

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 portfolio has a moderate exposure to the gilt market through Vanguard UK Government Bond Index and iShares UK Gilts All Stocks. Over the past six months fixed income assets have fallen in value as equity markets have continued their recovery. As a result, the portfolio has slightly underperformed its benchmark. Despite the gilts weighing on short-term performance, the portfolio produced strong returns since the last review. Considering the continuing uncertainty in the markets and the cautious nature of this portfolio, this is a position we are comfortable to continue with.

The best returns since the last review have come from growth-focused equity funds. These funds have a large exposure to technology, healthcare and consumer product sectors, which perform well in periods of economic growth. The best performer since the last review was Brown Advisory US Sustainable Growth. The equity fund that has the smallest contribution to the portfolio was Lindsell Train Japanese Equity.

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.

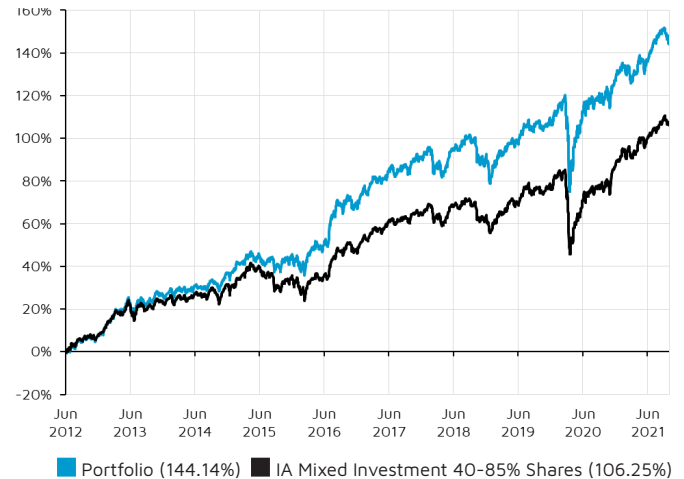
PORTFOLIO POST REBALANCING:

Name	Weighting
iShares UK Gilts All Stocks Index (UK)	30.00%
Lindsell Train Global Equity	15.00%
Trojan Income	14.00%
Brown Advisory US Sustainable Growth	7.00%
Vanguard Japan Stock Index	6.50%
Dodge & Cox US Stock	6.00%
Man GLG Income	5.00%
Schroder European Recovery	4.00%
Vanguard UK Government Bond Index	3.50%
HSBC American Index	3.00%
Baillie Gifford American	3.00%
ES R&M UK Equity Smaller Companies	3.00%

TIME HORIZON:



PERFORMANCE OVERVIEW:²



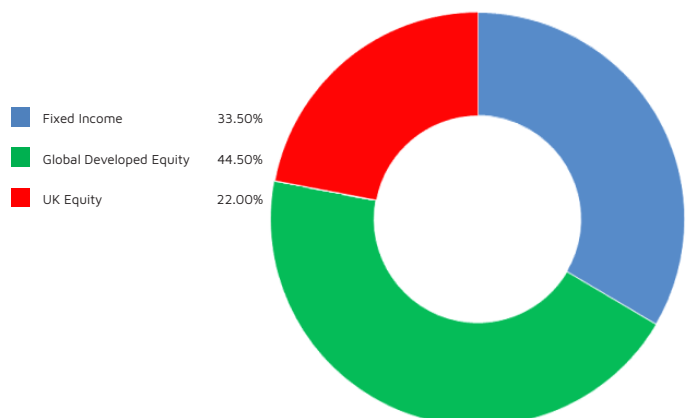
SUMMARY OF PORTFOLIO CHANGES:

This review brings an adjustment to the equity allocation of the portfolio, as well as a small reduction to gilts in the portfolio. 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.

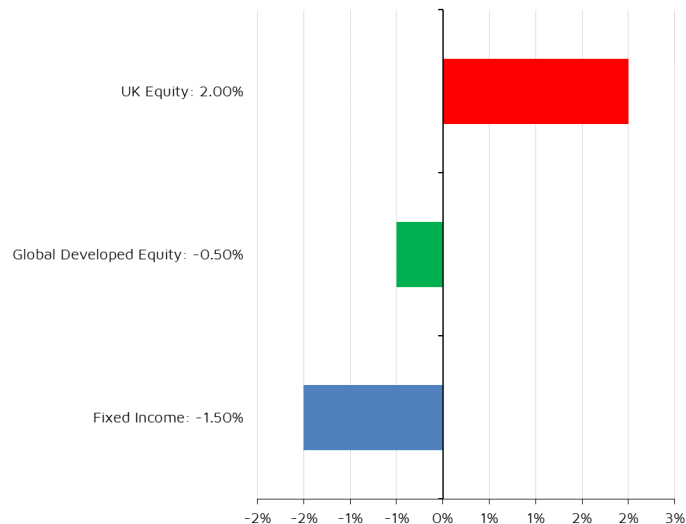
The allocation to UK equities has increased significantly and exposure to Japan has increased. Previously there was a very large overweight allocation to US equities and this has been reduced to leave a more diversified equity portfolio. The portfolio's defensive assets have seen the allocation to gilts decrease slightly as the general economic outlook has improved. The allocation to gilts remains substantial as, despite the improved outlook, there are still risks of a setback in the path to global economy.

