



# Quarterly Portfolio Report Q1 2024



## Enhancing Our Service To You

### About the HFP Managed Portfolio Service

The Harrold Financial Planning Managed Portfolio Service aims to source the very best investment solutions that the market can provide. We believe that the best investment solutions involve blending the expertise of active fund management, where we feel an advantage can be gained, with the direct nature of index tracking funds within a single portfolio. The ideal portfolio for our clients will allocate assets from the widest range of asset classes and ensure they mirror the client's risk profile. Once this is established, the portfolio should be regularly rebalanced to adjust to changes in global markets and maintain a consistent level of investment risk. Our desire is to deliver all of this whilst offering our clients the value for money they deserve.

We have given the discretionary fund manager, Brooks Macdonald, the mandate to build these portfolios on our chosen platforms. Designed by Harrold Financial Planning for the benefit of you, our clients, managed by Brooks Macdonald.

### Market outlook

Q1 has seen increasing confidence in an economic 'soft-landing', where interest rates curtail inflation without unduly impacting economic growth. Against this still-constructive picture, external surveys that we subscribe to suggest broader investor positioning remains relatively defensive at least as compared to historic (past 20-years) terms. At a global level, these surveys suggest above historic average allocations to bonds and below historic average allocations to equities. As such, should the global constructive economic, corporate, and consumer picture hold, it would not be unexpected to see this aggregate positioning become less defensive, which could well prove supportive to risk-assets. The crucial point here is that for a continued march upwards in equity performance, this doesn't necessarily need the economic picture to vastly improve – just that the arguably much-anticipated recession which investors have been gradually pushing out on the time-horizon and down in probability assumptions, continues to remain absent.

We are mindful that tail-risks remain, however. Yes, inflation is continuing to moderate, but the inflation path towards central banks' targets, both in terms of the speed of the fall in inflation rates as well as the final 'landing zone' for inflation remain uncertain. As a case in point, oil prices in March recorded their third successive monthly rise in a row, feeding off the back of a mix of oil producer supply curbs led by Saudi Arabia, as well as ongoing geopolitical risk in the Middle East and Russia-Ukraine, alongside a more constructive global energy demand growth picture more broadly. Some of the monthly consumer inflation data that landed during the quarter was mixed after a sizeable slowing in the second half of last year. While the gap between central bank expectations and those of the markets narrowed during the quarter, one of the biggest risks for risk-asset pricing is that central banks are forced to revise and moderate their signalling for interest rate cuts later this year, whether in terms of timing of the first cut but also the pace of successive cuts thereafter.

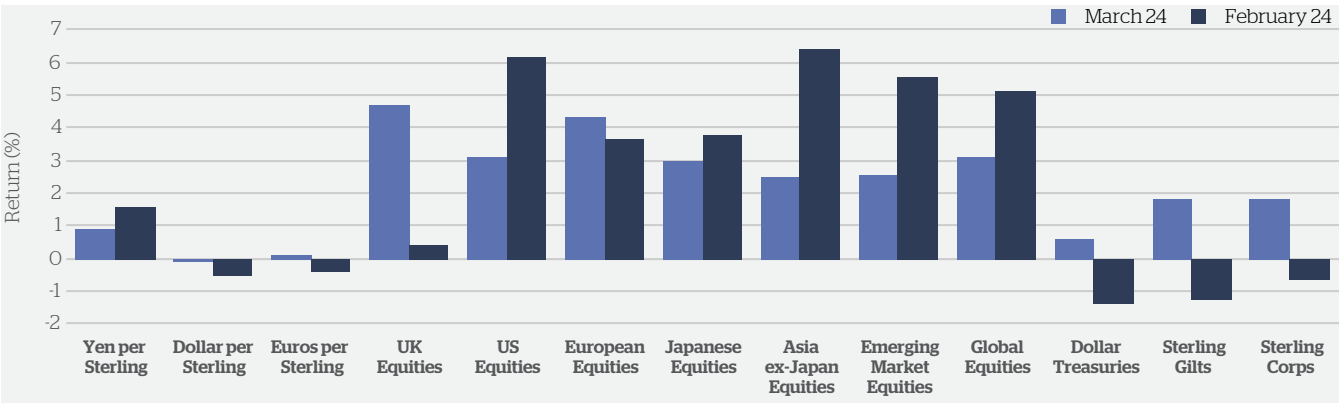
We continue to advocate a global barbell equity balance between value and growth investment styles, implemented at the start of 2021 – the increased amplitude and frequency of inflexion between these investment styles over the past three years, compared to the prior decade in our view validates our approach – there will be a time to challenge our equity investment style barbell balance, but that time is not now in our view. That said, we continue to take conviction views within our global equity allocations, giving regional country and thematic granular guidance.

