Alpha Beta PARTNERS

AB SRI Balanced Growth Portfolio

Data as at 31 May 2024

Investment Objectives

The AB SRI Balanced Growth Model Portfolio will seek to deliver longterm 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 5 - 7.

The AB SRI Balanced Growth 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.

Investment Growth

Time Period: 22/11/2013 to 31/05/2024

AB SRI Balanced Growth 80.0% IA Mixed Investment 40-85% Shares 76.2%

Snapshot

Base Currency	Pound Sterling
12 Month Yield	1.39%
Ongoing Charge	0.72%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	0.97%

Trailing Returns

Data Point: Return

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception (22/11/2013)
AB SRI Balanced Growth	1.76	7.25	6.93	-0.07	26.72	79.99
IA Mixed Investment 40-85% Shares	3.11	8.91	10.63	7.83	27.97	76.20

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

Benchmark

Comparator Benchmark IA Mixed Investment 40-85% Shares

Asset Allocation

Portfolio Date: 31/05/2024

	%
Sterling Fixed Income	21.0
Global Equity Large Cap	16.1
Europe Equity Large Cap	11.6
Global Emerging Markets Equity	9.8
US Equity Large Cap Growth	7.6
Global Fixed Income	6.4
UK Equity Large Cap	5.9
Global Equity Mid/Small Cap	5.8
Infrastructure Sector Equity	3.9
Equity Miscellaneous	3.2
Other	8.7

Equity Regional Exposure

Portfolio Date: 31/05/2024

	%
North America	39.4
Europe developed	21.8
United Kingdom	13.7
Asia emerging	11.0
Asia developed	6.9
Japan	2.5
Africa/Middle East	1.7
Australasia	1.5
Latin America	1.3
Europe emerging	0.2

Risk

Time Period: 01/06/2023 to 31/05/2024

	Sharpe Ratio	Std Dev
AB SRI Balanced Growth	0.27	9.68
IA Mixed Investment 40-85% Shares	0.58	7.28

Top 10 Holdings

Portfolio Date: 31/05/2024

	Portfolio Weighting %
Liontrust Sust Fut Eurp Gr 2 Net Acc	11.55%
Vanguard ESG Em Mkts All Cp Eq Idx £ Acc	9.83%
Brown Advisory US Sust Gr GBP B Inc	7.59%
Liontrust Sust Fut Glbl Gr 2 Net Acc	7.03%
EdenTree Responsible & Sust Glbl Eq B	6.52%
Pictet - Climate Government Bds I GBP	6.37%
FP WHEB Sustainability C GBP Inc	5.84%
EdenTree Responsible & Sust Shrt Dtd B	5.28%
Rathbone Ethical Bond I Inc	5.25%
EdenTree Responsible & Sust Stlg B	5.24%
	70.50%

The aggregate total may not add up to the sum shown due to Morningstar roundings.

Manager's Commentary

In April, portfolio progress continued amid volatility, with uncertain market direction. Despite lower-than-expected US GDP, the economy outpaces others, though subject to adjustments. US CPI inflation plateaued while PCE inflation rose to 2.8%, impacting rate cut expectations to 1 or 2 from an initial 6. Tight labour market and robust business cycle persist. The Federal Reserve may cut rates, aiming to stimulate growth. Expected liquidity provisions include issuing Bills, reducing Reverse Repo facility drain, and increased Treasury spending is to further support the economy.

China is gearing up for an aggressive manufacturing-led export expansion amid significant debts and bankruptcies in the real estate sector, hampering post-pandemic recovery. Modern automated factories and cheap labour, supported by potential currency devaluation, will enhance market competitiveness. China's increased purchase of essential commodities like copper and lithium, along with significant gold acquisitions, hints at a Yuan devaluation. While Chinese equities have slightly risen in April, a notable breakout hasn't occurred yet. In contrast, Japan's economy is robust, with recent expansion gaining momentum. Yen weakness, spurred by the US-Japan interest rate gap, fuels export growth. Anticipated modest rate tightening by Japan's Ministry of Finance and Bank of Japan reflects their incremental approach.

In Europe, Germany sees mixed data with services sectors improving while manufacturing, particularly automotive, faces challenges. Eurozone inflation declines but remains slightly above ECB's 2% target, prompting potential rate cuts from Mrs. Lagarde ahead of the US Fed. UK reports pleasing inflation reduction towards Bank of England targets, with CPI dropping to 3.2% in March 2024. FTSE 100 hits an all-time high, while FTSE 250 enters an expansionary phase. Expectations for rate cuts from Bank of England Governor Mr. Bailey are high, reflecting broader efforts to support the economy amid global economic dynamics.

Geopolitical tensions, notably in the Middle East with escalations between Israel and Iran, and ongoing conflicts in Gaza and Ukraine, remain unpredictable. Despite significant human and material costs, market impact has been relatively muted, unless a broader conflict is expected imminently..

At a portfolio level, the SRI Balanced Growth model benefited from its Emerging Markets exposure, with its best performing fund being the Vanguard ESG Emerging Markets All Cap Equity Index fund. One of the fund's largest holdings is Hon Hai Technology Group (Foxconn) who are the world's largest electronics manufacturer and also the leading technological solution provider. Foxconn continuously uses its expertise in software and hardware to integrate its unique manufacturing systems with emerging technologies. The Group has used its capabilities to innovate in areas such as electric vehicles, digital health and robotics. It has three key technologies, AI, semiconductors and new-generation communications technology. Part of their sustainability goals include contributing to the transition to a circular economy, by optimising resource use to maximise efficiency in the pursuit to build a zero-waste ecosystem.

Investment Team

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Source: Morningstar Direct