

ACTIVE MPS

Rebalance note

Summary

This rebalance was driven primarily by a desire to marginally reduce the equity exposure in all models apart from Dynamic Growth where the overall allocation remained unchanged. Despite this, we still retain an overweight to equities in these models, reflecting our continued positive outlook for risk assets. The proceeds were reinvested into a mixture of bonds and alternatives.

Within the equity allocation cuts were made to the UK and US throughout the range, whilst Europe and Asia/Emerging Markets were increased in certain portfolios. The reduction in US exposure was achieved by taking some profits from BlackRock Gold & General as well as the market more broadly through Vanguard US Equity Index.

The allocation to UK gilts was increased throughout the range as last week's budget seemed to reassure the bond markets as to the country's finances. We believe that UK government debt offers a combination of an attractive return as well as the ability to offer some downside protection in any growth shock. Within the corporate bond allocation in the lower risk portfolios, we reduced the duration exposure as although the outlook for corporates remains positive, the added return that can be achieved over government bonds remains at historically tight levels and we do not believe that investors are being paid enough to take the extra risk. This move saw us initiate a new position in Aegon Global Short Dated Climate Transition in the lower risk portfolios.

Finally, within alternatives, we added to the infrastructure allocation in most of the models as the investment companies in which we are invested continue to trade at significant discounts to net asset value whilst producing very attractive yields. We believe that over the medium term this valuation anomaly will correct.



James Burns

LEAD PORTFOLIO MANAGER

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Active Defensive (DT3)

Exposure to UK government bonds was increased by adding to the existing position in **iShares Up To 10 Years Gilts Index**. Short-dated gilts offer returns ahead of inflation whilst having limited interest rate sensitivity meaning that they remain an attractive source of stability in portfolios. In addition, a switch was made out of medium duration corporate bonds (**Artemis Corporate Bond**) into shorter dated ones (**Aegon Global Short Dated Climate Transition**) so as to reduce the interest rate sensitivity of the portfolio. Credit spreads are also at historically tight levels and any growth shock may see spreads move out and result in corporate bonds not protecting portfolios as we would like. The Aegon fund should be relatively insulated from such moves and with its global mandate has a greater universe of investment grade options to choose from. Importantly, all overseas currency exposure in the portfolio is hedged back to sterling so there are no currency fluctuations to worry about.

↑ Increase	iShares Up To 10 Years Gilts Index 2.00%
★ Initiate	Aegon Global Short Dated Climate Transition (H) 4.25%
↔ Exit	Artemis Corporate Bond 4.15%

We added to both infrastructure names within the portfolio. **Cordiant Digital Infrastructure** is an investment company investing in the core infrastructure of the digital economy such as data centres, fibre-optic networks and mobile towers. The management team continue to deliver on the strategy, but its shares continue to trade on a substantial discount to net asset value that we believe is unwarranted. We expect the shares to re-rate in the coming years and for its NAV to continue growing. In the meantime, it is paying an attractive yield of over 4.5% and we expect the dividend to grow consistently over time. **International Public Partnerships** is focused on slightly lower risk essential social and public infrastructure assets and as a result has a higher yield (7.0%) than Cordiant but lower scope for capital growth. It too trades on a significant discount to net asset value and we see scope for this to narrow significantly over time.

↑ Increase	International Public Partnerships 0.25%
↑ Increase	Cordiant Digital Infrastructure 0.25%

UK and US equities were reduced. The UK has been a long-term overweight and after a strong period of performance this year it was an obvious place to help bring down the portfolio's overall equity allocation. With regard to the US, **Vanguard US Equity Index** was reduced as we sought to bank some profits from the mega cap tech stocks that dominate the index. We also reduced **BlackRock Gold & General** following continued strength in the gold price that has buoyed gold mining equities and led to the portfolio's position becoming over-sized.

