February 2025

Review prepared by Morningstar Investment Management Europe Ltd
1 Oliver’s Yard, 55-71 City Road, London EC1Y 1HQ

Adventurous Portfolio (Medium and Long Term)

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Introduction to Morningstar Investment Management Europe and the Model Portfolios

Introduction

Morningstar Investment Management Europe Limited has been engaged by Embark Investment Services Limited (EISL) to advise upon the fund selection for a range of Model Portfolios. The Portfolios are available for use by UK authorised Intermediaries and are designed to suit differing risk appetites.

EV is the asset allocation provider and Morningstar Investment Management Europe advises upon the fund selection for the Model Portfolios, drawing from the Morningstar Rated fund universe. The asset allocation is provided to Morningstar Investment Management Europe by EISL.

While the Model Portfolios are continuously monitored, a formal quarterly review takes place following which updated Portfolios are sent to EISL. Quarterly reports explaining the performance of the Models are made available on a quarterly basis. Any recommendations for fund changes are included and explained in the 'Change Rationale' document.

The model portfolio service is provided by Morningstar Investment Management Europe.

About Morningstar Investment Management Europe Limited

Morningstar Investment Management Europe Limited provides comprehensive investment advisory and portfolio management services for financial institutions and financial advisers.

Morningstar Investment Management Europe Limited applies the independent qualitative investment research from Morningstar, Inc. analysts to provide asset allocation, investment selection and portfolio construction services to life, pension and fund-of-funds providers.

Our investment research approach has been in place since 1994 and is forward-looking in nature, which leads to a strong emphasis on the qualitative aspects of research. Morningstar Investment Management Europe's aim is to recommend a relatively small number of funds that are of the highest quality and deliver risk and return outcomes that support various investment objectives.

Adventurous Portfolio (Medium Term) – Overview

Key Facts

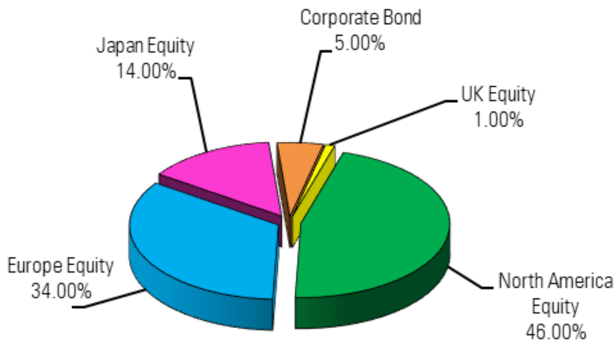
The Model Portfolios were established in September 2012. Asset allocation is provided by EISL and sourced from EV. Morningstar Investment Management Europe populates the asset allocation with funds it considers appropriate and attractive as a result of its in-depth, qualitatively-driven research process. The objective is to deliver a risk and return profile in each of the asset classes that is commensurate with the underlying markets, whilst seeking outperformance over the long-term.

EV describes a potential investor in this Portfolio as follows. *"You are prepared to take greater risks with your investment in return for the prospect of the highest longer-term investment performance.*

You are looking for an investment that has the potential to produce superior longer-term returns, which is likely to mean investing fully in worldwide company shares.

You appreciate that over some periods of time there can be significant falls, as well as rises, in the value of your investment and you may get back less than you invest."

Asset Allocation (February 2025)



Model Portfolio - February 2025				
Asset Classes	**% Asset Allocation**	**Fund**	**Suggested Fund Weight (%)**	**Morningstar Medalist Rating**
Fixed Interest				
Corporate Bond	**5.00**	iShares Corporate Bond Index	5.00	Bronze
Equities				
UK Equity	**1.00**	Fidelity Index UK	1.00	Gold
North America Equity	**46.00**	Dodge & Cox Worldwide US Stock	11.50	Gold
		HSBC American Index	11.50	Gold
		iShares North American Equity Index	11.50	Gold
		TM Natixis Loomis Sayles US Equity Leaders	11.50	Silver
Europe Equity	**34.00**	Janus Henderson European Sel Opps	10.20	Silver
		JPM Europe Dynamic (ex UK)	10.20	Bronze
		Fidelity European	13.60	Gold
Japan Equity	**14.00**	JPM Japan	6.30	Gold
		Man Japan CoreAlpha Profl	7.70	Bronze

Adventurous Portfolio (Medium Term) – Overview

Equity

UK Equity
In the UK Equity portion of the Portfolio, we have recommended the Fidelity Index UK fund.

