Hybrid

Portfolio Report as at February 2024

RELATIVE RISK:

1 2 **3** 4 5

Lower Risk — Higher Risk

TIME HORIZON:

Short 3-7 yrs
Medium 8-15 yrs
Long 16 yrs +

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 for a cautious investor and this means that periods of loss are possible.

The portfolio has the difficult task of achieving capital growth within a few years, meaning it is important to get the balance right regarding risk exposure. To maintain stability, more than half of the portfolio is invested in either bonds or held in money market. These asset classes tend to provide more consistent – albeit lower – growth. The money market can be considered the most defensive of asset classes; however, it is unlikely to keep pace with inflation. Bonds can offer significant protection in falling equity markets.

The portfolio may include a small allocation to absolute return funds to add diversification and boost returns. These funds are targeted to produce positive returns within a set period using complex investment strategies, however, positive returns cannot be guaranteed.

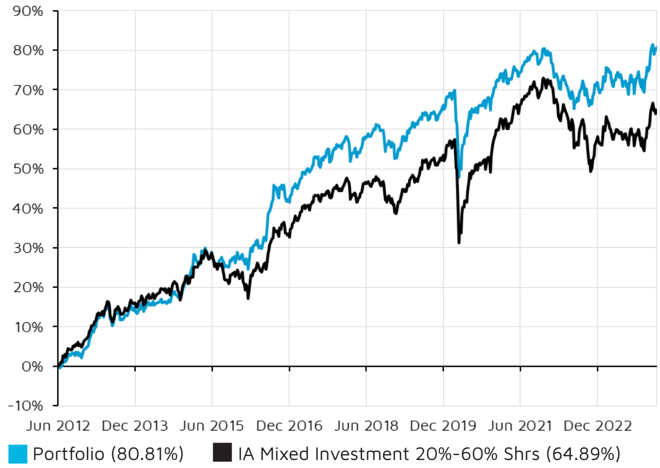
The rest of the portfolio is predominantly split between UK equity and global developed equities, which have the capacity for higher returns. Exposure to international markets is to the US, Europe and Japan. This is the highest risk portion of the portfolio but, in favourable markets, should be the main driver of portfolio returns.

The moderate nature of the portfolio means that periods of loss are possible; nevertheless, the wide range of asset classes means that it should be possible to encash investments within a few years.

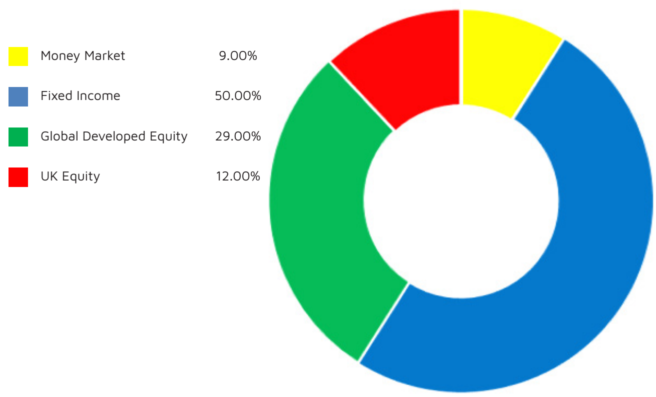
FUND LIST:

Name	Weighting
Vanguard UK Government Bond Index	19.00%
Royal London UK Government Bond	11.50%
Janus Henderson Strategic Bond	8.50%
iShares UK Gilts All Stocks Index (UK)	6.00%
M&G Emerging Markets Bond	2.50%
PIMCO GIS Global Bond ESG	2.50%
HSBC American Index	10.50%
GQG Partners U.S. Equity	5.50%
Vanguard Japan Stock Index	5.00%
Fidelity European	4.00%
Brown Advisory US Sustainable Growth	2.00%
Schroder US Equity Income Maximiser	2.00%
Royal London Short Term Money Market	9.00%
WS Evenlode Income	8.00%
Man GLG Income	4.00%

PAST PERFORMANCE OVERVIEW (NET OF FEES):[1]



ASSET BREAKDOWN:[2]



DISCRETE PERFORMANCE TO LAST QUARTER END:

Period	0-12 Months	12-24 Months	24-36 Months	36-48 Months	48-60 Months
Portfolio	6.67%	-5.12%	3.84%	3.12%	9.75%
Benchmark	6.81%	-9.47%	7.20%	3.51%	11.84%

Past performance is not a guide to future performance and you may get back less than you originally invested. History prior to March 2015 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 and includes FE's charge of 0.27%. Data from FEfundinfo 2024

RISK ANALYSIS:

The portfolio is managed to a risk target deemed appropriate for this portfolio by the actuarial firm EValue. Risk is measured using volatility which is the movement of the return around its average. The greater the swings in value the less consistent the performance of the portfolio and the higher the risk. Our aim is to match the risk target as closely as possible.

