

RISK LEVEL:



HOW YOU'RE DOING:

Markets have seen a lot of volatility since the last review; nevertheless, most equity markets still delivered positive returns. The spread of the Delta variant and supply chain problems hindered overall output for some businesses, but strong consumer spending continued to encourage growth in developed economies. Inflation made a strong return in most areas, including the UK, US and Europe. Government bonds initially performed well, but the recent surge in inflation pulled prices down as talks of tapering central bank stimulus as early as this year saw them fall out of favour.

The short time horizon of the portfolio means that it is relatively cautiously positioned. The money market continues to make up most of this portfolio – these funds remain largely insensitive to market movements, producing small but predictable returns and, given the current uncertainty in the markets, this is a position we are comfortable with. The exposure to government bonds acted as a drag in recent weeks, given the fall in value of gilts.

We split the equity allocation of the portfolio into small positions between multiple funds; this helps spread the risk during these unpredictable times. Since the last review funds with a growth tilt and small-cap funds have seen the best performance. The best performing funds include Brown Advisory US Sustainable Growth and Marlborough UK Micro-Cap Growth. These funds have high exposure to technology and healthcare sectors, which have performed well during the recovery from the pandemic. The smallest contribution from equity funds came from Fidelity Global Enhanced Income and Troy Trojan Ethical Income.

Overall, the UK and US funds have outperformed global equity funds as they benefited from a strong economic rebound as coronavirus restrictions have been removed.

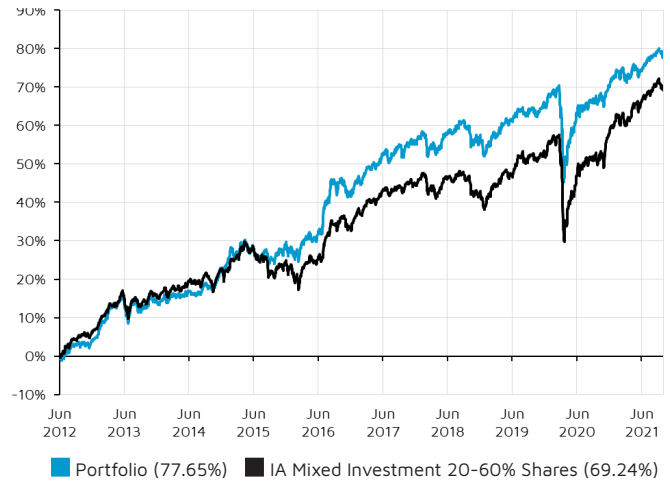
PORTFOLIO POST REBALANCING:

Name	Weighting
L&G Cash Trust	25.00%
Royal London Short Term Money Market	24.00%
Trojan Global Income	12.00%
Schroder Income	8.50%
Baillie Gifford American	5.00%
Vanguard UK Government Bond Index	4.50%
Baillie Gifford Japanese Smaller Companies	3.50%
Marlborough UK Micro Cap Growth	3.50%
Brown Advisory US Sustainable Growth	3.00%
L&G All Stocks Index Linked Gilt Index Trust	3.00%
Allianz Strategic Bond	2.50%
BlackRock European Absolute Alpha	2.00%
Fidelity Global Enhanced Income	1.50%
Unicorn UK Income	1.00%
Vanguard Japan Stock Index	1.00%

TIME HORIZON:



PERFORMANCE OVERVIEW:²



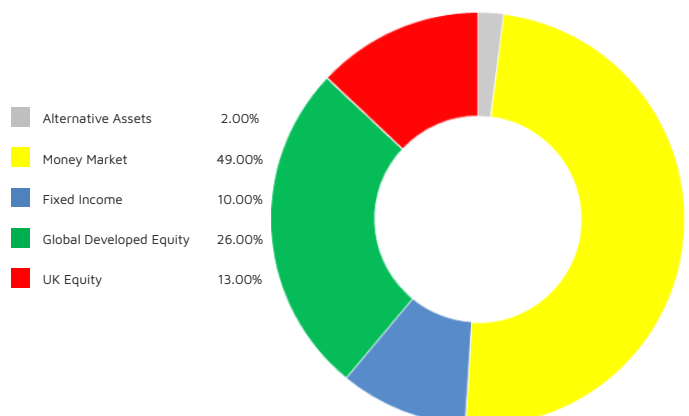
SUMMARY OF PORTFOLIO CHANGES:

This review brings an adjustment to the equity allocation of the portfolio, as well as a change to the balance of the gilt and money market holdings. At the last review the allocation to UK equities was reduced due to the uncertain outlook. Since then, the outlook has improved and many companies have returned to profitability following re-opening.

