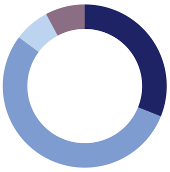
Sustainable Model Portfolio Service

In partnership with LGT Wealth Management

December 2023

EPIM Sustainable Balanced

Asset allocation



Fixed interest	31%
UK equity	0%
Overseas equity	54%
Alternatives	7%
Cash	8%

Top 10 holdings

Vontobel Sustainable Short Term Bond	9.30%
Trojan Ethical	7.00%
Morgan Stanley Global Sustain	6.20%
AB Sustainable US Thematic Equity	6.10%
Janus Henderson Global Sustainable Equity	5.90%
ICS Sterling Liquidity	5.80%
Brown Advisory Global Sustainable Total	5.70%
Lazard Global Sustainable Equity Fund	5.60%
Schroder Global Sustainable Value	5.20%
Stewart Investors Asia Pacific Leaders	5.10%

Portfolio information

Launch date	1 June 2020
Minimum cash holding	2%
Annual management charge	0.3%
Total Cost of Investment	0.62%

Portfolio description

The primary objective of this portfolio is to achieve capital growth in excess of inflation. The portfolio is diversified across a range of asset classes, with a medium allocation to funds investing in equities (expected to be no greater than 75%) and other risk assets. Target Volatility: 5%-9%

Sustainable philosophy

The ultimate goal of the portfolio is to support more inclusive social and economic development and more sustainable environmental and business practices, whilst generating strong and consistent investment returns. The portfolio will aim to achieve this by investing in a diversified range of funds which include themes such as renewable energy, financial inclusion, education, social housing, climate change action, sustainable waste management and renewable material production.

Monthly investment update

In Q4, inflation and macroeconomic data cooled, prompting a year-end boost to bond and equity markets. The Federal Reserve's (Fed) dovish stance at the December meeting signalled a successful soft landing. Investors anticipate significant interest rate cuts in 2024, with the S&P 500 finishing the year up 26.3%. (source)

Key data highlights tightening labour markets, lower job openings and moderated consumer price index (CPI) pressures. The Fed, signalling the end of its aggressive hiking cycle, plans no rate hikes in 2024, with the Bank of England (BoE) and European Central Bank (ECB) maintaining similar positions. The BoE still faces hurdles reaching its inflation target, while ECB anticipates rate cuts amid stagnant European growth.

Elsewhere, concerns arose over Houthi rebel missile attacks near vital shipping routes, impacting global supply chains and prompting shipping reroutes. Despite expected interest rate cuts, potential geopolitical surprises or supply side shocks may hinder disinflation. Investing in quality companies with resilient models, low debt and positive cash flows remains a prudent strategy.

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Performance

Source: Morningstar

	As at end of December 2023
1 month	3.93%
3 month	5.73%
6 month	4.52%
1 year	8.07%
3 year	4.10%
	Target
Volatility	5 to 9%
Return	5.2 to 7.5%
Potential drawdown	-13.5%
	Yield
Assumed yield	1.45%
Dividend	61%
Savings	39%

Where targets are given, these are for indication purposes only; the actual figures achieved could be more or less than the ranges given. Source: Morningstar. Net of underlying fund costs, gross of all other charges. Source: Figaro. Fixed income considered saving income, all other asset classes (bar cash) considered dividend income.