

CITRUS

Quarterly Update

September 2024



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Introduction

- This update provides latest information on our model portfolios.
- The models are overseen by our Investment Committee, and managed by our Appointed Investment Manager
- This quarterly report consists of four parts.

1

• Performance

2

• Outlook

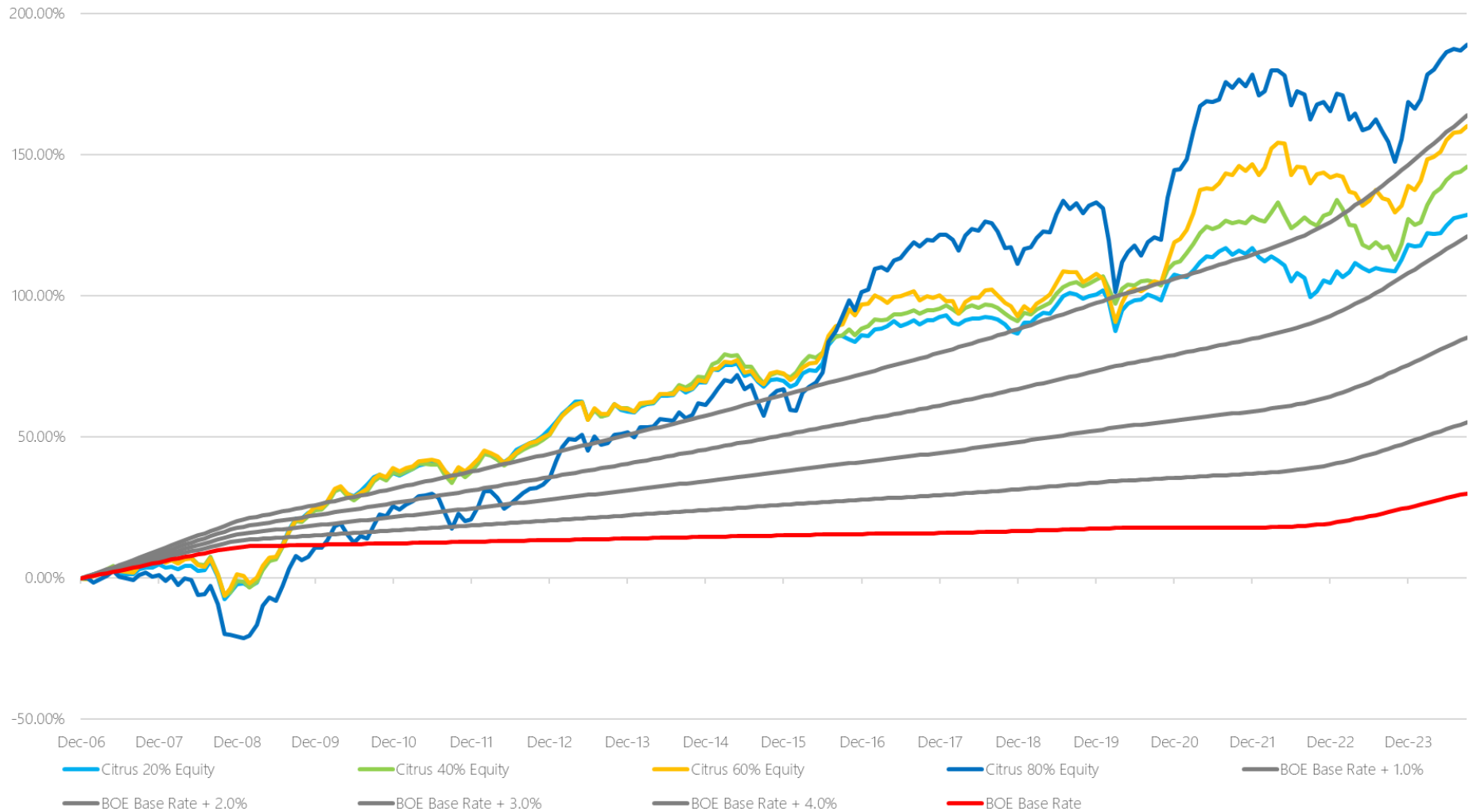
3

• Asset Allocation

4

• Portfolio Changes

Our Portfolio Performance



Source: Elston research, Bloomberg data, Citrus data. Gross returns before manager fees. Performance for Citrus Equity Portfolios and Indices is based on the period from 31-Dec-06

