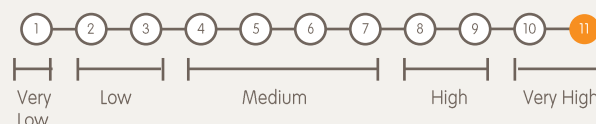


# IMX s<sup>11</sup>

## Allocation to growth assets



## Objective

IMX spend 11 is made up of a selection of investment funds to enable regular withdrawals. The main types of investment asset class included are equity with some bonds.

It will usually hold 80%-100% in growth assets although the amount held in these assets may move outside this range depending on changes in economic conditions.

## Typical clients

This portfolio is suited to advised clients who require a very high level of return. You're likely to have a tolerance and capacity to accept substantial investment losses in the short to medium term with the potential for greater investment returns.

You'll be comfortable holding all of your portfolio in higher risk.

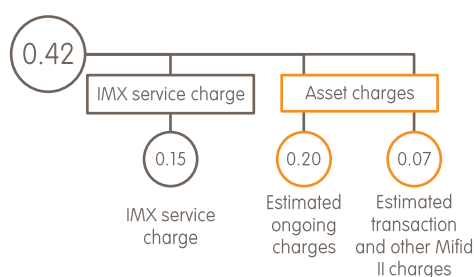
## Key facts

Growth assets at factsheet date	98.0%
Estimated long-term* annual volatility	17.2%
Estimated long-term* annual return	6.6%
Rebalancing frequency	Quarterly
Launch date	31/07/2020

\*10-years

## Portfolio charges

Total annual charge (%)

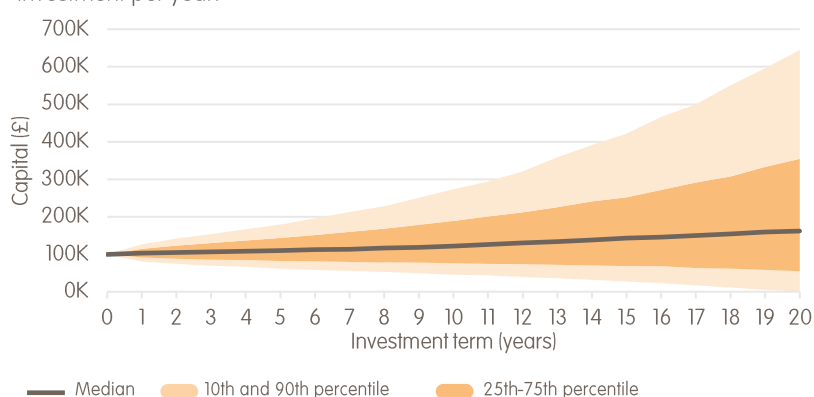


## Estimated portfolio outcomes

To help you understand the nature of this portfolio, we provide estimated projections which reflect the aggregate risk and return characteristics of the allocations in the portfolio.

### Estimated portfolio size in different future scenarios, withdrawing an inflation-linked 4% of the initial investment each year

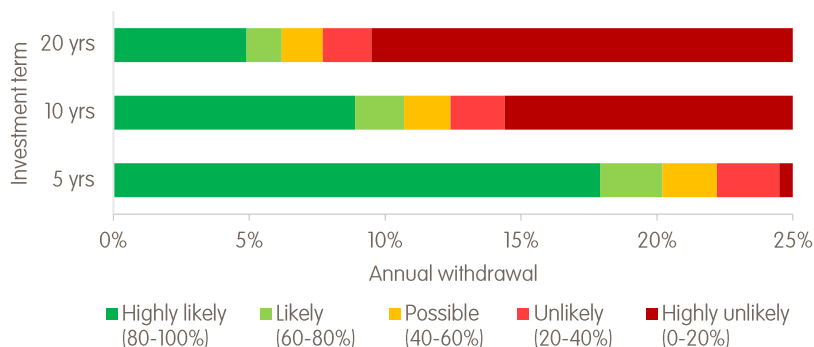
This chart gives an indication of the spread in potential outcomes from an initial investment of £100K whilst withdrawing an inflation-linked 4% of the initial investment per year.



