

**RATHBONES**

Incorporating  
Investec Wealth &  
Investment (UK)

Investec  
Managed Portfolio Service  
Model Changes Summary  
Q3 2024

# Index

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# MPS – Q3 2024

We have seen increased spikes in volatility over the quarter. Interest rate sensitive assets generated the strongest returns, whilst growth assets underperformed. Our outlook for the global economy remains positive, driven by moderating inflation and easing monetary policy. Over the quarter we have reduced our Alternatives exposure and increased our Equity allocation. We are seeing recessionary fears starting to ease, supporting a more risk on environment. Mid and small cap companies look particularly attractive and should benefit from a lower interest rate environment.

## 1. Defensive

Defensive	Action	% Change	Rationale
Liontrust Absolute Return Bond Fund	Increased	2.00%	This fund invests in a diversified blend of short duration corporates, as well as government bonds, and therefore investing in some of the most liquid markets. The fund provides an attractive yield (over 5%) whilst maintaining a strong focus on downside protection.
L&G Global Equity Index	Bought	1.50%	Our outlook on the global economy is becoming more positive on the back of mild inflation and moderated growth, with key economic indicators showing signs of improvement. We saw the market sell-off at the beginning of August as an opportunity to neutralise our underweight equity position. Although we remain aware of the potential risks within the US market, we expect to see more of a slowdown than a recession. The L&G Global Equity Fund tracks the FTSE World Index, providing exposure to large and mid-cap companies across global markets in a cost-effective way.
JPM Global Macro Opportunities	Reduced	-3.50%	JPM Global Macro Opportunities has provided robust diversification benefits, particularly through its net short position in US equities. As our outlook for the global economy has improved, we feel it is prudent to scale back this negatively correlated exposure. In addition, it has been decided, on a committee-level, to review this fund, following concerns surrounding the team structure and recent departures.

## 2. Cautious

Cautious	Action	% Change	Rationale
L&G Global Equity Index	Increased	2.50%	Our outlook on the global economy is becoming more positive on the back of mild inflation and moderated growth, with key economic indicators showing signs of improvement. We saw the market sell-off at the beginning of August as an opportunity to neutralise our underweight equity position. Although we remain aware of the potential risks within the US market, we expect to see more of a slowdown than a recession. The L&G Global Equity Fund tracks the FTSE World Index, providing exposure to large and mid-cap companies across global markets in a cost-effective way.
Liontrust Absolute Return Bond Fund	Increased	1.50%	This fund invests in a diversified blend of short duration corporates, as well as government bonds, and therefore investing in some of the most liquid markets. The fund provides an attractive yield (over 5%) whilst maintaining a strong focus on downside protection.
Schroder US Smaller Companies	Bought	1.50%	Mid and small cap companies have faced huge headwinds over recent years in the face of weak economic data and higher inflation. We have added to Schroder US Smaller Companies this quarter, allowing us to benefit from the potential uplift that lower interest rates will have on small cap firms. The fund has a well experienced management team, led by a PM with 30 years' experience in the small cap field. The team have a strong valuation discipline and take a more conservative approach relative to other small cap peers. We prefer this approach, rather than taking undue risk through exposure to speculative growth companies. This fund offers us a compelling way to invest in US small caps without being exposed to additional factor risk.
Fidelity Sustainable MoneyBuilder Income	Reduced	-2.00%	We have reduced our Fixed Income allocation, in favour of Equities, by selling down our position in the Fidelity Sustainable MoneyBuilder. We still hold conviction in the fund, our decision was driven by asset allocation and our focus in.
L&G US Index	Reduced	-1.50%	In recent months we have already started to see some profit-taking in the US mega-cap space, with a rotation into value and small caps. Keeping in mind, the concentration risk embedded into the S&P 500, we have reduced our exposure to the L&G US Index, in favour of US small caps.
JPM Global Macro Opportunities	Reduced	-1.50%	JPM Global Macro Opportunities has provided robust diversification benefits, particularly through its net short position in US equities. As our outlook for the global economy has improved, we feel it is prudent to scale back this negatively correlated exposure. In addition, it has been decided, on a committee-level, to review this fund, following concerns surrounding the team structure and recent departures.

