Passive Conservative

Quarterly Factsheet to 1 October 2023

DIGI

Portfolio Managers
Will Dickson

Objective
Balanced

Risk Level
Cautious
Risk-rated range; Adventurous, Moderate-Adventurous, Moderate, Cautious-Moderate, Cautious & Conservative

Comparator
IA Mixed Investment 0%-35% Shares

Rebalancing Frequency
January, April, July & October

Target Market
Retail Investors

Historic Yield
2.09%
Please note that income from Acc units is not distributed

Volatility
5.82%

Total Fund Charge
0.09%
Based on weighted average of individual fund holdings at date of factsheet

Investment Management Charge
0.05%
Included in the 0.60% platform charge

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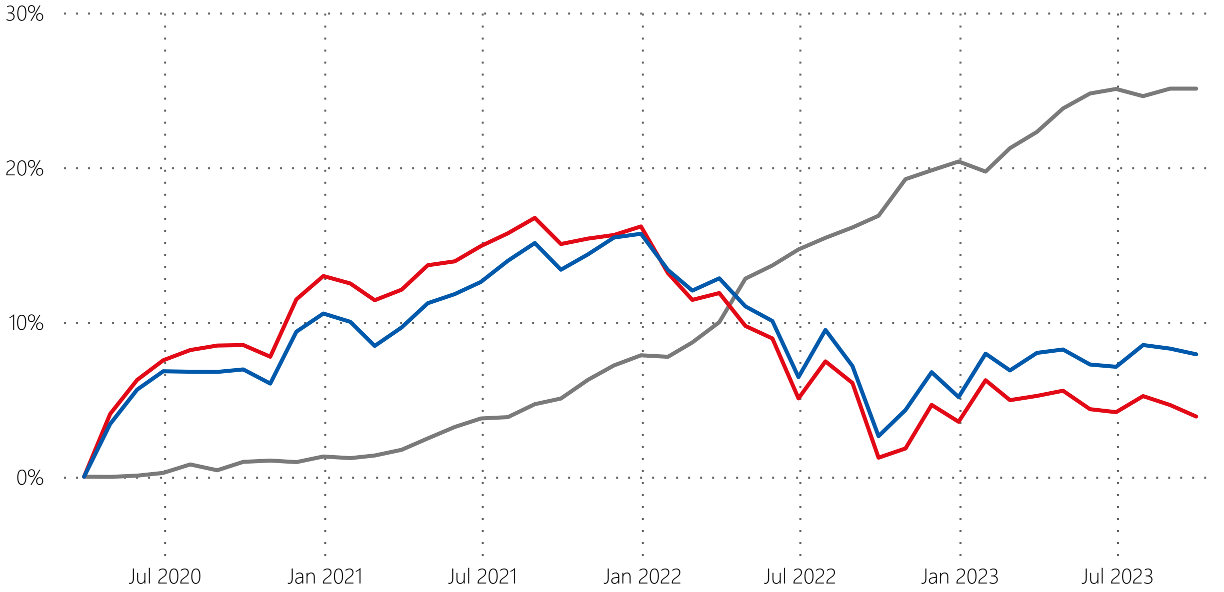
Portfolio Performance

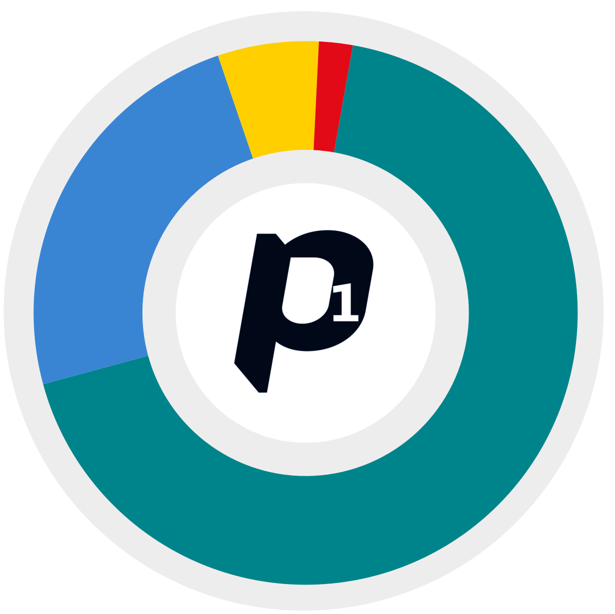
Performance since inception (6 April 2020)

Passive Conservative	7.91%
IA Mixed Investment 0-35% Shares	3.89%
CPI + 1%	25.08%



Asset Allocation

Cash	2.00%
Fixed Interest	68.00%
Overseas Equity	24.00%
UK Equity	6.00%



Investment Objective

The portfolio's objective is to deliver similar returns to the benchmark over the long term. The portfolio has a total return objective with no bias towards income or capital growth. The managers will utilise index and exchange traded funds in a broad range of asset classes including fi xed interest, equities and alternatives to construct a diversified portfolio.

