

## 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 a cautious to moderate investor looking to make a positive return on their initial outlay, but for whom capital preservation remains a consideration. The investor should be prepared to commit their money for a significant period of time, as cashing in early could leave them with unfulfilled potential.

A significant proportion of the portfolio is held in equities. 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, but their high-risk nature means periods of loss should be expected. It may also have limited exposure to the specialist area of emerging markets. This can be considered a speculative investment but offers the prospect of returns far above developed markets.

To ensure stability, a large portion of the portfolio is invested in bonds. These provide lower but more consistent returns, making them ideal for the designated risk profile. They can also help to provide protection during times of market stress. The portfolio may include a small allocation to absolute return funds and may also hold an allocation to the money market during periods of higher volatility. This strategy should result in a steady and consistent portfolio that has the potential to increase in value by a moderate amount.

### FUND LIST:

| Name                                                | Weighting |
|-----------------------------------------------------|-----------|
| Janus Henderson Absolute Return                     | 2.00%     |
| iShares UK Gilts All Stocks Index                   | 12.00%    |
| Man Sterling Corporate Bond Fund                    | 9.00%     |
| Royal London Short Duration Gilts                   | 7.00%     |
| Nomura Global Dynamic Bond                          | 6.00%     |
| Royal London Short Duration Credit                  | 6.00%     |
| Vanguard UK Short-Term Investment Grade Bond Index  | 5.00%     |
| Capital Group UK - Global High Income Opportunities | 3.00%     |
| HSBC American Index                                 | 12.00%    |
| HSBC European Index                                 | 8.00%     |
| Vanguard Japan Stock Index                          | 6.00%     |
| BNY Mellon US Equity Income                         | 5.00%     |
| GMO Quality Investment                              | 3.00%     |
| L&G US Index Trust                                  | 3.00%     |
| M&G North American Dividend                         | 3.00%     |
| Natixis Harris Associates US Value Equity           | 3.00%     |
| Royal London Short Term Money Market                | 2.00%     |
| Man Income Fund                                     | 3.00%     |
| Fidelity Index UK                                   | 2.00%     |

### 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                         | 12.42%      | 2.64%        | 12.43%       | -0.94%       | -7.25%       |
| IA Mixed Investment 20-60% Shares | 12.51%      | 5.74%        | 9.38%        | 1.18%        | -7.09%       |

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 2026.

CUMULATIVE PERFORMANCE TO LAST MONTH END:

| Period                            | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years |
|-----------------------------------|----------|----------|--------|---------|---------|
| Portfolio                         | 7.29%    | 5.86%    | 12.42% | 29.73%  | 19.20%  |
| IA Mixed Investment 20-60% Shares | 6.55%    | 5.51%    | 12.51% | 30.13%  | 22.33%  |

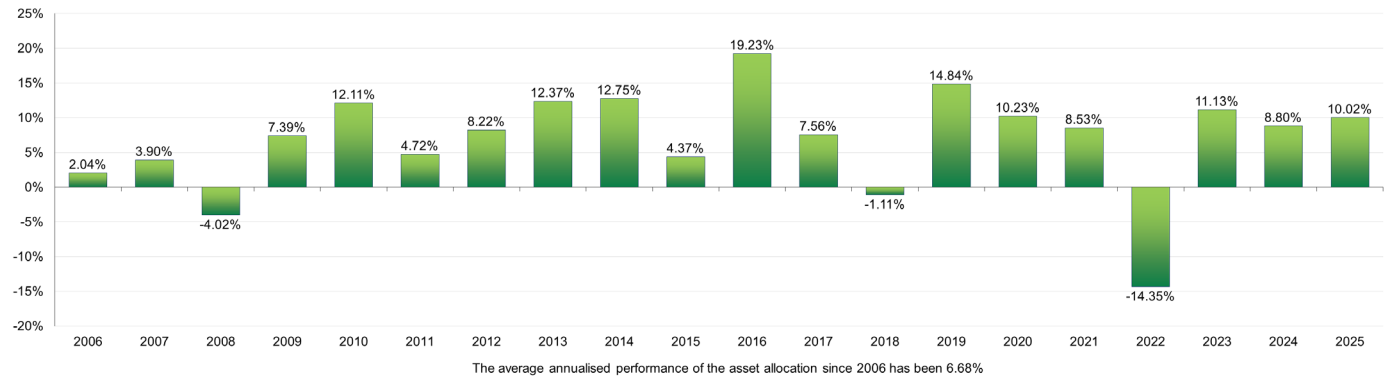
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RISK ANALYSIS: (uses actual performance from inception in April 2024 and simulated history prior to this from May 2019)

|              |        |                 |         |
|--------------|--------|-----------------|---------|
| Best Month:  | 5.82%  | Best 6 Months:  | 10.59%  |
| Worst Month: | -6.67% | Worst 6 Months: | -13.57% |

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.



