Cautious to Moderate

Portfolio Review as at September 2026

RELATIVE RISK:

1 **2** 3 4 5

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.

HOW YOU'RE DOING:

A joint US and Israeli attack on Iran at the end of February shocked markets as Iran retaliated by closing the key shipping route through the Strait of Hormuz. This cut off around 20% of world oil and gas exports and caused energy prices to spike. High energy prices have brought concerns about higher inflation and central banks are seen as more likely to raise interest rates. This weighed on government bonds as yields were pushed up to the highest level in several decades. Corporate bonds performed better and made a slight gain, helped by strong demand that absorbed heavier issuance from tech companies funding their AI expansion.

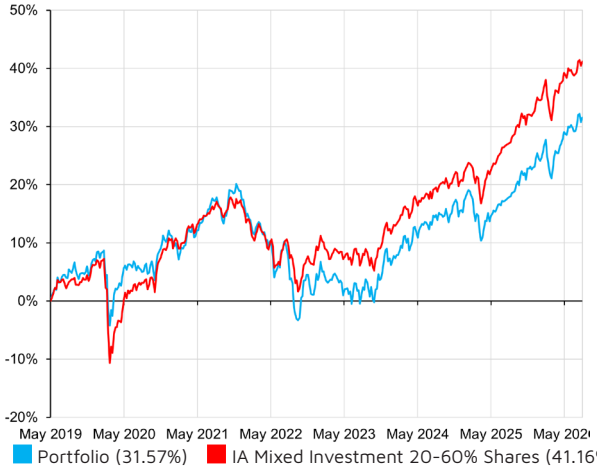
Equities fell during the initial campaign, but the April ceasefire helped investors look beyond geopolitical risks. A strong rebound was driven by enthusiasm for AI and robust earnings growth from companies in the US, Asia and Europe. Some concerns about the high valuations among AI-linked technology stocks led to periods of selling. Strong earnings in other areas, helped value stocks outperform growth stocks across major markets. Banks stood out, with market volatility lifting trading revenues and tech-sector activity supporting dealmaking and financing profits. For UK investors, however, sterling's significant appreciation reduced returns from overseas investments.

The portfolio experienced some volatility on its way to a strong gain. Limited exposure to UK gilts meant a modest decline had a small effect. Corporate bonds made modest gains, led by short-dated and high yield bonds. Most of the growth came from the portfolio's equity investments. The biggest contributions came from exposure to the broad markets in the US, Europe and Japan. Quality global stocks also performed well and value equities provided valuable contributions. UK equities also gained but lagged other developed markets. Investments in the money market and absolute return strategies provided steady returns with less volatility than other asset classes.

PORTFOLIO POST REBALANCING:

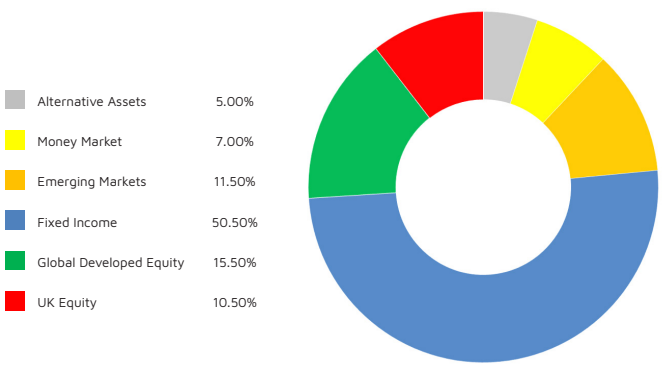
Name	Weighting
Vanguard UK Short-Term Investment Grade Bond Index	20.00%
iShares Overseas Government Bond Index (UK)	9.50%
HSBC American Index	9.00%
Royal London Short Term Money Market	7.00%
Vanguard Pacific ex-Japan Stock Index	6.50%
L&G Emerging Markets Government Bond (US$) Index	6.00%
Man Income Fund	5.50%
Fidelity Index UK	5.00%
Janus Henderson Absolute Return	5.00%
Artemis SmartGARP Global Emerging Markets Equity	5.00%
Vanguard Global Corporate Bond Index	5.00%
BNY Mellon US Equity Income	4.00%
iShares UK Gilts All Stocks Index	3.50%
Royal London Short Duration Gilts	2.50%
Vanguard Japan Stock Index	2.50%
Nomura Global Dynamic Bond	2.00%
Royal London Short Duration Credit	2.00%

PERFORMANCE OVERVIEW:



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.

