

LWM CAUTIOUS PORTFOLIO 2023 / 2024



LWM CONSULTANTS LTD

“Focusing on helping individuals & companies understand and plan their financial future”.

Annual Rebalance 2023 / 2024

Overview

The last ten years saw cheap money with low interest rates and low inflation. That environment is now changing.

We expect more normalised interest rates and inflation (pre-2008), and therefore the changes are looking to build more “protection”, with the primary aim to deliver a return of between 6% to 8% over the long term (10-years plus).

We are also reducing the number of holdings to avoid being too diversified, which can restrict returns.

This means that the portfolios will be more concentrated on what we see as the very best strategies to deliver those long-term returns.

LWM CAUTIOUS PORTFOLIO 2023 / 2024

Key information

The table below shows the fund manager charges for each of the portfolios.

	2022 / 2023	2023 / 2024
Cautious Portfolio	0.80	0.72

Number of holdings:

	2022 / 2023	2023 / 2024
Cautious Portfolio	24	19

Fund Changes

Alternatives		
Strategy Being Removed	Strategy Being Added	
Federated Hermes Unconstrained Credit Fund	JPM Global Opportunities Bond Fund	The key changes are: <ol style="list-style-type: none"> 1. Increasing the exposure to debt (fixed income) which reflects higher yields. 2. Reducing exposure to infrastructure. 3. The new bond strategies offer a better blend of returns. 4. The Henderson Diversified Alternatives Fund provides a broad exposure to alternatives rather than a specific sector.
Nomura Funds Global Dynamic Bond Fund	Premier Miton Strategic Monthly Income Fund	
3i Investment Trust	PIMCO GIS Income Fund	
VT Gravis Clean Energy Income Fund	Henderson Diversified Alternatives Fund	
JPM Global Macro Opportunities Fund		

Equities		
Strategy Being Removed	Strategy Being Added	
Premier UK Growth Fund	Slater Growth Fund	We are looking to introduce a better blend of strategies.
Abrdn China A Equity Fund		We have reduced the direct exposure to China to zero within the Cautious strategy to reduce the risk.
JPM Japanese Investment Trust	GS Japan Equity Fund	This is purely a swap for a new strategy. In line with a

LWM CAUTIOUS PORTFOLIO 2023 / 2024

		more normalised environment, we feel that the GS Japan Equity Fund carries slightly less risk.
Baillie Gifford Global Discovery Fund	Heriot Global Fund	The Heriot Global Fund is seen as lower risk exposure to the global markets.
MS INVF Asia Opportunity Fund		We have reduced the number of holdings and focusing on the Matthews Asia strategy which is likely to be less volatile.
Templeton Investment Trust		We have reduced the number of holdings and focusing on the Carmignac strategy which has a better performance track record.

LWM CAUTIOUS PORTFOLIO 2023 / 2024

CURRENT VS NEW PORTFOLIOS

	2022 / 2023	2023 / 2024
Alternatives		
JPM Global Opportunities Fund	0.00%	9.00%
Premier Miton Strategic Monthly Income Bond Fund	0.00%	9.00%
PIMCO GIS Income Fund	0.00%	9.00%
Federated Hermes Unconstrained Credit Fund	6.00%	0.00%
Nomura Funds Global Dynamic Bond Fund	6.00%	0.00%
Schroder Global Cities Real Estate Fund	6.00%	6.75%
VT Gravis Clean Energy Income Fund	6.00%	0.00%
3i Infrastructure Trust	6.00%	0.00%
FP Foresight Global Real Infrastructure Fund	6.00%	6.75%
AHFM Defined Returns Fund	6.00%	6.75%
JPM Global Macro Opportunities Fund	6.00%	0.00%
Rathbone Enhanced Growth Portfolio Fund	6.00%	6.75%
	54.00%	54.00%
Country Specific Holdings		
UK		
Premier UK Growth Fund	4.00%	0.00%
Slater Growth Fund	0.00%	4.00%
VT Castlebay UK Equity Fund	4.00%	4.00%
	8.00%	8.00%
US		
AXA Framlington American Growth Fund	3.00%	4.00%
L&G US Index Fund	5.00%	4.00%
	8.00%	8.00%
China		
Abrdn China A Fund	2.00%	0.00%
	2.00%	0.00%
Japan		
JP Morgan Japanese Investment Trust	2.00%	0.00%
GS Japan Equity Partners Fund	0.00%	2.00%
	2.00%	2.00%
Regional & Global Holdings		
Global		
Scottish Mortgage	4.00%	4.00%
Baillie Gifford Global Discovery Fund	3.00%	0.00%
Morgan Stanley UK Global Brands	4.00%	4.50%
Heriot Global Fund	0.00%	4.50%
	11.00%	13.00%
Europe		
Premier Miton European Opportunities Fund	3.00%	3.00%
Abrdn Europe ex UK Equity Fund	3.00%	3.00%
	6.00%	6.00%

LWM CAUTIOUS PORTFOLIO 2023 / 2024

Asia		
MS INVF Asia Opportunity Fund	2.00%	0.00%
Matthews Asia ex Japan Total Return Fund (Fund Name Change)	2.00%	4.00%
	4.00%	4.00%
Emerging Markets		
Templeton Emerging Markets Investment Trust	2.50%	0.00%
FP Carmignac Emerging Markets Fund	2.50%	5.00%
	5.00%	5.00%

Summary

The key changes are a reduction in funds to 19, with the aim to provide less volatility in a more normalised environment. We have taken out some of the higher risk strategies that worked previously but may struggle moving forward.

Page 9 of the of the Portfolio Review Document provides a brief reason for removing the funds. Pages 12 to 26 provide more details on the new funds being introduced.

The current volatility of the portfolio is 10.36. Below is an estimation of future volatility which has reduced slightly.

Ex-ante Risk

Portfolio	Ex-ante Risk	Beta to MSCI All Country World Gross TR Index
Cautious FINAL VERSION 23	10.31%	0.73

In summary,

1. The costs have come down slightly.
2. The number of holdings has come down.
3. The risk / volatility measure has come down slightly.
4. Reduction in direct exposure to China to reduce risk.
5. Increase in exposure to fixed income (debt) to reflect more normalised interest rates.