Quarterly

# Investment Report

FlyingColours

**Flying Colours Core**
**Discretionary Managed Portfolio Service**
**Q4 2024**

# Introduction

## Welcome to the Core Portfolio Quarterly Investment Report for Q4 2024.

The fourth quarter of 2024 continued to deliver on turbulence. Significant geopolitical instability continued and this impacted markets. The US election, however, provided a significant boost to the US with the new administration setting out its stall and markets reacting positively.

A situation where inflation is under control and growth is strong is optimistic however, and so we stand fast with our defensive approach, continuing to find ways to manage risk within the portfolios and add diversification where appropriate.

Over the quarter our multi-asset portfolios delivered stable returns – benefitting from being overweight in Japan, but suffering from an underweight US position. However, bonds and fixed income were challenging, nibbling at returns. The picture for the actively managed funds was slightly better with positive returns.

While not all portfolios hit their benchmarks, our long-term, risk-controlled strategy is designed to meet your investment goals. Accordingly, our strategy is to focus on long-term plays; we believe that this philosophy will provide the best outcome for clients whilst tightly controlling risk.

Inside this report, you'll discover:

- Market Review of Q4: A deep dive into the quarter's market movements.
- Outlook for Q4: What to expect in the coming months.
- Asset Selection and Portfolio Reviews: Insights into our investment choices.
- Analysis: Why markets and economies do not track each other automatically.
- Portfolio Performance Summary and Breakdown: Detailed performance metrics.

As ever, if you have any questions relating to this report or our portfolios, please speak to your Flying Colours Financial Adviser. And if there are any topics you would like us to cover in future reports, please do let me know.

Thank you for your continued trust and partnership.

Yours sincerely,

Guy

Guy Myles
Director and Group Chief Executive Officer

# Market Review Q4 2024

## The last quarter of 2024 delivered a positive return for multi-asset portfolios, albeit there were variances in regional performances and differences in asset class behaviour.

## Fixed income delivered negative returns across the spectrum, while equity performance was more mixed and increasingly volatile; the US and Japan being positive while Europe, emerging markets, and Asia were negative.

Overall, equity markets were up in the fourth quarter, with the US leading the charge. This marks the second year of exceptional performance for US equity markets. Gains have been driven by strong corporate earnings, subsiding inflationary pressure, continuing positive investor sentiment (particularly towards AI and technology), and by expectations of deregulation and lower taxes in the US.

During the quarter, the US election, which saw the Republican party candidate, Donald Trump, win, was the main event - leading to a surge in CEO confidence indicators.

### Markets

This quarter was mixed for multi-asset portfolios; equities saw positive returns while fixed income returned negative returns. Asia and Europe, two regions particularly sensitive to any potential trade war initiated by the Trump administration, were particularly weak performers.

US equities performed very strongly in US Dollar (USD) terms at 9.57%, while the UK, the MSCI Emerging Markets, Asia Pacific and Europe indexes generated negative returns of 0.18%, 1.47 %, 2.67% and 2.45% respectively. Japan, on the other hand, managed to generate a positive return of 2.73%.

### US

Q4 capped a strong year for the S&P 500 with strong positive returns in both USD and Sterling terms. The Republican party winning in the Presidential, Senate and the House of Representatives buoyed sentiment. It was a clear victory that gives President Trump a free hand to implement his low tax and deregulation programme, that should boost economic growth.

While the Federal Reserve (FED) cut the interest rate during the quarter, there were indications that the current level of inflation at 2.7% is still too high. 2025 will likely see fewer rate cuts.

The US economy continued to grow at a healthy pace with an expected annualised GDP growth of 2.4% after a strong Q3 figure of 3.1%.

However, labour markets suffered from strikes and a particularly devastating hurricane season which hurt employment during this last quarter. However, the latest non-farm payroll showed solid numbers of 227,000, reflecting a particularly resilient labour market.

### UK

During the fourth quarter, the FTSE 100 delivered a sluggish performance with a negative return of 0.18%, reflecting a slower economy. The UK's GDP was revised downward because of lower exports, but business conditions stayed positive – just about.

The UK Purchasing Managers' Index (PMI) remained in expansion territory, but at 50.4 it is now pointing to another drop in business conditions. To remind you, a reading above 50 indicates growth, while below 50 indicates contraction. But despite continuous signs of a cooling labour market with slower pay growth, unemployment remains contained.

Moreover, while inflation, at 2.6% was significantly lower year on year, it is still above the Bank of England's (BoE) target of 2%. To make matters worse, the Consumer Price Index (CPI) went up in November, which explains why the BoE decided to maintain interest rates. During the quarter, consumer confidence also dropped sharply, with concerns over the government's budget policies.

### Europe

The European stock markets had a negative period with the Euro indices returning a loss of 2.45%. The good news was that the annual inflation rate in the Euro area continued to drop to 2.4% with expectations of reaching 2% in 2025, reaching a level consistent with the European Central Bank's (ECB) long-term inflation objectives. As a result, the ECB cut rates down to 3.0% and there are expectations of more to come in 2025.

Politically, European instability continues to prevail with German, Austrian and French governments all collapsing in Q4.

Eurozone economic data continued to be weak, with PMI figures showing a contraction in December on the back of a sharp decline in manufacturing. Meanwhile, services showed modest growth. Weak internal demand and exports, combined with higher energy costs, are hurting the German industry, in particular.

## Japan

Japan too experienced another positive quarter, rounding off a strong year for the Japanese market.

Despite inflation ticking up higher during the quarter, the Bank of Japan (BoJ) agreed to keep its interest rate unchanged. But at 0.25% rates are still at the highest levels since 2008. The BoJ is in 'wait-and-see' mode, ready to act as political developments continue to unfold globally and spring wage negotiations are about to start.

During the quarter, Japan too experienced political instability with the Prime Minister forced to resign amidst a financial scandal. The election also added to instability with the leading coalition losing its majority for the first time since 2009.

During this turbulent period, the Japanese Yen depreciated against all major currencies, affecting various sectors differently based on their profit sources. Export-oriented industries such as automotive and machinery benefited more than domestic sectors like retail and construction.

