

RATHBONES MPS QUARTERLY UPDATE

**Balanced:
31 March 2025 - 30 June 2025**

KEY RISKS

- The value of investments and the income from them can go down as well as up and you could get back less than your original investment. The Rathbones MPS is not suitable for you if you're uncomfortable with the possibility of losing some or all of your investment.
- The information in this brochure should not be taken as financial advice or a recommendation. Your Financial Adviser will be on hand if you have any queries.
- Past performance is not a reliable indicator of future performance.
- The asset allocation and holdings are indicative based on the available fund share classes on the Aberdeen Hub and may vary dependent on your choice of platform and due to the timing of your investment may not fully reflect the constituents of your own portfolio. The composition of the portfolio may also vary due to the availability of investments across different platforms. Please refer to your adviser for full details.
- The portfolio may invest in assets which are denominated in currencies other than UK pound sterling. These investments may be affected by changes in currency exchange rates, which is known as currency risk.
- There is also a risk that an investment may not be easily sold without a significant loss in value due to an insufficient number of buyers in the market. This is known as liquidity risk.
- The portfolio invests in emerging market equities. The risk of investing in emerging markets include potential political instability, rapid changes in economic conditions and less stringent regulatory frameworks for companies and governments in emerging markets. This can lead to higher investment uncertainty and significant investment losses.

QUARTER HIGHLIGHTS

Despite a challenging start to the quarter amid trade and policy challenges, the US showed resilience as trade tensions began to ease and well-received earnings reports supported AI-focused tech companies.

Europe experienced modest returns, boosted by renewed fiscal stimulus and pro-growth reforms, particularly in Germany.

Emerging markets benefitted from a weaker dollar, although China's growth remained tentative amid trade uncertainties.

MARKET OVERVIEW

The second quarter of 2025 has been marked by significant market volatility, yet sterling-based, balanced portfolios have largely held steady. Early concerns over President Trump's tariff announcements heightened US recession fears, but these risks eased as markets rebounded. The US dollar has weakened amid mounting fiscal and geopolitical concerns, though no clear alternative reserve currency has emerged. Global bonds have done well to shake off concerns about the continued expansion of government deficits, responding more positively to hopes for lower interest rates. Treasury officials in the US, UK and Japan have also been helpful by suggesting that they will skew more of their bond issuance towards bonds with shorter maturities for which there is readier demand. Looking ahead, disciplined investing and a focus on economic fundamentals are essential in this volatile environment. Progress from here will almost certainly not be linear but we remind clients often that volatility is the short-term price one pays for enhanced returns in the longer term. 'Safe' assets, such as cash and bonds, might be anything but safe if the fiscal boundaries are tested to the limit or in a world of higher inflation.

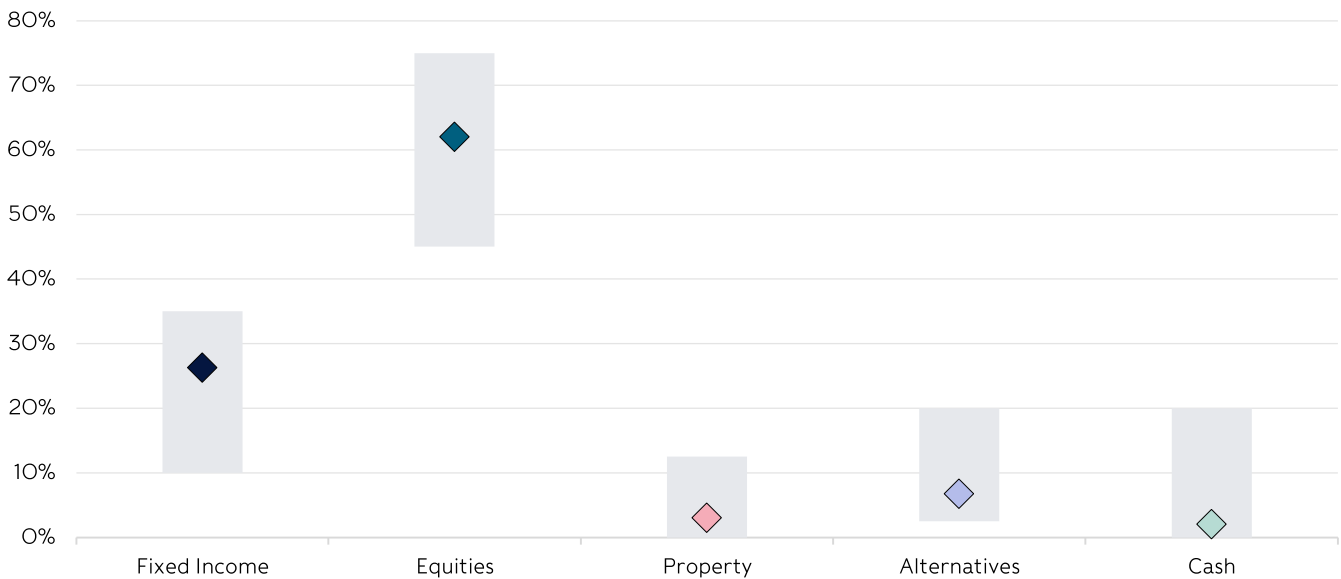
This commentary reflects our general views and should not be taken as a recommendation or advice as to how any specific market is likely to perform.



