

Investment Objectives

The AB SRI Defensive 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 0% - 35% and in line with a Alpha Beta Risk Profile of 3 - 5.

The AB SRI Defensive 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.

Snapshot

Base Currency	Pound Sterling
12 Month Yield	2.69%
Ongoing Charge	0.63%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	0.88%

Benchmark

Comparator Benchmark IA Mixed Investment 0-35% Shares

Risk

Time Period: 01/06/2023 to 31/05/2024		
	Sharpe Ratio	Std Dev
AB SRI Defensive	0.29	5.52
IA Mixed Investment 0-35% Shares	0.28	5.60

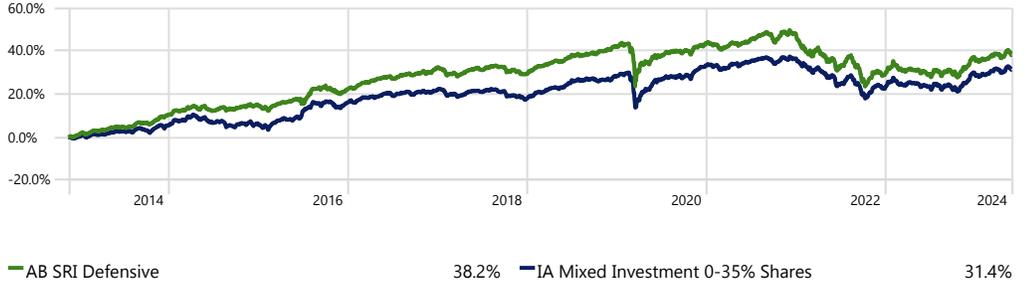
Top 10 Holdings

Portfolio Date: 31/05/2024	
	Portfolio Weighting %
EdenTree Responsible & Sust Shrt Dtd B	19.75%
RLBF II Royal London Ethical Bond M Inc	13.29%
Climate Assets Bal B GBP Inc	9.14%
Sarasin Responsible Corporate Bond P Acc	8.83%
EdenTree Responsible & Sust Stlg B	8.83%
Brown Advisory US Sust Gr GBP B Inc	8.35%
Vanguard ESG Em Mkts All Cp Eq Idx £ Acc	5.64%
Liontrust Sust Fut Eurp Gr 2 Net Acc	5.59%
Pictet - Climate Government Bds I GBP	3.73%
CT Responsible UK Income 2 Inc	3.68%
	86.83%

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

Investment Growth

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



Trailing Returns

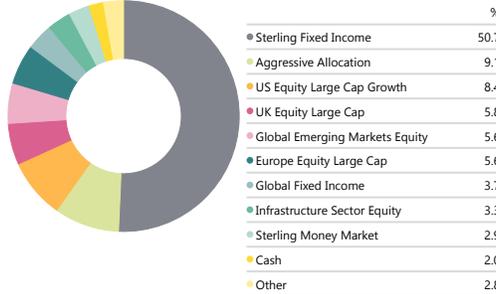
Data Point: Return

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception (22/11/2013)
AB SRI Defensive	1.24	4.16	6.19	-3.81	2.00	38.24
IA Mixed Investment 0-35% Shares	1.52	4.57	6.22	-2.11	6.68	31.43

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

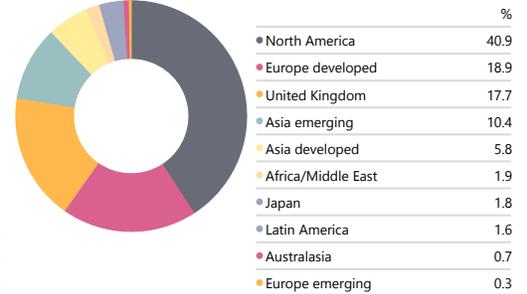
Asset Allocation

Portfolio Date: 31/05/2024



Equity Regional Exposure

Portfolio Date: 31/05/2024



Manager's Commentary

May was a more favourable month for risk assets compared to April, with industrial commodities and mainstream equities performing well despite higher valuations and geopolitical concerns.

The U.S. economic backdrop remained robust, with the Federal Reserve holding interest rates steady and Consumer Prices Inflation lower than expected at 3.4%. Treasury yields stayed above 4%, but liquidity improved as the Treasury issued more bills. The Fed's Quantitative Tightening will reduce to \$25 billion per month starting from June, supporting liquidity for 2024. Growth-oriented stocks, particularly in technology, performed well, with Nvidia's rapid growth making it larger than the entire German stock market.

While market positivity prevails, risks persist. When debt levels become uncomfortable for markets, government bond yields rise to compensate for higher capital repayment risks, effectively increasing interest rates. This impacts collateral such as real estate and other asset classes used for liability matching, posing challenges for banks, as seen with Silicon Valley Bank last year. The UK experienced similar issues under Mrs. Truss, with volatile Gilt yields until the Bank of England intervened. Europe's economic activity rebounded, particularly in Germany, with GDP growth and the Eurozone Purchasing Managers Index improving. Despite German inflation rising slightly to 2.4%, we expect ECB President Christine Lagarde to announce an interest rate cut in June, likely before the Federal Reserve.

In the UK, equities surged from a low base, while the Bank of England hinted at future rate cuts despite holding steady. UK inflation dipped to 2.3%, lower than the US and Eurozone. Gilt yields rose post the July 4th General Election announcement, anticipating a potential Labour government.

In Japan, economic growth persisted, aided by a weaker Yen and revised Bank of Japan policies, with MOF interventions to stabilize currency. Japanese inflation climbed to 2.6%, accompanied by higher wage settlements. Industrial metals, notably copper and silver, saw robust performance in May, alongside revaluations in gold, lithium, and uranium, amidst global deflation and rising demand. Geopolitical tensions persisted, with conflicts in Ukraine and Gaza, and escalated military activity between Taiwan and China, influencing market movements as the US election drew closer.

Portfolio changes included profit-taking in Japan and Europe, shorter duration in fixed income, and trimming emerging markets for a focus on US holdings. Overall, we are good shape year-to-date with performance and risk aligned and valuations moving steadily higher in a controlled manner.

At portfolio level, the SRI Defensive model benefited from its European equity exposure, with its highest performing fund being the Liontrust Sustainable Future European Growth fund. One of the fund's largest holdings is Alcon, a pharmaceutical and medical device company that specialises in ophthalmology. Alcon aims to improve lives, strengthen communities and create long-term value by innovating products that improve sight. They are committed to enabling communities to access critical eye care services, so that every person can see well.

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