progeny

Encore 40 Portfolio Factsheet

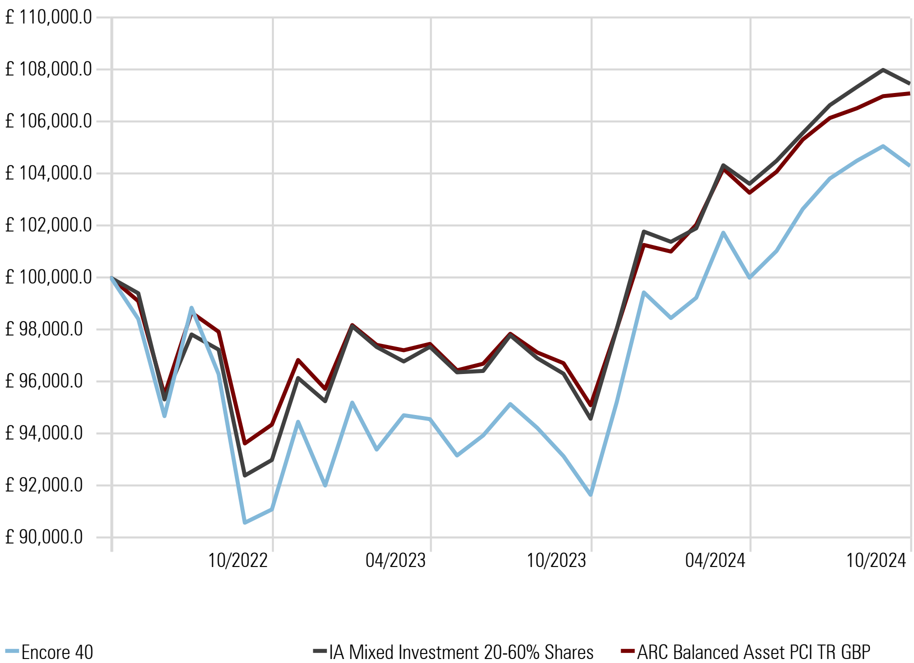
As of 31/10/2024

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.

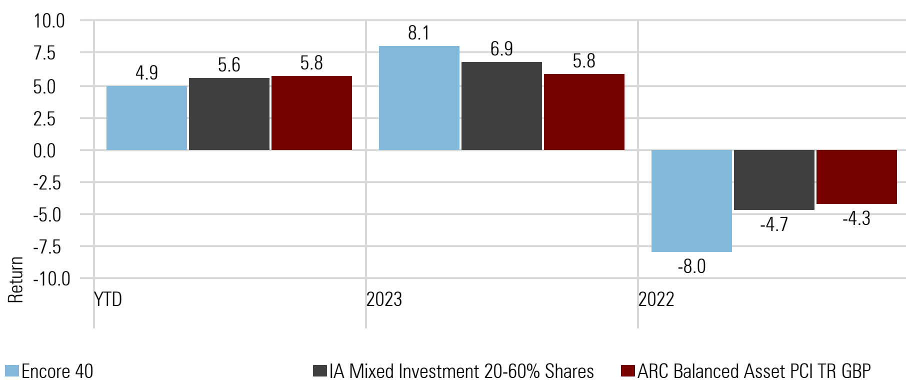
Cumulative Encore 40 returns of £100k invested

Time Period: 29/04/2022 to 31/10/2024



Calendar Year Returns

Calculation Benchmark: IA Mixed Investment 20-60% Shares



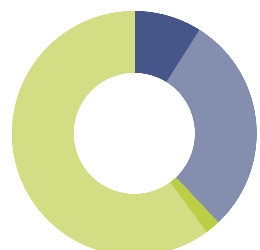
Display Benchmark 1: IA Mixed Investment 20-60% Shares Display Benchmark 2: ARC Balanced Asset PCI TR GBP

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

Encore 40 - Portfolio Information

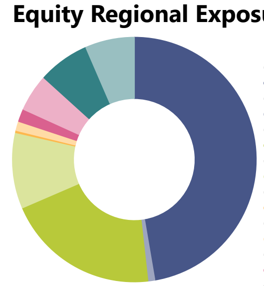
Yield	2.33%
OCF	0.12%
Transaction Charge	0.04%
Investment Management Fee	0.10% + VAT
Rebalance	Quarterly
Benchmarks	IA Mixed Investment 20-60% Shares ARC Balanced Asset PCI TR GBP

Asset Allocation - Encore 40



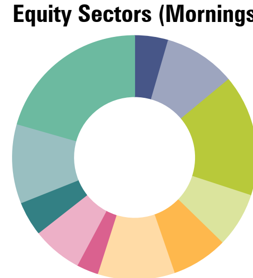
	%
UK Equity	9.0
International Equity	29.0
Commercial Property	2.0
Fixed Interest / Bonds	60.0
Total	**100.0**

Equity Regional Exposure - Encore 40



	%
North America	47.3
Latin America	0.9
United Kingdom	20.3
Europe dev	10.0
Europe emrg	0.3
Africa/Middle East	1.2
Australasia	1.7
Japan	4.9
Asia dev	6.8
Asia emrg	6.5
Total	**100.0**

Equity Sectors (Morningstar) - Encore 40



	%
Basic Materials	4.5
Consumer Cyclical	9.5
Financial Services	16.1
Real Estate	7.3
Consumer Defensive	7.4
Healthcare	10.2
Utilities	2.9
Communication Services	6.6
Energy	4.5
Industrials	10.5
Technology	20.6
Total	**100.0**

Portfolio Comments

October Overview
October was a volatile month for markets, with equities moving lower after a strong rally during the first nine months of the year. The up-and-coming US election and the potential implications of a policy shift on inflation and interest rates caused global uncertainty. Here in the UK, the first Labour budget in 15 years caused market paralysis as investors tried to forecast what Chancellor Reachel Reeves would do.