MANDATE OVERVIEW

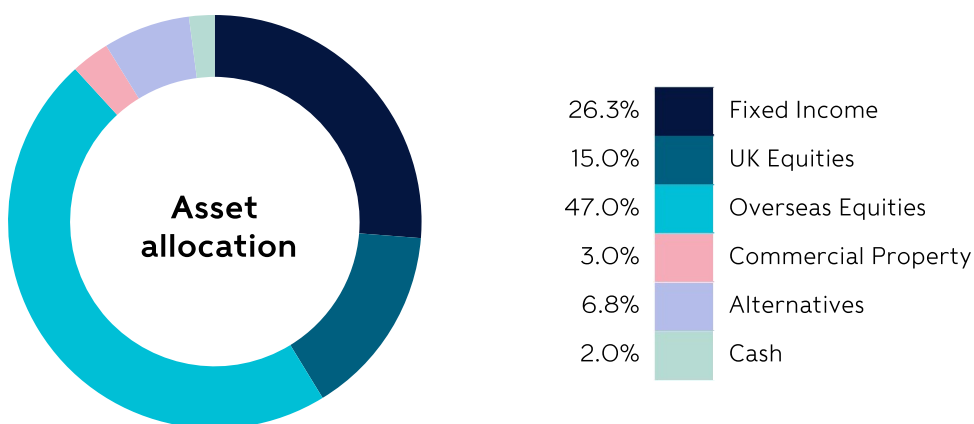
YOUR STRATEGIC ASSET ALLOCATION

In the chart below, the grey bars reflect the strategic asset allocation (SAA) parameters to which our models work within. Our current asset allocation has been plotted to highlight where within this range we are positioned. Weightings may move within the respective ranges, dependant on market conditions.



Source: Rathbones.
As at 01/07/2025.