This portfolio is appropriate for investors who are prepared to take a low amount of investment risk, but it is important to them that their capital is as protected as possible.

The portfolio will focus on investments which may well provide low returns in the long term but present a lower risk to capital providing greater stability with a focus on higher quality fixed income. By selecting passive investments from across the market, P1 are able to use the most appropriate and lowest cost investments within our portfolios.

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Quarterly Commentary & Outlook

The third quarter of the year has seen little movement in equity and fixed income markets. The usual summer lull was supported by few surprises in economic data, a continued decline in inflation and increasing signs that central banks were nearing the end of their rate hiking cycle. However, there are signs that the global economy is on the verge of a recession, with economic growth slowing and jobs markets weakening.

The attention of investors continues to be focussed on inflation and interest rates. Through the quarter, inflation has continued to fall, although there have been surprises on both sides. In the UK, a greater than expected fall in June changed the narrative on UK inflation. The headline CPI figure came in at 7.9% against the expected 8.3%. More rapidly falling inflation could allow the Bank of England to slow the pace of rate rises, and ultimately loosen monetary policy sooner than anticipated.

Conversely, in the US, where inflation has already fallen significantly, price growth in August surpassed expectations. Year on year headline CPI came it at 3.7%, against 3.5% expected and was notably higher than the 3% recorded in June. Unfortunately, the easy gains have now been made and the annual price falls that were being seen in commodities such as energy and food have now been felt. The Federal Reserve will be keen to see that this figure does not rise further to avoid inflation becoming embedded. Resultingly, rate cuts may come in later than expected.

Although a recession has been widely forecasted for some time, forward looking economic data now appear to be aligning with this prediction. Unemployment rates in the US and UK has risen from low levels, with other labour market measures such as vacancies and redundancy rates also weakening. The Global Composite PMI is on a downward trend with a reading of 50.6 in August indicating limited growth and forward looking PMI measures are pointing to further weakness.

Our macro and market indicators are mixed. IPO activity remains depressed and there are early signs of a loosening of monetary policy. However, significant headwinds remain from high inflation and a contraction in money supply as well as PMI indicators suggesting economic weakness in the near future. Furthermore, while not stretched to an extreme, equity valuations are high. Resultingly, we continue to favour a modestly cautious positioning, with underweights to equities, in favour of defensive, short dated fixed income.

Asset Class	Pos	Q1	Q2	Q3	Q4	Outlook
Fixed Income	+	=	↑	=	=	Overall fixed income yields have risen slightly over the quarter and are significantly more attractive. Credit spreads have narrowed to historical lows.
Government Bonds	=	=	=	=	=	Yields now offer attractive absolute returns going forwards. Although there is ongoing high volatility. Government bonds provide a hedge against certain types of market turbulence.
Corporate Bonds	-	=	=	=	=	Spreads are narrow and are in line with long term lows. Caution is required as spreads could widen in a negative market environment
High Yield	-	=	=	=	=	Spreads have narrowed and are now tight. Given current risks and yields on offer, high yield bonds are not attractive.
Equity	-	=	↓	=	=	Valuations are higher than long run averages. Earnings are likely to see downward pressure over coming quarters as economic situation weakens.
UK Equity	=	↓	↓	↓	↓	UK equities are very attractively valued at a market level both on an absolute and relative basis. Caution needed given dominance of commodities, energy and financials. Strategic reduction in UK bias across risk levels continues.
UK Mid/Small Cap Equity	+	=	=	=	=	Small and mid-caps continue to be weak and are very attractive on a relative and absolute basis. We continue to believe in the ability for smaller, more dynamic companies to outperform over time. Furthermore, we favour this area as managers are able to add significant alpha on average.
US Equity	-	=	↓	=	=	US Equities trade at a premium, which has continued to widen. However, this is balanced to an extent by the tech biases within the market.
European Equity	=	=	=	↓	↓	Valuations are not compelling against the heightened risks to the region.
Japanese Equity	=	=	=	=	↓	The slight discount in the Japanese equity market remains and we retain a small overweight. The market has performed notably well in the quarter. Significant currency volatility is likely as monetary policy evolves.
Asian/Emerging Market Equity	+	=	=	=	=	There continues to be an attractive valuation in EM equities. Reopening of Chinese economy has the potential to lead to a resurgence in interest from overseas investors and India is increasingly becoming a popular investment destination
Global Equity	-	↑	=	↑	↑	We introduced a global equity allocation to better enable exposure to global funds, styles and thematic. This has been taken broadly from developed market equities although this is not a change in preference.
Alternatives	=	↑	=	=	=	Alternatives have now been split out into real assets and diversifying alternatives.
Real Assets	=	↑	↑	=	=	Real assets have been maintained through existing infrastructure positions. Higher bond yields have led to some weakness in real assets broadly.
Diversifying Alternatives	=	↑	↓	=	=	Diversifying alternatives have maintained. Increasing competition from cash and short dated bonds providing 4%+ returns make allocating to alternatives with uncertain outcomes less attractive.

