INVESTMENT UPDATE

Sustainable MPS Rebalance Note

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For Professional Advisers Only

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Summary

Changes in this rebalance were primarily driven by asset allocation adjustments as well as reducing exposure to real assets in the lower risk models.

At the asset class level, the overall fixed income weighting increased in the lower risk models (Conservative, Cautious and Balanced), funded by selling two real assets holdings. Proceeds also went into increasing equity exposure in those models. Overall equity weights increased in all models except Adventurous, which remained static. Fixed income was a source of funds for increasing equity in the Growth model via a complete sale of the Brown Global Sustainable Total Return bond fund.

In fixed income we continue to favour sovereign bonds over corporate credit and yields remain elevated relative to history, marking an attractive entry point for the lower risk portfolios. US sovereign bonds can also provide a measure of portfolio insulation if global economic conditions should take a turn to the downside.

In the lower risk models we sold the positions in SDCL Energy Efficiency Income Trust and Supermarket Income REIT to fund additions to fixed income and equity. Energy efficiency will remain an important part of the clean energy transition and we have retained our position in higher risk models, but currently consider fixed income more attractive for the lower risk models. Exiting Supermarket Income REIT also helped with our aim of reducing portfolio exposure to rate volatility at the lower end of the risk models.

The sales also funded increases in equity exposure across the models. Additions in equity were broad based with regions such as the UK and Asia Pacific receiving top-ups, however we prioritised adding US exposure primarily through FTGF ClearBridge US Equity Sustainability Leaders as well as global funds.

Two holdings were sold in their entirety in the Conservative, Cautious and Balanced models:

- SDCL Energy Efficiency Income Trust
- Supermarket Income REIT

One holding was sold in its entirety in the Growth model:

- Brown Global Sustainable Total Return Bond

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Sustainable Conservative

In fixed income we increased the allocation to sovereign bonds, both nominal and inflation-linked in equal measure, by adding to the CG Dollar fund and Vanguard US government bond index. This is in line with our current preference for government bonds over corporate credit and brings us closer in line with our internal strategic asset allocation to the asset class. Government bonds at their current yields remain attractive in an environment of sticky inflation data, and the addition to index-linked bonds through CG Dollar provides some protection if inflation should not decelerate as fast as the market hopes. The additions were funded through a mix of exiting real assets positions and reducing cash.

↓ Reduce	**BlackRock ICS Sterling Liquidity** 1.75%
↑ Increase	**CG Dollar** 1.00%
↑ Increase	**Vanguard US Govt Bond Index** 1.00%

We increased our overall equity exposure through the exit of some real asset positions and reducing cash. Additions were broad-based across regions, though increasing US equity exposure was a priority over the rebalance. FTGF ClearBridge US Equity Sustainable Leaders, which we initiated a position in at the last rebalance, was brought up to the same weight as Brown US Sustainable Growth to provide a more balanced and quality-driven approach to the allocation. We also added to Royal London Sustainable Leaders Trust in the UK, Stewart Asia Pacific Sustainability in Asia Pacific, and topped up Baillie Gifford Responsible Global Equity Income and CT Responsible Global Equity in the global equity allocation. The increase in equity was funded through exiting real assets positions and reducing cash.

↑ Increase	**Royal London Sustainable Leaders Trust** 0.50%
↑ Increase	**FTGF ClearBridge US Equity Sustainability Leaders** 0.75%
↑ Increase	**Stewart Asia Pacific Sustainability** 0.25%
↑ Increase	**CT Responsible Global Equity** 0.50%
↑ Increase	**Baillie Gifford Responsible Global Equity Income** 0.25%

In alternatives we exited two real assets positions. While we still believe in the investment case of SDCL Energy Efficiency Income trust, we have looked this quarter to consolidate our infrastructure holdings and reduce the interest rate sensitivity of the lower risk portfolios. To that end we have kept the position in our moderate risk models, but in the lower risk models we see government bonds as a better home for capital at this time. On a longer term time horizon and for moderate risk profiles we still think SDCL's assets have an attractive future. Exiting Supermarket Income REIT was also an exercise in reducing exposure to rates, and the vehicle has had a tough time since the hiking cycle began and negatively affected valuations. Proceeds from exiting these positions were recycled primarily into equities alongside sovereign bonds.

