Quarter One Review

Your guide to the markets and the Ethical Portfolios

Investment solutions to suit all risk profiles

Professional Adviser
PA AWARDS 2024
FINALIST
Best Discretionary Fund Manager

Professional Adviser
PA AWARDS 2023
FINALIST
Best Discretionary Fund Manager

Professional Adviser
PA AWARDS 2022
FINALIST
Best Discretionary Fund Manager

Professional Adviser
AWARDS 2021
FINALIST
Best Model Portfolio Service

INVESTMENT WEEK
SPECIALIST INVESTMENT AWARDS 2020
WINNER
Best Specialist Multi-Asset Group of the Year

money marketing AWARDS 19
WINNER
BEST DISCRETIONARY FUND MANAGER

Contents

Our ethical range of model portfolios

Our Ethical Model Portfolio range is designed to do two things: to provide you with a good return and as equally important, making sure your money is having a positive impact on our planet.

When a client chooses to take an ethical investment approach, it is essential to have a clear mandate, so that investors can understand how you are managing this increasingly more complex area of investing. There is no silver bullet for Ethical investing, with many different, and often conflicting, approaches and styles.

In order to deliver both an appropriate risk adjusted return, and a portfolio that delivers good outcomes, it is important not to be pigeon-holed into one single investment style within the ethical arena.

We have an extremely thorough due diligence process for our ethical funds, which is the same rigorous process for all of our investment solutions. In addition, we want to ensure that the funds, the fund managers, and the fund groups are all committed to ethical investing and not simply providing a green rhetoric to take advantage of a growing trend. Greenwashing will not be tolerated.

Within the Ethical range of model portfolios, we manage three risk profiles, Cautious, Balanced and Growth. These are constructed to follow the Strategic Asset Allocation (SAA), for their given risk profile. The SAA is regularly assessed and formally reviewed at least every five years where changes are made if relevant and appropriate.

The Ethical products are a distinct offering which means the composition may differ from our non-Ethical mandates. The same level of care, due diligence and research is conducted across all of our product offering.

The Ethical mandates are mostly likely to differ versus a non-Ethical mandate within the regional equity allocation or the sub-asset classes within Fixed Income. The Ethical mandates are constructed to have all of the underlying investment managers signed up to the Principles for Responsible Investing (PRI), so that the portfolio can be mapped across to the UN's Social Development Goals (UN SDG's). There are many markets where this is difficult to achieve such as in emerging markets, where there may be more reliance on old heavy industry and fossil fuels and questions over labour rights. It becomes very difficult to marry the PRI's principles to these regions at their current point in the development cycle, but this may change with time.

From a sector perspective there could also be differences between non-ethical products such as areas like tobacco, fossil fuels and industries that are seen as heavy polluters, all of which could be excluded. In summary, asset allocation at the strategic level will match a non-ethical mandate, but the regional and sector positions could possibly differ, potentially leading to differences in the risk and return profile of the Ethical mandates compared to non-ethical mandates.

It is important that you understand the structural constraints that investing ethically can have. Whereas the Ethical Model Portfolio will be suitably and appropriately diversified, there will be geographical areas of investment that are excluded, and certain sectors could have higher concentrations. On a comparative basis, this may mean having a lower level of diversification than a non-ethical portfolio.

Our process, shown as a step diagram, is on the following page.

Strategic Asset Allocation

Our long-term view on which all our investment solutions are based upon. These are adjusted to consider that certain asset classes do not currently have any suitable ethical investment choices.

Tactical Asset Allocation

Our current views on which asset classes offer the best returns and which are challenged in the short term. Due to the nature of ethical investing, it is not always possible to replicate the precise allocations, as certain asset classes will be unavailable to us.

Portfolio Construction

Building the Ethical model portfolios, covering risk profiles 1 through to 9. Where certain asset classes are unavailable, we increase those that are; while this may not fully replicate our Tactical Asset Allocation, the broad equity content will be the same.

Ethical Research

We want fund groups to be signed up to the UN's Principles for Responsible Investment, and their funds mapped across to the UN's Sustainable Development Goals.

Fund Research

Researching the very best funds within all the sectors that offer ethical propositions and adhere to our criteria above. We aim for an unconstrained approach to ethical investing, looking to blend ESG, impact, sustainability, stewardship, and exclusion styles.

What we are aiming to achieve

As we have already identified, there is no clear description or style for investing ethically and for each individual investor, the term means something different and personal. What we endeavour to achieve through our Ethical Model Portfolios, is to provide investors with two key answers:

- Is my investment being managed with an ethical mandate?
- What good is my investment doing for the world?

The Investment Association's Responsible Investment Definitions are excellent in helping you to understand what is meant by different methods of ethical investing and which we consider when investing in our underlying funds:

Stewardship

Stewardship is the responsible allocation, management, and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. Examples of stewardship would include setting clear expectations, oversight of assets, engaging with issuers and voting.

ESG Integration

ESG Integration is the systematic and explicit inclusion of material ESG factors into investment analysis and investment decisions. Examples of ESG integration include statement of commitment and firm-wide policies.

Exclusions

Exclusions prohibit certain investments from a firm, fund, or portfolio. These may be applied on a variety of issues, including to align with client expectations. They may be applied at the level of sector, business activity, products, or revenue stream, as well as company or jurisdictions. Examples of exclusion include ethical, value-based, or religious exclusions.

Sustainability Focus

Sustainability Focus is an investment approach that selects and includes investments based on their fulfilling certain sustainability criteria and/or delivering on specific and measurable sustainability outcomes. Examples of sustainability focus include sustainability themed, positive tilts and best in class.

Impact Investing

Impact Investing covers investments made with the intention to generate positive, measurable, social, and environmental impact, alongside a financial return. Examples of Impact Investing include social bond funds and private impact investing. We have always built appropriately diversified portfolios, utilising all asset classes available and including differing investment styles. Our ethical proposition is no different. We have built three portfolios using the same guidelines and, included an additional layer which is known as Ethical Diversification.

This quarterly review will deliver those two objectives. The first part will look at how we have delivered the return within the level of risk that you have taken; this will include commentary on the current economic and market conditions. The second part will look at how your money is being used to do good; including a description of the UN's Sustainable Development Goals, and how these relate to the underlying investments within the Ethical model portfolio range. We will include relevant news pieces relating specifically to ethical investing, as well as case studies of some of the underlying companies that you are indirectly invested with.

This will show you that the Ethical model portfolio range delivers on our two core objectives: providing you with a good return and in turn, showing that your money is doing good.

Performance summary

Below is an overview of how each Model Portfolio has performed over the last quarter, one year, three years, five years, since launch and it's annualised return.

We also provide details of how a typical cash account and the FTSE 100 Index have performed so you can compare your Portfolio's performance against these common alternative forms of investment.

		QTR	1YR	3YR	5YR	LAUNCH	ANNUALISED
Ethical Cautious	Portfolio	2.0%	8.0%	1.4%	15.2%	33.1%	3.3%
Ethical Balanced	Portfolio	3.3%	9.5%	4.8%	25.7%	52.1%	4.8%
Ethical Growth	Portfolio	5.1%	12.2%	9.5%	38.4%	72.2%	6.3%

	QTR	1YR	3YR	5YR	LAUNCH	ANNUALISED
CPI	0.1%	2.6%	20.9%	23.6%	72.0%	2.8%
IA Mixed Investment 20-60%	2.5%	7.7%	5.3%	17.2%	126.6%	4.3%
IA Mixed Investment 40-85%	4.2%	10.2%	10.6%	28.7%	211.4%	6.0%
IA Flexible Investment	4.5%	10.1%	10.9%	31.5%	223.9%	6.2%
Cash - FE Interest 0.5%	0.1%	0.5%	1.5%	2.5%	10.2%	0.5%
Inflation UK Retail Price	0.5%	3.8%	28.3%	33.6%	102.0%	3.7%
FTSE 100 Index	4.0%	8.4%	32.6%	31.9%	251.9%	6.7%

The Investment Association (IA) monitors around 4,000 funds in the UK and are classified to the IA sectors. The sectors provide a way to divide these funds into broad groups, so investors and advisers can compare funds in one or more sectors.

UK CPI is for Risk Profiles 01 to 03, IA Mixed Investment 20-60% Shares is for Risk Profile 04 to 06, IA Mixed Investment 40-85% Shares is for Risk Profiles 07 to 09 and IA Flexible Investment is for Risk Profile 10.