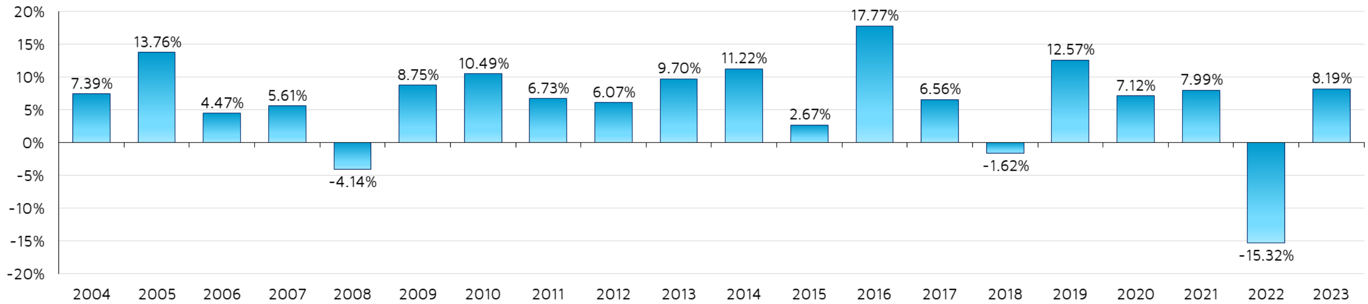
The portfolio has returned an annualised volatility of 5.8 per cent since June 2012. This figure includes the synthetic history from 2012 to 2015. This allows us to say that historically, over one year, the difference between the best and worst possible results would have been 22.4 per cent in 95 per cent of cases. A higher-risk portfolio would have a greater spread of returns, meaning the chances of both large losses and large gains increase, whereas a lower-risk portfolio would have a narrower spread of returns.

Lowest Month: -6.44% **Lowest Six Months**: -7.85% **Lowest Year**:-6.58% **Range of Monthly Returns**: -6.44% to 5.16%

RISK ILLUSTRATION:

The portfolio itself has only been running since 2015 and has synthetic performance back to 2012. To provide a better impression of how the portfolio might be expected to perform over the longer term we have provided simulated data back to the year 2004. The data shows that in a 20-year period this proxy for the portfolio's current investments lost money on three occasions, in 2008, 2018 and 2022. The biggest loss would have been in 2022, where over the year the portfolio would have lost 15.32 per cent; this equates to an investment of £10,000 falling to £8,468. This means over the period our proxy would have made money in 17 out of 20 years. The highest growth experienced was in 2016 when the asset allocations grew by 17.77 per cent. This means an investment of £10,000 would have been worth £11,777 at year end.

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.

