

Levels of *diversification*

Multi-Asset (MA) Passive Funds



folwealth

architas



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:

BLACKROCK®



STATE STREET
GLOBAL ADVISORS®



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

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.



2. FINDING FUNDS

- Finding skilful managers – not lucky ones

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

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



5. MONITORING AND RISK MANAGEMENT

- We monitor funds and managers

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.



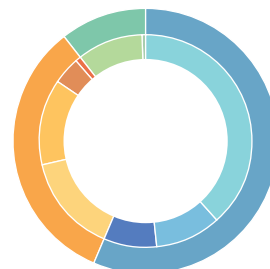
What are the benefits of our investment process?

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.

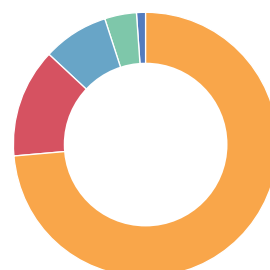
ARCHITAS MULTI-ASSET (MA) PASSIVE RESERVE FUND

The fund aims to achieve a return for investors over the medium to long term based on both capital growth and income, with low levels of ups and downs, by investing in a wide range of asset classes.

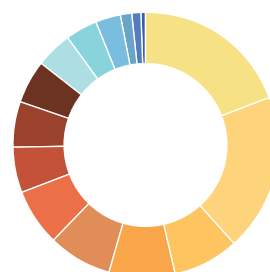
DIVERSIFICATION ACROSS ASSET CLASSES



DIVERSIFICATION ACROSS GEOGRAPHIC REGIONS



DIVERSIFICATION ACROSS INVESTMENT MANAGERS



Past performance is not a guide to future performance.

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.

Bonds 56.61 %		Equities 33.04 %		Other 10.35 %	
UK gilts	38.48 %	UK	14.96 %	Property	9.99 %
UK corporate	10.06 %	North America	13.12 %	Cash – money markets	0.36 %
Global government	8.07 %	Japan	3.97 %		
		Asia Pacific but not Japan	0.99 %		

UK	73.85 %	Japan	3.97 %
US	13.12 %	Asia Pacific but not Japan	0.99 %
Global	8.07 %		

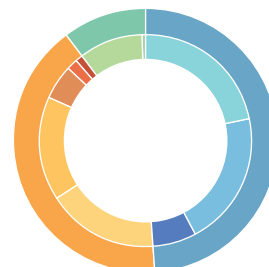
Funds are grouped according to their benchmarks.
Global includes all funds which do not have a specific regional benchmark.

BlackRock UK Gilts All Stocks Index	19.45 %	BlackRock North American Equity Index	5.26 %
Vanguard UK Government Bond Index	19.03 %	Vanguard UK Investment Grade Bond Index	4.47 %
Vanguard FTSE UK All Share Index	8.17 %	BlackRock Japan Equity Index	3.97 %
BlackRock Overseas Government Bond Index	8.07 %	Kames Property Income Fund	3.07 %
Vanguard US Equity Index	7.86 %	BlackRock Global Property Securities Equity Index	1.35 %
BlackRock UK Equity Index	6.79 %	iShares MSCI Pacific ex-Japan UCITS ETF USD	0.99 %
BlackRock Corporate Bond Index	5.59 %	Cash	0.36 %
Legal & General UK Property	5.57 %		

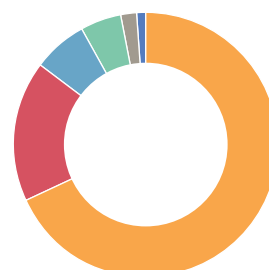
ARCHITAS MULTI-ASSET (MA) PASSIVE **MODERATE FUND**

The fund aims to achieve a return for investors over the medium to long term based on both capital growth and income, with a lower level of ups and downs, by investing in a wide range of asset classes.

