INVESTMENT UPDATE

Active MPS Rebalance Note

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For Professional Advisers Only

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Summary

This rebalance saw us increase the allocation to cash and government bonds at the expense of equities and corporate bonds in all but two of the portfolios. No changes were made to the Growth and Dynamic Growth portfolios.

The reduction in equities does not reflect a particularly negative outlook, rather an acknowledgement that there is more uncertainty for risk assets and that it was prudent to trim our long-held overweight position. Corporate bonds have become less attractive as credit spreads have tightened to levels that make their protection characteristics in a portfolio less obvious. We therefore reduced exposure to longer dated corporate bonds but retain significant exposure to shorter-dated ones that should fare relatively well in the event of any downturn.

We added to government bonds as expectations have risen that we are at or close to the peak in the interest rate cycle in developed markets. Government bonds remain compelling, for as well as offering attractive real yields, they should also provide a level of portfolio insurance were a growth shock to occur. Inflation-linked bonds also look interesting as we believe markets may be under-estimating medium-term inflation. Allocations to cash were also increased due to the attractive returns that can currently be generated - something we have not written in over 15 years!

No new names were introduced to the range at this rebalance.

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Active Defensive (DT3)

Longer dated US government bonds hedged back to sterling as well as non-UK government inflation linked bonds, again hedged back to sterling, and UK government inflation linked bonds were increased. In our opinion, the real yields available from both asset classes appear attractive and this blend should provide an element of portfolio protection in the event of a growth shock as well as attractive returns should medium-term inflation remain at more elevated levels. At the same time, we sought to take advantage of the returns available from cash and BlackRock ICS Sterling Liquidity was increased significantly.

Investment Grade corporate bonds have remained resilient over the summer months but with spreads tightening we do not feel we are being compensated enough for the extra risk over government bonds. Holdings with the most interest rate sensitivity amongst the corporate bond holdings were reduced or exited. We retain a significant allocation to shorter dated corporate bonds which should fare relatively well in the event of an economic downturn; AXA US Short Duration High Yield was increased.

↓ Reduce	Cash 0.27%
↑ Increase	BlackRock ICS Sterling Liquidity 3.50%
↑ Increase	AXA Sterling Index Linked Bond 0.75%
↑ Increase	Sanlam International Inflation Linked Bond 0.50%
↓ Reduce	iShares UK Gilts 0-5Yr ETF 1.00%
↑ Increase	Vanguard US Government Bond Index (H) 1.00%
↑ Increase	AXA US Short Duration High Yield 0.50%
← Exit	Liontrust Sustainable Future Monthly Income Bond 3.48%
↓ Reduce	iShares $ Corporate Bond ETF 1.50%

The recent movements in the bond markets have continued to negatively impact other asset classes, most notably listed infrastructure and property. We therefore took the opportunity to add to the relatively new position in INPP, which focuses on international operational public sector backed projects, has an attractive dividend yield and trades at a significant discount to net asset value.

↑ Increase	INPP 0.25%

The overall exposure to equities was lowered through a small reduction to the UK.

↓ Reduce	Troy Income & Growth Trust 0.25%

Active Defensive Income (DT4)

Longer dated US government bonds hedged back to sterling as well as non-UK government inflation linked bonds, again hedged back to sterling, and UK government inflation linked bonds were increased. In our opinion, the real yields available from both asset classes appear attractive and this blend should provide an element of portfolio protection in the event of a growth shock as well as attractive returns should medium-term inflation remain at more elevated levels. At the same time, we sought to take advantage of the returns available from cash and BlackRock ICS Sterling Liquidity was increased significantly.

Investment Grade corporate bonds have remained resilient over the summer months but with spreads tightening we do not feel we are being compensated enough for the extra risk over government bonds. Holdings with the most interest rate sensitivity amongst the corporate bond holdings were exited. We retain a significant allocation to shorter dated corporate bonds which should fare relatively well in the event of an economic downturn; Sequoia Economic Infrastructure Income was added to as it continues to trade at a significant discount to net asset value and yields over 8.5%.

↓	Reduce	Cash 0.21%
↑	Increase	BlackRock ICS Sterling Liquidity 2.00%
↑	Increase	AXA Sterling Index Linked Bond 1.00%
↑	Increase	Sanlam International inflation Linked Bond 0.50%
↑	Increase	Vanguard US Government Bond Index (H) 1.00%
←	Exit	Liontrust Sustainable Future Monthly Income Bond 3.33%
←	Exit	iShares $ Corporate Bond ETF 1.46%
↑	Increase	SSGA SPDR Bloomberg Global Aggregate Bond ETF 0.50%
↑	Increase	Seqouia Economic Infrastructure 0.50%

The recent movements in the bond markets have continued to negatively impact other asset classes, most notably listed infrastructure and property. We therefore took the opportunity to add to the relatively new position in INPP, which focuses on international operational public sector backed projects, has an attractive dividend yield and trades at a significant discount to net asset value.

