AB Sustainable Cautious

Data as at 28 February 2025

Investment Objectives

The portfolio aims to provide capital growth over the medium to long term, keeping within the prescribed volatility limits whilst investing, where appropriate, in low cost ETFs or Index funds, physically invested and with a low tracking error.

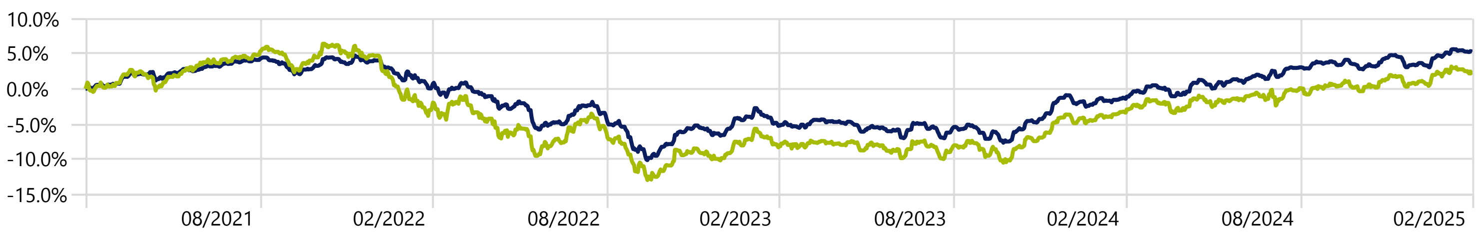
AB Sustainable Cautious invests a minimum core of 80% in funds that are sustainable and contribute positively to either the environment or society, and that provide solutions to global issues. The sustainable models are aligned to the core model's risk first asset allocation, utilising both thoroughly researched active and 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 0-35% Shares
Model Portfolio Service Charge (No VAT Charged)	0.25%
Underlying Fund Costs	0.52%
Total Portfolio Cost	0.78%

Investment Growth

Time Period: 01/03/2021 to 28/02/2025



AB Sustainable Cautious	2.00%	IA Mixed Investment 0-35% Shares	5.28%

Performance Summary

As at 28 February 2025	3 Month	6 Month	1 Year	3 Year	5 Year	Since Inception	YTD	2024	2023	2022	2021
AB Sustainable Cautious	0.60	1.90	5.58	4.78	12.68	2.00	1.26	4.57	6.88	-13.96	3.32
IA Mixed Investment 0-35% Shares	0.83	2.15	6.81	4.91	9.01	5.28	1.82	4.37	6.06	-10.22	2.57

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.

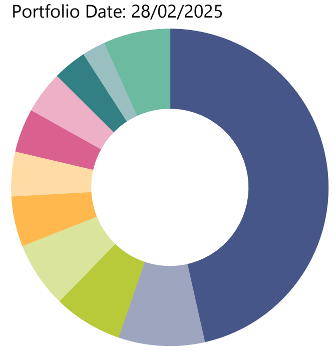
Top 10 Holdings

Portfolio Date: 28/02/2025

	Portfolio Weighting %
RLBF II Royal London Ethical Bond Z Inc	10.13%
EdenTree Responsible & Sust Stlg B	10.05%
EdenTree Responsible & Sust Shrt Dtd B	9.73%
CT Responsible Sterling Corp Bd C Inc	9.72%
L&G Cash Trust I Acc	8.78%
Baillie Gifford High Yield Bond B Acc	6.11%
iShares Jpn Eq ESG Scrn & Optd IdxUKDAcc	5.10%
CT Responsible UK Equity 2 Acc	4.55%
Liontrust Sust Fut Eurp Gr 2 Net Acc	4.44%
Vanguard ESG Em Mkts All Cp Eq Idx £ Acc	4.33%

Asset Allocation

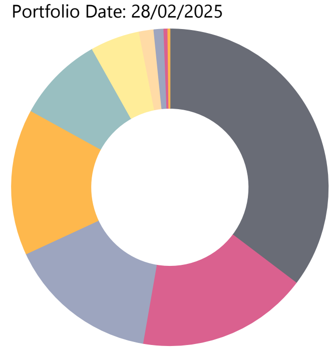
Portfolio Date: 28/02/2025



	%
Sterling Fixed Income	46.49
Sterling Money Market	8.78
Global Equity Large Cap	7.01
Global Fixed Income	6.74
Japan Equity	5.10
UK Equity Large Cap	4.55
Europe Equity Large Cap	4.44
Global Emerging Markets Equity	4.33
US Equity Large Cap Growth	3.43
Infrastructure Sector Equity	2.39
Other	6.73

