



Quarter Two Review

Your guide to the markets and the Enhanced Passive Portfolios



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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
EnP01	Portfolio	0.1%	5.1%	-2.6%	4.0%	18.0%	1.5%
EnP02	Portfolio	0.3%	6.6%	-0.4%	8.4%	39.0%	3.0%
EnP03	Portfolio	0.6%	8.1%	2.2%	13.4%	58.0%	4.2%
EnP04	Portfolio	0.8%	9.4%	4.5%	18.2%	83.8%	5.6%
EnP05	Portfolio	1.0%	10.8%	7.2%	22.9%	102.9%	6.5%
EnP06	Portfolio	1.2%	12.0%	10.3%	28.5%	118.6%	7.2%
EnP07	Portfolio	1.5%	13.3%	13.4%	35.1%	136.6%	8.0%
EnP08	Portfolio	1.9%	14.5%	16.2%	38.9%	144.4%	8.3%
EnP09	Portfolio	2.2%	15.7%	19.1%	44.5%	162.5%	9.0%
EnP10	Portfolio	2.5%	16.6%	21.4%	49.4%	174.8%	9.4%

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

	QTR	1YR	3YR	5YR	LAUNCH	ANNUALISED
Cash - FE Interest 0.5%	0.1%	0.5%	1.5%	2.5%	10.3%	0.5%
Inflation UK Retail Price	0.9%	2.7%	27.1%	33.4%	104.9%	3.7%
FTSE 100 Index	3.7%	12.8%	30.2%	32.4%	265.1%	6.8%

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

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.

CPI	0.7%	1.8%	20.3%	24.1%	74.1%	2.9%
IA Mixed Investment 20-60%	1.1%	9.4%	2.8%	15.2%	129.2%	4.3%
IA Mixed Investment 40-85%	1.7%	11.8%	7.2%	25.6%	216.6%	6.0%
IA Flexible Investment	1.7%	11.8%	7.3%	28.6%	229.4%	6.3%

Performance commentary

Equity markets recorded robust returns between April and June, following on from a strong first quarter. The MSCI All Country World Index of global equities was up +2.9% in GBP terms, however there was a large degree of variety between the global equity markets in which we are invested. Similar to the first quarter of this year, the US equity market recorded strong returns of +4.2% in GBP terms, but again this rally was led by an increasingly narrow set of already expensive technology related names. The Momentum and Growth styles dominated returns again, and despite the strong returns mentioned by the market cap weighted S&P 500 index above, the equally-weighted index of the same set of equities was actually down -2.7% for the quarter, illustrating the extraordinary narrowness of the rally.

After a strong first quarter, Japanese Equities were weak in Q2. The local market return was up +1.8% in Japanese Yen, but ongoing weakness in the currency translated this into a -4.3% return for GBP investors. Global Emerging Market Equities did however rebound over the quarter and returned +5.0% in GBP terms as measured by the MSCI Emerging Market Index. This was boosted by a revival of the Chinese market which was up +7.1%.

Fixed Income returns were less exciting over the quarter, with the Bloomberg Global Aggregate Index of high quality global bonds returning just +0.1% in GBP hedged terms. Global government bond yields broadly did a round-trip over the quarter before ending close to flat as markets awaited further evidence that the disinflationary trends were robust. Lower quality, high yield bonds returned +1.3% for the quarter, but are now trading close to historically expensive levels.

Equities

Our Tactical Asset Allocation in equities was flat for the quarter as the strong performance from our overweight to the UK equity market was offset by our overweight to Japanese markets which struggled over the quarter due to weakness in the Yen. Our underweight to Continental European markets was flat in terms of impact for the quarter.



Sales

**Ninety One Diversified Income
Sanlam Multi Strategy**



Buys

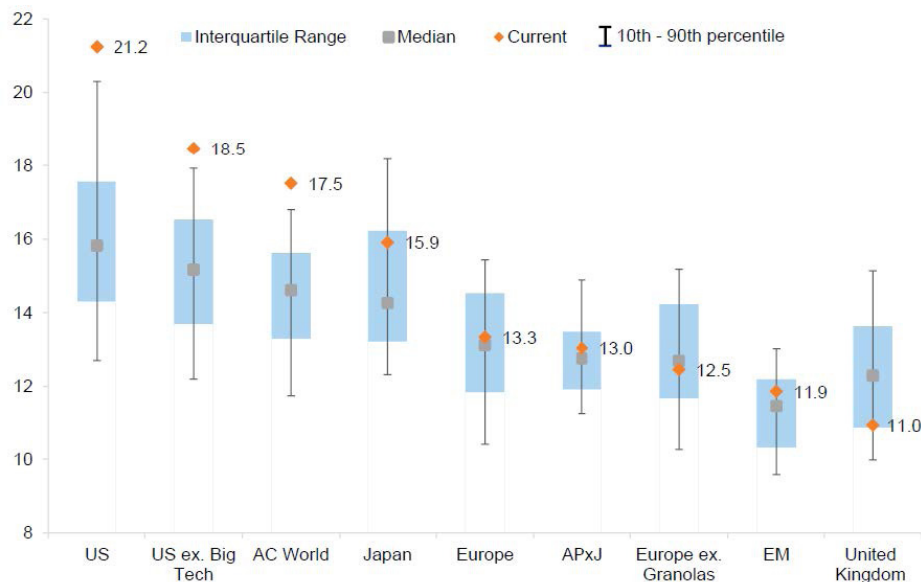
GSAM Absolute Return Tracker

In the past, for the Absolute Return exposure in the Enhanced Passive model portfolios we have blended two active managers, namely Ninety One Diversified Income and Sanlam Multi Strategy. Replacing these strategies with GSAM Absolute Return Tracker offers a more coherent way to achieve exposure that is a replication of the broad Absolute Return manager universe.