	5yrs	10yrs	15yrs	20yrs
90th percentile	179.8K	273.2K	422.1K	644.8K
75th percentile	143.6K	189.3K	252.1K	354.7K
Median	110.0K	121.7K	143.5K	161.9K
25th percentile	82.5K	76.4K	68.9K	55.0K
10th percentile	62.2K	45.9K	27.4K	0.0K

## Likelihood of achieving annual inflation-linked withdrawals

This chart estimates the likelihood of achieving annual inflation-linked withdrawals (how often the annual withdrawal rate is achieved or exceeded in projected scenarios). We show this for three investment terms and five different ranges of likelihood.



	5yrs	10yrs	20yrs
Highly likely (80-100%)	17.9%	8.9%	4.9%
Likely (60-80%)	20.2%	10.7%	6.2%
Possible (40-60%)	22.2%	12.4%	7.7%

## 1 year commentary

### Portfolio performance commentary

IMX spend 11 returned -6.3% for the year. All asset classes returned negative with allocation to Emerging market equity being the main detractor, reducing performance by -2.8%.

### Market commentary

#### Economic background

While the latter half of 2021 saw strong growth, the first half of 2022 has been challenging. The Russia-Ukraine conflict has exacerbated existing inflationary pressures and weighed on consumer's real incomes. These pressures and the prospect of tighter financial conditions have resulted in downward revisions for global growth.

Inflation continues to rise across developed markets and despite supply side issues and risks to growth, central banks are determined to bring down inflation, with the Bank of England and the Fed commencing rate hikes and the European Central Bank expected to follow suit in Q3 2022.

#### Equities

Global equities fell 11.6% over the year, with geopolitical concerns, slowing earnings momentum, and increases in interest rate expectations impacting returns. US equities, with its high exposure to interest-rate sensitive technology stocks, and Emerging Markets underperformed, while, above-average exposure to energy, metals, and miners, saw the UK outperform.

#### Real assets

UK listed property returned -7.5% over the year, as strong performance in the latter half of 2021 was more than offset by a disappointing second quarter of 2022.

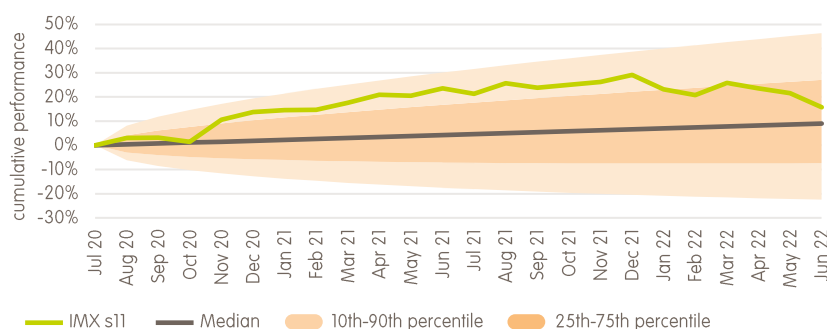
#### Alternative Credit

While the second half of 2021 produced positive returns, this was more than offset by recent drawdowns, with high inflation and concerns surrounding economic growth leading to rising yields and widening spreads.

Emerging markets debt was negatively impacted by rising treasury yields, widening spreads and sharp write downs in the value of Russian debt.

## How has the portfolio performed versus expectations since inception?

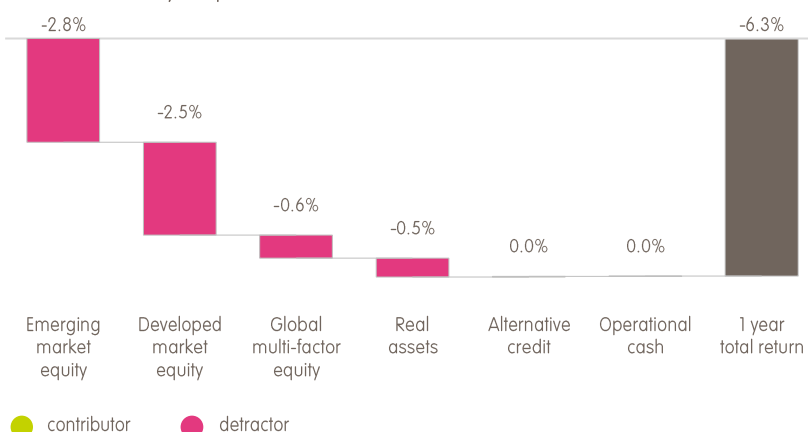
This chart shows the realised portfolio performance versus the range of potential outcomes projected at the start of the period, based on the risk an return characteristics of the allocation.



