

INVESTMENT UPDATE

Core MPS Rebalance Note

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For Professional Advisers Only



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Summary

This rebalance saw us make no changes to the overall mix between equities, bonds and alternatives. However, within the equity allocation, exposures to the US was increased at the expense of the UK and Europe. Within the government bond allocation we increased UK gilts at the expense of US Treasuries and, to a lesser degree, US inflation linked bonds were increased at the expense of UK index-linked bonds.

The equity shift is based on the strong mandate given to the US Republican party that is expected to support US economic and market supremacy at the expense of the rest of the world. As with June's rebalance, the bulk of the increase in the US was away from the big technology names that dominate the index, as we see the rally in US equities broadening out. We added significantly to funds that have a greater exposure to mid and small caps as well as to sectors such as healthcare and financials.

The implications for the UK economy post Rachel Reeves' budget and the US economy post Donald Trump's re-election have shaped our thinking within the bond allocation. The exposure to government bonds remains diversified, but we see greater chance of inflation being more elevated in the US whilst growth in the UK may well be more muted. With this in mind, we have slanted the allocations towards UK gilts as well as US TIPS.

Finally, within the UK equity allocation we exited NinetyOne UK Alpha and introduced a new holding in Fidelity Special Situations. Although we see large companies as attractively priced, we see even more value in mid-sized and smaller ones. We are seeing increased M&A activity as both companies and private equity seek to take advantage of the historic cheapness of the UK market. With its greater allocation to companies outside of the FTSE 100, we believe the Fidelity fund is well positioned to benefit from this trend. Its manager, Alex Wright, has an outstanding long-term track record by taking an often contrarian stance and investing where he sees value in the UK.

Core Defensive

Exposure to both UK and European equities were reduced in favour of US equities. BNY Mellon US Equity Income has a high exposure to sectors such as Financials and Healthcare which we believe will benefit from the continued strength in the US market but which will see leadership broaden out from the mega cap tech stocks that have dominated proceedings for some time now.

↓ Reduce	L&G UK 100 Index 0.25%
↓ Reduce	Lindsell Train UK Equity 0.25%
↑ Increase	BNY Mellon US Equity Income 0.75%
↓ Reduce	HSBC European Index Fund 0.25%

The likelihood of a more inflationary environment in the US and more anaemic growth in the UK saw us increase inflation protected US bonds (TIPS) through the CG Dollar Fund as well as short duration gilts through the iShares Up To 10 Years Gilt Index. However, our overall exposure to government bonds remains well diversified to cope with a range of economic outcomes. Within the corporate bond allocation we made a minor change to ensure that our exposure here is very much slanted towards short duration bonds.

↑ Increase	CG Dollar Fund (H) 1.00%
↓ Reduce	Vanguard US Government Bond Index (H) 8.00%
↑ Increase	iShares Up to 10 Years Gilt Index 8.00%
↓ Reduce	iShares Up to 10 Years Index Linked Gilts 1.00%
↑ Increase	L&G Short Dated Corporate Bond Index 0.50%
↓ Reduce	Artemis Corporate Bond 0.50%

Within the Alternatives allocation we looked to make our weightings within the Absolute Return list more evenly balanced.

↓ Reduce	Neuberger Berman Uncorrelated Strategies 1.00%
↑ Increase	Atlantic House Defined Returns 1.00%

Core Conservative

Exposure to both UK and European equities were reduced in favour of US equities. BNY Mellon US Equity Income has a high exposure to sectors such as financials and healthcare, whilst Premier Miton US Opportunities has a significant allocation to mid and small cap companies. We believe all these areas will benefit from the continued strength in the US market, but which will see leadership broaden out from the mega cap tech stocks that have dominated proceedings for some time now. Within the UK list, NinetyOne UK Alpha was exited and Fidelity Special Situations introduced so as to provide greater exposure to the mid and small end of the market which we believe offers compelling value.

↓ Reduce	L&G UK 100 Index Trust 0.25%
← Exit	NinetyOne UK Alpha 2.75%
★ Initiate	Fidelity Special Situations 2.00%
↑ Increase	BNY Mellon US Equity Income 1.25%
↑ Increase	Premier Miton US Opportunities 0.25%
↓ Reduce	HSBC European Index 0.50%

The likelihood of a more inflationary environment in the US and more anaemic growth in the UK saw us increase inflation protected US bonds (TIPS) through the CG Dollar Fund as well as short duration gilts through the iShares Up To 10 Years Gilt Index. However, our overall exposure to government bonds remains well diversified to cope with a range of economic outcomes. Within the corporate bond allocation we made a minor change to ensure that our exposure here is very much slanted towards short duration bonds.

