

AB SRI Balanced Income

Data as at 30 September 2024

Investment Objectives

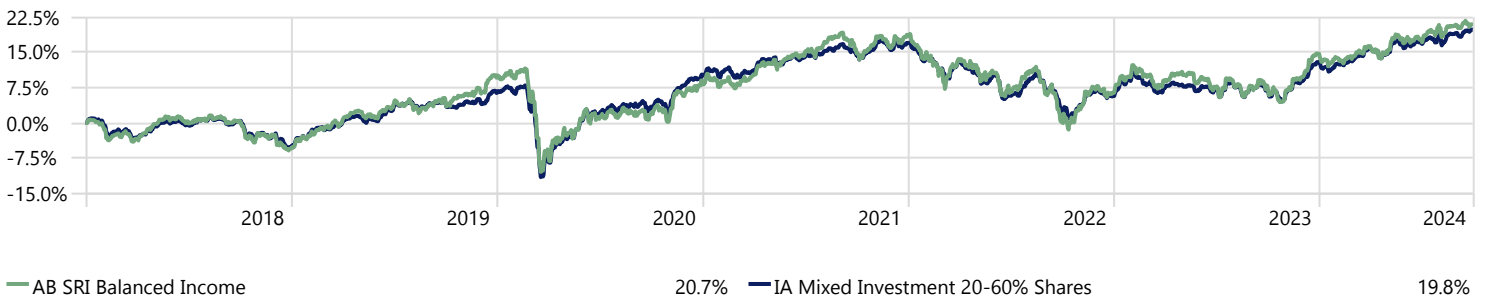
The AB SRI Balanced Model Portfolio will seek to deliver long-term capital growth by blending collective strategies and employing our proprietary rating and risk profiling systems. The equity allocation of the portfolio will be managed within our self-imposed parameter of 40% - 85% and in line with a Alpha Beta Risk Profile of 4 - 6. The AB SRI Balanced Income Portfolio only invests in funds that are sustainable and contribute positively to either the environment or society. The model selects investments that provide solutions to global issues such as climate change, biodiversity, water shortage, urbanisation, health and well-being, and social inclusion. The United Nation's Sustainable Development Goals are utilised to inform analysis and research on these themes, and the holdings in the model.

Key Facts

Launch Date	22 November 2013
Base Currency	Pound Sterling
Benchmark	IA Mixed Investment 20-60% Shares
Model Portfolio Service Charge (No VAT Charged)	0.25%
Underlying Fund Costs	0.71%
Total Portfolio Cost	0.96%

Investment Growth

Time Period: 01/01/2018 to 30/09/2024



Performance Summary

As at 30 September 2024	3 Month	6 Month	1 Year	3 Year	5 Year	Since Inception	YTD	2023	2022	2021	2020
AB SRI Balanced Income	2.45	3.71	11.83	4.32	14.61	20.66	5.18	7.83	-10.25	9.56	-1.29
IA Mixed Investment 20-60% Shares	2.30	3.52	12.14	4.38	14.70	19.84	6.11	6.86	-9.67	6.31	3.49

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

The portfolio launched on 24/03/2009, however the data shown is from the first available past performance date, 22/11/2013.