Investment Approach

P1 Investment Management have a range of six risk rated passive portfolios that are able to meet the majority of client needs, whilst minimising costs. This has been done by ensuring that both the cost of the underlying investments are kept low alongside a competitive P1 discretionary management charge. In a low return environment, cost has become an important factor in determining to absolute return of an investment portfolio.

Portfolios have been constructed with a long term time horizon from the outset, limiting the need for regular intervention. This will minimise transaction fees, as we will simply look to make changes to the portfolio for the purposes of rebalancing or where we feel that the cost of the transaction is outweighed by a saving from ongoing fees. Quarterly portfolio rebalancing enables us to ensure that the portfolio remains appropriate for the targeted risk level.

Portfolios have been built around core holdings of UK equities, global equities and fixed income alongside alternatives providing an element of diversification. P1's Strategic Asset Allocation should ensure that the portfolios remain appropriate for the targeted risk level. We will not take views on short term market movements or themes, leaving the natural diversification and rebalancing process to maintain the portfolio. The portfolios are not volatility or return targeted.

In addition to cost, there are many elements that are considered before an investment is included in a portfolio. Amongst others, these consist of, tracking error, replication method, bid/offer spread and stock lending. These factors enable us to ensure that whilst an investment may be low cost, it is able to generate the returns expected, with potential risks identified.

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Allocation Summary

Cash (2%)	British Pound Sterling.
HSBC American Index C Inc (4%)	This tracking fund's investment objective is to provide long term capital growth by matching the capital performance of the S&P 500 Index by investing in companies that make up the index at a very low cost.
HSBC European Index Fund Inc C (3%)	The Fund aims to provide growth over the long term, which is a period of 5 years or more, by tracking the performance of the FTSE Developed Europe excluding UK Index (the "Index"). The Index is made up of large and medium sized companies covering developed markets in Europe excluding the UK, as defined by the Index provider.
HSBC FTSE All Share Index Fund C Inc (6%)	The Fund aims to provide growth over the long term, which is a period of 5 years or more, by tracking the performance of the FTSE All-Share Index (the "Index"). The Index represents the performance of all shares on the main market of the London Stock Exchange, as defined by the Index provider.
iShares US Equity Index Fund D Acc (11%)	The Fund aims to provide a return on your investment (generated through an increase in the value of the assets held by the Fund) by tracking closely the performance of the FTSE USA Index, the Fund's benchmark index.
L&G All Stocks Gilt Index Trust C Inc (12%)	The objective of this fund is to provide a combination of income and growth by tracking the performance of the FTSE Actuaries British Government All Stocks Index.The fund will invest in bonds (a type of loan which pays interest).
L&G Global Infrastructure Index Fund C Inc (2%)	The objective of the Fund is to track the performance of the FTSE Global Core Infrastructure Index (the "Benchmark Index") on a net total return basis before fees and expenses are applied.
L&G Japan Index Trust C Inc (2%)	The objective of this fund is to provide growth by tracking the performance of the FTSE World Japan Index.The fund will invest almost entirely in company shares. The fund's investments will closely match those that make up the Index. The Index consists of a broad spread of Japanese company shares.
L&G Pacific Index Trust C Inc (2%)	The objective of this fund is to provide growth by tracking the performance of the FTSE World Asia Pacific ex Japan Index.The fund will invest almost entirely in company shares.
L&G Short Dated Sterling Corporate Bond C Inc (14%)	The objective of this fund is to provide income by tracking the performance of the Markit iBoxx Sterling Non-Gilts ex BBB Index.
L&G Sterling Corporate Bond Index C Inc (6%)	The objective of this fund is to provide income by tracking the performance of the Markit iBoxx Sterling Non-Gilts ex BBB Index.
Legal & General All Stocks Index Linked Gilt Index Trust C Class Inc (4%)	The objective of this fund is to provide a combination of income and growth by tracking the performance of the FTSE Actuaries British Government Index- Linked All Stocks Index.The fund will invest between 70% and 100% in bonds (a type of loan which pays interest) issued by the UK government (known as gilts).
Royal London Short Term Money Market Y Inc (18%)	The Fund's investment objective is to preserve capital and provide an income over rolling 12-month periods by investing at least 80% in cash and cash equivalents.
Vanguard Global Bond Index Fund GBP Hedged Inc (14%)	The Fund seeks to track the performance of the Bloomberg Barclays Global Aggregate Float Adjusted and Scaled Index (the "Index"). The Index includes investment-grade and government bonds from around the world with maturities greater than one year.

