



LEVELS OF **DIVERSIFICATION**

At Architas we believe that diversification is central to any investment portfolio. Being too concentrated in any one investment can possibly lead to higher risk and greater ups and downs in investment returns.

Diversification means spreading the portfolio across different types of investment. Put simply, it's not 'putting all your eggs in one basket'.

We spread investments by:







Using different asset classes

Investing in different geographic regions

Using several different investment managers

Why is diversification important?

While there are no guarantees, this approach may reduce the combined risk of the overall portfolio and means that you are not relying on the performance of a narrow selection of investments. It may help to achieve more consistent investment returns than if you just invested in one asset class or with any one fund manager.



Past performance is not a guide to future performance. 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 invest.

HOW DO WE DIVERSIFY?

Diversification across asset classes

There are five main asset classes – money markets, bonds, property, alternatives and shares. By spreading investments across different classes, you could possibly benefit from more consistent returns than a fund which invests in only one.

It may help to reduce the ups and downs of investment returns, as the potential losses in one asset class could possibly be softened by gains in another.

Diversification within asset classes

Within each asset class it is possible to diversify further. Each one offers a range of investment options – for example across countries, industries, types of properties and bonds.

Spreading investment across countries, industries, types of properties and types of bonds helps to balance the overall portfolio.

Spreading it out even further within asset classes means that the portfolio is not concentrated in any one area and may help to reduce the effect of a downturn in a specific asset class or geographic region.

Diversification across investment managers

Our funds invest in funds managed by other investment managers. This technique is commonly referred to as a 'fund of funds' structure.

Investment managers with different investment styles tend to perform better at different times under different economic and market conditions. We combine a range of investment managers with complementary styles using sophisticated techniques to make sure we achieve a spread of investments.

This means that the portfolio is not overly exposed to any one style and, as a result, when one investment style is out of favour, the overall portfolio is not affected in a significant way.



We use a selection of investment managers from a range of well-known firms including:



































ARCHITAS INVESTMENT PROCESS

We have a dedicated and talented team of in-house professionals from across the financial industry. They constantly research, monitor and manage a combination of specialist investment managers across different asset classes to provide effective and diversified portfolios.



1. DESIGNING INVESTMENTS AND ASSET ALLOCATION

- Investment aims and policies
- Asset allocation



2. FINDING **FUNDS**

Finding skilful managers

 not lucky ones

EValue, an external financial modelling company, provide asset allocation recommendations for each risk profile.

This gives, what we believe to be, the most efficient diversification across asset classes to achieve a level of return for a given amount of risk taken.

Here we need to choose underlying funds to fill the Architas funds across the asset allocation model.

We start by screening the investments available and come to a list of funds that could be suitable. We also aim to exclude managers that have been lucky with their performance rather than skilful.



3. FUND **SELECTION**

- We carry out research focusing on the quality of investments
- We make a recommendation
- The fund approval forum approve the relevant funds

We research the quality of funds that make it to this stage in the process by using methods such as questionnaires or face-to-face meetings.

Funds that make it through the qualitative research are scored and sent to a fund approval forum for approval.



4. BUILDING A **PORTFOLIO**

• Funds are selected making sure they complement each other within the portfolio



5. MONITORING AND RISK MANAGEMENT

• We monitor funds and managers

The approved funds are available for our fund managers to use to make up the Architas portfolios.

These funds (also known as the underlying managers) are monitored to make sure they are performing in line with our expectations.

If they are not, we may remove the fund from the buy list and replace it with a more suitable fund.



What are the benefits of our investment process?

We constantly monitor and review our investments. We do this by carrying out thorough research, constantly reviewing the investments and regular rebalancing (buying and selling funds to maintain the correct levels of each asset class). We monitor our underlying funds with the aim of making sure they perform as expected and do not take on risk we cannot justify.

ARCHITAS MULTI-ASSET (MA) ACTIVE **RESERVE FUND**

Invests in a range of money market, property and bond funds. Aims to achieve long-term growth from a combination of income and capital growth.