Within fixed income, to manage interest rate sensitivity we have maintained a short-duration fixed income positioning, with a preference for shorter dated weighted-average maturities. This stance was borne out during Q1 as bond yield curves steepened in the UK, with shorter-dated bond yields falling more than those of longer-dated maturities. Recognising the maturity of the recent interest rate hiking cycle, we lifted our sovereign exposures midway through last year such that we now have an equal balance between sovereigns compared to corporate credit. Within credit, we prefer investment grade over high yield however, wary that the yield premium for the latter is not in our view providing sufficient reward for the additional risk inherent. In summary, we are keen for our fixed-income exposures to provide a counterbalance to the equity risk that we have elsewhere in our asset allocation mix.

Finally, within alternatives, we have recognised for some time now that this asset class faces broad challenges given income is back in fixed income. As a reminder, last year, in order to fund our increased fixed income allocations, we lowered weightings to alternatives such as commercial property and alternative income. Balancing this, we continue to have exposures to structured return products which provide diversification to our expected returns across more vanilla equity and bond asset classes.

To repeat our opening introductory message, as we weigh up the investment outlook, despite the current confidence in markets broadly, the challenge for asset allocation is how to take a calculated position so that we keep exposure towards more than one economic scenario materialising. The outlook is improving but there is not yet sufficient visibility in our view currently to decidedly shift our investment weight behind a single expected sustained outcome. Instead, staying invested but keeping balance continues to be our goal.

Asset market return



Sterling-denominated market performance, net total return performance figures. Past performance is not a reliable indicator of future results.  
Source: Bloomberg, MSCI; please see important information. Data from 29.02.24 to 31.03.24

