tam enhanced passive

# ENHANCED PASSIVE GBP MODEL PORTFOLIOS

RISK PROFILE: BALANCED (MEDIUM RISK) DATE: 30 JUNE 2024

## PORTFOLIO OBJECTIVE

This model comprises solely passive investment vehicles (such as unit trusts and exchange traded funds) that simply track a market and aim to deliver returns reflective of how that market is performing. Asset classes you could find in this portfolio are government bonds, corporate bonds, alternatives and cash. Property and exchange traded commodities may all feature within the alternatives classification.

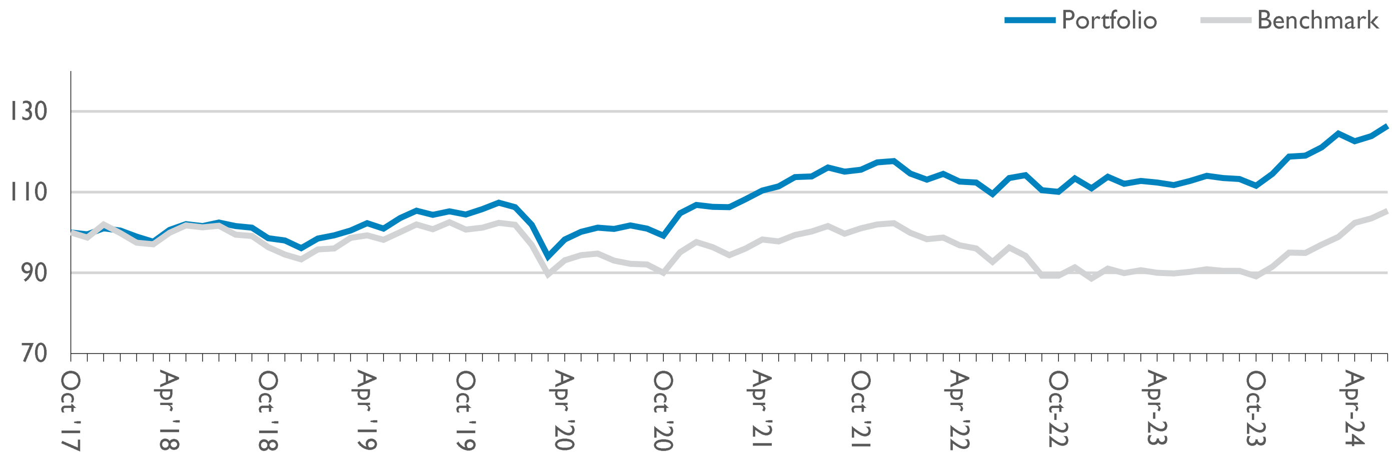
The portfolio seeks to generate capital growth over the medium term (5 years or more), with the aim of riding out short-term fluctuations in value. Portfolios will typically comprise 50% equity and 50% non-equity, though weightings may deviate within set parameters, allowing managers to react to market conditions.

## KEY INFORMATION

| | |
|---|---|
| Portfolio Benchmark | Bloomberg Global EQ:FI 50:50 |
| Inception Date | 01/10/2017 |
| Minimum Investment | Any size |
| TAM Annual Management Charge | 0.15% |
| TAM Platform Fee | 0.25% |
| Underlying OCF | 0.13% |

*Please note that the information in this document refers to the model directly on the TAM Platform. The model is also available on a range of other third party platforms where underlying holdings, performance and charges may vary. Please get in touch if you would like more information.*

## PERFORMANCE




| | Cumulative Return % | | | | | |
|---|---|---|---|---|---|---|
| | 3 Month | 6 Month | 1 Year | 3 Year | 5 Year | Inception |
| **Portfolio** | 1.38 | 6.29 | 12.22 | 11.17 | 22.11 | 27.38 |
| **Benchmark** | 0.47 | 4.57 | 10.07 | 6.20 | 7.65 | 5.80 |
| **Difference** | 0.91 | 1.72 | 2.15 | 4.97 | 14.46 | 21.58 |

| | Calendar Year Returns % | | | | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 YTD |
| **Portfolio** | -0.50 | 10.16 | -5.72 | 7.20 | 6.29 |
| **Benchmark** | -6.18 | 10.25 | -8.21 | 7.17 | 4.57 |
| **Difference** | 5.68 | -0.09 | 2.49 | 0.03 | 1.72 |

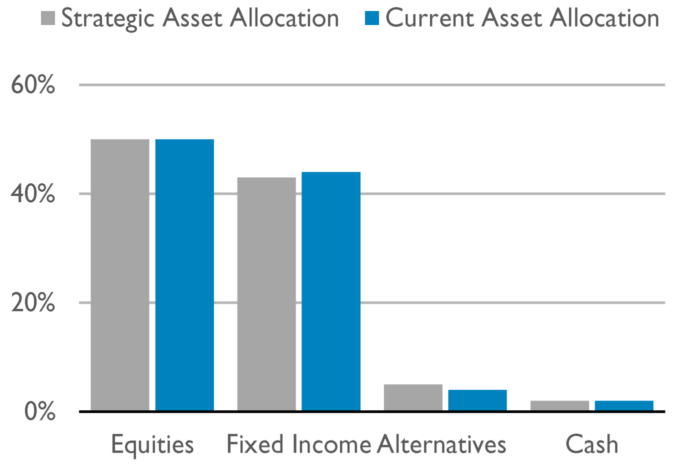
*All performance figures are net of TAM's investment management fee.*

