



February 2024

# REALM BALANCED PORTFOLIO: FACT SHEET

## Portfolio Objective:

The investment objective is to grow the capital value of the portfolio. The Realm Balanced Strategy is designed for an investor with a time horizon of more than 5 years, and a medium tolerance for risk that can accept moderate variation or disruption to capital value or current income in order to achieve their longer-term objective.

The Realm Balanced Strategy is a diversified portfolio of investments in a range of asset classes that is managed by a process of active asset allocation and investment selection. The portfolio is composed of active funds, passive trackers where applicable and investment trusts.

Annual Management Fees:	1%
Minimum Investment:	£100,000
Average number of holdings:	30-40
Rebalancing frequency	Dynamic
Base Currency:	Sterling
Strategy Inception:	Aug 2016
Benchmark:	IA Mixed Investment 20-60

## Asset allocation range

Asset type	Range Percentage
Equity	30-60
Fixed Income	15-50
Property	0-15
Alternatives	0-30
Cash	0-30

## Market Commentary:

Equity indices across the globe posted positive returns in February with China's Shanghai and Japan's Nikkei being the top performers gaining around 8% each during the month. The Nikkei breached the all-time high recorded 34 years ago even as the Bank of Japan awaits the outcomes of wage negotiations in March and evidence that inflation remains stable before considering a reversal from its long-held negative interest rate policy.

US markets remained strong in February with tech heavy Nasdaq and flagship S&P 500 posting returns of ~6% and ~5% respectively. Strong corporate earnings aided the market rally during the month with Nvidia and Meta leading the tech performance. Stocks from Consumer Discretionary, Industrials, and Materials sectors too posted strong gains aiding the broad market performance. Meanwhile, US CPI inflation for February came in higher than estimates at 3.2% yoy (vs. est 3.1% yoy) which led to market concerns on delayed rate cuts by the US Fed.

FTSE 100 remained flat in February and underperformed its peers in Europe. UK's inflation rate was unchanged at 4.0% in January (vs market expectation of 4.2%). Meanwhile, the Chancellor of the Exchequer in his Budget speech expected the inflation to drop below the Bank of England's 2% target in the coming months. Yields of UK 10-year Gilts rose by ~40bp to close at 4.2% in February.

Brent Crude prices rose by 1.5% in February to close at US\$81/barrel even as OPEC and its allies (OPEC+) are extending their voluntary oil output cuts of 2.2 million barrels per day (bpd) into the second quarter to support prices amid global growth concerns and rising output outside the group.

### Investment strategy

Buoyant equity markets in February aided the performance of our portfolios. Bond markets remain cautious on inflation thus leading to lacklustre performance. We continue to see inflation trending downwards in the developed world and while the US continues to display a positive trend in terms of consumer confidence and manufacturing surveys, across the Atlantic the scenario is more stark. This supports the possible scenario of a 'soft landing'.

Corporate earnings continue to be positive on both sides of the Atlantic and also in Japan. Various corporate activities in areas outside the mega tech names are illustrating the value to be extracted in these industries. Recently BAT, a major global Cigarette player bought back close to 3% of its shares outstanding using the sale proceeds of certain shares in a company it holds a large shareholding in India.

Certain Asian Banks now have higher capitalisation ratios than their US counterparts and also offer higher dividend yields, clearly showing that balance sheet strength is being maintained without sacrificing returns to shareholders. We continue to maintain a large exposure to European and Asian equities.

The year 2024 would see over 49% of the world's population participating in a general election, including in the US, India, UK and the EU. This could cast a shadow on global bond markets, however we do believe that with declining inflation, global government bonds present a good investment opportunity.

There were no major changes to the portfolios in the past month, we remain positive on equities and look to add to our global bonds exposure as opportunities arise.

## Portfolio Performance (%)

Through to 29th February 2024

Name	Inception Date	1m	3m	6m	Ytd	1y	3y	Inception
REALM Balanced Portfolio	29-Aug-16	1.41	5.52	6.53	1.05	6.51	11.04	31.79
Portfolio Benchmark		0.51	3.94	5.13	0.11	4.63	4.20	24.32

Source: FE Analytics

## Risk Statistics

Risk Statistics	FE Risk Score	Portfolio Risk Level Suitability		
		Short Term (3-7yrs)	Medium Terms (8-15yrs)	Long Terms (15yrs+)
Realm Balanced Portfolio	64	Moderate to Adventurous	Moderate	Cautious to Moderate
Portfolio Benchmark	53			

Source: FE Analytics

## Total Portfolio: Asset Allocation (%)

Global Fixed Interest	17.1%
European Equities	15.6%
North American Equities	13.1%
UK Equities	7.9%
Japanese Equities	5.7%
Asia Pacific Emerging EQ	4.9%
Property	4.5%
UK Fixed Interest	3.7%
Asia Pacific Equities	3.6%
Other Assets	9.9%
Money Market & Cash	14.1



## HOW TO INVEST:

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## Top 10 Holdings

Invesco Global Bond	6.5%
Marlborough Global Bond	4.6%
JO Hambro UK Opportunities	4.3%
Jupiter European	4.2%
Invesco Monthly Income Plus	4.2%
L&G Global Health & Pharms Index Trust	3.5%
Fundsmith Equity	3.4%
Blackrock Continental Europe	3.3%
iShares UK Gilts Index Fund	3.3%
Jupiter Japan Income	3.2%

## Top Regional Weightings (%)

UK	23.7%
Europe Ex UK	22.2%
North America	17.8%
Pacific Basin	6.2%
Japan	6.2%
Emerging Americas	4.6%
Australasia	2.5%
Asia Pacific	1.8%
Other Regions	2.9%