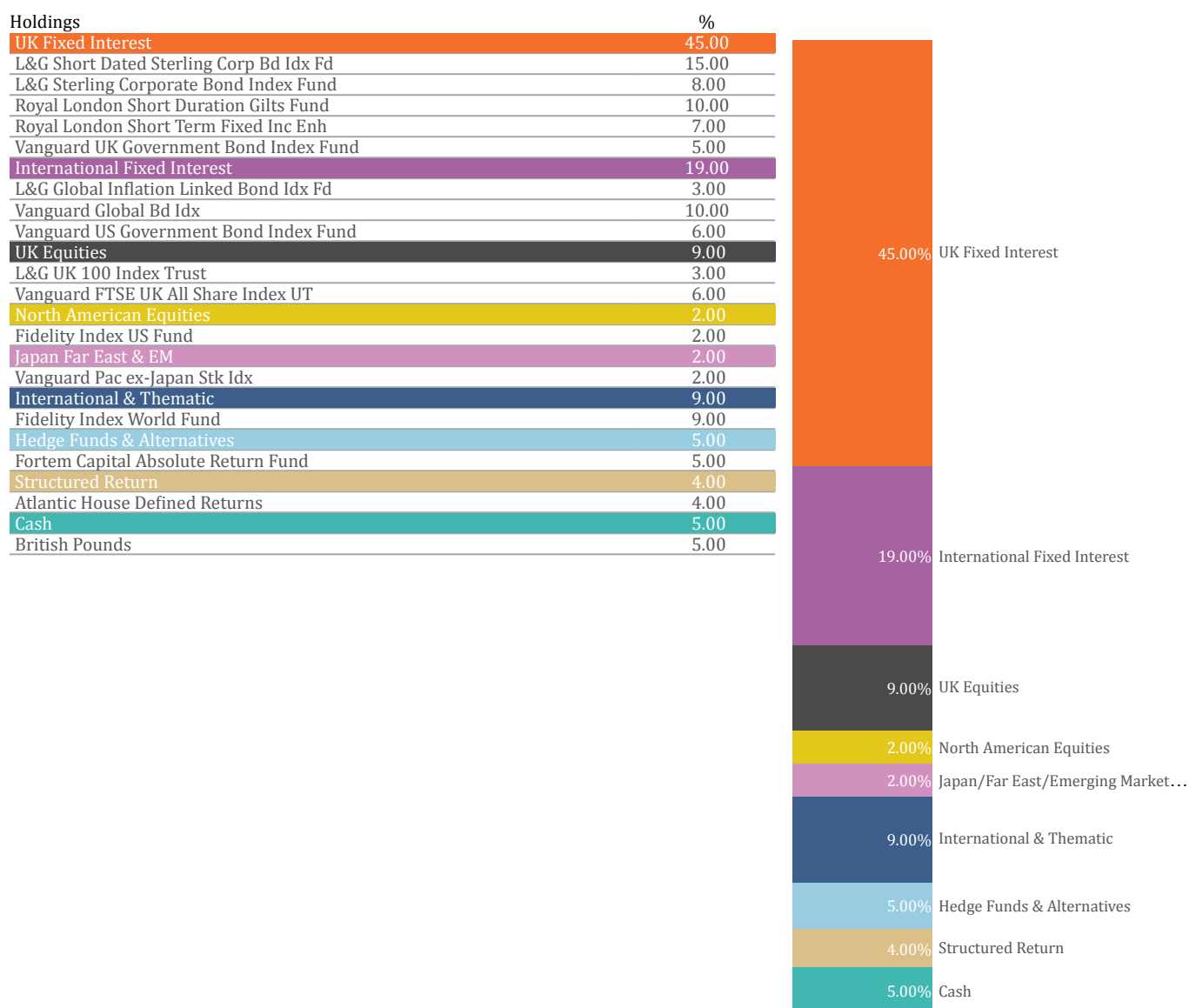
# HFP Ultra Cautious - as at 31 March 2024

Key facts    **Currency.....£**                      **Yield.....2.64%**

## Objectives

The primary objective of this portfolio is to produce a higher level of income than the Bank of England base rate over the longer term by investing in a range of relatively defensive diversified UK and international investments. Equity exposure is likely to range between 0-30% and is likely to be limited to shares in companies paying higher than average dividends.