The Fidelity Index UK fund tracks the FTSE All-Share Index which provides the broadest and most representative exposure to UK stocks by capturing 98-99% of UK market capitalisation.

Passive funds offer low-cost exposure to UK equities and have a good record versus the average active fund.

North America Equity
For the North America Equity portion, four funds are recommended. The blend is composed of HSBC American Index, iShares North American Equity Index, Dodge & Cox Worldwide US Stock and Natixis Loomis Sayles US Equity Leaders.

The iShares North American Equity Tracker and HSBC American funds are held within the blend to provide index-like returns. These holdings are supplemented by two actively managed funds.

The Dodge & Cox Worldwide US Stock fund is predominately a large-cap oriented mandate which is managed on a bottom-up basis. The fund is led by a team-based approach that plays to the group’s strength, in terms of size of resources, experience and stability. Their valuation discipline often leads them to invest in contrarian ideas and the portfolio is constructed with little reference to the benchmark.

Natixis Loomis Sayles US Equity Leaders fund is suggested as a complement to the Dodge & Cox fund as it invests with a growth focus. The managers are looking for three major characteristics in a company: quality, growth, and attractive valuation.

Overall, the team members are trying to identify companies that have difficult-to-replicate business models and competitive advantages such as a network effect, low-cost advantage, or a strong brand. As a result, the portfolio has one of the highest Morningstar Moat scores we have seen.

Europe Equity
In the European Equity portion of the Portfolio, we have recommended JPM Europe Dynamic (ex-UK), Fidelity European and Janus Henderson European Sel Opps.

Within the Europe Equity blend, we are seeking to provide exposure to a combination of funds with value and growth styles with JPM offering the former and Fidelity the latter. In order to reduce individual fund risk have also included and allocation to the Janus Henderson European Sel Opps fund, which has a flexible investment approach.

JPM Europe Dynamic (ex-UK) offers exposure to an established quantitative process that uses various factors to identify stocks with attractive quality, value and/or momentum characteristics. The fund typically provides us with exposure to stocks with a value style bias. This fund has been blended with Fidelity European where manager Sam Morse focuses on a company’s ability to grow its dividends, which is viewed as an indicator of the potential to provide steady cash flow growth over the long term, thereby given the fund more of a growth style bias.

Tom O’Hara and Tom Lemaigra assumed responsibility for the fund in August 2024 following the retirement of the fund’s long-standing manager John Bennett. Bennett managed European equities for more than two decades, including 17 years at GAM and until his retirement worked closely with O’Hara and Lemaigra, who were hand-picked by him in 2018 with succession planning in mind. O'Hara and Lemaigre have more than 15- and eight-years' experience, respectively.

The managers combine bottom-up and top-down research to build a portfolio that can outperform the FTSE World Europe ex UK Index through the market cycle. They pay close attention to global macro and sector trends as these provide valuable insights into the prospects of European companies. Aware of the potential for mean reversion in stock markets, they also look for contrarian trades. From a stock selection the managers focus on identifying companies with attractive cash flow return on investment, or CFROI, that are undervalued, or those that are at inflection points where profit margins and/or CFROI are either improving or have the potential to do so in the future.

Japan Equity
In the Japan Equity portion of the Portfolio, we have recommended JPM Japan and Man Japan Core Alpha.

Within the Japan Equity blend, we are seeking to provide exposure to a combination of funds with value and growth styles, with Man offering the former and JPM the latter.

The managers of the Man fund adopt a distinct value and contrarian bottom-up investment approach that is driven by the belief that cyclicality is a strong influence in virtually every sector of the market and that periods of underperformance are often followed by periods of outperformance. The team looks for those companies that appear to be undervalued compared with rivals, and favour quality companies with strong management that are dominant in their sectors. Valuations are however the overriding factor, with an emphasis on low price/book.

The JPM fund follows a time-tested quality-growth approach with the team classifying companies as premium, quality, trading or structurally challenged, depending on their economics, duration of value creation, and governance quality. The analysts then determine the stocks' five-year expected return and use a 98-question checklist to identify the key risks. The portfolio's average expected growth, ROE and valuation have consistently been markedly higher than those of the benchmark, reflecting the investment process.