Comparators for clients to use against three key levels of comparison: cash, inflation and the core UK stock market.

Notes: Due to rounding, relative performance may not correspond exactly with its constituent components above.

Performance commentary

Equity markets started the year on a strong footing with the MSCI All Country World Index of global equities up +9.3% for the quarter in Sterling terms. The U.S. equity market, as measured by the S&P 500 Index, was again a key driver, up +11.6%, but it was Japan that led the way, up +12.2% for the quarter in Sterling terms. Japan's stock market continues to attract global investors' attention due to the positive backdrop of a strengthening economy, accelerating earnings growth and transformative corporate governance reforms. Emerging Market equities were the laggards, up +3.4% for the quarter, held back by China's ongoing economic struggles which led its equity market to decline over the period.

From a style perspective, Momentum was a clear winner over the quarter globally. Conversely, strategies focused on mid and smaller sized companies and value-oriented strategies typically underperformed.

With equity markets in general performing strongly, portfolios with the highest equity exposure delivered the highest return over the quarter. This was further supplemented by the portfolios being tactically overweight to Japan, which was one of the strongest equity markets globally. Outside of Japan, it was evident that "momentum" stocks were the primary driver of equity market returns over the quarter. This means that stocks that have done well recently, which have typically been more growth-oriented stocks, continued to perform well. . Conversely, those managers investing more in small caps or value-oriented stocks were typically the laggards, With valuations of many large cap growth/momentum stocks reaching what look like highly elevated levels, we continue to believe retaining deep and genuine diversification by style and region remains entirely appropriate.

Global fixed income markets were generally more lacklustre with the GBP hedged Bloomberg Global Aggregate Index of high-quality fixed income securities down -0.1% over the quarter. As investors digested robust U.S. economic data that suggested that interest rates may have to stay higher for longer, longer dated bonds fell most heavily. However, high yield bonds reacted positively to this stronger economic data and benefitted from further compression in the yield spread available over government bonds, helping Bloomberg Global High Yield Corporate Bond Index to deliver a +1.9% quarterly return in GBP hedged terms. We maintain a globally diversified basket of Fixed Income across all appropriate risk profiles.

We are pleased with the absolute and relative returns generated by the portfolios in the first quarter of 2024, and we believe that your portfolio is well positioned to meet your long-term investment requirements.

Sales

There were no new sales in Q1 2024.

Buys

There were no new buys in Q1 2024.

Market outlook

Central Bank Rate Decisions and Market Focus

Markets have become intently focused on when central banks will begin to lower interest rates and the pace at which they will do so. Predicting these movements is notoriously challenging, yet it appears unlikely that we will see a return to 0% interest rates in the near future. Even with declining rates, heavily indebted companies will struggle to issue debt, and when they do, the cost of credit will be substantially higher. As a result, the strength of a company's balance sheet will play a more critical role moving forward, steering us towards a preference for active management.

Opportunities in Smaller Companies

Smaller companies have been neglected for an extended period and have underperformed their larger-cap peers worldwide by a considerable margin, a trend that persisted in the first quarter. We believe this has created some outstanding value and growth opportunities within this market segment. However, given the ever-shifting landscape, we are acquiring this exposure cautiously and through managers who prioritise balance sheet strength. In a financial context where debt is less accessible and more expensive, well-considered active stock selection will become increasingly vital.

Fixed Income and High-Yield Corporate Bonds

This principle applies equally to fixed income. The more arduous refinancing climate is one reason for our heightened caution regarding high-yield corporate bonds. These bonds, typically issued by lower-quality companies carrying more debt, are more vulnerable to economic fluctuations. We contend that the modest yield premium over higher-quality debt does not adequately reflect these risks. Consequently, in portfolios with a fixed income component, we prefer maintaining a core investment in a global government bond-focused ETF, along with selective allocations in asset classes with high return potential.

Japanese Equities: A Structural Opportunity

Regarding equities, we maintain a positive outlook on the opportunities in Japan. Our overweight stance on Japanese equities, sustained for nearly four years, is driven by attractive valuations and structural reforms aimed at enhancing corporate efficiency and shareholder returns. Our engagement with the Fund's three incumbent active Japanese equity managers has revealed tangible signs of these reforms, manifested in improved earnings growth and dividend increases. This approach was validated once again this quarter, with MSCI Japan outperforming many global indices, including the prominent U.S. market, underscoring the benefits of international diversification in your portfolio. We believe this structural opportunity has considerable potential for further growth.

UK Equities and Government Initiatives

We also continue to favour UK equities. The recent announcement by the UK Chancellor of a new British ISA, offering an additional £5,000 tax-free allowance for investment in UK equities or funds, is unlikely to have a significant monetary impact. However, it signals a broader initiative to encourage greater investment in UK businesses by both domestic retail and institutional investors.

Pension Funds and UK Equity Investments

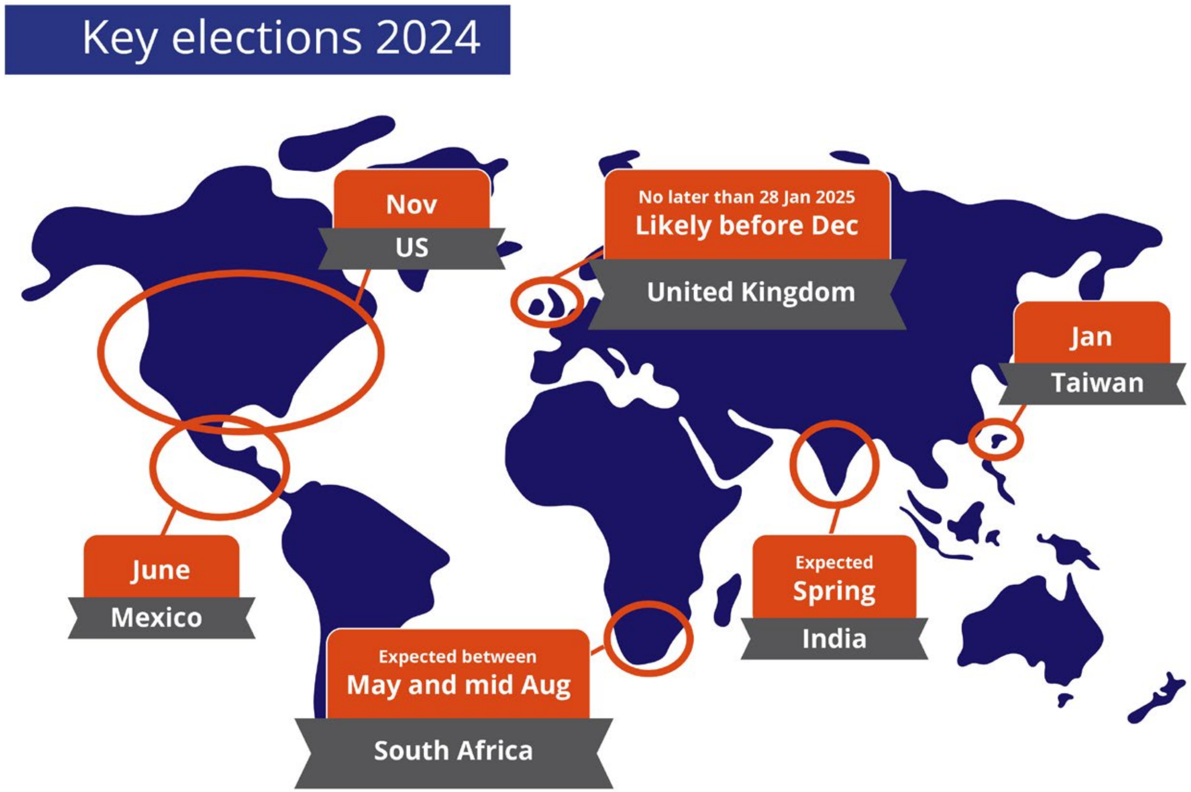
More pivotal will be government efforts to encourage UK pension funds to raise their investment in domestic companies. Unlike two decades ago, when it was common for UK pension funds to allocate a significant portion of their assets to local companies, this figure has drastically declined to a low single digit percentage. This contrasts with pension funds in countries like Australia, France, Japan, and Italy, which allocate a substantial portion of their assets to their domestic equity market. In this regard, it was notable that the government also announced a new requirement for UK pension funds to disclose their allocation to UK companies going forward, suggesting that further action could be taken if allocations are not increasing.