↓ Reduce	Premier Miton UK Multi Cap Income 0.50%
↓ Reduce	Redwheel UK Equity Income 1.00%
↓ Reduce	BlackRock Gold & General 0.25%
↓ Reduce	Vanguard US Equity Index 1.00%

Active Defensive Income (DT4)

Exposure to UK government bonds was increased by adding to the existing position in **iShares Up To 10 Years Gilts Index**. Short-dated gilts offer returns ahead of inflation whilst having limited interest rate sensitivity meaning that they remain an attractive source of stability in portfolios. In addition, a switch was made out of medium duration corporate bonds (**Artemis Corporate Bond**) into shorter dated ones (**Aegon Global Short Dated Climate Transition**) so as to reduce the interest rate sensitivity of the portfolio. Credit spreads are also at historically tight levels and any growth shock may see spreads move out and result in corporate bonds not protecting portfolios as we would like. The Aegon fund should be relatively insulated from such moves and with its global mandate has a greater universe of investment grade options to choose from. Importantly, all overseas currency exposure in the portfolio is hedged back to sterling so there are no currency fluctuations to worry about.

↑ Increase	BlackRock ICS Sterling Liquidity 0.25%
↑ Increase	iShares Up to 10 Years Gilts Index 3.50%
★ Initiate	Aegon Global Short Dated Climate Transition 4.75%
← Exit	Artemis Corporate Bond 4.63%

The position in **International Public Partnerships** which is focused on lower risk essential social and public infrastructure assets was added to. We rate the management team highly and they continue to deliver on the strategy, but its shares continue to trade on a substantial discount to net asset value that we believe is unwarranted. We expect the shares to re-rate in the coming years and for its net asset value to continue growing. In the meantime, it is paying an attractive yield of 7% and we expect the dividend to grow consistently over time.

↑ Increase	International Public Partnerships 0.75%
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UK and US equities were reduced. The UK has been a long-term overweight and after a strong period of performance this year it was an obvious place to help bring down the portfolio's overall equity allocation. With regard to the US, **Vanguard US Equity Index** was reduced as we sought to bank some profits from the mega cap tech stocks that dominate the index. We also reduced **BlackRock Gold & General** following continued strength in the gold price that has buoyed gold mining equities and led to the portfolio's position becoming over-sized. Within Asia, **Schroder Asian Total Return Investment Company** was reduced as part of the overall cut to the portfolio's equity content.

↓ Reduce	Premier Miton UK Multi Cap Income 0.75%
↓ Reduce	Redwheel UK Equity Income 1.00%
↓ Reduce	BlackRock Gold & General 0.50%
↓ Reduce	Vanguard US Equity Index 1.25%
↓ Reduce	JPMorgan Japan 0.25%
↓ Reduce	Schroder Asian Total Return Investment Company 0.75%

Active Balanced Income (DT5)

Exposure to UK government bonds was increased by adding to the existing position in **iShares Up To 10 Years Gilts Index**. Short-dated gilts offer returns ahead of inflation whilst having limited interest rate sensitivity meaning that they remain an attractive source of stability in portfolios. In addition, a switch was made out of medium duration corporate bonds (**Artemis Corporate Bond**) into shorter dated ones (**Aegon Global Short Dated Climate Transition**) so as to reduce the interest rate sensitivity of the portfolio. Credit spreads are also at historically tight levels and any growth shock may see spreads move out and result in corporate bonds not protecting portfolios as we would like. The Aegon fund should be relatively insulated from such moves and with its global mandate has a greater universe of investment grade options to choose from. Importantly, all overseas currency exposure in the portfolio is hedged back to sterling so there are no currency fluctuations to worry about. Finally, we added to **AXA US Short Duration High Yield** as another lower risk way to access corporate bonds. Although this fund is made up of lower quality bonds than the Aegon fund, the short duration nature of its portfolio means the managers have decent visibility of the risk of default and are able to pick up higher yields than investment grade bonds. Again, as with the Aegon fund, all currency exposure is hedged away here.

↑ Increase	iShares Up to 10 Years Gilts Index 0.75%
★ Initiate	Aegon Global Short Dated Climate Transition 3.00%
← Exit	Artemis Corporate Bond 2.98%
↑ Increase	AXA US Short Duration High Yield (H) 1.00%

The position in **International Public Partnerships** which is focused on lower risk essential social and public infrastructure assets was added to. We rate the management team highly and they continue to deliver on the strategy, but its shares continue to trade on a substantial discount to net asset value that we believe is unwarranted. We expect the shares to re-rate in the coming years and for its net asset value to continue growing. In the meantime, it is paying an attractive yield of 7% and we expect the dividend to grow consistently over time.

