

# The Verso Investment Management Discretionary Portfolios

## Quarterly Snapshot - 31st December 2023

**Pages 2 & 3:** Three month performance and from inception.

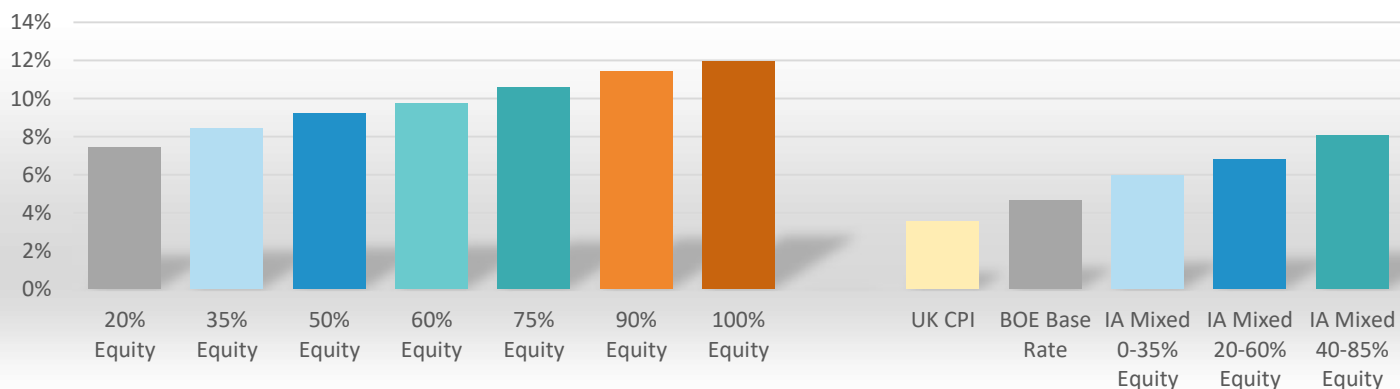
**Page 4:** Rebalance and planned discretionary changes for following quarter.

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# Verso IM - Standard Portfolios

## Cumulative Performance Since Inception



## Breakdown of Performance (%)

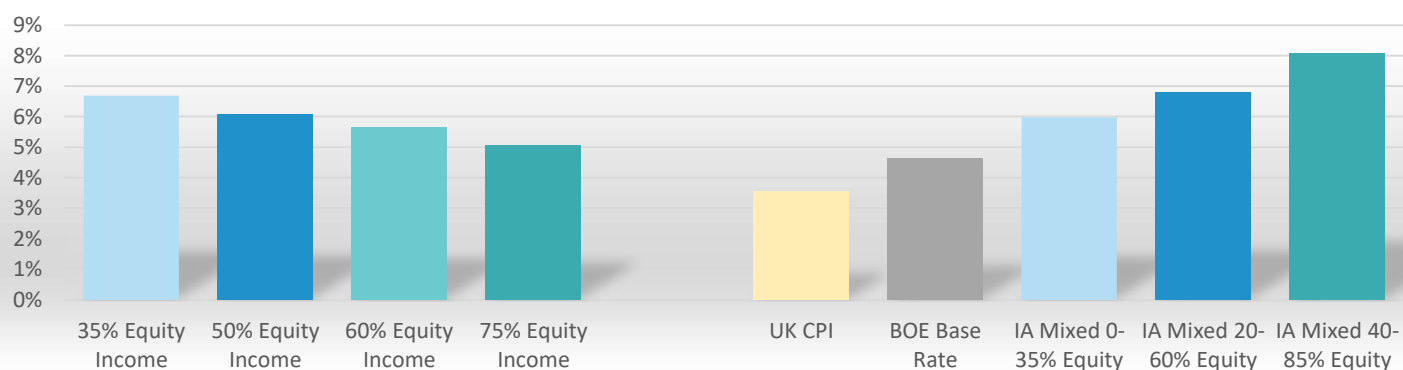
Verso IM Portfolios	Since Launch (Annualised)	Since Launch (Cumulative)	3 Months (Cumulative)	1 Year (Cumulative)	3 Year (Cumulative)	5 Year (Cumulative)	Volatility (Annualised)
20% Equity	7.5	7.5	4.6	7.5			4.7
35% Equity	8.4	8.4	5.4	8.4			6.1
50% Equity	9.2	9.2	5.9	9.2			7.4
60% Equity	9.8	9.8	5.9	9.8			7.7
75% Equity	10.6	10.6	5.9	10.6			8.4
90% Equity	11.4	11.4	5.9	11.4			9.1
100% Equity	12.0	12.0	5.9	12.0			9.5
<b>Index</b> <i>(please see end of document for explanation of indices)</i>							
UK CPI	3.5	3.5	-0.2	3.5	20.6	23.0	2.1
BOE Base Rate	4.6	4.6	1.3	4.6	6.3	7.3	0.2
Mixed IA 0-35% Equity	6.0	6.0	5.6	6.0	-2.9	9.7	5.9
Mixed IA 20-60% Equity	6.8	6.8	5.7	6.8	3.7	20.0	6.8
Mixed IA 40-85% Equity	8.1	8.1	5.8	8.1	7.9	31.5	7.7

