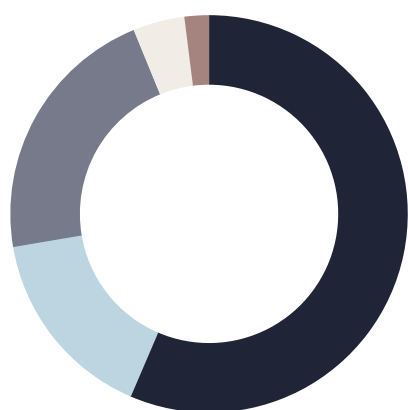


# HARRIER BALANCED MODEL PORTFOLIO SERVICE

## PORTFOLIO OBJECTIVE

The Balanced portfolio seeks to grow wealth in real terms for investors who can tolerate more of the risks associated with investing, including fluctuations in value. Around 55% of the portfolio will be in global equities, which may fluctuate between 40% and 70%. We recommend investing for at least five years.

## JAMES HAMBRO HARRIER BALANCED PORTFOLIO



<b>EQUITIES</b>	<b>56.50%</b>
JAMES HAMBRO HARRIER GLOBAL EQUITIES FUND	
<b>DIVERSIFYING STRATEGIES</b>	<b>15.75%</b>
JAMES HAMBRO HARRIER DIVERSIFIED STRATEGIES FUND	
<b>FIXED INCOME</b>	<b>21.50%</b>
JAMES HAMBRO HARRIER FIXED INCOME FUND	
<b>GOLD</b>	<b>4.25%</b>
<b>CASH</b>	<b>2.00%</b>

## PORTFOLIO FACTS

- Emphasis on equities to drive long-term growth in real terms
- Active asset allocation to reduce portfolio volatility through the cycle
- Direct investment in global equities complemented by third-party funds
- Focus on competitively-advantaged companies with sustainable growth and high returns on investment
- Low portfolio turnover and long-term holding periods
- Emphasis on liquidity across all asset classes
- Cost-effective access to our best ideas

## CURRENT POSITIONING

	Current Weight (%)	Relative to Benchmark	Reasoning
FIXED INTEREST	21.50	—	We have gradually rebuilt fixed interest to neutral as yields have risen and prospective returns from bonds have improved. Our preference has shifted from the US into UK Gilts.
EQUITY	56.50	+	Small overweight to the strategic benchmark with a focus on a balance of high-quality assets that can navigate a range of potential economic outcomes.
DIVERSIFYING STRATEGIES	20.00	+	Neutral weighting, primarily through differentiated funds operating in niche markets such as macro strategy, merger arbitrage and convertible bonds. We also have a position in gold, not in the strategic benchmark, that provides insurance against inflation levels beyond expectations.
CASH	2.00	—	Cash levels below neutral.

## ASSET ALLOCATION

FIXED INTEREST	21.50%	
UK EQUITY	8.25%	
NORTH AMERICAN EQUITY	32.10%	
EUROPEAN EQUITY	6.25%	
JAPANESE EQUITY	2.75%	
ASIA EX JAPANESE EQUITY	3.45%	
GLOBAL EQUITY	3.70%	
DIVERSIFIED STRATEGIES	15.75%	
GOLD	4.25%	
CASH	2.00%	

## KEY DETAILS

Yield	1.36%
Benchmark	ARC Sterling Balanced Index
Sector	IA Mixed Investment 20-60%

## CHARGES

The underlying James Hambro Harrier Asset Class funds do not charge an Annual Management Fee.	
Portfolio Management Fee	0.40%
Underlying Charges	0.40%
Transaction Costs	0.12%
Total Expense Ratio	0.92%



## MARKET UPDATE

- European equities rose 3.4% in February taking full year returns to 10%. This compares to 1.4% for the US equity market in the month and 1.2% year to date.
- The Financial and Health Care sectors have led global markets, up 7% year to date compared to the worst performing sector, Technology, down 4% as some of the hype around AI faded.
- Much of the post-election 'Trump Bump' has now been eroded as investors weigh conflicting policies of higher import tariffs with the promise of a more business friendly government and lower taxes.
- There was a deterioration in macro data with the largest monthly decline in US consumer confidence in 4 years and the US Services PMI also falling close to contraction territory.
- Contrary to this, manufacturing improved to a level above 50 (denoting expansion over contraction) for the first time since September 2022.