Fixed Income
For the allocation to UK corporate bonds, we have recommended the iShares Corporate Bond Index fund. The fund is a passively managed fund that seeks to track closely the performance of the Markit iBoxx GBP Non-Gilts overall index.

Adventurous Portfolio (Long Term) – Overview

Key Facts

The Model Portfolios were established in September 2012. Asset allocation is provided by EISL

and sourced from EV. Morningstar Investment Management Europe populates the asset allocation with funds it considers appropriate and attractive as a result of its in-depth, qualitatively-driven research process. The objective is to deliver a risk and return profile in each of the asset classes that is commensurate with the underlying markets, whilst seeking outperformance over the long-term.

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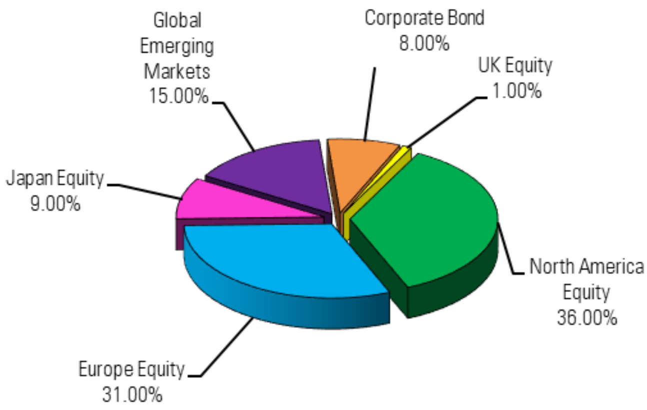
Asset Allocation (February 2025)



Model Portfolio - February 2025

Asset Classes	% Asset Allocation	Fund	Suggested Fund Weight (%)	Morningstar Medalist Rating
Fixed Interest				
Corporate Bond	**8.00**	iShares Corporate Bond Index	8.00	Bronze
Equities				
UK Equity	**1.00**	Fidelity Index UK	1.00	Gold
North America Equity	**36.00**	Dodge & Cox Worldwide US Stock	9.00	Gold
		HSBC American Index	9.00	Gold
		iShares North American Equity Index	9.00	Gold
		TM Natixis Loomis Sayles US Equity Leaders	9.00	Silver
Europe Equity	**31.00**	Janus Henderson European Sel Opps	9.30	Silver
		JPM Europe Dynamic (ex UK)	9.30	Bronze
		Fidelity European	12.40	Gold
Japan Equity	**9.00**	JPM Japan	4.05	Gold
		Man Japan CoreAlpha Profl Acc C	4.95	Bronze
Global Emerging Markets	**15.00**	Fidelity Emerg Mkts	7.50	Silver
		M&G Global Emerging Markets	7.50	Bronze

Adventurous Portfolio (Long Term) – Overview

Equity

UK Equity
In the UK Equity portion of the Portfolio, we have recommended the Fidelity Index UK fund.

The Fidelity Index UK fund tracks the FTSE All-Share Index which provides the broadest and most representative exposure to UK stocks by capturing 98-99% of UK market capitalisation.

Passive funds offer low-cost exposure to UK equities and have a good record versus the average active fund.

North America Equity
For the North America Equity portion, four funds are recommended. The blend is composed of HSBC American Index, iShares North American Equity Index, Dodge & Cox Worldwide US Stock and Natixis Loomis Sayles US Equity Leaders.

The iShares North American Equity Tracker and HSBC American funds are held within the blend to provide index-like returns. These holdings are supplemented by two actively managed funds.

The Dodge & Cox Worldwide US Stock fund is predominately a large-cap oriented mandate which is managed on a bottom-up basis. The fund is led by a team-based approach that plays to the group's strength, in terms of size of resources, experience and stability. Their valuation discipline often leads them to invest in contrarian ideas and the portfolio is constructed with little reference to the benchmark.

Natixis Loomis Sayles US Equity Leaders fund is suggested as a complement to the Dodge & Cox fund as it invests with a growth focus. The managers are looking for three major characteristics in a company: quality, growth, and attractive valuation.

Overall, the team members are trying to identify companies that have difficult-to-replicate business models and competitive advantages such as a network effect, low-cost advantage, or a strong brand. As a result, the portfolio has one of the highest Morningstar Moat scores we have seen.

