Canaccord Genuity Wealth Management

2nd Quarter 2024

MPS Fixed Interest Risk Profile 4

Inflation source:

CPI from the Office for National Statistics. Crown Copyright material is reproduced with the permission of the Office of Public Sector Information (OPSI). Reproduced under the terms of the Click-Use License.

Performance, costs and charges:

The performance illustration represents the performance of the Risk Profile using the Managed Portfolio Service (MPS) historic data of Psigma Investment Management until 30/06/22 and CGWM Master Models from 01/07/22. All performance figures are shown net of underlying fund charges and net of the MPS Annual Management Charge 'AMC' of 0.40%. Fees charged by any Financial Adviser are not taken into account.

Glossary

Annualised volatility: risk is measured by the variability of performance. The higher the standard deviation, the greater the variability (and therefore the risk) of the Fund or the index.

Maximum historic loss: is the maximum loss from peak to trough in an investment's history. The figures are indicative and will depend on circumstance.

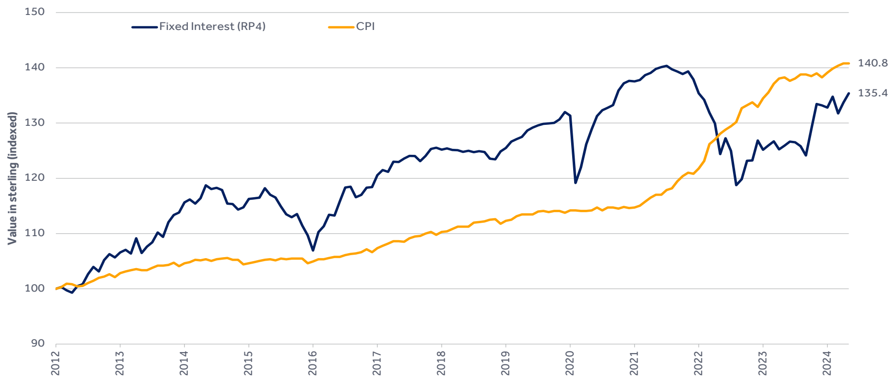
This document is intended to aid a wider discussion between clients and their investment and/or financial adviser about this investment portfolio. It is for information purposes only and is not to be construed as a solicitation or an offer to purchase or sell investments, address the financial situations or needs of any specific investor nor is it deemed to be a form of advice to invest in this portfolio. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment and/or financial adviser.

Investment objectives

Our objective for this strategy is to achieve a return of 5% over a minimum period of 5 years, with the vast majority of returns coming from income generated. The strategy is designed to generate risk adjusted returns over the suggested time horizon.

The strategy is exclusively focused on Fixed Interest investments, which will be unlikely to generate significant capital gains over the longer term; The portfolio will be sensitive to interest rate changes. Investors in the Risk Profile 4 Fixed Interest strategy are prepared to accept occasional capital losses in order to achieve a slightly higher total return.

Performance since inception (29/02/2012)



Past performance is not a guide to future performance.

Discrete performance (%)

Total return to end of last calendar quarter 30/06/2024.

	2024 YTD*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Model	+1.5	+8.3	-11.6	+1.6	+5.0	+5.9	-1.5	+5.9	+6.1	-2.5	+0.9
CPI	+1.3	+3.9	+10.5	+5.4	+0.6	+1.3	+2.1	+2.9	+1.6	+0.2	+0.5

*2024 YTD data is for year to date from 01 January 2024 to 30 June 2024

Cumulative performance (%)

Total return from inception to 30/06/2024

	3 months	1 year	3 years	5 years	Since inception (29/02/2012)
Model	+0.5	+7.5	-3.2	+5.2	+35.4
CPI	+0.7	+1.8	+20.3	+24.1	+40.8

Risk & return since inception (%)

	Model	CPI
Annualised volatility	+5.4	+1.5
Maximum historic loss	-15.4	-1.1

Source: Canaccord Genuity Wealth Management (CGWM) Interactive Data as at 30/06/2024

*Inception date is 29/02/2012.

defaqto ★★★★★ DFM MPS Direct 2013-2024 EXPERT RATED

defaqto ★★★★★ DFM MPS on Platform 2016-2024 EXPERT RATED

defaqto GOLD DFM Service 2024 EXPERT RATED

MPS Fixed Interest Risk Profile 4 Portfolio suggested asset allocation (%)

	Model
Government Bonds	28.1
Corporate Bonds	37.4
International Bonds	31.6
Cash	2.8

Top 10 holdings (%)

MI TwentyFour Core Corp Bond Fund	**13.2**
Invesco Sterling Bond	**13.0**
iShares $ Trs Bd 7-10yr ETF	**11.8**
Jupiter Global Strategic Bond	**11.2**
iShares $ TIPS 0-5 ETF	**9.5**
MI TwentyFour Asset Backed Inc Fund	**8.0**
MI TwentyFour Focus Bond Fund	**8.0**
L&G All Stocks Gilt Index	**6.8**
Neuberger Berman Short Duration EM Debt Fund	**5.9**
AXA US Short Duration High Yield Fund	**5.0**

Top ten holdings excluding cash

Source: CGWM

Portfolio Manager commentary

As we reach the halfway mark of the year, most of the key factors underpinning our 'base case' for 2024 are playing out as we expected. As we forecast at the start of this year, our view was that a cooling of economic activity and inflation would be a positive backdrop for the two main asset classes, fixed interest and equities. This would allow financial markets and client portfolios to continue to make a recovery from a difficult year in 2022.

This environment has driven a broad-based rally across global stock markets. The US has continued to lead the performance tables, led by the extraordinary outperformance of a small cohort of very large technology companies, but all markets around the world have enjoyed a positive environment. We believe that this enthusiasm has been justified, but it does lead us to question what might be possible for equity markets in the coming months. Our expectation is that we can continue to make progress, even if the potential for short-term returns has been limited by the positivity of recent months. With valuations across most markets still 'about right,' growth in corporate earnings, and evidence that profit margins are expanding once again, it would be strange to see a major market downturn, unless something unexpected happens on geopolitical or economic fronts.

Fixed interest returns lagged equities over the first six months of the year, as inflation concerns lingered, forcing the market to reappraise its earlier optimism on interest rate cuts. At the start of the year, expectations were for six or seven interest rate cuts in the US by the end of January 2025. But as the year has developed this has amounted to two. We were never in the six or seven camp, but we did expect more than two – we also expected them sooner. However, in the last month, with better news on inflation, signs that the US economy is moderating, and verbal signs from central banks that rate cuts are coming, fixed interest markets have started to make positive gains. Again, as with equities, there have been a range of returns across different markets and, pleasingly, our favoured areas have done well. We expect further progress and positive returns from the asset class in the remainder of the year.

We have been saying for some time that we believe it's right to be 'balanced, diversified and open-minded' - especially in the uncertain world we live in. It's easy to become either overly optimistic or bearish when assessing the economic and market outlook. We believe the right approach to long-term investment is taking a balanced view, whilst respecting the potential for blue-sky or negative scenarios. As we survey the economic and market landscape in front of us, we come up with some simple conclusions. The global economy does not yet appear on the verge of a recession, but the risk of a slowdown in the US has risen. Inflation is still too high but is moving in the right direction. Interest rates are likely to be lowered in the coming months (and the central banks in Canada, Sweden, Switzerland, and the European Central Bank are already on this path), and we expect more to follow. Asset market valuations are not incredibly cheap, but nor are they very expensive.

This all leads us to believe that the overall balance between risk and reward is sensible. This could well mean that you hear us repeat the terms 'balanced, diversified and open-minded' for some time to come.

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