Corporate UK's Response to Market Conditions

Amidst these developments, with the UK equity market still trading at extremely cheap valuations, we see corporations taking matters into their own hands with a stream of announcements characterised by aggressive share buybacks (companies using their profits to buy their own undervalued shares, thereby increasing Earnings (profit) Per Share for the remaining shareholders), higher dividend payouts and a surge in acquisitions by both domestic and international suitors. We are encouraged to see an increasing number of routes that this value in UK equities could get realised going forward.

Global Elections and Market Impact

As the 2024 US presidential election primaries heat up, alongside elections in the UK, India, and other countries, global investors are monitoring potential market impacts. However, historical trends suggest that the election outcomes, regardless of the political spectrum, will have limited long-term effects on market behaviour. Our priority remains to provide you with a diversified portfolio across various asset classes, managers, and investment styles to harness the best long-term global investment opportunities.



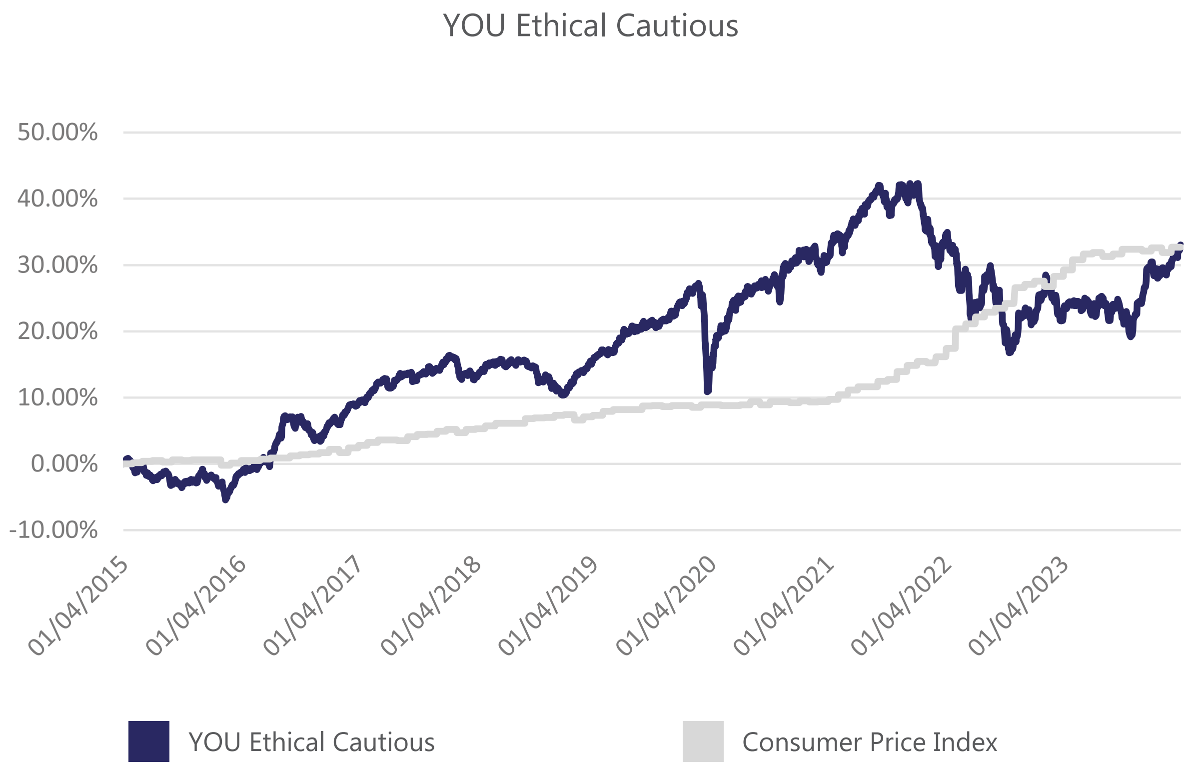
Inspired by our clients

Fund	Allocation
Cash	5.0%
Cash	5.0%
Fixed Income	48.0%
JPM Global Bond Opportunities Sustainable	18.0%
PIMCO Global Bond ESG	15.0%
Robeco SAM Global SDG Credits IH	15.0%
Property & Real Assets	17.0%
Schroder Global Cities Real Estate	8.5%
ClearBridge Global Infrastructure Income	8.5%
UK Equity	13.0%
Janus Henderson UK Responsible Income	6.5%
Royal London Sustainable Leaders Trust	6.5%
Europe Ex-UK Equity	6.6%
River & Mercantile European	6.6%
Global Developed Market Equity	10.4%
Brown Advisory Global Leaders Sustainable	3.1%
Janus Henderson Global Sustainable Equity	4.2%
Schroder Global Sustainable Value Equity	3.1%
	100%

Portfolio holdings

This Portfolio invests mainly in Cash and Fixed Interest and is suitable for investors who wish to protect their capital with a minimal amount of risk.

		QTR	1YR	3YR	5YR	LAUNCH	ANNUALISED
Ethical Cautious	Portfolio	2.0%	8.0%	1.4%	15.2%	33.1%	3.3%



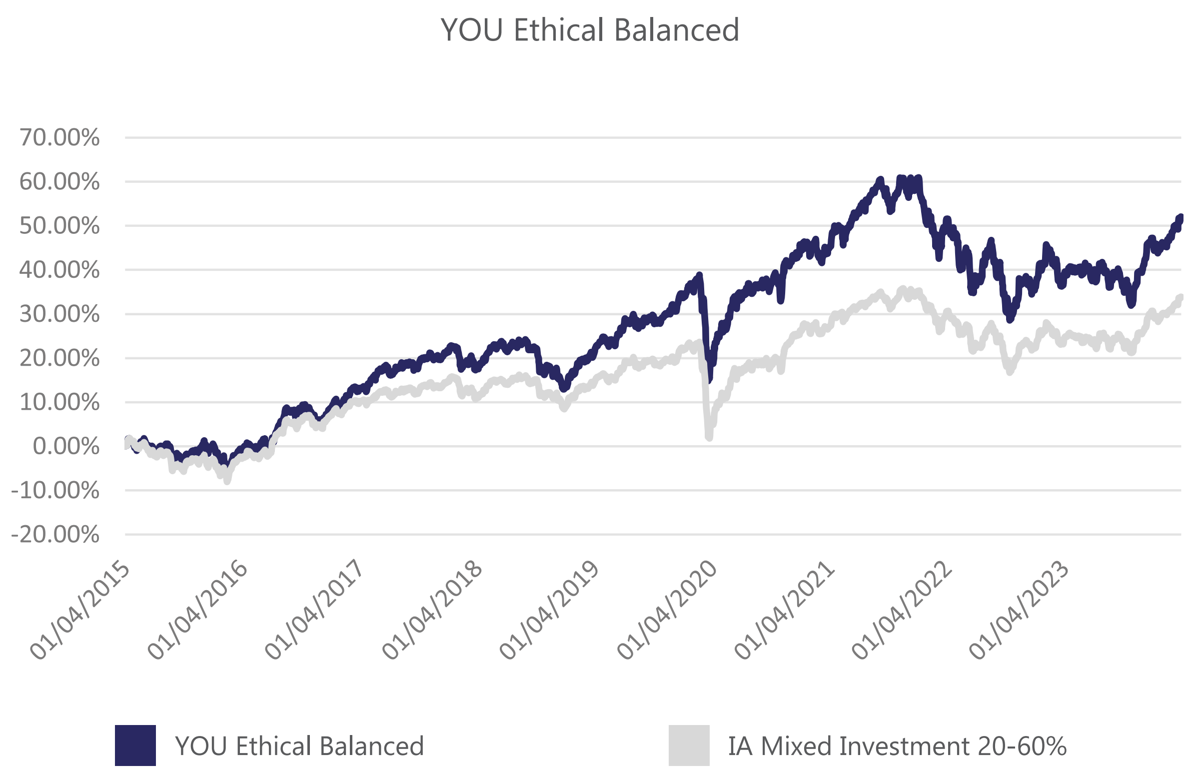
Ethical Balanced Portfolio

Fund	Allocation
Cash	2.0%
Cash	2.0%
Fixed Income	31%
JPM Global Bond Opportunities Sustainable	7.0%
PIMCO Global Bond ESG	12.0%
Robeco SAM Global SDG Credits IH	12.0%
Property & Real Assets	17.0%
Schroder Global Cities Real Estate	8.5%
ClearBridge Global Infrastructure Income	8.5%
UK Equity	21.6%
Royal London Sustainable Leaders Trust	10.8%
Janus Henderson UK Responsible Income	10.8%
Europe Ex-UK Equity	10.9%
River & Mercantile European	10.9%
Global Developed Market Equity	17.5%
Janus Henderson Global Sustainable Equity	6.9%
Brown Advisory Global Leaders Sustainable	5.3%
Schroder Global Sustainable Value Equity	5.3%
	100%

Portfolio holdings

Invests in a moderate amount of Fixed Interest, with a greater proportion in Equities and Property. It is suitable for investors who wish to increase the chances of reasonable returns and still protect capital, if possible.

