

#### Risk Profile Description

This portfolio is likely to contain lower, medium and higher risk investments, including cash, government bonds, UK corporate bonds and other higher-income types of global bonds as well as UK commercial property. It will also be expected to contain some higher-risk investments such as shares, but held mainly in UK and other developed markets, and a small amount in other higher-risk investments such as shares in emerging markets.

#### Cumulative Encore 40 returns of £100k invested

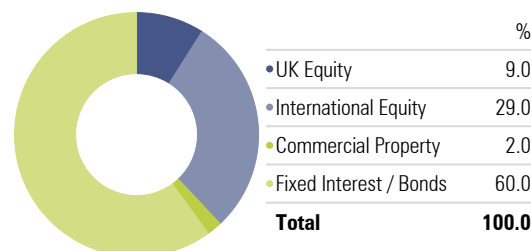
Time Period: 29/04/2022 to 31/08/2024



#### Encore 40 - Portfolio Information

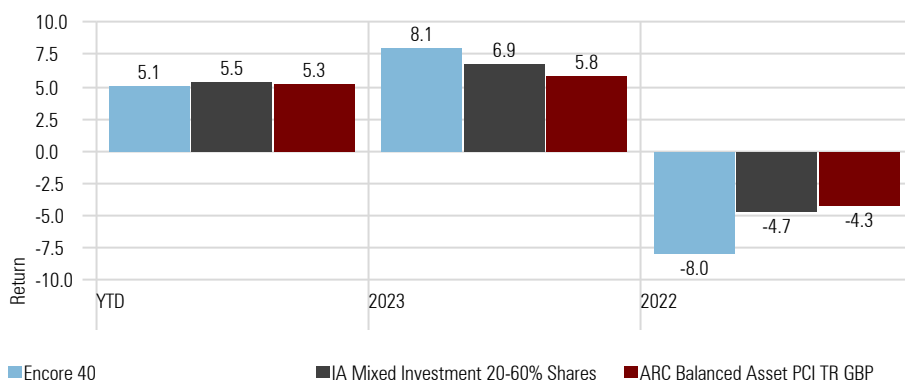
|                           |  |
|---------------------------|--|
| Yield                     | 2.29%  |
| OCF                       | 0.12%  |
| Transaction Charge        | 0.04%  |
| Investment Management Fee | 0.10% + VAT  |
| Rebalance                 | Quarterly  |
| Benchmarks                | IA Mixed Investment 20-60% Shares<br>ARC Balanced Asset PCI TR GBP |

#### Asset Allocation - Encore 40

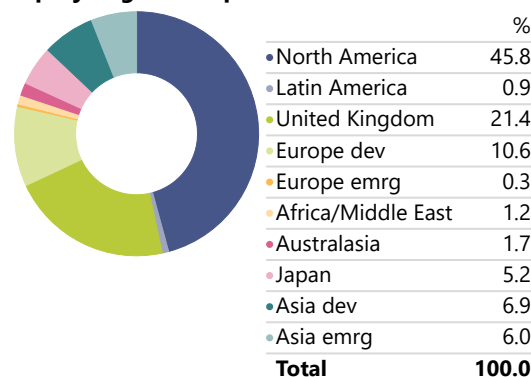


#### Calendar Year Returns

Calculation Benchmark: IA Mixed Investment 20-60% Shares



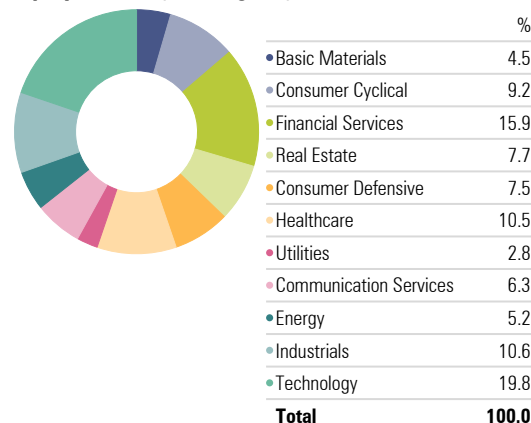
#### Equity Regional Exposure - Encore 40



