Quarterly Review

Multi-Asset Blend Growth Fund

Q4 2024

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Welcome to our Quarterly Review

Q4 2024

In this report, we review how recent economic events may have impacted your investment portfolio and explore what this means for you. We provide insights into current market conditions and introduce some of our experienced fund managers. Additionally, we discuss the importance of diversification in managing risks, enhancing portfolio stability, and ensuring long-term growth. By understanding these key aspects, you will be better prepared to navigate future opportunities and challenges in the investment landscape.

Performance summary

- The Multi-Asset Blend Growth Fund ("the Fund") rose +1.5% over the fourth quarter taking it to +9.4% for the calendar year. Both of these returns were ahead of the Fund's IA Mixed Investment 40-85% Shares performance comparator.

- Given its higher risk profile, Equities represent 80% of the Fund's strategic asset allocation. Global equities were collectively up over the quarter, although this was largely driven by the continued strength of US equities. With the exception of Japan, all other major regional equity markets were down over the fourth quarter.

- The Fixed Income asset class makes up 6% of this Fund's strategic asset allocation. Fixed Income markets were down over the quarter, hit by a growing view that future interest rate cuts in the US may be slower to arrive than had previously been envisaged.

- Our Tactical Asset Allocation positioning in equities was positive for the quarter, with our underweight to the struggling European ex-UK equity market the key contributor.

	MAB Growth	IA Mixed Investment 40-85%
Quarter 4 2024	1.5%	1.2%
1 year	9.4%	9.0%
3 year	9.5%	6.0%
5 year	34.1%	23.8%
22 July 2019 (Since launch)	36.8%	27.1%

The Fund performance figures are presented net of the Ongoing Charges Figure (OCF) and run from launch.

The Fund has seen a return of 36.8% since launch in July 2019.

Portfolio changes

Complete sales

SparkChange Physical Carbon EUA ETC

Sparkchange allow direct exposure to the value of physical carbon emissions. They are a leading team with extensive experience across ESG, ETFs & algorithmic trading and were formed on the principal that the future of investing must integrate the price of carbon as we accelerate the de-carbonisation of the world and transition to a net-zero economy. Although Sparkchange also effectively provides direct exposure to the value of physical carbon emissions, going forward we think the SparkChange business is more challenged due to some recent changes to its corporate structure and personnel and it being a single product firm.

New buy

Xtrackers Physical Carbon EUA ETC

Xtrackers (by DWS) is a large and established provider of high quality exchange traded funds (ETFs) and exchange traded commodities (ETCs). They are specialists in providing efficient passive exposure to diversified indices or to single commodities. Xtrackers is the 3rd largest ETF / ETC issuer in Europe. They are not reliant upon one product line with ~370 ETFs and ETCs on their platform, therefore, can rely on other business growth from their wider range of investment solutions, should this product take time to grow. DWS has a dedicated team that can regularly provide research on the carbon markets.

65 Manager meetings

We attended **65 meetings** during the quarter to review existing and prospective managers.

Performance commentary

Market

Global equity markets were collectively positive over the quarter, with the MSCI All Country World Index of global equities up +6.1% in GBP terms. However, this attractive result hid a wide dispersion of underlying regional equity market returns and the fact that the majority of the global index rise was driven by a single market, namely the US (S&P 500 Index +9.7%). Conversely, the FTSE All Share Index was down -0.4% for the quarter, the MSCI Europe ex-UK Index was down -4.2% and MSCI Emerging Markets Index was down -1.3%, all in GBP terms. Only Japan bucked this trend, posting a +3.3% rise for the quarter in GBP terms.

The S&P 500 Index's final quarter rally took the US equity market return to +27.3% for the calendar year in GBP terms. It is worth reflecting on just how uniquely strong this annual result for the US equity market is as it compares to an annual return of+9.5% for the UK Equity market, +2.8% for Continental European equities and just over +10% for Japanese and Emerging Market indices, all in GBP terms. For a second year in a row, the nature of this US market dominance has been highly concentrated in the largest, technology and AI-oriented names, often referred to as the "magnificent seven", with these stocks alone responsible for half of the S&P 500 index's 2024 gains.

