

4th Quarter 2024

International MPS USD Risk Profile 4 Portfolio

ARC data is confirmed until September 2024. From October to December 2024 the data is based on estimates from ARC and is subject to change.

Performance, costs and charges:

The performance illustration represents the performance of the Risk Profile using the Multi Manager historic data.

All performance figures are shown gross of underlying fund charges.

Fees charged by any Financial Adviser are not taken into account.

Benchmark

ARC US Dollar Balanced Asset PCI

Source: ARC Research Limited PCI

www.suggestus.com

Glossary

Annualised volatility: risk is measured by the variability of performance. The higher the standard deviation, the greater the variability (and therefore the risk) of the Fund or the index.

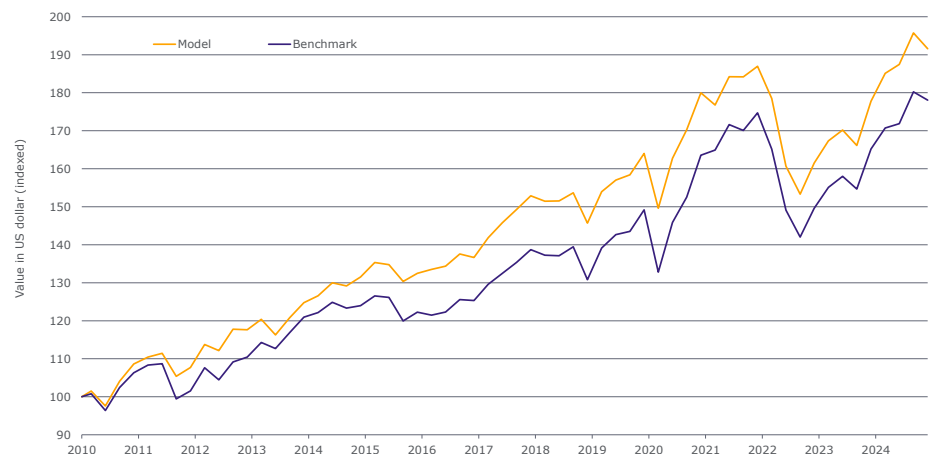
Maximum historic loss: is the maximum loss from peak to trough in an investment's history. The figures are indicative and will depend on circumstance.

Sharpe ratio: measures the risk/return trade-off. It is the annualised return less the average risk-free rate, divided by the annualised volatility of the model.

Investment objective

Our objective for this strategy is to achieve a return of inflation +3% over a minimum rolling period of seven years. A proportion of the overall return will come from the income generated. The strategy is designed to generate risk adjusted returns over the suggested time horizon. The portfolio will be a balanced mix of fixed income assets, global equity investments and other diversifying financial instruments. To assist in the reduction of volatility and deliver uncorrelated returns during periods of unfavourable market conditions, alternative asset classes such as commodities, currencies, infrastructure and hedge funds may be used. Investors in the Risk Profile 4 strategy are prepared to accept occasional moderate capital losses in order to achieve slightly higher total returns.

Performance since inception (01/01/2010)



Discrete performance (%)

Total return to end of last calendar quarter 31/12/2024.

	2024	2023	2022	2021	2020	2019	2018	2017
	YTD*							
Model	+7.8	+10.1	-13.6	+3.9	+9.7	+12.6	-4.7	+11.9
Benchmark	+8.2	+10.4	-14.4	+6.8	+9.6	+14.1	-5.7	+10.7

* 2024 YTD is data for year to date from 01 January 2024 to 31 December 2024

Cumulative performance (%)

Total return from inception to 31/12/2024.

	3 Months	1 Year	3 Years	5 Years	Inception (01/01/2010)
Model	-2.1	+7.8	+2.5	+16.8	+91.6
Benchmark	-1.2	+8.2	+2.3	+19.7	+78.6

Risk & return since inception (%)

	Model	Benchmark
Annualised volatility	+6.9	+7.4
Maximum historic loss	-18.3	-18.7
Sharpe ratio	+0.4	+0.4

Source: Canaccord Genuity Wealth Management (CGWM) Interactive Data as at 31/12/2024.