ASSET ALLOCATION

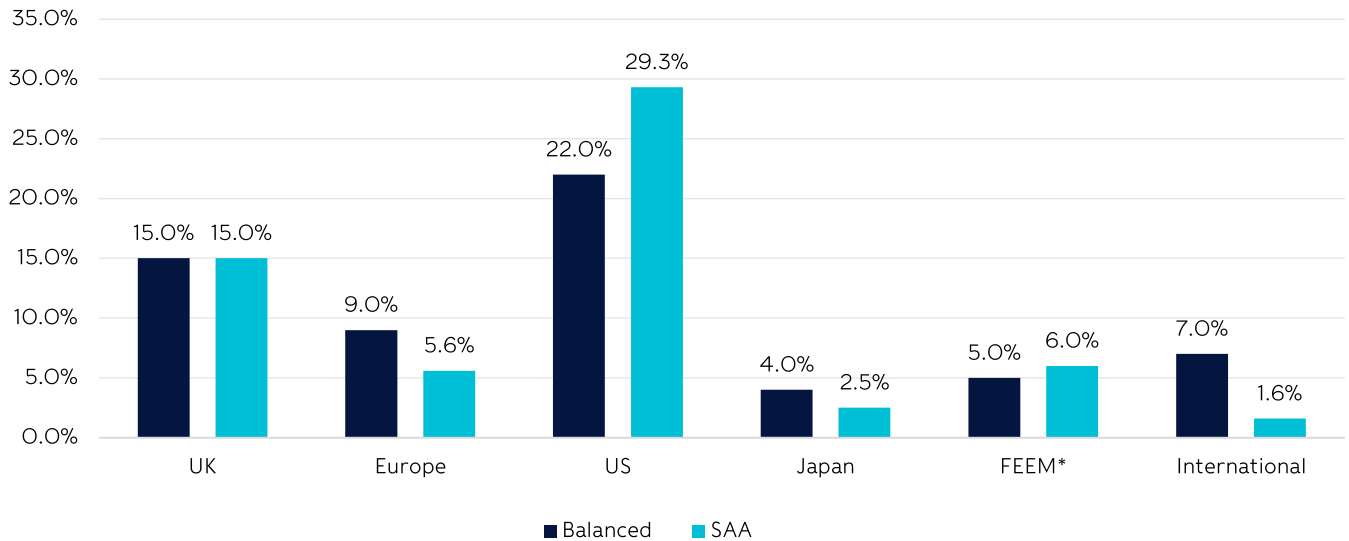


Source: Rathbones.
As at 01/07/2025.

Data may not sum to 100 due to rounding.

PORTFOLIO OVERVIEW

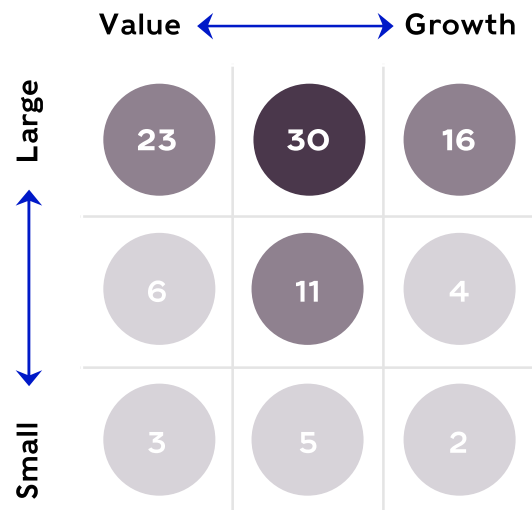
YOUR REGIONAL EQUITY ALLOCATION



Source: Rathbones.
* Far East & Emerging Markets
As at 01/07/2025.

YOUR EQUITY STYLE

Category	Rathbones Balanced
Large cap	68.80
Large value	23.25
Large blend	29.59
Large growth	15.96
Mid cap	21.77
Mid value	6.39
Mid blend	11.46
Mid growth	3.91
Small cap	9.44
Small value	2.78
Small blend	5.08
Small growth	1.57



Source: Morningstar Direct.
As at 01/07/2025.

Data may not sum to 100 due to rounding.

PERFORMANCE REVIEW

The portfolio delivered a positive return over the quarter, primarily driven by strong performance in Equities. Notably, L&G US Index and Man Undervalued Assets fund providing the strongest contribution. Fixed Income also had a strong quarter, with the L&G All Stocks Gilt Index and the Royal London Sterling Credit fund driving gains within the asset class. Property was a slight detractor with Schroder Global Cities Real Estate impacted by persistent inflation and weakening consumer sentiment. Alternatives witnessed modest returns, with the Janus Henderson Absolute Return and the Trojan Fund remaining steady over the quarter.



Past performance is not a reliable indicator of future performance.

ARC is an independent consultant that compiles Private Client Indices (PCI) based on historical performance. Indices are categorised according to their risk profile and based on discretionary private client managers contributing actual portfolio performance data net of fees. Performance is representative of the Balanced model on the Aberdeen Hub as at 30/06/2025. Portfolio performance data is reported net of fees excluding platform fees.

Balanced model inception: 27/02/2015.

Source: Rathbones and Aberdeen Hub 30/06/2025.