News over the quarter was dominated by the election of Donald Trump as the next US President. This prompted speculation of future corporate tax cuts, higher government spending and protectionist policies that could be particularly harmful to China and Europe. Such speculation was undoubtedly impactful upon market returns over the quarter but we continue to caution whether such policies will in fact turn out to be the drivers of future market returns. In Europe, economic data continued to weaken significantly and was compounded by ongoing political turmoil in core countries like France and Germany where fiscal troubles and the continued rise of populist parties have sent alarm bells ringing. In the UK, a relatively business unfriendly budget dampened some enthusiasm for domestic UK equities that had been growing throughout the year.

Although central banks in US, UK and Europe started normalising interest rate policy over 2024, continued robust economic growth in the US and frustratingly sticky headline inflation meant many investors pared back their expectations for how quickly future interest rate cuts would be delivered going forward, particularly in the US. Higher interest rate expectations are generally unhelpful for fixed income returns and, as a result, global bonds as measured by the Bloomberg Global Aggregate Index fell -1.0% over the quarter in GBP hedged terms. Longer-dated bonds, which are even more sensitive to interest rates, fell even more sharply. Over the year as a whole, global bonds as measured by the Bloomberg Global Aggregate Index rose a relatively modest +3.0% in GBP hedged terms. However, Sterling bonds as measured by the Bloomberg Sterling Aggregate index were down -2.5% for the year, once again supporting our preference for a globally diversified portfolio of fixed income securities.

Total fund

The Multi-Asset Blend Growth Fund ("the Fund") was up +1.5% over the fourth quarter, ahead of the +1.2% return of its IA Mixed Investment 40-85% Shares performance comparator. The Fund's +9.4% return over the calendar year was also comfortably ahead of the IA comparator. And since the Fund's inception on 22nd July 2019, the Fund is up a highly attractive +36.8%, almost 10% ahead of its IA comparator.

Equities

Our Tactical Asset Allocation in equities was positive for the quarter, driven by our underweight to weaker performing Continental European equities. This was partially offset by our overweight to UK equities which detracted as UK equities posted marginally negative returns over the quarter.

Within the Fund's equity component, it was the faster growing set of companies in the US that outperformed in the final quarter of 2024, driven by the same technology and AI-linked companies that have propelled

US markets upwards all year. The Fund's holding in the Invesco S&P 500 ETF benefitted from this, returning +9.7%. Furthermore, the holding in the Amundi Russell 1000 Growth ETF, which has an even greater exposure to this technology- heavy segment, returned +14.6% over the quarter. We also observed positive performance from Japanese Equities over the quarter, with the Nikko Japan Value Fund returning +5.2%. Lastly, we saw the North of South Emerging Markets All Cap Fund return +5.5%, an impressive outcome in a period when Global Emerging Markets were down. The North of South Emerging Markets All Cap Fund focuses on cheaper companies trading at lower valuations across emerging markets.

Conversely, the BlackRock Continental European Fund fell -5.8% over the quarter as the economic backdrop within Continental Europe weakened and a number of its higher growth holdings struggled. In addition, within the Global Emerging Markets component, the Baillie Gifford Pacific Fund (-1.4%) and the Skerryvore Emerging Markets Fund (-4.6%) fell over the period, again demonstrating the benefits of retaining a balance of different investment styles across multiple geographies within the equity portfolio.

Fixed income

Within the fixed income component, the Fund's holding in long dated US Treasuries, through the iShares 20+ US Treasury ETF, fell over the quarter by -8.9%. As noted above, strong economic growth, higher inflation expectations and President Trump's election victory have contributed to higher interest rates expectations which has been negative for long dated bonds. The position in the Morgan Stanley Emerging Markets Local Income Fund also struggled over the quarter, falling -7.4% in a period of US Dollar strength which is seen as a negative for some Emerging Market economies. The manager's portfolio continues to provide an attractive double-digit yield and we remain very positive on the prospects for this exposure.

On a more positive note, the Man GLG High Yield Opportunities Fund returned +0.3% over the quarter as high yield bonds continued to benefit from the strong economic environment in the US.

