

## RELATIVE RISK:



Risk level 1 does not mean risk free, it means the lower risk option for the relative time horizon. For more information, please refer to the risk section on page two of the document.

### DESCRIPTION:

The portfolio is designed for an investor prepared to take on a moderate amount of risk in the hope of making a positive return on their initial outlay. Capital preservation is less important than in a cautious portfolio, meaning significant periods of loss are possible and the investor should be prepared to commit their money for a reasonable length of time in order to realise its potential.

The portfolio's significant equity exposure is likely to be the main driver of returns. These are mainly blue chip companies listed on UK, US, European and Japanese stock exchanges. In favourable markets these will be the main driver of returns. It may also have limited exposure to the specialist area of emerging markets.

It is important for investors at this risk level to hold a range of assets to diversify as much risk as possible without sacrificing growth potential. This is why a portion of the portfolio is invested in bonds. These provide steady returns and help to provide protection in falling equity markets. The portfolio may include some exposure to absolute return funds and ultra-defensive money market funds if this is appropriate. The strategy should lead to sustained growth rates, although there are likely to be bumps along the way.

### FUND LIST:

| Name                                 | Weighting |
|--------------------------------------|-----------|
| TM Tellworth UK Select               | 2.00%     |
| Jupiter Asian Income                 | 2.00%     |
| Royal London UK Government Bond      | 18.00%    |
| PIMCO GIS Global Bond ESG            | 8.00%     |
| M&G Strategic Corporate Bond         | 7.00%     |
| Vanguard UK Government Bond Index    | 6.00%     |
| Nomura Global Dynamic Bond           | 3.00%     |
| HSBC American Index                  | 13.50%    |
| Fidelity European                    | 9.50%     |
| Vanguard Japan Stock Index           | 7.00%     |
| BNY Mellon US Equity Income          | 5.50%     |
| GQG Partners U.S. Equity             | 5.50%     |
| Schroder Global Equity               | 5.00%     |
| Brown Advisory US Sustainable Growth | 2.50%     |
| Guinness Global Equity Income        | 2.50%     |
| Invesco UK Opportunities (UK)        | 3.00%     |

### PAST PERFORMANCE OVERVIEW (NET OF PORTFOLIO COSTS):



### DISCRETE PERFORMANCE TO LAST QUARTER END:

| Period                            | 0-12 Months | 12-24 Months | 24-36 Months | 36-48 Months | 48-60 Months |
|-----------------------------------|-------------|--------------|--------------|--------------|--------------|
| Portfolio                         | 13.63%      | 7.09%        | -11.52%      | 13.81%       | -1.95%       |
| IA Mixed Investment 40-85% Shares | 13.85%      | 5.11%        | -10.15%      | 16.63%       | -0.19%       |

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. History prior to April 2024 is synthetic history, it has been calculated using investments that were available at the time and would have been chosen for inclusion in this portfolio had it been running. All figures are calculated on a bid to bid total return basis in GBP, is net of fund fees and includes FE's charge of 0.19%. Data from FEfundinfo 2024.

## CUMULATIVE PERFORMANCE TO LAST MONTH END:

| Period                               | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years |
|--------------------------------------|----------|----------|--------|---------|---------|
| Portfolio                            | 0.23%    | 3.84%    | 16.07% | 5.95%   | 21.92%  |
| IA Mixed Investment<br>40-85% Shares | 0.97%    | 4.00%    | 16.74% | 6.45%   | 26.42%  |

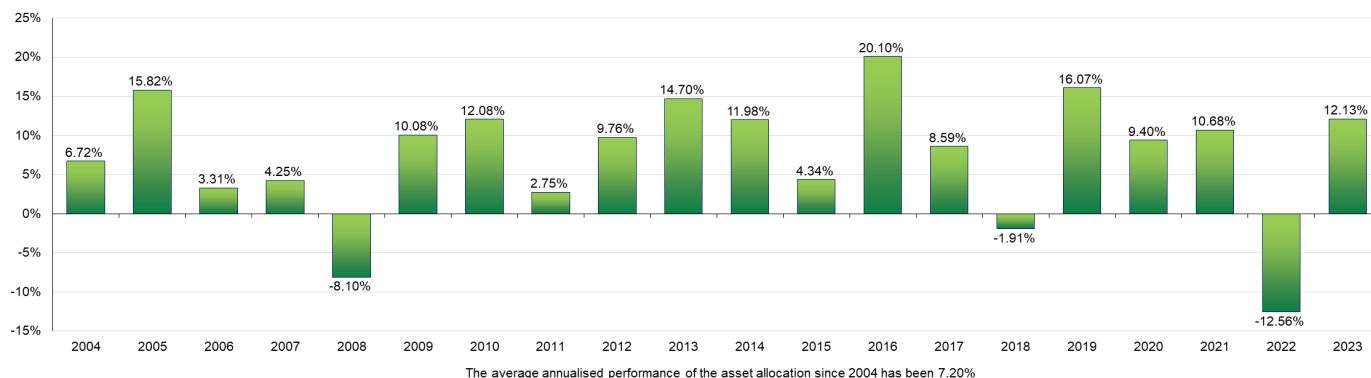
**Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested.** History prior to April 2024 is synthetic history, it has been calculated using investments that were available at the time and would have been chosen for inclusion in this portfolio had it been running. All figures are calculated on a bid to bid total return basis in GBP, is net of fund fees and includes FE's charge of 0.19%. Data from FEfundinfo 2024

