Managed Portfolio Service

Risk Profile 3

May 2025

Canaccord WEALTH

Portfolio characteristics

Launched	**July 2004**
Target return	**Inflation +2%**
Maximum equity	**25%**
Estimated yield	**3.52%**
Recommended investment period	**5+ years**
ISA eligible	**Yes**

Costs and charges

All performance figures are shown net of underlying fund charges and net of the MPS Annual Management Charge 'AMC' of 0.50%. Fees charged by any Financial Adviser are not taken into account.

Annual management charge	**0.50%**
Ongoing charges figure#	**0.50%**
Total	**1.00%**

Performance

The performance of the Managed Portfolio Service illustrated in this factsheet combines two key periods:

(i) Legacy Track Record – this covers performance from Psigma Investment Management MPS service from inception until 30 June 2022 when it became the Canaccord Wealth MPS service .

(ii) Canaccord Wealth MPS Service from 01 July 2022 onwards.

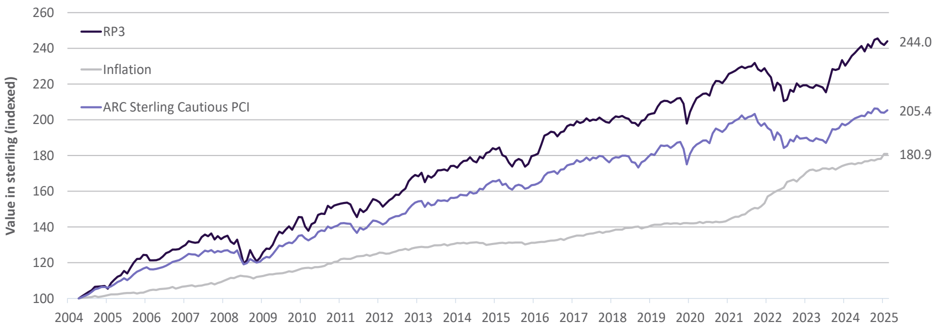
For full details of the terms used see the Glossary on page 2.

This document is intended to aid a wider discussion between clients and their investment and/or financial adviser about this investment portfolio. It is for information purposes only and is not to be construed as a solicitation or an offer to purchase or sell investments, address the financial situations or needs of any specific investor nor is it deemed to be a form of advice to invest in this portfolio. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment and/or financial adviser.

Investment objective

Our objective for this strategy is to achieve a return of inflation +2% over a minimum rolling period of five years. A proportion of the overall return will come from the income generated. The strategy is designed to generate risk adjusted returns over the suggested time horizon. A large proportion of the portfolio is likely to be comprised of fixed income assets with a lower proportion invested in global equity investments. To assist in the reduction of volatility and deliver uncorrelated returns during periods of unfavourable market conditions, alternative asset classes such as commodities, currencies, infrastructure and hedge funds may be used. Investors in the Risk Profile 3 strategy are prepared to accept some occasional and modest losses in order to generate slightly higher total returns.

Performance since inception (31/07/2004)



Past performance is not a guide to future performance.

Discrete performance (%)

Total return as at 31/05/2025

	2025 YTD*	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Model	**+1.5**	**+5.3**	**+5.9**	**-7.0**	**+4.6**	**+4.6**	**+7.8**	**-2.3**	**+4.3**	**+8.9**	**-0.7**
CPI	**+1.9**	**+2.6**	**+3.9**	**+10.5**	**+5.4**	**+0.6**	**+1.3**	**+2.1**	**+2.9**	**+1.6**	**+0.2**
ARC Sterling Cautious PCI	**+0.8**	**+4.6**	**+3.7**	**-7.6**	**+4.2**	**+4.2**	**+8.1**	**-3.6**	**+4.5**	**+5.5**	**+1.3**

Yearly data relates to close of market on 31 December in the preceding year to close of market on 31 December in the stated year. * 2025 YTD is data for year to date from 01 January 2025 to 31 May 2025.

Cumulative performance (%)

Total return from inception to 31/05/2025.

	3 Months	1 Year	3 Years	5 Years	Inception to date*
Model	**-0.6**	**+4.8**	**+9.0**	**+17.1**	**+144.0**
CPI	**+1.6**	**+3.2**	**+14.4**	**+27.4**	**+80.9**
ARC Sterling Cautious PCI	**-0.4**	**+3.7**	**+5.8**	**+11.4**	**+105.4**

*Inception to date. Inception is 31/07/2004.

Risk & return since inception (%)

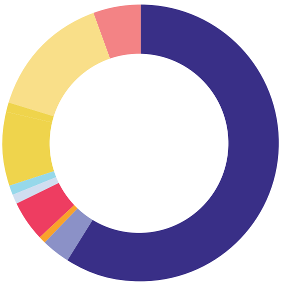
	Model	CPI	ARC Sterling Cautious PCI
Annualised volatility	**+5.2**	**+1.4**	**+3.7**
Maximum historic loss	**-12.4**	**-1.4**	**-9.4**
Sharpe ratio	**+0.8**		**+0.9**

Source: Canaccord Wealth Interactive Data as at 31/05/2025.