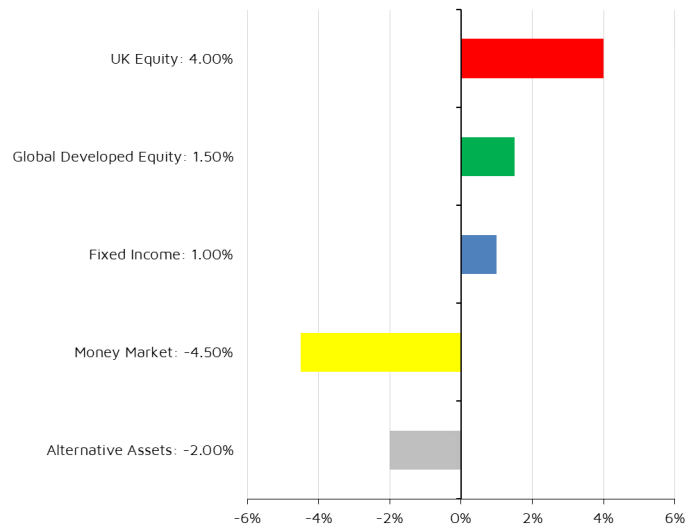
The allocation to UK equities has increased significantly and a small allocation to emerging markets has been added. Our exposure to US equities has been increased slightly but exposure to European and Japanese equities has been reduced. These changes result in a more diversified equity portfolio. The portfolio's allocation to gilts, corporate bonds and money market have been reduced. A new allocation to index-linked gilts has been added to maintain the allocation to defensive assets while reflecting the potential for interest rate rises.

Adding Schroder Income has increased UK exposure and the fund's value tilt balances the increase in Marlborough UK Micro Cap Growth. The inclusion of Trojan Global Income has also increased UK equity exposure as a third of its assets are in the UK. The addition of L&G All Stocks Index Linked Gilt Index helps increase diversification in the portfolio. Trojan Ethical Income and Invesco European Equity have been removed as part of the review of the equity holdings. Artemis US Absolute Return has also been removed.

NEW ASSET CLASS BREAKDOWN:²



ASSET CLASS CHANGES:



WHAT IT COSTS:³

Financial Instruments OCF: 0.42%³

Financial Instruments Transactional Costs: 0.05%

Change in Portfolio Expense: 0.02%

The Financial Instruments OCF refers to the underlying costs of managing the funds. Transactional costs refers to additional costs which this does not capture such as trading fees, investment research and foreign exchange fees. It also includes implicit costs that can have an impact on performance but are not charged directly to the end investor. **The charges represent the current maximum charges, for the exact charges please refer to the Platform Portfolio Charges Document and Platform Fund Charges Document.**

PORTFOLIO CHANGES

BUY

Royal London Short Term Money Market	0.50%
▶ Trojan Global Income	12.00%
▶ Schroder Income	8.50%
Baillie Gifford American	3.00%
Baillie Gifford Japanese Smaller Companies	1.00%
Marlborough UK Micro Cap Growth	1.50%
▶ L&G All Stocks Index Linked Gilt Index Trust	3.00%

SELL

L&G Cash Trust	-5.00%
Vanguard UK Government Bond Index	-0.50%
Brown Advisory US Sustainable Growth	-2.00%
Allianz Strategic Bond	-1.50%
Fidelity Global Enhanced Income	-9.50%
Unicorn UK Income	-4.00%
Vanguard Japan Stock Index	-1.00%
◀ Artemis US Absolute Return	-2.00%
◀ Invesco European Equity (UK)	-2.00%
◀ Trojan Ethical Income	-2.00%

KEY:

▶ New fund to the portfolio

◀ Sell completely out of fund

If blank add or subtract from existing holding

Weightings refer to portfolio holdings not individual fund holdings

FUNDS IN:

■ Trojan Global Income

Portfolio Holding: 12.00% **Yield:** 2.77% **Total Charge:** 0.93%

The managers favour global companies that can sustain a high return on capital employed owing to identifiable competitive advantages such as brands, scale and dominant market positions. Companies should have the potential for long-term growth with robust financials due to strong profits and a strong balance sheet with little to no debt. The manager aims to balance the portfolio between high dividend companies and companies expected to grow dividends in the future. The resulting portfolio is concentrated and low turnover in nature, comprising of around 35 holdings. To ensure portfolio discipline and avoid high position concentration, the manager has a limit of 6 per cent and 3 per cent on large and mid-sized companies respectively.

■ Schroder Income

Portfolio Holding: 8.50% **Yield:** 3.08% **Total Charge:** 0.91%

Managers Kevin Murphy and Nick Kirrage look to invest in undervalued large companies in the UK. This can lead to the fund looking quite contrarian as it is trying to invest in companies underappreciated by the market and looking to benefit from when this situation changes. This can mean that the fund performs very differently from the wider market whilst the managers wait for sentiment to change, and some periods of underperformance should be expected. Value investing can be high risk and, to mitigate this, the process concentrates on identifying companies with strong balance sheets and healthy profits that are not currently reflected in the price.