HSBC European Index has been removed as part of a decrease in the exposure to European equities and is replaced by a smaller allocation to Schroder European Recovery. The removal of JOHCM UK Dynamic sees the removal of a UK value fund but the portfolio's allocation to value strategies has been increased by adding Schroder European Recovery and increasing the allocation to Man GLG Income and Dodge & Cox US Stock. The addition of Vanguard Japan Stock Index contributes to the increase in our allocation to Japanese equities.

NEW ASSET CLASS BREAKDOWN:²



ASSET CLASS CHANGES:



WHAT IT COSTS:³

Financial Instruments OCF: 0.49%³

Financial Instruments Transactional Costs: 0.08%

Change in Portfolio Expense: 0.09%

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	
iShares UK Gilts All Stocks Index (UK)	2.50%
Lindsell Train Global Equity	0.50%
Trojan Income	4.00%
Brown Advisory US Sustainable Growth	1.50%
▶ Vanguard Japan Stock Index	6.50%
Dodge & Cox US Stock	2.50%
Man GLG Income	2.00%
▶ Schroder European Recovery	4.00%

SELL	
Vanguard UK Government Bond Index	-4.00%
HSBC American Index	-9.00%
Baillie Gifford American	-1.00%
ES R&M UK Equity Smaller Companies	-0.50%
◀ HSBC European Index	-5.50%
◀ JOHCM UK Dynamic	-3.50%

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:

■ Vanguard Japan Stock Index

Portfolio Holding: 6.50% **Yield:** 1.66% **Total Charge:** 0.16%

This fund provides passive exposure to the MSCI Japan index and helps construct the global developed-equity portion of the portfolio. It has been chosen due to its exceptionally low costs compared to other passive funds and its ability to replicate the index as closely as possible. The fund does this by holding all (or substantially all) the stocks within the index. Japan generally has a low correlation to other equity markets and this helps to increase the diversification levels of the portfolio. The fund is an offshore reporting fund, meaning that it is treated in the same way as an onshore fund by HM Revenue & Customs.

■ Schroder European Recovery

Portfolio Holding: 4.00% **Yield:** 1.09% **Total Charge:** 0.95%

This fund invests in European companies that are currently out of favour. Managers Andrew Lyddon and Andrew Evans focus only on finding businesses that have been through periods of stress and whose share prices are significantly below what they consider a fair value. The team screens the universe, highlighting the cheapest 20 per cent of the market, which is then considered for further analysis. Their investment process aims to assess the quality of a business, its financial strength and to ensure the company can survive financial distress. Position weight is a function of risk rather than their conviction, as they look to balance risk and reward. The resulting portfolio is relatively concentrated with 40 to 60 positions.

FUNDS OUT:

■ HSBC European Index

Previous Holding: 5.50% **Yield:** 1.90% **Total Charge:** 0.06%

This fund provides passive exposure to the FTSE Developed Europe ex-UK Index and helps construct the global developed equity portion of the portfolio. It has been chosen due to its low costs compared to other passive funds and its ability to replicate the index as closely as possible. The fund replicates the market by holding all stocks within the index. The fund has been removed from the portfolio as part of the optimisation process which has seen an increase in the allocation to value-focused funds with the portfolio.

■ JOHCM UK Dynamic

Previous Holding: 3.50% **Yield:** 2.73% **Total Charge:** 0.67%

The fund aims to profit by investing in the stocks of distressed businesses that have identified their problems and are in the process of solving them. The manager, Alex Savvides, who launched the fund, looks to take advantage of uncertainty, mistakes and management changes to identify restructuring, recovering or undervalued companies. The portfolio has a natural value bias and is moderately concentrated with about 50 stocks. The fund has been removed as the portfolio's equity exposure is rebalanced to include a larger exposure to growth funds.

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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