

## INVESTMENT UPDATE

# Sustainable MPS Rebalance Note

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For Professional Advisers Only



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### Summary

Changes in this rebalance were driven by asset allocation adjustments and adding diversification in our US equity allocation with a new position.

Our fixed income weighting has increased in all models except the highest risk profile, funded by a reduction in alternatives. Equity decreased at the lowest end of the risk spectrum and slightly increased in other models. Within fixed income we continued to add to primarily to US sovereign bonds, which currently offer elevated yields relative to history and provide stability in the event of tougher than expected market conditions. They also offer the potential for upside in the event of interest rate cuts in the US later in the year.

Within alternatives we have reduced exposure to our two absolute return funds to recycle into fixed income, where we see attractive opportunities on a relative basis. Real assets have had a difficult start to the year and discounts remain wide in investment companies, but on a long-term view we still believe they offer appealing total returns and positive impacts and therefore have preserved their current weightings.

In equity the main change was initiating a position in FTGF Clearbridge US Equity Sustainability Leaders. The fund offers exposure to quality large-cap US businesses but complements our existing allocation to Brown US Sustainable Growth with a broader and more balanced style. We slightly reduced Brown US Sustainable Growth to fund the new position as well as minor trims to Liontrust UK Ethical, Atlas Global Infrastructure and in the higher risk models RobecoSAM Smart Materials.

**No holdings were sold in their entirety.**

**One new holding was added:**

- FTGF ClearBridge US Equity Sustainability Leaders
- This fund seeks capital growth through investing in high quality US companies that meet its 'ESG Sustainability Leader' criteria. Typical companies which meet the criteria tend to offer products and services that address global challenges such as climate change, biodiversity loss, health and wellbeing, and also operate in a responsible manner.

## Sustainable Conservative

In fixed income we increased the allocation to inflation-linked US sovereign bonds through the CG Dollar fund. This was funded through reductions in absolute return and equity. The inflation linkage of TIPS should provide helpful short term downside protection if inflation comes in unexpectedly high versus expectations. We also added to TwentyFour Sustainable Short Term Bond Income and Aegon Global Short Dated Climate Transition. We continue to generally prefer government over corporate credit, but the short duration and the high bar for quality in these funds merit attention given the attractive environment for fixed income and the relatively high level of yields currently on offer.

↑ Increase	CG Dollar 1.25%
↑ Increase	TwentyFour Sustainable Short Term Bond Income 0.75%
↑ Increase	Aegon Global Short Dated Climate Transition 0.50%

In equity we broadened our US exposure through the addition of the FTGF ClearBridge US Equity Sustainable Leaders fund. The addition will reduce our overweight tilt to the US growth style, which has had a marked period of outperformance in 2023 and the start of this year, and broaden the style exposure to more of a 'core-growth' approach. The managers consider diversification across multiple industries and market cap as key and seek to emphasise stock selection while minimising factor exposure. Overall US equity exposure has increased by 0.75%. The new position was funded through a reduction to Brown US Sustainable Growth and elsewhere in equity through trims to Liontrust UK Ethical and Atlas Global Infrastructure.

↓ Reduce	Liontrust UK Ethical 0.25%
↓ Reduce	Brown US Sustainable Growth 0.50%
★ Initiate	FTGF ClearBridge US Equity Sustainability Leaders 1.25%
↓ Reduce	Atlas Global Infrastructure 1.00%

In alternatives both absolute return funds were used as a source of funds in order to add to fixed income, where yields are currently at attractive levels.

↓ Reduce	JPM Global Macro Sustainable 1.00%
↓ Reduce	Trojan Ethical 1.00%

## Sustainable Cautious

In fixed income we increased the allocation to inflation-linked US sovereign bonds through the CG Dollar fund. This was funded through reductions in absolute return and equity. The inflation linkage of TIPS provides helpful short term downside protection if inflation comes in unexpectedly high versus expectations. We also added to TwentyFour Sustainable Short Term Bond Income and Aegon Global Short Dated Climate Transition. We continue to generally prefer government over corporate credit, but the short duration and the high bar for quality in these funds merit attention given the attractive environment for fixed income and the relatively high level of yields currently on offer.

↑ Increase	CG Dollar 1.00%
↑ Increase	TwentyFour Sustainable Short Term Bond Income 0.50%
↑ Increase	Aegon Global Short Dated Climate Transition 0.25%

In equity we broadened our US exposure through the addition of the FTGF ClearBridge US Equity Sustainable Leaders fund. The addition will reduce our overweight tilt to the US growth style, which has had a marked period of outperformance in 2023 and the start of this year and broaden the style exposure to more of a 'core-growth'

approach. The managers consider diversification across multiple industries and market cap as key and seek to emphasise stock selection while minimising factor exposure. Overall US equity exposure has increased by 1.00%. The new position was funded through a reduction to Brown US Sustainable Growth and elsewhere in equity through trims to Liontrust UK Ethical and Atlas Global Infrastructure.