Property, real assets & absolute return

The last quarter saw diverging outcomes for our Property & Real Assets managers and illustrates the importance of diversification within the asset class. A rise in interest rates expectations rise negatively impacted the ClearBridge Global Infrastructure Income Fund which returned -4.7% over the quarter. This Fund provides exposure to infrastructure related cash flows that are typically received in the future and are therefore more interest rate sensitive. The Xtrackers Physical Carbon EUA ETC also returned +5.9% over the quarter.

Within Absolute Return, the Fulcrum Thematic Equity Market Neutral Fund returned +5.3% over the quarter with significant exposure to technology and AI-related companies which have been a dominant theme and contributed greatly towards its +12.1% return in 2024.

Market outlook

As a reminder, each of the Multi-Asset Blend Funds has a distinct long-term Strategic Asset Allocation that is specifically formulated based upon each Fund's stated risk profile. The higher the risk-profile selected, the more is allocated to equities and the less to diversifiers such as bonds, real assets or absolute return strategies. Around that strategic asset allocation, we implement tactical tilts when we observe highly attractive return opportunities where we believe the risk-reward is strongly in our favour. We have been overweight UK and Japanese Equities and underweight Europe Ex-UK Equities, which has been a positive contributor to the performance of your portfolio over both the most recent quarter (Q4) and 2024 as a whole.

Japanese equities

2024 was a mixed year for Japanese Equities. The return from the market in local currency terms (Japanese Yen) was up a very strong +21.2% as measured by the MSCI Japan equity index, however, the Yen weakened quite substantially vs the Pound Sterling over the year meaning that the return delivered to a GBP based investor for the year was a more modest (but still substantial) +10.6%. This dynamic was also observed in the fourth quarter of the year, whereby the Yen return for the market was +5.9% while the GBP return was +3.3%.

Looking forward into 2025, we continue to hold a very positive view on the Japanese equity market and remain overweight. The underlying equity market looks very healthy, driven by sustained corporate governance reforms which our managers continue to witness in abundance across multiple industries. This involves the ongoing process of making Japanese companies more focused on generating returns for shareholders and less focused on serving other, often conflicted, interests. The market as a whole trades on reasonable valuations, particularly relative to the US. equity market for instance. In addition, while we do not seek to forecast currency returns it is widely accepted that the Yen has been exceptionally weak in recent years vs global peers due to much higher interest rates in other countries vs rates in Japan. A reversal or stabilisation in this trend could provide a tailwind to GBP based investors as well as the more unloved smaller company segment of the Japanese market which we retain exposure to.

UK equities

We also remain overweight the UK stock market going into 2025. Over the course of 2024, the market returned a very reasonable +9.5% despite a pull back over the final quarter of the year. The returns over the year were led by larger companies, in particular banks such as Natwest and Barclays had very strong years as they benefited from the higher interest rate environment. Return from medium and smaller companies were more muted, similar to the rest of the world.

The UK Equity market remains cheap relative both to other global markets (particularly the US.) and relative to its own history. While we retain our overweight to UK equities going into 2025, we are increasingly mindful that cheapness alone may be a necessary but not sufficient requirement for future outperformance. The UK market has shrunk dramatically in recent years as major firms have re-listed in the US. where they can achieve higher share prices and initial public offerings (whereby a stock "goes public" via listing on the exchange for the first time) have all but dried up in the UK as again companies prefer to stay private for longer or list in the US. The small cap segment of the market remains interesting, but these companies are oriented towards what is unfortunately a low growth, relatively high inflation economy whose planning system has led to major supply side constraints building sufficient housing or infrastructure. The recent budget alongside changes to workers rights in the UK have also undoubtedly been primarily business unfriendly. While we think there remain some attractive opportunities in the UK and our managers' portfolios continue to benefit from elevated takeover activity, we are closely evaluating the magnitude of our overweight to this market as we enter the New Year.

