Alpha Beta PARTNERS

AB Sustainable Cautious

Data as at 31 August 2024

Investment Objectives

The portfolio aims to provide capital growth over the medium to long term, keeping within the prescribed volatility limits whilst investing, where appropriate, in low cost ETFs or Index funds, physically invested and with a low tracking error.

AB Sustainable Cautious invests a minimum core of 80% in funds that are sustainable and contribute positively to either the environment or society, and that provide solutions to global issues. The sustainable models are aligned to the core model's risk first asset allocation, utilising both thoroughly researched active and passive instruments, whilst remaining a cost-effective solution to responsible investing.

Key Facts

Launch Date	01 March 2021
Base Currency	Pound Sterling
Benchmark	IA Mixed Investment 0-35% Shares
Model Portfolio Service Charge (No VAT Charged)	0.25%
Underlying Fund Costs	0.53%
Total Portfolio Cost	0.78%

Investment Growth

Time Period: 01/03/2021 to 31/08/2024

AB Sustainable Cautious	0.1%
IA Mixed Investment 0-35% Shares	3.1%

Performance Summary

As at 31 August 2024	3 Month	6 Month	1 Year	3 Year	5 Year	Since Inception	YTD	2023	2022	2021	2020
AB Sustainable Cautious	2.54	3.61	9.05	-4.98	10.61	0.10	3.92	6.88	-13.96	3.32	10.99
IA Mixed Investment 0-35% Shares	2.98	4.56	9.11	-1.18	6.48	3.07	4.03	6.06	-10.22	2.57	3.98

Performance data should be reviewed alongside the important risk information on page 2.

The portfolio launched on 01 March 2021. Performance data prior to this date is for illustration purposes only and is backed tested performance using the asset allocation of the portfolio at launch.

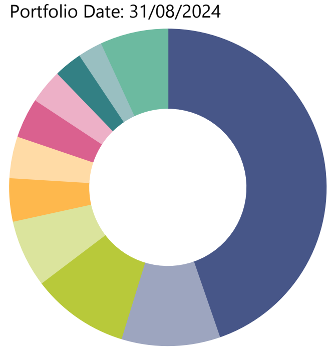
Top 10 Holdings

Portfolio Date: 31/08/2024

	Portfolio Weighting %
iShares Japan Equity ESG Idx (UK) D Acc	10.06%
EdenTree Responsible & Sust Stlg B	9.64%
RLBF II Royal London Ethical Bond Z Inc	9.61%
CT Responsible Sterling Corp Bd C Inc	9.30%
Royal London Short Duration Gilts M Inc	7.25%
Baillie Gifford High Yield Bond B Acc	6.16%
EdenTree Responsible & Sust Shrt Dtd B	5.38%
CT Responsible UK Equity 2 Acc	4.40%
Vanguard ESG Em Mkts All Cp Eq Idx £ Acc	4.25%
Liontrust Sust Fut Eurp Gr 2 Net Acc	4.06%

Asset Allocation

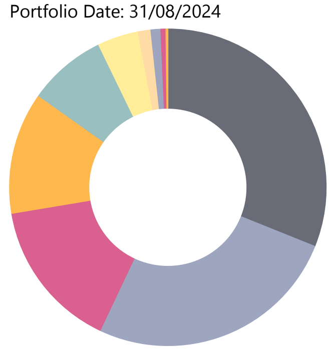
Portfolio Date: 31/08/2024



	%
Sterling Fixed Income	44.71
Japan Equity	10.06
Global Fixed Income	9.93
Global Equity Large Cap	6.88
UK Equity Large Cap	4.40
Global Emerging Markets Equity	4.25
Europe Equity Large Cap	4.06
US Equity Large Cap Growth	3.49
Sterling Money Market	2.87
Infrastructure Sector Equity	2.50
Other	6.87

Equity Regional Exposure

Portfolio Date: 31/08/2024



	%
North America	31.09
Japan	25.96
Europe Developed	15.33
United Kingdom	12.45
Asia Emerging	7.99
Asia Developed	4.18
Africa/Middle East	1.30
Latin America	1.01
Australasia	0.52
Europe Emerging	0.19

Source: Morningstar Direct

Manager Commentary

In August, equity market's realised volatility, measured by the VIX Index, surged to its highest levels since the pandemic and 2008 banking crisis before returning to normal. This was driven by Japanese carry trade unwind coupled with economic uncertainty, interest rate concerns, and geopolitical risks, potentially signalling investor caution and impacting broader market stability.

Japan's recent economic resurgence has been driven by policy shifts allowing bond yields to rise and inflation to remain controlled, while a weakened Yen boosted exports and stock market rallies. The Yen's devaluation also revived the carry trade, where investors borrow cheaply and reinvest in higher-yield assets. However, the Bank of Japan's rate hike in August reduced the carry trade's profitability, triggering brief market volatility, amplified by weak U.S. economic data. Volatility eased after reassurances from Japan's central bank.

The US job market has started to soften despite assurances of a soft landing. The U.S. continues to provide fiscal support through the Reverse Repo and Treasury General Account, increasing liquidity and driving markets, with money supply growing from -4.50% to +1.26%. Corporate earnings rose 9%, and despite weaker jobs data, consumer sentiment remains positive. Short-duration treasuries benefited from rate-cut expectations, while the U.S. dollar has weakened, spurring optimism for global lending and emerging market recovery. Meanwhile, China faces economic challenges with weaker retail sales, overcapacity, and tariff-related export issues, but stimulus and technology investments, including AI, could help offset these difficulties, especially as it pivots exports to Asia and Africa.

Europe has benefited from lower interest rates, though Germany's manufacturing sector is underperforming. Large European companies with global exposure remain profitable, but the Eurozone is economically weaker than in past years. In the UK, rising public sector wages have increased borrowing, with tougher fiscal measures expected. UK GDP is strong compared to peers, and equities are up 12% over the year.

Healthcare sector and long-duration bonds posted gains, while American Special Situations and Mid-Cap funds had negative returns this month.

Geopolitical concerns remain, but market volatility has normalised, with a weaker dollar supporting portfolio performance. Heading into autumn, we expect lower interest rates, increased liquidity, and a decisive U.S. Presidential election outcome. We remain cautiously optimistic as we approach the high impact event window of the US elections.

At a portfolio level, the Sustainable Cautious model benefited from its sustainable fixed income exposure. Of the portfolio's top holdings, one of the best performing funds was the EdenTree Responsible & Sustainable Sterling Bond Fund. One of the fund's largest holdings is DS Smith, a leading provider of sustainable packaging solutions, paper products and recycling services worldwide.

Platform Availability

abrdn AEGON AVIVA Fundment FundsNetwork M&G wealth novia global nucleus Parmenion Quilter SCOTTISH WIDOWS transact take control wealthtime

Important Information

Financial advisers can find further information at www.alphabetapartners.co.uk or via telephone at 020 8152 5120. We ask clients to please go to their financial adviser with any queries or information requests.

If you would like this document in large print or in another format, please contact us.

Source: Morningstar Direct