## Portfolio Breakdown



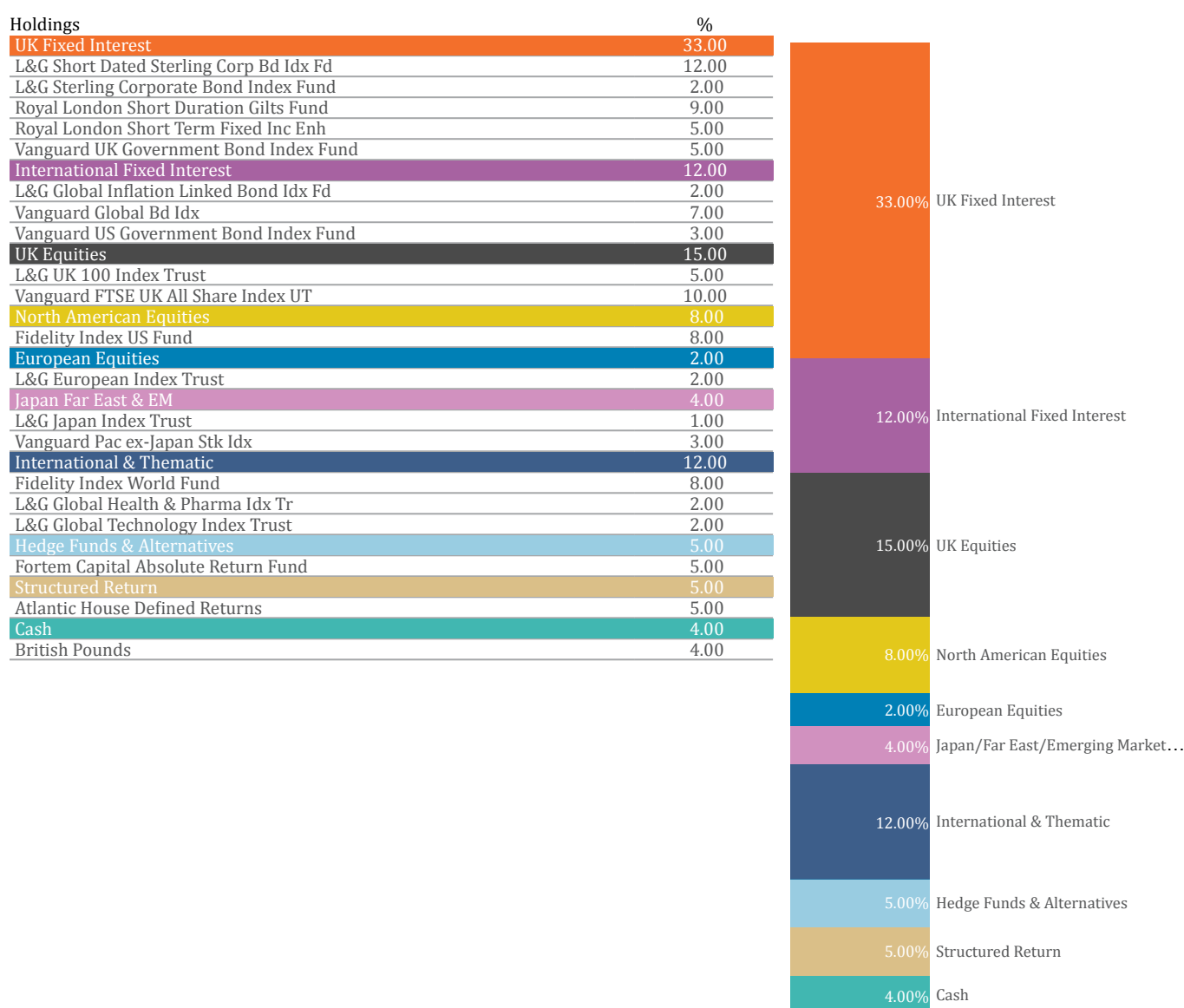
# HFP Cautious - as at 31 March 2024

Key facts    **Currency.....£**                      **Yield.....2.52%**

## Objectives

The objective of this portfolio is to provide a combination of income and capital growth. The portfolio gives limited exposure to capital markets through a diversified range of UK and international investments and aims to achieve above inflation investment returns over the longer term. Equity exposure is likely to range between 30-55% with limited exposure to international investments.

## Portfolio Breakdown



# HFP Balanced - as at 31 March 2024

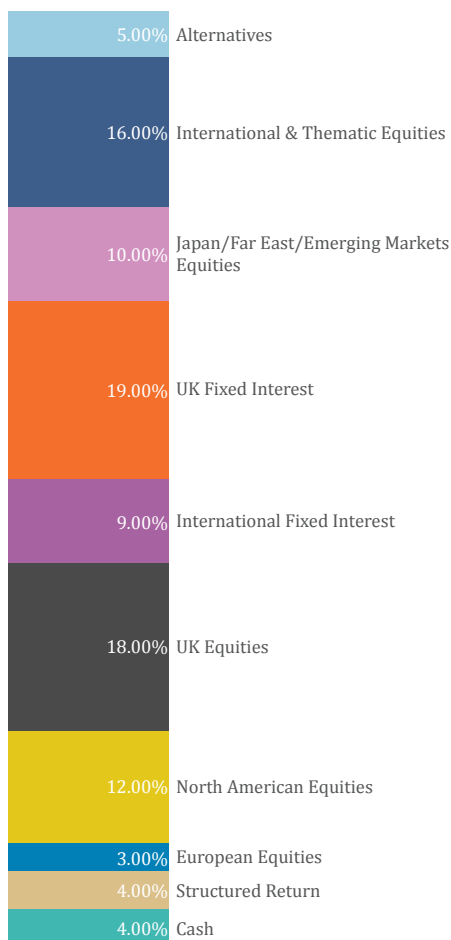
Key facts    **Currency.....£**                      **Yield.....2.04%**

## Objectives

The primary objective of the portfolio is to provide a combination of income and capital growth over the longer term. The portfolio provides exposure to capital markets through a diversified range of UK and international investments. Equity exposure is likely to range between 50-70%.