← Exit	**SDCL Energy Efficiency Income Trust** 1.00%
← Exit	**Supermarket Income REIT** 1.50%

Sustainable Cautious

In fixed income we increased the allocation to sovereign bonds, both nominal and inflation-linked in equal measure, by adding to the CG Dollar fund and Vanguard US government bond index. This is in line with our current preference for government bonds over corporate credit and brings us closer in line with our internal strategic asset allocation to the asset class. Government bonds at their current yields remain attractive in an environment of sticky inflation data, and the addition to index-linked bonds through CG Dollar provides some protection if inflation should not decelerate as fast as the market hopes. The additions were funded through a mix of exiting real assets positions and reducing cash.

↓ Reduce	**BlackRock ICS Sterling Liquidity** 1.50%
↑ Increase	**CG Dollar** 1.00%
↑ Increase	**Vanguard US Govt Bond Index** 1.00%

We increased our overall equity exposure through the exit of some real asset positions and reducing cash. Additions were broad-based across regions, though increasing US equity exposure was a priority over the rebalance. FTGF ClearBridge US Equity Sustainable Leaders, which we initiated a position in at the last rebalance, was brought up to the same weight as Brown US Sustainable Growth to provide a more balanced and quality-driven approach to the allocation. We also added to Royal London Sustainable Leaders Trust in the UK and topped up CT Responsible Global Equity in the global equity allocation. The increase in equity was funded through exiting real assets positions and reducing cash.

↑ Increase	**Royal London Sustainable Leaders Trust** 0.50%
↑ Increase	**FTGF ClearBridge US Equity Sustainability Leaders** 1.00%
↑ Increase	**Stewart Asia Pacific Sustainability** 0.25%
↑ Increase	**CT Responsible Global Equity** 0.50%

In alternatives we exited two real assets positions. While we still believe in the investment case of SDCL Energy Efficiency Income trust, we have looked this quarter to consolidate our infrastructure holdings and reduce the interest rate sensitivity of the lower risk portfolios. To that end we have kept the position in our moderate risk models, but in the lower risk models we see government bonds as a better home for capital at this time. On a longer term time horizon and for moderate risk profiles we still think SDCL's assets have an attractive future. Exiting Supermarket Income REIT was also an exercise in reducing exposure to rates, and the vehicle has had a tough time since the hiking cycle began and negatively affected valuations. Proceeds from exiting these positions were recycled primarily into equities alongside sovereign bonds.

← Exit	**SDCL Energy Efficiency Income Trust** 1.00%
← Exit	**Supermarket Income REIT** 1.50%

Sustainable Balanced

In fixed income we increased the allocation to sovereign bonds, both nominal and inflation-linked in equal measure, by adding to the CG Dollar fund and Vanguard US government bond index. This is in line with our current preference for government bonds over corporate credit and brings us closer in line with our internal strategic asset allocation to the asset class. Government bonds at their current yields remain attractive in an environment of sticky inflation data, and the addition to index-linked bonds through CG Dollar provides some protection if inflation should not decelerate as fast as the market hopes. The additions were funded through a mix of exiting real assets positions and a switch from a credit-focused fund into sovereign bonds.

We also trimmed Brown Global Sustainable Total Return Bond, which is a mix of sovereign bonds, corporate credit and securitized bonds. This was to reflect our preference for shorter-dated vehicles in our corporate credit allocation and also to fund the addition to sovereign bonds.

↑ Increase	**CG Dollar** 0.50%
↑ Increase	**Vanguard US Government Bond Index** 0.50%
↓ Reduce	**Brown Global Sustainable Total Return Bond** 0.50%

We increased our overall equity exposure through the exit of some real asset positions. Additions were broad-based across regions, though increasing US equity exposure was a priority over the rebalance. FTGF ClearBridge US Equity Sustainable Leaders, which we initiated a position in at the last rebalance, was brought up to the same weight as Brown US Sustainable Growth to provide a more balanced and quality-driven approach to the allocation. We also added to Royal London Sustainable Leaders Trust in the UK, Stewart Asia Pacific Sustainability in Asia Pacific and added to Baillie Gifford Responsible Global Equity Income and CT Responsible Global Equity in the global equity allocation. The increase in equity was funded through exiting real assets positions.

