progeny

# Tempo 80 Portfolio Factsheet

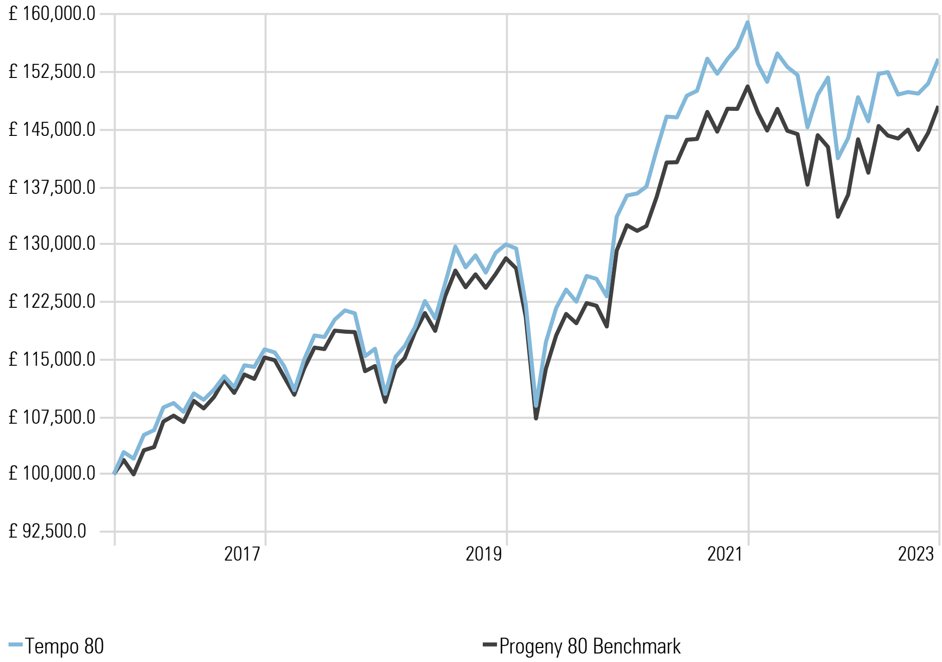
01/08/2023

Risk Profile Description

The portfolio aims to have 80% exposure to equity and property assets and 20% exposure to Fixed Interest securities. Over the medium to longer term, the 80% exposure to risks and expected rewards of equity ownership should help to deliver moderate, inflation-plus returns. The equity exposure is invested in both UK equities and overseas equity in both developed and emerging markets. The equity risk is balanced by a 20% allocation to high-quality bonds and investment grade bonds.

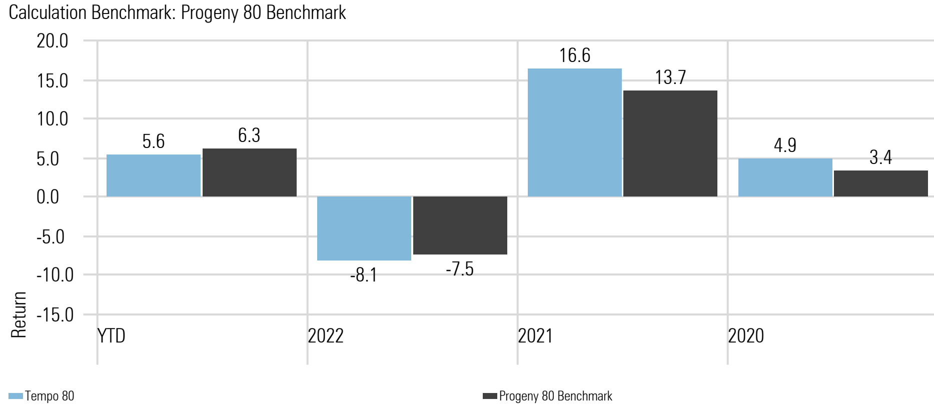
## Cumulative Tempo 80 returns of £100k invested

