. In April, we further increased this position through an allocation to US investment grade credit. We also added an Australian 10yr vs US 10yr bond position in June. Australia has weathered the Covid-19 fallout much better and is among the first within developed markets to exit lockdown. We closed our overweight emerging market debt position given it performed well so we decided to look for value elsewhere. Towards the end of the quarter we took an overweight Japanese yen vs underweight Euro relative value position. We also took a position in the Swiss franc vs sterling; expecting the pound to remain under pressure.

Source: Morningstar Direct, Fusion, Schroders, July 2020. Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios.

**Past performance is not a guide to future performance and may not be repeated.**

## The Schroder Fusion Managed Defensive Fund

The Schroder Fusion Managed Defensive fund posted a net return of 2.2% for the quarter with positive performance coming from global equity markets and government debt. The portfolio's safety mechanism eased off during the second quarter, as market volatility began to subside. As a result, the exposure to the underlying Multi-Asset portfolio increased, and with it, the portfolio's allocation to growth, slowdown and inflation assets. Within equities, our regional tilts were adjusted in April and May as we added back to UK, US and European equities. Following the positive reaction from the European authorities in June, we also added to our positioning in European equities at the expense of US equities. Within fixed income, the portfolio added back to its government bond and investment grade holdings, investing broadly across the main global regions. We increased our exposure to UK inflation-linked bonds over the quarter and continue to hold Gold, expecting the commodity to perform well in this market environment.

Going forward, the disciplined risk management mechanism continues to be embedded within the Fund, which can allow the Fund to mitigate against further downside risks should market conditions deteriorate further.

Source: Morningstar Direct, Fusion, Schroders, July 2020. Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios.

**Past performance is not a guide to future performance and may not be repeated.**

## FW Passive Portfolios Performance

	QTD	YTD	2019	2018	2017	2016	2015
<b>FW - 02 Passive (Portfolio)</b>	<b>3.96</b>	<b>1.26</b>	<b>6.12</b>	<b>-1.39</b>	<b>2.52</b>	<b>11.14</b>	<b>0.98</b>
UK CPI	-0.05	0.05	1.30	2.10	2.97	1.56	0.20
<b>FW - 03 Passive (Portfolio)</b>	<b>7.00</b>	<b>1.31</b>	<b>9.08</b>	<b>-2.03</b>	<b>4.40</b>	<b>16.35</b>	<b>2.10</b>
IA Mixed Investment 0-35% Shares	7.61	-1.09	8.80	-3.41	5.01	9.06	0.85
<b>FW - 04 Passive (Portfolio)</b>	<b>8.81</b>	<b>-0.29</b>	<b>13.33</b>	<b>-3.28</b>	<b>6.63</b>	<b>16.77</b>	<b>3.10</b>
<b>FW - 05 Passive (Portfolio)</b>	<b>10.30</b>	<b>-1.67</b>	<b>15.15</b>	<b>-4.72</b>	<b>8.98</b>	<b>19.08</b>	<b>3.48</b>
IA Mixed Investment 20-60% Shares	10.12	-4.22	12.08	-5.11	7.20	10.57	1.51
<b>FW - 06 Passive (Portfolio)</b>	<b>11.75</b>	<b>-2.95</b>	<b>16.52</b>	<b>-5.66</b>	<b>11.17</b>	<b>21.06</b>	<b>1.56</b>
<b>FW - 07 Passive (Portfolio)</b>	<b>13.47</b>	<b>-4.54</b>	<b>18.47</b>	<b>-7.31</b>	<b>13.25</b>	<b>23.74</b>	<b>0.38</b>
IA Mixed Investment 40-85% Shares	13.10	-4.13	15.94	-6.07	10.05	13.28	2.83
<b>FW - 08 Passive (Portfolio)</b>	<b>14.74</b>	<b>-5.18</b>	<b>17.47</b>	<b>-6.91</b>	<b>15.22</b>	<b>26.90</b>	<b>-1.96</b>
<b>FW - 09 Passive (Portfolio)</b>	<b>16.18</b>	<b>-4.88</b>	<b>17.30</b>	<b>-7.73</b>	<b>17.65</b>	<b>28.83</b>	<b>-4.17</b>
<b>FW - 10 Passive (Portfolio)</b>	<b>17.02</b>	<b>-4.33</b>	<b>16.60</b>	<b>-7.85</b>	<b>19.01</b>	<b>32.68</b>	<b>-7.26</b>
IA Flexible Investment	13.59	-3.95	15.64	-6.64	11.09	14.16	2.09

Source: Morningstar Direct, Fusion. July 2020. Net of Fees.