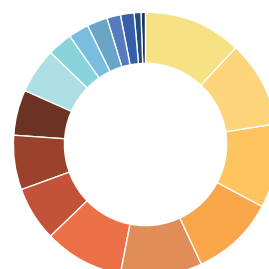
DIVERSIFICATION ACROSS ASSET CLASSES



DIVERSIFICATION ACROSS GEOGRAPHIC REGIONS



DIVERSIFICATION ACROSS INVESTMENT MANAGERS



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Information from Architas, correct as at 30 June 2018.*

Bonds	48.95 %	Equities	40.85 %	Other	10.20 %
UK gilts	21.87 %	North America	17.04 %	Property	9.86 %
UK corporate	20.36 %	UK	15.90 %	Cash – money markets	0.34 %
Global government	6.72 %	Japan	5.07 %		
		Emerging markets	1.83 %		
		Asia Pacific but not Japan	1.01 %		

UK	68.33 %	Emerging markets	1.83 %
US	17.04 %	Asia Pacific but not Japan	1.01 %
Global	6.72 %		
Japan	5.07 %		

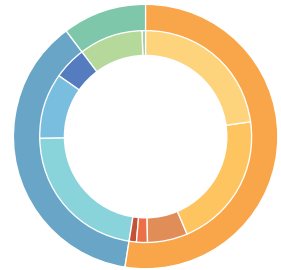
Funds are grouped according to their benchmarks.
Global includes all funds which do not have a specific regional benchmark.

BlackRock UK Gilts All Stocks Index	12.18 %	Legal & General UK Property	5.38 %
BlackRock North American Equity Index	10.44 %	Kames Property Income Fund	3.01 %
BlackRock UK Equity Index	10.31 %	Vanguard Japan Stock Index	2.62 %
BlackRock Corporate Bond Index	10.31 %	BlackRock Japan Equity Index	2.45 %
Vanguard UK Investment Grade Bond Index	10.05 %	BlackRock Emerging Markets Equity Index	1.83 %
Vanguard UK Government Bond Index	9.69 %	BlackRock Global Property Securities Equity Index	1.46 %
BlackRock Overseas Government Bond Index	6.72 %	Vanguard Pacific Ex-Japan Stock Index	1.01 %
Vanguard US Equity Index	6.60 %	Cash	0.34 %
Vanguard FTSE UK All Share Index	5.59 %		

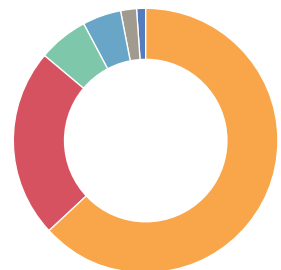
ARCHITAS MULTI-ASSET (MA) PASSIVE INTERMEDIATE FUND

The fund aims to achieve a return for investors over the medium to long term based on both capital growth and income, with a medium level of ups and downs, by investing in a wide range of asset classes.

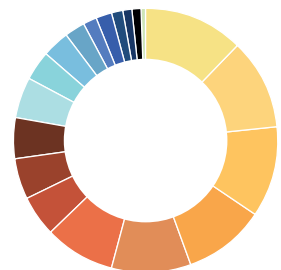
DIVERSIFICATION ACROSS ASSET CLASSES



DIVERSIFICATION ACROSS GEOGRAPHIC REGIONS



DIVERSIFICATION ACROSS INVESTMENT MANAGERS



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Information from Architas, correct as at 30 June 2018.*

Equities	52.61 %	Bonds	37.13 %	Other	10.26 %
● North America	23.04 %	● UK corporate	22.29 %	● Property	9.93 %
● UK	20.75 %	● UK gilts	10.01 %	● Cash – money markets	0.33 %
● Japan	5.95 %	● Global government	4.83 %		
● Emerging markets	1.88 %				
● Asia Pacific but not Japan	0.99 %				

● UK	63.31 %	● Emerging markets	1.88 %
● US	23.04 %	● Asia Pacific but not Japan	0.99 %
● Japan	5.95 %		
● Global	4.83 %		

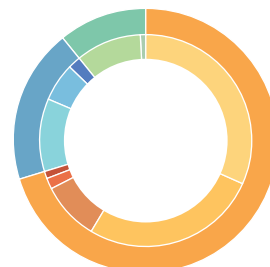
Funds are grouped according to their benchmarks.
Global includes all funds which do not have a specific regional benchmark.