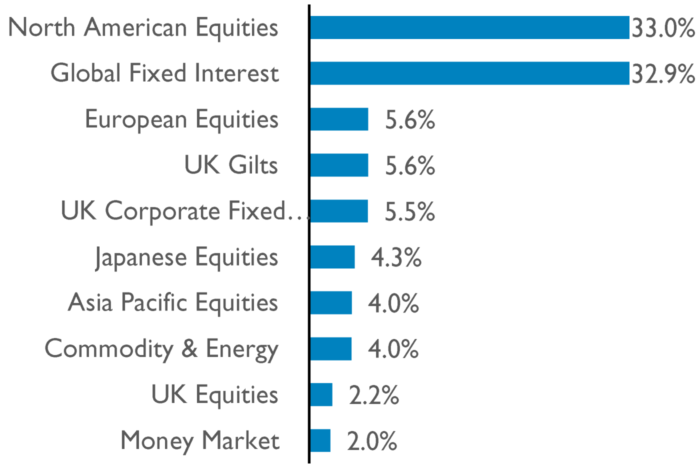
## RISK

| | Volatility % | | | Maximum Drawdown % | | |
|---|---|---|---|---|---|---|
| | 1 Year | 3 Years | 5 Years | 1 Year | 3 Years | 5 Years |
| **Portfolio** | 6.03 | 6.34 | 7.51 | -2.19 | -6.95 | -12.41 |
| **Benchmark** | 6.13 | 6.61 | 7.83 | -2.35 | -8.86 | -13.62 |
| **Difference** | -0.10 | -0.27 | -0.32 | 0.16 | 1.91 | 1.21 |

## STRATEGIC V CURRENT ASSET ALLOCATION




## TOP 10 ASSET ALLOCATION




## PORTFOLIO ACTIVITY

The portfolios saw no active management trades in Q2 2024. We monitored the strategy and remain comfortable with our exposure. We believe this portfolio offers a well-diversified, enhanced strategy with passive investments at its core.

## TOP 10 PORTFOLIO HOLDINGS %

| | | |
|---|---|---|
| 1) | Invesco Perpetual Corporate Bond ETF Dist GBP | 12.50 |
| 2) | Amundi Prime Global Govies UCITS ETF DR GBP Acc | 12.50 |
| 3) | SSGA SPDR S&P 500 UCITS ETF UH Acc GBP | 11.50 |
| 4) | T. Rowe Price US Research Equity I9 Acc GBP | 10.00 |
| 5) | Invesco Perpetual High Yield Bond ETF Acc GBP | 6.00 |
| 6) | HSBC Multi Factor US Equity Acc GBP | 5.00 |
| 7) | iShares Emerging Markets Equity Index D Acc GBP | 5.00 |
| 8) | JP Morgan Global Research Enhanced Idx Eq ETF UCITS Acc GBP | 5.00 |
| 9) | Amundi Prime US Treasury ETF GBP Acc | 5.00 |
| 10) | Invesco Markets II UK Gilts UCITS ETF GBP Acc | 5.00 |

## QUARTERLY REVIEW

Q2 was another strong month for the global equity market, with a 2.66% rally in the global equity index which TAM benchmark against. We remain in a market dominated by AI, and mega-cap US names returning a 4.14% positive return. However, a high proportion of that return is being attributed to a small number of stocks. Specifically, Microsoft, Nvidia, Eli Lilly and Meta make up 55% of the returns from the S&P 500 in the first 6 months of the year, with Nvidia delivering nearly 35% of that gain. This makes it a size and scale within the US market able to move the entire market direction on its own. However, this quarter also saw the UK return strongly from previous lows, led by smaller companies, while Europe looked fairly strong until it suffered amid general election uncertainty in France. On the bond side, it was a negative quarter for the index of corporate and sovereign debt. There were however pockets of stronger performance in emerging market debt and higher yielding bonds. The lion's share of fixed income securities has been held back this year by the increasingly lower expectations of rate cuts in 2024, starting with six quarter point cuts for the US at the start of the year, now down to one or two.

## QUARTERLY OUTLOOK

The second half of the year will continue to be dominated by interest rates, elections, and the concentration in US markets of the mega-cap names. Whilst we see support for these stocks remaining, we are conscious that the rally in these names is prone to upsets from missed earnings or guidance downgrades, which could create a more volatile second half of the year for these behemoth stocks. On rate cuts, we see both Europe and the UK cutting again, perhaps in September with a 0.25% reduction in the headline rate. We think the US Federal Reserve will also begin to cut rates in Q4. Having said that, inflation as we know is not linear, and will continue to deliver both negative and positive surprises. This means that we can expect to see further volatility from interest rates and thus markets, which continue to oscillate around the direction of US inflation. Logically, the rate cutting cycle in the US is positive for bonds in both corporate and sovereign markets, but this will likely come under pressure again as Trump potentially takes back the White House and approaches the bond market for unfunded stimulus. We see the UK at a turning point off the back of the Labour landslide and expect to see some longer-term policies for growth being enacted - a step change from a Conservative party which recently largely sat on its hands.

## RISK RATINGS

This model is rated 5 out of 8 on the TAM Risk Scale.

## PLATFORM AVAILABILITY

The model is available on the following third party platforms:

| | |
|---|---|
| 7IM | Novia Global |
| Abrdn | Nucleus |
| Aviva | Quilter |
| Fidelity | Transact |
| Morningstar Wealth | |

## AWARDS

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### IMPORTANT INFORMATION