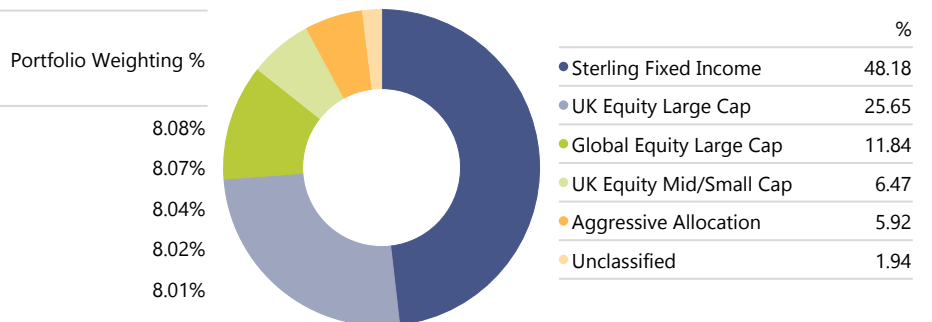
Top 10 Holdings

Portfolio Date: 30/09/2024

Portfolio Holding	Portfolio Weighting %
Rathbone Ethical Bond Fund I Inc	8.08%
EdenTree Responsible & Sust Stlg B	8.07%
RLBF II Royal London Ethical Bond M Inc	8.04%
Aegon Ethical Corporate Bond GBP B Inc	8.02%
Liontrust Sust Fut Mn Inc Bd B Grs Inc	8.01%
Sarasin Responsible Corporate Bond P Acc	7.96%
CT Responsible UK Income 2 Inc	6.51%
Unicorn UK Ethical Income B Inc	6.47%
Jupiter Responsible Inc I Inc	6.43%
Janus Henderson UK Responsible Inc I Inc	6.41%

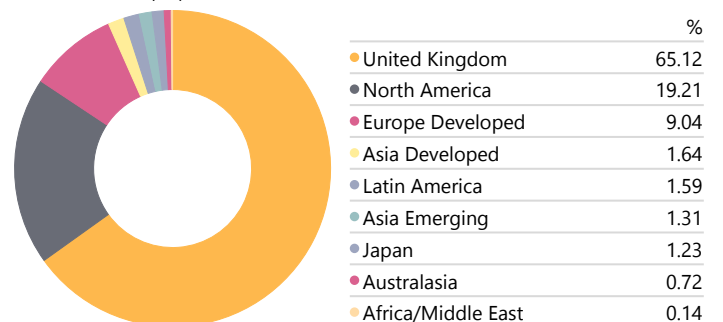
Asset Allocation

Portfolio Date: 30/09/2024



Equity Regional Exposure

Portfolio Date: 30/09/2024



Manager Commentary

The U.S. Federal Reserve's unexpected 0.5% rate cut in September marks a key market turning point. Initially, a 0.25% cut seemed more likely, so the larger reduction surprised markets, prompting cautious optimism. While the U.S. economy showed strength with a Q2 GDP revision to 3%, inflation remains above the 2% target, raising concerns of future price hikes. However, unemployment has risen above 4%, and removing Owners' Equivalent Rent from the CPI calculation reads well below 2%.

Liquidity is a crucial driver of nominal returns across asset classes. The US M2 money supply continues to expand via fiscal deficit spending and with China joining the party, liquidity trend is positive for the remainder of 2024 and into 2025. With anticipated but still debated changes to bank solvency regulations likely boosting liquidity further. Following the interest rate cut, the U.S. dollar has modestly weakened, but a significant retracement appears unlikely due to the strong economy. Goldman Sachs projects a stronger British pound against the dollar, supporting our 50/50 hedged dollar approach, which is performing well.

In September, China's economy faced recession risks due to real estate sector weaknesses and demographic challenges. The People's Bank of China launched a substantial liquidity stimulus, boosting stock prices and benefiting Pacific emerging markets. This growth could support global recovery, especially if the dollar weakens. Meanwhile, key commodities, excluding oil, rose in response to China's stimulus. Japan's inflation readings remain positive, prompting a modest rate hike from the Bank of Japan to address inflation and Yen devaluation, which may impact equity prices. We see BoJ in a policy trilemma and would like to see further evidence to determine the direction of travel.

On September 12, 2024, the European Central Bank cut its main interest rate by 0.25%, reducing the deposit rate from 3.75% to 3.5%, marking its second rate cut since the end of the hike cycle in September 2023. The Eurozone faces near-recessionary growth, particularly in Germany's manufacturing sector, although stocks are performing well due to diversified corporate earnings. In the UK, government wage settlements exceeding targeted inflation raise concerns as debt hits 100% of GDP. Geopolitical uncertainties persist, prompting readiness for unforeseen events, especially regarding the U.S. and Ukraine.

The healthcare sector and long-duration bond funds lagged this month, while emerging markets and clean energy funds saw solid gains. The technology sector and infrastructure funds also saw modest gains.

At portfolio level, the SRI Balanced Income model benefited from its ethical fixed income exposure. Of its top holdings, the highest returning fund was the Rathbone Ethical Bond Fund. One of the fund's holdings is Welltower, who deliver the healthcare infrastructure needed to enable better treatment at lower costs and keep people out of hospital. They provide real estate capital to leading older age housing operatives, post-acute care providers and health systems and through this capital, these providers can grow, innovate and provide better care.

Platform Availability



Important Information

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