*Inception to date. Inception is 01/01/2010.

This document is intended to aid a wider discussion between clients and their investment and/or financial adviser about this investment portfolio. It is for information purposes only and is not to be construed as a solicitation or an offer to purchase or sell investments, address the financial situations or needs of any specific investor nor is it deemed to be a form of advice to invest in this portfolio. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment and/or financial adviser.



IMPS Risk Profile 4 Portfolio suggested asset allocation (%)



Top 10 holdings (%)

Vanguard S&P 500 UCITS ETF USD	11.6
iShares PLC - iShares USD Corp Bond UCITS ETF	6.5
iShares Global Aggregate Bond UCITS ETF USD	6.0
Jupiter Dynamic Bond D Acc HSC Cap USD	5.8
Vontobel SICAV TwentyFour Strategic Income Fund AQHNG Hedged Dist USD	5.7
iShares USD Treasury Bond 3-7yr UCITS ETF Acc USD	5.1
iShares USD Treasury Bond 7-10yr UCITS ETF USD	4.7
PIMCO Global Investment Grade Credit Fund Acc Inst USD	4.6
iShares USD TIPS 0-5 UCITS ETF Hedged USD Inc	4.3
Rathbone Ethical Bond Fund Income Z Inc Dist USD	4.2

Top ten holdings excluding cash
Source: CGWM

Portfolio Manager commentary

The typical 'Santa rally' didn't materialise in December as global equities dropped -2.29% in US dollar terms. Despite this 2024 was an exceptional year for equities delivering 17.8%. The 'Magnificent Seven' were the overwhelming drivers, collectively delivering a remarkable 62.7%. These seven companies now make up over a third of the US equity market which itself makes up over two-thirds of the global market.

Equities peaked at a record high in early December and although the market had shown signs of broadening in 2024 the final month was narrow with the same cohort of large-cap momentum stocks outperforming.

For a UK sterling investor, the US equity market delivered 25.7% in 2024, the UK returned 5.6%, European equities managed only 3.3% and Emerging markets delivered 7.1%. 2024 will be remembered as both a year of narrow US exceptionalism and a year where AI related stocks dominated.

From a global sector standpoint technology and the technology related communication services sectors reigned supreme delivering returns of 34 and 35% respectively. Financials also performed well delivering 27% while materials (-6.0%), health care (3.2%) and energy (3.9%) were laggards.

2024 was the year where central banks were expected to start cutting rates and easing policy and this turned out to be the case. The European Central Bank (ECB), the Federal Reserve (Fed) and the Bank of England, amongst others cut rates as anticipated having been on pause after they finished hiking in mid-2023.

The big question central bankers now face is what is the new equilibrium long-run interest rate i.e. at what point should they stop cutting? In answering this question policy makers will have to contend with the following three key conundrums and consider each of their implications on inflation:

1. How will respective economies perform in 2025?
2. What are the implications of fiscal policies?
3. How will bond vigilantes react to fiscal threats?

There is an unusual amount of uncertainty here as monetary policy expectations have been changing almost as much as base rates themselves. Currently, economists see interest rates being cut to circa 3.5% in the UK and the US and to 2.15% in the Eurozone by the end of 2026.

Yields rose in December, capping a year that was characterised by volatile and rising yields. 10-year yields in the UK, US and Germany rose 103, 69 and 34bps respectively over the year. Currently, 10-year UK and US treasury yields are both at 4.6%.

Upward pressure on yields towards the end of the year came as economic data and inflation surprised to the upside and as central banks, particularly the Fed, were more hawkish than expected in the final meetings of the year.

Credit markets performed well in 2024 with spreads tightening consistently. Global investment grade spreads are currently at 0.88% vs a long-run average of 1.41% while global high-yield spreads are at 3.18% vs a long-run average of 5.44%. In 2024 global high-yield credit hedged to sterling returned 10.4% outpacing global bonds which managed 3.04% and UK Gilts which lost -3.32%.

Investment involves risk.

The value of investments and any income from them can go down as well as up and you may not get back the amount originally invested.

Past performance is not a guide to future performance.

Figures represent the performance of a model portfolio, investors should note that individual account performance may differ.

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