↑ Increase	CG Dollar Fund (H) 1.25%
↓ Reduce	Vanguard US Government Bond Index (H) 4.75%
↑ Increase	iShares Up to 10 Years Gilts Index 4.00%
↓ Reduce	iShares Up to 10 Years Index Linked Gilts 0.50%
↑ Increase	L&G Short Dated Corporate Bond Index 1.25%
↓ Reduce	Artemis Corporate Bond 1.25%

Within the Alternatives allocation we looked to make our weightings within the Absolute Return list more evenly balanced.

↓ Reduce	Neuberger Berman Uncorrelated Strategies 1.25%
↑ Increase	Atlantic House Defined Returns 1.25%

Core Cautious

Exposure to both UK and European equities were reduced in favour of US equities. BNY Mellon US Equity Income has a high exposure to sectors such as financials and healthcare, whilst Premier Miton US Opportunities has a significant allocation to mid and small cap companies. We believe all these areas will benefit from the continued strength in the US market, but which will see leadership broaden out from the mega cap tech stocks that have dominated proceedings for some time now. Within the UK list, NinetyOne UK Alpha was exited and Fidelity Special Situations introduced so as to provide greater exposure to the mid and small end of the market which we believe offers compelling value.

↓ Reduce	L&G UK 100 Index Trust 0.25%
← Exit	NinetyOne UK Alpha 3.00%
↓ Reduce	Premier Miton UK Multi Cap Income 0.50%
★ Initiate	Fidelity Special Situations 2.50%
↑ Increase	BNY Mellon US Equity Income 1.25%
↑ Increase	Premier Miton US Opportunities 0.50%
↓ Reduce	HSBC European Index Fund 0.50%

The likelihood of a more inflationary environment in the US and more anaemic growth in the UK saw us increase inflation protected US bonds (TIPS) through the CG Dollar Fund as well as short duration gilts through the iShares Up To 10 Years Gilt Index. However, our overall exposure to government bonds remains well diversified to cope with a range of economic outcomes. Within the corporate bond allocation we made a minor change to ensure that our exposure here is very much slanted towards short duration bonds.

↑ Increase	CG Dollar Fund (H) 0.50%
↓ Reduce	Vanguard US Government Bond Index (H) 5.20%
↑ Increase	iShares Up to 10 Years Gilts Index 4.70%
↑ Increase	L&G Short Dated Corporate Bond Index 1.25%
↓ Reduce	Artemis Corporate Bond 1.25%

Within the Alternatives allocation we looked to make our weightings within the Absolute Return list more evenly balanced.

↓ Reduce	Neuberger Berman Uncorrelated Strategies 0.50%
↑ Increase	Atlantic House Defined Returns 0.50%

Core Balanced

Exposure to both UK and European equities were reduced in favour of US equities. BNY Mellon US Equity Income has a high exposure to sectors such as financials and healthcare, whilst Premier Miton US Opportunities has a significant allocation to mid and small cap companies. We believe all these areas will benefit from the continued strength in the US market, but which will see leadership broaden out from the mega cap tech stocks that have dominated proceedings for some time now. Within the UK list, NinetyOne UK Alpha was exited and Fidelity Special Situations introduced so as to provide greater exposure to the mid and small end of the market which we believe offers compelling value.

↓ Reduce	L&G UK 100 Index Trust 0.50%
← Exit	NinetyOne UK Alpha 3.25%
↓ Reduce	Premier Miton UK Multi Cap Income 0.50%
★ Initiate	Fidelity Special Situations 2.75%
↑ Increase	BNY Mellon US Equity Income 1.50%
↑ Increase	Premier Miton US Opportunities 1.00%
↓ Reduce	HSBC European Index Fund 1.00%

The likelihood of a more inflationary environment in the US and more anaemic growth in the UK saw us increase short duration gilts through the iShares Up To 10 Years Gilt Index. However, our overall exposure to government bonds remains well diversified to cope with a range of economic outcomes.

↓ Reduce	Vanguard US Government Bond Index (H) 5.00%
★ Initiate	iShares Up to 10 Years Gilt Index 5.00%

Within the Alternatives allocation we looked to make our weightings within the Absolute Return list more evenly balanced.