↓ Reduce	Liontrust UK Ethical 0.25%
↓ Reduce	Brown US Sustainable Growth 0.50%
★ Initiate	FTGF ClearBridge US Equity Sustainability Leaders 1.50%
↓ Reduce	Atlas Global Infrastructure 0.50%

In alternatives both absolute return funds were a source of funds in order to add to fixed income where yields are currently at attractive levels.

↓ Reduce	JPM Global Macro Sustainable 1.00%
↓ Reduce	Trojan Ethical 1.00%

## Sustainable Balanced

In fixed income we increased the allocation to inflation-linked US sovereign bonds through the CG Dollar fund. This was funded through reductions in absolute return as well as a reduction in the conventional sovereign bond position in Vanguard US Government Bond Index. The inflation linkage of TIPS provides helpful short term downside protection if inflation comes in unexpectedly high versus expectations. We also added to TwentyFour Sustainable Short Term Bond Income and Aegon Global Short Dated Climate Transition. We continue to generally prefer government over corporate credit, but the short duration and the high bar for quality in these funds merit attention given the attractive environment for fixed income and the relatively high level of yields currently on offer.

↑ Increase	CG Dollar 4.25%
↓ Reduce	Vanguard US Government Bond Index 3.75%
↑ Increase	TwentyFour Sustainable Short Term Bond Income 0.25%
↑ Increase	Aegon Global Short Dated Climate Transition 0.25%

In equity we broadened our US exposure through the addition of the FTGF ClearBridge US Equity Sustainable Leaders fund. The addition will reduce our overweight tilt to the US growth style, which has had a marked period of outperformance in 2023 and the start of this year and broaden the style exposure to more of a 'core-growth' approach. The managers consider diversification across multiple industries and market cap as key and seek to emphasise stock selection while minimising factor exposure. Overall US equity exposure has increased by 2.00%. The new position was funded through a reduction to Brown US Sustainable Growth and elsewhere in equity through trims to Liontrust UK Ethical, Atlas Global Infrastructure and RobecoSAM Smart Materials.

↓ Reduce	Liontrust UK Ethical 0.25%
↓ Reduce	Brown US Sustainable Growth 0.50%
★ Initiate	FTGF ClearBridge US Equity Sustainability Leaders 2.50%
↓ Reduce	Atlas Global Infrastructure 0.50%
↓ Reduce	RobecoSAM Smart Materials 0.75%

In alternatives both absolute return funds were a source of funds in order to add to fixed income where yields are currently at attractive levels.

↓ Reduce JPM Global Macro Sustainable 0.75%

↓ Reduce Trojan Ethical 0.75%

## Sustainable Growth

In fixed income we increased the allocation to inflation-linked US sovereign bonds through the CG Dollar fund. This was funded through reductions in absolute return as well as a reduction in the conventional sovereign bond position in Vanguard US Government Bond Index. The inflation linkage of TIPS provides helpful short term downside protection if inflation comes in unexpectedly high versus expectations. We also added to TwentyFour Sustainable Short Term Bond Income. We continue to generally prefer government over corporate credit, but the short duration and the high bar for quality in these funds merit attention given the attractive environment for fixed income and the relatively high level of yields currently on offer.

↑ Increase CG Dollar 3.75%

↓ Reduce Vanguard US Government Bond Index 3.25%

↑ Increase TwentyFour Sustainable Short Term Bond Income 0.50%

In equity we broadened our US exposure through the addition of the FTGF ClearBridge US Equity Sustainable Leaders fund. The addition will reduce our overweight tilt to the US growth style, which has had a marked period of outperformance in 2023 and the start of this year and broaden the style exposure to more of a 'core-growth' approach. The managers consider diversification across multiple industries and market cap as key and seek to emphasise stock selection while minimising factor exposure. Overall US equity exposure has increased by 1.75%. The new position was funded through a reduction to Brown US Sustainable Growth and elsewhere in equity through trims to Liontrust UK Ethical, Atlas Global Infrastructure and RobecoSAM Smart Materials.

↓ Reduce Liontrust UK Ethical 0.25%

↓ Reduce Brown US Sustainable Growth 0.25%

★ Initiate FTGF ClearBridge US Equity Sustainability Leaders 2.00%

↓ Reduce Atlas Global Infrastructure 0.50%

↓ Reduce RobecoSAM Smart Materials 1.00%

In alternatives both absolute return funds were a source of funds in order to add to fixed income where yields are currently at attractive levels.