## Portfolio Breakdown

Holdings	%	
<b>Alternatives</b>	<b>5.00</b>	
Fortem Capital Absolute Return Fund	2.00	
Neuberger Berman Uncorrelated Strats Fd	3.00	
<b>International &amp; Thematic Equities</b>	<b>16.00</b>	
AXA Framlington Global Technology Fund	1.00	
Fidelity Index World Fund	3.00	
Fundsmith Equity Fund	3.00	
Guinness Global Equity Income	3.00	
L&G Global Health & Pharma Idx Tr	3.00	
L&G Global Technology Index Trust	1.00	
Ninety One Global Environment Fund	2.00	
<b>Japan/Far East/Emerging Markets Equities</b>	<b>10.00</b>	
Federated Hermes Asia ex-Japan Eq	2.00	
L&G Japan Index Trust	3.00	
Stewart Investors APAC Ldrs Sstby Fd	3.00	
Vanguard Pac ex-Japan Stk Idx	2.00	
<b>UK Fixed Interest</b>	<b>19.00</b>	
Allianz Gilt Yield Fund	3.00	
L&G Short Dated Sterling Corp Bd Idx Fd	6.00	
L&G Sterling Corporate Bond Index Fund	2.00	
Royal London Short Duration Gilts Fund	4.00	
Royal London Short Term Fixed Inc Enh	2.00	
Vontobel TwentyFour Absolute Ret Crdt Fd	2.00	
<b>International Fixed Interest</b>	<b>9.00</b>	
JPM Unconstrained Bond Fund	3.00	
L&G Global Inflation Linked Bond Idx Fd	2.00	
Vanguard Global Bd Idx	2.00	
Vanguard US Government Bond Index Fund	2.00	
<b>UK Equities</b>	<b>18.00</b>	
Artemis UK Select Fund	2.00	
CT UK Equity Income Fund	3.00	
JOHCM UK Equity Income Fund	3.00	
Liontrust Special Situations Fund	2.00	
Vanguard FTSE UK All Share Index UT	8.00	
<b>North American Equities</b>	<b>12.00</b>	
Dodge & Cox Worldwide US Stock Fund	2.00	
Fidelity Index US Fund	4.00	
JPM US Equity Income Fund	3.00	
T. Rowe Price US Smaller Companies Eq Fd	3.00	
<b>European Equities</b>	<b>3.00</b>	
L&G European Index Trust	3.00	
<b>Structured Return</b>	<b>4.00</b>	
Atlantic House Defined Returns	2.00	
Fortem Capital Progressive Growth Fund	2.00	
<b>Cash</b>	<b>4.00</b>	
British Pounds	4.00	



# HFP Adventurous - as at 31 March 2024

Key facts    **Currency.....£**                      **Yield.....1.93%**

## Objectives

The primary objective of the portfolio is to provide a combination of income and capital growth over the longer term. The portfolio provides exposure to capital markets through a diversified range of UK and international investments. Equity exposure is likely to range between 60-80%.