Continuing corporate governance improvements is another positive development in the Japanese market.

## Asia & Emerging Markets

Emerging markets, particularly in Asia, suffered from the prospect of an assertive incoming Trump administration which has signalled its willingness to engage in trade disputes with numerous partners. Most major markets suffered during the quarter. In China, the Central Bank operated a shift in monetary policy from a restrictive stance to a more accommodative one, which helped the Chinese equity market to contain its drop in Q4.

Korea is yet another country that has suffered from political instability with the President declaring martial law, only to have it lifted by the National Assembly a few hours later. This political instability, and lagging performance from Samsung, led to the Korean market being a weak performer in Q4.

Taiwan and Singapore were the only major markets to deliver positive returns, driven by AI for Taiwan and political stability for Singapore.

## Fixed income

Overall, the quarter was negative for fixed income – but with wide regional variations. While the overall theme is a clear reduction in inflation, the speed and the levels differ significantly across the globe.

European bonds delivered a marginally negative return during the quarter because of political instability. US Treasuries had a challenging quarter too, as the market is now discounting higher levels of inflation over a longer time period. The possibility of trade wars means a less clear path for interest rates.

In the UK, the budget and the high levels of inflation reduced the likelihood of significant rate cuts in the near term, pushing yields higher to 4.6%.

## Outlook

Policy uncertainty is back on the agenda in 2025, with multiple elections and the return of Donald Trump.

Although there are commonalities in the direction of travel for inflation, there are differences in terms of speed. We expect that those differences will reflect the divergences that global economies are going to experience in 2025.

Indeed, the US will still be very resilient, but it will slow from the boom of 2024. Europe will struggle amidst the ongoing cost of energy crisis. And potential tariffs from the US are going to weigh negatively on both Asia and Europe.

At Flying Colours, we are committed to continuously monitoring the economic outlook and market signals to ensure our portfolios remain aligned with the best interests of our clients.

Our investment strategies are focused on the long-term, managing risks over the extended horizon, rather than reacting to short-term trends that could be detrimental to our investors. Our goal is to achieve well-managed, risk-adjusted returns, consistent with our investment philosophy.



# Asset Selection & Portfolio Review

## Asset Allocation Changes

This quarter was favourable for riskier assets, with stocks rising, continuing the trend we saw this year for stock markets. However, it was a more challenging environment for fixed income and there were expectations around price adjustments during the quarter.

The market anticipation changed rapidly from a continuing rate cut environment to one with a structurally higher interest rate. The global economy was stronger than anticipated, thanks to the US, while for 2025, the economy is expected to remain strong albeit at a lower level than before. Expectations for a perfect environment where inflation is under control and growth remains strong may be over-optimistic, however, and could lead to disappointment. Therefore, we will continue to find ways to manage risk within the portfolios and add diversification where appropriate.

During the quarter we have reduced our allocation to UK equity, and we have increased our allocation to global equity assets, whilst maintaining a more defensive approach, avoiding areas with lofty valuations and more speculative investments.

We believe the risk of an inflation shock is more prevalent in the UK, so we continue actively managing our portfolios. Our strategy is to focus on long-term investments, and we believe that this philosophy will provide the best outcome for clients whilst tightly controlling risk.

Our portfolios are currently positioned defensively based on our long-term view. Whilst this has led to slightly weaker performance in the short term, our objective is to generate strong performance in both absolute and relative terms, as demonstrated in our portfolios over three and five years.

## Cautious Portfolios

### Core Defensive

Core Defensive portfolio performance was down by 0.68% for Q4. Benchmark IA Mixed Investment 0-35% performance was down by 0.35 % for Q4.

Our Core Defensive portfolio underperformed the benchmark during the fourth quarter of 2024 by 0.33%. In our cautious portfolios, we hold a large exposure to fixed income and lower exposure to equity, which explains why the performance was negative for the quarter. Within fixed income we have a larger allocation to UK gilts, which underperformed global fixed income during the quarter as yields increased further in the UK than in the rest of the world.

In the fixed income region, our exposure to UK gilts and inflation-linked bonds negatively impacted performance while our emerging markets (EM) exposure was a positive contribution. Overall, it was a challenging quarter for most fixed income holdings. From an equity perspective, a small holding in US equities provided some growth. But our underweight exposure versus the peer group in the US and Europe led to underperformance compared to the peers.

Over the quarter we reduced our UK large cap exposure, and we introduced a new holding- Guinness Global Equity Income.

**Over the longer term, the Core Defensive portfolio has achieved 9.93% over a five-year period, compared to its benchmark of 5.99%**

### Core Conservative

Core Conservative portfolio performance was down by 0.29% for Q4. Benchmark IA Mixed Investment 20-60% performance was up by 0.06% for Q4.

Like our Defensive portfolio, but with a higher equity position, the Core Conservative portfolio underperformed its benchmark in the year's fourth quarter by 0.35%.

In our cautious portfolios, we hold a relatively large exposure to fixed income and lower exposure to equities, which explains why the performance was negative for the quarter. Within fixed income we have a larger allocation to UK gilts, which underperformed global fixed income during the quarter because yields increased further in the UK than in the rest of the world.

In the fixed income region, our exposure to UK gilts and inflation-linked bonds negatively impacted performance while our EM exposure was a positive contribution. Overall, it was a challenging quarter for most fixed income holdings. From an equity perspective, a small holding in US equities provided some growth. But our underweight exposure versus the peer group in the US and Europe led to underperformance compared to the peers.

Over the quarter we reduced our UK large cap exposure, and we introduced a new holding- Guinness Global Equity Income. We also marginally reduced our exposure to Dimensional Global Value.

**Over the longer term, the Core Conservative portfolio achieved 16.16% over five years, compared to its benchmark of 12.75%**

# Balanced Portfolio

## Core Balanced

Core Balanced portfolio performance was flat at 0% for Q4. Benchmark 50:50 IA Mixed Investment 20-60 & 40-85 performance was up by 0.61% for Q4.