**Past performance is not a guide to future performance and may not be repeated.**

## Most Positive Contributors to Portfolio Performance

Asset Class	Fund Performance (Q2 2020)	Commentary
iShares Emerging Markets Equity Index	+19.93%	Investor risk appetite was buoyed by unprecedented stimulus measures and the easing of coronavirus-related lockdown measures. The best-performing markets included Brazil, Russia and South Africa, which recovered from falls in the previous quarter.
HSBC European Index	+19.57%	Coronavirus cases peaked on 21st March in Italy, 27th March in Germany, and 31st March in France. As the numbers continued to decline, the market chose to look through to the expected eventual recovery, rather than to dwell on the human cost, and danger of a second wave before a vaccine is discovered.
Fidelity Index World	+18.21%	Risk assets ended Q2 very positively, with the S&P 500 having gained 20.5% and MSCI World 19.5% on the quarter – the largest since 1998 and the global financial crisis respectively.

Source: Morningstar Direct, Fusion. July 2020. Net of Fees.

Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios.

## Least Positive and Negative Contributors to Portfolio Performance

Asset Class	Fund Performance (Q2 2020)	Commentary
Threadneedle UK Property	-3.36%	A Material Uncertainty Clause remains in place over the Property fund's valuations. April and May saw greater downwards moves than in June, but the trajectory was clear. It's worth noting however that across the business, several office and retail sales have been completed above prevailing valuation.
Vanguard Global Bond	+2.27%	With central banks at their lower bound for years, little inflationary pressure and bond yields in another lower-for-longer environment, global government bond markets posted another quarter of positive performance, albeit behind those of risk assets.
Vanguard UK Government Bond	+2.58%	The Bank of England recently increased its quantitative easing programme by a further GBP 100 billion, helping to keep UK 10-year Gilt yields lower (prices higher) at around 0.2%.

Source: Morningstar Direct, Fusion. July 2020. Net of Fees.

## Portfolio Updates

No changes to the Asset Allocation or underlying investments were made during the quarter.

Source: Morningstar Direct, Fusion. July 2020. Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios.

**Past performance is not a guide to future performance and may not be repeated.**



## FW Schroder Blend Funds Performance

The 'FW Schroder Blend' funds were launched on 19<sup>th</sup> March and are now available on the Fusion Wealth Platform.

These new funds follow our proven investment methodology, working closely with the Schroders Economics and Multi-Asset teams and RSMR to provide a Model Portfolio Service in a single, unitised fund (for risk profiles 3-8). We combine the benefits of both active and passive investing, using a range of different underlying funds to dynamically adjust the active/passive weightings depending on the asset class, the behaviour of markets and where we are in the economic cycle.

More detailed performance data will be available when the funds have 12 months return data.

### Most Positive Contributors to Portfolio Performance

Fund Name	Fund Performance (Q2 2020)	Commentary
JP Morgan Japan	+25.48%	The fund outperformed its peer group and delivered strong returns. The largest positive contributions came from overweight positions in several high conviction long standing growth names, such as GMO Payment Gateway (online payment platform) and Nihon M&A Center (M&A match maker for SME's).
Miton European Opportunities	+25.22%	Strong performance in the period was driven by FinecoBank (Italy – an online savings platform) and Soitec (France – a manufacturer of advanced materials for next generation microchip manufacturing) which both responded positively to results statements.
First State Global Emerging Markets Focus	+21.94%	Key contributors to performance included MercadoLibre, which outperformed on solid earnings results, with particularly strong growth in its payments business. Tsingtao Brewery also added to performance, as the management presented a more coherent strategy to boost sales growth.

