

AB Core Plus Cautious Balanced

Data as at 31 December 2024

Investment Objectives

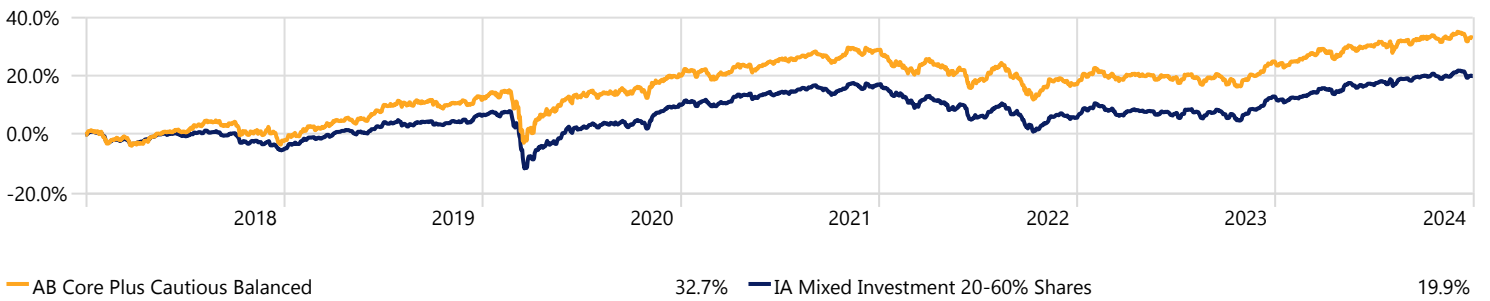
The portfolio aims to provide capital growth over the medium to long term, keeping within the prescribed volatility limits whilst investing in low cost ETFs or Index funds for the core and active funds for the satellite positions.

Key Facts

| | |
|---|----------------------------|
| Launch Date | 01 January 2018 |
| Base Currency | Pound Sterling |
| Comparator Benchmark | IA Mixed Investment 20-60% |
| Model Portfolio Service Charge (No VAT Charged) | 0.25% |
| Underlying Fund Costs | 0.33% |
| Total Portfolio Cost | 0.58% |

Investment Growth

Time Period: 01/01/2018 to 31/12/2024



Performance Summary

| As at 31 December 2024 | 3 Month | 6 Month | 1 Year | 3 Year | 5 Year | Since Inception | YTD | 2024 | 2023 | 2022 | 2021 |
|-----------------------------------|---------|---------|--------|--------|--------|-----------------|------|------|------|-------|------|
| AB Core Plus Cautious Balanced | 0.08 | 1.85 | 6.27 | 3.05 | 18.76 | 32.74 | 6.27 | 6.27 | 6.63 | -9.07 | 7.29 |
| IA Mixed Investment 20-60% Shares | 0.06 | 2.37 | 6.18 | 2.49 | 12.76 | 19.91 | 6.18 | 6.18 | 6.86 | -9.67 | 6.31 |

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

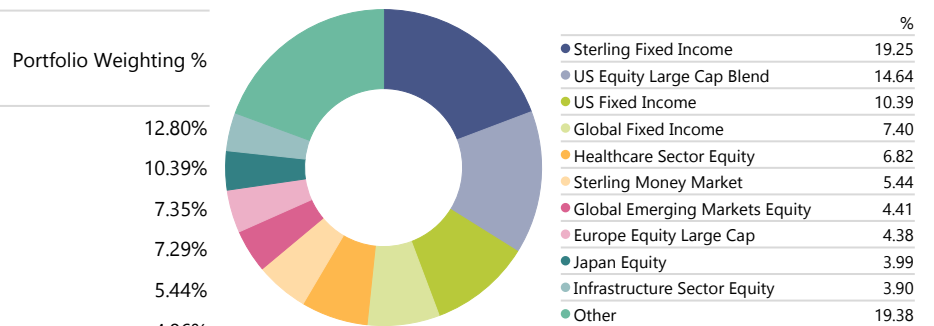
Top 10 Holdings

Portfolio Date: 31/12/2024

| Portfolio Weighting % |
|--|
| Royal London Short Duration Gilts M Inc |
| Vanguard U.S. Govt Bd Idx £ H Acc |
| iShares North American Eq Idx (UK) D Acc |
| Fidelity Index US P GBP Acc H |
| L&G Cash Trust I Acc |
| Schroder Global Healthcare Z Acc |
| Man High Yield Opports Profll Acc C |
| Vanguard FTSE Dev €pe ex-UK Eq Idx £ Acc |
| Vanguard Jpn Stk Idx £ Acc |
| Neuberger Berman Commodities GBP I Acc |