Display Benchmark 1: IA Mixed Investment 20-60% Shares Display Benchmark 2: ARC Balanced Asset PCI TR GBP

| Encore 40 Performance Metrics | Portfolio | Benchmark (IA) | Benchmark (ARC) |
|-------------------------------|-----------|----------------|-----------------|
| Max Drawdown                  | -13.22    | -9.06          | -6.37           |
| Best Month %                  | 4.43      | 3.82           | 3.32            |
| Worst Month %                 | -5.94     | -4.98          | -4.39           |
| Best Quarter                  | 6.77      | 5.68           | 4.71            |
| Worst Quarter %               | -4.33     | -3.07          | -1.96           |

#### Equity Sectors (Morningstar) - Encore 40



## Portfolio Comments

The first half of August saw sharp declines in global markets. Commentators were not short of possible explanations for the pullback, starting with recession fears in the US economy, disappointment at the absence of new stimulus in China, fears of a broader regional war in the Middle East and expensive valuations for US technology stocks. However, markets snapped back with their best weekly move since late 2022, with major growth and defensive asset indices ending the month higher.

Starting with the economic picture, a particular focus was the collapse of the yen carry trade. The cause of the volatility was the Bank of Japan's surprise interest rate hike from 0.1% to 0.25%. Although a small jump, it had a powerful impact on the yen which rallied sharply against major currencies. For some time, some global investors have counted on a falling yen, borrowing at a low interest in the currency to buy assets offering a higher yield. With US interest rate expectations concurrently fading on a weak employment reading, an unwinding of this carry trade took place. This provoked a dramatic selling of Japanese equities, which at one point fell 20% before mounting a comeback.

Later in the month however there was then some better economic news for investors from the US Federal Reserve. Speaking at Jackson Hole, Jerome Powell sent a clear signal that the Fed stands ready to cut interest rates and this helped ease market fears that persistent high interest rates might cause a recession in the world's largest economy. This news helped major markets close the month higher.

In terms of inflation, the trends remain unchanged in most countries: a slow deceleration in headline inflation and improved inflation expectations but concerns about service sector inflation. Interestingly the Bank of England recently unveiled its own measure of "supercore" inflation (services, excluding administered prices, rents, holiday travel and volatile items) which might warrant more attention for the rest of this year.

On the back of this economic data, the market is pricing in about 0.5% off UK interest rates and oscillating between 0.75-1.25% off US rates by year end currently.

Turning to growth assets and the technology sector, putting Nvidia to one side, five of the 'Magnificent 7' major stocks reported revenue or profits growth of 5-22% in Q2, with Tesla reporting a loss. Whilst these are perfectly decent numbers, they are not so strong as to justify their very high valuation point.

Looking at factor performance over August, the Quality and Momentum factors were the best performing, whilst Small-Cap stocks were the relative laggards as more economically sensitive areas suffered in the wake of more negative sentiment around economic growth in the US and beyond.

Turning to defensive assets, they once again acted as a hedge for volatile growth assets, with correlations moving into negative territory.

In summary, the economic consensus sees a 'Goldilocks scenario' appearing, where growth and inflation data are low enough to warrant a series of interest rate declines across the Western economies, but not too low so as to indicate an actual recession or downturn in corporate profits. Valuations matter little to momentum driven investors, but US stocks remain very expensive on a historical basis. The high point is approaching for political risks in the US due to the short-term election uncertainty, so as ever, time in the market remains key, as does the need to hold a diversified portfolio of assets.

### Benchmark Disclaimers

The IA (Investment Association) sector is used as the comparator. This is considered appropriate for investors to use when comparing performance as the sector is made up of funds with a similar asset allocation as defined by the IA. The sector is not constructed as an index, therefore as funds enter or leave, the sector composition can change, but it is considered that the sector remains a useful and relevant comparator for investors to assess performance within a relevant peer group.