### 3. Cautious Plus

Cautious Plus	Action	% Change	Rationale
L&G Global Equity Index	Increased	2.50%	Our outlook on the global economy is becoming more positive on the back of mild inflation and moderated growth, with key economic indicators showing signs of improvement. We saw the market sell-off at the beginning of August as an opportunity to neutralise our underweight equity position. Although we remain aware of the potential risks within the US market, we expect to see more of a slowdown than a recession. The L&G Global Equity Fund tracks the FTSE World Index, providing exposure to large and mid-cap companies across global markets in a cost-effective way.
Liontrust Absolute Return Bond Fund	Increased	1.50%	This fund invests in a diversified blend of short duration corporates, as well as government bonds, and therefore investing in some of the most liquid markets. The fund provides an attractive yield (over 5%) whilst maintaining a strong focus on downside protection.
Schroder US Smaller Companies	Bought	1.50%	Mid and small cap companies have faced huge headwinds over recent years in the face of weak economic data and higher inflation. We have added to Schroder US Smaller Companies this quarter, allowing us to benefit from the potential uplift that lower interest rates will have on small cap firms. The fund has a well experienced management team, led by a PM with 30 years' experience in the small cap field. The team have a strong valuation discipline and take a more conservative approach relative to other small cap peers. We prefer this approach, rather than taking undue risk through exposure to speculative growth companies. This fund offers us a compelling way to invest in US small caps without being exposed to additional factor risk.
Fidelity Sustainable MoneyBuilder Income	Reduced	-2.00%	We have reduced our Fixed Income allocation, in favour of Equities, by selling down our position in the Fidelity Sustainable MoneyBuilder. We still hold conviction in the fund, our decision was driven by asset allocation and our focus on reducing our underweight equity position.
L&G US Index	Reduced	-1.50%	In recent months we have already started to see some profit-taking in the US mega-cap space, with a rotation into value and small caps. Keeping in mind, the concentration risk embedded into the S&P 500, we have reduced our exposure to the L&G US Index, in favour of US small caps.
JPM Global Macro Opportunities	Reduced	-1.50%	JPM Global Macro Opportunities has provided robust diversification benefits, particularly through its net short position in US equities. As our outlook for the global economy has improved, we feel it is prudent to scale back this negatively correlated exposure. In addition, it has been decided, on a committee-level, to review this fund, following concerns surrounding the team structure and recent departures.

## 4. Income

Income	Action	% Change	Rationale
BA Beutel Goodman US Value	Bought	5.00%	We have sold out of Aviva US Equity Income and reinvested the proceeds into Beutel Goodman US Value and JPM US Equity Income. The Beutel Goodman fund is value focused and also has a quality overlay which means it is not so geared towards the cyclicity of markets. The fund invests in companies with strong financials and stable earnings growth that should help provide some resilience during market weakness.
JPM US Equity Income	Increased	2.00%	We have sold out of Aviva US Equity Income and reinvested the proceeds into Beutel Goodman US Value and JPM US Equity Income. JPM invests higher up the market cap spectrum, complementing our recent position in Schroder US Smaller Companies. The fund typically offers lower downside capture helping to support the portfolio during periods of market weakness. The size of the firm offers a wealth of resources from an investment capability perspective and the team are supported by over 20 dedicated US research analysts. The fund also generates a yield of c.2.25%.
L&G Global Equity Index	Increased	2.00%	Our outlook on the global economy is becoming more positive on the back of mild inflation and moderated growth, with key economic indicators showing signs of improvement. We saw the market sell-off at the beginning of August as an opportunity to neutralise our underweight equity position. Although we remain aware of the potential risks within the US market, we expect to see more of a slowdown than a recession. The L&G Global Equity Fund tracks the FTSE World Index, providing exposure to large and mid-cap companies across global markets in a cost-effective way.
Liontrust Absolute Return Bond Fund	Increased	1.50%	This fund invests in a diversified blend of short duration corporates, as well as government bonds, and therefore investing in some of the most liquid markets. The fund provides an attractive yield (over 5%) whilst maintaining a strong focus on downside protection.
Schroder US Smaller Companies	Bought	1.50%	Mid and small cap companies have faced huge headwinds over recent years in the face of weak economic data and higher inflation. We have added to Schroder US Smaller Companies this quarter, allowing us to benefit from the potential uplift that lower interest rates will have on small cap firms. The fund has a well experienced management team, led by a PM with 30 years' experience in the small cap field. The team have a strong valuation discipline and take a more conservative approach relative to other small cap peers. We prefer this approach, rather than taking undue risk through exposure to speculative growth companies. This fund offers us a compelling way to invest in US small caps without being exposed to additional factor risk.