DIVERSIFICATION ACROSS ASSET CLASSES



DIVERSIFICATION ACROSS GEOGRAPHIC REGIONS



DIVERSIFICATION ACROSS INVESTMENT MANAGERS









Past performance is not a guide to future performance.

Other	63.78%
Cash – money markets	30.68%
Property	26.28 %
Alternatives	6.82 %

Bonds	36.22%
UK gilts	11.73 %
Global	10.16%
UK corporate	8.34%
Global government	5.99%

UK	77.03 %
Global	22.97%

 HSBC Global Liq Sterling Liquidity 	14.12 %
 BlackRock Institutional Cash Series Sterling Liquidity 	13.38 %
 BlackRock UK Gilts All Stocks Index 	9.61%
Invesco Perpetual Corporate Bond	6.14 %
 SPDR® Bloomberg Barclays 1-5 Yr Gilt ETF 	5.99 %
Kames Property Income	5.73 %
Insight LIBOR Plus	5.33 %
Legal & General UK Property	5.26 %
John Laing Infrastructure	3.70 %
Civitas Social Housing	3.41%

Tritax Big Box	3.30 %
 Starwood European Real Estate Finance 	3.28 %
MedicX	3.25 %
Cash	3.18 %
iShares Physical Gold ETC	3.12 %
TwentyFour Income	2.43 %
 PIMCO Global Investor Series Global Bond 	2.40 %
 Kames Investment Grade Bond 	2.19 %
Vanguard UK Long Duration Gilt Index	2.12 %
F&C Commercial Property	2.04 %

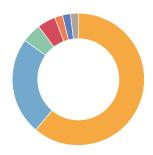
ARCHITAS MULTI-ASSET (MA) ACTIVE **MODERATE INCOME FUND**

Invests in shares of UK and international companies and in corporate and government bonds. Aims to provide a higher level of income compared with current interest rates.

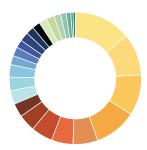
DIVERSIFICATION ACROSS ASSET CLASSES



DIVERSIFICATION ACROSS GEOGRAPHIC REGIONS



DIVERSIFICATION ACROSS INVESTMENT MANAGERS









Past performance is not a guide to future performance.

Bonds	65.50%
UK corporate	30.58%
UK gilts	17.20 %
Global	12.52 %
 Global government 	5.20%

	Equities	25.63%
	UK	10.74%
	Japan	4.70 %
	North America	4.55%
	Europe but not UK	1.96 %
	Asia Pacific but not Japan	1.89 %
•	Global emerging markets	1.79 %

Other	8.87%
Alternatives	6.15 %
Property	2.06%
Cash – money markets	0.66%

• UK	61.24%
Global	23.87 %
Japan	4.70 %
US	4.55 %

Europe	1.96 %
Asia Pacific but not Japan	1.89 %
Emerging markets	1.79 %

 BlackRock UK Gilts All Stocks Index 	13.99 %
 Invesco Perpetual Corporate Bond 	10.34 %
Janus Henderson Preference & Bond	10.19 %
 Kames Investment Grade Bond 	10.04%
Insight LIBOR Plus	6.16 %
LF Lindsell Train UK Equity	5.35 %
 SPDR® Bloomberg Barclays 1-5 Yr Gilt ETF 	5.20 %
PIMCO Global Investor Series Global Bond	4.16 %
 Artemis US Extended Alpha 	3.41 %
TB Evenlode Income C Acc	3.40 %
Baillie Gifford Japanese	3.27 %
Vanguard UK Long Duration Gilt Index	3.21 %
 John Laing Infrastructure 	2.21 %

TwentyFour Income	2.20 %
● F&C Commercial Property	2.06 %
Amedeo Air Four Plus	2.02 %
 JO Hambro UK Equity Income 	1.99 %
 Schroder European Alpha Income 	1.96 %
John Laing Environmental Assets	1.92 %
Hermes Asia Ex Japan Equity	1.89 %
RWC Global Emerging Markets	1.79 %
Man GLG Japan Core Alpha	1.43 %
iShares Edge S&P 500 Minimum Volatility	1.14 %
Cash	0.43 %
 JP Morgan Sterling Liquidity 	0.23 %

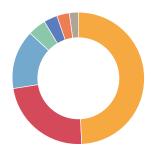
ARCHITAS MULTI-ASSET (MA) ACTIVE INTERMEDIATE INCOME FUND

Invests in shares of UK and international companies and in corporate and government bonds. Aims to achieve an above-average level of income and maintain capital over the medium to long term.

