

## MKC Invest Income Focus 5 August 2024

### Portfolio Objective:

The MKC Invest Income Focus portfolio 5 aims to provide a natural distribution yield from a diversified portfolio of collective investments managed such that the risk level of the portfolio will be suitable for an investor at level 5 on the MKC "Baseline" scale of investment risk. The yield target will be at least 200% of the relevant benchmark yield over a rolling 12-month period. The portfolio aims to outperform the yield of this strategic asset allocation over the course of a market cycle through active asset allocation and the selection of predominantly higher-yield actively managed funds from a range of providers. While long-term capital growth is a reasonable expectation from the portfolio given its underlying asset exposures, this portfolio will be measured solely by its distribution yield.

Inception Date: 01.07.2024

MKC Wealth  
Risk Rating

Equity Target

Balanced

50%

Baseline Benchmark 5:  
50% Morningstar Global Target Market Exposure  
50% Morningstar Global Core Bond (GBP) Hedged

### Market Overview:

The start of August saw a wave of equity market selling as weaker US data suggested the world's largest economy might be slowing. The strength of the sell-off seemed an overreaction to us, amplified by typically low summer trading volumes and the hangover from the AI and Japanese led retraction in July. This proved to be the case, with a strong rebound taking markets back close to their pre-July highs. Talk returned to a "soft landing" for the US economy as opposed to a recession.

The bond market was able to fulfil its traditional role as a counterbalance to equities, and as the talk of a possible recession started yields moved lower in anticipation of faster rate cuts from the Federal Reserve pushing bond values higher. Although this movement reversed slightly as more recent data dampened the fears of a recession, the Federal Reserve Chair (Jerome Powell) used his annual speech to policymakers at Jackson Hole to strongly hint at a first interest rate cut in September.

In the UK, the Bank of England reacted to July's inflation falling to its long-term target of 2% by cutting interest rates by 0.25%. The inflation figure is likely to tick up slightly for August, however, making a further rate cut in September unlikely.

The Euro area also saw inflation fall during the month and, with Germany in recession, there seems a good chance that they will make a further cut to interest rates shortly.

### Historic Performance\*

Time Period: 06/09/2019 to 05/09/2024



— Baseline Benchmark 5

25.6%

### Calendar Year Returns\*

Data Point: Return Calculation Benchmark: Baseline Benchmark 5

	2019	2020	2021	2022	2023
Baseline Benchmark 5	14.05	9.56	8.42	-10.44	10.45

### Cumulative Return\*

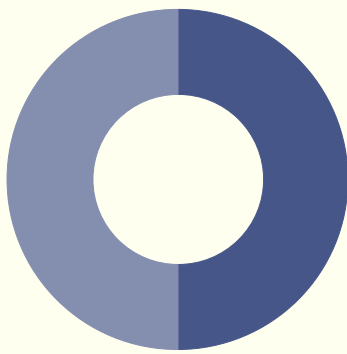
Data Point: Return Calculation Benchmark: Baseline Benchmark 5

	YTD	3 Months	6 Months	1 Year	3 Years	5 Years
Baseline Benchmark 5	6.43	1.67	4.18	11.67	6.65	25.56

\*\*To comply with FCA regulations we are unable to provide performance numbers for this portfolio until it has a track record of at least 12 months. For context, we have provided the historic performance of the suitable benchmark but this must not be taken as an indication of likely future performance.