The Core Balanced portfolio underperformed its benchmark in the year's fourth quarter by 0.61 %

During the fourth quarter of 2023, we made the decision to tactically reduce the equity holding in our Balanced portfolio as we could see turbulence in the markets. This quarter, therefore, we maintained the equity holding at 56% and kept our allocation unchanged. Over this quarter, we slightly underperformed the benchmark.

A smaller holding in US equities, versus a higher exposure to Asia and emerging markets, reduced the relative performance of the portfolio compared to the benchmark. However, our exposure to Japan, relative to international global equity, did improve overall performance.

Over the quarter we reduced our UK large cap exposure, and we introduced a new holding- Guinness Global Equity Income and we increased our exposure to Morgan Stanley Global Brands Fund, and we marginally reduced our exposure to Dimensional Global Value.

**Over the longer term, the Core Balanced portfolio achieved 21.88% over a five-year period, compared to its benchmark of 18.30%**

# Growth Portfolios

## Core Growth

Core Growth portfolio performance was up by 0.39% for Q4. Benchmark IA Mixed Investment 40-85% performance was up by 1.16% for Q4.

The first portfolio in our Growth range underperformed its benchmark for the quarter by 0.77%. As with the Balanced portfolio, our equity positioning affected our relative performance, with the EM and Asian overweight and the US and Europe underweight,  while the Japanese overweight supported the relative performance. However, our exposure to equity helped us to achieve a positive absolute return.

Over the quarter we sold our UK large cap exposure, and we introduced a new holding- Guinness Global Equity Income and we increased our exposure to Morgan Stanley Global Brands Fund. We marginally reduced our exposure to Dimensional Global Value and increased our exposure to Morgan Stanley Global.

**Over the longer term, the Core Growth portfolio achieved 26.23% over a five-year period, compared to its benchmark of 24.05%.**

## Core Growth Plus

Core Growth Plus portfolio performance was up by 0.44% for Q4. Benchmark 50:50 IA Mixed Investment 40-85 & Flexible Investment performance was up by 1.41% for Q4.

Our second highest equity-based portfolio (80%) uses a composite benchmark to best fit the strategy and provide flexibility. It underperformed its benchmark for the quarter by 0.97%.  As with the Balanced portfolio, our equity positioning affected our relative performance, with EM and Asia overweight and the US and Europe underweight. The Japanese overweight supported the relative performance. However, our equity exposure helped us achieve a positive absolute return.

Over the quarter we reduced our UK large cap exposure, and we introduced a new holding - Guinness Global Equity Income and we increased our exposure to Morgan Stanley Global Brands Fund.  We marginally reduced our exposure to Dimensional Global Value.

Over the longer term, the Core Growth Plus portfolio achieved 27.53% over a five-year period, compared to its benchmark of 25.45%



## Core Aggressive

Core Aggressive portfolio performance was up by 0.55% for Q4. Benchmark IA Flexible Investment performance was up by 1.65% for Q4.

Our highest equity-based portfolio (87.4%) underperformed its benchmark for the quarter by 1.10%. As with the Balanced portfolio, our equity positioning affected our relative performance, with EM and Asian overweight and the US and Europe underweight, while the Japanese overweight supported the relative performance. However, our exposure to equity helped us to achieve a positive absolute return.

Over the quarter we reduced our UK large cap exposure, and we introduced a new holding - Guinness Global Equity Income and increased our exposure to Morgan Stanley Global Brands Fund. We marginally reduced our exposure to Dimensional Global Value.

**Over the longer term, the Core Aggressive portfolio achieved 27.79% over a 5-year period, compared to the benchmark performance of 26.84%.**

## Summary

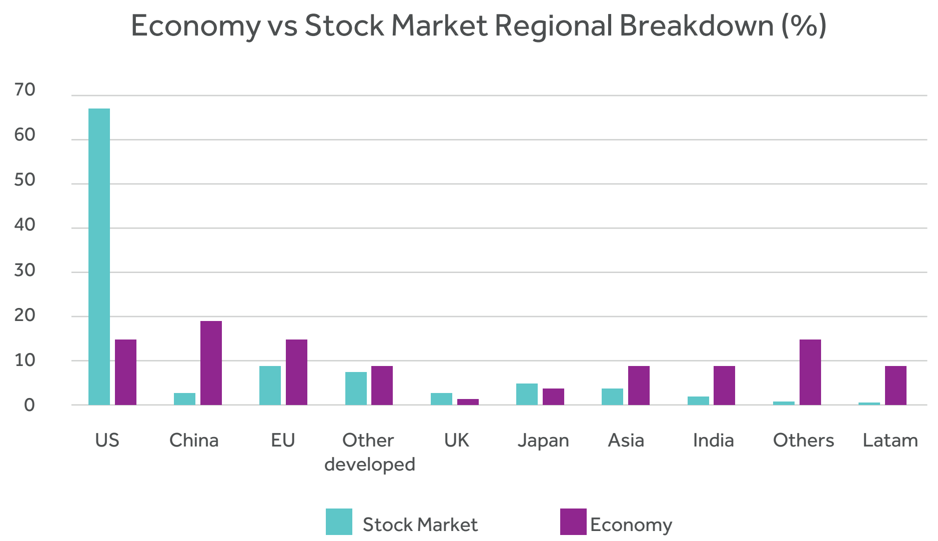
Whilst this quarter was a positive one for markets, we are continuing to manage your portfolios in a tightly risk-controlled manner, which has generated positive returns. We make investment decisions with a long-term view with the aim of outperforming the benchmark over the longer term.

# All Together Now? Why Stock Markets and Economies Don't Always Move in Tandem

It's a common misconception that poor economic growth equates to stagnant markets. However, while economic growth, or Gross Domestic Product (GDP), can influence stock markets, the two are not always strongly correlated.

And here's why. Stock markets represent the performance of publicly traded companies – those listed on stock exchanges (such as the FTSE, Dow Jones etc). They can do well and thrive even if the broader economy is not performing well.
For example, a company can increase its profits through innovation, cost-cutting or expanding into new markets, even if the broader economy is growing slowly or experiencing a downturn.

When we look at the stock markets and economies on a global scale, we see that the US plays a dominant role in the global financial landscape, holding 66% of the world's listed companies.