**RISK ANALYSIS:** (uses actual performance from inception in April 2024 and simulated history prior to this from May 2019)

Best Month: 7.19%                      Best 6 Months: 12.52%  
Worst Month: -6.87%                      Worst 6 Months: -12.35%

**RISK ILLUSTRATION:** (uses current strategic asset allocation over 20 years)

To provide a better impression of how the portfolio might be expected to perform over the longer term we have provided simulated data back twenty years. The data has been compiled by taking the portfolio's current strategic asset allocation, proposed by our actuaries as the most appropriate in order for the portfolio to deliver on its objectives over the length of investment. The asset allocation of the portfolio may differ slightly due to the nature of investing in active funds and the shorter term tactical positioning of the portfolio. Each asset class will be represented by a passive investment fund. The performance provides an illustration of how the current portfolio may have behaved, although historical positioning may have been different due to a variety of factors, including the input from our actuaries, the impact of fund selection and changes of asset allocation by the portfolio management team.



**All information presented on this page is only illustrative of what has happened in the past, it should not be seen as a guarantee that losses will not exceed past levels. Past performance is not a guide to future performance and you may get back less than you originally invested.**

## WHAT IT COSTS:

Financial Instruments OCF: 0.45%

Financial Instruments Transactional Costs: 0.22%

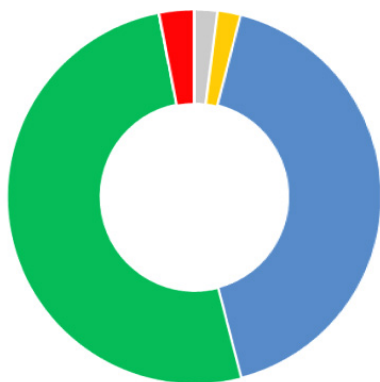
Investment Services: 0.19%

Third Party Payments: 0.00%

**Total Cost of Investment: 0.86%**

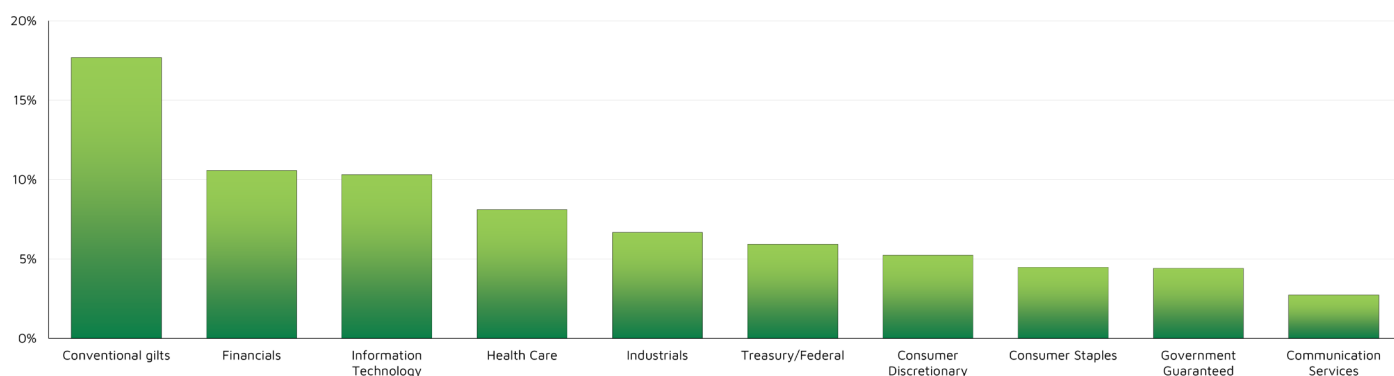
The Financial Instruments OCF refers to the underlying costs of managing the funds. Transactional costs refers to additional costs which this does not capture such as trading fees, investment research and foreign exchange fees. It also includes implicit costs that can have an impact on performance but are not charged directly to the end investor. The Investments Services charge is the cost of managing the portfolio. **The charges represent the current maximum charges.**

