

LWM MODERATELY ADVENTUROUS 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.

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Key information

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

	2022 / 2023	2023 / 2024
Moderately Adventurous Portfolio	0.78	0.81

Number of holdings:

	2022 / 2023	2023 / 2024
Moderately Adventurous Portfolio	27	22

Fund Changes

Alternatives		
Strategy Being Removed	Strategy Being Added	
TR Property	PIMCO GIS Income Fund Henderson Diversified Alternatives Fund	The key changes are: 1. Increasing the exposure to debt (fixed income) which reflects higher yields. 2. Reducing exposure to property. 3. The Henderson Diversified Alternatives Fund provides a broad exposure to alternatives rather than a specific sector.

Equities		
Strategy Being Removed	Strategy Being Added	
Abrdn UK Smaller Companies Growth Trust AXA Framlington UK Smaller Companies Fund Premier UK Growth Fund	Odyssean Investment Trust Slater Growth Fund	The key changes are: 1. We have reduced our allocation to the UK as we feel there are structural economic challenges post COVID and the decision to leave the EU. We feel there are better opportunities in other parts of the world, however we still want

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		<p>some exposure to the UK.</p> <p>2. In doing this we have looked to two strategies as a better blend to deliver those longer term returns.</p>
AXA Framlington American Growth Fund		We have reduced the number of holdings. As this is adventurous, we have focused on blending the smaller cap strategy (Artemis) with an index strategy (L&G).
Abrdn China A Equity Fund		We still believe there should be a direct allocation to the second largest global economy, however we feel it is important to reflect the short term risks and have therefore reduced our direct exposure to China.
Martin Currie Japan Equity Fund	GS Japan Equity Fund	This is purely a swap for a new strategy. In line with a more normalised environment, we feel that the GS Japan Equity Fund carries slightly less risk. There has also been a change of management at Martin Currie.
<p>Abrdn Global Smaller Companies Fund</p> <p>Baillie Gifford Global Discovery Fund</p> <p>Morgan Stanley Global Brands Fund</p> <p>Baillie Gifford Health Innovation Fund</p>	<p>Smithson Investment Trust</p> <p>Fundsmith Equity Fund</p>	<p>We have reduced the number of holdings in the global space.</p> <p>The Fundsmith Equity Fund is seen as lower risk exposure to the global markets.</p> <p>Smithson follows a similar strategy to Fundsmith but</p>

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LF Montanaro Better World Fund		focuses on smaller companies.
Templeton Investment Trust	Redwheel Next Generation Emerging Markets Fund	Reducing our weighting to China the Redwheel strategy focuses on smaller emerging and frontier markets, and therefore should work well as a blend with Carmignac.

CURRENT VS NEW PORTFOLIOS

	2022 / 2023	2023 / 2024
Alternatives		
PIMCO GIS Income Fund	0.00%	4.00%
Nomura Funds Global Dynamic Bond Fund	4.20%	4.00%
Schroder Global Cities Real Estate Fund	4.20%	4.00%
TR Property Investment Trust	4.20%	0.00%
3i Infrastructure Trust	4.20%	4.00%
AHFM Defined Returns Fund	4.20%	4.00%
Henderson Diversified Alternatives Fund	0.00%	4.00%
	21.00%	24.00%
Country Specific Holdings		
UK		
Abrdn UK Smaller Companies Trust	4.00%	0.00%
AXA Framlington UK Smaller Companies Fund	4.00%	0.00%
Premier UK Growth Fund	2.00%	0.00%
Odyssean Investment Trust	0.00%	4.00%
Slater Growth Fund	0.00%	4.00%
	10.00%	8.00%
US		
AXA Framlington American Growth Fund	3.00%	0.00%
Artemis US Smaller Companies Fund	5.00%	6.50%
L&G US Index Fund	5.00%	6.50%
	13.00%	13.00%
China		
Abrdn China A Fund	3.00%	0.00%
Matthews Asia Funds – China Smaller Companies Fund	3.00%	5.00%
	6.00%	5.00%
Japan		
Martin Currie Japan Equity Fund	3.00%	0.00%
GS Japan Equity Partners Fund	0.00%	3.00%
	3.00%	3.00%
Regional & Global Holdings		

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Global		
Scottish Mortgage	5.00%	6.25%
Abrdn Global Smaller Companies Fund	3.00%	0.00%
Baillie Gifford Global Discovery Fund	3.00%	0.00%
Morgan Stanley UK Global Brands	3.00%	0.00%
Smithson Investment Trust	0.00%	6.25%
Fundsmith Equity Fund	0.00%	6.25%
Baillie Gifford Health Innovation Fund	4.00%	0.00%
Montanaro Better World Fund	4.00%	0.00%
Ninety-One Global Environment Fund	3.00%	6.25%
	25.00%	25.00%
Europe		
Janus Henderson European Smaller Companies Fund	4.00%	4.00%
Premier Miton European Opportunities Fund	4.00%	4.00%
	8.00%	8.00%
Asia		
MS INVF Asia Opportunity Fund	4.00%	3.50%
Matthews Asia ex Japan Total Return Fund (Fund Name Change)	3.00%	3.50%
	7.00%	7.00%
Emerging Markets		
Templeton Emerging Markets Investment Trust	3.00%	0.00%
Redwheel Next Generation Emerging Markets Fund	0.00%	3.50%
FP Carmignac Emerging Markets Fund	4.00%	3.50%
	7.00%	7.00%

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Summary

The key changes are a reduction in funds to 22, 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 12.84. 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
Mod Adv FINAL VERSION 23	12.74%	0.85

In summary,

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