Economic Review and Outlook
The US has been the bellwether for financial markets with eyes firmly fixed on inflation data. The September CPI (consumer price index) report indicated that inflation eased by less than expected. Headline CPI rose by 0.2% month-over-month and 2.4% year-over-year, marking the slowest annual increase since early 2021. However, core inflation remained elevated at 3.3%, driven by rising costs in medical care, auto insurance and airline fares.

Following the Fed's 0.50% interest rate cut in September, the sticky core inflation reading highlighted the challenge facing US policymakers if they are to achieve their dual mandate of maintaining a solid labour market alongside price stability. Rate cuts are still expected in November and potentially December, but a strong labour market and resilient inflation has reduced the likelihood of a 0.50% cut at either of these meetings. The cooling in rate cut expectations, alongside election uncertainty has unnerved equity and bond investors.

In the UK, the labour market remains tight, with the unemployment rate falling to 4.0% and pay growth remaining high at 4.9% year-over-year in August. Despite this, September's headline inflation declined significantly to 1.7% year-over-year, with core inflation at 3.2%.
Later in October, the UK budget announcement put pressure on the UK Gilt market due to stronger-than-expected levels of spending now planned for 2025. Gilts were an underperformer on the month, ending the month with a return of -2.8%.

Growth Asset Summary
Developed market equities posted a negative return of 2.0%. Japanese stocks were the top performer despite concerns that the need for tighter policy and a stronger yen could impact export-oriented companies, as well as political uncertainty created by recent election results.

Emerging markets declined by 4.3%, pressured by a strong US dollar (USD), profit taking in India and volatility in Chinese equity indexes due to uncertainty over the efficacy of the support measures announced in September.

Factor Performance
Growth stocks outperformed their value counterparts, but fell 1.8% on the month. Small caps retraced by 2.7%, as slowing economic momentum continued to weigh on the segment.

Defensive Asset Summary
In fixed income markets, the resilience of the US economy and uncertainty surrounding potential post-election policy changes prompted a more gradual re-pricing of the anticipated Federal Reserve (Fed) rate cuts. The Barclays Global Aggregate Index returned -3.4%. Credit markets also exhibited some weakness, despite solid underlying fundamentals.

The global government bond index fell 3.7%, highlighting uncertainty over the trajectory of global interest rate cutting cycles. This trend also reflects the impact of a strong US dollar. However, investors should remember that historically, the start of rate cutting cycles has often resulted in significant returns for government bond markets in the subsequent years.

Summary
Recession risks remained a key concern in October. However, our base case of a soft-landing scenario with falling inflation and rates is still in place. If this environment materialises, it could create opportunities across various asset classes. Equities may remain supported, but returns could shift from the concentration in Big Tech to other sectors and stocks.

Fixed income markets are likely to experience further volatility until the path for rate cuts becomes clearer, though historically, falling rates have boosted government bond returns. As the US presidential election approaches, potential policy changes are a source of uncertainty and have already contributed to the move higher in bond yields.

Balanced and diversified portfolios, combining equities with quality fixed income, can help navigate uncertainty. Adding alternatives may also provide a hedge against unpredictable inflation bumps.

Top Holdings - Encore 40

Portfolio Date: 31/10/2024

	Equity Style Box	Portfolio Weighting %
abrdn Global Corp Bd Scrnd Trckr N Acc		15.60
Vanguard Glb Bd Idx Ins Pl £ H Acc		15.59
Vanguard UK Infl-Lnkd Gilt Idx £ Acc		11.84
Vanguard FTSE UKAllShrIdxUnitTrInsPl£Acc		8.91
HSBC American Index C Acc		8.80
L&G All Stocks Gilt Index C Acc		8.71
Vanguard U.S. Eq Idx Ins Pl £ Acc		8.70
L&G Sterling Corporate Bond Index I Acc		7.64
Fidelity Index Emerging Markets P Acc		4.84
HSBC European Index Accumulation C		3.58
L&G Global Real Estate Div Index C Acc		2.02
iShares Pacific ex Jpn Eq Idx (UK) H Acc		1.94
Fidelity Index Japan P Acc		1.84

<u>Benchmark Disclaimers</u>

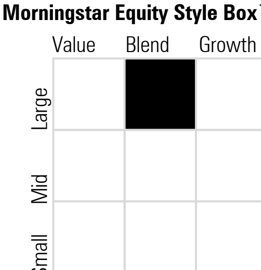
The IA (Investment Association) sector is used as the comparator. This is considered appropriate for investors to use when comparing performance as the sector is made up of funds with a similar asset allocation as defined by the IA. The sector is not constructed as an index, therefore as funds enter 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/.

Morningstar Style Box - Encore 40

Portfolio Date: 31/10/2024

Morningstar Equity Style Box™



Market Cap	%
Market Cap Giant %	44.4
Market Cap Large %	33.5
Market Cap Mid %	17.8
Market Cap Small %	3.5
Market Cap Micro %	0.8

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

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