Our key themes for 4th Quarter 2024

1

- A steady step down

2

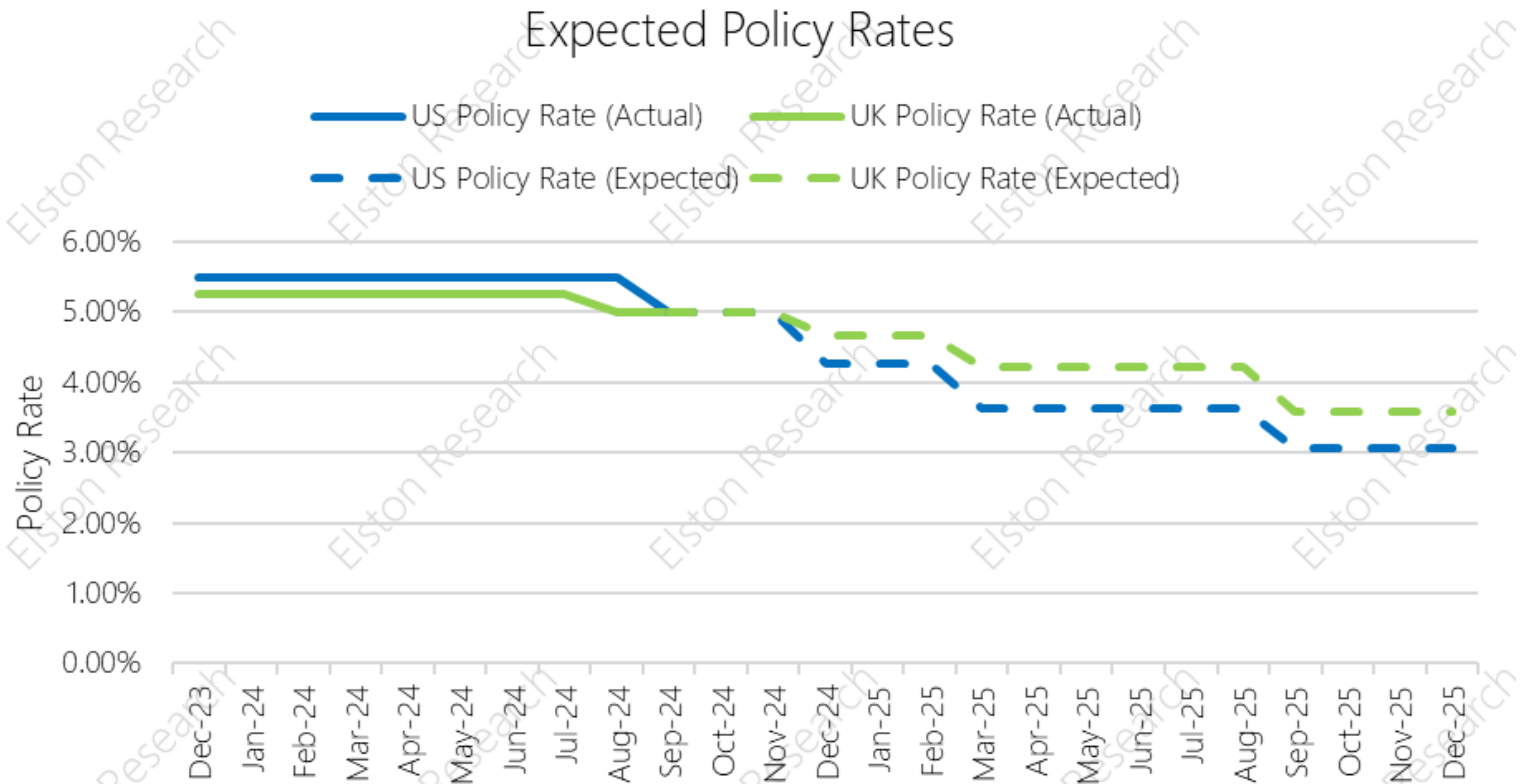
- Finessing a soft landing

3

- Changes in the West Wing

1. A steady step down

- The pace and depth of policy easing is diverging between the US and UK
- This is because growth is stronger in the US while inflation is stickier in the UK
- We expect steady steps down in policy rates, but higher relative yields for the UK are supportive of Sterling

