

Investec MPS quarterly report

Cautious Plus: October - December 2023

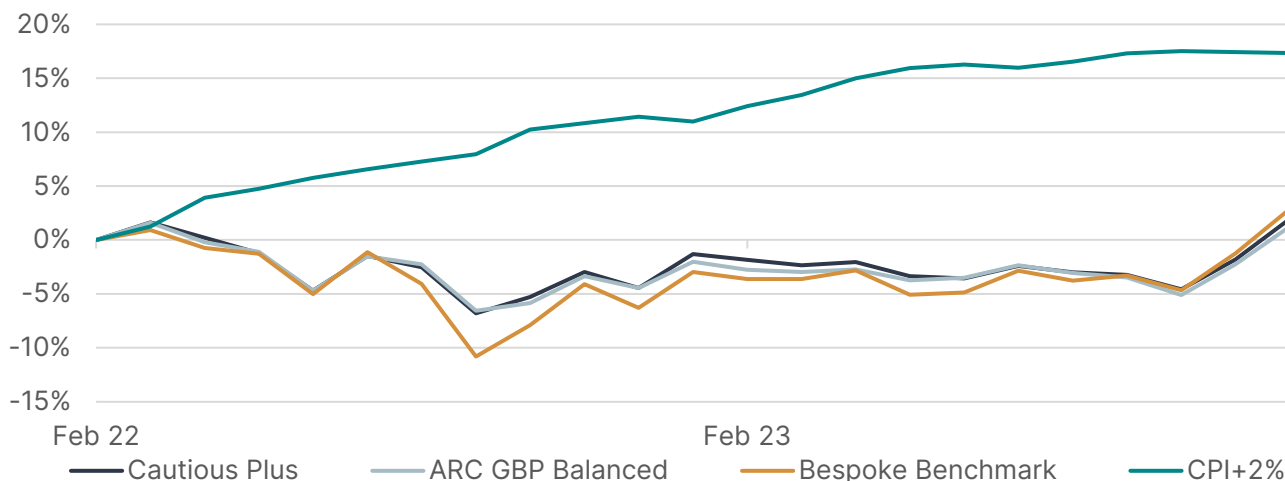
Market review

During the last quarter of 2023, portfolios delivered strong gains despite the turmoil in sovereign and equity markets earlier in the year. The markets' rally during November and December provided a clear example of the benefits of staying the course when investing for the longer term. The primary fuel for the rally was a shift in the outlook for interest rates in 2024, with traders bringing forward the expected date of the first reductions as well as pricing in deeper cuts. Seasonality also playing a part in the rally. The US economy proved to be incredibly resilient, though a poll of economists still puts the probability of a US recession in 2024 to around 50/50, whilst China remained sluggish as the unwinding of an epic real estate bubble still casts a long shadow over the wider economy. As we enter 2024, there is uncertainty about whether central banks will cut interest rates because they can or because they must, but potential interest rate cuts usually provide the fuel for better investment outcomes.



Performance review

During the fourth quarter of 2023, the portfolio yielded a positive return. Fixed Income and Equities performed well due to the change in the interest rate outlook for 2024. Traders anticipated earlier and deeper cuts, resulting in an encouraging quarter for these asset classes. Towards the end of the year, our property holding made a strong recovery and contributed positively to the portfolio's performance. However, Alternatives faced challenges in the rising equity and bond market, but still managed to post a marginal gain.



Past performance is not a guide to future performance.

ARC is an independent consultant that compiles Private Client Indices (PCI) based on historical performance. Indices are categorised according to their risk profile and based on discretionary private client managers contributing actual portfolio performance data net of fees
Source: Investec Wealth & Investment and abrdn Hub 31 December 2023

Bespoke Benchmark Asset Allocation

The benchmark for the portfolio reflects the strategic asset allocation (and long term objective) of your investments. The benchmark for the Cautious Plus strategy is as follows:

BoA ML Gilt 5-15 Years	Medium dated Gilts	12.0%
BoA ML UK Infl Lnk'd Gilt 1-10 Years	Inflation linked Gilts	8.0%
BoA ML Sterling Corporate Index	UK Corporate Bonds	15.0%
MSCI UK Equity IMI	UK Equities	10.0%
MSCI ACWI World Index Ex UK	Overseas Equities	30.0%
MSCI UK IMI Liquid Real Estate	Commercial Property	5.0%
IWI Alternatives Composite	Alternatives	15.0%
BoE Base Rate (-0.5%)	Cash	5.0%

Performance attribution

Top 3 Contributors

L&G All Stocks Gilt Index
Schroder Global Cities Real Estate
L&G US Index Trust

Top 3 Detractors

JPM Global Macro Opportunities
NB Uncorrelated Strategies
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Asset allocation views