Income	Action	% Change	Rationale
Aviva US Equity Income	Sold	-7.00%	We continue to believe in Aviva's investment approach and the management team's expertise in both value and the SMID cap space. However, the fund failed its Value Assessment report which has caused it to become difficult to hold across our platforms. Aviva US Equity income has outperformed its benchmark (Russell 3000 Value) year to date, supported by its overweight to mid and small cap investments, and we have made the decision to sell into this strength.
JPM Global Macro Opportunities	Reduced	-1.50%	JPM Global Macro Opportunities has provided robust diversification benefits, particularly through its net short position in US equities. As our outlook for the global economy has improved, we feel it is prudent to scale back this negatively correlated exposure. In addition, it has been decided, on a committee-level, to review this fund, following concerns surrounding the team structure and recent departures.
L&G US Index	Reduced	-1.50%	In recent months we have already started to see some profit-taking in the US mega-cap space, with a rotation into value and small caps. Keeping in mind, the concentration risk embedded into the S&P 500, we have reduced our exposure to the L&G US Index, in favour of US small caps.
Fidelity Sustainable MoneyBuilder Income	Reduced	-1.00%	We have reduced our Fixed Income allocation, in favour of Equities, by selling down our position in the Fidelity Sustainable MoneyBuilder. We still hold conviction in the fund, our decision was driven by asset allocation and our focus on reducing our underweight equity position.
Trojan Fund	Reduced	-0.50%	Due to our improved outlook on the economy, we have reduced our allocation to Trojan, a strategy which is typically known for its defensive stance and capital preservation focus. We have enhanced our equity risk profile by increasing our allocation to the Vanguard FTSE 100 Index fund.

5. **Balanced**

Balanced	Action	% Change	Rationale
JPM US Equity Income	Bought	2.00%	We have sold out of Aviva US Equity Income and reinvested the proceeds into JPM US Equity Income, which is also value focused. JPM invests higher up the market cap spectrum, complementing our recent position in Schroder US Smaller Companies. The fund typically offers lower downside capture helping to support the portfolio during periods of market weakness. The size of the firm offers a wealth of resources from an investment capability perspective and the team are supported by over 20 dedicated US research analysts. The fund also generates a yield of c.2.25%.
L&G Global Equity Index	Increased	2.00%	Our outlook on the global economy is becoming more positive on the back of mild inflation and moderated growth, with key economic indicators showing signs of improvement. We saw the market sell-off at the beginning of August as an opportunity to neutralise our underweight equity position. Although we remain aware of the potential risks within the US market, we expect to see more of a slowdown than a recession. The L&G Global Equity Fund tracks the FTSE World Index, providing exposure to large and mid-cap companies across global markets in a cost-effective way.
Liontrust Absolute Return Bond Fund	Increased	1.25%	This fund invests in a diversified blend of short duration corporates, as well as government bonds, and therefore investing in some of the most liquid markets. The fund provides an attractive yield (over 5%) whilst maintaining a strong focus on downside protection.
Schroder US Smaller Companies	Increased	1.00%	Mid and small cap companies have faced huge headwinds over recent years in the face of weak economic data and higher inflation. We have added to Schroder US Smaller Companies this quarter, allowing us to benefit from the potential uplift that lower interest rates will have on small cap firms. The fund has a well experienced management team, led by a PM with 30 years' experience in the small cap field. The team have a strong valuation discipline and take a more conservative approach relative to other small cap peers. We prefer this approach, rather than taking undue risk through exposure to speculative growth companies. This fund offers us a compelling way to invest in US small caps without being exposed to additional factor risk.
Aviva US Equity Income	Sold	-2.00%	We continue to believe in Aviva's investment approach and the management team's expertise in both value and the SMID cap space. However, the fund failed its Value Assessment report which has caused it to become difficult to hold across our platforms. Aviva US Equity income has outperformed its benchmark (Russell 3000 Value) year to date, supported by its overweight to mid and small cap investments, and we have made the decision to sell into this strength.



Balanced	Action	% Change	Rationale
Trojan Fund	Reduced	-2.00%	Due to our improved outlook on the economy, we have reduced our allocation to Trojan, a strategy which is typically known for its defensive stance and capital preservation focus. We have enhanced our equity risk profile by increasing our allocation to the Vanguard FTSE 100 Index fund.
JPM Global Macro Opportunities	Reduced	-1.25%	JPM Global Macro Opportunities has provided robust diversification benefits, particularly through its net short position in US equities. As our outlook for the global economy has improved, we feel it is prudent to scale back this negatively correlated exposure. In addition, it has been decided, on a committee-level, to review this fund, following concerns surrounding the team structure and recent departures.
L&G US Index	Reduced	-1.00%	In recent months we have already started to see some profit-taking in the US mega-cap space, with a rotation into value and small caps. Keeping in mind, the concentration risk embedded into the S&P 500, we have reduced our exposure to the L&G US Index, in favour of US small caps.