Time Period: Since Common Inception (01/10/2016) to 31/07/2023




## Calendar Year Returns

Calculation Benchmark: Progeny 80 Benchmark



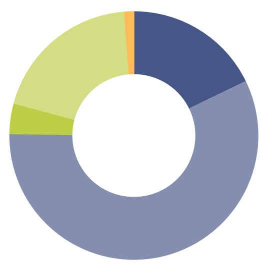

| Tempo 80 Performance Metrics | Portfolio | Bmark |
|---|---|---|
| Max Drawdown | -12.72 | -13.00 |
| Best Month % | 8.43 | 8.31 |
| Worst Month % | -6.94 | -6.38 |
| Best Quarter | 8.68 | 8.62 |
| Worst Quarter % | -6.22 | -6.70 |

## Tempo 80 - Portfolio Information

| | |
|---|---|
| Yield | 1.45% |
| OCF | 0.40% |
| Transaction Charge | 0.05% |
| Investment Management Fee | 0.05% + VAT |
| Rebalance | Quarterly |
| Benchmark | Progeny 80 Benchmark* |

*Constructed from MSCI and ICE BofA indices

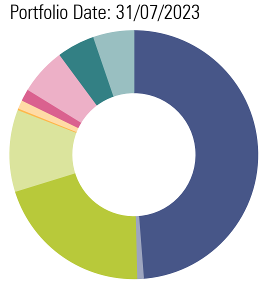
## Asset Allocation - Tempo 80



| | % |
|---|---|
| UK Equity | 17.8 |
| International Equity | 57.4 |
| Commercial Property | 4.0 |
| Fixed Interest / Bonds | 19.6 |
| Cash | 1.2 |
| **Total** | **100.0** |

## Equity Regional Exposure - Tempo 80

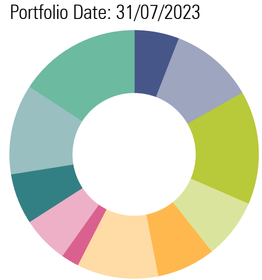
Portfolio Date: 31/07/2023



| | % |
|---|---|
| North America | 48.8 |
| Latin America | 0.9 |
| United Kingdom | 20.6 |
| Europe dev | 10.7 |
| Europe emrg | 0.2 |
| Africa/Middle East | 1.1 |
| Australasia | 1.6 |
| Japan | 6.1 |
| Asia dev | 4.9 |
| Asia emrg | 5.2 |
| **Total** | **100.0** |

## Equity Sectors (Morningstar) - Tempo 80

Portfolio Date: 31/07/2023



| | % |
|---|---|
| Basic Materials | 5.9 |
| Consumer Cyclical | 10.9 |
| Financial Services | 14.8 |
| Real Estate | 7.8 |
| Consumer Defensive | 7.6 |
| Healthcare | 10.6 |
| Utilities | 2.3 |
| Communication Services | 6.1 |
| Energy | 6.6 |
| Industrials | 11.7 |
| Technology | 15.8 |
| **Total** | **100.0** |

## Portfolio Comments

July was a positive month for growth assets, with the majority of major indices ending in positive territory. One of the main reasons was data from the US, the World's largest economy, which supports what is being called a 'Goldilocks' soft-landing scenario. Here, the economy slows down but does not actually go into reverse, the jobs market does not suffer, but inflation is tamed. Interestingly, the most recent inflation reading in the US, in June, was 3%, only just above the Fed's target of 2%.

One of the main reasons the US economy has performed better than expected, despite interest rates still yet to peak, is that many US consumers are protected via low, long-term mortgage rates which became available after the Covid pandemic and so they are not yet really feeling the pain of the current rate environment.

It is also worth remembering that growth asset returns so far this year in the US, have been driven by a handful of technology stocks, so the markets remain sensitive to any short-term news flow from this basket of companies.

In the UK, growth assets also had a positive month, following a surprise decline in inflation from 8.7% to 7.9% in June. Sectors such as housebuilders, stand to gain the most from lower interest rates and if the peak for rates is sooner than expected, this may be a turning point for the valuation in UK shares. However, it is worth noting that core inflation continues to remain sticky so more confirmatory data is needed to support the view that UK inflation is under control.