ARC Data is confirmed until 31 March 2025. Data for April and May 2025 is based on estimates and is subject to change.

CPI (Consumer Price Index) from the Office for National Statistics. Crown Copyright material is reproduced with the permission of the Office of Public Sector Information (OPSI). Reproduced under the terms of the Click-Use License.

Risk Profile 3 Portfolio suggested asset allocation (%)



	Model
Fixed Interest	59.0
UK Equity	3.2
Emerging Equity	1.0
North American Equity	4.7
Asia Equity	1.0
Japan Equity	1.1
International Equity	8.8
Thematic Equity	1.1
Alternatives	14.6
Cash	5.4

Top 10 holdings (%)

iShares $ TIPS UCITS ETF GBP Hedged	**8.9**
L&G All Stocks Gilt Index Trust	**8.8**
Jupiter Strategic Bond Fund	**6.0**
Capital Group Global Corporate Bond Fund	**5.9**
Invesco Sterling Bond	**5.9**
TwentyFour Core Corporate Bond Fund	**5.9**
Vanguard S&P 500 UCITS ETF	**4.7**
iShares II PLC USD Treasury Bond 7-10Yr	**3.9**
iShares Edge MSCI World Quality Factor UCITS ETF	**3.6**
TwentyFour Focus Bond Fund	**3.4**

Top ten holdings excluding cash

Source: Canaccord Wealth

Portfolio Manager commentary

Equity markets rebounded strongly in May, driven largely by shifts in US trade policy. A temporary but meaningful reduction in tariffs between the US and China marked a clear de-escalation, giving both sides space to seek a more sustainable agreement. Similarly, President Trump's decision to delay a planned 50% tariff on EU imports until July highlighted a pattern of retreat after initial threats. This ongoing behaviour has led to the coining of the 'TACO trade' (Trump Always Chickens Out), as traders increasingly interpret tariff threats as entry points rather than long-term risks.

There is a method to the US administration's apparent volatility. Marko Papic of BCA Research outlines a seven-step "maximum pressure" framework that resembles geopolitical theatre more than conventional diplomacy:

1. **Ask for the moon** – make aggressive, maximalist demands
2. **Whip out your 'big button'** – issue threats and bluster
3. **Punch someone in the mouth** – demonstrate you're prepared to follow through
4. **Break bread** – negotiate and appear magnanimous
5. **Leave the bride at the altar** – walk away at the last moment
6. **Kiss and make up** – resume negotiations
7. **Make a deal** – declare success (until the next round)

So far, the first four steps appear to have played out. Markets have responded positively to reduced tariffs and a more constructive tone, implying optimism that future breakdowns (steps five and six) may be skipped. A court ruling against emergency-imposed tariffs also helped lift sentiment, although the US government is appealing the decision, which may delay but not eliminate future measures.

Consumer confidence rose sharply in May, breaking a four-month decline, driven in part by a reduction in trade tensions and solid corporate earnings. The US equities, which were down 15% just a month ago, have bounced back into positive territory for the year.

However, the recovery hasn't extended to all areas. The US dollar and treasuries have weakened, pointing to net selling of US assets and a reassessment of their traditional safe-haven role. Bond yields continued to rise, not due to inflation concerns, but because of growing unease about fiscal discipline. Moody's downgrade of US sovereign debt—removing the final AAA rating among major agencies—underscored longstanding concerns over unsustainable debt and the absence of a credible fiscal plan. With tax cuts extended and tariff revenues rolled back, there is little offsetting fiscal restraint. Markets may continue to demand higher yields unless a more disciplined approach is restored—raising the risk of a fiscal credibility shock.

Portfolios benefitted from our April decision to increase exposure to underperforming equities. While investor sentiment remains cautious, overall risk appetite is still high, and markets have rewarded selectivity and quality. We have maintained a clear tilt toward defensive sectors and higher-quality assets to help manage volatility and downside risk.

We believe both equity and bond markets are near fair value and continue to favour a neutral overall asset allocation. Encouragingly, the traditional inverse correlation between equities and government bonds has reasserted itself. This provides valuable diversification, and we have structured portfolios accordingly to benefit from that dynamic.

In today's environment, positioning must be guided by strong risk management. Our models are not complacent, but balanced and responsive - grounded in strategic thinking and built to weather shifting macroeconomic and political conditions.

Glossary

 # Ongoing charges figure: includes costs levied by third party fund managers for the external collective investment schemes we include in the investment portfolio. This figure includes:- Administration costs such as fund expenses and Synthetic costs which are charges levied by the underlying fund managers such as the managers annual management fees.

Annualised volatility: risk is measured by the variability of performance. The higher the standard deviation, the greater the variability (and therefore the risk) of the Fund or the index.

Maximum historic loss: is the maximum loss from peak to trough in an investment's history. The figures are indicative and will depend on circumstance.

Sharpe ratio: measures the risk/return trade-off. It is the annualised return less the average risk-free rate, divided by the annualised volatility of the model.

If you require further explanation on any of the terms used in this document please contact us or visit https://www.canaccord-wealth.com/glossary

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