Market outlook

Certain global equity indices are trading at valuations that, by the standards of the last 20 years, are undoubtedly elevated. Investors are having to pay an unusually high price for every pound of profits that companies are expected to generate in the coming year, what's known as a forward Price/Earnings ratio. Currently this ratio is over 21x in the US, way above its long term average of 16x. This is being heavily influenced by an increasingly narrow group of big US technology companies, although even excluding those, overall US valuations are at the very top of their historical range (see below).

12 Month Forward Price/Earnings Ratios – Last 20 Years (Source BNY Mellon)



Equities

One market where this is certainly not the case is the UK equity market. At the overall index level you are only having to pay 11x forward earnings, almost half the price you pay for a pound of profits in the US. In addition, the UK equity index is also providing you with a dividend yield of around 4%, which is more than double that of the US market.

Based upon the exceptional investment opportunities available in the UK equity market today, we are tactically overweight to UK equities.

Although retail sentiment towards UK equities remains downbeat, corporates are starting to take advantage of this valuation discrepancy. Depressed share prices have prompted a surge in Mergers & Acquisitions in the UK with \$77bn of deals announced this year to end May, compared with just \$25bn for the whole of 2023 (Source: Polar/Numis).

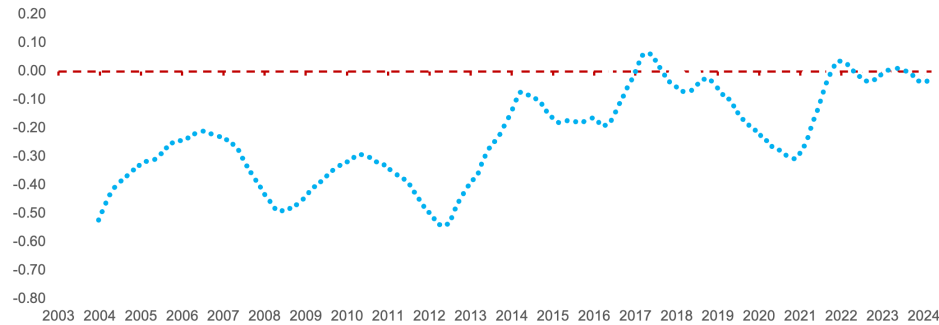
That said, the largest buyer of UK equities in 2024 has actually been UK companies themselves, with a continuous stream of announced share buybacks. This is companies using their profits to buy their own undervalued shares, thereby increasing future Earnings (profit) Per Share for the remaining shareholders. Given share prices tend to follow earnings over time, this is a promising sign for future UK equity returns.

The Role of Alternative Assets

A characteristic of markets over recent years has been the increased correlation between global equity and bond markets. This effectively means they are increasingly moving in a similar direction. Over the preceding decades, investors had been used to bonds and equities exhibiting negative correlation, with bonds typically providing protection in the form of positive returns in times of equity market stress. However, as the chart below demonstrates, since 2021 the diversification benefits of holding bonds alongside equities has been much less reliable.



12 Month Correlation of MSCI All Country World Index and Bloomberg Global Treasury Index (Source Refinitiv, YOU Asset Management)



This is unlikely to be a permanent feature and is partly to do with the recent move to a higher interest rate regime. However, we are currently sitting at a point where both equity and bond markets are generally responding positively when there is more confidence that rates will be coming down, and both responding negatively when there is more fear that rates will have to stay higher for longer.

Within the Active Model Portfolio Service, not only do we diversify our fixed income component into other less correlated segments of global fixed income markets, we also do not solely rely on bonds to provide diversification versus equities. That is why from risk profile 01 to 09, we include further diversifying allocations to Absolute Return Strategies and within risk profile 01 to 08 to some more inflation-sensitive strategies within Property & Real Assets.

We have carefully selected three very differentiated Absolute Return Strategies in portfolios adopting strategies that are designed to provide an attractive positive return over time, and importantly, when the three managers are blended together, to deliver that return in a pattern that is not driven by the direction of equity or fixed income markets.

We also have an allocation to Property & Real Assets. These are funds that adopt strategies that have embedded within them some inflation sensitivity. Examples of this in the model portfolios include commodities, global listed infrastructure assets and a Trend Following strategy that has historically delivered positive returns when inflation has trended upwards, as it did very successfully in the most recent bout of inflation.

We consider these alternative and highly differentiated sources of return will continue to represent a valuable source of additional diversification alongside bonds in an ever uncertain macroeconomic environment.



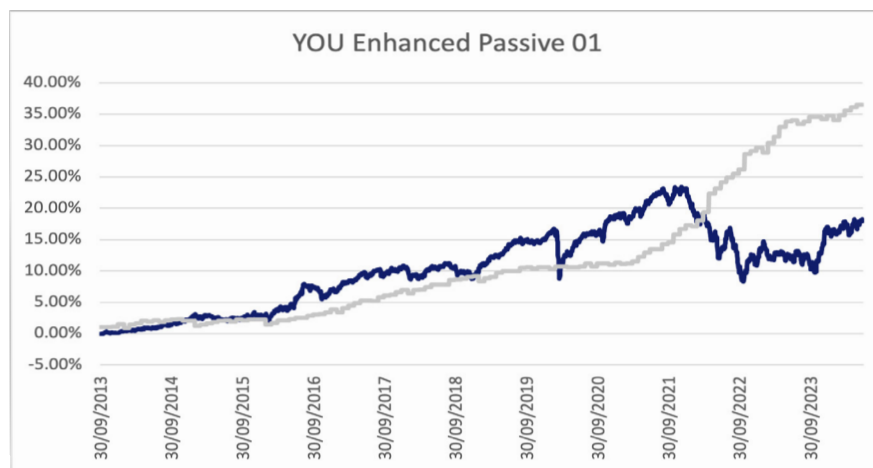
Portfolio holdings

This Portfolio invests mainly in Cash and Fixed Interest and suits investors for whom minimising any capital loss is a priority over returns.