NEW ASSET CLASS BREAKDOWN:

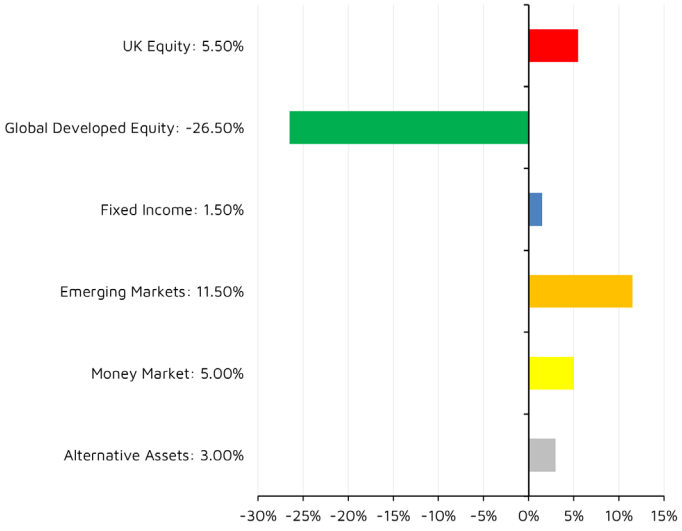


SUMMARY OF PORTFOLIO CHANGES:

This rebalance sees significant changes to the portfolio to bring it in line with our updated long-term asset class outlook. Equities are reduced significantly and the proceeds went into fixed income and the money market. Fixed income rises overall, and its make-up shifts away from high-yield corporate and UK government bonds towards investment-grade corporate bonds and global government bonds. Gilts are cut sharply, and low-cost exposure to overseas government bonds, emerging market government bonds and global corporate bonds has been added. Investment-grade bonds increase substantially, most of that in short-dated holdings. Our view on high-yield bonds, which pay more income in return for greater risk of default, has become less favourable so we have removed the two holdings that carried most of that exposure.

US equities are reduced and we have removed several funds as the lower allocation is streamlined. The portfolio's dedicated European holding is removed, along with a global equity fund that held more European exposure than we wanted. The allocation to UK equities doubles and Japanese equities is reduced. A new investment in developed Pacific markets outside Japan adds Australia, Hong Kong, New Zealand and Singapore to bring further diversification. A broad allocation to emerging market equities has been added to bring diversification and increase potential for growth.

ASSET CLASS CHANGES:



PORTFOLIO CHANGES

	BUY	
	Vanguard UK Short-Term Investment Grade Bond Index	15.50%
▶	iShares Overseas Government Bond Index (UK)	9.50%
	Royal London Short Term Money Market	5.00%
▶	Vanguard Pacific ex-Japan Stock Index	6.50%
▶	L&G Emerging Markets Government Bond (US$) Index	6.00%
	Man Income Fund	2.50%
	Fidelity Index UK	3.00%
	Janus Henderson Absolute Return	3.00%
▶	Artemis SmartGARP Global Emerging Markets Equity	5.00%
▶	Vanguard Global Corporate Bond Index	5.00%

	SELL	
	HSBC American Index	-2.00%
	BNY Mellon US Equity Income	-1.00%
	iShares UK Gilts All Stocks Index	-11.50%
	Royal London Short Duration Gilts	-4.00%
	Vanguard Japan Stock Index	-3.50%
	Nomura Global Dynamic Bond	-4.00%
	Royal London Short Duration Credit	-4.00%
◀	HSBC European Index	-8.00%
◀	Man Sterling Corporate Bond Fund	-8.00%
◀	Capital Group UK - Global High Income Opportunities	-3.00%
◀	GMO Quality Investment	-3.00%
◀	L&G US Index Trust	-3.00%
◀	M&G North American Dividend	-3.00%
◀	Natixis Harris Oakmark US Value Equity	-3.00%

KEY:

▶ New fund to the portfolio

◀ Sell completely out of fund

If blank add or subtract from existing holding

Weightings refer to portfolio holdings not individual fund holdings

WHAT IT COSTS:

Financial Instruments OCF: 0.29%
Financial Instruments Transactional Costs: 0.08%
Investment Services: 0.19%
Total Cost of Investment: 0.56%
Change in Portfolio Expense: -0.04%

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 and adviser 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.**

FUNDS IN:

iShares Overseas Government Bond Index (UK)

Portfolio Holding: 9.50% **OCF:** 0.13% **Transactional Costs:** 0.03%

The fund invests in a portfolio of global government bonds by tracking the performance of the JP Morgan Global Government Bond Index ex-UK. This index tracks the performance of a basket of bonds issued by the governments of developed economies. The fund is passively managed and replicates the performance of the portfolio by investing in the securities in the index, subject to minimum credit rating and that bonds have at least 1 year to maturity. The fund has been added as part of the reduction in exposure to corporate bonds and to increase the diversification of the portfolio's fixed income assets.