		QTR	1YR	3YR	5YR	LAUNCH	ANNUALISED
Ethical Balanced	Portfolio	3.3%	9.5%	4.8%	25.7%	52.1%	4.8%

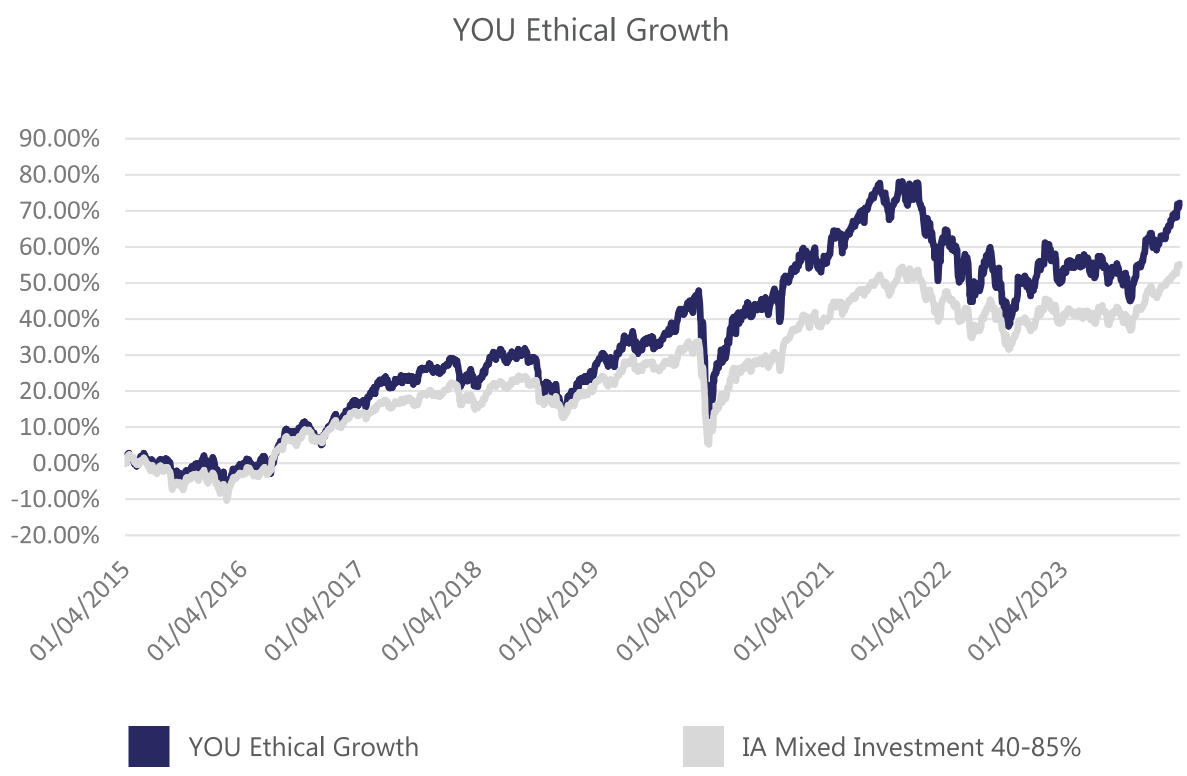


Fund	Allocation
Cash	2.0%
Cash	2.0%
Fixed Income	10.0%
PIMCO Global Bond ESG	5.0%
Robeco SAM Global SDG Credits IH	5.0%
Property & Real Assets	8.0%
Schroder Global Cities Real Estate	4.0%
ClearBridge Global Infrastructure Income	4.0%
UK Equity	34.6%
Royal London Sustainable Leaders Trust	17.3%
Janus Henderson UK Responsible Income	17.3%
Europe Ex-UK Equity	17.5%
River & Mercantile European	17.5%
Global Developed Market Equity	27.9%
Janus Henderson Global Sustainable Equity	11.1%
Brown Advisory Global Leaders Sustainable	8.4%
Schroder Global Sustainable Value Equity	8.4%
	100%

Portfolio holdings

This Portfolio invests mainly in Equities and some specialist Equities in order to obtain diversification. It is suitable for investors who are prepared to take some investment risk to improve long-term returns, where these are more important than capital protection.

		QTR	1YR	3YR	5YR	LAUNCH	ANNUALISED
Ethical Growth	Portfolio	5.1%	12.2%	9.5%	38.4%	72.2%	6.3%



Investment insights

The extraordinary power of compound growth

In the world of finance, few concepts wield as much influence and potential as compound growth.

At its core compound growth is elegantly simple yet incredibly powerful and is a phenomenon that helps turn modest investments into substantial wealth over time.

The extraordinary power of compound growth can be illustrated by the famous story of the grain of rice. It goes like this:

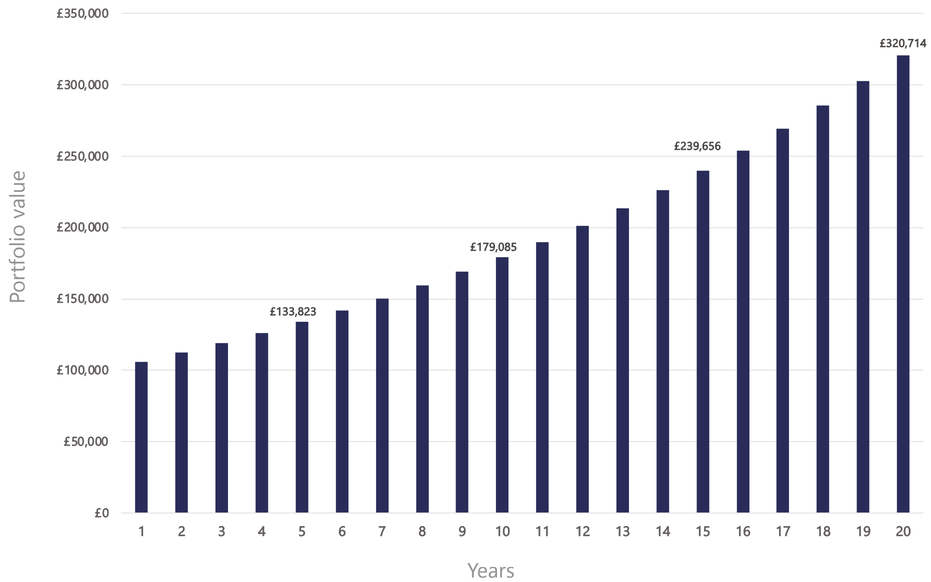
Imagine you have a chessboard, and on the first square, you place one grain of rice. On the second square, you place two grains, doubling the amount. On the third square, you place four grains, doubling again, and so on, doubling the amount of rice for each square.

At first, it doesn't seem like much, but as you continue, the amount of rice grows exponentially. By the time you reach the 64th square, the amount of rice would equate to 18,000,000,000,000,000,000 grains of rice which is equal to about 210 billion tons. That's a lot of rice.

The important takeaway here is although that first grain of rice or pound may seem modest, getting invested (and staying invested) allows the power of compound growth to take effect.

How Getting (and staying) Invested Makes a Big Impact Over Time.

Below, we show how a £100,000 investment, growing at 6% per annum can generate exponential results, tripling the original pot over the long term.



Time is an investor's biggest ally, even if they start with just a modest portfolio. As we can see, the portfolio grows at a relatively slow pace early on but accelerates over time.