Equity Regional Exposure

Portfolio Date: 28/02/2025



	%
North America	35.32
Europe Developed	17.43
Japan	15.36
United Kingdom	14.92
Asia Emerging	8.84
Asia Developed	5.04
Africa/Middle East	1.49
Latin America	1.01
Australasia	0.40
Europe Emerging	0.19

Source: Morningstar Direct

Data as at 28 February 2025

Manager Commentary

President Trump's return to the geopolitical stage stirred uncertainty and is unsettling markets. Trump's policies appear to be inconsistent with respect to tariffs and fiscal spending cuts. The duration of U.S. tariffs will dictate their economic impact, influencing consumer and business sentiment, and weakening employment, worsened by government spending cuts under DOGE.

International equities have outperformed U.S. indices this year, driven by capital outflows, tighter liquidity, and investor recalibration in response to Trump's policies.

Geopolitical tensions, weaker U.S. consumer confidence, sticky inflation (0.3% in January), and a flash GDP report showing 2.5% year-on-year growth compounded challenges. Interest rates are unlikely to be cut until later this year, and the VIX Volatility Index spiked up. While volatility can be unsettling, it is often a prerequisite for achieving higher long-term returns. Our managers maintain portfolio risk at predefined levels.

PCE inflation, the Fed's preferred measure, sits at 2.5% and the Truflation gauge at 1.35% points to lower upcoming inflation prints. The robust Q4 earnings season saw 74% of S&P 500 companies exceed forecasts. While technology underperformed, the healthcare and energy sectors are rebounding.

Drawing parallels to Trump's first term, a stronger dollar and higher bond yields initially gave way to stimulative policies supporting trade and equities. Efforts to reduce U.S. debt—including monetising assets and cutting costs — are underway, with the Department for Government Efficiency reporting $155 billion in savings.

In Europe, despite economic and political challenges, German stocks reached record highs, buoyed by expectations of defence spending. Diversified earnings across regions continue to drive performance, reinforcing our commitment to European equities despite the broader economic backdrop.

In the UK, inflationary pressures are rising, with the Bank of England revising 2025 GDP growth down to 0.75% due to a weaker labour market and moderating wage growth. Inflation is expected to peak at 3.7% in Q3 before easing, amid modest interest rate cuts, echoing 1970s stagflation.

In Japan, stronger consumer spending is needed to sustain inflation targets, but rising energy and food prices complicate the Bank of Japan's cautious approach. China faces a slowdown, with 5% GDP growth hindered by weak demand and property sector struggles. Though policy stimulus and stock market recovery point to some change in Chinese policy.

The tech sector and U.S. equities saw weak returns, while European funds, dynamic bond funds, and income funds delivered positive performance.

Globally, portfolios benefited from higher cash positions and European equities. We remain confident in resumed growth after this period of turbulence and policy uncertainty.

Risk remains anchored firmly in line with relevant volatility corridors.

At a portfolio level, the Sustainable Cautious model benefited from its ethical fixed income exposure. Of its top holdings, one of the highest returning funds was the Royal London Ethical Bond fund. One of this fund's largest holdings is an International Finance Facility (IFF), which is a bond issued against the security of donor government guarantees, to sustain future aid flows for the purpose of international development. The IFF were designed to frontload aid to help meet the Millennium Development Goals, which were later succeeded by the UN Sustainable Development Goals.

Platform Availability

abrdn AEGON AJBell AVIVA Fundment FundsNetwork M&G wealth novia global nucleus Parmenion Quilter SCOTTISH WIDOWS transact take control wealthtime

Important Information

Financial advisers can find further information at www.alphabetapartners.co.uk or via telephone at 020 8152 5120. We ask clients to please go to their financial adviser with any queries or information requests.

If you would like this document in large print or in another format, please contact us.

Source: Morningstar Direct