

Apogee Balanced Model Portfolio Update

Recommended Fund Changes

The following changes are being made to the asset allocation and fund selection within the Balanced Model Portfolio:

- In general across our portfolios this quarter, we are increasing our emphasis on global property and infrastructure assets, by re-allocating capital we previously held in overseas equities.
- In the last quarter of 2024, we reduced our exposure to property and infrastructure to capture potential growth opportunities in foreign markets including Europe. This decision proved beneficial for our portfolios as European markets in particular have delivered strong returns over this period of time. Now we see opportunity for long term value to be added to the portfolio by crystallising these gains and reinvesting into property and infrastructure.
- The Artemis Income fund is being introduced into the portfolio as a core holding, with our view being that the investment approach is suitable across varying market conditions with the potential to deliver decent returns over the medium to long term. The fund has produced strong returns, consistently outperforming its sector over 1, 3 & 5 year periods.
- The BlackRock Continental European, FTF Martin Currie UK Rising Dividends and Liontrust Special Situations funds are being fully sold.
- The Artemis Income, AXA Global Short Duration Bonds, FTF ClearBridge Global Infrastructure Income, Royal London Short Duration Credit and Waverton European Capital Growth funds are being introduced.
- Minor percentage allocations between funds are being varied, as detailed below, to accommodate the funds being removed/introduced.

New Fund Selection

The following funds are the recommended selection that form the Apogee Balanced Model Portfolio:

Fund	Sector	Current Holding	New Holding
Product Cash	Cash	2.00%	2.00%
Artemis Income	UK Equity Income	-	6.50%
AXA Global Short Duration Bonds	Global Bonds	-	1.00%
BlackRock Continental European	Europe Excluding UK	4.00%	-
BNY Mellon Global Dynamic Bond	Targeted Absolute Return	5.50%	4.50%
CFP SDL UK Buffettology	UK All Companies	4.00%	4.00%
Fidelity Asia	Asia Pacific Excl Japan	7.50%	7.00%
FSSA Global Emerging Markets Focus	Global Emerging Markets	5.00%	4.00%
FTF ClearBridge Global Infrastructure Income	Global Equity Income	-	4.00%
FTF Martin Currie UK Rising Dividends	UK All Companies	5.00%	-
HSBC American Index	North America	7.50%	7.00%
iShares Overseas Government Bond Index	Global Bonds	5.00%	6.00%
L&G Global Inflation Linked Bond Index	Global Inflation Linked Bond	4.50%	3.00%
Liontrust European Dynamic	Europe Excluding UK	4.00%	2.00%
Liontrust Special Situations	UK All Companies	3.00%	-
M&G Global Floating Rate High Yield Hedged	Sterling High Yield	6.50%	6.50%
M&G Japan	Japan	3.50%	3.00%
M&G UK Inflation Linked Corporate Bond	Sterling Strategic Bond	1.00%	1.00%
Man GLG Undervalued Assets	UK All Companies	4.00%	5.50%
Ninety One Emg Markets Local Currency Debt	Global EM Bond	6.00%	7.50%
Premier Miton US Opportunities	North America	5.50%	4.00%
Royal London Short Duration Credit	Sterling Strategic Bond	-	1.50%
Schroder Global Cities Real Estate	Property Other	2.00%	4.00%
Schroder Sterling Corporate Bond	Sterling Corporate Bond	7.00%	6.00%
UBS US Growth	North America	7.50%	7.00%
Waverton European Capital Growth	Europe Excluding UK	-	3.00%

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 Balanced Model Portfolio and our updated Balanced Model Portfolio, excluding any incidental transaction charges incurred:

	Ongoing fund charges (OCF)
Existing Apogee Balanced Model Portfolio	c.0.64%
New Apogee Balanced Model Portfolio	c.0.65%

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 higher 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

In the five years to the time of writing, our Balanced portfolio has returned 32.09%, compared to the benchmark return of 29.06%. The overall asset allocation of the portfolio contains 75% Growth assets and 25% Defensive assets.

We continue to reap the rewards from our overseas equity holdings. Our US funds produced some strong returns despite the turbulence caused by Trump's tariffs. The UBS US Growth fund and the HSBC American Index funds have been strong performers, returning 21.11% and 14.23%, respectively, from the period 1st May to 31st July. Exposure to the large US technology giants proved once again to be standout holdings.

Our holdings in the Asian markets have also proved positive, with the Fidelity Asia fund returning 14.59% over the quarter to the end of July. The FSSA Global Emerging Markets Focus fund, which features in a number of our models, gives exposure to a range of emerging market equity regions. The fund has a strong allocation to domestically trading Chinese companies, which have remained largely unaffected by the direct impact of US tariffs, and has produced returns above the sector average. Utilising funds like this demonstrate the importance of active management; where opportunities can be identified despite otherwise tricky landscapes.

Following the COVID crisis, Japan has seen strong economic growth (after decades of a deflationary economic environment), buoyed by foreign investments into the capital markets. With a 3% holding in our Balanced portfolio, the region is a key aspect of our overseas allocation. The M&G Japan fund was introduced into our models in November 2023 and over this period has produced cumulative returns of 42.19%, compared to the sector's 35.58%.

Throughout the first two quarters, we were rewarded by our decision to increase our allocation to European equities. Since the beginning of the year, the Liontrust European Dynamic returned 16.83% to date; 2.1% higher than the sector. Reviewing the fund's performance, there was a notable fall in April due to the market speculation and initial reaction to Trump's tariffs, however the fund has since recovered well.

Whilst our allocation to UK equity funds may not quite reach the heights of their American counterparts, the UK market's focus on value stocks over growth does benefit our less risky portfolios. The Man Undervalued Assets fund has performed well over both the short and long terms; the consistent return received helps to absorb any volatility from the more growth orientated equity market funds.

We remain confident the portfolio, in conjunction with the recommended changes, is well positioned to benefit from longer-term growth opportunities.

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.

This document is for advisers and retail clients. It does not constitute a form of financial advice and should not be relied upon.