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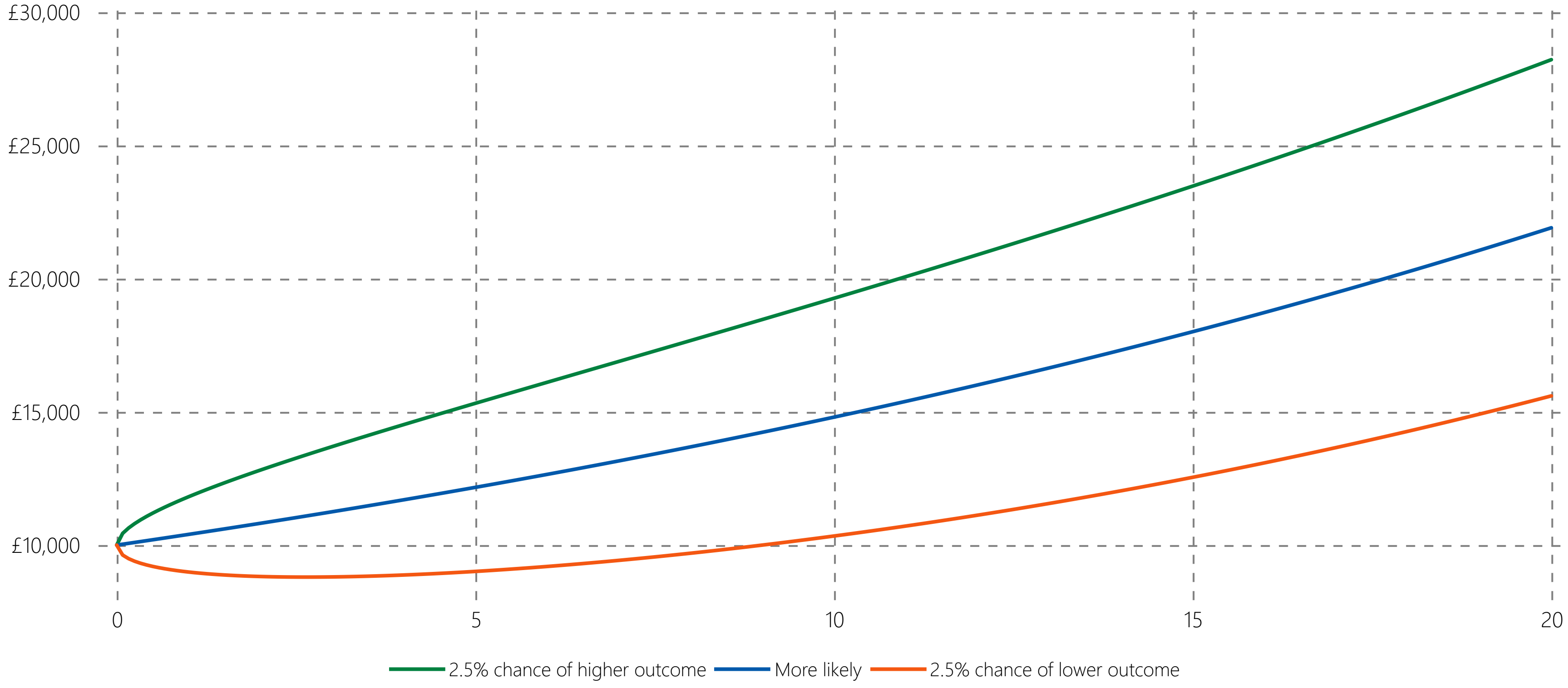
APPENDIX: Investment Forecaster

We have developed this chart to illustrate the likely outcomes for a lump sum invested over a 20-year time horizon. It is designed to help clients see the long-term pathway of their investments.

It is easy to get caught up in the day to day movement of markets and the media noise around economic data and geopolitics. However, longer term returns are more consistent as this volatility becomes less significant. While there is always a potential for more extreme events, we have tried to capture the central 95% of outcomes, providing clients with reasonable expectations for returns and aiding financial planning.

Cautious - 20 years



The illustration is indicative of the nature and risks of the specific types of instruments within this portfolio, however actual performance will vary and will be impacted by the effect of fees and other charges on your investment. Your financial adviser will confirm the amount and timing of such fees and charges before you agree to proceed. Actual returns may be higher or lower than those shown and may fall outside of the band shown. P1 believe that the illustrated scenarios are based on reasonable assumptions and are supported by objective historic data on the asset classes used in this portfolio.

The possible performance scenarios illustrated are not guaranteed and are based on historic asset class returns, weighted in the proportions used in this portfolio.

Such forecasts are not a reliable indicator of future returns and the value of investments and any income from them may fall as well as rise.