Apogee Moderately Adventurous Model Portfolio Update

Recommended Fund Changes

The following changes are being made to the fund selection within the Moderately Adventurous Model Portfolio:

- FTF Clearbridge Global Infrastructure is to be removed from the portfolio and our positions in Schroder Global Cities Real Estate, UBS US Equity and CFP SDL UK Buffettology are to be reduced.

- Positions in emerging market debt, high yield bonds and equities listed in Europe, Japan and Emerging Markets are to be increased.

- Small changes have been made to the bond allocation, which will add allocation to conventional government bonds by making slight reductions to the corporate and index linked government bond allocations.

New Fund Selection

The following portfolio of funds is the recommended investment fund selection as part of our updated Apogee Moderately Adventurous Model Portfolio:

Fund	Sector	Current Holding	New Holding
Product Cash	Cash	2.0%	2.0%
BlackRock Continental European	Europe Excluding UK	3.0%	5.0%
BlackRock UK Special Situations	UK All Companies	4.0%	4.0%
BNY Mellon International Bond	Global Bonds	1.0%	1.5%
Brown Advisory US Sustainable Growth	North America	7.0%	7.0%
CFP SDL UK Buffettology	UK All Companies	4.0%	3.0%
Fidelity Asia	Asia Pacific Excluding Japan	5.0%	5.0%
FTF ClearBridge Global Infrastructure Income	Global Equity Income	6.5%	-
FTF Martin Currie UK Rising Dividends	UK All Companies	5.0%	5.0%
HSBC American Index	North America	7.0%	7.0%
iShares Overseas Government Bond Index (UK)	Global Bonds	0.5%	2.0%
JPM Emerging Markets	Global Emerging Markets	5.5%	6.0%
Jupiter Asian Income	Asia Pacific ex Japan	4.5%	4.5%
L&G Inflation Index Linked Bond	Global Inflation Linked Bond	3.5%	2.0%
Liontrust European Dynamic	Europe Excluding UK	3.0%	5.0%
Liontrust Special Situations	UK All Companies	4.0%	4.0%
M&G Global Floating Rate High Yield Hedged	Sterling High Yield	5.0%	7.5%
M&G Japan	Japan	3.0%	4.5%
Man GLG Undervalued Assets	UK All Companies	4.0%	4.0%
Ninety-One Emerging Markets Local Currency Debt	Global EM Bond-Local Currency	5.0%	6.5%
Premier Miton US Opportunities	North America	7.0%	7.0%
Schroder Global Cities Real Estate	IA Property Other	3.5%	1.5%
Schroder Sterling Corporate Bond	Sterling Corporate Bond	3.0%	2.5%
UBS US Equity	North America	4.0%	3.5%

The funds selected give consideration to the level of volatility suitable for the agreed attitude to risk and model asset allocation. Please be aware that there may be occasions when an individual fund or funds may have a higher risk rating than your overall stated attitude to risk. If this is the case, then the overall risk rating applied to all of the combined funds being recommended is still designed to meet your stated tolerance.

Further details on each fund selected within our models and the investment methodology of the fund managers are contained within the Key Investor Information Documents (KIIDs). Copies of the current KIIDs are available on request.

Updated Fund Charges

The following table compares the approximate current charges of the existing Apogee Moderately Adventurous Model Portfolio and our updated Moderately Adventurous Model Portfolio, excluding any incidental transaction charges incurred:

	Ongoing fund charges (OCF)
Existing Apogee Moderately Adventurous Model Portfolio	c.0.74%
New Apogee Moderately Adventurous Model Portfolio	c.0.72%

As you can see, comparing the ongoing fund charges for the existing model portfolio and our updated model, the proposed fund switches will lead to a marginally lower level of ongoing fund charges.

Note that the above fund charges are based on the underlying Ongoing Charges Figure (OCF) of each fund when held on a typical investment platform, and do not include any additional ad hoc transaction costs incurred within the individual funds.

Portfolio Performance Analysis

Our Moderately Adventurous portfolio returned 27.96% in the five years running to the end of the third quarter of 2024. The overall asset allocation of the portfolio is 10% Defensive assets, 90% Growth assets.

Within the growth assets in the portfolio, the more interest rate sensitive allocations to property and infrastructure have performed most strongly with FTF ClearBridge Global Infrastructure Income returning 8.08% and Schroder Global Cities Real Estate returning 8.05%. These substantial gains reflected the market's view on the direction of interest rates towards the end of the quarter. The performance of the other equity funds within the portfolio was more mixed.