## ASSET ALLOCATION:



|                         |        |
|-------------------------|--------|
| Alternative Assets      | 2.00%  |
| Emerging Markets        | 2.00%  |
| Fixed Income            | 42.00% |
| Global Developed Equity | 51.00% |
| UK Equity               | 3.00%  |

## TOP 10 SECTOR ALLOCATION:



## WHAT YOU'RE INVESTED IN:

### ■ TM Tellworth UK Select

**Weighting:** 2.00%

The fund will seek to achieve returns that are in excess of one month SONIA interest rate, after fees, over a three-year rolling period, though there is no guarantee that it will do so. In addition, the fund aims for positive annual returns with lower volatility than the Deutsche Numis All Share Index. The fund uses a long/short investment approach where it can benefit from an increase in companies it invests in and can also benefit from the share price falling in stocks where it holds a short position. It typically invests in UK companies with a market cap greater than £500m and usually holds 40 long and 40 short positions. The fund aims to avoid being moved by macroeconomic factors and aims to be style and sector neutral.

### ■ Royal London UK Government Bond

**Weighting:** 18.00%

This fund invests almost exclusively in British government bonds. The managers compare their outlook for interest rates compared to the market to identify bonds which are under- or over-valued to identify buying opportunities. The portfolio is actively managed, as the managers adjust overall exposure to interest rate risk while at times also investing minor portions of the portfolio into high-quality corporate bonds, foreign government bonds and inflation-linked gilts.

### ■ Jupiter Asian Income

**Weighting:** 2.00%

This fund aims to produce both capital growth and income at least 20% higher than the FTSE AW Asia Pacific Ex Japan index. The fund invests at least 70% of assets in shares of companies based in the Asia Pacific region, excluding Japan but including Australia and New Zealand. The fund does not have any country or sector constraints and uses a combination of macroeconomic analysis and company analysis to decide where to invest. The managers tend to have a high conviction in stocks selected and this means the portfolio is quite concentrated.

### ■ PIMCO GIS Global Bond ESG

**Weighting:** 8.00%

This fund invests in global government and high-quality corporate bonds and can also invest in emerging markets and lower quality 'high yield' bonds when the opportunities arise. Investment decisions are based on macroeconomic research produced in-house by one of the world's largest bond managers. The fund also uses credit research to identify companies with improving credit profiles. The fund is globally diversified but hedges all foreign currency exposures back to UK sterling.

#### ■ **M&G Strategic Corporate Bond**

**Weighting:** 7.00%

This fund invests in government, corporate and high yield debt. The process is based on the manager's view of the global economy and how this will affect inflation and interest rates, particularly in the UK. The manager then decides the appropriate risk level and the sectors with the greatest prospects. Credit analysts at M&G study issuing companies to find companies with the best value.

#### ■ **Nomura Global Dynamic Bond**

**Weighting:** 3.00%

The fund invests across global bond markets (on an currency-hedged basis), with limited restrictions. Investment themes are diverse, ranging from a view on the direction of the interest rates for a country to participating in debt financing of listed companies. The manager combines these ideas in a portfolio that reflects his views on the macroeconomic environment. The strategy uses derivatives and options in order to best manage downside risk-potential resulting from investment in physical corporate and government bonds. The portfolio typically targets a yield of 3.5 per cent to 5 per cent. The fund has been included to add exposure to high quality corporate bonds and euro denominated debt.

#### ■ **Fidelity European**

**Weighting:** 9.50%

The managers of this fund look for companies that are expected to grow their dividend on a three- to five-year time horizon. They target companies that have sustainable margins and a strong balance sheet, and fund their dividends through organic growth rather than by taking on high levels of debt. Each company in the investable universe will have a score based on the analysts' view, the liquidity of the stock and the risk associated with the name. The fund is benchmark-aware, with sector weights close to that of the benchmark, and position sizing is based on both conviction and the benchmark weight. The resulting portfolio is around 40 to 50 stocks that exhibit sustainable dividend growth.

#### ■ **BNY Mellon US Equity Income**

**Weighting:** 5.50%

The fund brings exposure to US large cap value stocks. Although it has significant exposure to financials it is well diversified and includes significant exposure to energy and healthcare sectors. Rather than relying on a small number of stocks with high dividend, all stocks in the portfolio are expected to make a contribution to overall dividend yield.

#### ■ **Schroder Global Equity**

**Weighting:** 5.00%

This fund invests in global equities and aims to outperform the MSCI World index over a three to five year period. The manager seeks to identify companies with potential for long-term growth, particularly where they are seen to be undervalued. The manager aims to combine long-term investments with opportunistic holdings that they aim to hold for six to 18 months. The fund has a bias towards technology companies and holds a reasonably diverse portfolio of 100 to 150 stocks.

