

Luna MPS Active 5



As of 31/12/2023

Objective

The primary objective of this portfolio is to achieve high levels of capital growth and therefore adopts a higher risk approach. The portfolio has a significant allocation to equities and other risk assets.

Key Information

| | |
|------------------------------|------------------------|
| Launch Date | 01/06/2020 |
| Initial Fee | 0% |
| Luna AMC | 0.25% |
| Ongoing Charge Figure (%) ** | 0.65 |
| Running Yield (%) * | 1.80 |
| Number of Holdings | 23 |
| Performance Comparator | IA Flexible Investment |

* 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 31/12/2023



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125.9 — IA Flexible Investment

123.4

Total Return - Trailing

Data Point: Return

| | 3 Months | 6 Months | YTD | 1 Year | 3 Years | 5 Years |
|------------------------|----------|----------|-----|--------|---------|---------|
| Luna MPS Active 5 | 4.6 | 5.4 | 8.5 | 8.5 | 7.8 | — |
| IA Flexible Investment | 5.2 | 5.0 | 7.3 | 7.3 | 8.6 | 34.4 |

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 managed 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. Alex is supported by Ben Eardley, the Deputy Fund Manager, who joined Luna in September 2020.

Market Commentary

The festive cheer was firmly with investment markets in December, as gains were registered across most major asset classes. The catalyst being a familiar one of late; further falls in inflation but crucially now with an expectation that global central banks will look to ease monetary policy and reduce interest rates in 2024.

The UK Consumer Price Index (CPI) fell again in the month with the latest reading at 3.9%, down from 4.6% the previous month and 10.7% in December 2022. This fall in December was also more than had been forecast by economists – a positive surprise. Interest rates were maintained at 5.25% by the Bank of England during December; the third consecutive month of no change. Against this backdrop UK government bonds yields fell and because of their inverse relationship bond prices subsequently increased in value. To highlight this, the Bloomberg Sterling Gilts index registered a positive return of 5.7% during the month.

Across the pond, US inflation has been quicker to fall, and CPI is now at 3.1%. This led to the key event

during the month with the US Central Bank, the Federal Reserve, hinting towards a pivot in interest rate policy and potential cut in 2024. The Federal Reserve have indicated that it is possible interest rates will be cut three times in 2024 and will settle at 2.5% in the coming years – half of the current level. This was stimulative to the global bond market with yields falling and prices increasing.

The feel-good factor in the bond market was also evident in global equity markets which were buoyed. The FTSE All Share delivered a return of 4.5% during the month, outperforming the S&P 500 return of 3.8% and Nikkei 225 of 4.2%. These returns have pushed major stock markets to a whisker of their all-time highs. Another encouraging sign for investors is the breadth of the rally across market capitalisation and sectors. The exception was China, with the Hang Seng retreating during the month; this stock market has now been a bear market for over three years.

Wishing you all a very Happy New Year.

Top 10 Holdings

| | Portfolio Weighting % |
|--|-----------------------|
| JPM US Equity Income C Net Acc | 9.0 |
| M&G Japan GBP I Acc | 8.0 |
| WS Lindsell Train UK Equity Acc | 6.0 |
| Atlantic House Defined Ret B GBP Acc | 6.0 |
| BNY Mellon UK Income Inst W Acc | 6.0 |
| JOHCM UK Equity Income Y GBP Inc | 6.0 |
| Fidelity Index World P Acc | 5.0 |
| L&G UK Index I Acc | 5.0 |
| Schroder Global Recovery Z Acc GBP | 5.0 |
| Baillie Gifford Emerging Mkts Gr B Acc | 5.0 |

Asset Allocation