## Portfolio Breakdown

Holdings	%	
<b>Alternatives</b>	<b>4.00</b>	<b>4.00%</b> Alternatives
Fortem Capital Absolute Return Fund	2.00	
Neuberger Berman Uncorrelated Strats Fd	2.00	
<b>International &amp; Thematic Equities</b>	<b>19.00</b>	<b>19.00%</b> International & Thematic Equities
AXA Framlington Global Technology Fund	1.50	
Fidelity Index World Fund	3.00	
Fundsmith Equity Fund	3.00	
Guinness Global Equity Income	3.00	
L&G Global Health & Pharma Idx Tr	4.00	
L&G Global Technology Index Trust	1.50	
Ninety One Global Environment Fund	3.00	
<b>Japan/Far East/Emerging Markets Equities</b>	<b>12.00</b>	<b>12.00%</b> Japan/Far East/Emerging Markets Equities
Federated Hermes Asia ex-Japan Eq	3.00	
L&G Japan Index Trust	3.00	
Stewart Investors APAC Ldrs Sstby Fd	3.00	
Vanguard Pac ex-Japan Stk Idx	3.00	
<b>UK Fixed Interest</b>	<b>13.00</b>	<b>13.00%</b> UK Fixed Interest
Allianz Gilt Yield Fund	2.00	
L&G Short Dated Sterling Corp Bd Idx Fd	4.00	
L&G Sterling Corporate Bond Index Fund	1.00	
Royal London Short Duration Gilts Fund	4.00	
Royal London Short Term Fixed Inc Enh	2.00	
<b>International Fixed Interest</b>	<b>4.00</b>	<b>4.00%</b> International Fixed Interest
L&G Global Inflation Linked Bond Idx Fd	2.00	
Vanguard Global Bd Idx	2.00	
<b>UK Equities</b>	<b>22.00</b>	<b>22.00%</b> UK Equities
Artemis UK Select Fund	2.00	
CT UK Equity Income Fund	4.00	
JOHCM UK Equity Income Fund	4.00	
Liontrust Special Situations Fund	3.00	
Vanguard FTSE UK All Share Index UT	9.00	
<b>North American Equities</b>	<b>17.00</b>	<b>17.00%</b> North American Equities
Dodge & Cox Worldwide US Stock Fund	5.00	
Fidelity Index US Fund	6.00	
JPM US Equity Income Fund	3.00	
T. Rowe Price US Smaller Companies Eq Fd	3.00	
<b>European Equities</b>	<b>4.00</b>	<b>4.00%</b> European Equities
L&G European Index Trust	4.00	
<b>Structured Return</b>	<b>2.00</b>	<b>2.00%</b> Structured Return
Atlantic House Defined Returns	2.00	
<b>Cash</b>	<b>3.00</b>	<b>3.00%</b> Cash
British Pounds	3.00	

# HFP Speculative - as at 31 March 2024

Key facts    **Currency.....£**                      **Yield.....1.93%**

## Objectives

The primary objective of the portfolio is to provide capital growth over the longer term. The portfolio provides exposure to capital markets through a diversified range of UK and international investments. Equity exposure is likely to range between 75-95%.

## Portfolio Breakdown

Holdings	%	
<b>Alternatives</b>	<b>1.00</b>	<b>1.00%</b> Alternatives
Fortem Capital Absolute Return Fund	1.00	
<b>International &amp; Thematic Equities</b>	<b>21.00</b>	<b>21.00%</b> International & Thematic Equities
AXA Framlington Global Technology Fund	1.50	
Fidelity Index World Fund	4.00	
Fundsmith Equity Fund	4.00	
Guinness Global Equity Income	3.00	
L&G Global Health & Pharma Idx Tr	4.00	
L&G Global Technology Index Trust	1.50	
Ninety One Global Environment Fund	3.00	
<b>Japan/Far East/Emerging Markets Equities</b>	<b>13.00</b>	<b>13.00%</b> Japan/Far East/Emerging Markets Equities
Federated Hermes Asia ex-Japan Eq	3.00	
L&G Japan Index Trust	3.00	
Stewart Investors APAC Ldrs Sstby Fd	3.00	
Vanguard Pac ex-Japan Stk Idx	4.00	
<b>UK Fixed Interest</b>	<b>7.00</b>	<b>7.00%</b> UK Fixed Interest
L&G Short Dated Sterling Corp Bd Idx Fd	3.00	
L&G Sterling Corporate Bond Index Fund	1.00	
Royal London Short Duration Gilts Fund	3.00	
<b>International Fixed Interest</b>	<b>3.00</b>	<b>3.00%</b> International Fixed Interest
L&G Global Inflation Linked Bond Idx Fd	1.00	
Vanguard US Government Bond Index Fund	2.00	
<b>UK Equities</b>	<b>24.00</b>	<b>24.00%</b> UK Equities
Artemis UK Select Fund	2.00	
CT UK Equity Income Fund	5.00	
JOHCM UK Equity Income Fund	4.00	
Liontrust Special Situations Fund	4.00	
Vanguard FTSE UK All Share Index UT	9.00	
<b>North American Equities</b>	<b>20.00</b>	<b>20.00%</b> North American Equities
Dodge & Cox Worldwide US Stock Fund	5.00	
Fidelity Index US Fund	7.00	
JPM US Equity Income Fund	4.00	
T. Rowe Price US Smaller Companies Eq Fd	4.00	
<b>European Equities</b>	<b>5.00</b>	<b>5.00%</b> European Equities
L&G European Index Trust	5.00	
<b>Hedge Funds &amp; Alternatives</b>	<b>2.00</b>	<b>2.00%</b> Hedge Funds & Alternatives
Atlantic House Uncorrelated Strats Fd	2.00	
<b>Structured Return</b>	<b>1.00</b>	<b>1.00%</b> Structured Return
Atlantic House Defined Returns	1.00	
<b>Cash</b>	<b>3.00</b>	<b>3.00%</b> Cash
British Pounds	3.00	