● Vanguard US Equity Index	12.41 %	● BlackRock Japan Equity Index	3.64 %
● BlackRock Corporate Bond Index	11.24 %	● Kames Property Income Fund	3.48 %
● Vanguard UK Investment Grade Bond Index	11.05 %	● Vanguard Japan Stock Index	2.31 %
● BlackRock UK Equity Index	10.07 %	● FTSE Emerging Markets UCITS ETF	1.88 %
● Vanguard FTSE UK All Share Index	9.54 %	● BlackRock North American Equity Index	1.87 %
● iShares US Equity Index	8.76 %	● BlackRock Global Property Securities Equity Index	1.40 %
● Legal & General UK Property	5.06 %	● SSgA UK Equity Tracker	1.14 %
● Vanguard UK Government Bond Index	5.01 %	● iShares MSCI Pacific ex-Japan UCITS ETF USD	0.99 %
● BlackRock UK Gilts All Stocks Index	5.00 %	● Cash	0.33 %
● BlackRock Overseas Government Bond Index	4.83 %		

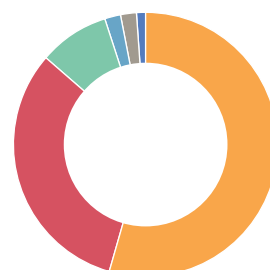
ARCHITAS MULTI-ASSET (MA) PASSIVE PROGRESSIVE FUND

The fund aims to achieve a return for investors over the medium to long term based on both capital growth and income, with an above-average level of ups and downs, by investing in a wide range of asset classes.

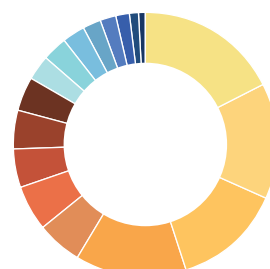
DIVERSIFICATION ACROSS ASSET CLASSES



DIVERSIFICATION ACROSS GEOGRAPHIC REGIONS



DIVERSIFICATION ACROSS INVESTMENT MANAGERS



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Information from Architas, correct as at 30 June 2018.*

Equities	70.39 %	Bonds	18.92 %	Other	10.69 %
● North America	31.71 %	● UK corporate	11.16 %	● Property	9.99 %
● UK	27.04 %	● UK gilts	5.82 %	● Cash – money markets	0.70 %
● Japan	8.80 %	● Global	1.94 %		
● Emerging markets	1.86 %				
● Asia Pacific but not Japan	0.98 %				

● UK	54.72 %	● Emerging markets	1.86 %
● US	31.71 %	● Asia Pacific but not Japan	0.98 %
● Japan	8.80 %		
● Global	1.94 %		

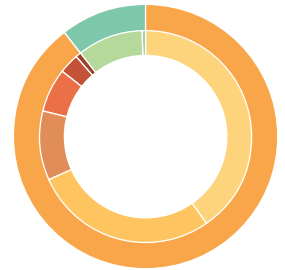
Funds are grouped according to their benchmarks.
Global includes all funds which do not have a specific regional benchmark.

● Vanguard US Equity Index	17.50 %	● BlackRock UK Gilts All Stocks Index	2.94 %
● iShares US Equity Index	14.20 %	● Vanguard UK Government Bond Index	2.88 %
● Vanguard FTSE UK All Share Index	13.54 %	● BlackRock Global Property Securities Equity Index	2.11 %
● BlackRock UK Equity Index	13.51 %	● BlackRock Overseas Government Bond Index	1.94 %
● BlackRock Corporate Bond Index	5.62 %	● FTSE Emerging Markets UCITS ETF	1.86 %
● Vanguard UK Investment Grade Bond Index	5.54 %	● iShares MSCI Pacific ex-Japan UCITS ETF USD	0.98 %
● Legal & General UK Property	4.77 %	● Cash	0.70 %
● Vanguard Japan Stock Index	4.62 %		
● BlackRock Japan Equity Index	4.18 %		
● Kames Property Income Fund	3.11 %		

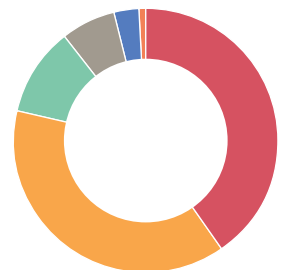
ARCHITAS MULTI-ASSET (MA) PASSIVE GROWTH FUND

The fund aims to achieve a return for investors over the medium to long term based on both capital growth and income, with moderately high levels of ups and downs, by investing in a wide range of asset classes.