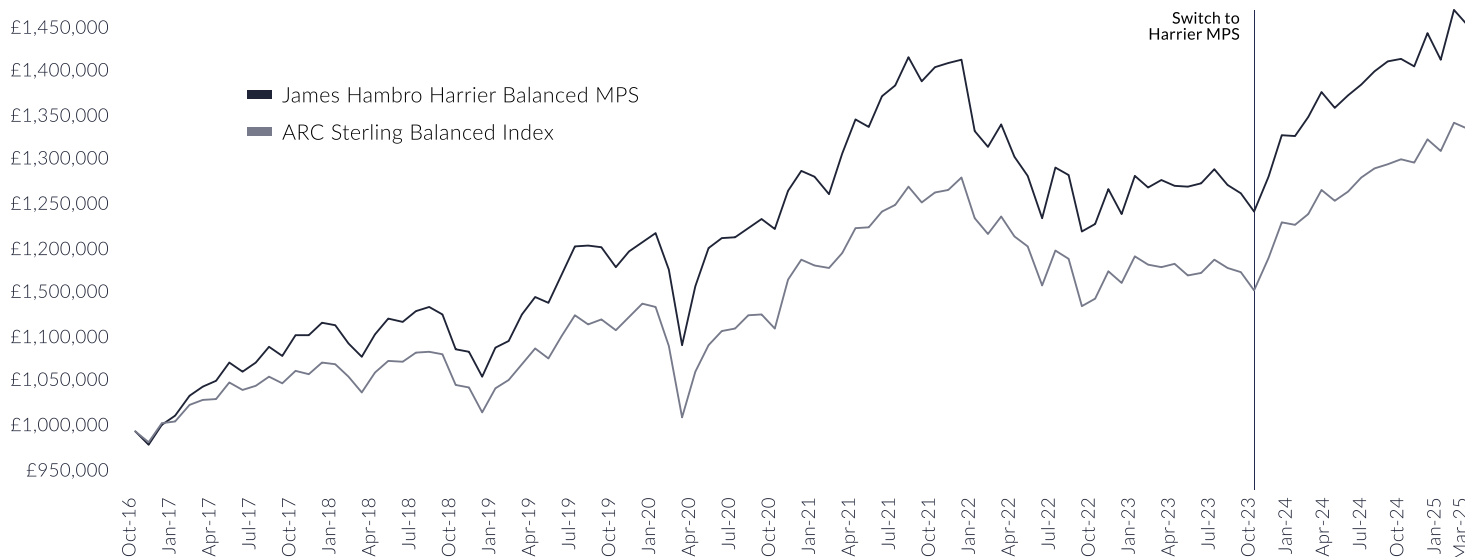
- Bond yields were flat in the UK but continued to fall in the US. The Federal Reserve is now expected to carry out three quarter-point interest rate declines by the end of the year.

## PORTFOLIO UPDATE

- There was no change to headline asset allocation during the month.
- The fund remains overweight equities with our equity portfolio outperforming the global index during the month and year to date. We continue to prefer a more balanced, diversified portfolio compared to how many of the major indices look.
- The fund retains a significant position in gold, reflecting unresolved risks in Ukraine and the Middle East. The gold price is also likely being supported by several Central Banks diversifying their reserves away from US treasuries and influence.

## CUMULATIVE PERFORMANCE OF PORTFOLIO VS PEER GROUP (£)

£1mn portfolio invested on 31/10/2016



## CUMULATIVE (%) PERFORMANCE TO 28/02/2025

	3m	6m	1yr	3yr	5yr	Since launch 31/10/2016
James Hambro Harrier Balanced MPS	0.64	2.82	7.55	10.28	22.96	45.00
ARC Sterling Balanced Index	0.87	3.07	7.59	9.55	21.93	33.53
Relative	-0.23	-0.25	-0.04	0.73	1.03	9.47

## CALENDAR YEAR (%)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
James Hambro Harrier Balanced MPS	2.72	6.28	7.01	-12.10	9.60	6.48	13.99	-5.30	12.27
ARC Sterling Balanced Index	1.89	6.41	5.77	-9.15	7.63	4.31	11.73	-5.13	6.68
Relative	0.83	-0.13	1.24	-2.95	1.97	2.17	2.26	-0.17	5.59

Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up, so you could get back less than you invested. Data as at 28/02/2025. Source: JH&P, Financial Express and Asset Risk Consultants (ARC), an independent consultant that compiles Private Client Indices (PCI) based on historical performance. 16/10/2023 was the date we switched to the Harrier asset class funds that now form the core of our Model Portfolio Service.