Europe Equity
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JPM Europe Dynamic (ex-UK) offers exposure to an established quantitative process that uses various factors to identify stocks with attractive quality, value and/or momentum characteristics. The fund typically provides us with exposure to stocks with a value style bias. This fund has been blended with Fidelity European where manager Sam Morse focuses on a company's ability to grow its dividends, which is viewed as an indicator of the potential to provide steady cash flow growth over the long term, thereby given the fund more of a growth style bias.

Tom O'Hara and Tom Lemaigra assumed responsibility for the fund in August 2024 following the retirement of the fund's long-standing manager John Bennett. Bennett managed European equities for more than two decades, including 17 years at GAM and until his retirement worked closely with O'Hara and Lemaigra, who were hand-picked by him in 2018 with succession planning in mind. O'Hara and Lemaigre have more than 15- and eight-years' experience, respectively.

The managers combine bottom-up and top-down research to build a portfolio that can outperform the FTSE World Europe ex UK Index through the market cycle. They pay close attention to global macro and sector trends as these provide valuable insights into the prospects of European companies. Aware of the potential for mean reversion in stock markets, they also look for contrarian trades. From a stock selection the managers focus on identifying companies with attractive cash flow return on investment, or CFROI, that are undervalued, or those that are at inflection points where profit margins and/or CFROI are either improving or have the potential to do so in the future.

Japan Equity
In the Japan Equity portion of the Portfolio, we have recommended JPM Japan and Man Japan Core Alpha.

Within the Japan Equity blend, we are seeking to provide exposure to a combination of funds with value and growth styles, with Man offering the former and JPM the latter.

The managers of the Man fund adopt a distinct value and contrarian bottom-up investment approach that is driven by the belief that cyclicality is a strong influence in virtually every sector of the market and that periods of underperformance are often followed by periods of outperformance. The team looks for those companies that appear to be undervalued compared with rivals, and favour quality companies with strong management that are dominant in their sectors. Valuations are however the overriding factor, with an emphasis on low price/book.

The JPM fund follows a time-tested quality-growth approach with the team classifying companies as premium, quality, trading or structurally challenged, depending on their economics, duration of value creation, and governance quality. The analysts then determine the stocks' five-year expected return and use a 98-question checklist to identify the key risks. The portfolio's average expected growth, ROE and valuation have consistently been markedly higher than those of the benchmark, reflecting the investment process.

Global Emerging Markets Equity
For the Emerging Markets allocation, we have selected the Fidelity Emerging Markets fund and the M&G Global Emerging Markets fund.

Within the Emerging Markets Equity blend, we are seeking to provide exposure to a combination of funds with growth and value styles with Fidelity offering the former and M&G the latter.

The Fidelity Emerging Markets fund's investment process is predominantly bottom-up, with some macro themes incorporated into the portfolio and the focus here is on quality growth companies. Strong execution of the process has historically served investors well under the current manager's tenure.

The M&G fund is managed by Michael Bourke who looks for companies with the potential to improve or maintain returns on capital over the long term and that are underappreciated. Stocks are broadly grouped into four categories, external change, internal change, quality and asset growth. The manager's willingness to invest in mid- and small-cap stocks results in a market-cap profile which is slightly lower than that of the index.

Fixed Income

For the allocation to UK corporate bonds, we have recommended the iShares Corporate Bond Index fund. The fund is a passively managed fund that seeks to track closely the performance of the Markit iBoxx GBP Non-Gilts overall index.

Model Portfolios – Fund Descriptions

The below provides further information about the funds that have been recommended for the Model Portfolios.

Equities
UK All Companies

Artemis Income
Key Pillars
Adrian Frost is an experienced investor and has managed the fund since January 2002. He is supported by Nick Shenton who joined the team in mid-2012, initially providing analytical support before becoming a co-manager on the fund in July 2014. The pair hired Andy Marsh as a third co-manager in February 2018.

The strategy aims to outperform the FTSE All-Share benchmark over the long term, while providing a growing income and a dividend yield at a premium to that of the index. Free cash flow is the cornerstone of the process. The co-managers primarily hunt for companies with attractive free cash flow yields, with the goal of constructing a portfolio that generates cash flow in excess of the market.

The team spend a significant amount of time appraising company management and believe that management's ability to allocate capital efficiently is crucial.
The strategy, in part because of its focus on cash flow, has a value bias compared with the FTSE All Share Index. However, this slight value bias it is not more pronounced than that of the average UK Equity Income peer. The fund is managed as a core mandate and, with its considerable size, does not have the flexibility to invest significantly down the market-cap scale, but that has not hindered performance relative to the index over the medium term.