↑	Increase	INPP 0.25%

The overall exposure to equities was lowered through a combination of reducing the UK and US.

↓	Reduce	Vanguard US Equity Index 0.50%
↓	Reduce	Troy Income & Growth Trust 0.25%

Active Balanced Income (DT5)

Longer dated US government bonds hedged back to sterling as well as government inflation linked bonds, again hedged back to sterling, were increased. In our opinion, the real yields available from both asset classes appear attractive and this blend should provide an element of portfolio protection in the event of a growth shock as well as attractive returns should medium-term inflation remain at more elevated levels.

Investment Grade corporate bonds have remained resilient over the summer months but with spreads tightening we do not feel we are being compensated enough for the extra risk over government bonds. Holdings with the most interest rate sensitivity amongst the corporate bond holdings were reduced or exited. We retain a significant allocation to shorter dated corporate bonds which should fare relatively well in the event of an economic downturn.

↓	Reduce	Cash 0.24%
↑	Increase	BlackRock ICS Sterling Liquidity 0.25%
↑	Increase	Sanlam International inflation Linked Bond 1.75%
↑	Increase	Vanguard US Government Bond (H) 1.25%
↓	Reduce	Artemis Corporate Bond 0.50%
↓	Reduce	AXA Short Duration High Yield 0.25%
←	Exit	Liontrust Sustainable Future Monthly Income Bond 2.26%
↑	Increase	SSGA SPDR Bloomberg Global Aggregate Bond ETF 0.50%

The overall exposure to equities was lowered through a reduction to the UK. Within the US, **Vanguard US Equity Index** was reduced in favour of **JPMorgan US Equity Income.**

↑	Increase	**JPMorgan US Equity Income** 1.00%
↓	Reduce	**Vanguard US Equity Index** 1.00%
↓	Reduce	**Troy Income & Growth Trust** 0.50%

Active Balanced Growth (DT6)

Government inflation linked bonds hedged back to sterling were increased. In our opinion, the real yields available from the asset class appear attractive and should provide attractive returns should medium-term inflation remain at more elevated levels. At the same time, we sought to take advantage of the returns available from cash and **BlackRock ICS Sterling Liquidity** was also increased.

Short dated corporate bonds have remained resilient over the summer months but with spreads tightening we felt that there were better ways to protect the portfolio than through **AXA US Short Duration High Yield**.

↓	Reduce	**Cash** 0.23%
↑	Increase	**BlackRock ICS Sterling Liquidity** 0.75%
★	Initiate	**Sanlam International Inflation Linked Bond** 3.50%
←	Exit	**AXA US Short Duration High Yield** 4.02%

The overall exposure to equities remains neutral. We see greater value in reducing **Vanguard US Equity Index** in favour of **JPMorgan US Equity Income.** In the UK, we reduced **Troy Income & Growth** and made a made a small increase to smaller companies, which have had a torrid couple of years, by adding to **Premier Miton UK Multi-Cap Income**.

↑	Increase	**JPMorgan US Equity Income** 1.50%
↓	Reduce	**Vanguard US Equity Index** 1.50%
↓	Reduce	**Troy Income & Growth** 0.25%
↑	Increase	**Premier Miton UK Multi Cap Income** 0.25%

Active Growth (DT7)

No changes were made to the Growth model at this rebalance.

Active Dynamic Growth (DT8)

No changes were made to the Dynamic Growth model at this rebalance.