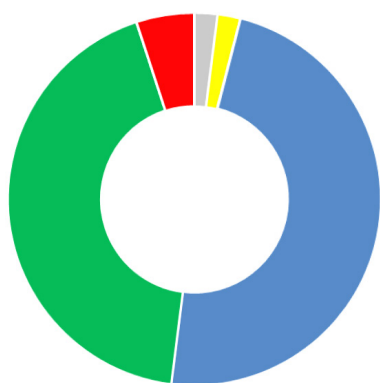
All information presented on this page is only illustrative of what has happened in the past, it should not be seen as a guarantee that losses will not exceed past levels. Past performance is not a guide to future performance and you may get back less than you originally invested.

WHAT IT COSTS:

|                                  |                                                  |                                 |
|----------------------------------|--------------------------------------------------|---------------------------------|
| Financial Instruments OCF: 0.33% | Financial Instruments Transactional Costs: 0.10% |                                 |
| Investment Services: 0.19%       | Third Party Payments: 0.00%                      | Total Cost of Investment: 0.62% |

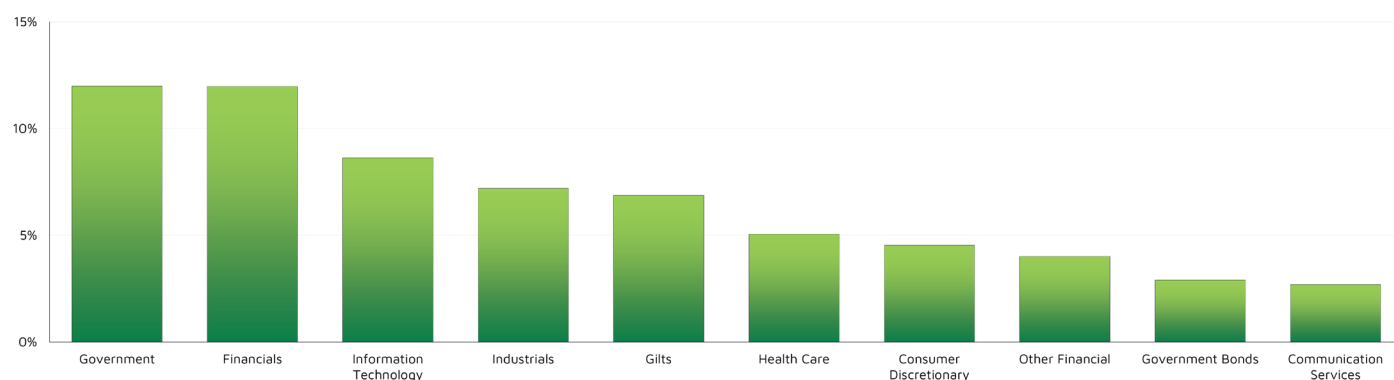
The Financial Instruments OCF refers to the underlying costs of managing the funds. Transactional costs refers to additional costs which this does not capture such as trading fees, investment research and foreign exchange fees. It also includes implicit costs that can have an impact on performance but 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.

## ASSET ALLOCATION:



|                         |        |
|-------------------------|--------|
| Alternative Assets      | 2.00%  |
| Money Market            | 2.00%  |
| Fixed Income            | 48.00% |
| Global Developed Equity | 43.00% |
| UK Equity               | 5.00%  |

## TOP 10 SECTOR ALLOCATION:



## WHAT YOU'RE INVESTED IN:

### Janus Henderson Absolute Return

**Weighting:** 2.00%

This is an excellent fund for anyone who wants to invest in the stockmarket while limiting risk. The managers operate by trying to assess whether a particular stock is too cheap or too expensive and taking a corresponding long (where they think the price will go up) or short (where they think the price will go down) position. They do not make a judgement on the UK economy, concentrating purely on the companies themselves. The fund has a 20 per cent performance fee above the Bank of England base rate, subject to a high water mark.

### Man Sterling Corporate Bond Fund

**Weighting:** 9.00%

The fund aims to generate outperformance in both rising and falling credit markets. It seeks 'deep value' opportunities in UK sterling investment grade corporate bonds. The manager screens potential investments to identify those trading at high discount to peers but the sustainability of cashflow. Credit selection is the core driver of returns for the strategy, and moves in interest rates are not expected to have as significant an effect. Up to 20% may be invested in sub-investment-grade rated debt. The fund has been added to complement exposure to other UK corporate bond exposure and US investment grade credit.

### iShares UK Gilts All Stocks Index

**Weighting:** 12.00%

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.

### Royal London Short Duration Gilts

**Weighting:** 7.00%

This fund invests almost exclusively in British government bonds but focuses on bonds issued with shorter maturities which offer reduced interest rate risk. The managers use in-house forecasts to identify bonds which are under- or overvalued. 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. The fund has been added to reduce exposure to longer-dated gilts which are more sensitive to interest rate changes.