Embracing the extraordinary power of compound growth is key to living your best financial life. By understanding its principles and incorporating into your financial strategy, you can harness the potential for exponential growth.

If there are any investment topics that you would like us to feature in this section of the Quarterly Report, we would love to hear from you at Marketing@YOU-Asset.co.uk

> "The new first rule of compounding: Never interrupt it unnecessarily."
>
> - Charlie Munger

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Marketing & Communications Manager

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Group Head of HR

How is your money doing good?

We are focused on ensuring that you receive appropriately risk managed returns from your portfolio. We are equally motivated in providing evidence that your money is being used for good. That is what our Ethical model portfolios are aiming to deliver: appropriate returns that are making the world a better place.

We have already shown how the Ethical model portfolios have performed over the past quarter, and over longer time periods. This section is now dedicated on showing and educating you, how the Ethical model portfolios are invested to improve the world and its population. We look to ensure that the underlying funds are signed up to the UN Principles for Responsible Investing (PRI) and that the underlying companies they invest in can be mapped across to the UN Sustainable Develop Goals (SDG).

UN Principles for Responsible Investing

The six Principles for Responsible Investing (PRI) are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. In signing up for the PRI, a fund group publicly commits to adopt and implement the Principles, and to align its investment activities with the broader interests of society.

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

UN Sustainable Development Goals

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. All of the 17 goals are connected, which means that action in one area will affect outcomes in others, and that development must balance social, economic, and environmental sustainability.

Through the pledge to Leave No One Behind, countries have committed to fast-track progress for those furthest behind first. That is why the SDGs are designed to bring the world to several life-changing ‘zeros’, including zero poverty, hunger, AIDS and discrimination against women and girls. Everyone is needed to reach these ambitious targets. The creativity, knowhow, technology, and financial resources from all of society is necessary to achieve the SDGs in every context. While fund groups can sign up to the PRI, they cannot sign up to the SDGs, as this is for countries. However, the companies which they invest will look to work towards these goals, as through these we can map across to the SGDs and show what good your money is being used for.

- 103 countries have agreed to integrate the SDGs into their national planning.
- Over 100 requests have been received from governments to enhance their Nationally Determined Contributions, which are at the heart of The Paris Agreement to reduce national emissions and adapt to climate change.
- Over 100 countries have agreed to support youth empowerment for sustainable development.

End poverty in all its forms everywhere.

Millions of people around the world lack the basic resources to enjoy a decent life. Goal 1 will make sure that everyone has access to food, shelter, clothing, healthcare, and education, so they can fully participate in society.

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

While there is food available to feed everyone, so many people, including children, still do not have enough food to eat. Goal 2 focuses on addressing poor agricultural practices, food waste and environment degradation to ensure no one goes hungry.

Ensure healthy lives and promote well-being for all at all ages.

When people are in good health, societies prosper. While a lot has been done to reduce the impact of HIV/AIDS, malaria and other diseases in recent years, real progress can only be achieved when everyone, including women and children, have access to good healthcare.

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Access to education can help lift people out of poverty, bring a deeper understanding of the world around us and provide better opportunities for everyone, including girls. This goal is all about ensuring everyone has access to learn no matter who they are or where they are.

Achieve gender equality and empower all women and girls.

Women and girls still suffer discrimination and violence and that is half of the world's population. This goal is about achieving gender quality, through equal access to education, healthcare and decent work, can only benefit societies.

Ensure availability and sustainable management of water and sanitation for all.

There are billions of people all over the world without access to clean water and toilets, a human right that many of us take for granted. Water scarcity and inadequate sanitation has a huge cost, not least of all the number of people, especially children, that die from diseases every year.

Ensure access to affordable, reliable, sustainable, and modern energy for all.

We cannot only talk about providing affordable and reliable energy to the billions who still rely on wood and charcoal for cooking and heating. This goal also underscores the need for clean and renewable energy to help combat climate change.

Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all.

With global unemployment on the rise, we need to find ways to create more jobs that not only provide decent pay but stimulate the economy and provide equal opportunities for both men and women while protecting the environment.

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

In simple terms, this goal states that in order for a society to grow, it should encourage industries that bring opportunities to everyone while protecting the environment. These industries must also be supported by resilient infrastructure such as reliable transport as well as by technological innovation.

Reduce inequality within and among countries.

For real improvements in a society, everyone needs to have the access to opportunities that will let them grow as individuals. But this is not the case in many places where people face discrimination because of their gender, disability status, ethnic or racial group, or background. This goal seeks to make sure everyone everywhere has a chance to live a healthy and happy life.

Make cities and human settlements inclusive, safe, resilient, and sustainable.

Cities are lively hubs for ideas, commerce, culture, science, productivity and much more. But they face many challenges such as pollution, lack of basic services for many citizens, and declining infrastructure. Our cities and villages need to be clean and safe, with good housing and basic services like water and electricity. They also need clean transport systems and green areas that everyone can enjoy.

Ensure sustainable consumption and production patterns.

This goal wants to make us think twice about the things we use, the waste we create, and how that impacts our planet. Changing our behaviour towards more sustainable actions such as recycling really makes a difference when everyone, that includes individuals, companies, and governments, contributes. There are many little things you can do to achieve this goal.

Take urgent action to combat climate change and its impacts.

Our climate has always been changing, but in the past 200 years the changes have been more extreme because of human activity. Climate change is now affecting every country on every continent and the poorest and most vulnerable people are being affect the most. This goal is about finding solutions like renewable energy and clean technologies to fix climate change. But it will take actions from governments, the private sector and civil society organisations to make a significant impact.

Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.

This goal is about protecting the oceans, seas, and all of its species, as they provide food, medicines, and biofuels, as well as jobs for millions of people. Keeping oceans healthy also helps us address climate change.

Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

We are all part of the global ecosystem. This goal is about making sure that we stop all the things that threaten our global home. This includes deforestation, land degradation, and loss of animal and plant species.

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels.

Too many people experience war and violence. This goal is about finding ways to make sure everyone lives in a peaceful society, where they can have access to justice, and do not have to live in fear.

17 PARTNERSHIPS FOR THE GOALS

Strengthen the means of implementation and revitalise the global partnership for sustainable development.

To make all the goals a reality will require the participation of everyone. That includes governments, the private sector, civil society organisations, and individual people. It is about joining forces and partnering, so the goals can be achieved faster.

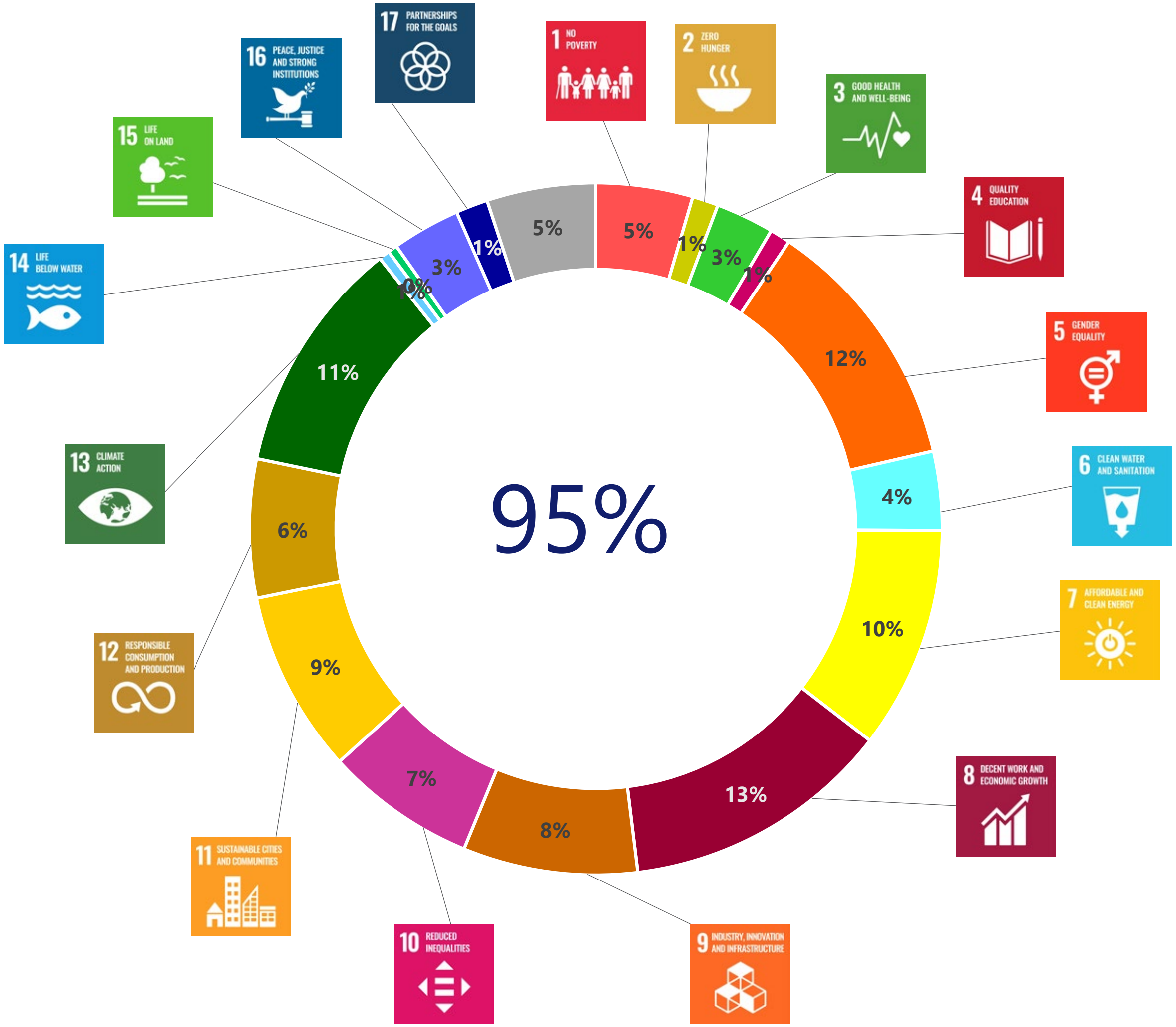
Mapping across to the UN's Sustainable Development Goals – Ethical Cautious