### Least Positive Contributors to Portfolio Performance

Fund Name	Fund Performance (Q2 2020)	Commentary
Royal London International Government Bond	+0.97%	Bonds lagged the strong returns seen in risk assets but remained positive for the period. The fund's performance was driven by a recovery in Global Break-evens (the difference between the yield of a nominal bond and an inflation-linked bond).
Vanguard Global Bond	+2.27%	With central banks at their lower bound for years, little inflationary pressure and bond yields in another lower-for-longer environment, global government bond markets posted another quarter of positive performance, albeit behind those of risk assets.
Vanguard UK Government Bond	+2.58%	The Bank of England recently increased its quantitative easing programme by a further GBP 100 billion, helping to keep UK 10-year Gilt yields lower (prices higher) at around 0.2%.

Source: Morningstar Direct, Fusion. July 2020. Net of fees. Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios.

**Past performance is not a guide to future performance and may not be repeated.**

## Portfolio Updates

### US Equity (Portfolios 3-8)

The recent (and ongoing) economic and market events has meant, the environment looks significantly more uncertain for several stocks and sectors (e.g. financials, airlines/travel, retail, hospitality), most of which would fall into the value/cyclical category. We have therefore taken action to reduce our value tilt in the US. Due to the combination of passive and active holdings and for consistency purposes, we have been equalising the value exposure within the Blend Funds which has meant a reduction to the Dodge & Cox US Stock fund in portfolios 3 to 6 but weighting increases in portfolios 7 and 8. The opposite side of these trades will be funded through the HSBC American Index.

### Global Corporate Bonds (Portfolios 3-6)

Due to the changes in the US equity composition mentioned above, in order to keep in line with the 60% active, 40% passive portfolio split, we have made some adjustments within the Global Corporate Bonds. Portfolios 3 to 6 require an increase to active exposure and a decrease to passive. We are therefore changing the composition of the global corporate bond part of the portfolio where, we believe, there is scope for active managers to outperform going forward. Reducing Vanguard Global Corporate Bond Index and adding to our preferred Strategic Bonds Managers (Jupiter Strategic, Schroder Strategic and TwentyFour Dynamic)

### UK Equity (Portfolios 7-8)

In order to keep in line with the 60% active, 40% passive portfolio split, we have made some adjustments within UK equities. Portfolios 7 & 8 require an increase in passive exposure at the expense of active managers. We have therefore reduced our active exposure by trimming SDL UK Buffettology & JOHCM UK Dynamic and added passive mid-cap by increasing the iShares UK Mid Cap Equity Index which we believe maintains the capacity for outperformance within this asset class.

### Alternative Assets (Portfolios 3-8)

In Alternative Assets, we are taking the opportunity to switch out of the H20 Multi Returns Fund; our higher risk/return strategy in favour of the Neuberger Berman Uncorrelated Strategies Fund. This new fund has been selected for its solid track record and stable return profile in periods of market volatility. It will therefore provide ballast to the existing funds already used.

Source: Morningstar Direct, Fusion, Schroders, July 2020. Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios.

**Past performance is not a guide to future performance and may not be repeated.**

## FW Ethical Portfolios Performance

	QTD	YTD	2019	2018	2017	2016	2015
<b>FW - Ethical Cautious (Portfolio)</b>	<b>8.20</b>	<b>1.80</b>	<b>11.67</b>	<b>-2.57</b>	<b>6.62</b>	<b>9.99</b>	<b>2.82</b>
IA Mixed Investment 0-35% Shares	7.61	-1.09	8.80	-3.41	5.01	9.06	0.85
<b>FW - Ethical Balanced (Portfolio)</b>	<b>11.72</b>	<b>0.13</b>	<b>18.82</b>	<b>-4.51</b>	<b>11.90</b>	<b>11.31</b>	<b>4.60</b>
IA Mixed Investment 20-60% Shares	10.12	-4.22	12.08	-5.11	7.20	10.57	1.51
<b>FW - Ethical Adventurous (Portfolio)</b>	<b>15.61</b>	<b>-0.59</b>	<b>24.35</b>	<b>-5.71</b>	<b>14.48</b>	<b>15.31</b>	<b>5.84</b>
IA Mixed Investment 40-85% Shares	13.10	-4.13	15.94	-6.07	10.05	13.28	2.83

Source: Morningstar Direct, Fusion. July 2020. Net of Fees.

