

Luna MPS Passive Income 2



As of 31/12/2022

Objective

The primary objective of this portfolio is to achieve a moderate level of capital growth and the portfolio therefore adopts a moderate risk approach. It is anticipated that a substantial proportion of the total return will come from income. The portfolio is diversified across different asset classes; equities, fixed income and alternative assets.

Key Information

Launch Date	01/06/2020
Initial Fee	0%
Luna AMC	0.2%
Ongoing Charge Figure (%) **	0.36
Running Yield (%) *	3.23
Number of Holdings	25
Performance Comparator	IA Mixed 40-85% Shares

* This is the weighted yield across the underlying holdings

** This is the weighted OCF across the underlying holdings and does not include incidental/transactional costs.

Investment Growth

Time Period: 01/06/2020 to 31/12/2022



— Luna MPS Passive Income 2 115.9 — IA Mixed Investment 40-85% Shares 111.7

Total Return - Trailing

Data Point: Return

	3 Months	6 Months	YTD	1 Year	3 Years	5 Years
Luna MPS Passive Income 2	4.6	2.1	-4.5	-4.5	—	—
IA Mixed Investment 40-85% Shares	3.0	0.9	-10.2	-10.2	1.8	2.8

Performance Calculation: All income is reinvested. Performance is shown inclusive of underlying fund charges but gross of Luna's investment management charge. Deduction of this charge will have the result of reducing the illustrated performance. A platform charge is applicable. Please refer to your investment adviser or investment administrator for details. Performance is calculated through Morningstar Direct and provided for illustrative purposes only and should not be viewed as the performance of a specific client account. The IA sector used is a relevant performance comparator for this MPS, with IA standing for Investment Association. Inception Date of 01 June 2020.

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Investment Team

The Luna Model Portfolios are created by the Luna Investment Committee, that includes the Luna Chief Investment Officer, Alex Brandreth, and the Thornbridge Chief Investment Officer, James Bedford. Alex Brandreth joined Luna in March 2020 and is responsible for co-ordinating the overall investment strategy at Luna from asset allocation to security selection.

Market Commentary

Happy New Year! Everyone at Luna hopes you enjoyed the Christmas period, and we can hopefully look forward to a more prosperous and better 2023.

December was a slightly weaker month for most asset classes with both bond and equity markets coming under pressure. The key development during the month remained the theme we have seen all year and the moves by central banks to further increase interest rates. The Bank of England has now increased interest rates to 3.5%, a significant distance from the 0.25% level at the beginning of 2022. The key reason for interest rates moving higher was inflation. Whilst this remains elevated it has started to moderate and even fall in some regions. The UK Consumer Price Index (CPI) fell to 10.7% in December from 11.1% in the previous month. The United States is seeing bigger falls in inflation with data released confirming that CPI has fallen to 7.1% from 7.7% in the previous month.

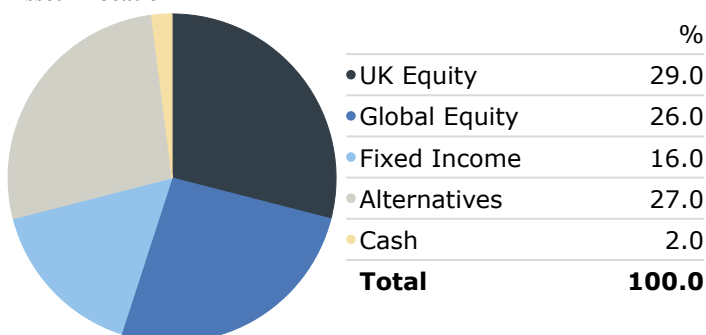
The UK ten-year government bond yield ticked up from 3.05% to 3.58% in the month, which meant that bond prices fell in value due to the inverse relationship between yields and price. Most major equity markets fell modestly during the month, however, the Hang Seng (Hong Kong stock market) bucked the trend and delivered a positive return. Chinese equities continue to bounce from depressed levels and the government reversal of their Covid strategy, despite the high number of cases being reported, is being welcomed by investors.

In summary, inflation and the cost of living continues to impact on us and markets in the short term. However, at Luna we look further ahead to meet longer term goals and (try to) ignore the short term market noise. Looking forward Inflationary pressures are likely to ease as we move through the year, which should help central bankers and their approach to interest rate policy.

Top 10 Holdings

	Portfolio Weighting %
L&G UK Index I Acc	12.0
Vanguard FTSE UK Eq Inc Idx £ Inc	8.0
Atlantic House Defined Ret I Inc GBP	6.0
iShares Corporate Bond Index (UK) D Inc	5.0
iShares Envir&Lw Carb Tilt REIdx(UK)DInc	5.0
iShares UK Dividend ETF GBP Dist	5.0
SPDR® S&P US Dividend Aristocrats ETFDis	5.0
Trojan O Acc	5.0
HSBC FTSE 250 Index S Acc	4.0
iShares EM Dividend ETF USD Dist	4.0

Asset Allocation



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