In the UK the CFP SDL UK Buffettology returned -0.37% in the quarter underperforming slightly in July, but keeping pace through the rest of the quarter. The manager has frequently expressed frustration that some of his most profitable holdings have attracted takeover interest, suggesting that these companies are attractive but perceived to be undervalued. Recently, Hargreaves Lansdown and the relatively new addition, Rightmove, have been subject to potential takeover interest, although this has been refuted by the company. In contrast, the FTF Martin Currie UK Rising Dividends fund returned 4.01% over the quarter. This fund invests in larger, well-established companies, with wealth manager St James's Place driving returns with a remarkable 35.5% gain in the third quarter. This rebound followed a challenging 12–18 months for the company, marked by a reset in fees and provisions for client servicing failures. UK companies continue to trade at discounted values relative to their European and American counterparts, despite strong projected growth.

In July, poor economic data caused US markets to decline due to concerns that the Federal Reserve had delayed rate cuts too long, impacting highly valued technology stocks. However, broader based growth supported the market, and a subsequent rate cut helped these stocks recover. This broadening oof returns can be seen through Premier Miton US Opportunities making the most positive contribution to the portfolio of our North America allocation. This fund has a relatively low level of exposure to mega cap technology companies, and it also has a distinct bias to mid and small cap stocks.

BlackRock Continental European delivered a fourth quartile return of -3.53%, compared to 0.28% for the IA European ex UK sector. Positive performance came from industrials, financial services, and basic materials, while technology and healthcare detracted. Despite current negative sentiment towards European stocks, the continent offers access to leading companies attractively valued against their US counterparts. Concerns about the European economy could be argued to be based on fairly short-term sentiment, as many of the companies in the allocation to Europe derive a significant proportion of their profits, or a majority in a number of cases, from overseas which reduces the effect of a slowing domestic economy. For this reason, it seems to be an attractive opportunity to increase allocation with a longer-term time horizon in mind.

M&G Japan returned 1.31% in the third quarter of 2024 despite a fall in the Japanese stock market as returns for sterling-based investors were boosted by the appreciation of the yen. Performance was driven by stock picking, with a key contributor being Sanrio, which owns the intellectual property for the Hello Kitty franchise, and Seven & I Holdings, the holding company of 7-eleven, Japan's largest convenience store operator. The Japanese economy appears to be in its best shape for years, with corporate culture reforms enhancing its appeal to investors. Consequently, we will increase our allocation to Japanese equities.

Our exposure to wider Asia is in part gained through the Fidelity Asia fund which delivered a return of 1.21% in the quarter. Fund performance was hindered by weak sentiment in the semiconductor sector, affecting holdings like Samsung Electronics. Conversely, Trip.com, the Chinese owner of Skyscanner, boosted returns due to positive market reactions to Chinese stimulus measures. Favorable population demographics and declining interest rates in developed markets suggest significant upside potential in Asia and emerging markets, prompting us to increase our allocation.

The two bond fund holdings within the growth assets performed reasonably well. M&G Global Floating Rate High yield added 2.19% and Ninety-One Emerging Market Local Currency Debt added 4.05% as local currency EM debt outperformed based on the rates outlook. We have increased allocations to both funds as we continue to see a positive outlook for these sectors both from a returns and diversification perspective.

Within the defensive component of the portfolio, which is primarily invested in a range of bond funds, third-quarter performance of defensive assets was driven primarily by interest rate sensitivity. The US Federal Reserve cut rates twice, with the first cut of 0.5% exceeding market expectations of 0.25%. Longer-duration bonds benefited most from this move but gave back some gains towards the end of the quarter. Inflation-linked government bonds performed best due to improved inflation sentiment.

The changes to the fixed interest allocation reduce allocations to inflation linked bonds and increase exposure to conventional government bonds. This reflects a longer-term view that rates will come down, although it should be noted in coming years concerns about whether or not inflation is fully under control may add to volatility.

**Please note that the returns shown are net of fund managers fees and show the historic returns achieved by the Apogee Model Portfolio managed in conjunction with RSMR. The performance achieved by individual client portfolios may vary slightly from our headline figures depending upon the date the investment was made, the platform selected and the date that any recommended rebalances were actioned. Please also note that past performance is no guarantee of future returns.*