↑ Increase	**Royal London Sustainable Leaders Trust** 0.25%
↑ Increase	**FTGF ClearBridge US Equity Sustainability Leaders** 0.25%
↑ Increase	**Stewart Asia Pacific Sustainability** 0.25%
↑ Increase	**CT Responsible Global Equity** 0.75%
↑ Increase	**Baillie Gifford Responsible Global Equity Income** 0.50%

In alternatives we exited two real assets positions. While we still believe in the investment case of SDCL Energy Efficiency Income trust, we have looked this quarter to consolidate our infrastructure holdings and reduce the interest rate sensitivity of the lower risk portfolios. To that end we have kept the position in our moderate risk models, but in the lower risk models we see government bonds as a better home for capital at this time. On a longer term time horizon and for moderate risk profiles we still think SDCL's assets have an attractive future. Exiting Supermarket Income REIT was also an exercise in reducing exposure to rates, and the vehicle has had a tough time since the hiking cycle began and negatively affected valuations. Proceeds from exiting these positions were recycled primarily into equities alongside sovereign bonds.

← Exit	**SDCL Energy Efficiency Income Trust** 1.00%
← Exit	**Supermarket Income REIT** 1.50%

Sustainable Growth

In fixed income we exited Brown Global Sustainable Total Return Bond, which is a mix of sovereign bonds, corporate credit and securitized bonds. This was to reflect our preference for shorter-dated vehicles in our corporate credit allocation. Overall fixed income decreased by 2% in this rebalance in order to fund additions to equity.

Exit	**Brown Global Sustainable Total Return Bond** 2.00%

We increased our overall equity exposure this rebalance. Additions were broad-based across regions, though increasing US equity exposure was a priority over the rebalance. FTGF ClearBridge US Equity Sustainable Leaders, which we initiated a position in at the last rebalance, was increased by 1.25%. Brown US Sustainable Growth remains a larger position as it is exposed to more growth-oriented businesses, but the addition to the ClearBridge fund will add a more balanced and quality-driven approach to the allocation. We also added to Stewart Asia Pacific Sustainability in Asia Pacific and added to Baillie Gifford Responsible Global Equity Income and CT Responsible Global Equity in the global equity allocation. The increase in equity was funded through the exit of Brown Global Sustainable Total Return Bond.

Increase	**FTGF ClearBridge US Equity Sustainability Leaders** 1.25%
Increase	**Stewart Asia Pacific Sustainability** 0.25%
Increase	**CT Responsible Global Equity** 0.25%
Increase	**Baillie Gifford Responsible Global Equity Income** 0.25%

In alternatives no changes took place during this rebalance.

Sustainable Adventurous

In fixed income no changes took place during this rebalance.

Overall equity exposure did not increase this rebalance, but we shifted our allocations within equity. We increased US equity exposure through FTGF ClearBridge US Equity Sustainable Leaders, which we initiated a position in at the last rebalance. Brown US Sustainable Growth remains a larger position as it is exposed to more growth-oriented businesses, but the addition to the ClearBridge fund will add a more balanced and quality-driven approach to the allocation. We also added to Baillie Gifford Responsible Global Equity Income in the global equity allocation. The increase in US and core global fund exposure was funded through a reduction in RobecoSAM Smart Materials. Whilst the long term structural growth case for materials for the clean energy transition remains sound, in the short term the sectors are sensitive to a higher rate environment. We currently prefer broad, quality US exposure to the specific materials theme.

Increase	**FTGF ClearBridge US Equity Sustainability Leaders** 0.50%
Increase	**Baillie Gifford Responsible Global Equity Income** 0.25%
Reduce	**RobecoSAM Smart Materials** 0.75%

In alternatives no changes took place during this rebalance.

Sustainable Maximum Growth

We reduced cash this rebalance to fund additions to equity.