↑ Increase	International Public Partnerships 1.00%
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UK and US equities were reduced. The UK has been a long-term overweight and after a strong period of performance this year it was an obvious place to help bring down the portfolio's overall equity allocation. With regard to the US, **Vanguard US Equity Index** was reduced as we sought to bank some profits from the mega cap tech stocks that dominate the index. We also reduced **BlackRock Gold & General** following continued strength in the gold price that has buoyed gold mining equities and led to the portfolio's position becoming over-sized. We took the opportunity to increase the exposure to Europe through **BlackRock Continental European Income** as we see good earnings prospects for European companies at attractive valuations. Within Asia, we introduced a new position in **Federated Hermes Asia ex Japan Equity**. This fund has a contrarian investment style with a value bias. Its strong long-term track record suggests it can navigate a range of market outcomes and it should act as a complement to our other Asian funds that have more of a growth bias.

↓ Reduce	Artemis UK Select 0.75%
↓ Reduce	Legal & General UK 100 Index Trust 0.75%
↓ Reduce	Premier Miton UK Multi Cap Income 0.25%
↓ Reduce	BlackRock Gold & General 0.50%
↓ Reduce	Vanguard US Equity Index 1.50%
↑ Increase	BlackRock Continental European Income 0.25%
↓ Reduce	JPMorgan Japan 0.50%
★ Initiate	Federated Hermes Asia ex Japan Equity 1.50%

Active Balanced Growth (DT6)

Exposure to UK government bonds was increased by adding to the existing position in **Vanguard UK Government Bond Index**. Although we like short duration gilts for lower risk portfolios, in higher risk ones a slightly longer duration makes sense as they should have greater sensitivity in any growth shock. In such a scenario we would expect equities to fall but the bonds to react positively, providing an element of protection to the portfolio. The duration of this passive fund is medium dated at around eight years, a level we are very comfortable with.

↑ Increase **Vanguard UK Government Bond Index** 0.25%

We initiated a new position in **International Public Partnerships**. This investment company is focused on lower risk essential social and public infrastructure assets. We rate the management team highly and they continue to deliver on the strategy, but its shares continue to trade on a substantial discount to net asset value that we believe is unwarranted. We expect the shares to re-rate in the coming years and for its net asset value to continue growing. In the meantime, it is paying an attractive yield of 7% and we expect the dividend to grow consistently over time.

★ Initiate **International Public Partnerships** 1.50%

UK and US equities were reduced. The UK has been a long-term overweight and after a strong period of performance this year it was an obvious place to help bring down the portfolio's overall equity allocation. With regard to the US, **Vanguard US Equity Index** was reduced as we sought to bank some profits from the mega cap tech stocks that dominate the index. We also reduced **BlackRock Gold & General** following continued strength in the gold price that has buoyed gold mining equities and led to the portfolio's position becoming over-sized. We took the opportunity to increase the exposure to Europe through **Janus Henderson European Focus** as we see good earnings prospects for European companies at attractive valuations. Within Asia, we introduced a new position in **Federated Hermes Asia ex Japan Equity**. This fund has a contrarian investment style with a value bias. Its strong long-term track record suggests it can navigate a range of market outcomes and it should act as a complement to our other Asian funds that have more of a growth bias.