		QTR	1YR	3YR	5YR	LAUNCH	ANNUALISED
EnP01	Portfolio	0.1%	5.1%	-2.6%	4.0%	18.0%	1.5%

Fund	Allocation
Cash	15.0%
Cash	15.0%
Fixed Income	50.0%
Vanguard Global Bond Index	25.0%
Vanguard Global Corporate Bond Index	10.0%
Vanguard Global Short-Term Bond Index	15.0%
Property & Real Assets	10.0%
iShares Gbl Property Sec Equity Index	10.0%
Absolute Return	15.0%
GSAM Absolute Return Tracker	15.0%
UK Equity	2.2%
Fidelity Index UK	2.2%
US Equity	2.0%
Fidelity Index US	2.0%
Europe Ex-UK Equity	1.1%
Fidelity Index Europe Ex UK	1.1%
Japanese Equity	1.4%
Fidelity Index Japan	1.4%
Global Emerging Market Equity	1.5%
Fidelity Index Emerging Markets	1.5%
Global Developed Market Equity	1.8%
Fidelity Index World	1.8%
	100.0%

YOU Enhanced Passive 01



YOU Enhanced Passive 01
Consumer Price Index

Asset Class	Strategic (%)	Tactical (%)
Cash	15	15
Fixed Income	50	50
Property & Real Assets	10	10
Absolute Return	15	15
UK Equity	1.8	2.2
US Equity	2	2
Europe ex-UK Equity	1.6	1.1
Japanese Equity	1.3	1.4
Global Emerging Market Equity	1.5	1.5
Global Developed Market Equity	1.8	1.8

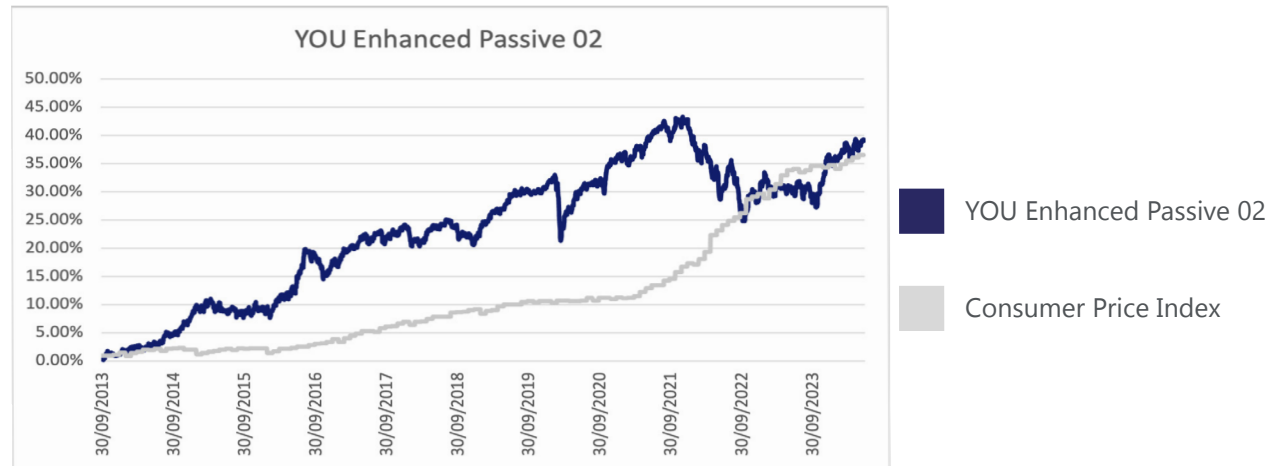
Fund	Allocation
Cash	10.0%
Cash	10.0%
Fixed Income	45.0%
Vanguard Global Bond Index	25.0%
Vanguard Global Corporate Bond Index	10.0%
Vanguard Global Short-Term Bond Index	10.0%
Property & Real Assets	10.0%
iShares Gbl Property Sec Equity Index	10.0%
Absolute Return	15.0%
GSAM Absolute Return Tracker	15.0%
UK Equity	4.4%
Fidelity Index UK	4.4%
US Equity	4.0%
Fidelity Index US	4.0%
Europe Ex-UK Equity	2.2%
Fidelity Index Europe Ex UK	2.2%
Japanese Equity	2.9%
Fidelity Index Japan	2.9%
Global Emerging Market Equity	2.9%
Fidelity Index Emerging Markets	2.9%
Global Developed Market Equity	3.6%
Fidelity Index World	3.6%
	100.0%

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
EnP02	Portfolio	0.3%	6.6%	-0.4%	8.4%	39.0%	3.0%

YOU Enhanced Passive 02



Asset Class	Strategic (%)	Tactical (%)
Cash	10	10
Fixed Income	45	45
Property & Real Assets	10	10
Absolute Return	15	15
UK Equity	3.7	4.4
US Equity	4	4
Europe ex-UK Equity	3.3	2.2
Japanese Equity	2.5	2.9
Global Emerging Market Equity	2.9	2.9
Global Developed Market Equity	3.6	3.6