#### ■ **Nomura Global Dynamic Bond**

**Weighting:** 6.00%

This fund invests across bond markets globally (on a currency-hedged basis), with limited restrictions. The manager combines ideas in a portfolio that reflects his views on the macroeconomic environment. The strategy uses derivatives and options to best manage some of the risks. The portfolio typically targets a yield of 3.5% to 5%. The fund has been added to bring balanced exposure to government and corporate bonds, including to European and emerging markets.

#### ■ **Vanguard UK Short-Term Investment Grade Bond Index**

**Weighting:** 5.00%

This fund provides passive exposure to the Bloomberg GBP Non-Government 1-5 Year 200MM Float Adjusted Bond Index and helps construct the corporate bond portion of the portfolio. It has been chosen due to its low costs compared to other passive funds and its ability to replicate the index as closely as possible. The fund invests directly in a selection of the stocks to mirror the performance of the index. The fund has been added to maintain exposure to defensive assets while reducing exposure to the negative effect of rising interest rates.

#### ■ **HSBC American Index**

**Weighting:** 12.00%

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:** 6.00%

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.

#### ■ **GMO Quality Investment**

**Weighting:** 3.00%

The fund seeks to generate returns by investing in equities the managers believe to be of high quality. The managers believes that companies with an established track record of profitability and which have strong fundamentals are able to outgrow the average company over time and are therefore worth a premium price. The fund's uses both quantitative analysis and fundamental research to assess the relative quality and valuation to identify global companies with potential to grow over a long-term investment horizon while withstanding short-term volatility.

#### ■ **Royal London Short Duration Credit**

**Weighting:** 6.00%

This fund invests in bonds issued by companies predominantly issuing debt in UK sterling but typically with global revenues. This is primarily investment-grade credit rating, but it can invest up to 20% in lower quality 'high yield' debt and bonds unrated by credit agencies. The manager will seek to keep the fund at a low level of sensitivity to interest rates, via investment in bonds with only a few years to maturity. The fund has been added to reduce exposure to longer-dated gilts which are more sensitive to interest rate changes.

#### ■ **Capital Group UK - Global High Income Opportunities**

**Weighting:** 3.00%

This fund invests in higher-risk global bond markets with the potential for greater return and income generation but heightened volatility. The portfolio is a blend of lower-quality 'high yield' credit (predominantly issued by US companies) and emerging market sovereign bonds, plus a smaller allocation to emerging market corporate bonds. It will adjust the proportionate EM/high yield allocation regularly based on the macroeconomic outlook. However, the key driver of outperformance remains the analysts' assessments of borrowers' financial data at a 'bottom-up' level, critical in these types of market. The EM analysts are specialised by regional coverage to aid broad geographic analysis. The fund has been added to broaden exposure to corporate bonds.

#### ■ **HSBC European Index**

**Weighting:** 8.00%

This fund provides passive exposure to the FTSE Developed Europe ex-UK index and helps construct the global developed equity portion of the portfolio. It has been chosen due to its low costs compared to other passive funds and its ability to replicate the index as closely as possible. The fund replicates the market by holding all stocks within the index.

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

**Weighting:** 5.00%

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.

#### ■ **L&G US Index Trust**

**Weighting:** 3.00%

This fund tracks the FTSE USA Index, which is comprised of the largest companies listed in the US. The fund tracks the index using a method called optimisation, where the fund invests in a selected basket of shares to closely mirror the performance of the index, which means the fund owns all the companies that make up the index. To supplement fund returns and compensate for the trading costs involved with direct ownership of the securities, the fund manager engages in stock lending. This is a common process in long-term investing, where a select third party borrows a limited amount of the passive fund's holdings, in exchange for a fee. Profits from stock lending reduce the effect of management fees and help to minimise overall tracking difference to the index. The fund has been added as exposure to large US companies has increased.

■ **M&G North American Dividend**

**Weighting:** 3.00%

This fund focuses on a dividend growth strategy rather than dividend yield, where the team believes that investing in companies that grow its dividends can successfully add value in the long run. Dividend and growth investing have often been considered opposite ends of the spectrum, but the team believes that there is a sweet spot in the middle where investors can capture both.

■ **Royal London Short Term Money Market**

**Weighting:** 2.00%

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. 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.

■ **Fidelity Index UK**

**Weighting:** 2.00%

This fund provides passive low-cost exposure to UK markets. The fund has been chosen for its exceptionally low charges and its ability to replicate the FTSE All-Share Index extremely accurately. The fund achieves this by holding all the larger shares and a representative selection of the smaller companies; this reduces costs and liquidity risks while not impacting its ability to match the index. The fund has been added as part of the reduction in value equities.

■ **Natixis Harris Associates US Value Equity**

**Weighting:** 3.00%

The fund is a high-conviction US equity fund which targets companies trading at significant discounts to intrinsic value. It targets companies with strong cash generation, robust balance sheets and long-term recovery potential. The fund typically invests in out-of-favour large-cap businesses where the team sees a clear path to value realisation and the managers take a long-term view. The fund has been added to bring a better balance to US equity exposure as investment in growth companies is cut back.

■ **Man Income Fund**

**Weighting:** 3.00%

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.

# 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



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