Our cautious model portfolio within the Ethical range can be mapped across to the UN Sustainable Development Goals, through the underlying investments with the individual funds that make up the portfolio.

95% of the portfolio can be directly mapped to the 17 goals, as of 31st March 2024. This clearly shows how your money is being used for good and aligns with the future wellbeing of the planet and its inhabitants.

The portion of your portfolio that does not directly align to the UN Sustainable Development Goals is still being invested ethically, it just contains companies that do not directly align with one of the individual goals.

The mapping across to the UN Sustainable Development Goals will be updated at least every six months, or when significant changes are made to the underlying funds.



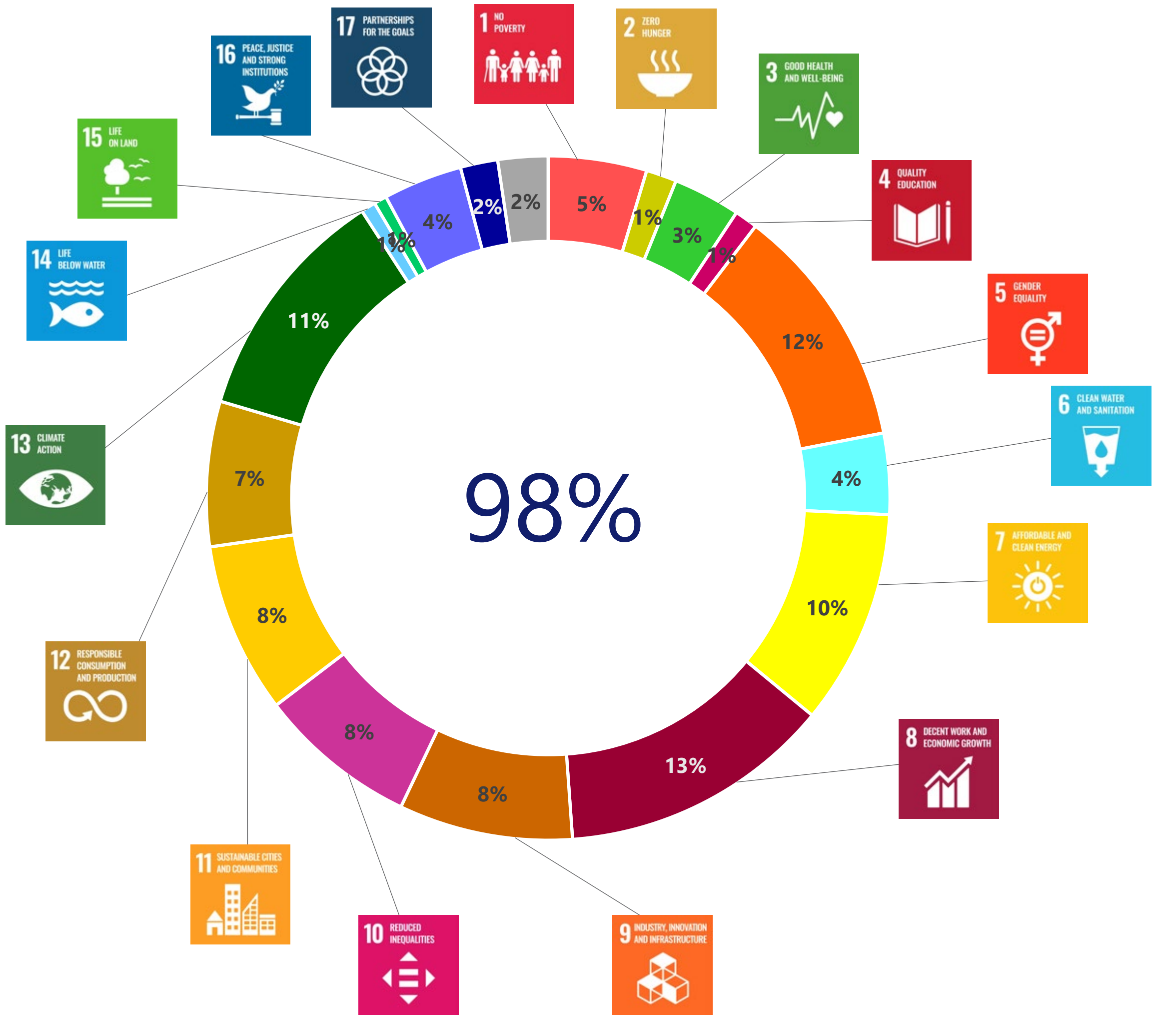
Mapping across to the UN's Sustainable Development Goals – Ethical Balanced

Our balanced model portfolio within the Ethical range can be mapped across to the UN Sustainable Development Goals, through the underlying investments with the individual funds that make up the portfolio.

98% of the portfolio can be directly mapped to the 17 goals, as of 31st March 2024. This clearly shows how your money is being used for good and aligns with the future wellbeing of the planet and its inhabitants.

The portion of your portfolio that does not directly align to the UN Sustainable Development Goals is still being invested ethically, it just contains companies that do not directly align with one of the individual goals.

The mapping across to the UN Sustainable Development Goals will be updated at least every six months, or when significant changes are made to the underlying funds.



