

# Adventurous Medium Term

## Quarterly Report 30/09/2024

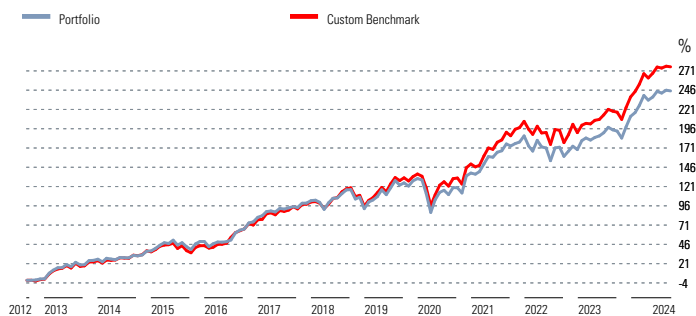


### Investment Objective

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.

### Investment Growth

Time Period: 30/09/2012 to 30/09/2024



### Portfolio Returns

As Of Date: 30/09/2024

Trailing Returns %	3M	YTD	1 Year	3-Years	5-Years	Since Inception
Adventurous Medium Term	0.16	10.54	17.74	8.01	8.82	10.86
Custom Benchmark	0.08	11.55	18.49	9.43	10.09	11.66

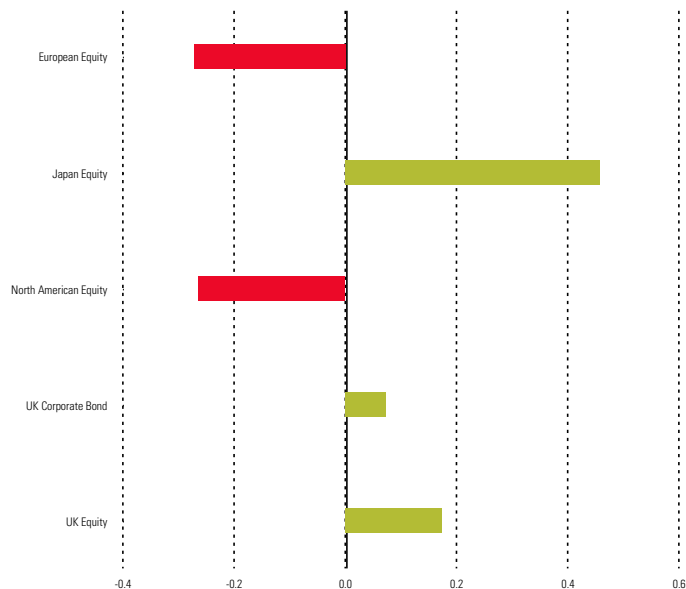
  

Discrete Returns %	2023	2022	2021	2020	2019
Adventurous Medium Term	15.99	-6.19	20.11	3.09	20.21
Custom Benchmark	15.84	-4.77	22.00	5.44	21.23

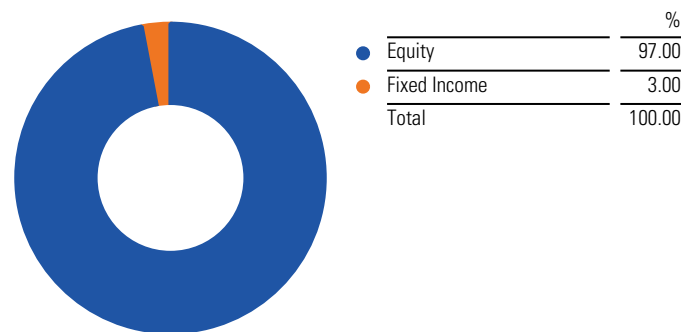
The Custom Benchmark used to measure performance is a composite that reflects EV's asset allocation output. Until 31/12/2022, the custom benchmark was composed primarily of underlying market indices. Since 01/01/2023, it has been composed of passive funds that track the relevant underlying market indices.

### Contribution to Return %

Time Period: 01/07/2024 to 30/09/2024



### Asset Allocation



### Key Facts

The Model Portfolios were established in September 2012. Asset allocation is provided by Embark Investment Services Limited (EISL) and sourced from EV. Morningstar Investment Management populates the asset allocation with funds it considers appropriate and attractive as a result of its in-depth, qualitatively-driven research process.

### Market Background

Global equity returns were modest in sterling terms for Q3 masking a quarter of heightened volatility, with global bonds faring better. In early August equities were thumped by a coalescence of, an interest rate hike by the Bank of Japan (BoJ) culminating in the unwinding of the popular yen carry trade, and indications of a softening US economy feeding into fears of a recession. Although global equities recovered swiftly, they quickly took another downturn in early September as a slowing US labour market was confirmed and investors once again raised concerns that the valuations of companies involved in the AI theme exceeded expectations of what they can deliver.