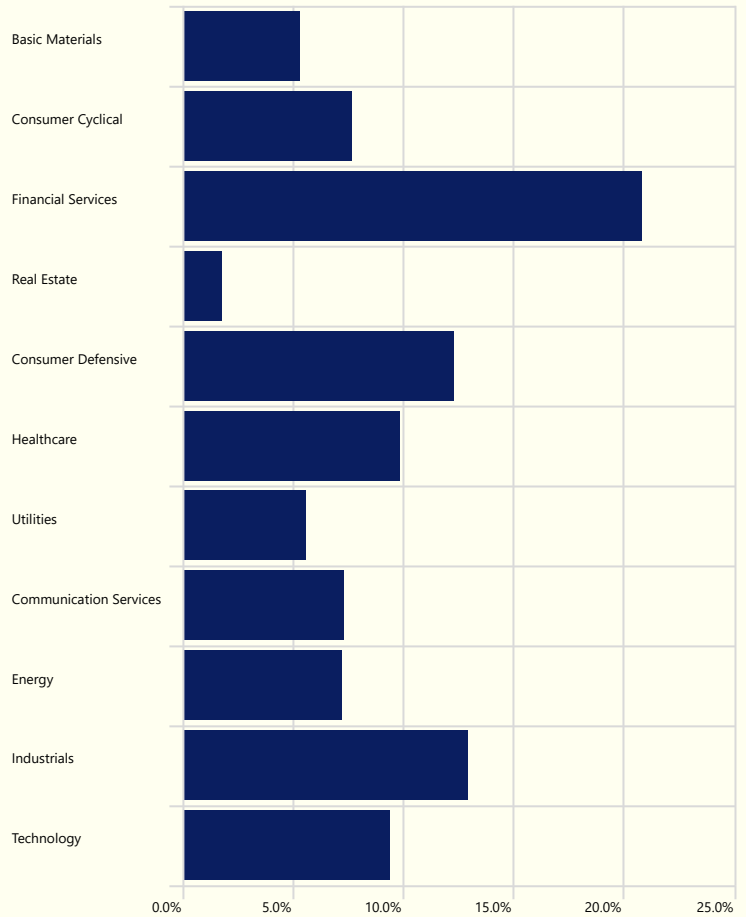
## Asset Allocation - MKC Invest Income Focus 5

Portfolio Date: 10/01/2024



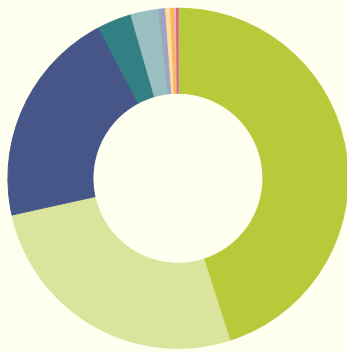
	Weighting (%)
Equity	50.0
Bond	50.0
<b>Total</b>	<b>100.0</b>

## Equity Sector Exposure



## Equity Regional Exposure - MKC Invest Income Focus 5

Portfolio Date: 31/08/2024



Region	Weighting (%)
United Kingdom	45.1
Europe dev	26.5
North America	20.7
Asia dev	3.3
Asia emrg	2.7
Latin America	0.6
Africa/Middle East	0.5
Europe emrg	0.4
Japan	0.2
Australasia	0.1
<b>Total</b>	<b>100.0</b>

## Top 10 Underlying Securities:

Security	Portfolio Weighting %
Shell PLC	1.34
AstraZeneca PLC	1.25
HSBC Holdings PLC	1.08
Unilever PLC	1.04
5 Year Treasury Note Future Sept 24	0.91
BP PLC	0.78
GSK PLC	0.77
Microsoft Corp	0.67
Apple Inc	0.62
NVIDIA Corp	0.61

## Funds:

Funds	Portfolio Weighting %
Vanguard U.S. Govt Bd Idx £ H Dist	12.00
Schroder US Eq Inc Mxmsr Fund L Inc £	10.00
Vanguard Global Credit Bond Inv GBPH Inc	10.00
Fidelity Enhanced Income W Inc Monthly	7.00
Schroder UK-Listed Equity Inc MxmsrZ£Inc	7.00
Jupiter Monthly Income Bd U1 GBP Inc	6.00
Polar Cptl Eurp Ex UK Inc I Inc	6.00
Aegon High Yield Bond GBP B Inc	5.00
Artemis Strategic Bond I Monthly Inc	5.00
Fidelity Global Enhanced Income W Mlthly	5.00
Invesco European Equity Inc UK Z Inc	4.00
M&G Dividend GBP I Inc	4.00
WS Gresham House UK Mlt Cap Inc C £ Inc	4.00
Artemis SmartGARP Glb EM Eq I Inc GBP	3.00
ArtemisFds(Lux) SD Glb HY Bd FI GBP IncH	3.00
L&G All Stocks Gilt Index I Inc	3.00
M&G Short Dated Corp Bd GBP I Inc	3.00
MI TwentyFour Core Corp Bd A Grs Inc	3.00

## Costs and Charges:

Underlying fund costs:	0.51%
DIM Charge:	0.20%
Total Cost:	0.71%

Portfolio performance has been calculated using Morningstar Direct and is believed accurate based on the standard pricing of any underlying investment funds held in the portfolio. In some cases, clients may benefit from additional discounts to those same funds on their chosen custody platform. This will cause differences between actual performance and the performance calculated by Morningstar. We expect in all cases that these differences, where present, will be to investors' advantage.

## Important Information:

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