

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 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 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 20-60% Shares
Model Portfolio Service Charge (No VAT Charged)	0.25%
Underlying Fund Costs	0.52%
Total Portfolio Cost	0.77%

Investment Growth

Time Period: 01/03/2021 to 31/01/2025



Performance Summary

As at 31 January 2025	3 Month	6 Month	1 Year	3 Year	5 Year	Since Inception	YTD	2024	2023	2022	2021
AB Sustainable Balanced	4.02	4.48	9.62	7.14	24.54	7.54	2.98	6.05	7.24	-15.85	7.92
IA Mixed Investment 20-60% Shares	2.95	3.74	9.12	8.33	15.44	11.99	2.38	6.18	6.86	-9.67	6.31

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.

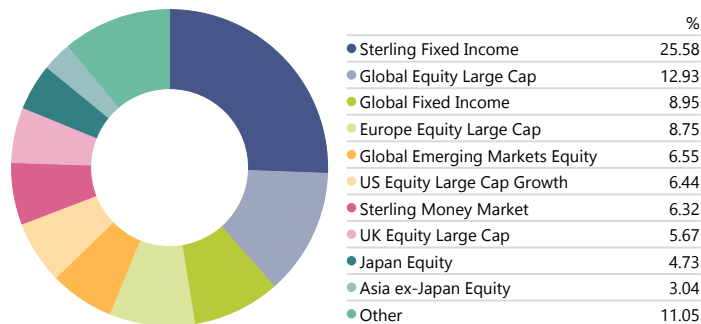
Top 10 Holdings

Portfolio Date: 31/01/2025

Portfolio Holding	Portfolio Weighting %
Vanguard ESG Dev Eurp Idx £ Acc	8.75%
Vanguard ESG Em Mkts All Cp Eq Idx £ Acc	6.55%
Brown Advisory US Sust Gr GBP B Inc	6.44%
L&G Cash Trust I Acc	6.32%
Baillie Gifford High Yield Bond B Acc	6.09%
RLBF II Royal London Ethical Bond Z Inc	5.94%
EdenTree Responsible & Sust Stlg B	5.89%
Liontrust Sust Fut Gbl Gr 2 Net Acc	5.28%
Janus Henderson Global Sust Eq I Acc	5.07%
Royal London Sustainable Leaders C Acc	5.01%

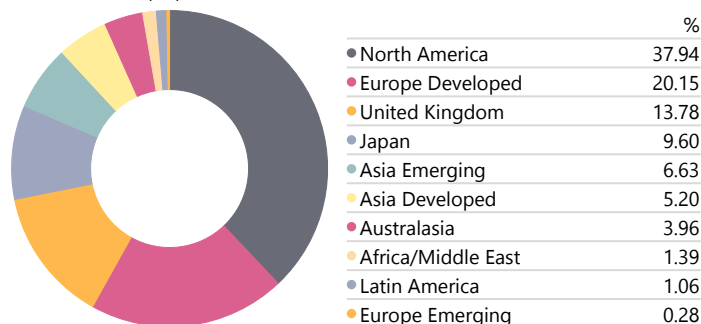
Asset Allocation

Portfolio Date: 31/01/2025



Equity Regional Exposure

Portfolio Date: 31/01/2025



Manager Commentary

The year began with heightened equity market volatility, coinciding with Donald Trump's presidency. Despite this, the outlook remains business and market-friendly, with expected fluctuations keeping investors alert. The US economy shows robust health, with real GDP growth at 3.2%, strong jobs data, and a rebound in manufacturing, prompting the Federal Reserve to maintain interest rates.

We expect the Trump 2.0 presidency to be more structured than his unpredictable first term. As Machiavelli noted, it's better for a leader to be feared than loved. Trump's *The Art of the Deal* reflects his enduring approach, with U.S. hegemony likely his top priority. A \$500 billion private investment in AI, through Project Stargate, aims to bolster America's technological edge, though China's DeepSeek launch briefly unsettled markets. Tariffs may spur inflation or prevent deflation, with early moves against Canada, Mexico, and China hinting at slower growth and potential inflationary pressures. Core PCE held at 2.8% in December, keeping the Fed on hold. The dollar fluctuated in January but strengthened as tariffs were imposed, with the Dollar Index nearing 110. A weaker dollar could aid global markets, but tariffs currently correlate with dollar strength. Meanwhile, the U.S. faces \$10 trillion in debt refinancing by 2025, with Treasury strategies yet to be clarified, impacting bond markets. The 10-year Treasury yield ended January at 4.56%.

In Europe, economic performance remains weak, with Germany and France struggling while Spain leads. A Ukraine settlement could bring a peace dividend, boosting markets. German inflation fell to 2.3%, suggesting overdue rate cuts. While economic growth and stock performance diverge, cautious optimism prevails. The UK's fiscal position remains strained, with December borrowing hitting £17.8 billion — the highest in four years — and the annual deficit reaching £129.9 billion, surpassing OBR forecasts. Chancellor Rachel Reeves defends her tax policies as growth-focused, signalling readiness for new measures if needed. Trade optimism grows as the UK seeks US carve-outs, while fiscal and macroeconomic challenges weigh on equities. Despite strong retailer updates, FTSE 100 earnings growth is projected at 6% for 2025, trailing Europe's 8%. Gift yields peaked before retreating on softer data.

China grapples with debt, a shrinking population, and export reliance, facing tariff hurdles amid a \$2 trillion US surplus. Exports to Asian markets are rising, while equities stagnate, interest rates fall to 3.1%, and the Yuan weakens. China's AI advancements, like DeepSeek, mark its global tech ambitions. Japan's BOJ may cautiously raise rates, balancing inflation control with export challenges amid a 264% debt/GDP ratio. Commodity prices are firm, with gold hitting record highs and copper signalling growth. Oil remains steady despite Trump's "drill baby drill" push, while natural gas demand rises, driven by Asia and tight supply.

Healthcare, commodities, and energy performed well, while infrastructure and bonds were flat.

We've maintained a modest cash weighting, awaiting clarity on U.S. debt policy. Tariffs may slow growth and drive short-term inflation, but GDP remains strong. With volatility returning, our portfolio performance remains solid and aligned with expectations.

At a portfolio level, the Sustainable Balanced model benefited from its European equity exposure. Of the portfolio's top holdings, the best performing fund was the Vanguard ESG Developed Europe Index fund. One of the fund's largest holdings is ASML, who develop and manufacture photolithography machines for the semiconductor industry. ASML aim to contribute to a digital, sustainable future. Increasing digitalisation can assist society to become more environmentally and socially sustainable for all. It relies on the semiconductor industry's ability to produce faster, more powerful microchips that are energy-efficient and affordable. ASML aims to continue to expand computing power but with minimal waste, energy use and emissions, so their sustainability efforts focus on energy efficiency, climate action and a circular economy.

Platform Availability



Important Information

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