

SEPTEMBER 2019

## MULTI-ASSET (MA) PASSIVE FUND RANGE: CENTRAL BANK STIMULUS SUPPORTS EQUITIES



**Sheldon MacDonald**  
Deputy Chief  
Investment Officer



**Alex Burn**  
Investment  
Manager

Economic data weakened throughout September, intensifying speculation about a possible recession in Germany and the UK. Bond markets initially rallied, as lower future growth generally means less inflation and higher bond prices.

The European Central Bank stepped in to support the economy through lower interest rates and further bond purchases, while the US Federal Reserve also cut rates. This support then dampened the spirits of bond investors, and global bond markets ended the month a little weaker. Returns for UK investors were worsened by a stronger pound, which led the value of non-UK bonds to decline in sterling terms.

In contrast, shares ('equities') were fairly strong, responding positively to the central bank stimulus. In our view, the weakening economic picture and the abundance of risks, including the US-China trade war, Brexit and geopolitics (such as the drone strike on Saudi oil facilities), lead us to maintain our underweight exposure to equities.

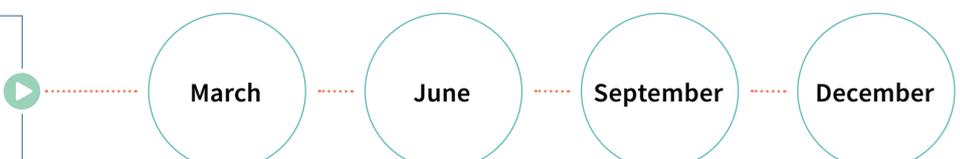
### Quarterly asset allocation

The asset allocation of the Architas MA Passive Fund range is set quarterly. Architas works with EValue and utilises their financial forecasting tools. Based on how much risk is acceptable for each fund's risk profile, the model helps to achieve the correct balance of holdings. Only in exceptional circumstances do we alter the asset allocation outside the quarterly updates.

The latest asset allocation split for each fund:

Risk level	Bonds	Property	UK shares	Developed market shares	Emerging market shares	Total
2	59%	5%	14%	20%	2%	100%
3	50%	5%	17%	25%	3%	100%
4	39%	5%	22%	31%	3%	100%
5	20%	5%	29%	42%	4%	100%
6	0%	5%	36%	53%	6%	100%
7	0%	0%	25%	55%	20%	100%

EValue update this model quarterly, with any change in asset allocation implemented by Architas from the first working day of the following months:





# MA PASSIVE FUND RANGE HIGHLIGHT

## iShares Japan Equity Index Fund 2 3 4 5 6 7

This fund tracks the performance of the Japanese shares that appear in the FTSE Japan Index. This index measures the performance of the shares of the leading companies listed in Japan.

iShares intends the fund to replicate the FTSE Japan Index, by holding the shares that make up this index. It does so by trying to ensure the proportion each company comprises in the fund matches the proportion each company comprises in the index. The fund holds shares in more than 500 companies.

As a large developed Asian economy undergoing corporate reform under Prime Minister Shinzo Abe, Japan has some unique investment characteristics. As such, we think it has an important role to play in a diversified global portfolio.

### RISK PROFILE

2

3

4

5

6

7

**ARCHITAS  
MULTI-ASSET (MA)  
PASSIVE FUNDS**

MA Passive Reserve Fund

MA Passive Moderate Fund

MA Passive Intermediate Fund

MA Passive Progressive Fund

MA Passive Growth Fund

MA Passive Dynamic Fund

## Important information

The value of investments and any income from them can go down as well as up and is not guaranteed, and you could get back less than you originally invested. Past performance is not a guide to future performance. These funds may not be appropriate for investors who plan to withdraw their money within five years. The views expressed within this document are those of Architas, who may or may not have acted upon them.

The value of funds can fall as well as rise purely as a result of exchange rate fluctuations. The funds can invest entirely in units of collective investment schemes. You can invest in the funds mentioned within this document through a number of financial products.

If you need more information on any of our funds, you can ask us for a free copy of the Key Investor Information document (KIID) and the prospectus. You can also view or download all of our funds' KIIDs from our website at **architas.com**, by following the Key Investor Information documents link from the home page and in the information centre.

AXA is a worldwide leader in financial protection and wealth management. Architas operates three legal entities in the UK; Architas Multi-Manager Limited (AMML), Architas Advisory Services Limited (AASL) and Architas Limited. Both AMML and AASL are owned by Architas Limited, which is a 100% owned subsidiary of AXA SA (a company registered in France).

AMML is an investment company that provides access to other investment managers' services through a range of multi-manager solutions, including regulated collective investment schemes. AMML in the UK works with strategic partners and AXA Group internal fund managers, to find out more information about this please visit **architas.com/inhousestratpartners/**

AMML is a company limited by shares and authorised and regulated by the Financial Conduct Authority (Firm Reference Number 477328). It is registered in England: No. 06458717. Registered Office: 5 Old Broad Street, London, EC2N 1AD.



## CONTACT

The Architas customer support team is on hand to answer your questions.

**0800 953 0197**

**architas.com**

*Monday to Friday 9.00am-5.30pm; calls may be recorded. Calls are free from landlines and mobiles within the UK.*