Encore 60 Portfolio Factsheet

progeny

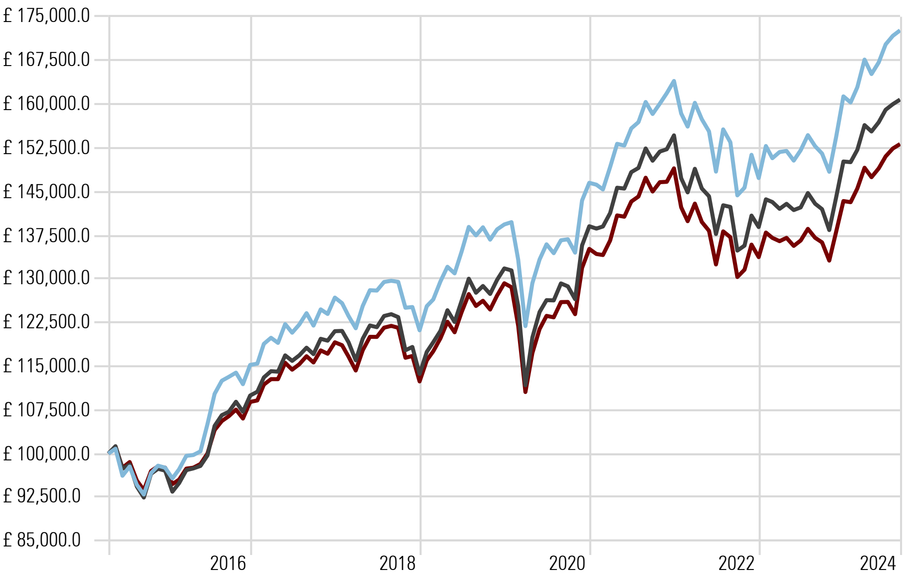
As of 31/08/2024

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.

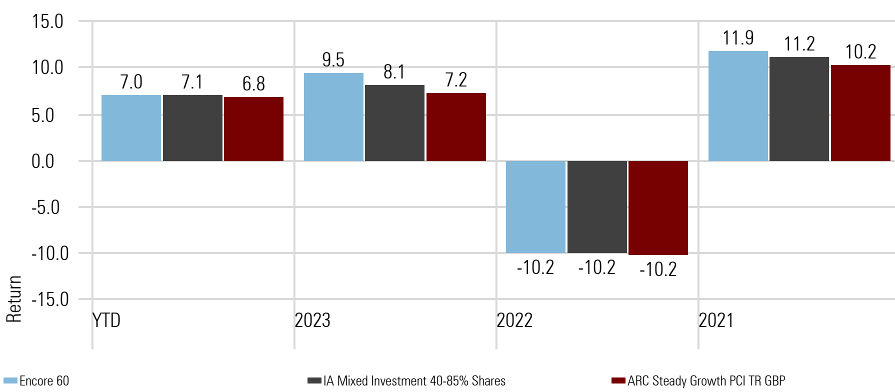
Cumulative Encore 60 returns of £100k invested

Time Period: 01/05/2015 to 31/08/2024



Calendar Year Returns

Calculation Benchmark: IA Mixed Investment 40-85% Shares



Display Benchmark 1: IA Mixed Investment 40-85% Shares   Display Benchmark 2: ARC Steady Growth PCI TR GBP

Encore 60 Performance Metrics	Portfolio	Benchmark (IA)	Benchmark (ARC)
Max Drawdown	-19.98	-21.43	-14.45
Best Month %	6.66	7.35	6.42
Worst Month %	-8.54	-10.85	-9.31
Best Quarter	11.52	13.09	11.83
Worst Quarter %	-12.52	-15.23	-14.45

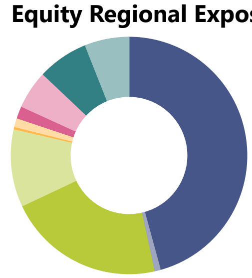
Encore 60 - Portfolio Information

Yield	2.23%
OCF	0.11%
Transaction Charge	0.03%
Investment Management Fee	0.10% + VAT
Rebalance	Quarterly
Benchmarks	IA Mixed Investment 40-85% Shares ARC Steady Growth PCI TR GBP

Asset Allocation - Encore 60

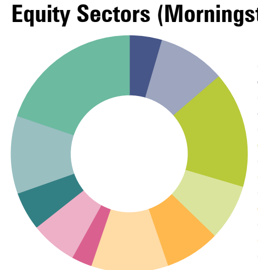
	%
UK Equity	13.5
International Equity	43.5
Commercial Property	3.0
Fixed Interest / Bonds	40.0
Total	**100.0**

Equity Regional Exposure - Encore 60



	%
North America	45.7
Latin America	0.9
United Kingdom	21.4
Europe dev	10.6
Europe emrg	0.3
Africa/Middle East	1.2
Australasia	1.7
Japan	5.2
Asia dev	6.9
Asia emrg	6.0
Total	**100.0**

Equity Sectors (Morningstar) - Encore 60



	%
Basic Materials	4.5
Consumer Cyclical	9.2
Financial Services	15.9
Real Estate	7.7
Consumer Defensive	7.5
Healthcare	10.5
Utilities	2.8
Communication Services	6.3
Energy	5.2
Industrials	10.6
Technology	19.8
Total	**100.0**

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.

Encore 60 - Holdings

Holdings	Equity Style Box	Portfolio Weighting %
Vanguard FTSE UKAllShrIdxUnitTrInsPl£Acc		13.71
Vanguard U.S. Eq Idx Ins Pl £ Acc		12.32
HSBC American Index C Acc		12.08
abrdn Global Corp Bd Scrnd Trckr N Acc		10.69
Vanguard Glb Bd Idx Ins Pl £ H Acc		10.68
Vanguard UK Infl-Lnkd Gilt Idx £ Acc		8.03
Fidelity Index Emerging Markets P Acc		7.02
L&G All Stocks Gilt Index C Acc		5.95
HSBC European Index Accumulation C		5.52
L&G Sterling Corporate Bond Index I Acc		5.13
L&G Global Real Estate Div Index C Acc		3.23
Fidelity Index Japan P Acc		2.83
iShares Pacific ex Jpn Eq Idx (UK) H Acc		2.82

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.

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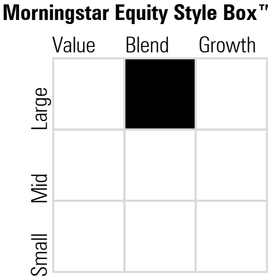
Morningstar Style Box - Encore 60

Portfolio Date: 31/08/2024

Morningstar Equity Style Box™



Market Cap	%
Market Cap Giant %	43.6
Market Cap Large %	33.6
Market Cap Mid %	18.3
Market Cap Small %	3.6
Market Cap Micro %	0.8