↓ Reduce **Artemis UK Select** 1.00%

↑ Increase **BlackRock Smaller Companies** 0.50%

↓ Reduce **Legal & General UK 100 Index Trust** 1.00%

↓ Reduce **BlackRock Gold & General** 1.00%

↓ Reduce **Vanguard US Equity Index** 1.00%

↑ Increase **Janus Henderson European Focus** 0.50%

↓ Reduce **Fidelity Asia** 0.50%

★ Initiate **Federated Hermes Asia ex Japan Equity** 2.00%

Active Growth (DT7)

Exposure to UK government bonds was increased by adding to the existing position in **Vanguard UK Government Bond Index**. Although we like short duration gilts for lower risk portfolios, in higher risk ones a slightly longer duration makes sense as they should have greater sensitivity in any growth shock. In such a scenario we would expect equities to fall but the bonds to react positively, providing an element of protection to the portfolio. The duration of this passive fund is medium dated at around eight years, a level we are very comfortable with. We also added to higher yielding international bonds through **M&G Emerging Markets Bond**. The outlook for debt in the developing world remains extremely attractive and the returns available are significantly ahead of those available in developed markets. **Sequoia Economic Infrastructure Income** was also increased as we remain convinced by the attractions of its diversified portfolio of private debt backed by economic infrastructure such as digital assets, power and transportation. Loss rates on the asset class remain low. This investment company yields over 8.5% and trades on a mid-teens discount to net asset value

↑	Increase	Vanguard UK Government Bond Index 0.75%
↑	Increase	M&G Emerging Markets Bond 0.50%
↑	Increase	Sequoia Economic Infrastructure Income 0.50%

UK and US equities were reduced. The UK has been a long-term overweight and after a strong period of performance this year it was an obvious place to help bring down the portfolio's overall equity allocation. With regard to the US, **Vanguard US Equity Index** was reduced as we sought to bank some profits from the mega cap tech stocks that dominate the index. We also reduced **BlackRock Gold & General** following continued strength in the gold price that has buoyed gold mining equities and led to the portfolio's position becoming over-sized. We took the opportunity to increase the exposure to Europe through **Janus Henderson European Focus** as we see good earnings prospects for European companies at attractive valuations. Within Asia, we introduced a new position in **Federated Hermes Asia ex Japan Equity**. This fund has a contrarian investment style with a value bias. Its strong long-term track record suggests it can navigate a range of market outcomes and it should act as a complement to our other Asian funds that have more of a growth bias.

↓	Reduce	Artemis UK Select 1.00%
↓	Reduce	Legal & General UK 100 Index Trust 0.75%
↓	Reduce	Premier Miton UK Multi Cap Income 0.25%
↓	Reduce	Redwheel UK Equity Income 0.50%
↓	Reduce	BlackRock Gold & General 0.75%
↓	Reduce	Vanguard US Equity Index 1.00%
↑	Increase	Janus Henderson European Focus 0.50%
★	Initiate	Federated Hermes Asia ex Japan Equity 3.00%
↓	Reduce	Schroder Asian Total Return Investment Company 0.25%
↓	Reduce	Vanguard Emerging Markets Stock Index 0.75%

Active Dynamic Growth (DT8)

UK and US equities were reduced. The UK has been a long-term overweight and after a strong period of performance this year it was an obvious place to help bring down the portfolio's overall equity allocation. With regard to the US, **Vanguard US Equity Index** was reduced as we sought to bank some profits from the mega cap tech stocks that dominate the index. We also reduced **BlackRock Gold & General** following continued strength in the gold price that has buoyed gold mining equities and led to the portfolio's position becoming over-sized. We took the opportunity to increase the exposure to Europe through **Janus Henderson European Focus** and **BlackRock European Dynamic** as we see good earnings prospects for European companies at attractive valuations.

↓	Reduce	Artemis UK Select 1.00%
↑	Increase	BlackRock Smaller Companies 1.00%
↓	Reduce	Legal & General UK 100 Index Trust 0.75%
↓	Reduce	BlackRock Gold & General 0.25%
↓	Reduce	Vanguard US Equity Index 0.25%
↑	Increase	BlackRock European Dynamic 0.50%
↑	Increase	Janus Henderson European Focus 0.75%