# Fund activity

Due to rounding, the figures shown in these tables may not match exactly with the portfolio breakdowns earlier in the document.

## HFP Ultra Cautious

	Action	% Change	New %	Month
Royal London Short Duration Gilts	Reduce	1.00%	10.00%	March
Vanguard UK Government Bond Index	Increase	1.00%	5.00%	March

## HFP Cautious

	Action	% Change	New %	Month
Fidelity Index US	Increase	3.00%	8.00%	March
Vanguard Pacific ex Japan Index	Reduce	4.00%	3.00%	March
L&G Japan Index Trust	Buy	1.00%	1.00%	March
Vanguard UK Government Bond Index	Increase	2.00%	5.00%	March
Royal London Short Term Fixed Income Enhanced	Reduce	2.00%	5.00%	March

## HFP Balanced

	Action	% Change	New %	Month
T Rowe Price US Smaller Companies	Buy	3.00%	3.00%	March
Hermes Asia ex-Japan Equity Fund	Reduce	3.00%	2.00%	March
Stewart Asia Pacific Leaders	Reduce	2.00%	3.00%	March
Vanguard Pacific ex Japan Index	Buy	2.00%	2.00%	March
Royal London Short Duration Gilts	Reduce	3.00%	4.00%	March
Allianz Gilt Yield	Increase	1.00%	3.00%	March
L&G Sterling Corporate Bond Index	Buy	2.00%	2.00%	March

## HFP Adventurous

	Action	% Change	New %	Month
T Rowe Price US Smaller Companies	Buy	3.00%	3.00%	March
Hermes Asia ex-Japan Equity Fund	Reduce	2.00%	3.00%	March
Stewart Asia Pacific Leaders	Reduce	1.00%	3.00%	March
Royal London Short Duration Gilts	Reduce	2.00%	4.00%	March
Royal London Short Term Fixed Income Enhanced	Reduce	2.00%	2.00%	March
Allianz Gilt Yield	Buy	2.00%	2.00%	March
L&G Sterling Corporate Bond Index	Buy	1.00%	1.00%	March
L&G Short Dated Sterling Corporate Bond Index	Increase	1.00%	4.00%	March

# Fund activity

Due to rounding, the figures shown in these tables may not match exactly with the portfolio breakdowns earlier in the document.

## HFP Speculative

	Action	% Change	New %	Month
T Rowe Price US Smaller Companies	Buy	4.00%	4.00%	March
Hermes Asia ex-Japan Equity Fund	Reduce	2.00%	3.00%	March
Stewart Asia Pacific Leaders	Reduce	2.00%	3.00%	March
Royal London Short Duration Gilts	Reduce	1.00%	3.00%	March
L&G Sterling Corporate Bond Index	Buy	1.00%	1.00%	March
Vanguard US Government Bond Index	Reduce	1.00%	2.00%	March
Fidelity Index World	Increase	1.00%	4.00%	March

## Important information

The performance indicated for each sector should not be taken as an expectation of the future performance. Investors should be aware that the price of investments and the income from them can go down as well as up and that neither is guaranteed. Past performance is not a reliable indicator of future results. Investors may not get back the amount invested. Changes in rates of exchange may have an adverse effect on the value, price or income of an investment. Investors should be aware of the additional risks associated with funds investing in emerging or developing markets.

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