↓ Reduce	Neuberger Berman Uncorrelated Strategies 0.50%
↑ Increase	Fulcrum Diversified Absolute Return 0.50%

Core Growth

Exposure to both UK and European equities were reduced in favour of US equities. BNY Mellon US Equity Income has a high exposure to sectors such as financials and healthcare, whilst Premier Miton US Opportunities has a significant allocation to mid and small cap companies. We believe all these areas will benefit from the continued strength in the US market, but which will see leadership broaden out from the mega cap tech stocks that have dominated proceedings for some time now. Within the UK list, NinetyOne UK Alpha was exited and Fidelity Special Situations introduced so as to provide greater exposure to the mid and small end of the market which we believe offers compelling value.

↓ Reduce	L&G UK 100 Index Trust 0.25%
← Exit	NinetyOne UK Alpha 4.75%
↓ Reduce	Premier Miton UK Multi Cap Income 0.25%
★ Initiate	Fidelity Special Situations 3.25%
↑ Increase	Vanguard US Equity Index 0.50%
↑ Increase	BNY Mellon US Equity Income 1.25%
↑ Increase	GQG Partners US Equity 0.25%
↑ Increase	Premier Miton US Opportunities 1.00%
↓ Reduce	HSBC European Index Fund 1.00%

The likelihood of a more inflationary environment in the US and more anaemic growth in the UK saw us increase short duration gilts through the iShares Up To 10 Years Gilt Index. However, our overall exposure to government bonds remains well diversified to cope with a range of economic outcomes.

↓ Reduce	Vanguard US Government Bond Index (H) 2.50%
★ Initiate	iShares Up to 10 Years Gilt Index 2.50%

Within the Alternatives allocation we looked to make our weightings within the Absolute Return list more evenly balanced.

↓ Reduce	Neuberger Berman Uncorrelated Strategies 0.50%
↑ Increase	Fulcrum Diversified Absolute Return 0.50%

Core Adventurous

Exposure to both UK and European equities were reduced in favour of US equities. BNY Mellon US Equity Income has a high exposure to sectors such as financials and healthcare, whilst Premier Miton US Opportunities has a significant allocation to mid and small cap companies. We believe all these areas will benefit from the continued strength in the US market, but which will see leadership broaden out from the mega cap tech stocks that have dominated proceedings for some time now. Within the UK list, NinetyOne UK Alpha was exited and Fidelity Special Situations introduced so as to provide greater exposure to the mid and small end of the market which we believe offers compelling value.

↓ Reduce	L&G UK 100 Index Trust 0.75%
↓ Reduce	Lindsell Train UK Equity 0.50%
← Exit	NinetyOne UK Alpha 5.00%
★ Initiate	Fidelity Special Situations 4.00%
↑ Increase	Vanguard US Equity Index 1.00%
↑ Increase	BNY Mellon US Equity Income 0.75%
↑ Increase	GQG Partners US Equity 0.50%
↑ Increase	Premier Miton US Opportunities 1.25%
↓ Reduce	HSBC European Index Fund 1.20%

Core Maximum Growth

Exposure to both UK and European equities were reduced in favour of US equities. BNY Mellon US Equity Income has a high exposure to sectors such as financials and healthcare, whilst Premier Miton US Opportunities has a significant allocation to mid and small cap companies. We believe all these areas will benefit from the continued strength in the US market, but which will see leadership broaden out from the mega cap tech stocks that have dominated proceedings for some time now. Within the UK list, NinetyOne UK Alpha was exited and Fidelity Special Situations introduced so as to provide greater exposure to the mid and small end of the market which we believe offers compelling value.

↓ Reduce	L&G UK 100 Index Trust 1.00%
↓ Reduce	Lindsell Train UK Equity 0.25%
↓ Reduce	Premier Miton UK Multi Cap Income 0.25%
← Exit	NinetyOne UK Alpha 6.00%
★ Initiate	Fidelity Special Situations 4.50%
↑ Increase	Vanguard US Equity Index 1.80%
↑ Increase	BNY Mellon US Equity Income 0.45%
↑ Increase	GQG Partners US Equity 1.00%
↑ Increase	Premier Miton US Opportunities 1.00%
↓ Reduce	HSBC European Index Fund 1.25%

Core Income

Exposure to both UK and European equities were reduced in favour of US equities. Premier Miton US Opportunities has a significant allocation to mid and small cap companies which believe will benefit from the continued strength in the US market, but which will see leadership broaden out from the mega cap tech stocks that have dominated proceedings for some time now.

↓ Reduce	L&G UK 100 Index Trust 0.75%
↓ Reduce	Premier Miton UK Multi Cap Income 0.50%
★ Initiate	Premier Miton US Opportunities 2.00%
↓ Reduce	HSBC European Index Fund 0.75%

The likelihood of a more inflationary environment in the US and more anaemic growth in the UK saw us increase inflation protected US bonds (TIPS) through the CG Dollar Fund as well as short duration gilts through the iShares Up To 10 Years Gilt Index. However, our overall exposure to government bonds remains well diversified to cope with a range of economic outcomes. Within the corporate bond allocation we made a minor change to ensure that our exposure here is very much slanted towards short duration bonds.