# HARRIER BALANCED MODEL PORTFOLIO SERVICE LOOK THROUGH

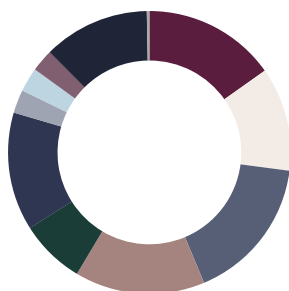
## TOP FIXED INCOME FUND HOLDINGS

HOLDING	% Portfolio	CR
UK Treasury Stock 0.125% 31/01/2028	3.66	AA
UK Treasury Stock 4.375% 07/03/2028	3.52	AA
UK Treasury Stock 0.25% 31/07/2031	3.47	AA
UK Treasury Stock 0.5% 31/01/2029	3.44	AA
UK Treasury Stock 4.5% 07/09/2034	3.25	AA
UK Treasury Stock 0.375% 22/10/2026	1.48	AA
UK Treasury Stock 0.125% 30/01/2026	1.09	AA
TwentyFour Abs Return Credit Fund AQG £ Inc (Lux)	0.62	AA
Muzinich Global Short Duration Fund Hedged £ Inc	0.62	AA
BlackRock Sterling Liquidity Fund £ Inc (Ireland)	0.24	N/A
Cash	0.11	N/A

## TOP DIVERSIFIED STRATEGIES FUND HOLDINGS

HOLDING	% Portfolio
SEI Liquid Alternative Fund A £ Inc (Ireland)	1.25
KLS Arete Macro Fund SI £ Acc (Ireland)	1.07
Amundi Sand Grove Event Driven Fund EB £ Acc (Ire)	1.04
BH Absolute Return Govt Bond Fund A2 £ Acc (Lux)	1.03
Lazard Rathmore Alternative Fund £ Hedged Inc(Ire)	1.02
KLS Athos Event Driven Fund I £ Acc (Ireland)	1.01
KLS Scopia Market Neutral Equity Fund F £ Acc(Ire)	0.98
Polar Capital Global Absolute Return Fund S £ Acc	0.97
Marshall Wace TOPS Fund G £ Inc (Lux)	0.95
Sequoia Economic Infrastructure Income Fund Ltd	0.78

## EQUITY ALLOCATION



Information Technology	15.22%
Health Care	11.87%
Consumer Discretionary	16.59%
Industrials	14.89%
Materials	7.46%
Financials	13.53%
Communication Services	2.68%
Consumer Staples	2.76%
Energy	2.60%
Equity Investment Funds	12.16%
Cash	0.26%

## EQUITY HOLDINGS

NORTH AMERICA	% PORTFOLIO
Linde Plc	1.53
Union Pacific US\$2.50	1.35
Amazon.com Inc US\$0.01	1.58
TJX Companies Inc US\$1.00	1.53
Coca-Cola US\$0.25	1.56
Intuitive Surgical Inc US\$0.001	1.47
UnitedHealth Group Inc US\$0.01	1.31
Danaher Corp US\$0.01	1.18
Thermo Fisher Scientific Inc US\$1.00	1.46
JPMorgan Chase Com US\$1.00	1.66
Intercontinental Exchange Inc	1.56
S&P Global Inc US\$1.00	1.39
Visa Inc Com Stock US\$0.0001	1.74
Progressive Corp	1.62
Entegris Inc	1.37
Microsoft Corp Com US\$0.0000125	1.37
Synopsys Inc	1.26
AMETEK Inc	1.55
Amphenol Corporation US\$0.001	1.36
Texas Instruments Inc US\$1.00	1.49
Alphabet Inc C Shares US\$0.001	1.51

UNITED KINGDOM	% PORTFOLIO
Rio Tinto Plc Ord 10p	1.33
Ashtead Group Plc Ord 10p	1.25
Experian Plc Ord US\$0.1	1.52
Relx Plc Ord 14.44p	1.37
Compass Group Plc Ord 11.05p	1.40
Next Plc Ord 10p	1.52