Europe ex-UK equities

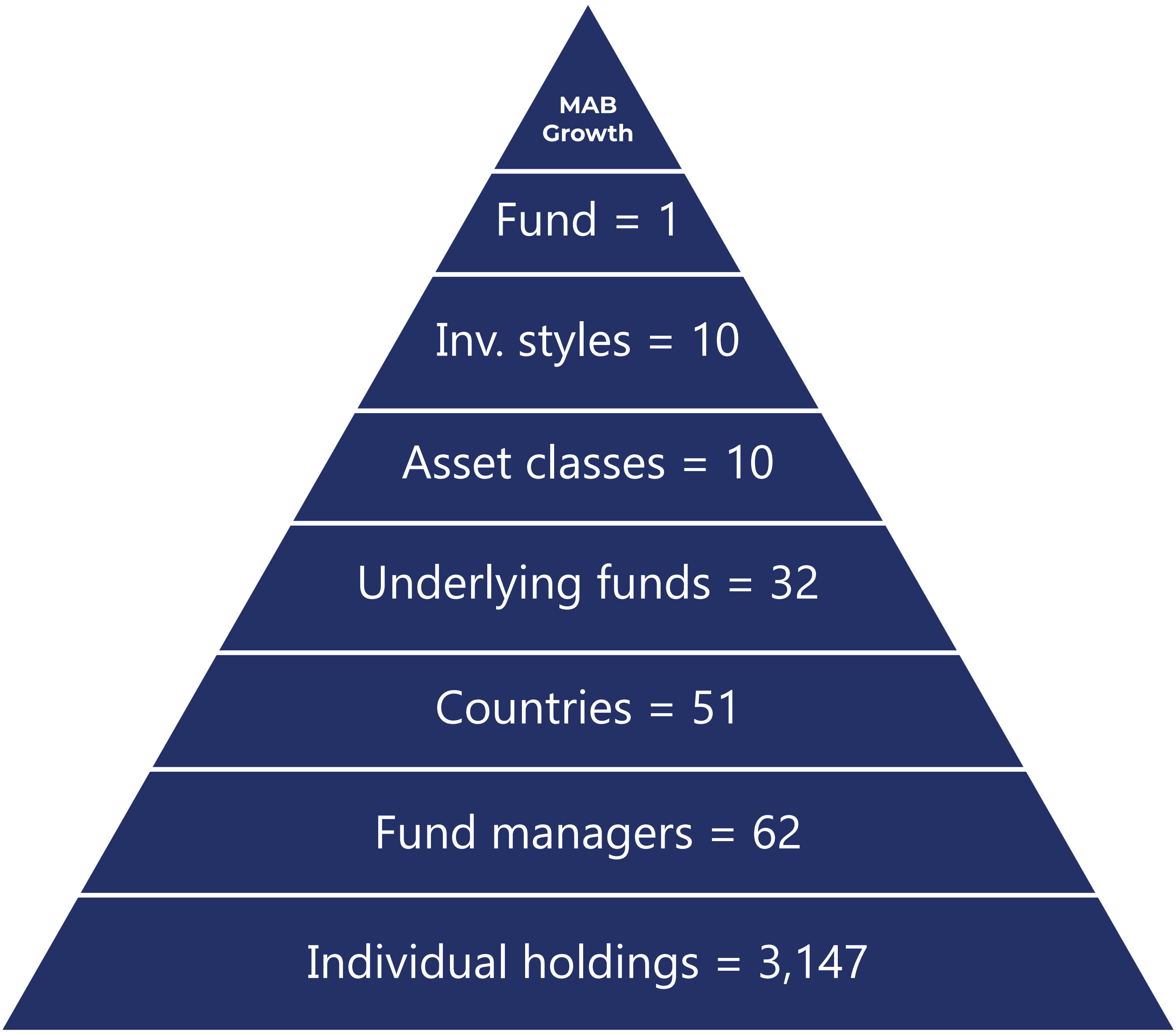
We continue to remain underweight Europe Ex-UK equities in order to be overweight the UK and Japanese markets. This was positive for your portfolio over the fourth quarter as the Continental European market, as measured by the MSCI Europe Ex-UK index, fell -4.2% and was up just +2.8% for 2024 both in GBP terms.