↑ Increase	CG Dollar Fund (H) 0.50%
↓ Reduce	Vanguard US Government Bond Index (H) 5.20%
↑ Increase	iShares Up to 10 Years Gilts Index 4.70%
↑ Increase	L&G Short Dated Corporate Bond Index 1.25%
↓ Reduce	Artemis Corporate Bond 1.25%

Within the Alternatives allocation we looked to make our weightings within the Absolute Return list more evenly balanced.

↓ Reduce	Neuberger Berman Uncorrelated Strategies 0.50%
↑ Increase	Atlantic House Defined Returns 0.50%

Core Income & Growth

Exposure to both UK and European equities were reduced in favour of US equities. BNY Mellon US Equity Income has a high exposure to sectors such as financials and healthcare, whilst Premier Miton US Opportunities has a significant allocation to mid and small cap companies. We believe all these areas will benefit from the continued strength in the US market, but which will see leadership broaden out from the mega cap tech stocks that have dominated proceedings for some time now.

↓ Reduce	L&G UK 100 Index Trust 0.75%
↓ Reduce	Martin Currie UK Equity Income 0.50%
↓ Reduce	Premier Miton UK Multi Cap Income 1.00%
↓ Reduce	Redwheel UK Equity Income 0.25%
↑ Increase	BNY Mellon US Equity Income 1.50%
↑ Increase	Premier Miton US Opportunities 2.00%
↓ Reduce	HSBC European Index Fund 1.00%

Core MPS Investment List – Risk-based Portfolios

Security	Defensive	Conservative	Cautious	Balanced	Growth	Adventurous	Maximum Growth
Equities							
UK Equity							
L&G UK 100 Index Trust	3.00%	3.50%	3.50%	4.50%	5.00%	5.50%	7.50%
Lindsell Train UK Equity	1.75%	2.25%	2.25%	3.00%	3.50%	4.00%	4.50%
Fidelity Special Situations		2.00%	2.50%	2.75%	3.25%	4.00%	4.50%
Premier Miton UK Multi Cap Income			2.00%	2.75%	3.75%	4.25%	5.00%
	4.75%	7.75%	10.25%	13.00%	15.50%	17.75%	21.50%
US Equity							
Vanguard US Equity Index	4.00%	5.25%	6.75%	8.75%	11.25%	13.50%	18.05%
BNY Mellon US Equity Income	4.25%	5.50%	7.00%	8.45%	9.75%	10.00%	10.00%
GQG US Equity	2.00%	4.00%	4.75%	6.25%	7.00%	8.50%	9.75%
Premier Miton US Opportunities		2.25%	3.50%	4.50%	5.75%	7.00%	8.50%
	10.25%	17.00%	22.00%	28.25%	33.75%	39.00%	46.30%
Japan Equity							
Baillie Gifford Japanese	1.25%	1.25%	1.75%	2.00%	2.40%	3.00%	3.50%
	1.25%	1.25%	1.75%	2.00%	2.40%	3.00%	3.50%
Europe Ex UK Equity							
HSBC European Index Fund	2.00%	3.25%	4.50%	5.50%	6.50%	7.55%	9.25%
	2.00%	3.25%	4.50%	5.50%	6.50%	7.55%	9.25%
Asia Pacific Ex Japan Equity							
Stewart Investors Asia Pacific Leaders	2.50%	2.50%	3.80%	4.25%	2.30%	3.20%	3.70%
Fidelity Asia					2.50%	3.75%	4.75%
	2.50%	2.50%	3.80%	4.25%	4.80%	6.95%	8.45%
Global Emerging Equity							
Baillie Gifford EM Leading Companies		2.50%	2.50%	3.75%	4.75%	4.25%	5.00%
	0.00%	2.50%	2.50%	3.75%	4.75%	4.25%	5.00%
Sub Total Equities	20.75%	34.25%	44.80%	56.75%	67.70%	78.45%	94.00%
Fixed Income							
International Sovereign Bonds							
CG Dollar Fund (H)	8.00%	6.50%	5.50%	4.00%	2.50%		
Vanguard US Govt Bond Index (H)	7.00%	6.00%	5.00%	5.50%	5.00%	7.50%	
iShares Up to 10 Years Gilts Index	16.00%	10.00%	8.20%	5.00%	2.50%		
iShares Up to 10 Years Index Linked Gilt Index	4.00%	3.75%	3.00%	2.75%	2.50%		
	35.00%	26.25%	21.70%	17.25%	12.50%	7.50%	0.00%
Investment Grade Corporate Bonds							
L&G Short Dated £ Corporate Bond	5.80%	4.95%	3.75%	2.50%	2.00%		
M&G UK Inflation Linked Corporate Bond	5.30%	3.85%	2.75%	2.50%			
Artemis Corporate Bond	2.50%	2.75%	2.50%	0.00%			
Vontobel TwentyFour Absolute Return Credit	6.40%	5.20%	4.25%	3.50%	3.05%		
	20.00%	16.75%	13.25%	8.50%	5.05%	0.00%	0.00%
Sub Total Fixed Income	55.00%	43.00%	34.95%	25.75%	17.55%	7.50%	0.00%
Alternative Assets							
Real Assets							
Sanlam Real Assets	2.00%	2.50%	2.50%	2.50%	2.50%	3.25%	
	2.00%	2.50%	2.50%	2.50%	2.50%	3.25%	0.00%
Absolute Return							
NB Uncorrelated Strategies	5.00%	4.50%	4.00%	4.25%	3.25%	4.25%	4.00%
Atlantic House Defined Returns	5.00%	4.25%	3.00%				
Fulcrum Diversified Absolute Return	5.00%	4.50%	4.25%	4.25%	2.50%		
	15.00%	13.25%	11.25%	8.50%	5.75%	4.25%	4.00%
Gold							
Invesco Physical Gold ETC	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	
	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	0.00%
Sub Total Alternative Assets	21.50%	20.25%	18.25%	15.50%	12.75%	12.00%	4.00%
Cash							
Cash	2.75%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%
Sub Total Cash	2.75%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Evelyn Partners Investment Management Services Limited. Asset allocation within the portfolios is subject to change and the allocation is correct as at 02.12.2024