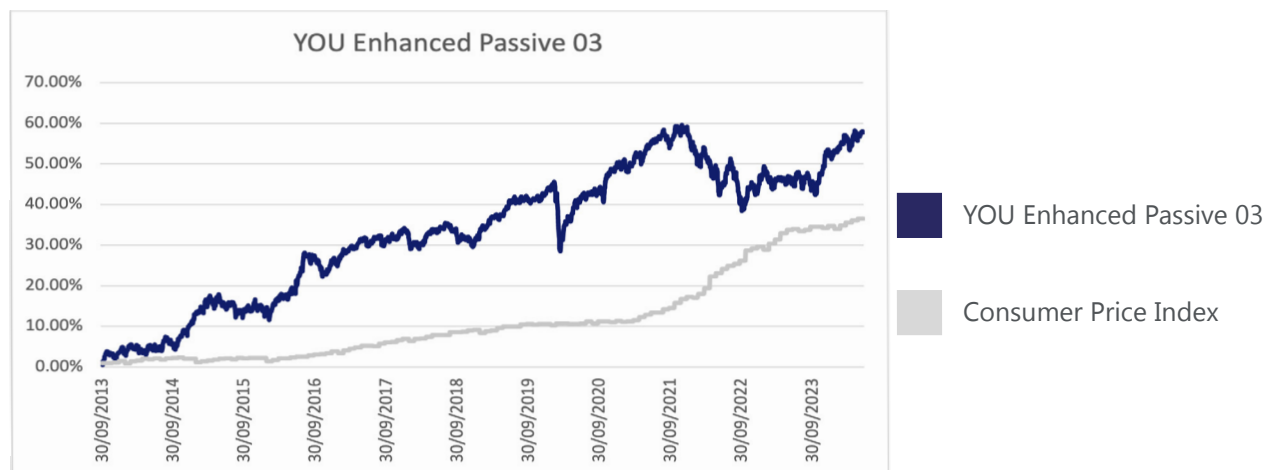
Portfolio holdings

This Portfolio invests mainly in Fixed Interest and a small amount of riskier assets and is suitable for investors who wish to protect their capital, if possible, but increase the chances of better long-term returns.

		QTR	1YR	3YR	5YR	LAUNCH	ANNUALISED
EnP03	Portfolio	0.6%	8.1%	2.2%	13.4%	58.0%	4.2%

Fund	Allocation
Cash	5.0%
Cash	5.0%
Fixed Income	40.0%
Vanguard Global Bond Index	20.0%
Vanguard Global Corporate Bond Index	10.0%
Vanguard Global Short-Term Bond Index	10.0%
Property & Real Assets	10.0%
iShares Gbl Property Sec Equity Index	10.0%
Absolute Return	15.0%
GSAM Absolute Return Tracker	15.0%
UK Equity	6.6%
Fidelity Index UK	6.6%
US Equity	6.1%
Fidelity Index US	6.1%
Europe Ex-UK Equity	3.3%
Fidelity Index Europe Ex UK	3.3%
Japanese Equity	4.3%
Fidelity Index Japan	4.3%
Global Emerging Market Equity	4.4%
Fidelity Index Emerging Markets	4.4%
Global Developed Market Equity	5.3%
Fidelity Index World	5.3%
	100.0%

YOU Enhanced Passive 03



Asset Class	Strategic (%)	Tactical (%)
Cash	5	5
Fixed Income	40	40
Property & Real Assets	10	10
Absolute Return	15	15
UK Equity	5.5	6.6
US Equity	6.1	6.1
Europe ex-UK Equity	4.9	3.3
Japanese Equity	3.8	4.3
Global Emerging Market Equity	4.4	4.4
Global Developed Market Equity	5.3	5.3

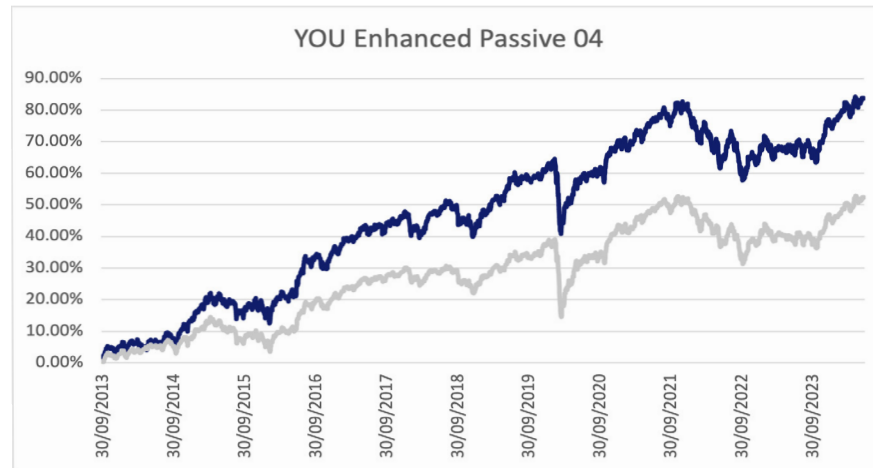
Fund	Allocation
Cash	2.0%
Cash	2.0%
Fixed Income	34.0%
Vanguard Global Bond Index	20.0%
Vanguard Global Corporate Bond Index	9.0%
Vanguard Global Short-Term Bond Index	5.0%
Property & Real Assets	10.0%
iShares Gbl Property Sec Equity Index	10.0%
Absolute Return	14.0%
GSAM Absolute Return Tracker	14.0%
UK Equity	8.8%
Fidelity Index UK	8.8%
US Equity	8.1%
Fidelity Index US	8.1%
Europe Ex-UK Equity	4.4%
Fidelity Index Europe Ex UK	4.4%
Japanese Equity	5.8%
Fidelity Index Japan	5.8%
Global Emerging Market Equity	5.8%
Fidelity Index Emerging Markets	5.8%
Global Developed Market Equity	7.1%
Fidelity Index World	7.1%
	100.0%

Portfolio holdings

This Portfolio invests in a moderate amount of Fixed Interest, with some Equity and Property as well. It is suitable for investors who wish to increase the chances of reasonable returns and protect capital, if possible.