On the other side of the inflation story, Japan persists as the world's only central bank that has negative interest rates. However, the Bank of Japan now needs to rethink its ultra-loose monetary policy, as inflation is finally increasing after many years and is now higher than in the US at 3.3%.

In terms of factor performance in July, it was small cap and value that led returns, at the expense of the momentum and growth factors. The latter fed through to ESG portfolios, which have a larger growth tilt.

Moving to defensive assets, the disconnect between what bond and equity markets think about recession probability continues. The US 10-year treasury yield continues to hover around the 4% mark and an inverted yield curve remains (where 2-year returns are higher than 10-year), which is still considered a barometer for impending recession.

In summary, the key challenge for markets as we go through the third quarter, is to navigate through the data to finally see a peak in the current interest rate cycle. Until this is clearer, market volatility will remain. Therefore, as ever, retaining an appropriate level of diversification across asset classes, regions and styles remains key to avoiding the potential pitfalls that could emerge at any point.

## Tempo 80 - Holdings

| Holdings | Equity Style Box | Portfolio Weighting % |
|---|---|---|
| MGTS Progeny Systematic Equity GBP Acc | | 80.00 |
| MGTS Progeny Systematic Bond GBP Acc | | 20.00 |

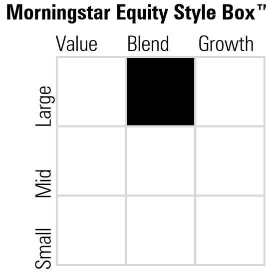
## Tempo 80 - Underlying Holdings

| Holdings | Equity Style Box | Portfolio Weighting % |
|---|---|---|
| HSBC US Multi-Factor Eq Instl A Acc | | 11.48 |
| Vanguard Glb Small-Cp Idx Ins Pl £ Acc | | 6.89 |
| Dimensional Global Value GBP Acc | | 6.77 |
| HSBC American Index C Acc | | 6.59 |
| Fidelity Index US P Acc | | 6.58 |
| Vanguard FTSE UKAllShrIdxUnitTrInsPl£Acc | | 6.54 |
| Invesco UK Enhanced Index UK Y Acc | | 5.75 |
| Vanguard Glb Bd Idx Ins Pl £ H Acc | | 5.75 |
| Gbp Cash | | 4.76 |
| L&G Global Real Estate Div Index C Acc | | 3.65 |
| Vanguard Em Mkts Stk Idx Ins Pl £ Acc | | 3.55 |
| Dimensional £InflLnkdIntermDurFI GBP Acc | | 3.37 |
| Dimensional EM Core Equity Acc | | 3.15 |
| Vanguard UK Govt Bd Idx Ins Pl £ Acc | | 3.07 |
| abrdn Global Corporate Bond Trckr N Acc | | 2.96 |
| HSBC European Index Accumulation C | | 2.74 |
| abrdn European Equity Enhanced Idx NAcc | | 2.42 |
| Fidelity Idx Sterling Corp Bd P GBP Acc | | 2.37 |
| Dimensional UK Smlr Coms Acc | | 2.01 |
| Dimensional UK Value GBP Acc | | 1.99 |
| Fidelity Index Japan P Acc | | 1.60 |
| abrdn Japan Equity Enhanced Index N Acc | | 1.41 |
| HSBC Pacific Index S Acc | | 1.29 |
| Gbp Cash | | 1.21 |
| abrdn Asia Pacific Eq Enh Idx N Acc | | 1.12 |

## Morningstar Style Box - Tempo 80

Portfolio Date: 31/07/2023

**Morningstar Equity Style Box™**




| Market Cap | % |
|---|---|
| Market Cap Giant % | 35.3 |
| Market Cap Large % | 28.9 |
| Market Cap Mid % | 25.3 |
| Market Cap Small % | 8.6 |
| Market Cap Micro % | 1.8 |

### Composite Benchmark Disclaimer

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The model was rebalanced into the MGTS Progeny funds on the 07/03/22 and re-branded at the same time. The risk and objectives of the model have been preserved throughout.

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