Reduce	**Cash** 1.00%

We increased our overall equity exposure this rebalance. Additions were broad-based across regions, though increasing US equity exposure was a priority over the rebalance. FTGF ClearBridge US Equity Sustainable Leaders, which we initiated a position in at the last rebalance, was brought up to the same weight as Brown US Sustainable Growth to provide a more balanced and quality-driven approach to the allocation. We also added to Federated Hermes Sustainable Global Equity and CT Responsible Global Equity in the global equity allocation. The increase in equity was funded through a reduction in cash.

Increase	**FTGF ClearBridge US Equity Sustainability Leaders** 0.50%
Increase	**CT Responsible Global Equity** 0.25%
Increase	**Federated Hermes Sustainable Global Equity** 0.25%

In alternatives no changes took place during this rebalance.

Sustainable MPS Investment List – Risk-based Portfolios

Security	Conservative	Cautious	Balanced	Growth	Adventurous	Maximum Growth
Equities						
UK Equity						
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	4.25%	5.00%	6.00%	6.50%	7.00%	8.50%
	12.50%	**15.00%**	**18.25%**	**21.25%**	**23.50%**	**29.00%**
US Equity						
Brown US Sustainable Growth	2.00%	2.50%	2.75%	3.75%	4.25%	4.00%
FTGF ClearBridge US Equity Sustainability Leaders	2.00%	2.50%	2.75%	3.25%	3.50%	4.00%
	4.00%	**5.00%**	**5.50%**	**7.00%**	**7.75%**	**8.00%**
Asia Pacific Ex Japan Equity						
Stewart Investors Asia Pacific Sustainability	4.00%	4.25%	5.00%	6.00%	6.50%	7.75%
	4.00%	**4.25%**	**5.00%**	**6.00%**	**6.50%**	**7.75%**
Global Emerging Equity						
Alquity Future World		1.00%	1.75%	2.25%	2.50%	2.75%
		1.00%	**1.75%**	**2.25%**	**2.50%**	**2.75%**
Global Equity						
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	4.00%	4.50%	6.25%	6.75%	7.25%	9.00%
Baillie Gifford Responsible Global Equity Income	4.00%	4.50%	6.75%	7.75%	8.00%	9.25%
RobecoSAM Smart Materials			1.25%	2.00%	2.00%	4.25%
Federated Hermes Sustainable Global Equity					4.75%	6.75%
	12.50%	**19.00%**	**26.00%**	**30.50%**	**36.75%**	**47.00%**
Sub Total Equities	**33.50%**	**44.25%**	**56.50%**	**67.00%**	**77.00%**	**94.50%**
Fixed Income						
International Sovereign Bonds						
Vanguard US Government Bond Index (H)	15.00%	12.50%	9.25%	7.75%	6.00%	
CG Dollar Fund (H)	8.00%	6.75%	4.75%	3.75%	3.00%	
	23.00%	**19.25%**	**14.00%**	**11.50%**	**9.00%**	
Investment Grade Corporate Bonds						
Brown Global Sustainable Total Return Bond	3.75%	2.50%	3.00%			
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%		
	19.25%	**15.25%**	**12.50%**	**6.50%**		
Sub Total Fixed Income	**42.25%**	**34.50%**	**26.50%**	**18.00%**	**9.00%**	**0.00%**
Alternative Assets						
Real Assets						
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%	
International Public Participations	2.50%	2.00%	2.00%	2.00%	1.50%	
Schroder BSC Social Income Trust	2.25%	1.75%				
	9.25%	**8.50%**	**7.00%**	**5.00%**	**4.00%**	
Absolute Return						
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%
	6.00%	**5.00%**	**4.00%**	**4.00%**	**4.00%**	**3.50%**
Gold						
Invesco Physical Gold ETC	4.00%	4.00%	4.00%	4.00%	4.00%	
	4.00%	**4.00%**	**4.00%**	**4.00%**	**4.00%**	
Sub Total Alternative Assets	**19.25%**	**17.50%**	**15.00%**	**13.00%**	**12.00%**	**3.50%**
Cash						
Cash	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
BlackRock ICS Sterling Liquidity	3.00%	1.75%				
Sub Total Cash	**5.00%**	**3.75%**	**2.00%**	**2.00%**	**2.00%**	**2.00%**
	100.00%	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

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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