Apogee Cautious Model Portfolio Update

Recommended Fund Changes

The following changes are being made to the fund selection within the Cautious Model Portfolio:

- The iShares ESG Screened Overseas Corporate Bond fund has been replaced by the BNY Mellon Global Dynamic Bond fund.

New Fund Selection

The following portfolio of funds is the recommended investment fund selection as part of our updated Apogee Cautious Model Portfolio:

Fund	Sector	Current Holding	New Holding
Product Cash	Cash	2.0%	2.0%
BlackRock Continental European	Europe Excluding UK	5.5%	5.5%
BlackRock Corporate Bond	Sterling Corporate Bond	5.0%	5.0%
BNY Mellon Global Dynamic Bond	Targeted Absolute Return	-	6.5%
BNY Mellon International Bond	Global Bonds	6.5%	6.5%
CFP SDL UK Buffettology	UK All Companies	4.0%	4.0%
Fidelity Asia	Asia Pacific Excluding Japan	5.0%	5.0%
FSSA Global Emerging Markets Focus	Global Emerging Markets	3.0%	3.0%
FTF ClearBridge Global Infrastructure Income	Global Equity Income	1.0%	1.0%
FTF Martin Currie UK Rising Dividends	UK All Companies	3.5%	3.5%
HSBC American Index	North America	7.0%	7.0%
iShares Overseas Corporate Bond Index (UK)	Global Bonds	6.5%	-
iShares Overseas Government Bond Index (UK)	Global Bonds	12.0%	12.0%
L&G Inflation Linked Bond Index	Global Inflation Linked Bond	7.5%	7.5%
M&G Global Floating Rate High Yield Hedged	Sterling High Yield	3.5%	3.5%
M&G Japan	Japan	4.0%	4.0%
M&G UK Inflation Linked Corporate Bond	Sterling Strategic Bond	3.5%	3.5%
Man GLG Undervalued Assets	UK All Companies	4.0%	4.0%
Ninety-One Emerging Markets Local Currency Debt	Global EM Bond-Local Currency	2.5%	2.5%
Royal London Short Duration Credit	Sterling Strategic Bond	1.5%	1.5%
Schroder Sterling Corporate Bond	Sterling Corporate Bond	5.5%	5.5%
UBS US Growth	North America	7.0%	7.0%

The funds selected give consideration to the level of volatility suitable for the agreed attitude to risk and model asset allocation. Please be aware that there may be occasions when an individual fund or funds may have a higher risk rating than your overall stated attitude to risk. If this is the case, then the overall risk rating applied to all of the combined funds being recommended is still designed to meet your stated tolerance.

Further details on each fund selected within our models and the investment methodology of the fund managers are contained within the Key Investor Information Documents (KIIDs). Copies of the current KIIDs are available on request.

Updated Fund Charges

The following table compares the approximate current charges of the existing Apogee Cautious Model Portfolio and our updated Cautious Model Portfolio, excluding any incidental transaction charges incurred:

	Ongoing fund charges (OCF)
Existing Apogee Cautious Model Portfolio	c.0.51%
New Apogee Cautious Model Portfolio	c.0.54%

As you can see, comparing the ongoing fund charges for the existing model portfolio and our updated model, the proposed fund switches will lead to a marginally lower level of ongoing fund charges.

Note that the above fund charges are based on the underlying Ongoing Charges Figure (OCF) of each fund when held on a typical investment platform, and do not include any additional ad hoc transaction costs incurred within the individual funds.

Portfolio Performance Analysis

Our Cautious portfolio returned 18.21% in the five years running to the end of Q4 2024, compared to a return of 14.74% from the benchmark. The overall asset allocation of the portfolio is 50% Defensive assets, 50% Growth assets.

In terms of defensive assets, the best performers were the Royal London Short Duration Credit and M&G Global Floating Rate High Yield which returned 1.66% and 2.37% respectively over the quarter. Both funds are designed to reduce the impact of changes in interest rates and therefore benefitted as the prospect of fewer rate reductions and more resilient economic conditions, particularly in the US, became apparent over the final quarter. By comparison, the Blackrock Corporate Bond fund was a detractor from performance with a return of -1.85%, which is mainly due to its sensitivity to changes in interest rates.

The rise in bond yields had an impact beyond the fixed interest markets as global infrastructure was also significantly affected. Within the portfolio, the allocation to FTF ClearBridge Global Infrastructure Income, which is typically less volatile than other alternatives, detracted from returns. Whilst this is disappointing, in November 2024 we significantly reduced the allocation to infrastructure and therefore the impact of these recent falls has been minimised.

In terms of growth assets within the portfolio, the ongoing trend of US exceptionalism proved to be the main driver of returns with the HSBC American Index fund returning 10.43% over the quarter whilst UBS US Growth delivered a robust 16.14% compared to the IA North America sector which only returned 8.46%.

Blackrock Continental European proved to be a detractor from returns over the period, with a three month return to the end of the quarter of -5.80%. However, we identified that the undervalued nature of the European market appeared to provide the opportunity for long term positive returns and increased the allocation within the Cautious portfolio by 2%. Subsequently, this has been rewarded so far in 2025 as the fund currently has positive returns of 8.21% year to date.

Returns within the UK Equity element of the portfolio were mixed, with the Man GLG Undervalued Assets fund returning a small positive of 0.14%, whilst the CFP Buffettology fund returned -0.52%. However, both funds outperformed the relevant IA UK All Companies sector over the quarter.

M&G Japan delivered a return of 1.71% over the quarter as the yen experienced a weak quarter. Performance in the fund was assisted by exposure to Mitsubishi UFJ Financial Group, along with another strong performer in Seven & I Holdings as well as Sanrio continuing recent strong returns.

Elsewhere in Asia, the Fidelity Asia fund returned -1.08%, which is in line with the wider sector return of -1.09%. There were several positives within the fund such as many Taiwanese technology companies and Chinese travel agent Trip.com. The main detractor on performance was Samsung, which had a more challenging quarter and as the fund's largest holding, hampered returns. However, going forward the fund managers are confident of the capability of Samsung to match its peers within several key sectors in which it operates.

[*] *Please note that the returns shown are net of fund managers fees and show the historic returns achieved by the Apogee Model Portfolio managed in conjunction with RSMR. The performance achieved by individual client portfolios may vary slightly from our headline figures depending upon the date the investment was made, the platform selected and the date that any recommended rebalances were actioned. Please also note that past performance is no guarantee of future returns.*