

The Managed Portfolios (Active and Passive Plus) have now been rebalanced with adjustments across equities, fixed income and alternatives.

Following the sharp recovery in risk assets since the market lows in late March, portfolios have benefitted from strong performance across both developed and emerging market equities. While markets have experienced some renewed volatility more recently, we believe it is prudent to rebalance portfolios by taking profits from areas that have performed particularly well and redeploy capital into selective opportunities in fixed income and alternatives.

## Equities

We have reduced equity exposure across the portfolios, including both developed and emerging markets.

We have also adjusted the composition of our global quality exposure by introducing an additional global quality-focused strategy (Trojan Global Equity Fund) and reducing our existing global quality manager (Curate Global Quality Fund). This change reduces the single manager concentration risk whilst maintaining exposure to the quality factor, which we continue to believe remains a rewarded 'risk premia' over the long-term, and one that looks oversold today following the AI fuelled 'SaaSocalypse' that saw valuations across the Software and Services sector pummelled in the first quarter. Quality at a discount is a rare commodity.

Within the highest-risk portfolio, where equity exposure remains the predominant allocation, we have taken profits from emerging market equities following strong performance and reallocated proceeds to the Curate Global Sustainable Equity Fund and Fidelity Index World Fund to maintain diversification across investment styles. Pleasingly this also results in a modest OCF reduction.

## Fixed Income

Proceeds from the equity reductions have been reallocated to a combination of short-duration credit, convertible bonds and emerging market debt.

Global convertibles (Redwheel Global Convertibles) have been introduced across several portfolios as they offer a combination of both equity participation and downside protection through their 'bond-plus-embedded-call-option' characteristics. Over time, convertibles have been shown to have a positive upside/downside profile, offering more participation for every unit of equity upside than a commensurate downward move. With equity markets punching new highs almost weekly, this is prudent and preferable to a one-for-one switch out of equity as positive sentiment could easily fuel further gains.

We have increased exposure to higher-carrying fixed income sectors, including high yield credit and emerging market debt. These areas continue to offer attractive yields and, in the

case of high yield bonds, lower sensitivity to interest rate movements than traditional investment grade credit. We wouldn't say publicly traded credit is cheap today, but we do think the fundamentals remain solid and there is a healthy margin of safety (through the higher yields) to mitigate rate or credit weakness.

It is worth noting that despite reducing our (corporate) equity exposure, we have rotated into (corporate) bonds and convertibles. As such this is more akin to a shift in how we view the relative attractiveness of the corporate balance sheet today - the 'capital stack' as it is often termed - with debt investors relatively better rewarded today than earlier in the year. On a beta adjusted basis - by which we mean the sensitivity of the portfolio to the market - the equity reduction is more muted.

### **Alternatives**

We have also increased exposure to gold following a period of weakness. The recent sharp pullback - almost 25% lower since the March highs - provided an opportunity to add to positions and move portfolios closer to their strategic asset allocation. The fund we use (Ninety One Global Gold) not only provides exposure to the 'yellow metal' itself, but also to gold and precious metals mining companies, which further dampens the overall equity reduction in the portfolios. We continue to view gold positively as a portfolio diversifier, particularly at a time when government bonds face challenges from inflation, (over)issuance and politics. Furthermore, gold and gold miners should benefit from any softening in rate hike expectations, and from lower energy (production) costs filtering through as tanker traffic in the gulf region resumes.

# Momentum Managed Portfolios (MPS)

## New fund allocation - v54



New allocation

Increased allocation

Decreased allocation

Exited holding

No change

	MPS 3	MPS 4	MPS 5	MPS 6	MPS 7	MPS 8	Income
<b>EQUITIES</b>							
<b>UK EQUITY</b>							
Evenlode Income	1.0	1.0	2.0	3.0	2.0	3.0	-
Aberforth UK Smaller Companies	1.0	2.0	3.0	2.0	3.5	2.5	-
Schroder Income Maximiser	-	-	-	-	-	-	3.5
Redwheel UK Equity Income	0.5	3.5	4.0	5.0	5.5	5.0	-
<b>GLOBAL EQUITY</b>							
Curate Global Sustainable Equity Fund	2.0	8.0	8.0	8.0	10.0	12.0	-
Curate Global Growth Equity Fund	2.5	6.0	6.0	8.0	9.5	8.0	-
Curate Global Quality Equity Fund	1.0	4.0	3.5	3.0	7.0	4.5	-
Curate Global Value Equity Fund	1.5	3.5	4.5	7.0	11.0	10.0	-
Trojan Global Equity Fund	1.0	1.0	2.0	3.0	2.0	3.0	-
Fidelity Index Japan	2.5	2.5	3.5	5.0	4.0	5.0	-
L&G S&P 500 Equal Weight Index Fund	3.0	5.0	6.0	6.0	6.0	5.0	5.0
Fidelity Index World	-	-	6.0	8.0	2.0	3.0	8.0
<b>EMERGING MARKET EQUITY</b>							
Fidelity Index Emerging Markets	-	-	-	-	5.0	10.0	3.5
Curate Global Emerging Markets Equity	2.0	3.5	7.5	13.5	18.0	22.0	-
<b>MULTI-ASSET</b>							
Harmony Cautious Income	-	-	-	-	-	-	10.0
Momentum Diversified Income Fund	-	-	-	-	-	-	30.0

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# Momentum Passive Plus Portfolios

## New fund allocation - v54

New allocation

Increased allocation

Decreased allocation

Exited holding

No change

	Cautious	Moderate	Dynamic
<b>EQUITIES</b>			
<b>UK EQUITY</b>			
Vanguard FTSE All Share Index	2.5	9.0	11.0
<b>GLOBAL EQUITY</b>			
Fidelity Index World	8.0	30.5	42.0
Fidelity Index Japan	2.5	3.5	4.0
L&G S&P 500 Equal Weight Index Fund	3.0	6.0	5.5
<b>EMERGING MARKET EQUITY</b>			
Vanguard Emerging Markets Stock Index	2.0	7.5	23.0
<b>FIXED INCOME</b>			
<b>INFLATION LINKED GILTS</b>			
L&G Global Inflation Linked Bond Index	5.0	2.5	-
<b>GOVERNMENT BONDS</b>			
Vanguard US Government Bond Index	10.0	2.5	-
iShares UK Gilts All Stocks Index	13.5	4.0	-
Vanguard Euro Government Bond Index	5.5	3.0	-
<b>INVESTMENT GRADE</b>			
Vanguard UK Short Term Investment Grade Bond Index	22.5	12.5	-
Vanguard UK Investment Grade Bond Index	2.0	-	-
<b>HIGH YIELD</b>			
Artemis Short Duration Global High Yield	3.5	1.5	-
<b>EMERGING MARKET DEBT</b>			
L&G Emerging Markets Government Bond (USD) Index	3.0	4.5	6.5
<b>LIQUID ALTERNATIVES</b>			
Ninety One Global Gold Fund	2.0	2.5	-
<b>REAL ASSETS</b>			
L&G Global Infrastructure Fund	5.5	2.0	-
Blackrock Global Property Tracker	5.0	1.5	-
Momentum Real Assets Growth & Income Fund	2.5	5.0	6.0
<b>CASH</b>			
GBP Cash	2.0	2.0	2.0

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