Opinion
The strategy benefits from a highly experienced management team that has consistently applied a sensible, tried-and-tested approach. The core-like nature of the approach means it is unlikely to significantly under- or outperform, over shorter-term time periods, however the consistency of approach has delivered strong returns over the long term.

Fidelity Index UK
Key Pillars
The fund tracks the FTSE All-Share Index which provides the broadest and most representative exposure to UK stocks by capturing 98-99% of UK market capitalisation.

A soundly constructed and reasonably representative portfolio with a low fee leaves the fund well positioned to continue its long streak of superior risk-adjusted returns relative to its Morningstar Category peers over the long term.

Opinion
This inexpensive fund tracks a broadly representative and well diversified benchmark.

North America
Dodge & Cox Worldwide US Stock
Key Pillars
This fund benefits from a considerable depth of management experience and continuity of management with most of the investment professionals becoming partners in the firm.

The fund invests in mostly large-cap stocks that look cheap on a range of valuation measures. Management relies on bottom-up, fundamental research of companies and industries and favours business with good management, competitive advantages, and good growth potential. These may also be businesses that are under a cloud at the time of purchase.

The managers are benchmark agnostic and returns can show large divergence from the S&P 500 on a calendar year basis. However, taking a long-term view has allowed them to outperform over the long term.

Opinion
Genuine team-based approach with members of the portfolio committee having long tenures but not close to retirement. Quality of support analysts is high and team risks are low.

A collaborative approach minimises key-person risk yet has produced thoughtful, original research.

HSBC American Index
Key Pillars
Tracks the S&P 500, a renowned market-cap weighted US large-cap equity index.

A low fee and a soundly constructed and reasonably representative portfolio leave the fund well positioned to continue its long streak of superior risk-adjusted returns relative to its peers over the long haul.

Opinion
This inexpensive fund tracks a broadly representative and well diversified benchmark.

iShares North American Equity Index
Key Pillars
Tracks the S&P 500, a renowned market-cap weighted US large-cap equity index.

A low fee and a soundly constructed and reasonably representative portfolio leave the fund well positioned to continue its long streak of superior risk-adjusted returns relative to its peers over the long haul.

Opinion
This inexpensive fund tracks a broadly representative and well diversified benchmark.

TM Natixis Loomis Sayles US Equity Leaders
Key Pillars
Lead manager Aziz Hamzaogullari founded this US large-cap growth strategy in 2006 and has successfully managed it first at Evergreen and then at Loomis Sayles since 2010. He has built and trained a dedicated team of seven sector analysts, three of whom have worked with him since 2006.

Their proprietary seven-step framework is the cornerstone of the process. Overall, the team members are trying to identify companies that have difficult-to-replicate business models and competitive advantages. The fund provides investors with a relatively concentrated portfolio of "high-quality" US stocks with long-term sustainable growth drivers trading at a discount to intrinsic value.

The fund has delivered strong long-term outperformance and the team has shown astute stock-picking over the fund's tenure, especially in the more growth-orientated sectors such as technology and consumer discretionary.

Opinion
A bold and focused offering, we continue to like the research-intensive approach used by Aziz Hamzaogullari's team at Loomis Sayles.

The contrarian nature of the approach means there is little overlap with the index. Although this is a compact portfolio of pricey growth stocks, the focus on wide moats and diversification by different business drivers have kept volatility in check.

Europe

Fidelity European

Key Pillars

This fund benefits from a highly experienced manager in Sam Morse. Morse has been managing money in a similar style since 1994 and has been at the helm of this strategy since December 2009. In August 2020, Marcel Stötzel was promoted to co-portfolio manager, although Morse remains the final descision maker. The managers draw heavily on the work of the Fidelity analyst team for idea generation and monitoring, and as an input into the research process.

Morse has developed his own stock selection criteria focusing on a company's ability to grow its dividends, which is viewed as an indicator of the potential to provide steady cash flow growth over the long term. Management's ability to effectively allocate capital, balance sheet strength, high barriers to entry and proven, cash-generative business models are also key. Valuation is used to adjust position sizes, with outright sales generally triggered by fundamental change.

Factor risks are monitored, and sector deviations limited to +/-5% versus the MSCI Europe ex-UK Index. Biases include a large-cap focus versus peers, higher P/E and ROE than the index and a beta below one.

