progeny

# Bravo ESG 80 Portfolio Factsheet

01/09/2023

<u>Risk Profile Description</u>

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 and overseas equites in both developed and emerging markets. The equity risk is balanced by a 20% allocation to high-quality bonds and investment grade.

Bravo ESG is a range of evidence-based, total-return portfolios designed using a systematic discipline, with Environmental, Social and Governance (ESG) front and centre of the investment process.

The portfolios are defined according to ESG criteria, so investors can see and understand clearly how they are constructed. In addition to understanding the key aims and objectives, we believe that investors in our ESG solutions should also know what is the composition of the portfolios. The Bravo range has undergone rigorous ESG screening with the fund and portfolio exclusions and objectives listed below:

Each fund in the portfolio excludes the following:

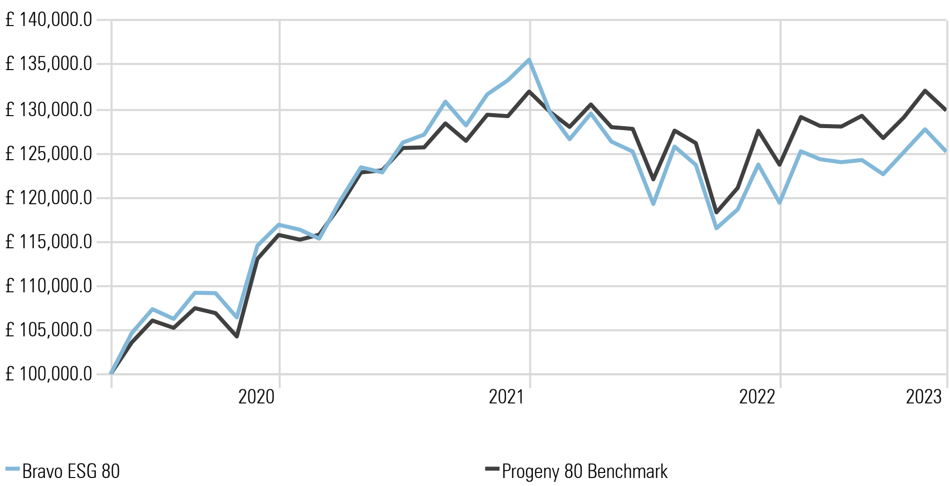
- Tobacco Producers
- Controversial Weapons
- Nuclear Weapons

The overall portfolio has the following characteristics:

- 50% less CO2 emissions than the MSCI ACWI World Index
- Revenue of no more than 5% from Alcohol sales, Gambling, Civilian Weapons, Nuclear Power and Thermal Coal

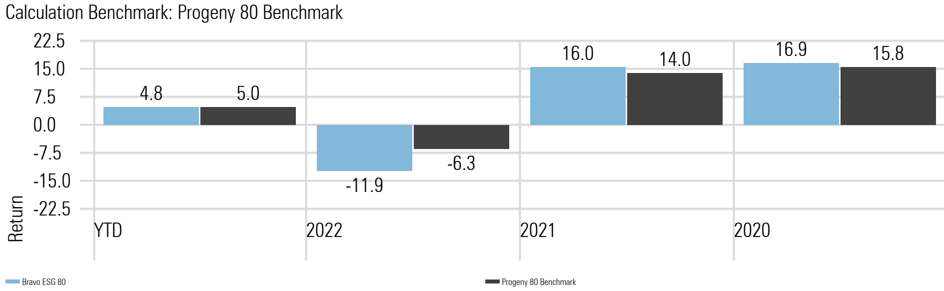
## Cumulative Bravo ESG 80 returns of £100k invested

Time Period: 30/04/2020 to 31/08/2023




## Calendar Year Returns

Calculation Benchmark: Progeny 80 Benchmark




| Bravo ESG 80 Performance Metrics | Portfolio | Bmark |
|---|---|---|
| Max Drawdown | -16.21 | -11.88 |
| Best Month % | 7.64 | 8.43 |
| Worst Month % | -5.80 | -6.21 |
| Best Quarter | 7.10 | 8.28 |
| Worst Quarter % | -7.91 | -6.50 |

## Bravo ESG 80 - Portfolio Information

| | |
|---|---|
| Yield | 0.91% |
| OCF | 0.28% |
| Transaction Charge | 0.13% |
| Investment Management Fee | 0.20% + VAT |
| Rebalance | Quarterly |
| Benchmark | Progeny Benchmark 80* |

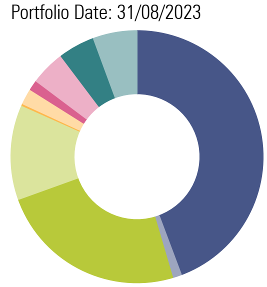
*Constructed from MSCI and ICE BofA indices

## Asset Allocation - Bravo ESG 80

| | % |
|---|---|
| Fixed Interest/ Bonds | 20.0 |
| UK Equity | 18.0 |
| International Equity | 62.0 |
| **Total** | **100.0** |

## Equity Regional Exposure - Bravo ESG 80

Portfolio Date: 31/08/2023



| | % |
|---|---|
| North America | 44.3 |
| Latin America | 1.2 |
| United Kingdom | 24.1 |
| Europe dev | 12.2 |
| Europe emrg | 0.2 |
| Africa/Middle East | 2.0 |
| Australasia | 1.3 |
| Japan | 4.5 |
| Asia dev | 4.7 |
| Asia emrg | 5.6 |
| **Total** | **100.0** |

Portfolio Comments

August was a tough month for growth assets, with most major indices ending in negative territory. The last trading week in August did see markets recover from the month lows but not enough to claw back the lost ground.