**Past performance is not a guide to future performance and may not be repeated**

## Most Positive Contributors to Portfolio Performance

Fund Name	Fund Performance (Q2 2020)	Commentary
Liontrust Sustainable futures global growth	+25.86	Paypal was the strongest performer over the quarter, with digital payments (under the funds increasing financial resilience theme) a good example of a trend accelerating during the crisis. PayPal continued to post revenue growth in March and April and announced 10m new active accounts in Q1 and a further 7.4m in April alone.
Premier Ethical	+24.06%	The fund held several strong performing companies with Frontier Developments a standout as it upgraded earnings due to people spending more time playing video games during lockdown. It also announced an agreement with Games Workshop to produce video games based on their popular Warhammer franchise which was well received by the market.
BMO Responsible Global Equity	+22.56%	Portfolio positioning retains its bias towards higher quality, sustainable growth companies that can prosper despite market volatility. The fund introduced a holding in Autodesk, a stock whose subscription-based approach to software applications is thriving.

Source: Morningstar Direct, Fusion. July 2020. Net of Fees.

Source: Morningstar Direct, Fusion, Schroders, July 2020. Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios.

**Past performance is not a guide to future performance and may not be repeated.**

## Least Positive and Negative Contributors to Portfolio Performance

Fund Name	Fund Performance (Q2 2020)	Commentary
Threadneedle UK Property	-3.36%	A Material Uncertainty Clause remains in place over the Property fund's valuations. April and May saw greater downwards moves than in June, but the trajectory was clear. It's worth noting however that across the business, several office and retail sales have been completed above prevailing valuation.
Royal London International Government Bond	+0.97%	Bonds lagged the strong returns seen in risk assets but remained positive for the period. The fund's performance was driven by a recovery in Global Break-evens (the difference between the yield of a nominal bond and an inflation-linked bond).
Allianz UK Gilt	+2.78%	Although the fund outperformed its benchmark and its underweight positioning in the ultra long-dated gilts helped offset some weakness, being underweight in the 5-10 year area ultimately led to a negative contribution from its curve positioning in Q2.

Source: Morningstar Direct, Fusion. July 2020. Net of Fees.

## Manager Visits and Portfolio Updates

Research shows that investors can incorporate their Environmental, Social and Governance preferences and earn strong returns. Data from the global research agency Morningstar examined 745 sustainable funds and compared them against 4,150 traditional funds, and found they matched or beat returns in all categories – whether bonds or shares, UK or abroad.

At Fusion Wealth, we believe all investments have an impact on the environment and society; we want to understand more about these impacts and how they align with our client's values. In our discussions with fund managers, we are increasingly pressing to try and quantify what is the monetary impact from our investments made into their fund.

We have met 10 fund managers in the period, receiving updates on existing strategies but also scoping out new ideas for the portfolios. Manager meetings have taken place across asset classes and our funds continue to report positive inflows, which supports the growing evidence that responsibly focused investing is becoming mainstream.

The general message from our equity managers is that relative performance versus indices has been strong and in general portfolio positioning retains its bias towards higher quality, sustainable growth companies that can prosper despite market volatility. In fixed income, managers continue to take the view that Governments and Central Banks will continue doing whatever is necessary to prevent the impact of virus resulting in a protracted recession.

Source: Morningstar Direct, Fusion. July 2020. Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios.

**Past performance is not a guide to future performance and may not be repeated.**

## FW Schroder Income Portfolio Performance

	QTD	YTD	2019	2018	2017	2016	2015
FW - Schroder Income (Portfolio)	11.29	-9.90	9.67	-3.70	8.33	16.21	0.28
IA Mixed Investment 20-60% Shares	10.12	-4.22	12.08	-5.11	7.20	10.57	1.51

Source: Morningstar Direct, Fusion, Schroders July 2020. Net of Fees. **Past performance is not a guide to future performance and may not be repeated** A comparator benchmark has been selected because the investment manager believes that this benchmark is a suitable comparison for performance purposes given the fund's investment objective.

## Most Positive Contributors to Portfolio performance

Fund Name	Fund Performance (Q1 2020)	Commentary
Schroder High Yield Opportunities	17.02%	The fund holds predominantly UK and European sub-investment grade bonds and saw strong rallies in several holdings, most notably in European services and a UK subordinated bank holding.
Schroder Asian Dividend Maximiser	16.17%	Within equities, the Asian Dividend Maximiser fund posted the strongest gains in GBP terms as markets in Asia were buoyed by fresh stimulus from major central banks and ongoing normalisation within the region.
Schroder European Dividend Maximiser	11.46%	The Dividend Maximiser range share a common value investment approach that all posted positive returns this quarter. The value style however continued to lag growth during the rebound.