#### ■ **Vanguard UK Government Bond Index**

**Weighting:** 6.00%

This fund provides passive exposure to the Bloomberg UK Government Float Adjusted Bond Index. 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. Gilts generally have a low correlation to other asset classes 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.

#### ■ **HSBC American Index**

**Weighting:** 13.50%

The fund provides passive exposure to the S&P 500 Index of large cap US companies and helps construct the global developed equity portion of the portfolio. It has been chosen because it provides low-cost exposure to US markets, which can prove difficult to beat using an active strategy. The fund replicates the index by holding all 500 stocks within it.

#### ■ **Vanguard Japan Stock Index**

**Weighting:** 7.00%

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.

#### ■ **GQG Partners U.S. Equity**

**Weighting:** 5.50%

This fund aims for long-term capital growth by investing in highquality, attractively-priced companies exhibiting competitive advantages. The fund invests in a concentrated portfolio of mainly US-listed companies, but it can have an allocation to other markets. Its investment process evaluates each business with a focus on financial strength, sustainability of earnings growth and quality of management. The resulting portfolio seeks to manage the downside risk of equity investments while providing attractive returns to long-term investors over a full market cycle.

#### ■ **Brown Advisory US Sustainable Growth**

**Weighting:** 2.50%

The managers aim to achieve long-term capital growth by investing in US companies that have outstanding business models and a sustainability focus that will directly benefit financial performance, specifically by increasing revenue growth and enhancing franchise value. Whilst looking for companies with structural growth characteristics, the fund managers also look to take valuations into account and avoid overpaying for growth.

■ **Guinness Global Equity Income**

**Weighting:** 2.50%

The fund invests in stocks with quality characteristics and low debt, which the managers believe can be consistent through an entire economic cycle. The team assesses companies' competitive positions within industries, their balance sheet strength and their ability to grow their dividend stream over time. All stocks in the fund are equally-weighted in a concentrated portfolio of around 35 names and this produces a portfolio that is meaningfully different from the benchmark. The fund replaces Fidelity Global Enhanced Income as part of the rebalance of the portfolio's global equity exposure.

■ **Invesco UK Opportunities (UK)**

**Weighting:** 3.00%

This fund managers focus on stock valuation at the point of purchase and believe that many of the best investment opportunities run against the consensus view. The fund managers use a bottom-up, valuation-driven approach to stock selection. The fund is not managed against a particular benchmark so the managers are free to invest where they see opportunities. It typically has a concentrated portfolio of 35 to 45 large-cap stocks.

# About FE Investments

**FE Investments Portfolios:** Our portfolios are a total investment solution designed to help advisers achieve their clients' investment objectives. Our investment team has produced a range of optimised portfolios that aim to maximise overall diversification between fund strategies.

Our approach to portfolio diversification is built on a deep analysis of the relationships between fund strategies. By taking this approach, we aim to find the best possible mix of funds that maximises the overall diversification of the portfolio. This strategy helps to reduce the total risk and allows greater market exposure for the same level of risk. Our portfolios are designed to offer growth and natural income models to cater to different investment objectives.

At FE Investments, we utilise an actuary to create an optimal asset allocation and risk reference that serves as a guide for portfolio construction. This approach allows us to create a portfolio that is designed to meet the specific needs of our clients, while also allowing us to find additional sources of diversification where we can.

We pride ourselves on our approach to portfolio diversification and investment management. Our portfolios are built using an approach developed internally by our investment team, which has been validated by Cass Business School. Our aim is to provide advisers with a range of optimised portfolios that are designed to help their clients achieve their investment objectives.

**FE Investments Approved List:** Our recommended list of funds undergoes initial quantitative screens using proven metrics such as Crown Ratings, Alpha Manager Ratings, and Group Award to remove behavioural biases and improve sell discipline.

The list is then subject to a qualitative overlay from a dedicated team of fund analysts who identify risks not seen in quantitative data, ensuring that every fund on the list is thoroughly vetted. The aim of the FE Investments Approved List is to create a truly diversified list of funds across investment styles, giving investors peace of mind knowing their portfolio is well-positioned for success.

## Awards & Ratings For FE Investments



This marketing material is for general information only. It is not a recommendation to buy or sell any particular asset class, security or strategy. It does not contain all information an investor may require to make a decision. Investors who are unsure should speak to a financial adviser. Investors may get back less than originally invested.

Financial Express Investments Ltd, registration number 03110696, is authorised and regulated by the Financial Conduct Authority (FRN 209967). For our full disclaimer please visit <https://www.fefundinfo.com/legal-and-policies/financial-express-investments-limited-disclaimer/>