		QTR	1YR	3YR	5YR	LAUNCH	ANNUALISED
EnP04	Portfolio	0.8%	9.4%	4.5%	18.2%	83.8%	5.6%

YOU Enhanced Passive 04



YOU Enhanced Passive 04
IA Mixed Investment 20-60%

Asset Class	Strategic (%)	Tactical (%)
Cash	2	2
Fixed Income	34	34
Property & Real Assets	10	10
Absolute Return	14	14
UK Equity	7.4	8.8
US Equity	8.1	8.1
Europe ex-UK Equity	6.6	4.4
Japanese Equity	5	5.8
Global Emerging Market Equity	5.8	5.8
Global Developed Market Equity	7.1	7.1

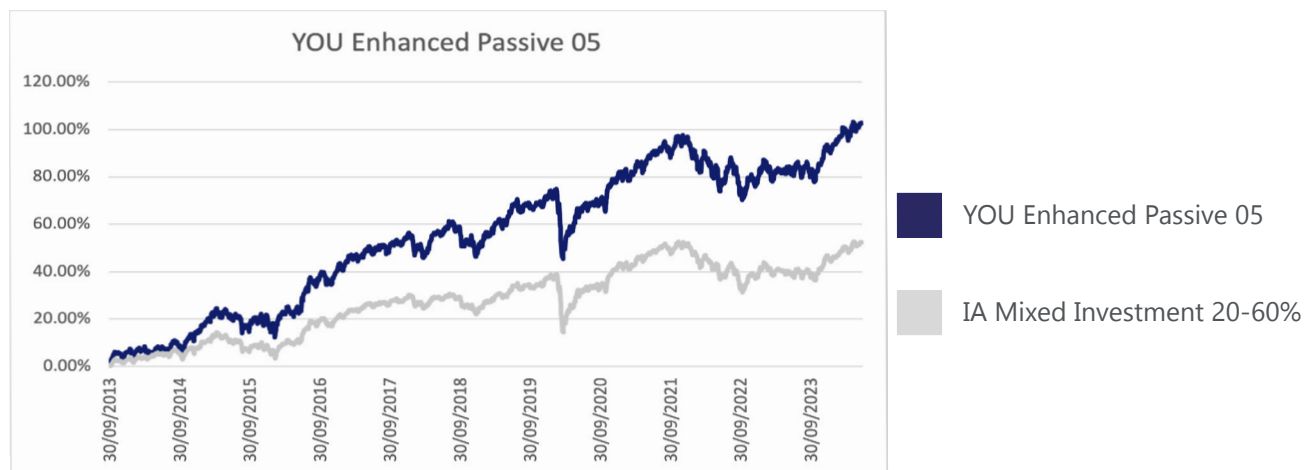
Portfolio holdings

This Portfolio 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
EnP05	Portfolio	1.0%	10.8%	7.2%	22.9%	102.9%	6.5%

Fund	Allocation
Cash	2.0%
Cash	2.0%
Fixed Income	24.0%
Vanguard Global Bond Index	12.0%
Vanguard Global Corporate Bond Index	12.0%
Property & Real Assets	10.0%
iShares Gbl Property Sec Equity Index	10.0%
Absolute Return	14.0%
GSAM Absolute Return Tracker	14.0%
UK Equity	11.1%
Fidelity Index UK	11.1%
US Equity	10.1%
Fidelity Index US	10.1%
Europe Ex-UK Equity	5.5%
Fidelity Index Europe Ex UK	5.5%
Japanese Equity	7.2%
Fidelity Index Japan	7.2%
Global Emerging Market Equity	7.3%
Fidelity Index Emerging Markets	7.3%
Global Developed Market Equity	8.8%
Fidelity Index World	8.8%
	100.0%

YOU Enhanced Passive 05



Asset Class	Strategic (%)	Tactical (%)
Cash	2	2
Fixed Income	24	24
Property & Real Assets	10	10
Absolute Return	14	14
UK Equity	9.2	11.1
US Equity	10.1	10.1
Europe ex-UK Equity	8.2	5.5
Japanese Equity	6.3	7.2
Global Emerging Market Equity	7.3	7.3
Global Developed Market Equity	8.9	8.8

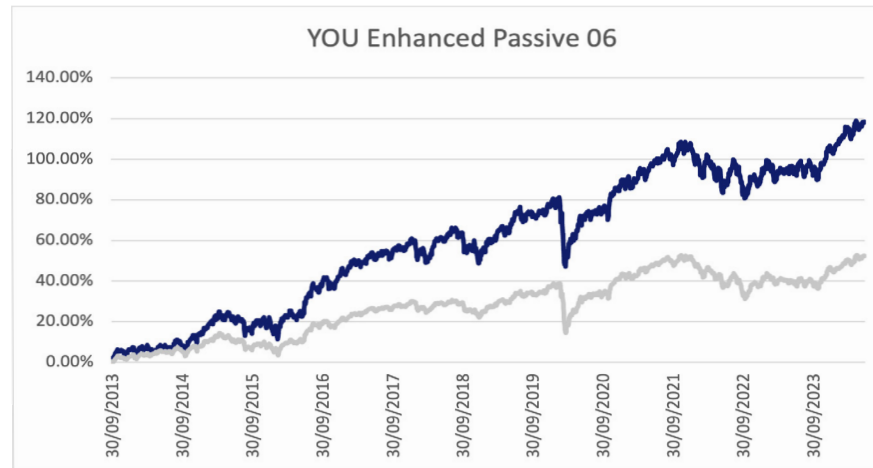
Fund	Allocation
Cash	2.0%
Cash	2.0%
Fixed Income	15.0%
Vanguard Global Bond Index	11.0%
Vanguard Global Corporate Bond Index	4.0%
Property & Real Assets	10.0%
iShares Gbl Property Sec Equity Index	10.0%
Absolute Return	13.0%
GSAM Absolute Return Tracker	13.0%
UK Equity	13.3%
Fidelity Index UK	13.3%
US Equity	12.1%
Fidelity Index US	12.1%
Europe Ex-UK Equity	6.6%
Fidelity Index Europe Ex UK	6.6%
Japanese Equity	8.7%
Fidelity Index Japan	8.7%
Global Emerging Market Equity	8.7%
Fidelity Index Emerging Markets	8.7%
Global Developed Market Equity	10.6%
Fidelity Index World	10.6%
	100.0%

Portfolio holdings

This Portfolio invests in a variety of assets to obtain diversification. It is suitable for investors for whom returns are more important than capital protection.