Source: Morningstar Direct, Fusion. July 2020. Net of Fees.

## Least Positive Contributors to Portfolio Performance

Fund Name	Fund Performance (Q1 2020)	Commentary
Schroder Absolute Return Bond	6.10%	The second quarter saw a forceful rebound in risk appetite as several economic measures significantly exceeded very low expectations, and Central banks continued to affirm their intention to support economies and markets through asset purchases and other measures.
Schroder Sterling Broad Market Bond	6.58%	Corporate bonds performed well against a backdrop of Central banks policy support, outpacing government bonds, as they benefited from stronger risk appetite.
Schroder Income Maximiser	7.48%	Schroders' Maximiser strategy focuses on delivering a sustainable high level of income from a stock-market based investment. Its value style continues to lag growth during the rebound.

Source: Morningstar Direct, Fusion. July 2020. Net of Fees.

Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios.

## Portfolio Updates and Positioning

In performance terms, the fund outperformed the sector average in June and over the Q2 as a whole, helping to reduce the one-year lag versus the sector. The fund remains ahead of the IA Mixed Investment 20-60% Shares sector average since launch<sup>1</sup>

The fund's objective is to distribute a yield of ~5% per annum to investors. The fund has announced seven distributions to date in 2020, consisting of 0.50%, 0.40%, 0.45%, 0.60%, 0.40%, 0.45% and 0.60% (total 3.37%)<sup>2</sup>

The Schroder ISF Global Dividend Maximiser, Schroder ISF European Dividend Maximiser and Schroder Income Maximiser, all share a common value investment approach, all posted positive returns, although the value style continued to lag growth during the rebound. There has been a very important change within these funds' portfolios however; the market drawdown provided a significantly increased opportunity set as the breadth of compelling valuation opportunities became large on an absolute (rather than a relative) basis.

As a result, the Global Value team were able to rebalance and broaden out the portfolios in a way that has not been possible for many years. The team have added a number of companies across the funds, typically with robust balance sheets, impressive records of cash generation (or cash preservation in cyclical downturns), attractive dividend yields and compelling valuations.

Notes : Commentary based on the Schroder Monthly Income Fund

Source: Morningstar Direct, Fusion , Schroders June 2020. 1 Z Acc share class, as at 30 June 2020. 2 latest distribution is subject to administrator confirmation, Source: Z Income share class, as at 20 July 2020. Please refer to the strategy fact sheet for the latest performance data and a full list of the funds used within the portfolios.

**Past performance is not a guide to future performance and may not be repeated.**



# Risk Considerations and Important Information

## Risk considerations

- **Performance risk:** Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.
- **Operational risk:** Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.
- **Market Risk:** The value of investments can go up and down and an investor may not get back the amount initially invested.
- **Liquidity risk:** In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares.
- **Interest rate risk:** The fund may lose value as a direct result of interest rate changes.
- **IBOR Risk:** The transition of the financial markets away from the use of interbank offered rates (IBORs) to alternative reference rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the fund.
- **High yield bond risk:** High yield bonds (normally lower rated or unrated) generally carry greater market, credit and liquidity risk.
- **Derivatives risk – efficient portfolio management and investment purposes:** Derivatives may be used to manage the portfolio efficiently. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund. The fund may also materially invest in derivatives including using short selling and leverage techniques with the aim of making a return. When the value of an asset changes, the value of a derivative based on that asset may change to a much greater extent. This may result in greater losses than investing in the underlying asset.
- **Currency risk:** The fund may lose value as a result of movements in foreign exchange rates.
- **Credit risk:** A decline in the financial health of an issuer could cause the value of its bonds to fall or become worthless.
- **Counterparty risk:** The fund may have contractual agreements with counterparties. If a counterparty is unable to fulfil their obligations, the sum that they owe to the fund may be lost in part or in whole.
- Unless the performance of an investment meets or exceeds the rate of inflation, the real value of that investment will reduce
- Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk

## Important information

- This publication has been prepared solely for informational purposes, and is not an offer or a solicitation of an offer to buy or sell any security, product, service or investment. The opinions expressed in this publication do not constitute investment advice.
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