Source: Flying Colours - December 2024

This means that a significant portion of global stock market wealth is tied to US companies.

## It's a big old world out there!

However, the global economy itself is much broader than just listed companies. So, while the US stock market is highly influential, the global economy includes a vast range of sectors, many of which are not represented in the stock market.

For example, in the UK, public sector spending accounts for 44% of GDP. Unlike listed companies, public sector entities do not exist to make a profit.

This means that investors must look to listed companies, of which there are many, to provide returns and the stock market can outpace GDP.

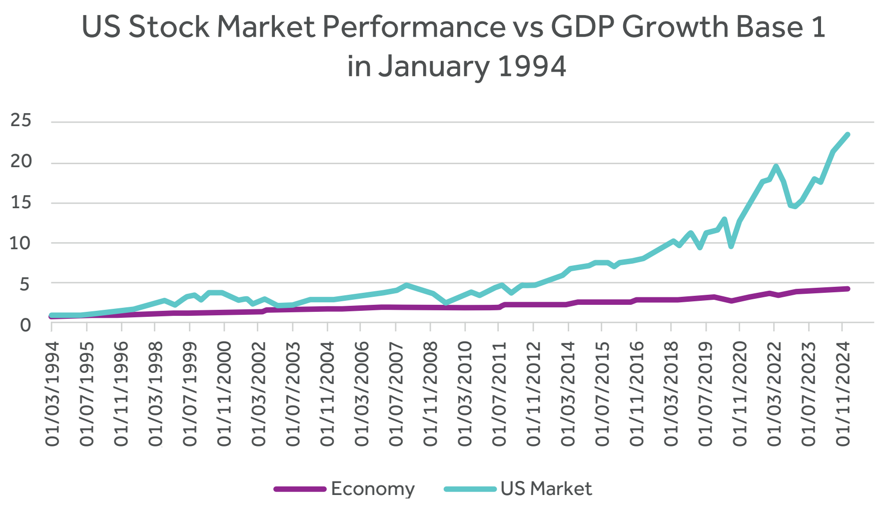
Another influencing factor is that the combined economic output of emerging economies now surpasses that of the US stock market. Much of the economic growth in emerging economies is driven by industries and companies that again, do not have a direct presence in global stock exchanges. Private companies like these can drive economic growth but will not impact stock markets as they are not listed and therefore out of the reach of investors.

Thus, the dynamics between stock market performance and overall economic growth can differ depending on which part of the world you're looking at.

## Correlation – or Lack Thereof

Using the US as an example, we can show that economic and stock market performance are not always closely correlated.

This chart shows that over 20 years, between 1994 and 2024, the relation between GDP and stock market performance in the US was weak.




Source: Flying Colours - December 2024

This lack of correlation between GDP growth and stock market performance was due to the stock market reflecting future expectations rather than the economic conditions at the time.

For instance, during the 2008 financial crisis, there was a sharp economic contraction. But stock markets came back after the initial shock. This was because investors anticipated recovery driven by policies like interest rate cuts and stimulus programmes.

In addition, tech companies such as Apple and Amazon grew significantly, powered by innovation and a huge increase in online shopping. This meant that companies in these sectors did well – even during an economic slump.

Foreign investments and the global nature of many large US firms also cushioned investors from the domestic downturn. In particular, global capital flows into US equities boosted returns in the 1990s and 2000s.

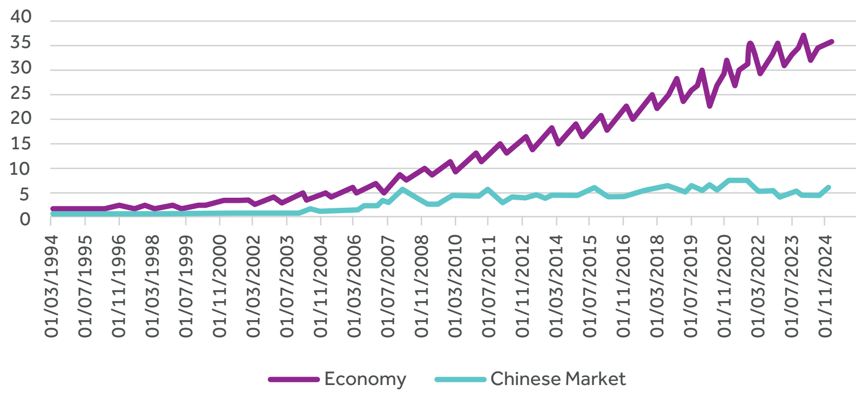
The short-term relationship tells a similar story. The relationship between market returns and economic performance is also weak – and that is not just in the US.

In fact, stock markets often grow significantly faster than the economy in many regions. This is due to other variables like future growth expectations, sector-specific performance, corporate globalisation and international capital flows.

But stock markets do not always do better than the economy. And an economy growing quickly does not always mean that the markets will do proportionally as well.

China is an example of an economy that outpaced its stock market. Its GDP has grown 35 times since 1994, but its stock market has grown only five times.

Chinese Stock Market Performance vs GDP Growth Base 1 in January 1994




Source: Flying Colours - December 2024

The reason for this inequality is that China's economic growth has been driven by state-owned entities and companies that are not publicly traded; they have boosted GDP but are not included in the stock market universe and so investors have not had access to them.

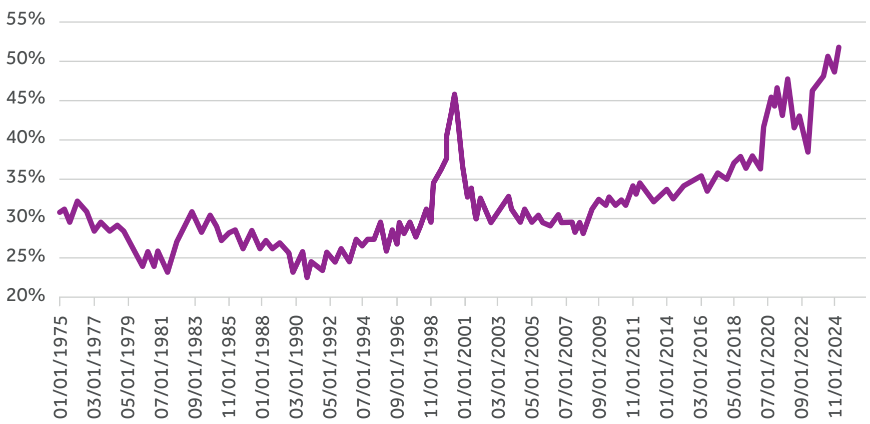
In addition, the stock market has been volatile with lots of short-term speculative trading and investors are wary of heavy government intervention. Thus, despite strong GDP growth, China's stock market has lagged.