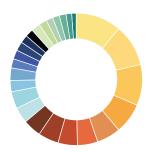
DIVERSIFICATION ACROSS ASSET CLASSES



DIVERSIFICATION ACROSS GEOGRAPHIC REGIONS



DIVERSIFICATION ACROSS INVESTMENT MANAGERS











Past performance is not a guide to future performance.

Architas MA Active Intermediate Income Fund awarded the Lipper Long Term (10y) Performance Award within Mixed Asset GBP Balanced. Due to rounding, the figures shown in each of the fund breakdowns may not add up to 100% and the allocations may change. Information from Architas, correct as at 30 June 2018.

Equities	55.87%
North America	23.11%
UK	19.83%
Japan	4.45%
 Asia Pacific but not Japan 	3.34%
Europe but not UK	2.96%
 Global emerging markets 	2.17%

Bonds	32.84%
UK corporate	18.19 %
Global	8.61%
UK gilts	6.04 %

Other	11.29%
Alternatives	5.93%
Cash – money markets	3.31%
Property	2.05 %

UK	49.42 %
US	23.11 %
Global	14.54 %
Japan	4.45 %

 Asia Pacific but not Japan 3.34 % Europe 2.96 % Emerging markets 2.17 %

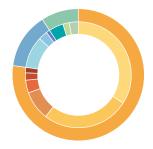
 Artemis US Extended Alpha 	11.27 %
Robeco BP US Premium Equities	10.25 %
LF Lindsell Train UK Equity	9.99%
 BlackRock Corporate Bond Index 	7.42 %
Janus Henderson Preference & Bond	5.87%
TB Evenlode Income	5.01%
 Kames Investment Grade Bond 	4.90 %
JO Hambro UK Equity Income	4.82 %
Baillie Gifford Japanese	4.45 %
PIMCO Global Investor Series Global Bond	4.00 %
BlackRock UK Gilts All Stocks Index	3.96 %
Insight LIBOR Plus	3.03 %
Schroder European Alpha Income	2.96%

	JP Morgan Sterling Liquidity	2.30 %
	RWC Global Emerging Markets	2.17 %
	Vanguard UK Long Duration Gilt Index	2.08 %
•	F&C Commercial Property	2.05 %
lacktriangle	John Laing Infrastructure	2.05 %
	Amedeo Air Four Plus	2.00 %
	Hermes Asia Ex Japan Equity	1.91%
	John Laing Environmental Assets	1.88 %
	iShares Edge S&P 500 Minimum Volatility	1.59 %
	TwentyFour Income	1.58 %
	Man GLG Japan Core Alpha	1.44 %
•	Cash	1.00 %

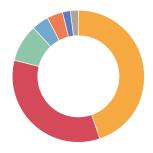
ARCHITAS MULTI-ASSET (MA) ACTIVE **PROGRESSIVE FUND**

Invests in shares of UK and international companies and in corporate and government bonds. Aims to achieve capital and income growth over the medium to long term.

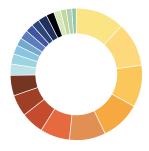
DIVERSIFICATION ACROSS ASSET CLASSES



DIVERSIFICATION ACROSS GEOGRAPHIC REGIONS



DIVERSIFICATION ACROSS INVESTMENT MANAGERS









Past performance is not a guide to future performance.