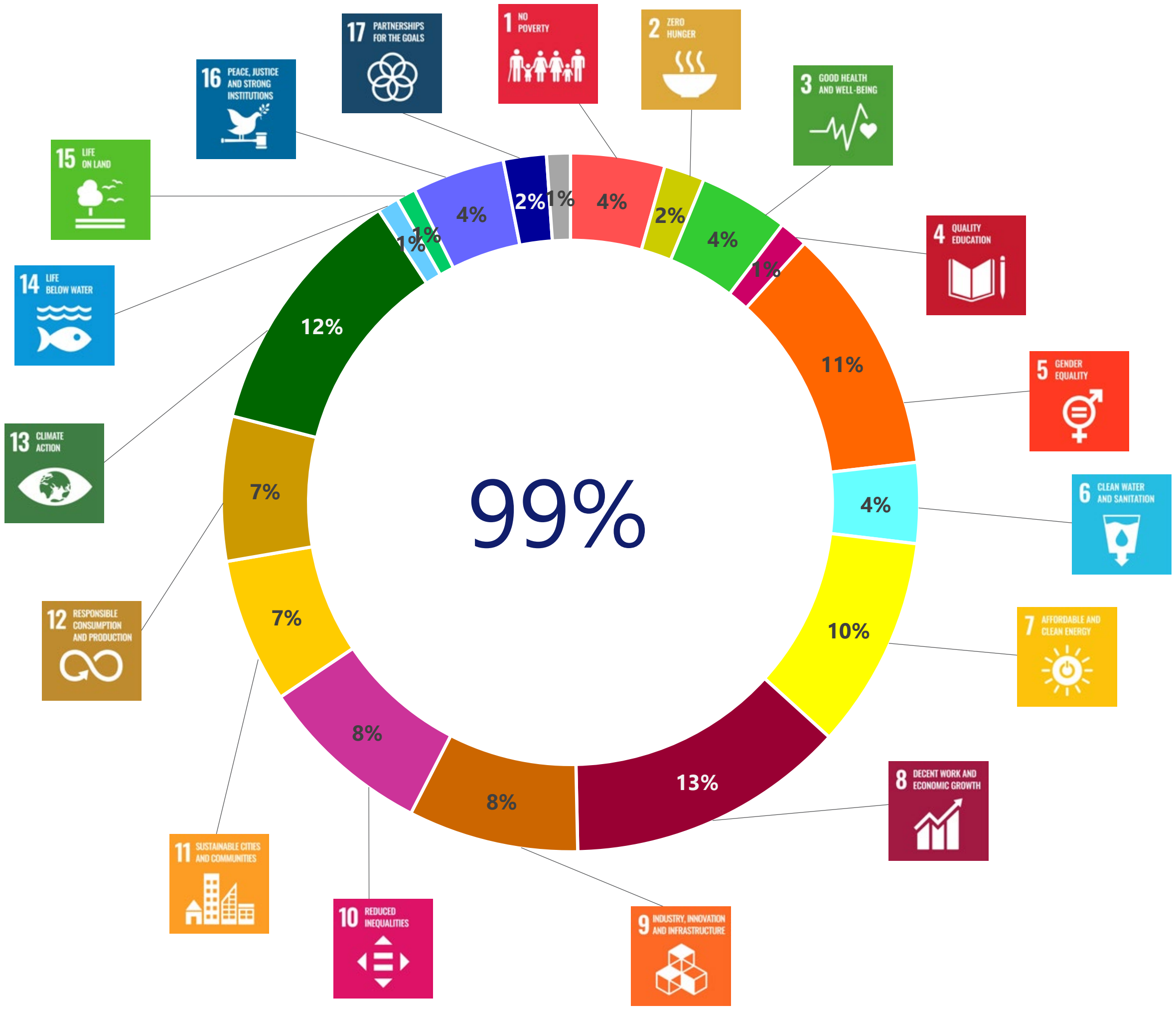
Mapping across to the UN’s Sustainable Development Goals – Ethical Growth

Our growth model portfolio within the Ethical range can be mapped across to the UN Sustainable Development Goals, through the underlying investments with the individual funds that make up the portfolio.

99% of the portfolio can be directly mapped to the 17 goals, as of 31st March 2024. This clearly shows how your money is being used for good and aligns with the future wellbeing of the planet and its inhabitants.

The portion of your portfolio that does not directly align to the UN Sustainable Development Goals is still being invested ethically, it just contains companies that do not directly align with one of the individual goals.

The mapping across to the UN Sustainable Development Goals will be updated at least every six months, or when significant changes are made to the underlying funds.

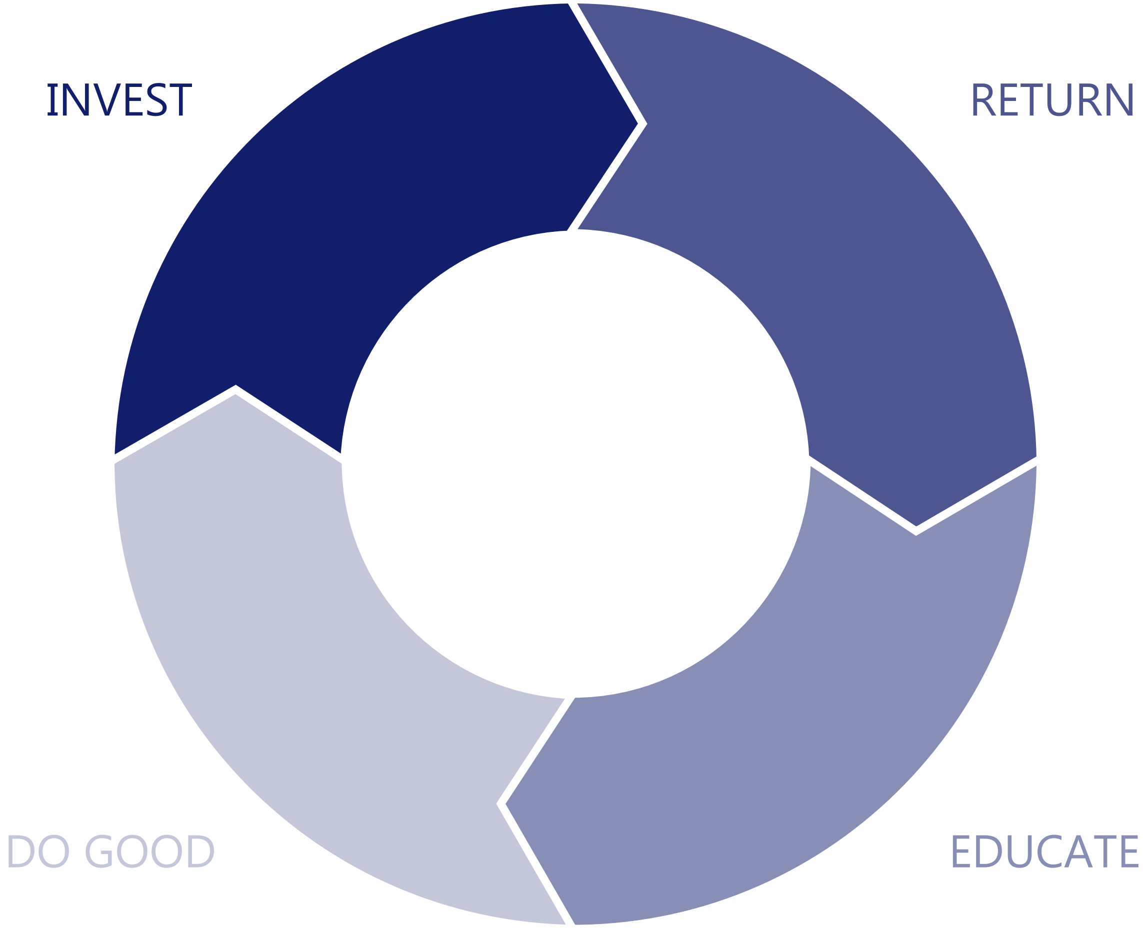


Invest, return, educate and do good

Now that you understand the robust framework, we implement for our Ethical model portfolios and how the Cautious, Balanced and Growth will map across to the UN's Sustainable Development Goals, we will look at our regular educational part of the quarterly review. This is where we give you a closer look at the numbers behind the goals, the stories in the news and some of the companies that you may be invested with.

- Ethical issues in the news.
- Case studies of the some of the companies that you are invested in.
- The UN's Sustainable Development Goals in focus.

Our commitment to you, is to provide a suitable product for you to invest ethically, to provide an appropriate return for the level of risk being taken, to further educate you on the issues and news stories that could affect your investment and show how your money is doing good for the world.



Ethical issues in the news

In a significant move, the United Kingdom has officially announced its withdrawal from the Energy Charter Treaty (ECT) after strenuous efforts to modernise it faltered. The decision, confirmed by the UK government on Thursday, 22 February, comes as a culmination of months of negotiations among European countries aimed at aligning the treaty with net-zero objectives.

Initially conceived in 1994, the Energy Charter Treaty was established to promote international investment in the energy sector, primarily offering protections for investors involved in fossil fuels. However, endeavours to update the treaty to better accommodate cleaner energy technologies have encountered insurmountable hurdles during recent talks, ultimately leading to a deadlock.

The departure of the UK from the ECT follows closely behind similar actions taken by France, Spain, and the Netherlands, among other EU member states. This collective withdrawal underscores a shared commitment to advancing towards net-zero emissions and bolstering energy security within individual national contexts.