Active MPS Investment List

Security	Defensive	Defensive Income	Balanced Income	Balanced Growth	Growth	Dynamic Growth
Equities						
UK Equity						
Artemis UK Select			2.77%	2.79%	3.45%	3.00%
Blackrock Smaller Companies				2.01%	2.49%	2.24%
L&G UK 100 Index Trust	1.59%	2.34%	3.69%	2.94%	4.69%	2.80%
Premier Miton UK Multi Cap Income	2.10%	2.26%	3.08%	2.29%	2.60%	2.45%
Redwheel UK Equity Income	2.98%	3.33%	3.25%	2.92%	3.56%	
US Equity						
BlackRock Gold & General	2.36%	2.80%	2.92%	3.57%	3.72%	3.60%
GQG US Equity	1.35%	3.01%	4.08%	5.08%	5.17%	4.43%
Monks Investment Trust				2.31%	4.17%	4.17%
Vanguard US Equity Index	2.18%	4.04%	5.43%	5.69%	6.12%	4.54%
BNY Mellon US Equity Income	2.32%	4.15%	5.64%	5.29%	5.90%	3.45%
Europe Equity						
Blackrock Continental European Income		3.61%	3.42%			
Blackrock European Dynamic		2.76%	3.56%	3.31%	3.69%	3.74%
Janus Henderson European Focus				4.08%	4.18%	4.01%
Japan Equity						
Baillie Gifford Japan Trust						1.51%
JPMorgan Japan	2.78%	3.39%	3.46%	4.10%	4.52%	3.83%
Jupiter Japan Income	2.08%	2.71%	2.93%	3.15%	3.56%	2.74%
Asia Pacific ex Japan Equity						
Federated Hermes Asia Ex Japan Equity			1.50%	2.00%	3.00%	5.79%
Fidelity Asia				3.76%	2.75%	5.99%
Pinebridge Asia Ex Japan Small Cap Equity					2.46%	3.19%
Schroder Asian Total Return Inv Company		1.80%	2.85%	3.69%	3.52%	5.58%
Schroder Asian Income Maximiser	1.27%	1.91%	2.14%			
Emerging Market Equity						
BlackRock Emerging Markets Equity Strategies			1.54%	2.67%	2.37%	2.39%
Blackrock Frontiers Investment Trust				1.36%	1.45%	2.41%
Baillie Gifford Emerging Markets Leading Cos		1.38%	3.12%	4.68%	2.91%	4.87%
Fidelity China Special Situations					1.94%	2.52%
Goldman Sachs India Equity					1.64%	2.80%
Vanguard Emerging Markets Stock Index				3.98%	2.40%	7.21%
Utilico Emerging Markets						3.52%
Fixed Income						
Index-Linked Bonds						
Sanlam NinetyOne Intl Inflation Linked Bond	5.67%	4.80%	4.01%			
Vanguard UK Inflation Linked Gilt Index	2.19%	2.06%				
Sovereign Bonds						
iShares Up to 10 Years Gilts Index	12.00%	9.44%	4.46%			
Vanguard UK Government Bond Index	7.30%	5.73%	6.59%	6.19%	5.27%	3.54%
UK Corporate Bonds						
Aegon Global Short Dated Climate Transition (H)	4.25%	4.75%	3.00%			
AXA US Short Duration High Yield (H)	5.68%	5.25%	3.75%	3.60%		
International Bonds						
M&G Emerging Markets Bond	3.81%	3.42%	1.93%	1.74%	1.69%	1.40%
SSGA SPDR Barclays Global Aggregate Bond	12.53%	7.68%	7.30%	5.06%	2.95%	
High Yield Bonds						
Sequoia Economic Infrastructure Income	3.03%	2.17%	1.27%	1.17%	1.29%	
Alternative Assets						
Hedge Funds						
BH Macro	2.64%	2.36%	2.20%	1.54%	2.06%	
Fulcrum Diversified Absolute Return	1.52%	1.25%	1.23%	1.67%		
Real Assets						
International Public Partnerships	2.63%	2.82%	2.86%	1.50%		
Empiric Student Property	1.81%	1.72%	1.73%	1.26%		
Cordiant Digital Infrastructure	1.91%	1.90%	1.61%	1.82%	2.06%	
Picton Property Income	3.16%	3.06%	2.18%	2.35%	1.91%	1.79%
Cash						
Cash	0.31%	0.39%	0.54%	0.41%	0.47%	0.46%
Blackrock ICS Sterling Liquidity	8.54%	1.70%				

Source Evelyn Partners Investment Management LLP

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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