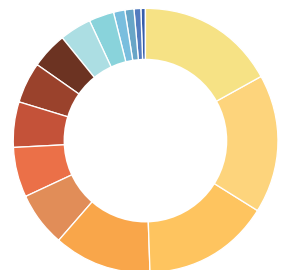
DIVERSIFICATION ACROSS ASSET CLASSES



DIVERSIFICATION ACROSS GEOGRAPHIC REGIONS



DIVERSIFICATION ACROSS INVESTMENT MANAGERS



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Information from Architas, correct as at 30 June 2018.*

Equities	89.60 %	Other	10.40 %
● North America	40.50 %	● Property	9.93 %
● UK	27.96 %	● Cash – money markets	0.48 %
● Japan	10.63 %		
● Emerging markets	6.75 %		
● Asia Pacific but not Japan	2.97 %		
● Europe but not UK	0.80 %		

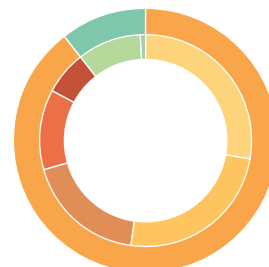
● US	40.50 %	● Emerging markets	6.75 %
● UK	38.36 %	● Asia Pacific but not Japan	2.97 %
● Japan	10.63 %	● Europe	0.80 %

● iShares US Equity Index	17.35 %	● Legal & General UK Property	4.43 %
● Vanguard US Equity Index	17.00 %	● Kames Property Income Fund	3.95 %
● BlackRock UK Equity Index	15.81 %	● Vanguard Pacific Ex-Japan Stock Index	2.97 %
● Vanguard FTSE UK All Share Index	12.15 %	● BlackRock Global Property Securities Equity Index	1.55 %
● Vanguard Emerging Markets Stock Index Fund	6.75 %	● BlackRock Continental European Equity Index	0.72 %
● BlackRock North American Equity Index	6.14 %	● Cash	0.50 %
● BlackRock Japan Equity Index	5.55 %	● Vanguard FTSE Developed Europe ex UK Equity Index	0.07 %
● Vanguard Japan Stock Index	5.08 %		

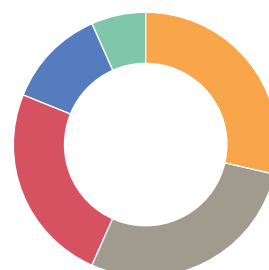
ARCHITAS MULTI-ASSET (MA) PASSIVE DYNAMIC FUND

The fund aims to achieve a return for investors over the medium to long term based on both capital growth and income, with high levels of ups and downs, by investing in a wide range of asset classes.

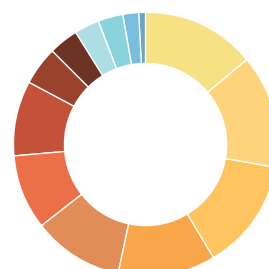
DIVERSIFICATION ACROSS ASSET CLASSES



DIVERSIFICATION ACROSS GEOGRAPHIC REGIONS



DIVERSIFICATION ACROSS INVESTMENT MANAGERS



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Information from Architas, correct as at 30 June 2018.*

Equities	89.46 %
Emerging markets	27.89 %
North America	24.58 %
UK	18.31 %
Asia Pacific but not Japan	12.04 %
Japan	6.64 %

Other	10.54 %
Property	9.75 %
Cash – money markets	0.79 %

UK	28.85 %
Emerging markets	27.89 %
US	24.58 %

Asia Pacific but not Japan	12.04 %
Japan	6.64 %

BlackRock Emerging Markets Equity Index	14.11 %
Vanguard Emerging Markets Stock Index Fund	13.78 %
Vanguard US Equity Index	13.61 %
Vanguard Pacific Ex-Japan Stock Index	12.04 %
iShares US Equity Index	10.97 %
BlackRock UK Equity Index	9.26 %
Vanguard FTSE UK All Share Index	9.05 %

Legal & General UK Property	4.79 %
Vanguard Japan Stock Index	3.71 %
Kames Property Income Fund	3.05 %
BlackRock Japan Equity Index	2.93 %
BlackRock Global Property Securities Equity Index	1.91 %
Cash	0.80 %



THE SQUASH COURT

Bracelets
\$10 each

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

Call 0800 953 0197

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

Architas Multi-Manager Limited
5 Old Broad Street
London EC2N 1AD
architas.com

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