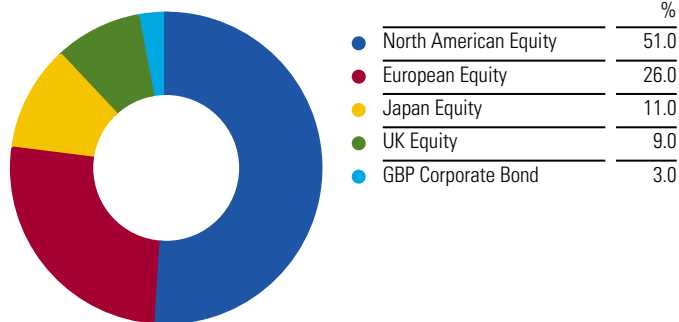
In response to a slowing US economy, the Federal Reserve started its rate cutting cycle with a 50bps cut following the likes of the European Central Bank (ECB) and the Bank of England (BoE).

In equity markets, Asia-Pacific ex Japan led the way, driven by strong returns in China as the announcement of a stimulus package was welcomed by the market. Japanese equities, despite bouts of volatility managed to gain in Q3 as corporate earnings remained strong and macroeconomic figures showed solid progress. A rarity in recent times, US equities lagged as economic conditions began to weaken and as investors begin to reassess the true impact of AI and the often-stratospheric valuations associated with it.

Stylistically, value outperformed growth as mega-cap tech saw selloffs with utilities and real estate leading the market. Energy was the worst performing sector as Brent crude fell due to weaker demand and threats of oversupply as Saudi Arabia prepares to increase output.

In terms of fixed income, global high yield outperformed its investment grade counterparts while treasuries outperformed corporates due to higher interest rate sensitivity.

### Asset Class Breakdown



### Quarter Performance

The **Adventurous Medium-Term** Model Portfolio was up 0.16% over Q3 2024. Over the quarter, the portfolio was ahead of the passive composite benchmark which replicates the indices used in the strategic asset allocation. The portfolio is slightly behind the composite since launch.

As highlighted in our market overview, global equities were up slightly over the quarter, but this masked the intra-quarter volatility which saw them sell-off sharply in July, before recovering in August, only to sell-off again in September. Within fixed income, markets benefited from the start of the rate cutting cycle, with the Bank of England cutting rates by 25bps to a base rate of 5.00%, with UK gilts and corporates both delivering positive returns over the quarter.

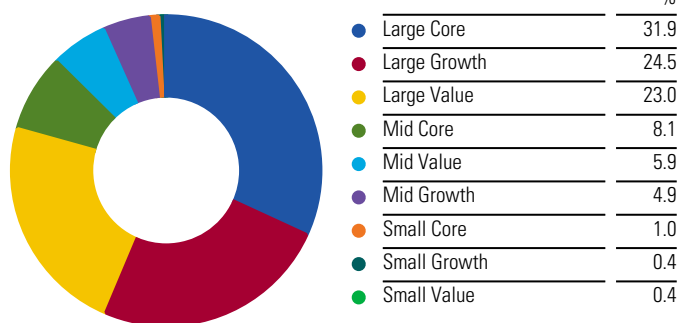
Against this backdrop all segments of the portfolio delivered positive absolute returns apart from the allocation to US equities, which fell in sterling terms as sterling appreciated by almost 6% against the USD. In relative terms fund selection within US equities contributed to performance while fund selection in Europe detracted.

With investors once again raising concerns that the valuations of companies involved in the AI theme exceeded expectations of what they can deliver, value stocks outperformed growth, and having struggled in recent times, mid- and small-cap stocks outperformed.

Against this backdrop the value style bias of the Dodge & Cox WW US Stock fund contributed to its outperformance. The fund benefited from its significant underweight to the technology sector and from strong stock selection in healthcare.

In the Europe ex UK blend all three funds underperformed but the Janus Henderson European Select Opportunities and JPM Europe Dynamic (ex-UK) fund were particularly hard hit by poor stock selection, particularly in the healthcare sector where their holding in Novo Nordisk was the key detractor.

