

## PORTFOLIO SUMMARY

- Low-risk portfolio within the Active portfolio range
- Primarily comprises low-risk fixed income investments, offering stable income and potential capital appreciation
- Systematic strategic asset allocation, active management, and diverse assets aim to enhance long-term performance through market timing and selection expertise

## PORTFOLIO INFORMATION

|  |                  |
|--|------------------|
| Inception Date                             | Jul 2014         |
| Investment Horizon                         | At least 3 years |
| Total Ongoing charges for underlying funds | 0.33%            |
| Management Charge                          | 0.20%            |

## INVESTMENT PRINCIPLES

Fusion Active portfolios are designed for investors who believe that manager's skill in utilising short-term market opportunities and market timing can increase returns.

The range starts with a systematic Strategic Asset Allocation which aims to maximise expected long-term return within well-defined risk parameters. Medium-term market forecasts and short-term tactical tilts are overlaid to exploit current market trends and economic opportunities to derive the Tactical Asset Allocation. This is implemented using actively managed funds, selected from a range of well-established providers who aim to consistently out-perform their benchmarks.

## RISK SCORE

Based on our internal analysis, our Investment Team believes this portfolio corresponds to the following risk levels of external risk profiling tools:

| DT | Defaqto | Synaptic |
|----|---------|----------|
| 3  | 3       | 4        |



## MARKET COMMENTS

May saw global stocks pick up where they left off the previous month, with global equities rising 5.5%, as bonds also delivered a positive return of 1.1% (GBP terms). US equities (+6.1%) led the way within developed markets, extending the rebound from April's sharp rally. The drivers were familiar: strong earnings, resilient growth and sustained enthusiasm around artificial intelligence (AI). Technology (+10.6%) names again led from the front, though market participation has narrowed to levels not seen since the dot-com era, with AI, semiconductors and mega-cap technology doing most of the heavy lifting. It was a similar story in Asia (+11%), where exposure to the AI theme, plus stellar corporate earnings, proved a fruitful combination. Q1 2026 earnings growth was exceptional at around 40%, though also heavily concentrated in technology and semiconductors. Emerging markets (+10.6%) continued their strong momentum, led by Korea (+35.8%) and Taiwan (+17.5%) which both registered yet another exceptional month. Europe (+4.5%) was not far behind other developed markets, while the resources-heavy, tech-light UK market lagged global peers (+0.5%).

Fixed income markets experienced sharp volatility over the month, reflecting uncertainty over the growth and inflation impact of the Middle East conflict. Inflation data confirmed rising inflationary pressures in the global economy, and government bond yields spent most of May on an upwards trajectory, to such an extent that yields on US 30-year treasuries reached levels not seen since 2007. However, news of a credible attempt for an agreement between the US and Iran emerged towards the end of the month, helping bonds to stage a late rally on optimism that the conflict's end is in sight.

## PERFORMANCE



## CUMULATIVE PERFORMANCE

|           | 1m    | 3m     | 1y     | 3y     | 5y     | SI     |
|-----------|-------|--------|--------|--------|--------|--------|
| Portfolio | 1.27% | -1.02% | 12.48% | 27.76% | 17.53% | 82.71% |
| Benchmark | 1.70% | 0.25%  | 9.24%  | 21.51% | 11.94% | 40.01% |

## RISK CHARACTERISTICS

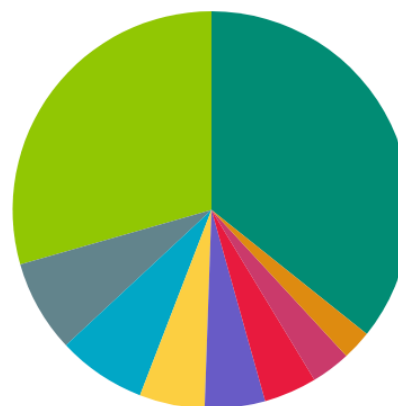
|           | Volatility |       |       | Sharpe Ratio |      |      | Maximum Drawdown |
|-----------|------------|-------|-------|--------------|------|------|------------------|
|           | 1y         | 5y    | SI    | 1y           | 5y   | SI   |                  |
| Portfolio | 4.36%      | 6.04% | 5.74% | 2.86         | 0.46 | 0.82 | -16.14%          |
| Benchmark | 3.46%      | 4.58% | 4.48% | 2.67         | 0.38 | 0.54 | -13.85%          |

\*The performance figures in this report are based on the live performance of the portfolio since December 2019. Performance before this date is simulated by applying models and algorithms currently used in the construction of this portfolio. The benchmark is the Abrdn MyFolio Market I fund which has one of the lowest tracking errors with the IA Mixed Investments 0-35 index. Performance prior to June 2014 is reconstructed from the index performance.

## TOP HOLDINGS

- AMUNDI CORE UK GOVERNMENT BOND ACC
- ISHARES - 100 UK EQUITY INDEX (UK) - JUN 12 (G6VG)
- ROYAL LONDON SHORT TERM MONEY MARKET FUND
- HSBC INDEX TRACKER INVESTMENT FUNDS - AMERICAN INDEX FUND
- FIDELITY INVESTMENT FUNDS ICVC - INDEX WORLD FUND
- JUPITER GLOBAL MACRO BOND ACC
- PIMCO GIS GLOBAL BOND FUND
- BARINGS EMERGING MARKETS LOCAL DEBT ACC -U
- UBS FTSE RAFI DEVELOPED 1000 INDEX ACC
- VANGUARD U.S. INVESTMENT GRADE CREDIT INDEX FUND GBP HEDGED ACC

## ASSET ALLOCATION



- Developed Government Bonds (35.7%)
- Cash and Short Maturity Bonds (7.5%)
- Emerging Market Equities (5.3%)
- Emerging Market Bonds (4.3%)
- High-Yield Bonds (2.4%)
- Developed Market Equities (29.4%)
- Investment Grade Bonds (7.2%)
- Commodities (4.9%)
- Alternatives (3.2%)

## HOW TO ACCESS OUR PORTFOLIOS



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