In lots of ways it is surprising that the European market didn’t fare even worse in 2024, given the long list of challenges it continues to face such as the de-industrialisation of Germany, debt & political strife in France, ongoing demographic challenges and a lack of dynamic tech companies to rival the US. (a problem likely exacerbated by the EU’s stifling regulatory environment). We continue to think that the Continental European markets are in the unenviable position of being neither as cheap as the UK nor as dynamic and appealing as Japan, and therefore we retain our underweight going into the New Year. That said, there are a selection of opportunities in Europe which are interesting and we feel our active managers here are well suited to exploit them despite the wider challenges the market and economy might face.

What’s in your Multi-Asset Blend Fund?

We aim to provide our clients with a full range of investment solutions that help deliver their financial plans. We have evolved our investment offering since 2004 and the YOU Multi-Asset Blend Funds are the most modern iteration of our investment process.

This pyramid below is designed to illustrate how highly diversified the MAB Growth Fund is and to help you understand the benefits of the Multi-Asset Blend Fund structure.



To find out more visit:
www.you-asset.co.uk/whats-in-a-you-multi-asset-blend-fund-sept-24

IFSL YOU Multi-Asset Blend Growth Fund
(as at 31st December 2024)

Equity Total	79.1%
UK Equity	**17.7%**
Amundi UK Equity All Cap ETF	9.1%
Lindsell Train UK Equity	4.4%
Polar Capital UK Value Opportunities	3.0%
Invesco UK Opportunities	1.3%
US Equity	**16.4%**
Invesco S&P 500 ETF	9.6%
Neuberger Berman US Small Cap Intrinsic Value	4.4%
Amundi Russell 1000 Growth ETF	2.4%
Europe Ex-UK Equity	**8.3%**
Vanguard FTSE Developed Europe ex-UK ETF	4.3%
BlackRock Continental European	2.0%
Lansdowne Partners European ex-UK	2.0%
Japanese Equity	**11.5%**
Amundi Prime Japan ETF	4.6%
Nikko Japan Value	2.8%
GSAM Japan Equity Partners	2.7%
Neuberger Berman Japan Engagement	1.4%
Global Emerging Market Equity	**11.5%**
HSBC MSCI Emerging Markets ETF	4.3%
North of South EM All Cap Equity	3.0%
Baillie Gifford Pacific	2.1%
Skerryvore Global Emerging Markets	2.1%
Global Developed Market Equity	**13.7%**
Amundi MSCI World ETF	4.3%
Brown Advisory Global Leaders	3.8%
Pzena Global Value	3.7%
Baillie Gifford Global Discovery	1.9%

Other Assets Total	12.0%
Property & Real Assets	**4.1%**
UBS Bloomberg Commodity CMCI ETF	1.6%
ClearBridge Global Infrastructure Income	1.4%
Xtrackers Physical Carbon EUA ETC	1.0%
Absolute Return	**8.0%**
Sanlam Multi Strategy	2.9%
Fulcrum Thematic Equity Market Neutral	2.5%
Pacific G10 Macro Rates	2.5%

Fixed Income Assets	5.9%
iShares 20+ Year US Treasury ETF	2.6%
Morgan Stanley Emerging Markets Local Income	2.3%
MAN GLG High Yield Opportunities	1.0%

Cash Total	2.9%

Manager spotlight

Pzena Global Value Fund ("Pzena")

Pzena Global Value focus on investing in the cheapest companies globally with the potential to reprice to what they believe to be their true value is.

Team:
Caroline Cai, John Goetz & Ben Silver are the Portfolio Managers with an average industry experience of 35+ years, supported by a team of 27 analysts

Team experience:
The 3 PMs have a combined experience of +100 years

Last manager meeting:
November 2024

Asset Class:
Equities

Sub Asset Class:
Global Developed Market Equities

Fund inception date:
25th June 2014

Fund size:
£336 million

Added to your portfolio:
April 2020

Source: Refinitiv/ YOU Asset Management

Pg 12 chart: Performance ran from be 30/04/2020 to 30/11/2024

Facts behind the fund

One of the most interesting teams and firms we've come across at YOU through years of research is Pzena Investment Management. This New York based team is renowned for its highly disciplined commitment to value investing – an investment strategy focused on investing in companies it believes are priced significantly below their long-term earnings potential and will re-rate to their intrinsic value.