Graham Stuart, Minister of State for Energy Security and Net Zero, emphasised the necessity of this decision, stating, "The Energy Charter Treaty is outdated and in urgent need of reform, but talks have stalled, and sensible renewal looks increasingly unlikely." Stuart further stressed that remaining within the treaty framework would not serve the UK's transition to cleaner energy sources and could potentially impede its pioneering efforts towards achieving net-zero emissions.

The failure to achieve consensus on modernising the ECT cannot be attributed to a lack of effort. Negotiations spanning two years aimed to introduce reforms that would extend protections to renewable energy sources such as carbon capture, utilisation, and storage (CCUS) and hydrogen. However, opposition from key EU member states, including France, Germany, Spain, and the Netherlands, ultimately obstructed these efforts, leading to a decision to withdraw from the treaty.

The decision to depart from the Energy Charter Treaty signals a pivotal moment in the UK's energy transition journey, underscoring its commitment to fostering innovation and sustainability in the global energy landscape. As the nation charts a course towards a greener future, the focus remains on forging new pathways for investment and collaboration that align with its ambitious climate objectives.

Companies that you are invested in: No Poverty

This quarter, our primary focus is on Goal 1 – No Poverty, which is one of the United Nations' Sustainable Development Goals (SDGs). We will examine a couple of underlying investments held within Ethical MPS that are aligned with this goal and contribute to No Poverty.

Western Union is held within Schroder Global Sustainable Value, forming part of our Global Developed equities blend. Western Union is a global financial services company specialising in money transfers. The company's services are widely used by individuals and businesses for various purposes, including sending money to family members in other countries, paying bills remotely, or conducting commercial transactions across borders. Western Union has played a significant role in facilitating international remittances, enabling migrants and expatriates to send money to their loved ones in their home countries. Additionally, the company has expanded its services to include digital money transfers, allowing customers to send and receive funds through online and mobile channels.

Western Union's ESG strategy is an integral part of its business approach, with one of its key ESG focus areas being Economic Prosperity. It aims to support aspiring populations by providing access to simple and trusted solutions that enable them to realise their potential and ambitions. Western Union believes that facilitating financial opportunities is a crucial catalyst for advancing economic prosperity. Its inclusive global financial network enables customers around the world to access financial services digitally or in cash. It is committed to using its products and services, digital and retail access points, and partnerships to drive financial inclusion and resilience for individuals, businesses, and organisations, thereby creating pathways for long-term economic success. Establishing an inclusive financial network allows migrants and expatriates to send money easily to their home countries, serving as a vital source of income for families in developing countries, helping them meet basic needs such as food, shelter, and education, and thus reducing poverty.

To ensure they meet the UN's target to ensure that all have equal rights to economic resources by 2030, as part of SDG 1, Western Union has implemented the following actions:

- Facilitate remittances, which exceed any other form of capital flow into developing countries (excluding exports).
- Offer an inclusive model enabling us to serve those with and without access to digital infrastructure and other financial services.
- Provide support for migrants and refugees, who are important parts of Western Union's customer base, workforce, and communities.

The Tesco Group is a well-known household name, serving customers across the UK, Ireland, Czech Republic, Slovakia, and Hungary. It is held within the Royal London Sustainable Leaders Trust, forming part of our UK Equity allocation. Tesco's primary activities focus on retailing groceries and general merchandise, both in-store and online. Additionally, they offer financial services, community support, and sustainability initiatives to create value for customers and contribute to the well-being of communities and the environment.

Tesco contributes to Goal 1 in several ways. Firstly, they aim to maintain competitive product prices, helping customers to spend less, and secondly, through community work.

Tesco has recognised that customers and colleagues face challenging times due to the cost-of-living crisis. A key priority for Tesco is to keep the cost of a weekly shop as affordable as possible. This is achieved through a combination of strategies, including Aldi Price Match, Low Everyday Prices, and Clubcard Prices, covering more than 8,000 products. Their in-store branding and marketing highlight better prices for customers, making it affordable and straightforward. By providing affordable food options, Tesco helps ensure that individuals and families can meet their basic needs and maintain healthy diets, thereby reducing poverty and improving overall well-being.

Tesco has a strong community focus through the Tesco Community Grants scheme, supporting thousands of local community projects and good causes across the UK every year. Since its launch in 2016, Tesco Community Grants has awarded over £100m in grant funding to 50,880 community projects. Two recent projects have directly contributed to SDG number 1. In Manchester, Tesco supported the launch of the Mayor's homelessness strategy, dedicating funds to projects that help people sleeping rough by providing food and emergency shelter. Research found that Manchester had the third-highest rate of homelessness behind Luton and Brighton, with one in 81 people in the city classified as homeless in 2021. To help address this issue, 40 groups in Greater Manchester were awarded funds of just over £100,000 to support the creation of overnight 'people pods' and the provision of advice, support, guidance, and outreach services in the city. The second relevant project relates to food poverty, which needs to be addressed to achieve SDG number 1. Tesco Community Grants awarded £20,000 to different groups in Glasgow to support pop-up food banks and provide healthy breakfasts for children in the city. In addition, £68,000 was awarded to projects in Birmingham, where 7% of the city's residents were reported to have needed to use food banks during lockdown.

UN's Sustainable Development Goals in Focus – No.1 – No Poverty

Each quarter, we will explore a different Sustainable Development Goal (SDG), examining its significant facts and figures and highlighting why it is a critical issue that affects us all. Goal 1 focuses on "No Poverty". Its primary objective is to end poverty in all its forms everywhere.

The aim of SDG 1 is not just to reduce poverty but to completely eradicate it, ensuring that every individual can lead a dignified and fulfilling life. The goal emphasises the importance of addressing both extreme poverty (living on less than $2.15 a day at 2017 purchasing power parity) and broader poverty dimensions, such as social exclusion, discrimination, and lack of opportunities.

Addressing poverty is intricately linked to various other Sustainable Development Goals. Poverty alleviation can lead to improved health outcomes, increased educational attainment, and enhanced environmental sustainability. By lifting people out of poverty, societies can unlock their full potential and contribute to a more equitable and prosperous world.

Over recent decades, extreme poverty has experienced a significant decline, but COVID-19 set this trend back. In 2020, the number of people living in extreme poverty increased by 90 million to 724 million, reversing approximately three years of progress. Recovery from the pandemic has been slow; however, extreme poverty has dropped from 9.3 percent in 2020 to 8.8 percent in 2021. We are faced with various other factors posing threats to progress on eradicating poverty. The war in Ukraine has disrupted global trade, leading to increased living costs, and climate change is expected to negatively affect poverty reduction. If current trends continue, it is estimated that 7 percent of the global population will still be living in extreme poverty by 2030, most situated in sub-Saharan Africa.

Positively, the share of government spending on essential services, including education, health, and social protection, has increased over the past two decades. In 2021, globally it accounted for 53 percent of total government expenditures, which is a rise from 47 percent in 2015. In advanced economies, the figure reached 62 percent, and in emerging and developing economies, the figure grew to 44 percent. The largest difference in spending between advanced economies and emerging and developing economies was social protection at 17 percentage points, reflecting the higher pension coverage in advanced economies. Encouragingly, spending on health has a much smaller gap at 6 percentage points between the different economy types.

International cooperation is essential in tackling the complex challenges associated with poverty eradication. Collaborative efforts among nations, organisations, and communities are crucial for sharing knowledge, resources, and best practices. Initiatives such as microfinance programmes, social protection schemes, and capacity-building initiatives play a pivotal role in empowering vulnerable populations and breaking the cycle of poverty.

1 NO POVERTY

Important information

The Ethical Portfolios one to ten were launched in April 2015, and merged to form Ethical Cautious, Ethical Balance & Ethical Growth in January 2020, have their performance metrics updated to 31st March 2024, based on their composition as of 1st April 2024. It's crucial to understand that past performance does not predict future returns, and the value of investments can change, potentially resulting in not recovering the initial investment.

Investment performance is subject to fluctuations due to changes in currency rates and market conditions, especially for funds invested in international markets or different currencies. The Investment Asset Allocation Committee may adjust asset allocations in response to market evaluations, which could affect portfolio performance. Also, performance figures may not align with individual experiences if there were changes in portfolio investment during the quarter.

Be aware that inflation can impact the future value of capital, and investments focused on specific sectors or regions are generally riskier. Additionally, investments in emerging markets or smaller companies are subject to higher volatility and risks. Lastly, the performance of funds can vary significantly based on the timing of investment switches.

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