Cumulative performance to 30 June 2022	3 months	6 months	1 year	Since inception
IMX s11	-8.0%	-10.3%	-6.3%	15.8%
Annualised risk vs return since inception to 30 June 2022			Risk (p.a.)	Return (p.a.)
IMX s11			10.7%	8.0%

## What were the drivers of performance over the year?

This chart shows a breakdown of how the asset classes in the portfolio contributed to 1 year performance to 30 June 2022.



## Asset classes in the portfolio

Equity	95.0%	Real assets	3.0%
Emerging market equity	26.0%	Real assets	3.0%
Developed market equity	40.6%		
Global multi-factor equity	28.4%	Operational cash	2.0%

## Sustainable investing approach

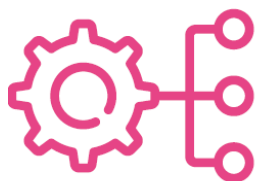
Sustainable investing is about understanding the environmental, social and governance (ESG) impact of an investment as well as the potential for financial return, and it's core to our overall investment approach for IMX.

There are three areas of ESG consideration for the portfolio:



### 1. ESG integration

We believe that ESG factors have a material impact on investment outcomes. We therefore consider ESG factors throughout our investment process.



### 2. Stewardship voting and engagement

We believe that through effective stewardship, fund managers can positively impact the direction of a company.



### 3. Sustainability

As well as financial measures of the risk and return, we assess sustainability measures to help us understand the sustainability of the portfolio.

## ESG integration

Our fund managers evidence their ESG integration by being signatories of industry recognised initiatives.

# 100%

are signatories of the UN Principles of Responsible Investment (PRI) and UK Stewardship code.

# 100%

scored A+ in the 2020 UN PRI's independent assessment of strategy & governance.

# 90%

are signatories to the climate action 100+.

## Stewardship in action – LGIM and Sainsbury's

In this section we provide an example where a fund manager in the IMX portfolio has engaged with a company in their fund(s).

### What was the issue?

With the cost-of-living crisis disproportionately impacting those on low wages, LGIM believes that responsible employers have a duty to ensure that all employees are paid a real living wage. Sainsbury's currently pays the living wage to full-time employees, but does not extend this policy to contract workers.

### What did LGIM do?

LGIM believes that the current economic crisis and shortage of workers will continue to put pressure on wages and that Sainsbury's will be not able to meet its commitment to treating people fairly, unless workers earn a living wage. LGIM joined a group of shareholders, to file a resolution calling for all employees to be paid a real living wage within a four year period.

### What was the outcome?

Sainsbury's responded that it does not want a third party (Living Wage Foundation) to determine employee wages as this would mean forgoing flexibility in managing its wage bill. At Sainsbury's AGM, 16.7% of Sainsbury's shareholders voted in favour, falling short of the required 75% backing.

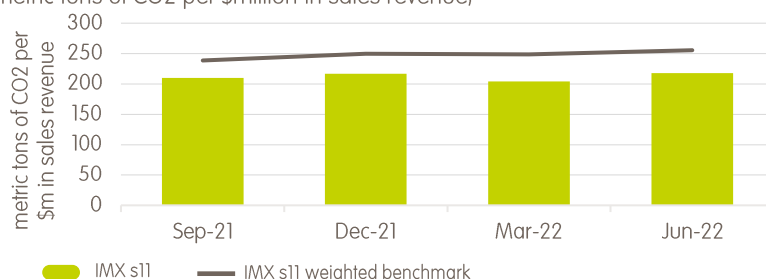
Provided by our investment partner, Hymans Robertson LLP

## Sustainability

To help understand the portfolio's exposure to climate risk, we measure the carbon footprint of the portfolio. Here we show the taskforce on climate-related financial disclosure (TCFD)-aligned carbon emissions intensity of the portfolio. This shows how efficient the portfolio is in terms of carbon emissions per unit of revenue.

As we only have carbon intensity data for the equity funds, the below data represents the 95% equity portion of this portfolio.

**Portfolio carbon emissions intensity compared to a weighted benchmark**  
(metric tons of CO2 per \$million in sales revenue)



## Key facts

### Estimated long-term annual return and volatility

Estimated return and volatility figures are annual, based on the holdings at the factsheet date – measured by Hymans Robertson's Economic Scenario Service (ESS) as at 30 June 2022 – and will vary with changing market conditions. The return estimate is the median 10-year annualised return and the volatility is the average estimated annual volatility over 10 years. The figures represent estimates net of portfolio charges.