### Equity Style (Look Through)\*

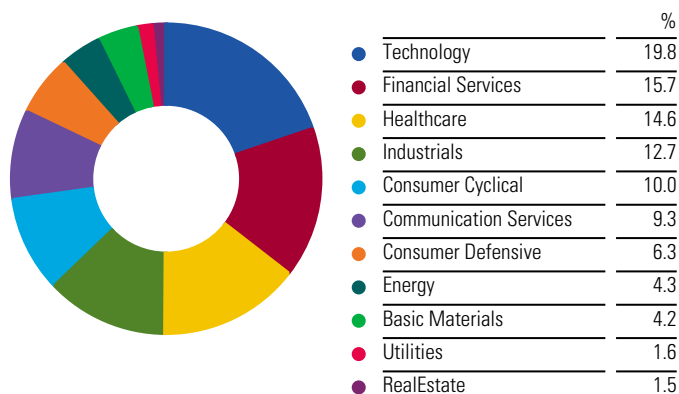


### Market Outlook

**Please note Morningstar Investment Management Europe is not mandated to tactically adjust the asset allocation of the Portfolio, so the below views are included for information purposes only.**

Central banks have begun their respective interest rate cutting cycles as they become increasingly confident that inflation has been brought to heel and there are indications of a weakening US economy. While the cutting cycle has begun, central banks have continued to preach caution over this. Markets will continue to be wary of the ongoing and seemingly escalating conflicts in the Middle East while keeping a close eye on the next steps in China following the stimulus package announcement. There is, of course the US elections in November, the outcome of which could have ramifications globally.

### Equity Sectors (Look Through)\*



\* Look-through charts are calculated by aggregating the underlying fund holdings. For data integrity purposes, any underlying holdings that have not been reported in the past 184 days are excluded from the look-through calculations. Therefore, actual exposures may differ from what is presented.

# Adventurous Medium Term

## Quarterly Report 30/09/2024



Fund	Weight (%)	Morningstar Medalist Rating	Q3 2024 (%)	YTD (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	3 YRS (%)	5 YRS (%)	Since Inception Annualised (%)
<b>UK Corporate Bond</b>												
iShares Corporate Bond Index (UK) D Acc	3	Bronze	2.38	2.23	8.66	-17.48	-3.08	7.86	9.32	-2.80	-0.99	2.76
Markit iBoxx GBP NonGilts TR			2.28	2.21	8.60	-17.72	-3.09	7.80	9.27	-2.87	-1.07	2.69
<b>UK Equity</b>												
Artemis Income I Acc	3.6	Silver	2.95	12.38	9.78	0.40	16.17	-6.74	23.03	8.81	6.94	8.39
Fidelity Index UK P Acc	5.4	Gold	1.82	10.04	7.62	0.75	17.68	-9.44	19.13	7.30	5.76	7.19
FTSE All Share			2.26	9.85	7.92	0.34	18.32	-9.82	19.17	7.41	5.74	7.25
<b>European Equity</b>												
Fidelity European W Acc	10.4	Gold	-0.25	6.52	13.97	-1.64	18.41	9.12	22.55	8.19	9.47	11.05
MSCI Europe Ex UK NR USD			0.07	6.45	14.83	-7.62	16.73	7.49	19.99	5.91	7.41	9.49
Janus Henderson European Sel Opps I Acc	7.8	Silver	-2.63	3.24	19.02	-5.39	15.87	10.70	22.79	6.42	8.86	10.66
FTSE World Eur Ex UK TR GBP			0.05	7.18	15.68	-6.98	17.40	8.62	20.45	6.61	8.22	10.24
JPM Europe Dynamic (ex-UK) C Net Acc	7.8	Bronze	-1.32	7.12	12.64	-5.90	22.56	8.19	18.49	6.45	8.90	11.33
FTSE AW Dv Europe Ex UK TR GBP			0.23	7.15	15.85	-7.49	17.57	8.85	20.50	6.48	8.20	10.38
<b>North American Equity</b>												
Dodge & Cox Worldwide US Stock A GBP	12.5	Gold	1.15	10.04	10.18	2.79	32.63	2.33	19.48	9.39	11.60	14.59
HSBC American Index C Acc	13	Gold	-1.00	14.92	19.26	-8.89	31.07	14.10	27.21	11.03	13.69	15.69
TM Natixis Loomis Sayles US Eq Ldrs N/AE	12.5	Silver	-1.70	16.32	43.70	-20.40	20.83	27.08	27.03	12.11	15.87	
S&P 500			-0.21	16.02	19.16	-7.79	29.89	14.74	26.41	12.11	14.03	16.16
iShares North American Eq Idx (UK) D Acc	13	Gold	-0.58	14.41	19.24	-9.72	29.28	15.77	26.62	10.25	13.37	15.22
FTSE World NA TR GBP			0.10	15.45	19.44	-8.79	28.13	16.45	26.46	11.28	13.73	15.65
<b>Japan Equity</b>												
JPM Japan C Net Acc	4.95	Gold	5.54	14.30	9.55	-25.57	-2.19	38.75	25.09	-3.68	4.94	11.97
Man GLG Japan CoreAlpha Prof Acc C	6.05	Bronze	0.49	7.19	14.97	16.77	16.90	-13.99	7.46	10.41	7.76	11.26
TOPIX			0.79	7.02	13.27	-4.14	2.02	9.55	14.64	3.28	5.46	9.80

Please note Morningstar Medalist Ratings are provided as of the date of this report and are subject to change at any time and without notice. Please see [www.morningstar.co.uk](http://www.morningstar.co.uk) for the latest Ratings.