Founded in 1996 by Richard Pzena, who continues to be actively involved in the firm and participates in managing some of their US funds. Pzena Investment Management has developed an exceptional research process through the years. The Global Value Fund, a key strategy in which we are invested, is co-managed by Caroline Cai, John Goetz, and Ben Silver. Together, they contribute over 100 years of collective industry expertise. Their work is supported by a highly skilled team of analysts and portfolio managers, fostering a collaborative and research-intensive culture. Notably, 19 team members have worked together for more than seven years, ensuring continuity, depth, and a shared understanding of the firm's disciplined value-driven strategy.

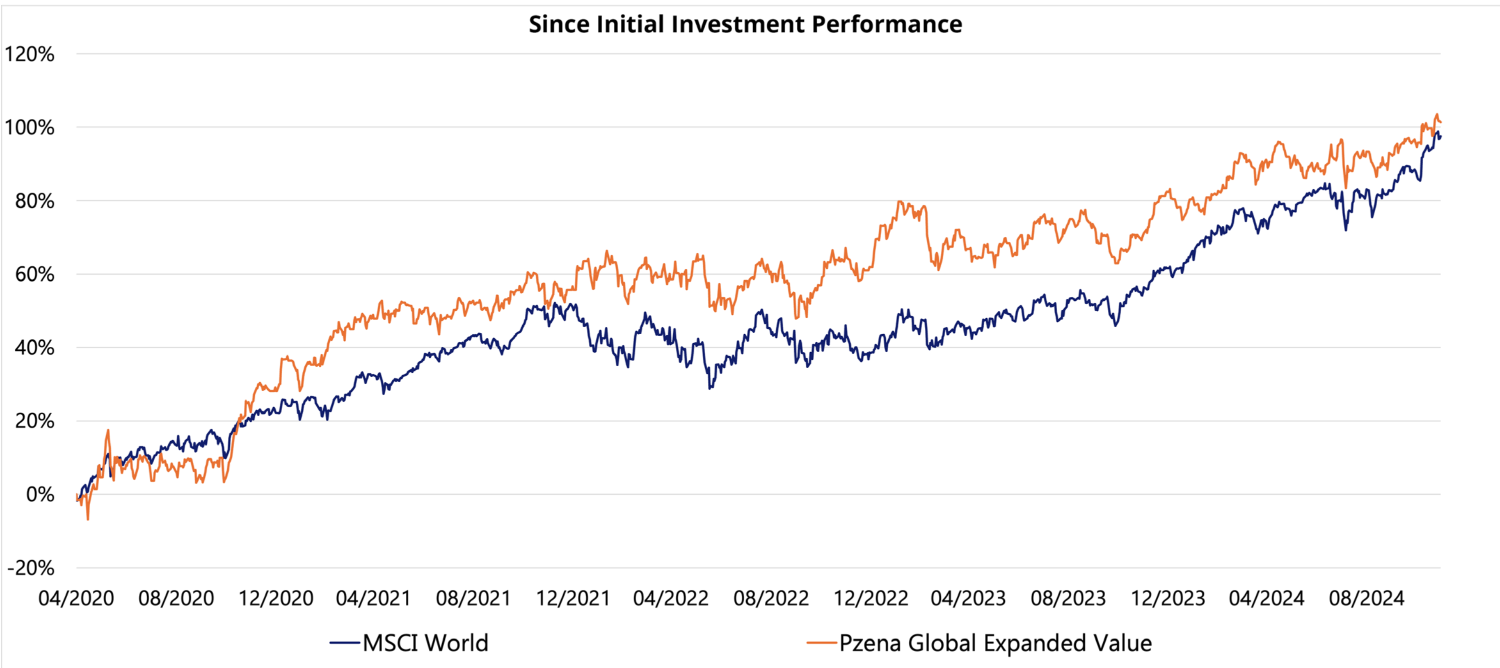
Pzena's investment process is meticulous, starting with a quantitative screen to identify attractively priced stocks. From there, the team conducts rigorous, in-depth research to determine whether a company's challenges, reflected by the low valuation, are temporary or structural and assess whether its stock price will eventually re-rate to what it thinks its intrinsic value is.