At the lowest point in August, Global markets had lost around $3tn in value, as gloomy Chinese economic data and surging US borrowing costs soured investor sentiment, after what had been a strong but mixed first half of the year.

Both a raft of robust economic data and stubbornly high eurozone core inflation have forced investors to rethink the path of inflation and interest rates. Meanwhile, evidence is growing that China's economy is stalling and struggling to recover from its pandemic lockdowns, while concerns are mounting over the country's vast real estate sector.

Bond yields have risen in both the US and UK in recent weeks, squeezing equity valuations further. This has weighed on the Technology sector, a sector which has driven the market for much 2023. The so-called "Magnificent Seven" of Amazon, Apple, Microsoft, Meta, Nvidia, Tesla and Google parent Alphabet, all suffered their first three-week net losing streak this year.

The eyes of the world turned to the Fed's annual economic symposium in Jackson Hole, Wyoming. Fed Chair, Jay Powell, has warned that inflation "remains too high", raising the prospect of further interest rate increases in the world's largest economy, should price pressures persist.

Powell said the Fed was prepared to raise rates further, if appropriate, and intended to hold policy at a restrictive level until they are confident that inflation is moving towards their targets. Headline US inflation, according to the consumer price index, was 3.2 per cent for July, well down from its peak of 9.1 per cent, but above June's rate of 3 per cent.

The Fed continues to keep maximum flexibility when it comes to policy actions moving forward. The central bank is now focused not only on the risk of tightening monetary policy too little and allowing inflation to become entrenched but also on raising rates too high. Doing too much could also cause unnecessary harm to the economy.

In the UK, growth assets followed a similar path to their global peers. The latest update from the Office for National Statistics (ONS) puts the Consumer Prices Index (CPI) measure of inflation at 6.8% in the year to July 2023, down from 7.9% the previous month. While this is down from the 11.1% recorded in the year to October 2022 – a 41-year high – the figure remains painfully elevated.

In terms of factor performance in August, small cap and value were the hardest hit, whilst Quality eked out modest gains. Turning to defensive assets, over the month, bond yields nudged towards 14-year highs, following the higher for longer central bank narrative. A stronger economy, and the associated risk of a second inflation wave, mean interest rates may well stay higher for longer, and so markets are revising their expectations.

In summary, the key challenge for markets as we go through the third quarter, will be 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.

## Equity Sectors (Morningstar) - Bravo ESG 80

Portfolio Date: 31/08/2023

| | % |
|---|---|
| Basic Materials | 5.1 |
| Consumer Cyclical | 13.5 |
| Financial Services | 18.5 |
| Real Estate | 3.1 |
| Consumer Defensive | 9.1 |
| Healthcare | 14.0 |
| Utilities | 1.9 |
| Communication Services | 6.4 |
| Energy | 1.1 |
| Industrials | 13.8 |
| Technology | 13.6 |
| **Total** | **100.0** |

## Top Holdings - Bravo ESG 80

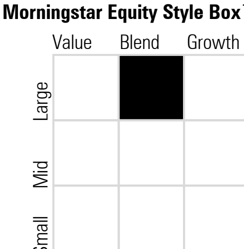
Portfolio Date: 31/08/2023

| | Equity Style Box | Position Market Value (mil) | Portfolio Weighting % |
|---|---|---|---|
| Amundi IS MSCI World SRI PAB IG C | | 0.00 | 36.50 |
| UBS ETF MSCI UK IMI SRI GBP A dis | | 0.00 | 17.98 |
| Schroder ISF QEP Global ESG C Acc GBP | | 0.00 | 10.55 |
| iShares MSCI EM SRI ETF USD Acc | | 0.00 | 9.61 |
| UBS(Lux)FS Sust Devpmt Bk Bds H GBP Adis | | 0.00 | 8.73 |
| Dimensional Global Sust Cor Eq GBP Dist | | 0.00 | 5.28 |
| Dimensional Global Sstby Fxd Inc GBP Acc | | 0.00 | 4.21 |
| Dimensional £InflLnkdIntermDurFI GBP Acc | | 0.00 | 3.71 |
| L&G All Stocks Gilt Index C Acc | | 0.00 | 3.43 |

## Morningstar Style Box - Bravo ESG 80

Portfolio Date: 31/08/2023

**Morningstar Equity Style Box™**




| Market Cap | % |
|---|---|
| Market Cap Giant % | 29.8 |
| Market Cap Large % | 39.1 |
| Market Cap Mid % | 27.6 |
| Market Cap Small % | 3.1 |
| Market Cap Micro % | 0.3 |



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