	1 month	3 months	6 months	1 year	2 years	3 years	5 years	10 years	Since Inception	2020	2021	2022	2023	2024	YTD
Balanced (Net)	1.2%	3.1%	1.9%	4.6%	17.0%	21.7%	34.2%	72.9%	71.5%	7.2%	9.8%	-7.2%	7.7%	8.4%	1.9%
ARC Steady Growth	1.7%	3.0%	1.3%	3.8%	14.07%	18.3%	26.7%	60.6%	58.3%	4.6%	10.2%	-10.2%	7.2%	7.9%	1.3%
Bespoke Benchmark	2.0%	4.1%	2.9%	6.7%	22.9%	26.8%	41.8%	87.1%	83.7%	1.2%	12.5%	-7.1%	10.7%	10.8%	2.9%
CPI + 2.5% (Gross)	0.4%	2.2%	3.5%	5.9%	10.7%	22.5%	44.3%	76.9%	79.7%	3.2%	8.0%	13.3%	6.5%	5.1%	3.5%

BESPOKE BENCHMARK ASSET ALLOCATION

The benchmark for the portfolio reflects the strategic asset allocation (and long term objective) of your investments. The benchmark for the Balanced strategy is as follows:

ICE BofA UK Gilts 5-15 Years	Medium dated Gilts	7.5%
ICE BofA Inflation Linked Gilts 1-10 Years	Inflation linked Gilts	5.0%
ICE BofA Sterling Corporate Bond	UK Corporate Bonds	7.5%
MSCI UK Equity IMI	UK Equities	15.0%
MSCI ACWI World Index Ex UK	Overseas Equities	45.0%
MSCI UK IMI Liquid Real Estate	Commercial Property	5.0%
IWI Alternatives Composite	Alternatives	10.0%
BoE Base Rate (-0.5%)	Cash	5.0%

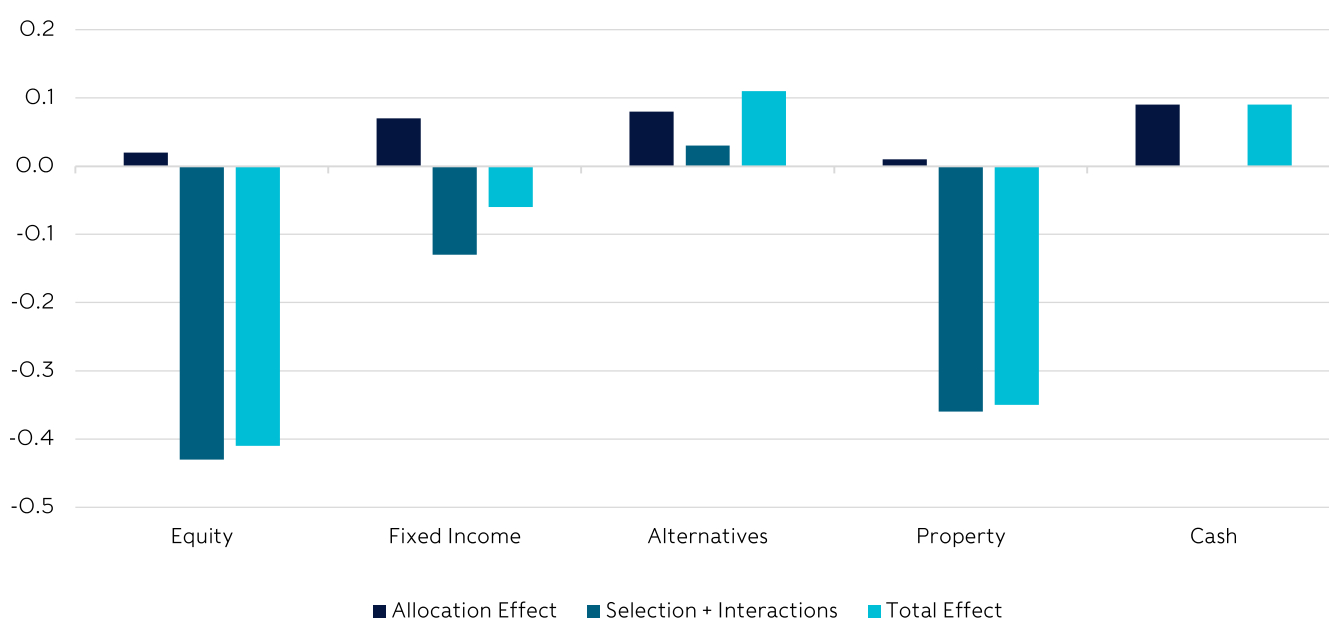
The Bespoke benchmark constituents and allocations were amended on 1 October 2023. The benchmark returns reflect these new allocations from 1 October 2023 only. Prior returns are based on the previous benchmark.