Vanguard Pacific ex-Japan Stock Index

Portfolio Holding: 6.50% **OCF:** 0.16% **Transactional Costs:** 0.01%

The fund aims to replicate the performance of a broad Asia-Pacific ex-Japan equity index by investing directly in the underlying securities. It offers exposure to economies including Australia, Singapore and Hong Kong, and is diversified across sectors. The portfolio invests mainly in large and medium-sized companies and can help broaden global equity exposure beyond the UK, Europe and North America.

L&G Emerging Markets Government Bond (US$) Index

Portfolio Holding: 6.00% **OCF:** 0.20% **Transactional Costs:** 0.07%

This fund invests in US dollar-denominated bonds issued by the governments of emerging market countries. It follows a passive approach and tracks the JPMorgan Emerging Markets Bond Index Plus using a representative sample of holdings. The portfolio spans around 30 sovereign issuers and includes both investment grade and sub-investment grade bonds. It offers access to higher-yielding government debt and a regular income, and can complement developed market bond allocations. Because the bonds are priced in dollars, returns for UK investors will also reflect movements in the pound against the US dollar.

FUNDS OUT:

HSBC European Index

Previous Holding: 8.00% **OCF:** 0.06% **Transactional Costs:** 0.04%

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.

Man Sterling Corporate Bond Fund

Previous Holding: 8.00% **OCF:** 0.61% **Transactional Costs:** 0.32%

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. The fund has been removed to allow the equity allocation to be increased as the portfolio takes on more investment risk.

Capital Group UK - Global High Income Opportunities

Previous Holding: 3.00% **OCF:** 0.66% **Transactional Costs:** 0.15%

We have switched from the offshore version to the onshore version of the Capital Group Global High Income Opportunities fund, as we have been granted preferential access to a share class with lower fees.

FUNDS IN:

Artemis SmartGARP Global Emerging Markets Equity

Portfolio Holding: 5.00% **OCF:** 0.84% **Transactional Costs:** 0.16%

The fund employs automated analysis which it believes is better positioned to efficiently and effectively identify investment opportunities. Artemis's proprietary tool, called SmartGARP, rates every stock in the universe based on seven factors: growth, value, earnings revisions, momentum, accruals (where the aim is to identify changes in accounting practices), investor sentiment and macroeconomic forecasts. It is looking for companies growing faster than the market, but trading on lower valuation. The fund has been added to aid diversification in the portfolio's equity investments.

Vanguard Global Corporate Bond Index

Portfolio Holding: 5.00% **OCF:** 0.18% **Transactional Costs:** 0.08%

This fund invests in global investment grade bonds by tracking the performance of the Bloomberg Global Aggregate Float Adjusted Corporate Index. This fund uses sampling to replicate the performance of the index. This is where the managers select a representative basket of securities to closely mirror the full index's performance. This method is especially useful when full ownership is not feasible, such as when the index contains infrequently traded securities, or is too broad in coverage.

FUNDS OUT:

GMO Quality Investment

Previous Holding: 3.00% **OCF:** 0.53% **Transactional Costs:** 0.05%

This is a global equity fund that targets companies with high returns and resilient earnings. Its managers pick around 40-50 stocks from around the world, favouring businesses with steady profits, low debt, and competitive advantages. The fund's disciplined approach has been refined over a decade and aims to weather market turbulence whilst delivering attractive growth over time. The managers pay close attention to stock valuations by pruning overpriced stocks and replacing them with better-valued alternatives. The resulting portfolio often leans towards sectors like technology and healthcare and avoids areas that do not meet the team's strict quality criteria like energy stocks.

L&G US Index Trust

Previous Holding: 3.00% **OCF:** 0.05% **Transactional Costs:** 0.00%

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 removed as the portfolio's equity allocation becomes more defensive.

M&G North American Dividend

Previous Holding: 3.00% **OCF:** 0.55% **Transactional Costs:** 0.05%

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.

Natixis Harris Oakmark US Value Equity

Previous Holding: 3.00% **OCF:** 0.36% **Transactional Costs:** 0.13%

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 has been removed as US equity exposure has decreased significantly.

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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