		QTR	1YR	3YR	5YR	LAUNCH	ANNUALISED
EnP06	Portfolio	1.2%	12.0%	10.3%	28.5%	118.6%	7.2%

YOU Enhanced Passive 06



YOU Enhanced Passive 06
IA Mixed Investment 20-60%

Asset Class	Strategic (%)	Tactical (%)
Cash	2	2
Fixed Income	15	15
Property & Real Assets	10	10
Absolute Return	13	13
UK Equity	11.1	13.3
US Equity	12.1	12.1
Europe ex-UK Equity	9.8	6.6
Japanese Equity	7.6	8.7
Global Emerging Market Equity	8.7	8.7
Global Developed Market Equity	10.7	10.6

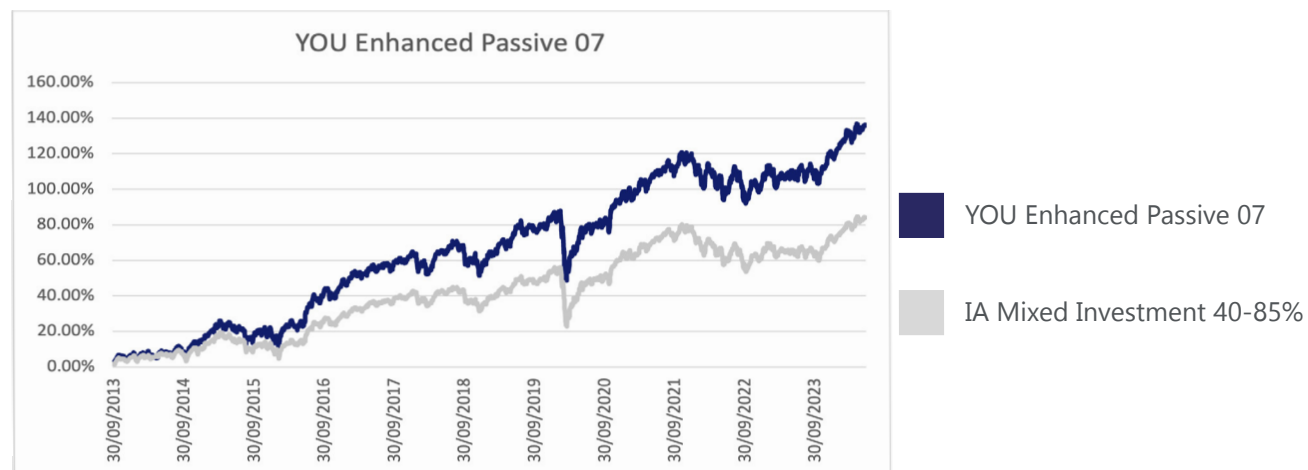
Portfolio holdings

This Portfolio invests in a variety of assets to obtain diversification. It is suitable for investors who are comfortable with some investment risk and where returns are more important than capital protection.

		QTR	1YR	3YR	5YR	LAUNCH	ANNUALISED
EnP07	Portfolio	1.5%	13.3%	13.4%	35.1%	136.6%	8.0%

Fund	Allocation
Cash	2.0%
Cash	2.0%
Fixed Income	7.0%
Vanguard Global Bond Index	4.0%
Vanguard Global Corporate Bond Index	3.0%
Property & Real Assets	10.0%
iShares Gbl Property Sec Equity Index	10.0%
Absolute Return	11.0%
GSAM Absolute Return Tracker	11.0%
UK Equity	15.5%
Fidelity Index UK	15.5%
US Equity	14.2%
Fidelity Index US	14.2%
Europe Ex-UK Equity	7.7%
Fidelity Index Europe Ex UK	7.7%
Japanese Equity	10.1%
Fidelity Index Japan	10.1%
Global Emerging Market Equity	10.2%
Fidelity Index Emerging Markets	10.2%
Global Developed Market Equity	12.3%
Fidelity Index World	12.3%
	100.0%

YOU Enhanced Passive 07



Asset Class	Strategic (%)	Tactical (%)
Cash	2	2
Fixed Income	7	7
Property & Real Assets	10	10
Absolute Return	11	11
UK Equity	12.9	15.5
US Equity	14.2	14.2
Europe ex-UK Equity	11.5	7.7
Japanese Equity	8.8	10.1
Global Emerging Market Equity	10.2	10.2
Global Developed Market Equity	12.4	12.3

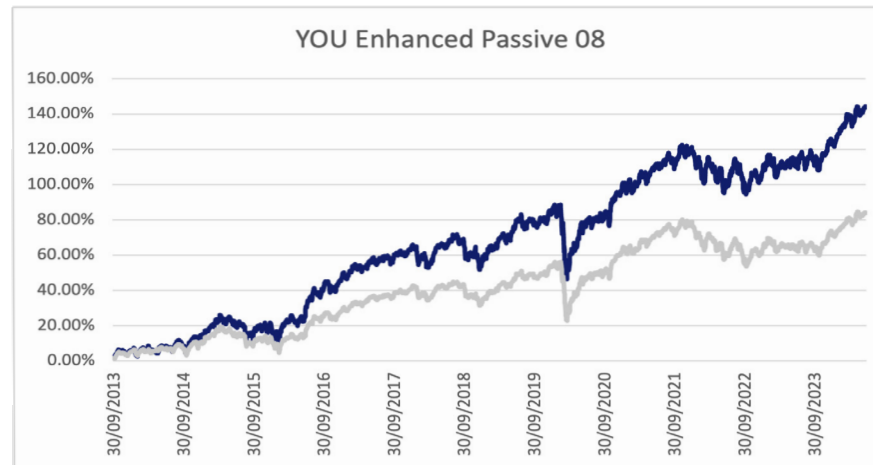
Fund	Allocation
Cash	2.0%
Cash	2.0%
Fixed Income	6.0%
Vanguard Global Bond Index	3.0%
Vanguard Global Corporate Bond Index	3.0%
Property & Real Assets	4.0%
iShares Gbl Property Sec Equity Index	4.0%
Absolute Return	8.0%
GSAM Absolute Return Tracker	8.0%
UK Equity	17.7%
Fidelity Index UK	17.7%
US Equity	16.2%
Fidelity Index US	16.2%
Europe Ex-UK Equity	8.7%
Fidelity Index Europe Ex UK	8.7%
Japanese Equity	11.5%
Fidelity Index Japan	11.5%
Global Emerging Market Equity	11.6%
Fidelity Index Emerging Markets	11.6%
Global Developed Market Equity	14.3%
Fidelity Index World	14.3%
	100.0%