Equities	77.40%
North America	34.13%
UK	26.54%
Japan	8.99%
Europe but not UK	3.90%
 Asia Pacific but not Japan 	2.02 %
 Global emerging markets 	1.82 %

Bonds	13.70%
UK corporate	9.64 %
UK gilts	2.78%
UK index-linked gilts	1.28 %

Other	8.89%
Alternatives	4.18%
Property	2.07%
Cash – money markets	2.64%

UK	44.96%
US	34.13 %
Japan	8.99 %
Global	4.18 %

Europe 3.90 % Asia Pacific but not Japan 2.02 % Emerging markets 1.82 %

 AB Concentrated US Equity 	12.13 %
LF Lindsell Train UK Equity	10.73 %
Robeco BP US Premium Equities	10.25 %
 Kames Investment Grade Bond 	9.64%
Artemis US Extended Alpha	9.08%
Baillie Gifford Japanese	6.98%
Ardevora UK Equity	5.61%
TB Evenlode Income	5.21%
Majedie UK Equity	4.99 %
BlackRock UK Gilts All Stocks Index	2.78 %
iShares Edge S&P 500 Minimum Volatility	2.66 %

John Laing Infrastructure	2.15 %
 F&C Commercial Property 	2.07 %
Amedeo Air Four Plus	2.03 %
 Hermes Asia Ex Japan Equity 	2.02 %
 BlackRock European Dynamic 	2.01 %
 Man GLG Japan Core Alpha 	2.01 %
 Schroder European Alpha Income 	1.89 %
 RWC Global Emerging Markets 	1.82 %
Cash	1.49 %
Vanguard UK Long Duration Gilt Index	1.28 %
JP Morgan Sterling Liquidity	1.15 %

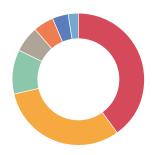
ARCHITAS MULTI-ASSET (MA) ACTIVE **GROWTH FUND**

Invests in shares of UK and international companies.
Aims to provide capital growth over the medium to long term.

DIVERSIFICATION ACROSS ASSET CLASSES



DIVERSIFICATION ACROSS GEOGRAPHIC REGIONS



DIVERSIFICATION ACROSS INVESTMENT MANAGERS









Past performance is not a guide to future performance.

Equities	91.94%
North America	40.14 %
UK	25.53 %
Japan	10.89 %
 Global emerging markets 	6.57%
Europe but not UK	4.97%
 Asia Pacific but not Japan 	3.85%

8.06%
3.66%
2.32 %
2.07 %

Europe

Global

Asia Pacific but not Japan

• US	40.14 %
UK	31.26 %
Japan	10.89 %
Emerging markets	6.57%

Funds are grouped according to their benchmarks. Global includes all funds which do not have a specific regional benchmark.

 AB Concentrated US Equity 	13.39 %
Artemis US Extended Alpha	12.44 %
 Robeco BP US Premium Equities 	11.21%
Baillie Gifford Japanese	8.98%
LF Lindsell Train UK Equity	8.19 %
RWC Global Emerging Markets	6.57 %
Majedie UK Equity	5.96 %
TB Evenlode Income	4.13 %
Ardevora UK Equity	4.09 %
Hermes Asia Ex Japan Equity	3.85 %

3.56 %
3.16 %
3.09 %
3.04 %
2.32 %
2.07 %
1.93 %
1.91 %
0.09 %

4.97 %

3.85 %

2.32 %

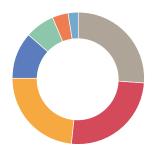
ARCHITAS MULTI-ASSET (MA) ACTIVE **DYNAMIC FUND**

Invests in shares of UK and international companies. Aims to make the most of the value of income arising from investments.

DIVERSIFICATION ACROSS ASSET CLASSES



DIVERSIFICATION ACROSS GEOGRAPHIC REGIONS



DIVERSIFICATION ACROSS INVESTMENT MANAGERS











Past performance is not a guide to future performance.

Equities	92.57%
 Global emerging markets 	26.13%
North America	25.76%
UK	18.25%
 Asia Pacific but not Japan 	11.39%
Japan	7.05%
Europe but not UK	3.98%

Other	7.43%
Cash – money markets	3.04%
Alternatives	2.31%
Property	2.09 %

Japan

Europe Global

Emerging markets	26.13 %
• US	25.76%
• UK	23.38 %
 Asia Pacific but not Japan 	11.39 %

Funds are grouped according to their benchmarks. Global includes all funds which do not have a specific regional benchmark.