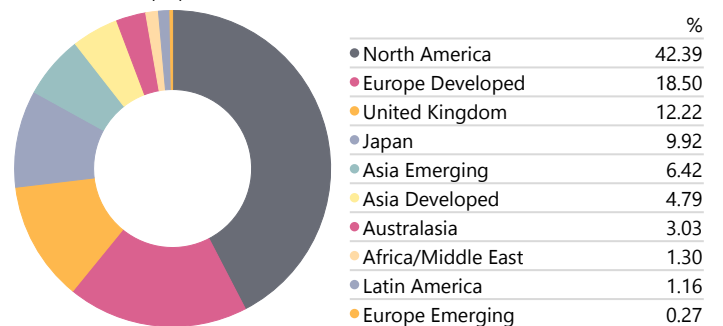
Asset Allocation

Portfolio Date: 31/12/2024



Equity Regional Exposure

Portfolio Date: 31/12/2024



Manager Commentary

December brought record inflows into US equities, but Treasury yields climbed, and China's economic struggles worsened. Federal Reserve Chairman Jerome Powell's hawkish comments unsettled markets, cutting short the anticipated Santa rally.

While Wall Street leads global equities, China's bond market remains critical due to its manufacturing dominance. Chinese 10-year bond yields fell to 1.78% in 2024, reflecting debt deflation rather than rate-cut expectations. China's colossal debt, deflationary pressures, and aging population exacerbate challenges, compounded by tariffs and a strong US dollar. Further Yuan devaluation, stimulus, and potential US-China negotiations under President-elect Trump are likely.

US equities had a stellar 2024, with indices rising over 20%, though gains were concentrated in fewer companies. Valuations now rely on double-digit earnings growth supported by lower interest rates, tax cuts, and onshoring policies. However, \$7 trillion in US debt refinancing in 2025 will require substantial liquidity from banks and the Federal Reserve. Meanwhile, physical and digital gold thrived on currency debasement, though a strong US dollar continues to strain global dollar-denominated debt.

The Fed's December rate cut to 4.25-4.5% was overshadowed by Powell's hawkish tone, dampening the year-end rally. Scott Bessent's appointment as Treasury Secretary may signal a shift toward longer-term funding strategies. The impending US debt ceiling debate adds further uncertainty.

In Europe, recession risks loom as energy costs rise, German manufacturing falters, and Russian gas supplies face disruption. The ECB has cut rates ahead of the Fed to support struggling Eurozone economies, but geopolitical energy concerns persist. Inflation nudged higher due to energy costs, while wages fell. We anticipate QE-like stimulus from the ECB in 2025 to counter these pressures.

In the UK, inflation has prompted the Bank of England to hold rates steady, straining an economy in need of lower borrowing costs. Growth forecasts have been downgraded, and Labour's taxation plans offer little encouragement. Meanwhile, 10-year Gilt yields rose to 4.6%, reflecting debt woes. Despite challenges, UK equities present value opportunities for patient investors, with dividend stocks remaining attractive for income portfolios.

In Japan, the Bank of Japan faces a trilemma: rising imported inflation (USD/JPY at 158), reluctance to raise rates, and a debt/GDP ratio of 264%. Rate hikes could worsen fiscal deficits, while Chinese devaluation may pressure Japanese manufacturers.

The tech sector and emerging markets delivered positive returns for the month, while healthcare, sustainable funds, mid-cap and long-duration bond funds recorded negative performance.

Globally, the US remains robust, while other markets struggle. The strong US dollar hampers global debt and trade, benefiting few. As 2025 unfolds, we recommend balancing optimism with caution. Maintaining exposure while staying vigilant for volatility will be key. As stated before, enjoying the market's gains while staying near the exit will be a prudent strategy in the months ahead.

Platform Availability



Important Information

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