A distinctive aspect of Pzena's philosophy is its active and engaged approach to ownership. It consistently engages with company management to influence positive outcomes and deliberate carefully on shareholder voting decisions, always prioritising the best long-term interests of stakeholders. By actively participating in the oversight of the companies it invests in, Pzena not only enhances the potential for sustainable long-term value creation but also mitigates risks associated with poor corporate governance.

While the broader equity markets (particularly in the US) have been lately dominated by a small number of very expensive stocks and managers shifted their strategies to chase short-term gains, Pzena keeps it's focus strictly on it's disciplined valuation-based approach.

This kind of consistency is something we value greatly in a manager. It demonstrates resilience, integrity, and commitment to their philosophy, which is crucial for managing risk effectively. Pzena's ability to maintain such a rigorous approach through challenging times makes it a standout manager and reinforces our confidence in holding it for the long term. While keeping up with equity markets which have been dominated by a small handful of expensive names (such as the "Magnificent 7") has been a challenge for Pzena in recent years, the degree of diversification it brings to our blend of active managers is very valuable for truly long-term investment.

Since initial investment chart vs benchmark

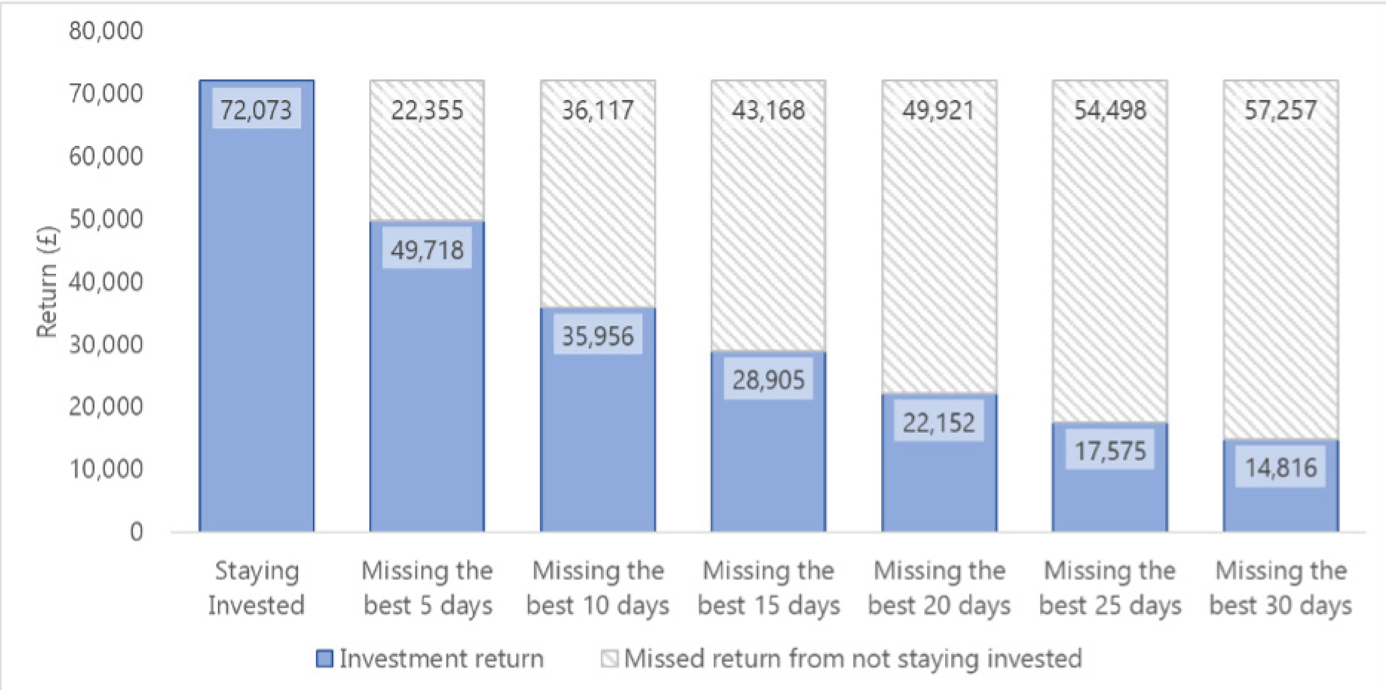


Investment insights

In last quarter's Investment Insight, we discussed the differences between bull and bear markets, and the importance of not reacting to market drops. Ultimately showing it is time in the markets, not timing the markets, that matters the most. History has shown us that it is likely your investment will spend more time in a bull market, than a bear market. But the impacts of a bear market are felt more acutely on an emotional basis.