■ L&G All Stocks Index Linked Gilt Index Trust

Portfolio Holding: 3.00% **Yield:** 0.00% **Total Charge:** 0.15%

This fund provides passive exposure to the FTSE Actuaries UK Index Linked Gilts All Stocks Index. This fund has been selected due to its low cost and ability to closely track the underlying index. To supplement fund returns and compensate for the trading costs involved with direct ownership of the securities, the fund manager engages in stock lending. This is where a select third-party borrows a limited amount of the passive fund's holdings, in exchange for a fee. When reinvested, profits from stock lending reduce the effect of management fees, further minimising overall tracking difference to the index.

FUNDS OUT:

■ Artemis US Absolute Return

Previous Holding: 2.00% **Yield:** 0.00% **Total Charge:** 0.93%

This fund has been removed as part of the changes made to the portfolio's allocation to absolute return strategies. The very uncertain outlook at the last rebalance saw the use of absolute return strategies increase across the portfolio range. As the outlook has improved significantly, the allocation to absolute return funds is being reduced. In addition, the fund has been removed as its relatively small size meant we are at risk of exceeding our maximum allocation to a single fund.

■ Invesco European Equity (UK)

Previous Holding: 2.00% **Yield:** 1.97% **Total Charge:** 0.93%

This fund's co-managers take a valuation-orientated approach aiming to identify companies that are trading at attractive prices – this can mean investing heavily in areas that are currently out of fashion. The manager has built a reputation for mitigating losses during market falls, while still managing to capture the rebound through superior stock selection. The fund has been removed from the portfolio to boost diversification by increasing the portfolio's allocation to deep value-style funds.

■ Trojan Ethical Income

Previous Holding: 2.00% **Yield:** 2.01% **Total Charge:** 0.87%

This fund focuses on quality companies with high returns on invested capital that are likely to be sustained by durable competitive advantages. It typically avoids cyclical and capital-intensive companies with high levels of debt and acquisitions, prioritising organic growth and cautious management. This process results in a concentrated portfolio of 40 to 50 holdings with low turnover. It diversifies its sources of income, making for a low volatility, defensive fund that should provide capital returns as well as income growth. The fund has been replaced by Trojan Global Income as its greater allocation to international equities increases diversification in the portfolio.

External Risk Ratings



About FE Investments

FE Investments Portfolios: Our portfolios are a total investment solution designed to help advisers in achieving their clients objectives. FE Investments has produced a range of optimised portfolios which are designed to manage risk to achieve the desired outcome for investors.

The portfolios are optimised to maximise the overall level of diversification between different fund strategies. By analysing the relationships between funds we aim to find the best possible mix, where differing strategies are complementary and further reduce the total risk in the portfolio; thus allowing for greater market exposure for the same level of risk compared to a more traditional portfolio solution.

FE Investments produce fifteen growth portfolios that uses optimal asset allocation models from EValue as a reference for each level of risk. We optimise our portfolios to match the risk of the reference, to try and achieve greater returns and better capital protection. We use the asset allocation models as a guide but allow our portfolios to differ significantly where we are able to diversify away the extra risk. This approach has been developed internally by FE Investments and has been validated by Cass Business School.

FE Investments Portfolios are constructed exclusively from funds that have made the FE Investments Approved List and have therefore gone through a rigorous vetting procedure. We've developed 15 growth portfolios, spanning three time periods and five risk levels, as well as a natural income solution which is outcomes orientated, as opposed to risk targeted.

FE Investments Approved List: Our recommended list of funds builds upon our established suite of research tools to help keep investors better informed. Funds initially undergo a rigorous quant screening to identify the best performers. This screening encompasses four distinct areas; Crown Ratings, Alpha Manager Ratings, Group Awards and AFI (Adviser Fund Index).

These four areas combined allow us to accurately scrutinize a fund from all angles. Our dedicated team of analysts overlay this quant analysis with their own independent and unique qualitative analysis. Funds that pass this rigorous two-stage quantitative and qualitative analysis process then make it on to the FE Investments Approved List.

Awards & Ratings For FE Investments



Important Information

1 Performance Overview: All performance figures are calculated on a bid to bid total return basis in pounds sterling to last month end.

2 Asset Breakdown: For this calculation a fund is assumed to invest 100% in any one asset class. For example a fund in the IA UK All Companies sector would be classified 100% UK Equity. A mixed investment fund would be classified as 100% Mixed.

3 What it Costs: The portfolio expense is calculated using the weighted value of the OCF of the portfolios constituent funds. The average expense of funds is a simple average of the OCF of the portfolios constituent funds. Where OCF is not available TER is used. Total cost of investment include FE Invests charges of 0.27%.

This document has been prepared for general information only and is not guaranteed to be complete or accurate. It does not contain all of the information which an investor may require in order to make an investment decision. If you are unsure whether this is a suitable investment you should speak to your financial adviser. You may get back less than you originally invested.

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