

INVESTMENT UPDATE

Index MPS Rebalance Note

October 2025

For existing investors only



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Summary

At this rebalance we have followed the latest asset allocation guidance and made a slight reduction in equities in the Cautious, Balanced and Growth models in favour of fixed interest. We made no changes to the overall asset mix in the Adventurous and Maximum Growth models.

Within equities, we increased our exposure to Europe ex UK equities by reducing the UK exposure across each risk-rated model. As part of these changes, we topped up the market capitalisation-weighted exposure to continental Europe while reducing both our broad-index and mid-cap UK positions. Our analysis currently favours continental Europe over the UK on relative earnings basis and this change reduces the previous underweight to Europe, bringing it closer in-line with global market levels.

In fixed interest we remain diversified across nominal and index-linked government bonds. In our Cautious, Balanced and Growth models we made only a slight increase in nominal UK government bonds funded by our reduction in equities. We made no changes to our corporate bond exposure, and we continue to prefer shorter-dated corporate bonds as a way of controlling our exposure to credit risk.

We maintained our allocation to gold, which has been held in the portfolios since launch. Gold has provided valuable diversification during market volatility and has helped protect against persistent inflationary pressure.

Index Cautious

We have made some changes to the overall asset class mix with a slight reduction in equities in favour of fixed interest. However, we remain overweight equities and underweight fixed interest whilst maintaining our exposure to gold.

Within equities we have increased our investment in Europe ex-UK, adding to the market capitalisation weighted HSBC European Index Fund. This was funded by reducing our positions in both the L&G UK Index Trust and L&G UK Mid-Cap Index, which track the FTSE All-Share and FTSE 250 (ex-Investment Trust) indices, respectively.

After reducing equities slightly, we increased our fixed interest holdings by adding to the Vanguard UK Government Bond Index. We have not changed our corporate bond holdings, where we prefer shorter-dated bonds as there is little additional yield offered for taking on more credit risk.

We retained our gold exposure through the Invesco Physical Gold ETC, favouring the diversification and inflation protection benefits that gold can provide. Below is a summary of the major adjustments to the portfolio. Please note additional marginal adjustments were also made as part of this rebalancing exercise:

↓	Reduce	L&G UK INDEX TRUST -3.10%
↓	Reduce	L&G UK MID CAP INDEX -1.20%
↑	Increase	HSBC EUROPEAN INDEX FUND 3.90%
↑	Increase	VANGUARD UK GOVERNMENT BOND INDEX 1.20%

Index Balanced

We have made some changes to the overall asset class mix with a slight reduction in equities in favour of fixed interest. However, we remain overweight equities and underweight fixed interest whilst maintaining our exposure to gold.

Within equities we have increased our investment in Europe ex-UK, adding to the market capitalisation weighted HSBC European Index Fund. This was funded by reducing our positions in both the L&G UK Index Trust and L&G UK Mid-Cap Index, which track the FTSE All-Share and FTSE 250 (ex-Investment Trust) indices, respectively.

After reducing equities slightly, we increased our fixed interest holdings by adding to the Vanguard UK Government Bond Index. We have not changed our corporate bond holdings, where we prefer shorter-dated bonds as there is little additional yield offered for taking on more credit risk.

We retained our gold exposure through the Invesco Physical Gold ETC, favouring the diversification and inflation protection benefits that gold can provide. Below is a summary of the major adjustments to the portfolio. Please note additional marginal adjustments were also made as part of this rebalancing exercise:

↓	Reduce	L&G UK INDEX TRUST -4.00%
↓	Reduce	L&G UK MID CAP INDEX -1.50%
↑	Increase	HSBC EUROPEAN INDEX FUND 4.90%
↑	Increase	VANGUARD UK GOVERNMENT BOND INDEX 1.80%

Index Growth

We have made some changes to the overall asset class mix with a slight reduction in equities in favour of fixed interest. However, we remain overweight equities and underweight fixed interest whilst maintaining our exposure to gold.

Within equities we have increased our investment in Europe ex-UK, adding to the market capitalisation weighted HSBC European Index Fund. This was funded by reducing our positions in both the L&G UK Index Trust and L&G UK Mid-Cap Index, which track the FTSE All-Share and FTSE 250 (ex-Investment Trust) indices, respectively.

After reducing equities slightly, we increased our fixed interest holdings by adding to the Vanguard UK Government Bond Index. We have not changed our corporate bond holdings, where we prefer shorter-dated bonds as there is little additional yield offered for taking on more credit risk.

We retained our gold exposure through the Invesco Physical Gold ETC, favouring the diversification and inflation protection benefits that gold can provide. Below is a summary of the major adjustments to the portfolio. Please note additional marginal adjustments were also made as part of this rebalancing exercise:

↓	Reduce	L&G UK INDEX TRUST -4.60%
↓	Reduce	L&G UK MID CAP INDEX -1.70%
↑	Increase	HSBC EUROPEAN INDEX FUND 6.00%
↑	Increase	VANGUARD UK GOVERNMENT BOND INDEX 0.70%

Index Adventurous

We have kept the same balance across the different asset classes, continuing with our overweight to equities and underweight to fixed interest while maintaining our exposure to gold.

Within equities we increased our investment in Europe ex-UK, adding to the market capitalisation weighted HSBC European Index Fund. This was funded by reducing your positions in both the L&G UK Index Trust and L&G UK Mid-Cap Index, which track the FTSE All-Share and FTSE 250 (ex-Investment Trust) indices, respectively.

