alpha beta partners

AB Sustainable Cautious

Data as at 31 May 2025

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.

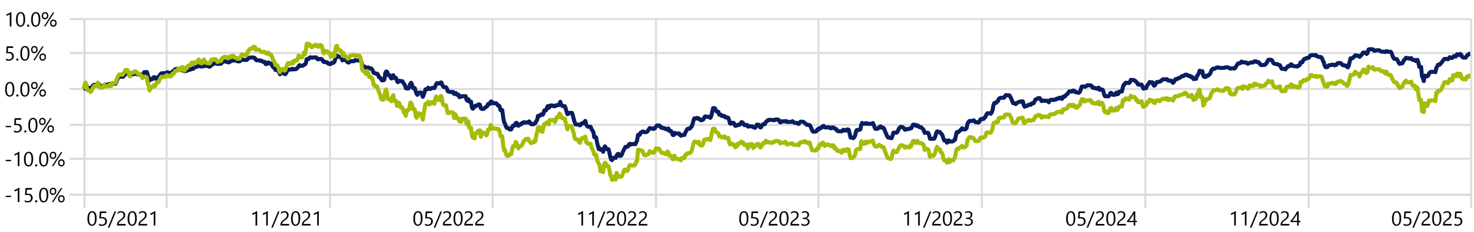
AB Sustainable Cautious invests a minimum core of 80% in funds that are sustainable and contribute positively to either the environment or society, and that provide solutions to global issues. The sustainable models are aligned to the core model's risk first asset allocation, utilising both thoroughly 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	0.51%
Total Portfolio Cost	0.76%

Investment Growth

Time Period: 01/03/2021 to 31/05/2025



AB Sustainable Cautious	1.90%	IA Mixed Investment 0-35% Shares	5.01%

Performance Summary

As at 31 May 2025	3 Month	6 Month	1 Year	3 Year	5 Year	Since Inception	YTD	2024	2023	2022	2021
AB Sustainable Cautious	-0.10	0.50	4.38	7.69	10.11	1.90	1.16	4.57	6.88	-13.96	3.32
IA Mixed Investment 0-35% Shares	-0.26	0.56	4.92	6.93	10.16	5.01	1.55	4.37	6.06	-10.22	2.57

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.

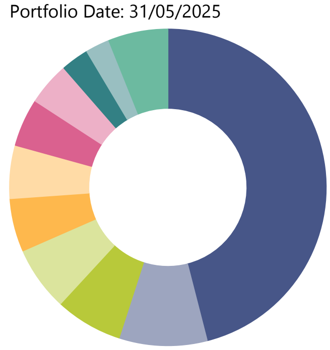
Top Holdings

Portfolio Date: 31/05/2025

	Portfolio Weighting %
RLBF II Royal London Ethical Bond Z Inc	9.98%
EdenTree Sterling Bond Fund B Inc	9.96%
EdenTree Short Dated Bd Fund B Inc	9.78%
CT Responsible Sterling Corp Bd C Inc	9.54%
L&G Cash Trust I Acc	8.99%
CT Responsible UK Equity 2 Acc	6.86%
Baillie Gifford High Yield Bond B Acc	5.97%
iShares Jpn Eq ESG Scrn & Optd IdxUKDAcc	5.44%
Liontrust Sust Fut Eurp Gr 2 Net Acc	4.89%
Vanguard ESG Em Mkts All Cp Eq Idx £ Acc	4.41%

Asset Allocation

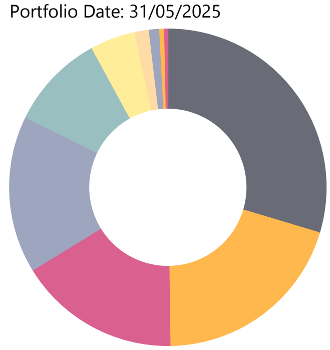
Portfolio Date: 31/05/2025



	%
Sterling Fixed Income	46.00
Sterling Money Market	8.99
UK Equity Large Cap	6.86
Global Fixed Income	6.58
Japan Equity	5.44
Global Equity Large Cap	5.42
Europe Equity Large Cap	4.89
Global Emerging Markets Equity	4.41
US Equity Large Cap Growth	2.85
Infrastructure Sector Equity	2.48
Other	6.08

Equity Regional Exposure

Portfolio Date: 31/05/2025



	%
North America	29.64
United Kingdom	20.14
Europe Developed	16.47
Japan	16.02
Asia Emerging	9.78
Asia Developed	4.61
Africa/Middle East	1.45
Latin America	1.06
Europe Emerging	0.50
Australasia	0.32

Source: Morningstar Direct

Data as at 31 May 2025

Manager Commentary

2025 has been far from normal, with markets rattled by Trump Administration rhetoric. Amid the noise, we've stayed anchored to our forward-looking process —our guide through ongoing volatility and uncertainty.

With Donald Trump back in the White House, erratic policy shifts and intraday reversals have challenged even the most seasoned portfolio managers. Slower population growth, driven by immigration policy, poses a structural drag on long-term growth. The reconciliation bill offers a short-lived boost in 2026 but dampens growth thereafter. Tariffs—now imposed on steel and aluminium—add further uncertainty. While deregulation could offer some upside, current policies will expand deficits and with it debt burden.

However, May brought encouraging results, particularly following a sharp 21.5% equity sell-off that left nearly all USD assets—except gold—marked down. Markets rebounded after Trump postponed sweeping tariffs, including a 50% duty on EU imports, to July 2025. This decision triggered a late-month rally, easing trade concerns.

The S&P 500 gained 9.6%, led by technology and healthcare earnings, while the Nasdaq rose 10.2% on strength in semiconductors and quantum computing. Biotech, fintech, and Ethereum-related optimism also supported gains. Volatility persisted amid legal challenges to tariff powers and mixed Fed signals. Bond yields climbed globally, spurred by fiscal measures and military spending. The dollar fell over 8% YTD, its sharpest drop since 2008, as Trump pursues a "weaker but still formidable" greenback. Consumer sentiment recovered, buoyed by equities, crypto gains, and improved GDP forecasts.

In the UK, the government is reportedly reconsidering its fiscal rules, despite earlier assurances to the contrary. Debt remains elevated, and growth strategies have yet to deliver following this year's tax increases. GDP is projected to rise by just 0.8% in 2025. Inflation eased to 2.3%, aided by lower energy costs and a firmer pound. The labour market stayed tight, with wages outpacing inflation. The FTSE 100 rose 3.4%, driven by energy and financials.

Japan's economy continues to struggle, contracting 0.2% in Q1, with full-year growth revised to just 0.7%, hurt by U.S. tariffs on car exports. Inflation hit 3.5%, while real wages fell and consumer spending stalled. Bond yields spiked, causing paper losses for insurers. Despite this, the Nikkei rose 1.2%, aided by defensive sectors and a weaker yen. Our reduced Japan exposure proved timely. In China, modest equity gains followed easing measures, though structural challenges persist.

At a portfolio level, the Sustainable Cautious model benefited from its UK equity exposure. Of its top holdings, the highest returning fund was the CT Responsible UK Equity fund. One of the fund's largest holdings is Standard Chartered, a British multinational bank. Standard Chartered have a dynamic $23.3 billion Sustainable Finance asset portfolio, which facilitates positive impact through 439 projects, across 51 markets that their financing supports. The portfolio is aligned to a Sustainability Bond Framework, and has grown by 32% year-on-year (from $17.6 billion in 2023).

Platform Availability

abrdn AEGON AJBell AVIVA Fundment FundsNetwork Invinitive 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.

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Source: Morningstar Direct