This could trigger the temptation to try and time the markets by avoiding the worst periods and only capturing the better periods. However, there is clear evidence that market timing is difficult, if not impossible, as there is typically a delayed reaction of getting back into the markets once the market has bottomed. The consequences of missing the best days in the market is still one of the clearest ways of showing this and reminds us that time in the market is more important than timing the market.

Using an initial investment of £10,000 the chart shows the total return by staying invested and the erosion caused by missing the best days. The example runs from 01/01/2000 to 30/11/2024, showing the returns this century from the S&P 500 index of US equities.



Source: Yahoo Finance, Financial Express Analytics and YOU Asset Management. Total return in pounds sterling over period 01/01/2000 to 30/11/2024. Based on initial investment of £10,000 into the S&P 500 index. The information provided is for illustrative purposes only and does not represent the past performance of any particular investment. It is not possible to invested directly into an index.

If you had stayed invested over the entire period, the initial investment of £10,000 would have grown to £72,073. But if you attempted to sell during market downturns and missed just the best 10 days as a result, half of your potential investment would have been lost. Two thirds would have been lost if you have missed the best 20 days.

If you had missed the best 60 days, then your initial investment of £10,000 would have dropped to £6,823 an annualised loss -1.5%. If missing 60 days sounds like a lot, it is just 1% of trading days over the period. This clearly shows the importance of staying invested rather than trying to time the market, getting it wrong 1% of the time can be very damaging.

	Value	Annual return
Staying Invested	£72,073	8.2%
Missing the best 10 days	£35,956	5.3%
Missing the best 20 days	£22,152	3.2%
Missing the best 30 days	£14,816	1.6%
Missing the best 60 days	£6,823	-1.5%

The historical data shows that the best days happen during stock market turmoil and times of heightened volatility; the best day in this study was less than two weeks after the worst day, and both of these happened during the Global Financial Crisis of 2008.

Bad timing can have a serious impact on your returns, which is why we advocate staying fully invested throughout the life of your investment journey. It might sound straightforward, to sell when the market is high or buy when the market is low, but it is impossible to perfectly time the markets and by missing just a handful of the best days can take a big bite out of your assets.

The importance of keeping to your financial plan and staying invested is critical. Market drops can be stressful, and it is tempting to act on fear. But history shows that staying calm and sticking to your plan pays off in the long run. Together with your financial planner, we are here to help keep you on track.

- The 9th best day in the study was in March 2020, during the COVID pandemic
- The second best day occurred two days before the worst day
- The seventh best day occurred two days after the seventh worst day
- For consistent returns, get invested and stay invested

The YOU Asset Management team

Derrick Dunne
Chief Executive

Shane Balkham
Client Investment Director

Chris Ayton
Fund Manager

Cormac Nevin
Fund Manager

Peter Griffin
Director

Millan Chauhan
Investment Analyst

Ilaria Massei
Investment Analyst

Ashwin Gurung
Investment Analyst

Dominic Williams
Investment Analyst

Kira Parker
Investment Operations Manager

Conor Cassidy
Investment Operations Associate

Maddie O'Connor
Investment Operations Associate

Linda Afari
Investment Operations Associate

Steven Poulton
Compliance Director

Ceris Hymas
Head of Marketing & Communications

Nicola Walmsley
Marketing & Communications Manager

Mary Fyfe
Group Head of HR

Get in touch

Whether you have questions about your portfolio, need assistance with your investments, or simply want to touch base, our dedicated team is readily available to support you.

Don't hesitate to reach out to us through any of the following channels:

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Important information

All data provided by Investment Fund Services Limited (IFSL) is correct as at 31st December 2024. The IFSL YOU Multi-Asset Blend Growth Fund was launched on 22nd July 2019. 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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Financial Adviser
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5 Star Winner
Discretionary Fund Manager
YOU Asset Management


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