

## INVESTMENT OBJECTIVE

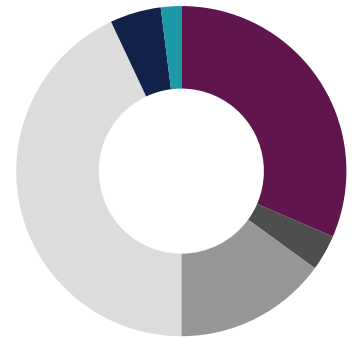
The objective of this portfolio is to grow capital over the medium to longer term. Investors should expect reasonable correlation to stock market behaviour and rewards, including quite sharp fluctuations in values, whilst also some protection in times of market weakness.

## KEY INFORMATION

Launch Date: **January 2021**  
 Historic Yield: **0.21%**  
 Investment Management Charge: **0.40%**  
 Ongoing Charges: **0.69%**

## ASSET ALLOCATION

<b>Equities – International</b> 31.5%	<b>Equities – UK</b> 3.5%
Equities – Asia ex Japan 4.5%	<b>Equities – Thematic</b> 15.0%
Equities – Emerging Markets 6.0%	<b>Bonds</b> 43.0%
Equities – Europe ex UK 3.0%	<b>Alternatives</b> 5.0%
Equities – Japan 4.0%	<b>Cash</b> 2.0%
Equities – US 14.0%	

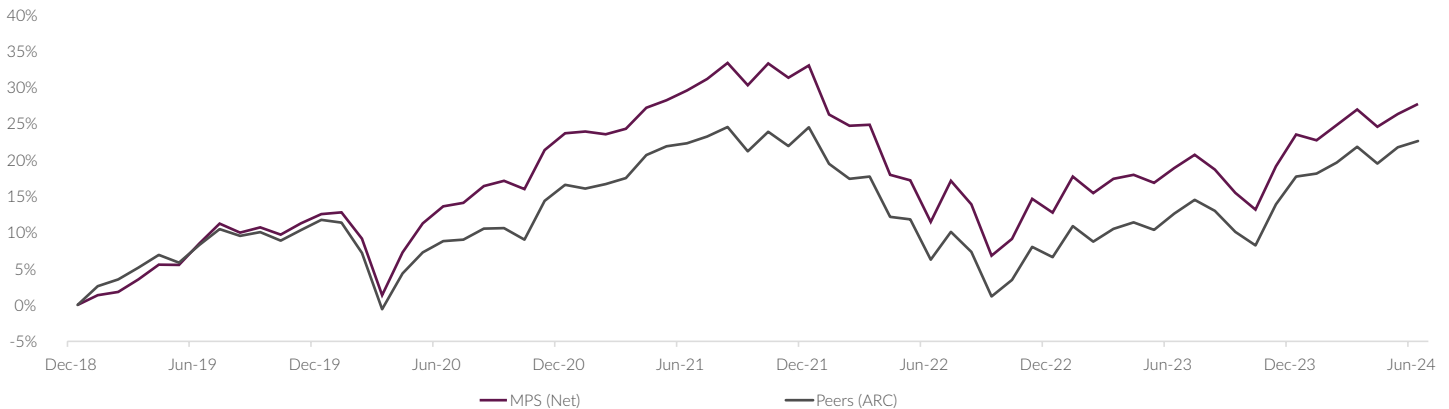


## PERFORMANCE

Please note performance prior to January 2021 is for our GBP models which have a 0.25% fee. Performance post January 2021 is for our USD models. Past performance is not a guide to future returns.

	Cumulative					Calendar Year Performance				
	3m	1yr	3yr	5yr	Since Launch (GBP 01/2019)	2023	2022	2021	2020	2019
<b>Portfolio</b>	0.6%	7.4%	0.4%	17.7%	27.7%	9.5%	-15.2%	7.6%	9.9%	12.5%
<b>ARC</b>	0.7%	8.9%	1.6%	13.2%	22.6%	10.3%	-14.4%	6.8%	4.3%	11.7%

### USD ESG BALANCED MPS (SINCE INCEPTION)



Source: Kingswood; ARC Research Ltd PCI (www.suggestus.com)

- Equity markets posted further gains in the second quarter following their strong performance in the first quarter. April saw markets fall back 5% or so but the correction proved short-lived with renewed increases in May and June.
- Markets took comfort from US data showing signs of a slowdown in the economy and an easing in inflation pressures following poor numbers earlier in the year. Both developments helped re-establish hopes that the Federal Reserve would be able to start cutting rates later in the year. Markets were also buoyed by further strong AI-related gains in the tech sector, with Nvidia, Apple and Alphabet all seeing gains of more than 20%.
- Global equities returned 3.5% over the quarter in local currency terms and 2.9% in USD terms. UK equities outperformed with a return of 3.8% in USD terms, led by small cap stocks which were up a strong 9.4%. Emerging markets, however, performed best returning 5.8% with India, Taiwan and China leading the way. US equities returned 3.4%, helped by the strong gains in the tech sector.
- European equities lagged with a rise of only 0.3%. Alarm over President Macron's decision to call a snap election in France outweighed the ECB kicking off the rate cutting cycle in early June with a 0.25% reduction. However, Japan fared worst, losing 4.6% as a result of renewed yen weakness.
- Fixed income saw government bond yields rise 0.2% or so, leading to modest losses in most cases. US Treasuries were flat while UK Gilts and UK corporate bonds were down 0.9% and 0.2% respectively.

## INVESTMENT OUTLOOK

- While the global economy has achieved a softish landing, inflation still looks likely to settle closer to 3% than 2%.
- The BOE and Fed are expected to follow the ECB's lead and start cutting interest rates over coming months.
- Bond yields should trend lower over the coming year although the scope for decline is not that large.
- Equities have potential for more gains further out, particularly in the cheaper areas outside the US.

## TOP 10 HOLDINGS

BNY Mellon Sustainable Global Dynamic Bond	8.4%	iShares MSCI EM SRI ETF	6.0%
Wellington Global Impact Bond	8.4%	JPM Global Macro Sustainable	5.0%
TwentyFour Sustainable Short Term Bond Income	8.4%	Stewart Investors Asia Pacific Leaders Sustainability	4.5%
UBS Sustainable Development Bank Bonds	8.4%	Legg Mason US EQ Sustainability Leaders	4.0%
Rathbone Ethical Bond Fund	8.4%	iShares MSCI USA SRI ETF	4.0%

## INVESTMENT STRATEGY

Our investment strategy has three key components:

**ASSET ALLOCATION** > Focused on analysing the economic and financial environment, assessing the prospective returns and risks of each of the major asset classes, both over the short and long term.

**FUND SELECTION** > Our rigorous fund selection process involves assessing which funds best allow us to gain exposure to the most attractive asset classes, regions and themes.

**PORTFOLIO CONSTRUCTION** > These two building blocks are then combined to create portfolios which are designed to meet their specific objectives and are actively managed with regular rebalancing.

The process is run by our research and strategy team and overseen by our investment committees to ensure that the portfolios are managed in line with their objectives and risks are kept to appropriate levels.



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