Core MPS Investment List – Income-based Portfolios

	Income	Income & Growth
Equities		
UK Equity		
L&G UK 100 Index Trust	4.00%	5.50%
Martin Currie UK Equity Income	4.00%	5.00%
Premier Miton UK Multi Cap Income	2.25%	3.00%
Redwheel UK Equity Income		4.25%
	10.25%	17.75%
US Equity		
Vanguard US Equity Index	5.25%	10.00%
Schroder US Equity Income Maximiser	5.00%	5.00%
GQG US Equity	5.00%	8.00%
Premier Miton US Opportunities	2.00%	7.00%
BNY Mellon US Equity Income	5.00%	9.00%
	22.25%	39.00%
Japan Equity		
Baillie Gifford Japanese	1.50%	3.00%
	1.50%	3.00%
Europe Ex UK Equity		
HSBC European Index Fund	4.25%	7.75%
	4.25%	7.75%
Asia Pacific Ex Japan Equity		
Schroder Asian Income Maximiser	4.50%	6.75%
	4.50%	6.75%
Global Emerging Equity		
Baillie Gifford EM Leading Companies	2.00%	4.25%
	2.00%	4.25%
Sub Total Equities	44.75%	78.50%
Fixed Income		
International Sovereign Bonds		
CG Dollar Fund (H)	5.50%	
Vanguard US Govt Bond Index (H)	5.00%	7.50%
iShares Up to 10 Years Gilts Index	8.20%	
iShares Up to 10 Years Index Linked Gilts Index	3.00%	
	21.70%	7.50%
Investment Grade Corporate Bonds		
Artemis Corporate Bond	2.50%	
L&G Short Dated £ Corporate Bond	5.50%	
Vontobel TwentyFour Absolute Return Credit	5.25%	
	13.25%	
Sub Total Fixed Income	34.95%	7.50%
Alternative Assets		
Real Assets		
Sanlam Real Assets	2.75%	3.25%
	2.75%	3.25%
Absolute Return		
NB Uncorrelated Strategies	3.80%	4.25%
Atlantic House Defined Returns	3.00%	
Fulcrum Diversified Absolute Return	4.25%	
	11.05%	4.25%
Gold		
Invesco Physical Gold ETC	4.50%	4.50%
	4.50%	4.50%
Sub Total Alternative Assets	18.30%	12.00%
Cash		
Cash	2.00%	2.00%
Sub Total Cash	2.00%	2.00%
	100.00%	100.00%

Source: Evelyn Partners Investment Management Services Limited. Asset allocation within the portfolios is subject to change and the allocation is correct as at 02.12.2024

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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