## 6. Growth

Growth	Action	% Change	Rationale
JPM US Equity Income	Bought	4.00%	We have sold out of Aviva US Equity Income and reinvested the proceeds into JPM US Equity Income, which is also value focused. JPM invests higher up the market cap spectrum, complementing our recent position in Schroder US Smaller Companies. The fund typically offers lower downside capture helping to support the portfolio during periods of market weakness. The size of the firm offers a wealth of resources from an investment capability perspective and the team are supported by over 20 dedicated US research analysts. The fund also generates a yield of c.2.25%.
L&G Global Equity Index	Increased	1.50%	Our outlook on the global economy is becoming more positive on the back of mild inflation and moderated growth, with key economic indicators showing signs of improvement. We saw the market sell-off at the beginning of August as an opportunity to neutralise our underweight equity position. Although we remain aware of the potential risks within the US market, we expect to see more of a slowdown than a recession. The L&G Global Equity Fund tracks the FTSE World Index, providing exposure to large and mid-cap companies across global markets in a cost-effective way.
Liontrust Absolute Return Bond Fund	Increased	1.25%	This fund invests in a diversified blend of short duration corporates, as well as government bonds, and therefore investing in some of the most liquid markets. The fund provides an attractive yield (over 5%) whilst maintaining a strong focus on downside protection.
Schroder US Smaller Companies	Increased	1.00%	Mid and small cap companies have faced huge headwinds over recent years in the face of weak economic data and higher inflation. We have added to Schroder US Smaller Companies this quarter, allowing us to benefit from the potential uplift that lower interest rates will have on small cap firms. The fund has a well experienced management team, led by a PM with 30 years' experience in the small cap field. The team have a strong valuation discipline and take a more conservative approach relative to other small cap peers. We prefer this approach, rather than taking undue risk through exposure to speculative growth companies. This fund offers us a compelling way to invest in US small caps without being exposed to additional factor risk.
Aviva US Equity Income	Sold	-4.00%	We continue to believe in Aviva's investment approach and the management team's expertise in both value and the SMID cap space. However, the fund failed its Value Assessment report which has caused it to become difficult to hold across our platforms. Aviva US Equity income has outperformed its benchmark (Russell 3000 Value) year to date, supported by its overweight to mid and small cap investments, and we have made the decision to sell into this strength.

Growth	Action	% Change	Rationale
JPM Global Macro Opportunities	Reduced	-2.25%	JPM Global Macro Opportunities has provided robust diversification benefits, particularly through its net short position in US equities. As our outlook for the global economy has improved, we feel it is prudent to scale back this negatively correlated exposure. In addition, it has been decided, on a committee-level, to review this fund, following concerns surrounding the team structure and recent departures.
Trojan Fund	Reduced	-1.50%	Due to our improved outlook on the economy, we have reduced our allocation to Trojan, a strategy which is typically known for its defensive stance and capital preservation focus. We have enhanced our equity risk profile by increasing our allocation to the Vanguard FTSE 100 Index fund.

## Important information

- The value of investments and any income from them can go down as well as up and you may not get back the full amount of your initial investment. Your capital is at risk.
- Past performance is intended as a guide only, calculated using strategies on a single platform and so may vary dependant on your chosen platform.
- This document is not a personal recommendation or advice. It is important to consult a professional adviser before taking any action.
- The asset allocation and holdings are indicative and may not fully reflect the constituents of your own portfolio, dependent on the timing of your investment and the availability of investments across different platforms. Please refer to your Adviser for full details.
- The portfolio may invest in assets which are denominated in currencies other than sterling, and where this exposure is unhedged, the performance of the portfolio may be affected by fluctuations in currency exchange rates.
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<b>Belfast</b>	02890 321002	<b>Edinburgh</b>	0131 226 5000	<b>Liverpool</b>	0151 227 2030
<b>Birmingham</b>	0121 232 0700	<b>Exeter</b>	01392 204404	<b>London</b>	020 7597 1234
<b>Bournemouth</b>	01202 208100	<b>Glasgow</b>	0141 333 9323	<b>Manchester</b>	0161 832 6868
<b>Bristol</b>	01172 444860	<b>Guildford</b>	01483 304707	<b>Sheffield</b>	0114 275 5100
<b>Cheltenham</b>	01242 514756	<b>Leeds</b>	0113 245 4488		

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