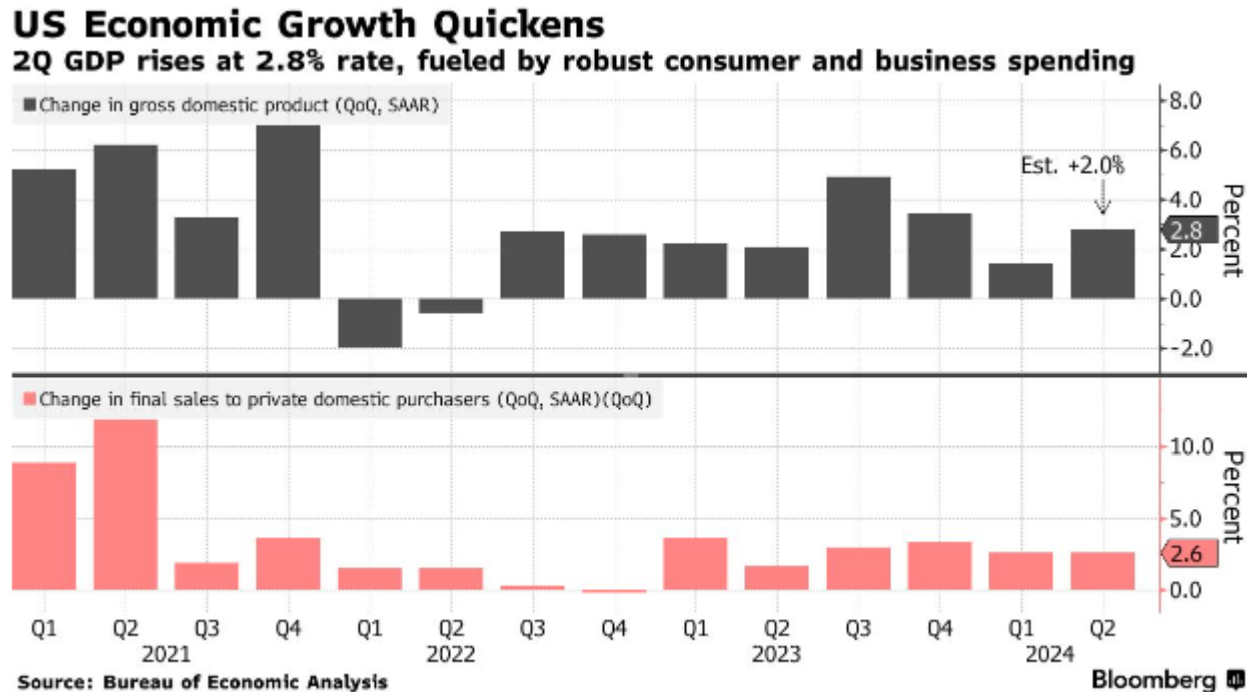


Source: Elston research, Bloomberg data, as at 30-Sep-24, forward 3, 6 and 12 month expectations

2. Finessing a soft landing

- US economic growth accelerated by more than expected in the second quarter, despite higher borrowing costs.
- GDP increased at a 2.8% annualized rate in 2q24 after rising 1.4% in the previous quarter, powered by consumer spending
- A soft landing would mean the Fed has achieved its target of crushing inflation whilst supporting employment.

US economic growth driven by spending



Source: <https://www.bloomberg.com/news/articles/2024-07-25/us-economy-accelerated-by-more-than-forecast-last-quarter>

3. Changes in the West Wing

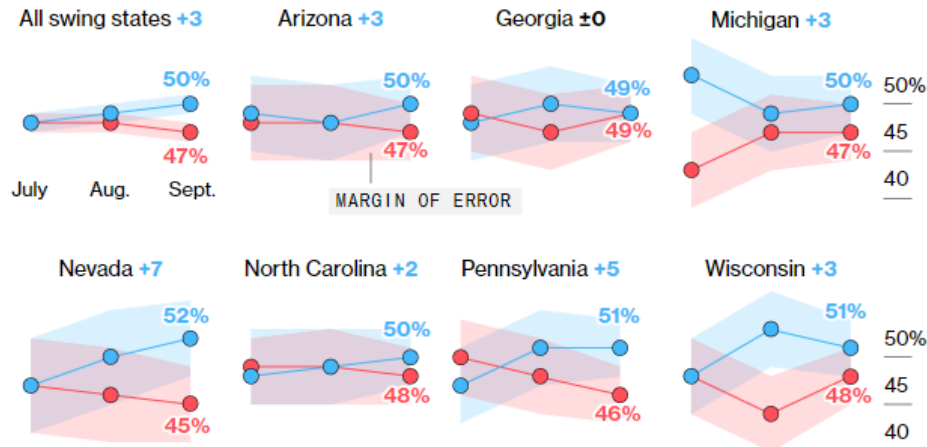
- Biden will be leaving the West Wing
- Between Trump and Harris, Harris is showing a slight lead in key swing states
- A Trump win and a Democrat win are both “knowns”: the optimal outcome in our view would be a balance of power across the Senate and the House of Representatives, avoiding any policy extremes
- US economic, fiscal and earnings outlook remain the key drivers for markets