Active MPS Investment List

Security	Defensive	Defensive Income	Balanced Income	Balanced Growth	Growth	Dynamic Growth
Equities						
UK Equity						
Artemis UK Select	0.00%	0.00%	3.53%	3.95%	5.55%	3.92%
Blackrock Smaller Companies	0.00%	0.00%	0.00%	1.82%	2.64%	1.56%
L&G UK 100 Index Trust	0.00%	0.00%	4.95%	4.42%	7.42%	4.25%
Premier Miton UK Multi Cap Income	2.38%	2.90%	3.09%	2.66%	3.62%	2.71%
Ninety One UK Alpha	3.84%	5.40%	4.61%	4.69%	6.36%	4.18%
Redwheel UK Equity Income	3.05%	4.62%	3.85%	2.78%	4.94%	0.00%
Troy Income & Growth Trust	2.39%	2.67%	2.34%	2.36%	3.08%	2.80%
US Equity						
BlackRock Gold & General	1.37%	1.55%	1.67%	2.12%	2.15%	2.22%
GQG US Equity	0.00%	3.14%	4.96%	5.76%	6.30%	5.00%
JPMorgan US Equity Income	3.04%	4.65%	6.56%	5.98%	3.08%	0.00%
Monks Investment Trust	0.00%	0.00%	0.00%	1.93%	3.60%	2.27%
Vanguard US Equity Index	4.86%	5.43%	8.46%	7.09%	5.24%	4.47%
Europe Equity						
Blackrock Continental European Income	0.00%	3.03%	2.06%	0.00%	0.00%	0.00%
Blackrock European Dynamic	0.00%	2.06%	2.46%	2.61%	2.85%	2.92%
Janus Henderson European Focus	0.00%	0.00%	0.00%	2.85%	3.28%	3.35%
Japan Equity						
Baillie Gifford Japan Trust	0.00%	0.00%	0.00%	0.00%	0.00%	1.57%
JPMorgan Japan	2.27%	2.34%	2.01%	2.82%	3.11%	2.51%
Jupiter Japan Income	2.30%	2.24%	2.83%	2.17%	2.95%	1.88%
Asia Pacific ex Japan Equity						
Federated Hermes Asia Ex Japan	0.00%	0.00%	0.00%	0.00%	0.00%	5.02%
Fidelity Asia	0.00%	0.00%	0.00%	3.95%	4.21%	5.78%
Pinebridge Asia Ex Japan Small Cap Equity	0.00%	0.00%	0.00%	2.78%	2.75%	4.73%
Schroder Asian Total Return Investment Company	0.00%	2.16%	2.02%	3.45%	3.90%	5.44%
Schroder Income Maximiser	1.25%	2.24%	2.04%	0.00%	0.00%	0.00%
Emerging Market Equity						
BlackRock Emerging Markets Equity Strategies	0.00%	0.00%	2.63%	3.76%	3.59%	7.30%
Blackrock Frontier Markets	0.00%	0.00%	0.00%	1.37%	1.51%	2.52%
Fidelity China Special Situations	0.00%	0.00%	0.00%	0.00%	1.73%	2.25%
Goldman Sachs India Equity	0.00%	0.00%	0.00%	0.00%	1.88%	3.22%
Federated Hermes Global Emerging Markets	0.00%	0.00%	2.45%	4.10%	3.65%	5.36%
Utilico Emerging Markets	0.00%	0.00%	0.00%	0.00%	0.00%	4.82%
Fixed Income						
Index-Linked Bonds						
AXA Sterling Index Linked	2.43%	2.40%	0.00%	0.00%	0.00%	0.00%
Sanlam International Inflation Linked Bond	5.39%	5.77%	4.87%	3.50%	0.00%	0.00%
Sovereign Bonds						
iShares UK Gilts 0-5Yr	6.34%	3.73%	0.00%	0.00%	0.00%	0.00%
Vanguard US Government Bond Index (H)	7.55%	4.97%	6.92%	3.73%	3.75%	3.70%
UK Corporate Bonds						
Artemis Corporate Bond	7.51%	6.51%	4.51%	4.36%	0.00%	0.00%
AXA US Short Duration High Yield (H)	7.05%	6.38%	4.00%	0.00%	0.00%	0.00%
International Bonds						
iShares USD Corporate Bond	2.26%	0.00%	0.00%	0.00%	0.00%	0.00%
M&G Emerging Markets Bond	3.86%	2.55%	1.52%	1.94%	1.56%	1.56%
SSGA SPDR Barclays Global Aggregate Bond	7.20%	4.39%	2.68%	0.00%	0.00%	0.00%
High Yield Bonds						
Sequoia Economic Infrastructure Income	2.83%	2.55%	1.56%	1.52%	1.06%	0.00%
Alternative Assets						
Hedge Funds						
BH Macro	2.27%	2.32%	2.26%	1.87%	1.48%	0.00%
Neuberger Berman Uncorrelated Strategies	2.05%	1.53%	1.92%	1.97%	0.00%	0.00%
Real Assets						
INPP	1.86%	1.86%	0.00%	0.00%	0.00%	0.00%
Empiric Student Property	1.87%	1.86%	1.43%	0.00%	0.00%	0.00%
Picton Property Income	3.13%	3.19%	2.38%	2.14%	2.27%	2.14%
Cash						
Cash	0.16%	0.18%	0.16%	0.27%	0.52%	0.54%
Blackrock ICS Sterling Liquidity	9.46%	5.39%	3.24%	3.29%	0.00%	0.00%

Source Evelyn Partners Investment Management LLP

Important information

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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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