

## AB Sustainable Balanced

Data as at 30 November 2024

### Investment Objectives

Our objective is to outperform UK CPI +2% over the medium to long term, keeping within the prescribed volatility limits whilst investing in low-cost ETFs or Index funds, physically invested and with a low tracking error. To achieve the investment objective, we deploy quantitative and qualitative techniques and extensive research that shape our macroeconomic views. The AB Sustainable Balanced invests a minimum core of 80% in funds that are sustainable and contribute positively to either the environment or society, and that provide solutions to global issues. The sustainable models are aligned to the core model's risk first asset allocation, utilising passive instruments, whilst remaining a cost effective solution to responsible investing.

### Key Facts

Launch Date	01 March 2021
Base Currency	Pound Sterling
Benchmark	IA Mixed Investment 20-60% Shares
Model Portfolio Service Charge (No VAT Charged)	0.25%
Underlying Fund Costs	0.53%
Total Portfolio Cost	0.78%

### Investment Growth

Time Period: 01/03/2021 to 30/11/2024



### Performance Summary

As at 30 November 2024	3 Month	6 Month	1 Year	3 Year	5 Year	Since Inception	YTD	2023	2022	2021	2020
AB Sustainable Balanced	1.89	4.39	11.45	-3.48	24.22	5.45	7.09	7.24	-15.85	7.92	18.75
IA Mixed Investment 20-60% Shares	1.73	4.49	11.39	4.87	15.36	10.54	7.29	6.86	-9.67	6.31	3.49

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

The portfolio launched on 01 March 2021. Performance data prior to this date is for illustration purposes only and is backed tested performance using the asset allocation of the portfolio at launch.

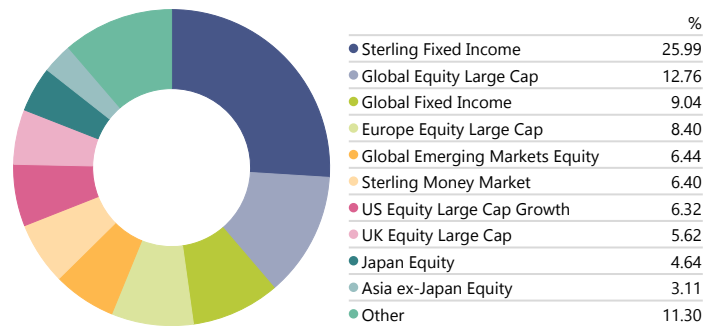
### Top 10 Holdings

Portfolio Date: 30/11/2024

Portfolio Weighting %	
Vanguard ESG Dev Eurp Idx £ Acc	8.40%
Vanguard ESG Em Mkts All Cp Eq Idx £ Acc	6.44%
L&G Cash Trust I Acc	6.40%
Brown Advisory US Sust Gr GBP B Inc	6.32%
Baillie Gifford High Yield Bond B Acc	6.15%
EdenTree Responsible & Sust Stlg B	6.01%
RLBF II Royal London Ethical Bond Z Inc	6.01%
Liontrust Sust Fut Gbl Gr 2 Net Acc	5.12%
Janus Henderson Global Sust Eq I Acc	5.08%
Royal London Sustainable Leaders C Acc	4.97%

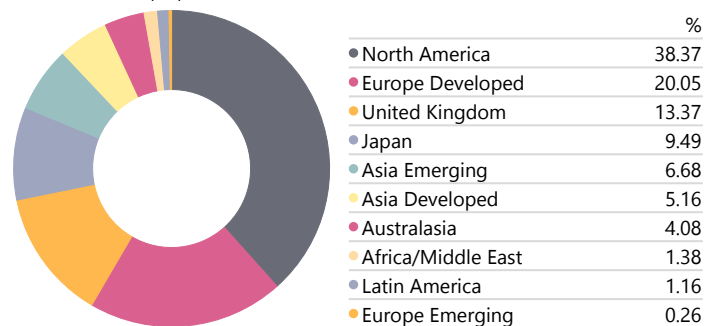
### Asset Allocation

Portfolio Date: 30/11/2024



### Equity Regional Exposure

Portfolio Date: 30/11/2024



## Manager Commentary

November saw buoyant stock markets and Donald Trump's decisive victory in the U.S. presidential election. Markets rallied on optimism surrounding pro-business policies, with equities hitting new highs and cryptocurrencies advancing. Surprisingly, U.S. Treasury yields fell from 4.4% to 4.2%, defying inflationary expectations. The dollar index surged and ended the month around 107 slightly below the high of the month of 108, as geopolitical tensions eased, including a Lebanon ceasefire and hopes for U.S.-Russia compromise on Ukraine.

A second Trump presidency signals deregulation, onshoring, and economic growth, with bold targets like 3% real GDP growth and energy expansion. Key reforms in immigration and healthcare, led by prominent loyalists, promise dramatic policy shifts. Mr Scott Bessent, the proposed Treasury Secretary, will target a "3-3-3" policy; 3% real GDP growth, 3 million more barrels of oil production per day and a 3% budget deficit – which the markets have certainly initially applauded. However, once in the office, we will gauge the implementation of such policies. We are cognizant of the debt servicing costs and issuance policy changes that may come with the new administration.

At home the economic outlook appears bleak. Inflation rose to 2.3%, GDP growth slowed to 0.1%, and private sector output shrank for the first time in a year. Chancellor Rachel Reeves's borrowing plans and higher employer costs have triggered job cuts and stalled expansions, while green policies forced major factory closures. Bond yields hit 4.53%, reflecting investor concerns. Labour's growth ambitions have struggled, prompting caution on increasing UK allocations at this time.

Europe's outlook remains mixed, with weak industrial performance (e.g., VW profits down 64%) and rising unemployment. Bright spots include Novo Nordisk in pharma and Siemens Energy, outperforming Nvidia on energy infrastructure demand. Japan's stock market has performed well, but future growth may slow as the yen weakens and the BOJ balances inflation, currency, and growth. China's modest stimulus struggles to revive its economy, with limited benefits to equities. Emerging markets face challenges from dollar strength. Gold steadied at \$2,600, while Bitcoin surged toward \$100,000. Copper remains subdued, reflecting weak global demand evidenced by the Global Manufacturing PMIs, while uranium prices diverge from energy equities.

November saw strong performance in US small and mid-cap funds, nearing double-digit returns, followed by tech funds. Clean energy funds posted gains, while European equity funds struggled during the month.

In November, we trimmed Japanese equities after meeting targets, reallocating to cash. Portfolios performed well, anticipating 2025 growth under supportive U.S. policies. Positioned cautiously amid optimistic equity valuations.

At a portfolio level, the Sustainable Balanced model benefited from its US equity exposure. Of the portfolio's top holdings, the best performing fund was the Brown Advisory US Sustainable Growth fund. One of the fund's largest holdings is KKR, who are a leading global investment firm that manages multiple alternative asset classes, including private equity, credit and real assets. KKR have invested over \$40bn in equity committed to sustainability-focused investments, including \$30bn+ committed to climate and environmental sustainability investments since 2010. Launched in 2018, the KKR Global Impact strategy seeks to help investors achieve meaningful financial outcomes by helping to solve important societal challenges. They aim to invest in prominent companies where financial performance and positive societal impact are aligned, across four investment themes: climate action, sustainable living, lifelong learning, and inclusive growth.

## Platform Availability



## Important Information

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