

Investec MPS quarterly report

Sustainable Growth: October - December 2023

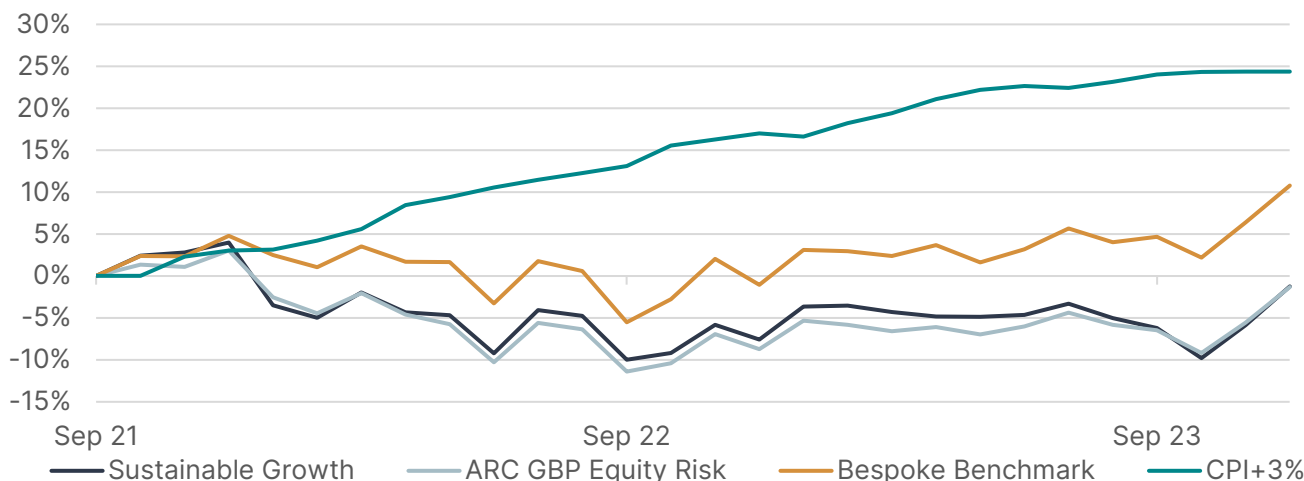
Market review

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 Sustainable Growth strategy is as follows:

BoA ML Gilt 5-15 Years	Medium dated Gilts	3.0%
BoA ML UK Infl Lnkd Gilt 1-10 Years	Inflation linked Gilts	2.0%
BoA ML Sterling Corporate Index	UK Corporate Bonds	2.5%
MSCI UK Equity IMI	UK Equities	35.0%
MSCI ACWI World Index Ex UK	Overseas Equities	45.0%
MSCI UK IMI Liquid Real Estate	Commercial Property	2.5%
IWI Alternatives Composite	Alternatives	7.5%
BoE Base Rate (-0.5%)	Cash	2.5%

Performance attribution

Top 3 Contributors

Brown Advisory US Sustainable Growth

CT Responsible Global Equity

Edentree Responsible & Sustainable Global Equity

Top 3 Detractors

JPM Global Macro Opportunities

NB Uncorrelated Strategies

Polar Capital Global Insurance

Asset allocation views

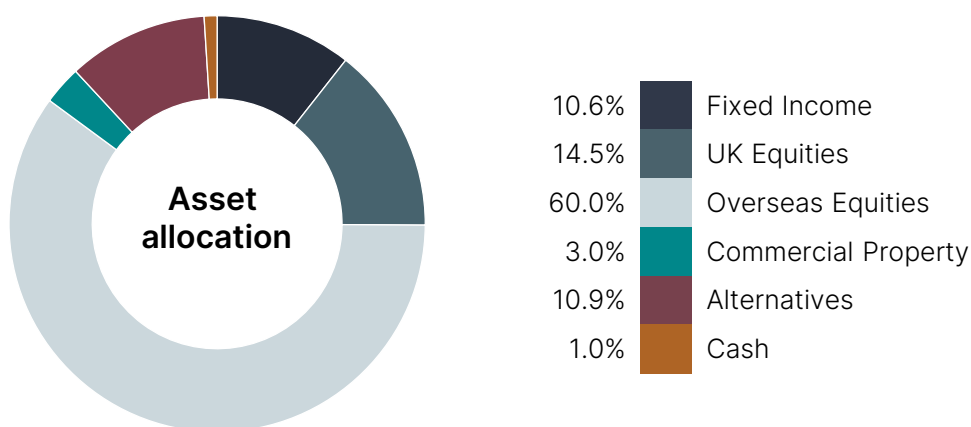
Updated – 31/12/2023	--	-	N	+	++
Global equities					
US equities					
Japan					
Europe					
Emerging Market					
UK equities					
Mid/SC exposure					
Cyclical					
Defensive					
Global bonds					
IG credit					
HY credit					
Emerging Market sovereign					

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 reduced our Alternatives allocation by selling NB Uncorrelated Strategies.
- We enhanced our sovereign debt exposure by adding to L&G All Stocks Gilt Index.

Portfolio holdings as at 02/01/2024

1	L&G All Stocks Gilt Index	Fixed Income	4.6%
2	Fidelity Sustainable MoneyBuilder Income	Fixed Income	2.0%
3	Abrdn Short Duration Global Inflation-Linked Bond	Fixed Income	2.0%
4	BNY Mellon Global Bond	Fixed Income	2.0%
5	CT Responsible UK Equity	UK Equities	4.0%
6	Royal London Sustainable Leaders	UK Equities	10.5%
7	Schroder European	Overseas Equities	4.5%
8	Brown Advisory US Sustainable Growth	Overseas Equities	8.0%
9	Vontobel Sustainable Asian Leaders Trust	Overseas Equities	7.0%
10	CT Responsible Global Equity	Overseas Equities	8.0%
11	EdenTree Responsible and Sustainable Global Equity	Overseas Equities	10.0%
12	Impax Environmental Markets	Overseas Equities	4.0%
13	Janus Henderson Global Sustainable Equity	Overseas Equities	2.0%
14	Polar Capital Global Insurance	Overseas Equities	4.0%
15	RobecoSAM Smart Materials Equities	Overseas Equities	3.5%
16	Schroder Global Energy Transition	Overseas Equities	4.0%
17	FP WHEB Sustainability	Overseas Equities	5.0%
18	Schroder Global Cities Real Estate	Commercial Property	3.0%
19	Trojan Fund	Alternatives	6.4%
20	JPM Global Macro Opportunities	Alternatives	4.5%
21	Cash	Cash	1.0%

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.
- Constructing a portfolio in line with ESG (Environmental, social responsibility and corporate governance) screening criteria limits the potential underlying investments to a subset of the market and this could lead to greater volatility.
- When assessing the ESG credentials of an investment IW&I are reliant on data and analysis provided by third parties which may not be accurate, complete or available, and which may be subject to change in the future.
- 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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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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