Source: Rathbones.
As at 30/06/2025.

PERFORMANCE ATTRIBUTION

Equities were the main contributor to returns, with our allocation having a positive effect versus the benchmark, however, the selection of our equity holdings resulted in a slight underperformance, due to our tilt away from growth assets, which outperformed value during the quarter. Fixed Income provided a positive contribution to the portfolio, however both allocation and selection resulted in a marginal detraction against benchmark. Alternatives also provided a positive contribution, with both allocation and selection outperforming the benchmark.

	Balanced MPS		Bespoke benchmark	
	Portfolio average weight	Portfolio total return	Benchmark average weight	Benchmark total return
Total	100.00	3.09	100.00	4.14
Equity	59.19	4.21	59.92	4.85
Fixed Income	26.71	2.02	20.07	2.52
Alternatives	6.71	1.26	9.98	0.10
Property	5.38	-0.52	5.02	6.14
Cash	2.01	1.06	5.01	0.94



Allocation Effect – Excess return generated based on the strategic sector and regional positioning of the portfolio relative to the benchmark. It determines whether taking an active overweight/underweight approach relative to the benchmark has provided value.

Selection + Interactions – Excess return generated based on the individual funds that have been chosen within the sector/region allocation, relative to similar funds held within the benchmark. This is a direct measure of the model managers ability to select outperforming funds.

Source: Factset.

As at 30/06/2025.

Data may not sum to 100 due to rounding.

PERFORMANCE ATTRIBUTION

Fund attribution	Portfolio average weight	Total return	Contribution to return
Total	100	3.09	3.09
Top Contributors	25.64	7.35	1.92
L&G US Index	9.40	6.68	0.67
Man Undervalued Assets	5.58	6.42	0.35
Blackrock European Dynamic	3.04	11.48	0.34
L&G Global Equity Index	3.99	6.84	0.28
Janus Henderson European Selected Opportunities	3.62	7.94	0.27
Top Detractors	17.22	-2.21	-0.38
BA Beutel Goodman US Value	6.14	-4.28	-0.26
JPM US Equity Income	2.85	-1.79	-0.06
Schroder Global Cities Real Estate	5.38	-0.52	-0.03
Schroder US Smaller Companies	2.85	-1.14	-0.02

Source: Factset.
As at 30/06/2025.

TRANSACTIONS

- Over the quarter we reduced our exposure in global commercial property, selling down our holding in Schroder Global Cities Real Estate, amid concerns around slowing US growth and persistent inflation. We have reinvested the proceeds into European Equities, via the Lightman European fund, reflecting our favourable outlook toward European equities.

Purchases

Fund name	Asset class	Old	New	Diff
Lightman European	Equities	0.00	2.50	2.50

Sales

Fund name	Asset Class	Old	New	Diff
Schroder Global Cities Real Estate	Property	5.50	3.00	-2.50

Source: Rathbones.
As at 01/07/2025.
All data as percentage points.

POSITIONING OVERVIEW



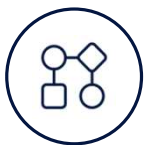
Reduction in Property exposure

In anticipation of a potential slowdown in US economic growth and the inflationary impact of trade tariffs, we have reduced our allocation to Schroder Global Cities Real Estate to help mitigate exposure to these headwinds.



Preference for hedged strategy exposure

As we anticipate heightened volatility to continue, the low-risk nature of this type of strategy, will help to provide a smoother return profile for our portfolios.



Favourable outlook on European Equities

This has been motivated by the changes we have seen in European fiscal policy and support for defence spending. These developments, alongside improving momentum and attractive valuations, have strengthened the investment case for the region.