↓ Reduce JPM Global Macro Sustainable 0.50%

↓ Reduce Trojan Ethical 0.50%

## Sustainable Adventurous

In fixed income we increased the allocation to inflation-linked US sovereign bonds through the CG Dollar fund. This was funded through reductions in absolute return as well as a reduction in the conventional sovereign bond position in Vanguard US Government Bond Index. The inflation linkage of TIPS provides helpful short term downside protection if inflation comes in unexpectedly high versus expectations.

↑ Increase CG Dollar 3.00%

↓ Reduce Vanguard US Government Bond Index 2.50%

In equity we broadened our US exposure through the addition of the FTGF ClearBridge US Equity Sustainable Leaders fund. The addition will reduce our overweight tilt to the US growth style, which has had a marked period of outperformance in 2023 and the start of this year and broaden the style exposure to more of a 'core-growth' approach. The managers consider diversification across multiple industries and market cap as key and seek to emphasise stock selection while minimising factor exposure. Overall US equity exposure has increased by 2.75%. The new position was funded through a reduction to Brown US Sustainable Growth and elsewhere in equity through trims to Liontrust UK Ethical, Atlas Global Infrastructure and RobecoSAM Smart Materials. We added to Federated Hermes Sustainable Global Equity, which acts as a core global equity holding and has a more balanced approach than some of the growthier funds in the allocation.

↓ Reduce	Brown US Sustainable Growth 0.25%
★ Initiate	FTGF ClearBridge US Equity Sustainability Leaders 3.00%
↓ Reduce	Atlas Global Infrastructure 0.75%
↓ Reduce	RobecoSAM Smart Materials 1.25%
↑ Increase	Federated Hermes Sustainable Global Equity 0.25%

In alternatives both absolute return funds were a source of funds in order to add to fixed income where yields are currently at attractive levels.

↓ Reduce	JPM Global Macro Sustainable 0.75%
↓ Reduce	Trojan Ethical 0.75%

## Sustainable Maximum Growth

We exited Aegon Global Short Dated Climate Transition to provide capital for the FTGF Clearbridge US Equity Sustainability Leaders holding. Part of the proceeds were kept in cash.

↑ Increase	Cash 1.00%
↓ Reduce	Aegon Global Short Dated Climate Transition 2.00%

In equity we broadened our US exposure through the addition of the FTGF ClearBridge US Equity Sustainable Leaders fund. The addition will reduce our overweight tilt to the US growth style, which has had a marked period of outperformance in 2023 and the start of this year and broaden the style exposure to more of a 'core-growth' approach. The managers consider diversification across multiple industries and market cap as key and seek to emphasise stock selection while minimising factor exposure. Overall US equity exposure has increased by 3.50%. The new position was funded through a reduction to Brown US Sustainable Growth and elsewhere in equity through trims to Atlas Global Infrastructure and RobecoSAM Smart Materials.

★ Initiate	FTGF ClearBridge US Equity Sustainability Leaders 3.50%
↓ Reduce	Atlas Global Infrastructure 0.75%
↓ Reduce	RobecoSAM Smart Materials 1.25%

In alternatives both absolute return funds were a source of funds for the FTGF Clearbridge US Equity Sustainability Leaders holding.