## Investor Sentiment

Irrespective of what is happening within a particular economy or its stock market, investor sentiment and speculation can always drive stock prices independently. A good example of this was the US during the pandemic when economies had more or less shut down, but markets were up. This was due to positive investor expectations of a rebound once the pandemic was over.

At that time, we also saw certain sectors, like technology, outperforming the broader economy due to innovation and growth potential. These sectoral shifts are important for an economy to evolve, but first, the companies driving change need to succeed and grow.

Technology and Consumer Discretionary Spending (% of the overall US Market)




Source: Flying Colours - December 2024

In addition, stock markets as a whole benefit from corporate earnings, which can outpace economic growth. A company might improve its profitability through cost-cutting measures, acquisitions or expanding into new markets. Using the tech sector again as an example, innovation makes for better levels of productivity as it translates into operational savings and profits – which in turn boosts investor confidence and means higher stock prices.

## Monetary and Fiscal Policies

Monetary and fiscal policies can have a substantial impact on stock market performance. For example, central banks may lower interest rates or implement stimulus measures to encourage borrowing and spending, which can boost stock prices even if economic growth remains tepid.

In 2012 the European Central Bank (ECB) undertook a policy of monetary stimulus in response to the Eurozone debt crisis. Despite what looked like fairly drastic economic conditions and high unemployment in several European countries, the ECB's decision to introduce negative interest rates and initiate large-scale asset purchases helped stabilise financial markets, particularly in Germany and France.

This action boosted investor sentiment and supported stock market recovery in the region. It shows how fiscal and monetary policies can drive market performance despite economic struggles.

## Global Capital Flows and Stock Markets

Another factor to consider is the interconnectedness of global capital flows. Investors around the world can impact stock markets by moving their capital across borders.

A foreign investor might choose to invest in US tech stocks, for instance, even if the US economy is not growing strongly. Global economic trends, such as rising commodity prices or geopolitical shifts, can influence stock market performance, even when they don't directly reflect domestic economic conditions. As a result, stock markets can sometimes be disconnected from the local economy due to these broader capital movements.

## In Summary...

Thus, although GDP and markets do relate to each other, they are not tied to each other in a simple cause-and-effect manner.

A company doing well is great for the economy and for shareholders too, but there are a lot of variables at play.

Whether through investor sentiment, corporate earnings, monetary policies or global capital flows, the relationship between the economy and stock markets is complex and often unpredictable. While markets may follow broader economic trends, they are also shaped by a variety of factors that can create independent movements.

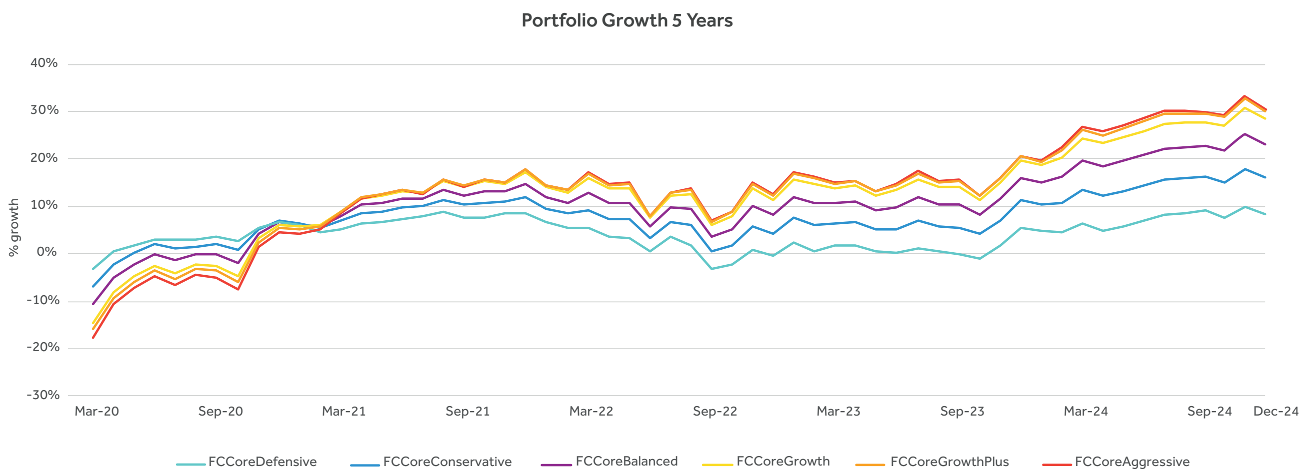
# Portfolio Performance

We use Investment Association (IA) sectors as benchmarks to measure how we have performed. These are used by our peers and are widely used across the fund management industry. The ones selected are the closest to our asset allocation, therefore providing a good indication as to how we have performed. They also act as indicators of specific market and asset performance.