Focus on the swing states

If the November 2024 election for US president were being held today, and Democrat Kamala Harris and Republican Donald Trump were on the ballot, for whom would you vote?

Share of likely voters who said:

● HARRIS ● TRUMP



Source: Bloomberg News/Morning Consult poll

<https://www.bloomberg.com/news/features/2024-09-26/harris-holds-thin-lead-over-trump-in-swing-state-poll-election-2024>

Asset Allocation Changes

- Our Investment Committee's views on asset allocation are presented below

	Changes to the portfolio	Buy	Sell	Reasons why
EQUITIES	<ul style="list-style-type: none"> Fund switch to hedge to GBP 	Introducing: <ol style="list-style-type: none"> Fidelity US Index P Acc (Hedged GBP) HSBC Pacific Index Fund S Acc 	Complete Sell Down: <ol style="list-style-type: none"> Fidelity Index US P Acc HSBC Pacific Index Fund C Acc 	<p>Partially hedging US equity exposure back to GBP as upcoming Fed rate cuts could further weaken the US Dollar.</p> <p>Switching the HSBC Pacific Index Fund to a cheaper S share class</p>
ALTERNATIVES	<ul style="list-style-type: none"> Rotating Alternatives holdings towards precious and industrial metals 	Introducing: <ol style="list-style-type: none"> iShares Physical Gold ETC WisdomTree Copper ETC <p>Minor increase in equity allocation predominantly in global equities</p>	Complete Sell Down: <ol style="list-style-type: none"> Tritax Eurobox Plc Man GLG - Alpha Select Alternative IN GBP VT Elston Liquid Real Assets Index A Acc GBP 	<p>The US Fed has embarked on a rate cut cycle and China announcing a massive stimulus package, commodities such as Gold and Industrial Metals (Copper, Nickel) could have a substantial rally. Moving allocation to a more granular selection of Real assets.</p>
BONDS	<ul style="list-style-type: none"> Increasing overall portfolio duration as rate cutting cycle has begun 	Introducing: <ol style="list-style-type: none"> iShares USD TIPS 0-5 UCITS ETF GBP Hedged (Dist) 	Complete Sell Down: <ol style="list-style-type: none"> Royal London Short Term Money Market Y Acc 	<p>Complete sell down from Money Market funds as rate cutting cycle has begun and short-term yields will begin to come down in line with the BoE's headline rate.</p> <p>Introducing US TIPs to lock in real yields of 1.63% as the Fed is cutting interest rates while inflation could jump start in 2025. This combination could push real yields into negative territory and inflation-linked bonds stand to gain the most.</p>