↓ Reduce	JPM Global Macro Sustainable 0.25%
↓ Reduce	Trojan Ethical 0.25%

## Sustainable MPS Investment List – Risk-based Portfolios

Security	Conservative	Cautious	Balanced	Growth	Adventurous	Maximum Growth
<b>Equities</b>						
<b>UK Equity</b>						
Liontrust UK Ethical	1.75%	2.25%	2.75%	3.75%	4.50%	5.50%
Trojan Ethical Income	3.00%	3.50%	4.25%	5.25%	5.75%	7.00%
Jupiter Responsible Income	3.50%	4.25%	5.25%	5.75%	6.25%	8.00%
Royal London Sustainable Leaders	3.75%	4.50%	5.75%	6.50%	7.00%	8.50%
	<b>12.00%</b>	<b>14.50%</b>	<b>18.00%</b>	<b>21.50%</b>	<b>23.50%</b>	<b>29.00%</b>
<b>US Equity</b>						
Brown US Sustainable Growth	2.00%	2.50%	2.75%	3.75%	4.25%	4.00%
FTGF ClearBridge US Equity Sustainability Leaders	1.25%	1.50%	2.50%	2.00%	3.00%	3.50%
	<b>3.25%</b>	<b>4.00%</b>	<b>5.25%</b>	<b>5.75%</b>	<b>7.25%</b>	<b>7.50%</b>
<b>Asia Pacific Ex Japan Equity</b>						
Stewart Investors Asia Pacific Sustainability	3.75%	4.25%	4.75%	5.75%	6.50%	7.75%
	<b>3.75%</b>	<b>4.25%</b>	<b>4.75%</b>	<b>5.75%</b>	<b>6.50%</b>	<b>7.75%</b>
<b>Global Emerging Equity</b>						
Alquity Future World		1.00%	1.75%	2.25%	2.50%	2.75%
		<b>1.00%</b>	<b>1.75%</b>	<b>2.25%</b>	<b>2.50%</b>	<b>2.75%</b>
<b>Global Equity</b>						
Atlas Global Infrastructure	1.00%	2.00%	3.00%	3.75%	4.25%	4.75%
Impax Environmental Markets		1.50%	1.75%	2.00%	2.00%	3.00%
Schroder Global Sustainable Value	4.00%	6.50%	7.00%	8.25%	8.50%	10.00%
CT Responsible Global Equity	3.50%	4.00%	5.50%	6.50%	7.25%	8.75%
Baillie Gifford Responsible Global Equity Income	3.75%	4.50%	6.25%	7.50%	7.75%	9.25%
RobecoSAM Smart Materials			1.25%	2.00%	2.75%	4.25%
Federated Hermes Sustainable Global Equity					4.75%	6.50%
	<b>12.25%</b>	<b>18.50%</b>	<b>24.75%</b>	<b>30.00%</b>	<b>37.25%</b>	<b>46.50%</b>
<b>Sub Total Equities</b>	<b>31.25%</b>	<b>42.25%</b>	<b>54.50%</b>	<b>65.00%</b>	<b>77.00%</b>	<b>93.50%</b>
<b>Fixed Income</b>						
<b>International Sovereign Bonds</b>						
Vanguard US Government Bond Index (H)	14.00%	11.50%	8.75%	7.75%	6.00%	
CG Dollar Fund (H)	7.00%	5.75%	4.25%	3.75%	3.00%	
	<b>21.00%</b>	<b>17.25%</b>	<b>13.00%</b>	<b>11.50%</b>	<b>9.00%</b>	
<b>Investment Grade Corporate Bonds</b>						
Brown Global Sustainable Total Return Bond	3.75%	2.50%	3.50%	2.00%		
Aegon Global Short Dated Climate Transition Bond	7.50%	6.25%	4.75%	3.00%		
TwentyFour Sustainable Short Term Bond Income	8.00%	6.50%	4.75%	3.50%		
	<b>19.25%</b>	<b>15.25%</b>	<b>13.00%</b>	<b>8.50%</b>		
<b>Sub Total Fixed Income</b>	<b>40.25%</b>	<b>32.50%</b>	<b>26.00%</b>	<b>20.00%</b>	<b>9.00%</b>	<b>0.00%</b>
<b>Alternative Assets</b>						
<b>Real Assets</b>						
Cordiant Digital Infrastructure	1.00%	1.00%	1.00%			
Octopus Renewables Infrastructure	1.50%	1.75%	2.00%			
The Renewables Infrastructure Group	2.00%	2.00%	2.00%	2.00%	1.50%	
SDCL Energy Efficiency Income Trust	1.00%	1.00%	1.00%	1.00%	1.00%	
International Public Participations	2.50%	2.00%	2.00%	2.00%	1.50%	
Supermarket Income REIT	1.50%	1.50%	1.50%			
Schroder BSC Social Income Trust	2.25%	1.75%				
	<b>11.75%</b>	<b>11.00%</b>	<b>9.50%</b>	<b>5.00%</b>	<b>4.00%</b>	
<b>Absolute Return</b>						
JPMorgan Global Macro Sustainable Opportunities	3.00%	2.50%	2.00%	2.00%	2.00%	1.75%
Trojan Ethical	3.00%	2.50%	2.00%	2.00%	2.00%	1.75%
	<b>6.00%</b>	<b>5.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>3.50%</b>
<b>Gold</b>						
Invesco Physical Gold ETC	4.00%	4.00%	4.00%	4.00%	4.00%	
	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>	
<b>Sub Total Alternative Assets</b>	<b>21.75%</b>	<b>22.00%</b>	<b>17.50%</b>	<b>14.00%</b>	<b>13.50%</b>	<b>3.50%</b>
<b>Cash</b>						
Cash	2.00%	2.00%	2.00%	2.00%	2.00%	3.00%
BlackRock ICS Sterling Liquidity	4.75%	3.25%				
<b>Sub Total Cash</b>	<b>6.75%</b>	<b>5.25%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>3.00%</b>
	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## Important information

This document has been prepared for use by professional advisers and intermediaries only and should not be construed as investment advice. It is not intended for use by retail clients.

Please remember the value of an investment and income derived from it can go down as well as up and investors may get back less than the amount invested. The return may increase or decrease as a result of currency fluctuations.

**Past performance is not a guide to future performance.**



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