Returns have been strong over time, with downside protection often being a feature, but the fund is likely to struggle when value stocks lead the market.

Opinion

The experience of the manager, the extensive analytical support and the proven nature of the investment process employed on this fund result in it being an attractive product for those wanting quality-growth exposure to Europe ex-UK equities.

Janus Henderson European Select Opps

Key Pillars

The fund is managed by Tom O'Hara and Tom Lemaigra who assumed sole responsibility for the fund in August 2024 following the retirement of the fund's long-standing manager Jonn Bennett. Bennett managed European equities for more than two decades, including 17 years at GAM and until his retirement worked closely with O'Hara and Lemaigra, who were hand-picked by him in 2018 with succession planning in mind. O'Hara and Lemaigre have more than 15- and eight-years' experience, respectively. O'Hara was named comanager in January 2020 and Lemaigre in 2022.

The managers combine bottom-up and top-down research to build a portfolio that can outperform the FTSE World Europe ex UK Index through the market cycle. They pay close attention to global macro and sector trends as these provide valuable insights into the prospects of European companies. Aware of the potential for mean reversion stock markets, they also look for contrarian trades. Over the years Bennett added considerable value through stock selection while also proving adept at steering the portfolio in line with his macroeconomic views. For the former, he focused on identifying companies with attractive cash flow return on investment, or CFROI, that was undervalued, or those that were at inflection points where profit margins and/or CFROI are either improving or had the potential to do so in the future.

Opinion

While Bennett's retirement is a loss for the team, we believe that the fund will retain its flexible approach and that we have evidence of O'Hara and Lemaigre demonstrating their ability to implement this process effectively and in keeping with the fund's remit.

JPM Europe Dynamic (ex-UK)

Key Pillars

This fund is run by a team of four that draw upon the quantitative and qualitative resources of the wider group. The team is led by Jon Ingram, a position he has held since 2007.

An established quantitative model forms the core of the stock selection approach and uses various factors to identify stocks with attractive quality, value and/or momentum characteristics. The output from the model is assessed and potentially amended by the team, drawing on the research of the well-resourced International Equity Group and external sources. The aim is to add a forward looking element to the process.

The portfolio is constructed from the bottom-up, and although there will be some flexibility in the strength of exposure to the three broad factors, they are expected to be at a premium to the market at the fund level. The stock selection process can lead to a small and mid-cap bias versus the index at times.

Returns have been good over the long term, but the fund can struggle when value and especially momentum are out of favour.

Opinion

This fund is managed using an established quantitative process that is combined with qualitative oversights from the direct fund management team and the wider research teams at JPM. This wider resourcing and the experience within the team are key positives, while the established alpha model provides a level of structure to the stock selection process.

Japan

JPM Japan

Key Pillars

Nicholas Weindling has managed this strategy since December 2007 and is supported by a well-resourced investment team which includes 11 portfolio managers and 15 sector analysts.

The team covers about 400 Japanese stocks, which are classified as premium, quality, trading or structurally challenged, depending on their economics, duration of value creation, and governance quality. The analysts then determine the stocks' five-year expected return and use a 98-question survey to identify the key risks.

The portfolio's average expected growth and ROE, as well as the portfolio's valuation, have consistently been markedly higher than those of the benchmark. The fund is concentrated with 50-60 holdings, and this high-conviction approach has added value over the long run, although it may also result in lumpy and volatile results in the short run.

Since 2007, Weindling has adhered to the strategy's long-standing approach in various market environments, unfazed by shorter-term headwinds, to produce an impressive longer-term track record.

Opinion

The fund is led by a talented manager who benefits from the support of a well-resourced, experienced Japanese equity team that has been very stable over the years. The time-tested investment approach, with its focus on quality-growth firms, is also a positive.

Man CoreAlpha Profl

Key Pillars

Jeff Atherton took over as lead manager for the fund in January 2021 following the retirement of the fund's long-standing manager Stephen Harker. Atherton is however well versed in the fund's investment philosophy and process having worked with Harker on this team since 2011 and previously at TCW from 2001. He is supported by portfolio manager Adrian Edwards and two analysts.

The managers adopt a distinct value and contrarian bottom-up investment approach that is driven by the belief that cyclicality is a strong influence in virtually every sector of the market and that periods of underperformance are often followed by periods of outperformance. This means that they tend to buy stocks when they are unloved and increase their weighting as the stock price falls further while remaining patient until the value is realised.