ARC Private Client Indices ("PCI") are based on historical information and past performance is not indicative of future performance. PCI are computed using a complex calculation and the results are provided for information purposes only and are not necessarily an indicator of suitability for your specific investment or other requirements. ARC does not guarantee the performance of any investment or portfolio or the return of an investor's capital or any specific rate of return. ARC accepts no liability for any investment decision made on the basis of the information contained in this report. You should always complete your own analysis and/or seek appropriate professional advice before entering into an agreement with any PCI Data Contributor. The content is the property of ARC or its licensors and is protected by copyright and other intellectual property laws. Use of the information herein is governed by strict Conditions of Use as detailed on <https://www.assetrisk.com/research/>.

The information contained within this document is subject to the UK regulatory regime and is therefore primarily targeted at consumers based in the UK. The value of investments and income from them is not guaranteed, can fall, and you may get back less than you invested. Your capital is therefore always at risk. Past performance is not a guide to future performance. If you invest in currencies other than your own, fluctuations in currency value will mean that the value of your investment will move independently of the underlying asset. Any specific investments mentioned are for illustrative purposes only and this is not intended as investment advice. If you are unsure as to the suitability of any investment or service, please contact a professional adviser or Progeny Asset Management to discuss. The data in the performance metrics table is based on historical performance and is not indicative of future performance which could be better or worse than what is shown.

Progeny is a trading style of Progeny Asset Management Limited and is used by various companies within the Progeny group of companies. Progeny Asset Management Limited is a limited company registered in England and Wales with number 09415365. The company's registered address is 1A Tower Square, Leeds, LS1 4DL. Progeny Asset Management Limited is authorised and regulated by the Financial Conduct Authority (No. 740528).

## Top Holdings - Encore 40

Portfolio Date: 31/08/2024

|  | Equity Style Box | Portfolio Weighting % |
|--|------------------|-----------------------|
| abrdn Global Corp Bd Scrnd Trckr N Acc   |                  | 15.96                 |
| Vanguard Glb Bd Idx Ins Pl E H Acc       |                  | 15.94                 |
| Vanguard UK Infl-LnkD Gilt Idx E Acc     |                  | 12.00                 |
| Vanguard FTSE UKAllShrdUnitTrlnsPIEAcc   |                  | 9.10                  |
| L&G All Stocks Gilt Index C Acc          |                  | 8.90                  |
| Vanguard U.S. Eq Idx Ins Pl E Acc        |                  | 8.19                  |
| HSBC American Index C Acc                |                  | 8.03                  |
| L&G Sterling Corporate Bond Index I Acc  |                  | 7.68                  |
| Fidelity Index Emerging Markets P Acc    |                  | 4.65                  |
| HSBC European Index Accumulation C       |                  | 3.66                  |
| L&G Global Real Estate Div Index C Acc   |                  | 2.14                  |
| iShares Pacific ex Jpn Eq Idx (UK) H Acc |                  | 1.88                  |
| Fidelity Index Japan P Acc               |                  | 1.88                  |

## Morningstar Style Box - Encore 40

Portfolio Date: 31/08/2024

| Morningstar Equity Style Box™ |       |       | Market Cap | %                  |      |
|-------------------------------|-------|-------|------------|--------------------|------|
|                               | Value | Blend | Growth     |                    |      |
| Large                         |       |       |            | Market Cap Giant % | 43.6 |
|                               |       |       |            | Market Cap Large % | 33.6 |
|                               |       |       |            | Market Cap Mid %   | 18.3 |
| Mid                           |       |       |            | Market Cap Small % | 3.6  |
|                               |       |       |            | Market Cap Micro % | 0.8  |
| Small                         |       |       |            |                    |      |

Leeds  
1A Tower Square, Leeds, LS1 4DL  
Tel: +44 113 467 1596

London  
16 Berkeley Street, London, W1J 8DZ  
Tel: +44 20 3823 6034