### Estimated portfolio outcomes

Assumptions for projections are based on Hymans Robertson's ESS which simulates 5000 different economic outcomes. The projections in the factsheet are based on the portfolio asset allocation at the factsheet date and economic conditions as at 30 June 2022 and represent outcomes net of portfolio charges. Performance projections are not a reliable indicator of future performance and are illustrative only.

### Estimated portfolio size in different future scenarios, withdrawing an inflation-linked 4% of the initial investment per year

Withdrawals are linked to CPI.

The scenarios included are:

- 90<sup>th</sup> percentile – the upper 10% outcome i.e. if very strong returns are experienced
- 75<sup>th</sup> percentile – the upper 25% outcome i.e. if strong returns are experienced
- Median – the central outcome i.e. if average returns are experienced
- 25<sup>th</sup> percentile – the lower 25% outcome i.e. if poor returns are experienced
- 10<sup>th</sup> percentile – the lower 10% outcome i.e. if very poor returns are experienced

### Likelihood of achieving annual inflation-linked withdrawals

This chart estimates the likelihood of achieving annual inflation-linked withdrawals (how often the annual withdrawal rate is achieved or exceeded in projected scenarios). We show this for three investment terms and five different ranges of likelihood. The likelihood is shown in ranges of:

- Highly likely: 80-100%
- Likely: 60-80%
- Possible: 40-60%
- Unlikely: 20-40%
- Highly unlikely: 0-20%

## ESG initiatives

More information on the ESG initiatives on the following websites:

[UN PRI](#)

[Climate action 100+](#)

## Portfolio charges

### IMX service charge

The IMX annual charge for the management of the portfolio.

### Asset charges

The total ongoing charge of the funds in the portfolio. In addition, we include the total transaction and other Mifid II charges expected to be incurred in the funds in the portfolio.

### Allocation to growth assets

Growth assets are higher risk asset classes (such as equity and real assets) which are expected to provide higher returns over the long-term. The portfolio objective details the range of growth assets the portfolio allocates to. The growth assets allocation scale indicates the proportion allocated to growth assets in relation to the other IMX portfolios.

The portfolios are also classified from low to very high, based on the portfolio's growth assets allocation range minimum and maximum figures:

- Very low: minimum and maximum both below 25%
- Low: minimum below 25% and maximum between 25-50%
- Medium: minimum between 25-50% and maximum between 50-75%
- High: minimum between 50-75% and maximum over 75%
- Very high: minimum and maximum both above 75%

## Portfolio past performance

The IMX portfolio performance figures are net of ongoing fund charges but gross of all other charges including the IMX service charge. Inclusion of other charges will negatively impact performance. Performance data is drawn from Morningstar Direct. IMX portfolio since inception date is 31 July 2020.

## Asset classes in the portfolio

The portfolio asset allocation breakdown is as at factsheet date.

## Sustainability metrics

The sustainability metric (carbon intensity) is provided by Sustainalytics through Morningstar Direct. The weighted comparator benchmark is a composite benchmark representing the equity asset allocation of the portfolio (including regional weights) if taking a market capitalisation approach.

### Carbon emissions intensity

Carbon emissions intensity is an asset-weighted measure of the portfolio's exposure to carbon-intensive companies. The metric is calculated at individual holding level by dividing the company's emissions (in metric tons of CO<sub>2</sub>) by their revenue (in Mil USD) and aggregated to fund level based on the weight of the holding.

## Important Information

This factsheet is for information purposes only and should not be construed as advice or an investment recommendation and you should not make any investment decisions on the basis of it. It has been provided to help you understand how the IMX Portfolio is invested and performing. Please contact your adviser for further explanation or advice if you want to know if this IMX Portfolio is, or remains, appropriate for you.

Please be aware that the value of investments and any income can go

down as well as up and you may not recover the amount of your original investment.

Past performance should not be taken as a guide to future performance and there is no guarantee that the results of advice, recommendations or the objective will be achieved. No representation or warranty (express or otherwise) is given as to the accuracy or completeness of the information contained in this factsheet and Nucleus Financial Services Limited and its partners and employees accept no liability for the consequences of your acting upon the information contained herein.



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