### Morningstar Investment Management Europe Ltd Disclosure

**THIS DOCUMENT IS FOR PROFESSIONAL CLIENT USE ONLY AND SHOULD NOT BE DISTRIBUTED TO OR RELIED UPON BY RETAIL INVESTORS.**

The Manager Selection Services team is part of Morningstar Investment Management Europe Limited which is authorised and regulated by the Financial Conduct Authority to provide services to Professional clients. The Morningstar Investment Management Europe Limited Dubai Representative Office is regulated by the DFSA as a Representative Office. Morningstar Investment Management Europe Ltd is the entity providing the advisory services. Morningstar's fund research and rating activities are not undertaken by Morningstar Investment Management Europe Limited and as such are not regulated by the Financial Conduct Authority. Registered address: 1 Oliver's Yard, 55-71 City Road, London, EC1Y 1HQ. Within EMEA, Morningstar research and ratings are provided via Morningstar UK Ltd., Morningstar Holland B.V., Morningstar France Fund Information and other entities of the Morningstar group. There are information barriers between Morningstar Investment Management Europe Limited and other Morningstar research entities and any identified conflicts are managed in accordance with internal policies. Arrangements have been established within Morningstar for the delivery of information relevant for the provision of investment advice services.

The information, data, analyses and opinions presented herein do not constitute investment advice; are provided as of the date written; and are subject to change without notice. Every effort has been made to ensure the accuracy of the information provided, but Morningstar Investment Management Europe Ltd makes no warranty, express or implied regarding such information. The information presented herein will be deemed to be superseded by any subsequent versions of this document. Except as otherwise required by law, Morningstar Investment Management Europe Ltd shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, this information, data, analyses, or opinions or their use. Past performance is not a guide to future returns. The value of investments may go down as well as up and an investor may not get back the amount invested. Reference to any specific security is not a recommendation to buy or sell that security. Morningstar Investment Management Europe Ltd does not guarantee or assure that the investment objective of the Model Portfolio will be achieved. There is no guarantee that a diversified portfolio will enhance overall returns or will outperform a non-diversified portfolio. Neither diversification nor asset allocation ensure a profit or guarantee against loss. It is important to note that investments in mutual funds involve risk, including as a result of market and general economic conditions and will not always be profitable. Please be aware that adjustments to previously reported data can occur. This can be due to factors such as changes to tax treatments, income distributions, pricing or updated information from third parties.

The Morningstar Medalist Rating™ is the summary expression of Morningstar's forward-looking analysis of investment strategies as offered via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. The Medalist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer group average on a risk-adjusted basis over time. Investment products are evaluated on three key pillars (People, Parent, and Process) which, when coupled with a fee assessment, forms the basis for Morningstar's conviction in those products' investment merits and determines the Medalist Rating they're assigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated via an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirectly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar Category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratings based on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and re-evaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about these ratings, including their methodology, please go to <http://global.morningstar.com/managerdisclosures>.

The Morningstar Medalist Ratings are not statements of fact, nor are they credit or risk ratings. The Morningstar Medalist Rating™ should not be used as the sole basis in evaluating an investment product, (ii) involves unknown risks and uncertainties which may cause expectations not to occur or to differ significantly from what was expected, (iii) are not guaranteed to be based on complete or accurate assumptions or models when determined algorithmically, (iv) involve the risk that the return target will not be met due to such things as unforeseen changes in changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rates, exchange rate changes, and/or changes in political and social conditions, and (v) should not be considered an offer or solicitation to buy or sell the investment product. A change in the fundamental factors underlying the Morningstar Medalist Rating™ can mean that the rating is subsequently no longer accurate.

For information on the historical Morningstar Medalist Rating™ for any managed investment Morningstar covers, please contact your local Morningstar office.

For more detailed information about conflicts of interest, including EU MAR disclosures, please see the "Morningstar Medalist Rating Analyst Conflict of Interest & Other Disclosures for EMEA" here.