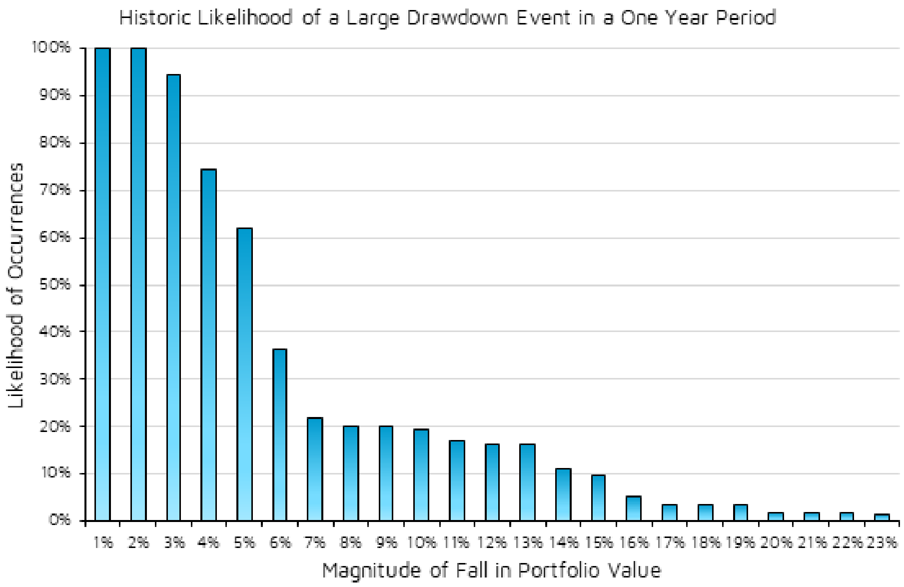


The average annualised performance of the asset allocation since 2004 has been 6.06%

POSSIBILITY OF LOSSES:

All investments necessarily include some risk that cannot be fully diversified away, meaning periods of loss will occur. It is important therefore that investors understand what the potential magnitude of these losses could be and whether they are comfortable with them.

The chart opposite analyses the current strategic asset allocation of the portfolio back over a 20-year period, looking at rolling one-year periods. For each of these periods we analyse what the largest loss the portfolio experienced during that period was and then plot the total occurrences. For instance, a chart that reads 5 per cent on the 'x' axis and 60 per cent on the 'y' axis would indicate that over any one year period there was a 60 per cent chance the portfolio fell by at least 5 per cent. It therefore shows what would happen if you invested at the top and sold at the bottom. Any recovery during the period is not considered.



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:[3]

Financial Instruments OCF: 0.35% **Financial Instruments Transactional Costs**: 0.13%
Investment Services: 0.27% **Third Party Payments**: 0.00% **Total Cost of Investment**: 0.75%

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. Other charges may apply that cannot be factored into this report, for instance platform charges. **The charges represent the current maximum charges, for the exact charges please refer to the Platform Portfolio Charges Document and Platform Fund Charges Document.**

WHAT YOU'RE INVESTED IN:

Vanguard UK Government Bond Index
Weighting: 19.00% **OCF**: 0.06% **Transactional Costs**: 0.03%
This fund provides passive exposure to the Barclays Global Aggregate UK Government Float Adjusted Bond Index. It has been chosen for its low cost 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. As markets are positioned for further interest rate hikes, there is limited risk of downside for bonds, and the potential for recession and rate cuts in the near term makes the yield on longer-dated bonds attractive.

Royal London UK Government Bond
Weighting: 11.50% **OCF**: 0.26% **Transactional Costs**: 0.00%
This fund invests predominantly in UK government bonds with maturity dates of between one and five years. This gives the fund a very low risk profile as it has a very low sensitivity to any changes in interest rates. The managers compare their interest rate projections with market assumptions and also monitor supply and demand for different bond maturities to identify mispricing. The fund can also invest in highly-rated corporate bonds as well as government bonds from other developed economies. The fund has been added as we increase exposure to UK government bonds in preference to US government debt.

Janus Henderson Strategic Bond
Weighting: 8.50% **OCF**: 0.70% **Transactional Costs**: 0.18%
This is a highly flexible bond fund that invests across a range of corporate and government bonds while regularly adjusting risk exposures using derivatives. It will occasionally invest small portions of the portfolio into bank loans and asset-backed securities. It adopts a global outlook but all foreign currency exposure is hedged back to UK sterling. The managers believe their flexibility should give them the ability to perform well in all types of market and to navigate through the interest rate cycle. As inflation is beginning to slow down, bonds with a longer time to maturity stand to benefit if central banks slow or halt interest rates rises. This fund has been added due to its exposure to US bonds, particularly corporate bonds, as the outlook for the US is more favourable for this sector.

iShares UK Gilts All Stocks Index (UK)
Weighting: 6.00% **OCF**: 0.11% **Transactional Costs**: 0.02%
This fund provides passive exposure to the FTSE Actuaries UK Conventional Gilts All Stocks Index and helps construct the fixed income 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. Gilts generally have a low correlation to other asset classes and this helps to increase the diversification levels of the portfolio. The fund has been added as part of a general rebalance of the exposure to fixed income in the portfolio.