EUROPE EX UK	% PORTFOLIO
iShares MSCI Europe Energy Sector ETF € Acc (Ire)	1.47
Sika AG	1.35
Assa Abloy AB B Shares	1.38
LVMH SA €0.3	1.50
Novo Nordisk A/S	1.28

ASIA EX JAPAN	% PORTFOLIO
Sony Corporation	1.85
AIA Group Ltd HK\$	1.41
Hermes Asia ex-Japan Equity Fund F £ Acc (Ire)	2.03

JAPAN	% PORTFOLIO
M&G Japan Fund PP £ Acc	1.38

GLOBAL	% PORTFOLIO
T Rowe Price Health Sciences Equity Fund I £ Acc	1.71
BlueBox Global Technology Fund R £ Acc (Lux)	1.75

CASH	% PORTFOLIO
Cash	0.15



## ENTEGRIS

Entegris provides chemicals and filters used to manufacture semiconductors as well as products to move and protect silicon wafers and chemicals through the production process. The business operates at the cross-roads of materials intensity and materials purity, the two defining factors of the next generation of semiconductor performance. Simply put, as semiconductor manufacturing processes become more complex, each chip requires more of Entegris's chemicals and filtration solutions.

The company's materials drive better semiconductor performance, help enable new chip architectures and accelerate the transition to new nodes. Its components and filters improve yields by protecting critical materials during manufacturing, transport and storage while ensuring a contamination-free production environment. The business benefits from high market shares across multiple niche chemicals which are designed into the wafer manufacturing process at each node. These solutions are increasingly specified to meet customers' unique process conditions and technical roadmaps, yet also only represent a small portion of the overall cost of making a semiconductor. The ensuing high switching costs creates sticky solutions with long, profitable revenue streams.

Relative to other semiconductor suppliers, Entegris is unusual in that most of its sales are tied to products repeatedly consumed during the semiconductor manufacturing process. As a result, sales are more impacted by overall chip demand and global GDP growth rather than the sale of semiconductor capital equipment which has historically been more cyclical. The business is also more diverse than peers, with a portfolio containing tens of thousands of highly specialised lines with no single product platform representing more than 4% of revenue and a top 10 customer base representing less than half of sales.

Semiconductor volumes are expected to continue to grow at the 5-6% annual growth rate seen over the past two decades given powerful trends including artificial intelligence (AI) and cloud computing infrastructure, electrification of the car industry, renewable power and associated grid investments, factory automation and telecom network investment. In addition to this volume growth, as chips become more complex the number of steps in the manufacturing process increases. Each step requires chemicals and filtration, which in turn are becoming more sophisticated and valuable within the process. These dynamics allow Entegris to outgrow industry volume growth by 4-5%.

Leading-edge chips tied to AI aside, the broader semiconductor ecosystem has endured a more challenging period as surging post-Covid sales have given way to lacklustre demand and over-stocked inventories across auto, industrial and electronics markets – a classic semiconductor down-cycle. Entegris has only delivered modest earnings growth which accompanied with a falling valuation has led to correspondingly little share price return since 2021. With the wider semiconductor industry now showing signs of recovery we think Entegris's current valuation provides an opportunity.

Double digit sales growth should be sustainable for the next few years alongside a cycle recovery, with natural operating leverage and faster growth of the higher margin filters division driving mid-teens operating profit growth. Continued debt pay down and reducing capital intensity post a period of elevated investment should then lead to even stronger earnings and cash flow per share growth. Longer term we expect Entegris to continue to gain market share and grow at high returns given its attractive position as an 'arms-dealer' to the wider semiconductor industry.



## PLATFORM AVAILABILITY



## RSMR AND AWARDS



## RESPONSIBLE INVESTMENT

We believe companies that allocate capital responsibly, by putting environmental, social and governance (ESG) considerations at the centre of their strategic frameworks, are more likely to succeed in the longer term than those companies that do not.

ESG considerations form an integral part of our investment analysis across all asset classes and investment structures. We believe this helps us identify the long-term winners and avoid firms exposed to potential risks and vulnerabilities.



Signatory of:



## YOUR TEAM



**Billy Hughes**  
Portfolio Manager,  
Head of Professional  
Adviser Services



**Sarah Goose**  
Portfolio Manager,  
Responsible  
Investment Lead



**Luke Martin**  
MPS Assistant



James Hambro & Partners LLP 020 3817 3500  
45 Pall Mall London www.jameshambro.com  
SW1Y 5JG  
United Kingdom



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