## Core Portfolio Performance

**Investment Growth**

Time Period: 01/09/2019 to 31/12/2024




| Cumulative Performance | 3 Months | 6 Months | 1 year | 3 Years | 5 Years |
|---|---|---|---|---|---|
| **FC Core Defensive** | **-0.7** | **1.5** | **2.7** | **-0.1** | **9.9** |
| IA Mixed Investment 0-35% Shares | -0.4 | 2.2 | 4.4 | -0.6 | 6.0 |
| **FC Core Conservative** | **-0.3** | **1.5** | **4.3** | **3.8** | **16.2** |
| IA Mixed Investment 20-60% Shares | 0.1 | 2.4 | 6.2 | 2.5 | 12.8 |
| **FC Core Balanced** | **0.0** | **1.5** | **5.8** | **7.0** | **21.9** |
| 50:50 IA Mixed Investment 20-60 & 40-85 | 0.6 | 2.6 | 7.5 | 4.1 | 18.3 |
| **FC Core Growth** | **0.4** | **1.8** | **7.2** | **9.4** | **26.2** |
| IA Mixed Investment 40-85% Shares | 1.2 | 2.8 | 8.9 | 5.7 | 24.1 |
| **FC Core Growth Plus** | **0.4** | **1.6** | **7.8** | **10.3** | **27.5** |
| 50:50 IA Mixed Investment 40-85 & Flexible | 1.4 | 2.8 | 9.0 | 6.1 | 25.5 |
| **FC Core Aggressive** | **0.6** | **1.6** | **8.3** | **10.9** | **27.8** |
| IA Flexible Investment | 1.7 | 2.7 | 9.1 | 6.4 | 26.8 |

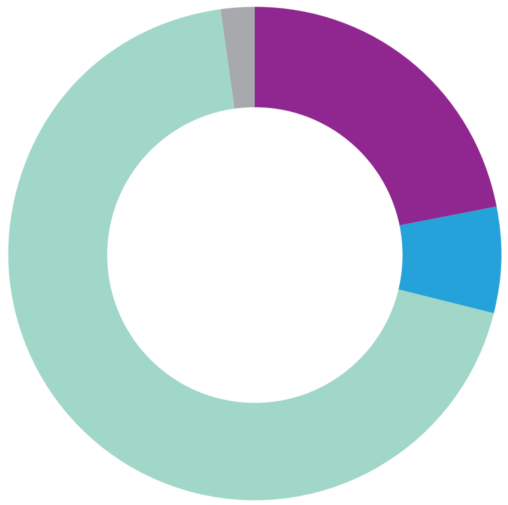
| YTD & Calendar Year Returns | YTD | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| **FC Core Defensive** | **2.7** | **6.1** | **-8.3** | **1.8** | **8.0** | **8.5** |
| IA Mixed Investment 0-35% Shares | 4.4 | 6.1 | -10.2 | 2.6 | 4.0 | 8.8 |
| **FC Core Conservative** | **4.3** | **6.7** | **-6.8** | **4.6** | **7.0** | **11.3** |
| IA Mixed Investment 20-60% Shares | 6.2 | 6.9 | -9.7 | 6.3 | 3.5 | 12.1 |
| **FC Core Balanced** | **5.8** | **7.2** | **-5.7** | **7.6** | **5.9** | **13.3** |
| 50:50 IA Mixed Investment 20-60 & 40-85 | 7.5 | 7.5 | -9.9 | 8.7 | 4.5 | 14.0 |
| **FC Core Growth** | **7.2** | **7.3** | **-5.0** | **10.5** | **4.4** | **15.6** |
| IA Mixed Investment 40-85% Shares | 8.9 | 8.1 | -10.2 | 11.2 | 5.5 | 15.9 |
| **FC Core Growth Plus** | **7.8** | **7.4** | **-4.7** | **11.7** | **3.5** | **16.6** |
| 50:50 IA Mixed Investment 40-85 & Flexible | 9.0 | 7.7 | -9.7 | 11.3 | 6.3 | 15.8 |
| **FC Core Aggressive** | **8.3** | **7.3** | **-4.6** | **12.8** | **2.2** | **17.7** |
| IA Flexible Investment | 9.1 | 7.3 | -9.1 | 11.4 | 7.0 | 15.6 |

Source: Morningstar Direct



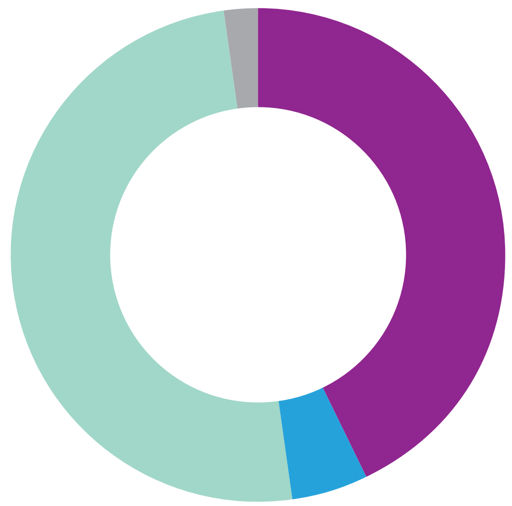
# Core Portfolio Breakdown

## Core Defensive



| | |
|---|---|
| **Equity** | **22.0** |
| Dimensional Global Value £ Acc | 2.0 |
| Vanguard Glb Small-Cp Idx £ Acc | 2.0 |
| Guinness Global Equity Income Y Acc GBP | 1.0 |
| Morgan Stanley Global Brands Fund | 3.0 |
| Fidelity Index UK P Acc | 2.0 |
| Artemis UK Smaller Companies | 2.0 |
| Fidelity Index Europe ex UK P Acc | 1.0 |
| Fidelity Index Japan P Acc | 1.5 |
| Vanguard US Equity Index Acc | 4.0 |
| HSBC Pacific Index Accumulation C | 2.0 |
| Blackrock Natural Resources Growth & Income | 1.5 |
| **Alternative** | **7.0** |
| AQR Managed Futures UCITS Fund | 7.0 |
| **Fixed Income** | **69.0** |
| iShares UK Gilts All Stks Idx (UK) D Acc | 11.5 |
| iShares Overseas Govt Bd Idx (UK) D Acc | 3.5 |
| Vanguard US Govt Bd Idx GBPH Acc | 16.0 |
| L&G Short Dated £ Corporate Bd Idx I Acc | 5.0 |
| Blackrock Corporate Bond 1-10 Year D Acc | 5.0 |
| Close Brother Sustainable Fixed Income | 5.0 |
| Vanguard Global Corporate Bond GBP H | 10.0 |
| L&G Global Inflation Linked Bd Idx I Acc | 4.0 |
| Dimensional Sterling Inflation Linked Bond | 4.5 |
| L&G EM Govt Bond Lcl Ccy Index I Acc | 4.5 |
| **Cash** | **2.0** |
| Cash | 2.0 |