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
EnP08	Portfolio	1.9%	14.5%	16.2%	38.9%	144.4%	8.3%

YOU Enhanced Passive 08



YOU Enhanced Passive 08
IA Mixed Investment 40-85%

Asset Class	Strategic (%)	Tactical (%)
Cash	2	2
Fixed Income	6	6
Property & Real Assets	4	4
Absolute Return	8	8
UK Equity	14.8	17.7
US Equity	16.2	16.2
Europe ex-UK Equity	13.1	8.7
Japanese Equity	10.1	11.5
Global Emerging Market Equity	11.6	11.6
Global Developed Market Equity	14.2	14.3

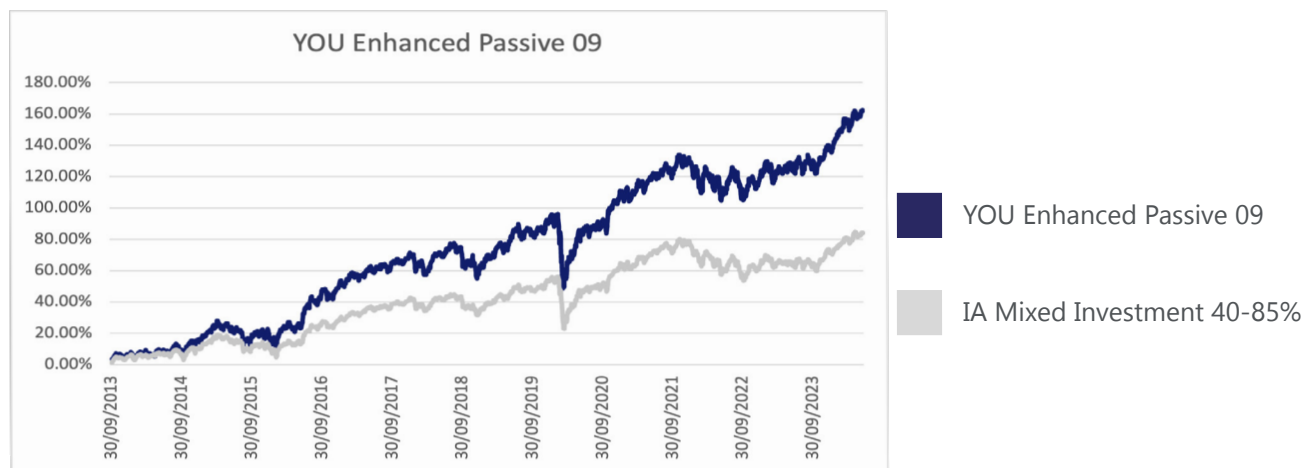
Portfolio holdings

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

		QTR	1YR	3YR	5YR	LAUNCH	ANNUALISED
EnP09	Portfolio	2.2%	15.7%	19.1%	44.5%	162.5%	9.0%

Fund	Allocation
Cash	2.0%
Cash	2.0%
Fixed Income	3.0%
Vanguard Global Bond Index	1.0%
Vanguard Global Corporate Bond Index	2.0%
Absolute Return	5.0%
GSAM Absolute Return Tracker	5.0%
UK Equity	19.9%
Fidelity Index UK	19.9%
US Equity	18.2%
Fidelity Index US	18.2%
Europe Ex-UK Equity	9.8%
Fidelity Index Europe Ex UK	9.8%
Japanese Equity	13.0%
Fidelity Index Japan	13.0%
Global Emerging Market Equity	13.1%
Fidelity Index Emerging Markets	13.1%
Global Developed Market Equity	16.0%
Fidelity Index World	16.0%
	100.0%

YOU Enhanced Passive 09



Asset Class	Strategic (%)	Tactical (%)
Cash	2	2
Fixed Income	3	3
Property & Real Assets	-	-
Absolute Return	5	5
UK Equity	16.6	19.9
US Equity	18.2	18.2
Europe ex-UK Equity	14.8	9.8
Japanese Equity	11.4	13
Global Emerging Market Equity	13.1	13.1
Global Developed Market Equity	16	16

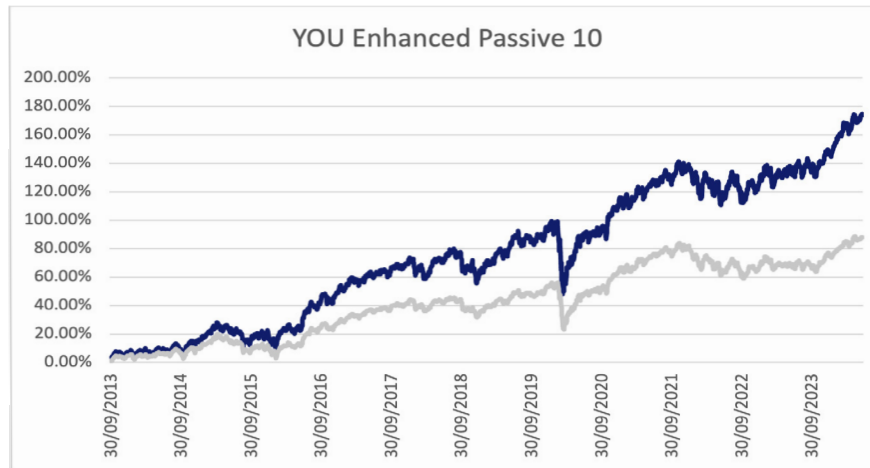
Fund	Allocation
Cash	2.0%
Cash	2.0%
UK Equity	21.7%
Fidelity Index UK	21.7%
US Equity	19.8%
Fidelity Index US	19.8%
Europe Ex-UK Equity	10.7%
Fidelity Index Europe Ex UK	10.7%
Japanese Equity	14.1%
Fidelity Index Japan	14.1%
Global Emerging Market Equity	14.2%
Fidelity Index Emerging Markets	14.2%
Global Developed Market Equity	17.5%
Fidelity Index World	17.5%
	100.0%