We made no changes to our fixed interest exposure and retained our gold exposure through the Invesco Physical Gold ETC. We favour the diversification and inflation protection benefits that gold can provide.

Below is a summary of the major adjustments to the portfolio. Please note additional marginal adjustments were also made as part of this rebalancing exercise:

↓	Reduce	L&G UK INDEX TRUST -5.30%
↓	Reduce	L&G UK MID CAP INDEX -2.00%
↑	Increase	HSBC EUROPEAN INDEX FUND 7.10%

Index Maximum Growth

We have kept the same balance across the different asset classes, continuing with our overweight to equities and underweight to fixed interest while maintaining our exposure to gold.

Within equities we increased our investment in Europe ex-UK, adding to the market capitalisation weighted HSBC European Index Fund. This was funded by reducing your positions in both the L&G UK Index Trust and L&G UK Mid-Cap Index, which track the FTSE All-Share and FTSE 250 (ex-Investment Trust) indices, respectively.

We made no changes to our fixed interest exposure and retained our gold exposure through the Invesco Physical Gold ETC. We favour the diversification and inflation protection benefits that gold can provide.

Below is a summary of the major adjustments to the portfolio. Please note additional marginal adjustments were also made as part of this rebalancing exercise:

↓	Reduce	L&G UK INDEX TRUST -6.30%
↓	Reduce	L&G UK MID CAP INDEX -2.40%
↑	Increase	HSBC EUROPEAN INDEX FUND 8.50%

Index MPS Investment List – Risk-based Portfolios

Security	Cautious	Balanced	Growth	Adventurous	Maximum Growth
Equities					
UK Equity					
L&G UK INDEX TRUST	4.80%	6.10%	7.40%	8.60%	10.50%
L&G UK MID CAP INDEX FUND	1.80%	2.30%	2.80%	3.30%	4.00%
	6.60%	8.40%	10.20%	11.90%	14.50%
US Equity					
VANGUARD US EQUITY INDEX FUND	7.00%	8.80%	10.70%	12.60%	15.20%
L&G S&P 500 US EQUAL WEIGHT FUND	7.00%	8.80%	10.70%	12.60%	15.20%
	14.00%	17.60%	21.40%	25.20%	30.40%
Japan Equity					
ISHARES JAPAN EQUITY INDEX FUND	0.70%	0.90%	1.10%	1.30%	1.60%
	0.70%	0.90%	1.10%	1.30%	1.60%
Europe Ex UK Equity					
HSBC EUROPEAN INDEX FUND	6.10%	7.70%	9.40%	11.00%	13.30%
	6.10%	7.70%	9.40%	11.00%	13.30%
Asia Pacific Ex Japan Equity					
ABRDN ASIA PACIFIC EX-JAPAN EQUITY TRACKER FUND	2.70%	3.40%	4.10%	4.80%	5.80%
	2.70%	3.40%	4.10%	4.80%	5.80%
Global Emerging Equity					
VANGUARD EMERGING MARKETS STOCK INDEX FUND	2.60%	3.30%	4.00%	4.70%	5.70%
	2.60%	3.30%	4.00%	4.70%	5.70%
Global Equity					
VANGUARD FTSE DEVELOPED WORLD EX UK EQUITY INDEX FUND	5.10%	6.50%	8.00%	9.40%	11.40%
UBS FTSE RAFI DEVELOPED 1000 INDEX FUND	3.50%	4.40%	5.40%	6.30%	7.60%
L&G GLOBAL SMALL CAP INDEX FUND	2.20%	2.80%	3.40%	3.90%	4.80%
	10.80%	13.70%	16.80%	19.60%	23.80%
Sub Total Equities	43.50%	55.00%	67.00%	78.50%	95.10%
Fixed Income					
UK Gilts					
ISHARES UP TO 10 YEARS GILT INDEX FUND	14.30%	8.70%	3.20%	2.10%	
VANGUARD UK GOVERNMENT BOND INDEX FUND	4.80%	7.60%	8.20%	4.90%	
	19.10%	16.30%	11.40%	7.00%	0.00%
International Sovereign Bonds					
LYXOR CORE US TIPS UCITS ETF	10.60%	8.60%	5.90%	4.80%	
	10.60%	8.60%	5.90%	4.80%	0.00%
Investment Grade Corporate Bonds					
VANGUARD GLOBAL SHORT-TM CORP BD IDX	10.60%	7.10%	5.00%	2.00%	
VANGUARD UK SHORT-TERM IG BD IDX FD	9.70%	7.10%	5.00%	2.00%	
	20.30%	14.20%	10.00%	4.00%	0.00%
Sub Total Fixed Income	48.80%	37.30%	26.60%	15.80%	0.00%
Alternative Assets					
Gold					
INVESCO PHYSICAL GOLD ETC	4.50%	4.50%	4.50%	4.50%	4.00%
	4.50%	4.50%	4.50%	4.50%	4.00%
Sub Total Alternative Assets	4.50%	4.50%	4.50%	4.50%	4.00%
Cash					
CASH	2.00%	1.40%	1.20%	1.20%	1.00%
Sub Total Cash	2.00%	1.40%	1.20%	1.20%	1.00%
	100.00%	100.00%	100.00%	100.00%	100.00%

Important information

This document has been prepared for use by professional advisers and intermediaries only and should not be construed as investment advice. It is not intended for use by retail clients.

Please remember the value of an investment and income derived from it can go down as well as up and investors may get back less than the amount invested. The return may increase or decrease as a result of currency fluctuations.

Past performance is not a guide to future performance.



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