PORTFOLIO BREAKDOWN

	Asset Class	Weighting
L&G All Stocks Gilt Index	Fixed Income	13.00%
Liontrust Global Short Dated Corporate Bond	Fixed Income	1.75%
Royal London Sterling Credit	Fixed Income	3.50%
TwentyFour Corporate Bond	Fixed Income	2.00%
Abrdn Short Duration Global Inflation-Linked Bond	Fixed Income	4.00%
Morgan Stanley Emerging Debt Opportunities	Fixed Income	2.00%
Man Undervalued Assets	UK Equities	5.50%
Royal London Sustainable Leaders	UK Equities	4.00%
Vanguard FTSE 100 Index	UK Equities	5.50%
BlackRock European Dynamic	Overseas Equities	3.00%
Lightman European	Overseas Equities	2.50%
Janus Henderson European Selected Opportunities	Overseas Equities	3.50%
BA Beutel Goodman US Value	Overseas Equities	6.50%
JPM US Equity Income	Overseas Equities	3.00%
L&G US Index	Overseas Equities	9.50%
Schroder US Smaller Companies	Overseas Equities	3.00%
M&G Japan	Overseas Equities	4.00%
Federated Hermes Global Emerging Markets	Overseas Equities	2.00%
Lazard Emerging Markets	Overseas Equities	3.00%
L&G Global Equity Index	Overseas Equities	4.00%
Pictet Global Thematic Opportunities	Overseas Equities	3.00%
Schroder Global Cities Real Estate	Commercial Property	3.00%
Janus Henderson Absolute Return	Alternatives	2.00%
Trojan Fund	Alternatives	4.75%
Cash	Cash	2.00%
Total		100.00%

PORTFOLIO RISK STATISTICS

5-year	Rathbones Balanced	Bespoke benchmark
Alpha	-1.18%	-
Beta	0.87	-
Jensen's Alpha	-0.25%	-
Max Drawdown	-10.20%	-11.47%
Volatility	7.71%	8.45%
Sharpe Ratio	0.44	0.54
Sortino Ratio	0.93	-
Tracking Error	2.61%	-
12-Month Yield	2.51%	-

Source: Rathbones.
As at 30/06/2025.

PLATFORM AVAILABILITY

PORTFOLIO RISK STATISTICS EXPLAINED

Alpha

- Alpha is a measure of a portfolio's relative performance in comparison to the benchmark. It is calculated by taking the portfolio's return and subtracting the risk-free rate and a weighted beta. Alpha represents the extra value the manager's activities have contributed, the greater the alpha, the greater the outperformance.

Beta

- Beta is a statistical estimate of a portfolio's volatility in comparison to its benchmark. It depicts how sensitive the portfolio is to movements in the section of the market that comprises the benchmark. A portfolio with a beta close to 1 means that it will generally move in line with the benchmark. If it is higher than 1, the portfolio is more volatile than the benchmark. For example, a portfolio with a beta of 1.5 would be expected to rise or fall 1.5 points for every one point of the benchmark's movement.

Jensen's Alpha

- This is a risk-adjusted measure used to gauge the extent to which a manager has added value to the returns that could have been expected from a benchmark portfolio, while taking into account the fund's sensitivity to that benchmark.

Max Drawdown

- This represents the worst possible return over a period — for example, buying at the maximum price over the period and selling at the worst price. This is an indicator of downside risk over a specified time period.

Volatility

- Volatility is a measurement of a portfolio's risk. It shows how widely a range of returns varied from the portfolio's average return over a particular period.

Sharpe Ratio

- This is a commonly used measure that calculates the level of a portfolio's return over and above the return of a notional risk-free investment, such as cash or government bonds. The difference in returns is then divided by the portfolio's standard deviation (volatility). The resulting ratio is an indication of the amount of excess return generated per unit of risk.

Sortino Ratio

- This ratio is similar to the Sharpe ratio, using downside risk rather than standard deviation as the denominator. Thus, the Sortino ratio is calculated by subtracting the risk-free rate from the return of the portfolio and then dividing by the downside deviation. The Sortino ratio measures the return to "bad" volatility, thereby giving investors a measure to assess risk in a better manner than simply looking at excess returns to total volatility. A large Sortino ratio indicates a low risk.

Tracking Error

- This statistic measures the standard deviation of a portfolio's excess returns over the benchmark. A high figure indicates the portfolio's performance is significantly different from the performance of the benchmark.

12-month Yield

- The yield is the estimated sum of all income (interest, dividends, or other) that the portfolio generates during a 12-month period.

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