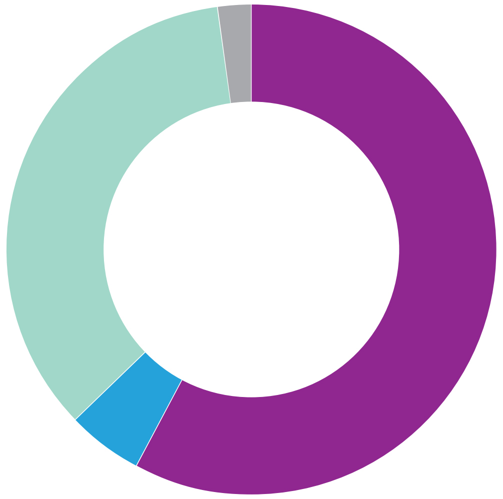
## Core Conservative



| | |
|---|---|
| **Equity** | **43.0** |
| Dimensional Global Value £ Acc | 4.0 |
| Vanguard Glb Small-Cp Idx £ Acc | 2.0 |
| Guinness Global Equity Income Y Acc GBP | 4.0 |
| Morgan Stanley Global Brands Fund | 4.0 |
| Vanguard FTSE U.K. All Shr Idx UT Acc | 3.0 |
| Fidelity Index UK P Acc | 2.0 |
| Artemis UK Smaller Companies | 2.0 |
| Fidelity Index Europe ex UK P Acc | 2.0 |
| Comgest Growth Europe Ex UK | 1.0 |
| Fidelity Index Japan P Acc | 3.5 |
| Vanguard US Equity Index Acc | 5.0 |
| HSBC Pacific Index Accumulation C | 3.5 |
| Fidelity Index Emerging Markets P Acc | 4.0 |
| Blackrock Natural Resources Growth & Income | 3.0 |
| **Alternative** | **5.0** |
| AQR Managed Futures UCITS Fund | 5.0 |
| **Fixed Income** | **50.0** |
| iShares UK Gilts All Stks Idx (UK) D Acc | 8.0 |
| iShares Overseas Govt Bd Idx (UK) D Acc | 3.0 |
| Vanguard US Govt Bd Idx GBPH Acc | 7.0 |
| L&G Short Dated £ Corporate Bd Idx I Acc | 4.0 |
| Blackrock Corporate Bond 1-10 Year D Acc | 5.0 |
| Close Brother Sustainable Fixed Income | 3.0 |
| Vanguard Global Corporate Bond GBP H | 9.0 |
| L&G Global Inflation Linked Bd Idx I Acc | 3.0 |
| Dimensional Sterling Inflation Linked Bond | 5.0 |
| L&G EM Govt Bond Lcl Ccy Index I Acc | 3.0 |
| **Cash** | **2.0** |
| Cash | 2.0 |

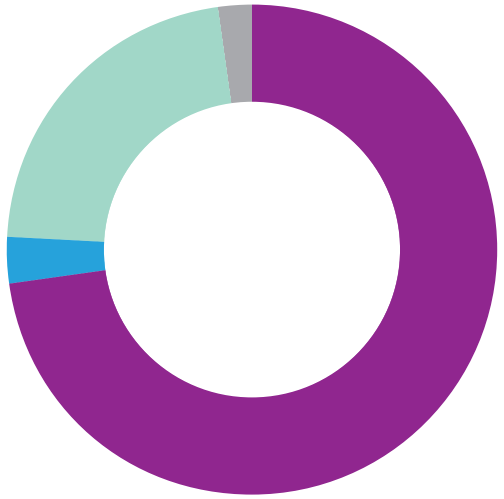
# Core Portfolio Breakdown

## Core Balanced



| | |
|---|---|
| **Equity** | **58.0** |
| Dimensional Global Value £ Acc | 5.0 |
| Vanguard Glb Small-Cp Idx £ Acc | 2.0 |
| Guinness Global Equity Income Y Acc GBP | 6.0 |
| Morgan Stanley Global Brands Fund | 6.0 |
| Vanguard FTSE U.K. All Shr Idx UT Acc | 3.0 |
| Fidelity Index UK P Acc | 4.0 |
| Artemis UK Smaller Companies | 2.5 |
| Fidelity Index Europe ex UK P Acc | 3.0 |
| Comgest Growth Europe Ex UK | 1.5 |
| Fidelity Index Japan P Acc | 4.5 |
| Vanguard US Equity Index Acc | 7.0 |
| HSBC Pacific Index Accumulation C | 5.0 |
| Fidelity Index Emerging Markets P Acc | 4.5 |
| Blackrock Natural Resources Growth & Income | 4.0 |
| **Alternative** | **5.0** |
| AQR Managed Futures UCITS Fund | 5.0 |
| **Fixed Income** | **35.0** |
| iShares UK Gilts All Stks Idx (UK) D Acc | 5.5 |
| Vanguard US Govt Bd Idx GBPH Acc | 6.0 |
| L&G Short Dated £ Corporate Bd Idx I Acc | 3.0 |
| Blackrock Corporate Bond 1-10 Year D Acc | 4.0 |
| Close Brother Sustainable Fixed Income | 2.0 |
| Vanguard Global Corporate Bond GBP H | 5.5 |
| L&G Global Inflation Linked Bd Idx I Acc | 3.0 |
| Dimensional Sterling Inflation Linked Bond | 4.0 |
| L&G EM Govt Bond Lcl Ccy Index I Acc | 2.0 |
| **Cash** | **2.0** |
| Cash | 2.0 |