Artemis US Extended Alpha	8.49 %
 AB Concentrated US Equity 	8.14%
TT Emerging Markets Equity	7.62 %
RWC Global Emerging Markets	7.46 %
Hermes Global Emerging Markets	7.18 %
Hermes Asia Ex Japan Equity	7.17 %
Robeco BP US Premium Equities	6.99 %
LF Lindsell Train UK Equity	5.36 %
Baillie Gifford Japanese	5.10 %
BlackRock Asia Special Situations	4.22 %
TB Evenlode Income	4.12 %
Stewart Investors Global Emerging Markets Leaders	3.87 %

Ardevora UK Equity	3.39 %
Franklin UK Smaller Companies	3.36 %
Cash	3.04 %
Amedeo Air Four Plus	2.31 %
● iShares Edge S&P 500 Minimum Volatility	2.15 %
● F&C Commercial Property	2.09 %
Majedie UK Equity	2.02 %
BlackRock European Dynamic	2.01 %
Schroder European Alpha Income	1.97 %
Man GLG Japan Core Alpha	1.95 %

7.05 %

3.98 %

2.31 %



GLOSSARY

ALTERNATIVES

The 'alternatives' asset class covers a range of investments.

The main parts are commodities (such as oil), hedge funds, absolute return funds (an absolute return fund aims to make positive returns by using investment management techniques and asset classes that differ from traditional funds), and infrastructure (such as communication and transport).

BONDS

Bonds are contracts that allow a number of investors to pool together to loan money to a company, government or other institution over a fixed term.

The holders of the bonds then receive interest payments over the length of the term and get their initial investment (capital) back at the end. Bonds are usually issued by banks on behalf of the borrowing institution. If the borrowing institution fails, there is a risk that you will not receive back either the interest due or your original capital.

GEOGRAPHIC REGION

It is possible to invest in bonds, property and shares from different countries and regions across the world.

MONEY MARKET

Investors are usually very familiar with cash investments. These types of investments are not without risk as interest rates may be lower than inflation. However, they are usually lower risk than other asset classes and are normally very accessible (easy to cash in). Although, there is also a possible risk if the institutions go out of business.

PROPERTY

We can invest in companies which own and manage a range of properties. The value of property is a matter of the valuer's opinion and not fact. Property will not contribute to diversifying your portfolio if you already hold a substantial percentage of your investments in property. There could be delays involved with property (disinvestments and switches) due to the fact that property can take time to sell.

SHARES

Shares of companies are a popular choice for long-term investors. As a shareholder you share in the value of the company's assets through the share price and in the company's profits by possibly receiving dividends.

IMPORTANT INFORMATION

We will not accept any legal responsibility for any advice provided in relation to this document. We provide and manage the Architas funds and do not assess the suitability of our funds for individual investors. If any financial adviser, or network of advisers, is named on this document, it does not mean we have any knowledge of, or influence over, advice that you have received or will receive. Your financial adviser alone is responsible for any financial advice or recommendations provided in relation to your investment decisions.

Past performance is not a guide to future performance. 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 invest.

The funds are allowed to invest over 35% of their assets in investments issued by a single local, national or supranational government. The funds can invest entirely in units of collective investment schemes.

The value of investments can fall as well as rise purely on account of exchange rate fluctuations.

You can invest in these funds through a number of financial products. These funds may not be appropriate for investors who plan to withdraw their money within five years.

We take charges to cover the costs of managing the fund. If you are investing using a financial product, the product provider may take extra charges, and, if so, should give you details of these charges before you invest.

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. The KIID is designed to help you make an informed decision before investing. 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.

The Active funds referred to in this document are all collective investment schemes authorised and regulated by the Financial Conduct Authority. 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 100% owned by AXA UK plc (a company registered in England & Wales), with the ultimate parent and controlling company being AXA SA (a company registered in France).

Architas Multi-Manager Limited is an investment company that provides access to other investment managers' services through a range of multi-manager solutions, including regulated collective investment schemes. Architas Multi-Manager Limited 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/**. Architas Multi-Manager Limited 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.

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