Elston All-Weather Portfolio UK

For risk-based diversification

Elston

PORTFOLIO OBJECTIVES [EAWP Portfolio]

- The objective of the Elston All-Weather Portfolio UK is to deliver steady returns in all different types of market regime, whilst aiming to preserving capital in all conditions.
- The methodology uses the concept of "Equal Risk" contribution or "Risk Parity", such that each asset class contributes equally to the overall risk of the portfolio, thereby enabling risk-based diversification.
- The portfolio is designed for UK-based GBP investors and benchmarked to the Elston Dynamic Risk Parity Index.

Key Points

1 Dynamic multi-asset approach.
2 Risk-based diversification.
3 Constrained risk.

Portfolio Facts

Portfolio Code	EAWP
Benchmark Ticker	ESBDRP
Asset Class	Multi-Asset
Base Currency	GBP
Rebalancing	Monthly
Components	ETFs
Max Holdings	6
Inception Date	31-Dec-2007
ISIN	n.a.

Overview

This portfolio strategy aims (but is not guaranteed) to:

- deliver a positive return premium to bonds in all market conditions.
- not to lose capital value in any 12 month rolling period and avoid large losses.
- acts as a risk-based diversifier by providing reduced correlation to an equity/bond portfolios.

Applications

This strategy could provide:

- A diversifier within a portfolio.
- An alternative to bonds for similar risk budget.
- A stabiliser fund for steady returns and constrained risk.

Licensing

- For use as a research portfolio.
- Not a regulated benchmark.

THE THEORY

The design principle behind this strategy is called "Equal Risk Contribution", also known as "Risk Parity". It optimises the weight of each asset class, so that each asset class contributes an equal amount of risk to the overall strategy. This means that instead of asset weights determining portfolio risk contributions, portfolio risk contributions determine asset weights.

Elston All-Weather Portfolio UK

For risk-based diversification

Elston

1. DELIVER A STEADY RETURN PREMIUM

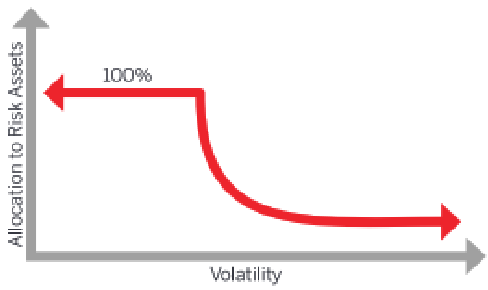
The strategy aims to deliver a positive return premium to bonds in all market conditions. The strategy dynamically allocates across asset classes monthly, depending on changing risk, return and correlation characteristics.

2. PROVIDE TRUE RISK-BASED DIVERSIFICATION

The strategy acts as a risk-based diversifier by providing reduced correlation to an equity/bond portfolios. Changing risk characteristics determine asset-weights, rather than vice versa. This gives more effective diversification that is risk-based, not asset-based.

3. PRESERVE CAPITAL IN ALL CONDITIONS

The strategy aims not to lose capital value in any 12 month rolling period and avoid large losses. The strategy has a risk level similar to bonds, and constrains risk to minimise drawdowns for downside cushioning.



For illustrative purposes only

Visit: www.elstonsolutions.co.uk/portfolios

For more information including on research portfolios, please visit elstonsolutions.co.uk/portfolios