## Core Growth

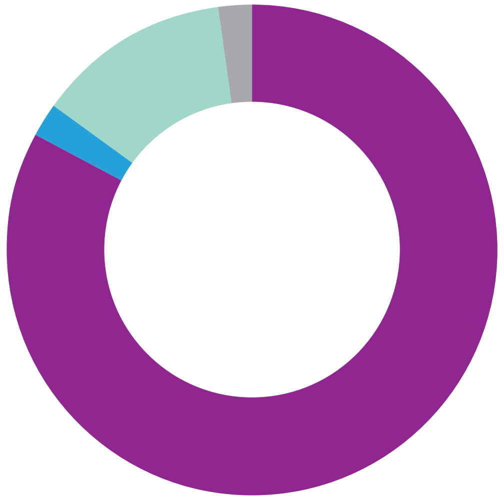


| | |
|---|---|
| **Equity** | **73.0** |
| Dimensional Global Value £ Acc | 7.0 |
| Vanguard Glb Small-Cp Idx £ Acc | 3.0 |
| Guinness Global Equity Income Y Acc GBP | 6.5 |
| Morgan Stanley Global Brands Fund | 7.0 |
| Vanguard FTSE U.K. All Shr Idx UT Acc | 5.0 |
| Fidelity Index UK P Acc | 4.0 |
| Artemis UK Smaller Companies | 3.0 |
| Fidelity Index Europe ex UK P Acc | 3.0 |
| Comgest Growth Europe Ex UK | 2.0 |
| Fidelity Index Japan P Acc | 5.5 |
| Vanguard US Equity Index Acc | 9.0 |
| HSBC Pacific Index Accumulation C | 6.5 |
| Fidelity Index Emerging Markets P Acc | 6.5 |
| Blackrock Natural Resources Growth & Income | 5.0 |
| **Alternative** | **3.0** |
| AQR Managed Futures UCITS Fund | 3.0 |
| **Fixed Income** | **22.0** |
| iShares UK Gilts All Stks Idx (UK) D Acc | 3.0 |
| Vanguard US Govt Bd Idx GBPH Acc | 4.0 |
| L&G Short Dated £ Corporate Bd Idx I Acc | 2.0 |
| Blackrock Corporate Bond 1-10 Year D Acc | 2.0 |
| Close Brother Sustainable Fixed Income | 2.0 |
| Vanguard Global Corporate Bond GBP H | 2.0 |
| L&G Global Inflation Linked Bd Idx I Acc | 3.0 |
| Dimensional Sterling Inflation Linked Bond | 3.0 |
| L&G EM Govt Bond Lcl Ccy Index I Acc | 1.0 |
| **Cash** | **2.0** |
| Cash | 2.0 |



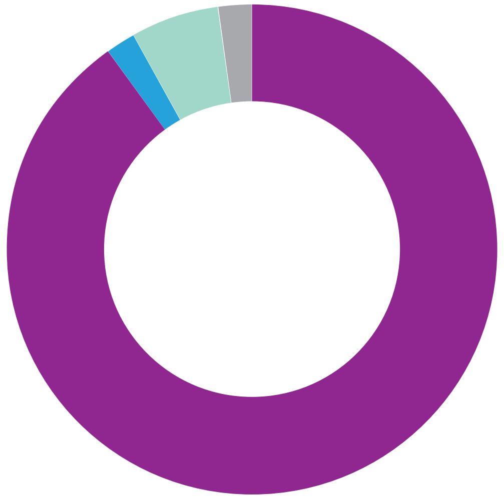
# Core Portfolio Breakdown

## Core Growth Plus



| | |
|---|---|
| **Equity** | **83.0** |
| Dimensional Global Value £ Acc | 7.0 |
| Vanguard Glb Small-Cp Idx £ Acc | 4.0 |
| Guinness Global Equity Income Y Acc GBP | 7.0 |
| Morgan Stanley Global Brands Fund | 7.0 |
| Vanguard FTSE U.K. All Shr Idx UT Acc | 5.0 |
| Fidelity Index UK P Acc | 4.0 |
| Artemis UK Smaller Companies | 4.0 |
| Fidelity Index Europe ex UK P Acc | 4.0 |
| Comgest Growth Europe Ex UK | 3.0 |
| Fidelity Index Japan P Acc | 6.0 |
| Vanguard US Equity Index Acc | 10.0 |
| HSBC Pacific Index Accumulation C | 8.5 |
| Fidelity Index Emerging Markets P Acc | 8.0 |
| Blackrock Natural Resources Growth & Income | 5.5 |
| **Alternative** | **2.0** |
| AQR Managed Futures UCITS Fund | 2.0 |
| **Fixed Income** | **13.0** |
| iShares UK Gilts All Stks Idx (UK) D Acc | 2.0 |
| Vanguard US Govt Bd Idx GBPH Acc | 3.0 |
| Blackrock Corporate Bond 1-10 Year D Acc | 2.0 |
| L&G Global Inflation Linked Bd Idx I Acc | 3.0 |
| Dimensional Sterling Inflation Linked Bond | 3.0 |
| **Cash** | **2.0** |
| Cash | 2.0 |

## Core Aggressive



| | |
|---|---|
| **Equity** | **90.0** |
| Dimensional Global Value £ Acc | 7.0 |
| Vanguard Glb Small-Cp Idx £ Acc | 4.0 |
| Guinness Global Equity Income Y Acc GBP | 7.5 |
| Morgan Stanley Global Brands Fund | 8.0 |
| Vanguard FTSE U.K. All Shr Idx UT Acc | 5.0 |
| Fidelity Index UK P Acc | 5.0 |
| Artemis UK Smaller Companies | 4.0 |
| Fidelity Index Europe ex UK P Acc | 4.0 |
| Comgest Growth Europe Ex UK | 3.5 |
| Fidelity Index Japan P Acc | 7.0 |
| Vanguard US Equity Index Acc | 10.5 |
| HSBC Pacific Index Accumulation C | 9.0 |
| Fidelity Index Emerging Markets P Acc | 9.5 |
| Blackrock Natural Resources Growth & Income | 6.0 |
| **Alternative** | **2.0** |
| AQR Managed Futures UCITS Fund | 2.0 |
| **Fixed Income** | **6.0** |
| iShares UK Gilts All Stks Idx (UK) D Acc | 2.0 |
| Vanguard US Govt Bd Idx GBPH Acc | 2.0 |
| Dimensional Sterling Inflation Linked Bond | 2.0 |
| **Cash** | **2.0** |
| Cash | 2.0 |

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