From 28th September 2019, we replaced Aberdeen Asset Investments with Schroders Investment Management as Investment Adviser to the underlying OEIC fund. We believe this appointment will benefit through the prospect of improved future performance, and the fund will continue to be managed within its existing risk profile. Schroders will be responsible for day-to-day asset management with Halifax continuing to be responsible overall for the fund. Schroders performance will be regularly monitored.

Transition Costs
We expect Schroders will change some of the assets currently held within the fund, to reflect their views of assets, economic forecasts and the market. Changes to assets will result in a short-term increase in transaction costs to the fund, however, these will be capped and monitored by us in order to limit their impact on short-term performance. More information on the change in Investment Adviser, transaction costs and the limits that apply can be found on the Fund Changes link.

ASSET ALLOCATION (as at 31/12/2019)

- UK Equities: 98.3%
- Money Market: 1.7%

SECTOR BREAKDOWN (as at 31/12/2019)

- Financials: 91.6%
- Other: 6.6%
- Cash: 1.8%

REGIONAL BREAKDOWN (as at 31/12/2019)

- United Kingdom: 99.3%
- Europe ex-UK: 0.7%

The composition of asset mix and asset allocation may change at any time and exclude cash unless otherwise stated.
Quarterly Fund Manager Review

The MSCI World Index recorded a gain of 8.6% in Q4. US equities made robust gains in Q4 as trade uncertainty faded with the US and China’s phase one trade deal announcement, while economic data remained stable. The trade deal, which is due to be signed in mid-January, means the planned new tariffs will not be imposed, while US tariffs imposed in September on $120 billion Chinese goods will be reduced by half. The Federal Reserve cut interest rates once in the quarter before indicating that "the current stance of monetary policy is appropriate". Eurozone equities notched up a strong advance in the final quarter of the year, with the region’s MSCI EMU index returning 5.1%. Stocks were supported by some better economic data from Germany as well as the phase one trade deal agreed by the US and China. Domestic politics drove US asset prices following a landslide general election victory for the incumbent Conservative Party in December. The new government is set to use its large majority to take the UK out of the EU by 31 January 2020, entering a transition period when the next stage of negotiations will begin. UK equities performed relatively well and, within the market, domestically focused areas significantly benefitted as they responded very favourably to the reduction in near-term political uncertainty. The Japanese market rose in each month of the quarter to record a total return of 8.6%, but underperformed other major markets in December. Across the quarter as a whole the yen weakened slightly against the US dollar but generally remained in a range which is comfortable for both the US and Japan. Asia ex Japan equities delivered a strong return in Q4, supported by easing geopolitical risk. US dollar weakness also provided support to returns. Against this backdrop China, South Korea and Taiwan all outperformed. In Taiwan, strong performance from technology sector companies boosted returns, as earnings expectations were revised upwards following solid Q3 sales figures. By contrast, Thailand recorded a negative return and was the weakest index market as Q3 GDP growth remained subdued at 2.4% year-on-year.

Charles Armstrong 31/12/2019

The views, opinions and forecasts expressed in this document are those of the fund management house. Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statement of fact, nor should reliance be placed on these views when making investment decisions.

Other Information

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For further information Please contact: OEIC/Life/Pension - 0345 366 1513 or visit our website: www.halifax.co.uk/investments.

Not all products have access to this fund, please refer to the relevant product literature. Full terms and conditions are available on request from us using the contact details provided. Charges, terms and the selection of funds we make available may change. Information on the general and specific risks associated with investing in this fund is available in the relevant fund guide, or KIID where applicable. We may change the investment approach rating for the fund. All information is sourced from Scottish Widows or the relevant fund management group unless otherwise stated.