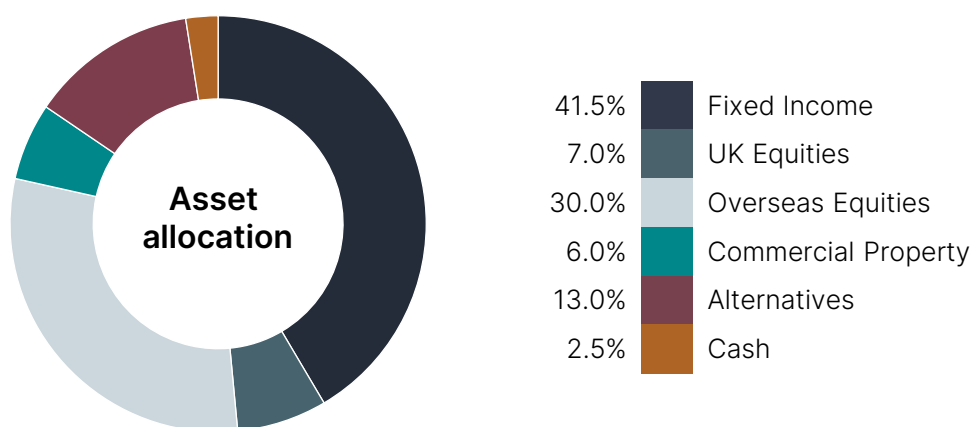
Updated – 31/12/2023	--	-	N	+	++
Global equities					
US equities					
Japan					
Europe					
Emerging Market					
UK equities					
Mid/SC exposure					
Cyclical					
Defensive					
Global bonds					
IG credit					
HY credit					
Emerging Market sovereign					

We maintain our underweight position to Global Equities, expressed through an underweight allocation in the US. We retain a preference for quality and defensive equities over cyclical.

We continue to see value in Fixed Income. We believe we have reached the peak of the interest rate cycle although uncertainty remains as to the timing and speed of cuts.

■ Same as last quarter
■ Down from last quarter
■ Up from last quarter

Portfolio exposure/allocation



Portfolio activity over the quarter

During the quarter we made the following changes:

- We decreased our Alternatives allocation by reducing JPM Global Macro Opportunities and selling NB Uncorrelated Strategies.
- We increased our Fixed Income exposure through the addition of Twentyfour Corporate Bond and Liontrust Absolute Return Bond.
- We diversified our UK exposure through the addition of Royal London Sustainable Leaders Trust and a reduction to Vanguard FTSE 100 Index.

Portfolio holdings as at 02/01/2024

1	L&G All Stocks Gilt Index	Fixed Income	14.0%
2	Liontrust Absolute Return Bond	Fixed Income	4.5%
3	Fidelity Sustainable MoneyBuilder Income	Fixed Income	5.0%
4	Royal London Sterling Credit	Fixed Income	5.0%
5	TwentyFour Corporate Bond	Fixed Income	2.0%
6	Abrdn Short Duration Global Inflation-Linked Bond	Fixed Income	7.0%
7	L&G Active Global High Yield Bond	Fixed Income	4.0%
8	Jupiter UK Special Situations	UK Equities	2.5%
9	Royal London Sustainable Leaders	UK Equities	2.5%
10	Vanguard FTSE100 Index	UK Equities	2.0%
11	BlackRock European Dynamic	Overseas Equities	2.0%
12	Janus Henderson European Selected Opportunities	Overseas Equities	2.5%
13	BA Beutel Goodman US Value	Overseas Equities	4.0%
14	L&G US Index Trust	Overseas Equities	8.0%
15	M&G Japan	Overseas Equities	2.5%
16	Federated Hermes Global Emerging Markets	Overseas Equities	3.0%
17	JPM Emerging Markets Income	Overseas Equities	3.0%
18	L&G Global Equity Index	Overseas Equities	2.5%
19	Pictet Global Thematic Opportunities	Overseas Equities	2.5%
20	Schroder Global Cities Real Estate	Commercial Property	6.0%
21	Trojan Fund	Alternatives	7.5%
22	JPM Global Macro Opportunities	Alternatives	5.5%
23	Cash	Cash	2.5%

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 Bespoke benchmark constituents and allocations were amended on 31 December 2017. The benchmark returns reflect these new allocations from 31 December 2017 only. Prior returns are based on the previous benchmark.
- 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.
- Where an underlying fund seeks to mitigate the impact of exchange rate movements between currencies to which it is exposed, the hedging strategy itself may have a positive or negative impact on performance due to short-term interest rates between currencies.
- Investec Wealth & Investment, its employees or a connected company may trade in the investments referred to herein and may also perform investment or other banking services for any companies.

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Birmingham	0121 232 0700	Edinburgh	0131 226 5000	Leeds	0113 245 4488	Sheffield	0114 275 5100
Bournemouth	01202 208100	Exeter	01392 204404	Liverpool	0151 227 2030		
Bristol	01172 444860	Glasgow	0141 333 9323	London	020 7597 1234		

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