M&G Emerging Markets Bond
Weighting: 2.50% **OCF**: 0.68% **Transactional Costs**: 0.04%
This fund invests in the bonds of governments and companies in emerging markets, with a focus on sovereign debt. The primary manager, Claudia Calich, builds a view of the economic state in the world and the emerging markets, and which countries, sectors or currencies it will be better to invest in. She then uses the input from the wider team to decide whether she would rather invest in government or corporate bonds in her preferred geographies, and to generate ideas for specific companies to invest in. The decision on which currency to invest in is critical, as emerging market currencies can be very volatile. The manager can invest entirely in US dollar-denominated debt if she prefers, assuming at least 80% of her portfolio is invested in issuers from the developing world. The fund has been added to increase diversification in the portfolio's bond exposure.

PIMCO GIS Global Bond ESG
Weighting: 2.50% **OCF**: 0.52% **Transactional Costs**: 0.14%
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. The fund has been added due to the additional diversification it offers as it increases exposure to high quality corporate bonds.

HSBC American Index
Weighting: 10.50% **OCF**: 0.06% **Transactional Costs**: 0.00%
This fund makes up part of the developed-equity portion of the portfolio by tracking the S&P 500 index. 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. The fund has been added as the portfolio's exposure to global equities has been diversified across a range of regional funds.

Vanguard Japan Stock Index
Weighting: 5.00% **OCF**: 0.17% **Transactional Costs**: 0.02%
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 has been added as we increase the diversification in the portfolio.

Brown Advisory US Sustainable Growth
Weighting: 2.00% **OCF**: 0.86% **Transactional Costs**: 0.01%
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. The fund has been added as we increase exposure to growth companies in the US due to the better economic outlook in the region.

Royal London Short Term Money Market
Weighting: 9.00% **OCF**: 0.10% **Transactional Costs**: 0.02%
Cash is the safest and most defensive asset class available for use in the portfolios. Although the fund will offer little in terms of absolute performance it will provide substantial protection to the portfolio should there be a large market sell-off. It therefore makes it ideal for a portfolio of this risk level and time horizon, and allows higher risk investments elsewhere in the portfolio that over time will drive returns. The fund invests in short-term debt issued by companies with a term of 60 days or less and is one of five money market funds approved by FE Investments. The fund has been added to help protect the capital value of the portfolio in case risk assets fall in value if we enter recession.

Man GLG Income
Weighting: 4.00% **OCF**: 0.90% **Transactional Costs**: 0.34%
The objective of this fund is to achieve a level of income above the FTSE All Share Index as well as producing some capital growth through investing, directly or indirectly, primarily in UK equities. It may also invest in equities of companies which derive a substantial part of their revenues from activities in the UK.

GQG Partners U.S. Equity
Weighting: 5.50% **OCF**: 0.55% **Transactional Costs**: 1.32%
This fund aims for long-term capital growth by investing in high-quality, 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. This is a well balanced fund and has been added as it brings exposure to growth stocks, but also has some defensive characteristics.

Fidelity European
Weighting: 4.00% **OCF**: 0.91% **Transactional Costs**: 0.08%
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. The fund has been added due to its relatively high exposure to sectors such as consumer non-durable stocks, which are likely to perform better in a recession.

Schroder US Equity Income Maximiser
Weighting: 2.00% **OCF**: 0.49% **Transactional Costs**: 0.00%
This fund invests in US large-cap stocks and aims to produce a yield than that which is typically available on the S&P 500. The fund passively tracks the performance of the S&P 500 and uses covered-call strategies to boost income paid to investors. Over the long term this can reduce the fund's ability to generate total return but is a reliable way of generating additional income. The fund has a relatively conservative approach to its use of covered-call strategies and Schroders has an established track record running enhanced income strategies. The fund has been added as exposure to US equities is increased, and its investment in quality income-producing companies may provide some downside protection.

WS Evenlode Income
Weighting: 8.00% **OCF**: 0.77% **Transactional Costs**: 0.09%
This fund aims to provide investors with income and capital growth by investing predominantly in large UK dividend-paying companies. The managers' investment philosophy is to identify businesses with a large market share and/or competitive edges that can consistently generate high levels of recurring profits that can be returned to shareholders as dividends. The fund has been added as part of the rebalance of UK equity investments.

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 Bayes 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 three distinct areas; Crown Ratings, Alpha Manager Ratings and Group Awards.

These three 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 classifed 100% UK Equity. A mixed investment fund would be classifed as 100% Mixed.

3 What it Costs: The portfolio expense is calculated using the weighted value of the OCF of the portfolios constituent funds. Total cost of investment include FE Investments 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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