Portfolio holdings

This Portfolio invests wholly in Equities, with a significant proportion in specialist Equities. It is suitable for those investors looking for the highest potential long-term returns, but who must also be prepared to accept the greatest investment risk and significant short-term falls as well.

		QTR	1YR	3YR	5YR	LAUNCH	ANNUALISED
EnP10	Portfolio	2.5%	16.6%	21.4%	49.4%	174.8%	9.4%

YOU Enhanced Passive 10



YOU Enhanced Passive 10
IA Flexible Investment

Asset Class	Strategic (%)	Tactical (%)
Cash	2	2
Fixed Income	-	-
Property & Real Assets	-	-
Absolute Return	-	-
UK Equity	18	21.7
US Equity	19.8	19.8
Europe ex-UK Equity	16.1	10.7
Japanese Equity	12.4	14.1
Global Emerging Market Equity	14.2	14.2
Global Developed Market Equity	17.5	17.5

Investment insights

The importance of starting and staying invested

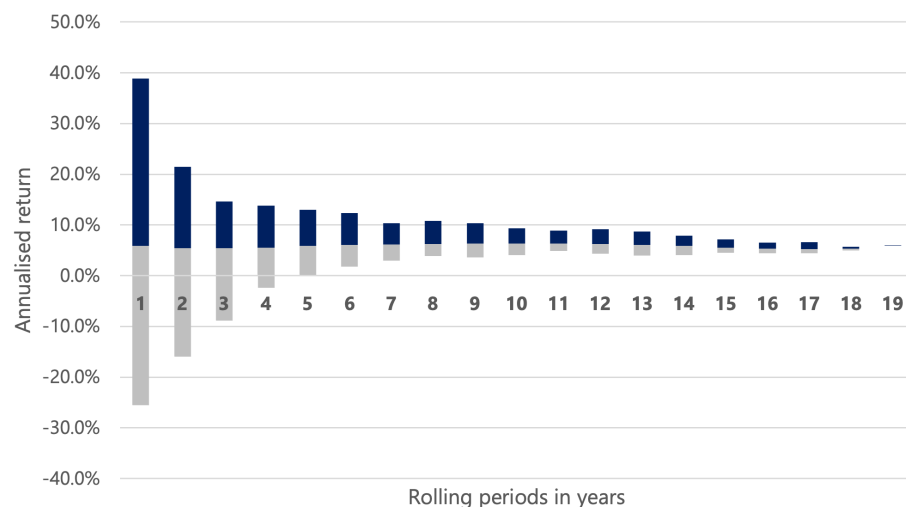
Staying invested is a crucial part of any successful investment strategy. Once you are on your investment journey the decision to stay invested can be easier, especially when you have confidence in your portfolio. Starting is often the biggest hurdle because it is human nature to try and ‘time the markets’ particularly when the current geopolitical noise is amplified by the media.

Last quarter we wrote about the extraordinary power of compound growth and although the growth may initially seem modest, the longer you stay invested the potential for greater returns increases. In order for investors to potentially benefit from this power of compound growth they have to start investing and the best time to start is now.

This is not because we think now is a perfect entry point for investors, but the sooner you can start the investment journey, the sooner you can benefit from compounding growth and longer-term returns.

The key realisation is that as long as you are investing for the long-term, it does not necessarily matter what the returns in the first few years are.

In the chart below we show the actual returns from our Active MPS portfolio that has 50% invested in equities; it is the equivalent of our Multi-Asset Blend Balanced Fund..



The track record goes back 19 years and shows the annualised returns that were delivered over the different rolling periods. The key learning point is the dispersion in the early years is significant. Looking at one year periods, the dispersion is large, ranging from almost +40% to -25%. This highlights the pitfalls of investing over short-term periods, where returns are highly volatile. For example, the worst one-year period was from end of March 2007 to end of March 2008. While the best one-year period was from end of April 2008 to end of April 2009, just a year after the worst.

However, the longer you invest for, the narrower the dispersions become. Over five year rolling periods you have had no negative outcomes; even if you did invest at the worst possible time in 2007 and stayed invested, five years later you were no longer under water.

Look forward ten years and the gap between the top and bottom is small, which leads us to the conclusion that it does not matter when you start investing, the key is to start and then stay invested. The longer you stay invested the closer you get to the average rolling returns, which is the point where the blue and grey bars meet; the average is also fairly consistent over all the rolling time periods. It is also important to ensure that you are appropriately invested in a global diversified, multi-asset investment strategy.

The longest rolling periods for actual performance is currently 19 years and we celebrate our 20th year of running clients’ money in November 2024. This reminds us of the Chinese proverb that we believe encapsulates this particular investment insight:

“The best time to plant a tree was 20 years ago. The second best time is now.”

If you are currently invested, then stay invested. If you are not invested, then start now, and begin your journey to securing you best financial life.



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



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Important information

The Enhanced Passive Portfolios one to ten, launched on 2nd April 2013, have their performance metrics updated to 31st June 2024, based on their composition as of 1st July 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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