Model Portfolios – Fund Descriptions

There have been some refinements to the investment process under Atherton, who is perhaps more pragmatic than former manager Stephen Harker. Atherton gives more prominence to catalysts, and to some quality metrics, such as return on equity and quality of earnings which are essentially risk controls against value traps. This is accompanied by a slight reduction in risk, with the manager now aiming for a slightly larger number of holdings, and a modestly reduced concentration in the top 10 holdings. The process enhancements should lead to a slightly higher-quality portfolio without sacrificing the contrarian-value nature of the guiding investment philosophy.

The fund’s value bias will clearly influence returns over the shorter term, but the strategy has shown longer-term success.

Opinion
We view the process enhancements positively and feel the fund is a compelling choice for investors seeking exposure to value stocks in Japan.

Global Emerging Markets
Fidelity Emerging Markets
Key Pillars
Nick Price has run this strategy since June 2010 and has 18 years of emerging-markets experience. Price joined Fidelity in 1998 as a pan-European analyst and started managing EMEA mandates in November 2005.

There have been some changes within the regional portfolio manager team recently. Co-manager Amit Goel, who has been a co-manager since 2019, stepped down effective June 30, 2024, to focus on his Emerging Markets Focus strategy. Replacing him is Chris Tennant, who has been an assistant manager on this strategy since October 2022. Moreover, Punam Sharma, the Latin America regional manager, has stepped down to focus on her role as director of research for Latin America and EMEA, moving away from portfolio management. Zoltan Palfi, currently responsible for EMEA, will pick up Latin America as well. Both Palfi and Tennant were emerging-markets analysts covering EMEA and Latin America before. Rajesh Gannamani will retain responsibility for the Asia sleeve.

The managers primarily look for quality growth firms that exhibit strong and sustainable returns on equity, good balance sheets, shareholder friendly management teams, and reasonable valuations. The portfolio typically has around 50 holdings consisting of those companies with the best risk/reward profiles based on their own analysis. The portfolio can exhibit big sector and country divergences owing to the bottom-up process.

Overall, the relatively conservative stock approach with a focus on quality should help the strategy to outperform over the cycle. The fund's quality bias has historically helped achieve outperformance in down markets but with the ability to keep up in stronger markets too.

Opinion
Fidelity Emerging Markets’ experienced management team, deep analytical resources, and robust investment approach that combines different layers of research, makes this fund a strong offering for global emerging markets equity exposure.

We are comforted by the fact that Price remains in place and also that new co-manager Tennant managed the Latin America fund since April 2021.

M&G Global Emerging Markets
Key Pillars
Michael Bourke took over as lead manager on the fund in October 2018 following the departure of his predecessor Matthew Vaight. Bourke brings valuable experience in emerging-markets equity, having managed an EMEA strategy for about six years and a global emerging-markets strategy for a year before joining M&G's emerging-markets team in 2015. Support is provided by three EM analysts, the M&G Asia-Pacific team and the Central Research team.

Bourke looks for companies with the potential to improve or maintain returns on capital over the long term and that are underappreciated. In addition, there is a preference for companies with strong corporate governance and a focus on shareholder value creation. Stocks are broadly grouped into four categories, external change, internal change, quality and asset growth. The resultant portfolio has usually been focused on the first three categories and comprises 50-70 names. The manager’s willingness to invest in mid- and small-cap stocks results in a market-cap profile which is slightly lower than that of the index.

The team take a long-term view and subsequently the fund’s turnover is typically lower than its average peer. This together with the fund’s value tilt and slight mid-cap bias mean that returns can at times deviate significantly from those of the benchmark.

Opinion
Michael Bourke is a capable investor and has shown his willingness to stick to the fund's value style in the face of significant style headwinds.

The fund's track record under Bourke's management has to date been consistent with the investment approach.

Fixed Income

iShares Corporate Bond Index
Key Pillars
Tracks the Markit iBoxx GBP Non-Gilts Overall Index and invests in fixed income securities that, at the time of purchase, comply with the credit rating requirements of the benchmark.

A low fee and a soundly constructed and reasonably representative portfolio leave the fund well positioned to continue its long streak of superior risk-adjusted returns relative to its peers over the long haul.

Opinion
This inexpensive fund tracks a broadly representative and well diversified benchmark.

Important Information

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