Portfolio Weights as of 04-Oct-24

Asset Class	Exposure	Name	Citrus 20% Equity	Citrus 40% Equity	Citrus 60% Equity	Citrus 80% Equity	Citrus 100% Equity
Equities	US Large Cap	HSBC American Index Fund C Acc	1.00%	2.50%	4.00%	6.00%	7.00%
Equities	US Large Cap	Fidelity US Index P Acc (Hedged GBP)	1.75%	3.25%	4.75%	6.75%	8.75%
Equities	US Large Cap	Xtrackers S&P500 Equal Weight UCITS ETF	1.00%	3.00%	5.00%	6.00%	8.00%
Equities	UK Mid/Small Cap	LF Gresham House UK Multi-Cap Income C Acc	0.50%	1.50%	2.50%	3.50%	4.50%
Equities	UK Equity Income	VT Munro Smart-Beta UK Fund X Acc	1.00%	3.00%	5.00%	7.00%	9.00%
Equities	Europe Large Cap	Legal & General European Index Fund C Acc	1.00%	2.00%	3.00%	4.00%	5.00%
Equities	Europe Mid/Small Cap	Janus Henderson European Smaller Companies Fund I Acc	0.50%	1.50%	2.50%	3.50%	4.50%
Equities	Asia Ex-Japan Large Cap	HSBC Pacific Index Fund C Acc	1.00%	2.00%	3.00%	4.00%	5.00%
Equities	Asia Ex-Japan Large Cap	Stewart Investors Asia Pacific Sustainable Fund B GBP	0.50%	1.50%	2.50%	3.50%	4.50%
Equities	Japan Large Cap	HSBC Japan Index Fund S Acc	0.75%	2.25%	3.75%	5.25%	6.75%
Equities	EM Large Cap	Fidelity Emerging Markets Index Fund P Acc	1.50%	2.75%	4.00%	5.25%	7.00%
Equities	EM Large Cap	FSSA Greater China Growth B Acc	1.50%	2.75%	4.00%	5.25%	7.00%
Equities	Global Large Cap	Fidelity World Index Fund P Acc	2.00%	4.00%	6.00%	8.00%	10.00%
Equities	Sector	Legal & General Global Health & Pharmaceuticals Index Trust C Acc GBP	1.00%	3.00%	5.00%	7.00%	8.00%
Alternatives	Property	iShares UK Property UCITS ETF	2.00%	6.00%	6.00%	4.00%	2.00%
Alternatives	Infrastructure	GCP Infrastructure Investment Plc	1.00%	3.00%	3.00%	2.00%	1.00%
Alternatives	Multi-Asset Fund	Troy Trojan Fund X Acc	3.00%	3.00%	3.00%	2.00%	
Alternatives	Diversified Income	VT Elston Multi-Asset Income A Inc	5.00%	5.00%	5.00%	2.00%	
Alternatives	Multi-Asset Fund	Brooks Macdonald Defensive Capital A Acc	3.00%	3.00%	1.00%	1.00%	
Alternatives	Hedge Funds	Winton Diversified Fund I Inc	2.00%	3.00%	2.00%	2.00%	
Alternatives	Gold & Precious Metals	iShares Physical Gold ETC	3.00%	3.00%	2.00%	2.00%	
Alternatives	Commodities	WisdomTree Industrial Metals Enhanced	3.00%	3.00%	2.00%	2.00%	
Bonds	UK Govt	Fidelity UK Gilts Index Fund S Acc	13.00%	7.00%	4.00%	2.00%	
Bonds	UK Inflation-Linked	L&G All Stocks Index Linked Gilt Index Trust C Inc	13.00%	7.00%	4.00%	2.00%	
Bonds	UK Corp	abrdn Sterling Corporate Bond Index Fund N Acc	13.00%	7.00%	4.00%		
Bonds	Global Inflation-Linked (GBP Hedge)	iShares USD TIPS 0-5 UCITS ETF GBP Hedged (Dist)	9.00%	6.00%	3.00%		
Bonds	Managed Bonds	VT Avastra Global Fixed Income Inc	13.00%	7.00%	4.00%	2.00%	
Cash & Equivalents	GBP Cash	Cash	2.00%	2.00%	2.00%	2.00%	2.00%
		TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%
		OCF	0.34%	0.40%	0.41%	0.41%	0.37%
		Previous OCF	0.43%	0.59%	0.56%	0.52%	0.44%

Note: OCF = Annual Ongoing Charge

Source: Elston research, Citrus Investment Committee

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Registered Office: Orwell House, The Strand, Wherstead, Ipswich, IP2 8NJ

Citrus Wealth Management Ltd is entered on the Financial Services register under reference 429045

Portfolio Management

Since January 2024, the portfolios have been managed by our Appointed Investment Manager: Elston Portfolio Management, a trading style of P1 Investment Services Limited ("P1") utilised under exclusive licence. P1 Investment Services Limited is authorised and regulated by the Financial Conduct Authority under Firm Reference Number (FRN: 752005). P1 Investment Services Limited (Company Registration Number 09810560) is registered in England & Wales, Registered address: Clyst House, Manor Drive, Clyst St Mary, Exeter, EX5 1GB. The Appointed Investment Manager does not assess suitability or make personal recommendations.

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