## Discrete Annual Performance (%)

Verso IM Portfolios	31/12/22 to 31/12/23	31/12/21 to 31/12/22	31/12/20 to 31/12/21	31/12/19 to 31/12/20	31/12/18 to 31/12/19
20% Equity	7.5	-	-	-	-
35% Equity	8.4	-	-	-	-
50% Equity	9.2	-	-	-	-
60% Equity	9.8	-	-	-	-
75% Equity	10.6	-	-	-	-
90% Equity	11.4	-	-	-	-
100% Equity	12.0	-	-	-	-

## Verso IM - Income Portfolios

### Cumulative Performance Since Inception



### Breakdown of Performance (%)

	Since Launch (Annualised)	Since Launch (Cumulative)	3 Months (Cumulative)	1 Year (Cumulative)	3 Year (Cumulative)	5 Year (Cumulative)	Volatility (Annualised)
<b>Verso WI Portfolios</b>							
35% Equity Income	6.7	6.7	5.4	6.7			6.6
50% Equity Income	6.1	6.1	5.3	6.1			7.5
60% Equity Income	5.7	5.7	5.3	5.7			8.1
75% Equity Income	5.1	5.1	5.2	5.1			9.1
<b>Index</b> <i>(please see end of document for explanation of indices)</i>							
UK CPI	3.5	3.5	-0.2	3.5	20.6	23.0	2.1
BOE Base Rate	4.6	4.6	1.3	4.6	6.3	7.3	0.2
Mixed IA 0-35% Equity	6.0	6.0	5.6	6.0	-2.9	9.7	5.9
Mixed IA 20-60% Equity	6.8	6.8	5.7	6.8	3.7	20.0	6.8
Mixed IA 40-85% Equity	8.1	8.1	5.8	8.1	7.9	31.5	7.7

### Discrete Annual Performance (%)

	31/12/22 to 31/12/23	31/12/21 to 31/12/22	31/12/20 to 31/12/21	31/12/19 to 31/12/20	31/12/18 to 31/12/19
<b>Verso WI Portfolios</b>					
35% Equity Income	6.7				
50% Equity Income	6.1				
60% Equity Income	5.7				
75% Equity Income	5.1				

## Rebalance and Discretionary Changes

Regularly rebalancing investment portfolios helps to ensure that they remain aligned to the level of risk and return that investors expect. It also will also have the effect of reducing the holdings where prices have performed most strongly and buying those which have become more attractively priced.

Our Verso IM Portfolios will be rebalanced on 31st January 2024 and you will receive contract notes reflecting the sales and purchases that result.

All our portfolios contain an element of flexibility whereby asset weightings can be altered from their normal weighting (within a prescribed range) to reflect market conditions and expectations. The following adjustments will be applied this quarter:

Region/Asset	Adjustment	Reason
UK Equity	6% Overweight	Positive Outlook
North America Equity	6% Overweight	Negative Outlook
Europe excl. UK Equity	No Significant Change	Neutral Outlook
Japan Equity	No Significant Change	Neutral Outlook
Pacific (ex. Japan) Equity	No Significant Change	Neutral Outlook
Emerging Markets Equity	No Significant Change	Neutral Outlook
Global Equity	No Significant Change	Neutral Outlook
Global Health	No Significant Change	Neutral Outlook
Global Small Cap	No Significant Change	Neutral Outlook
Property	Increased back to Neutral	Neutral Outlook
Bonds	No Significant Change	Neutral Outlook
Cash (Growth Portfolios)	No Significant Change	Neutral Outlook
Cash (Income Portfolios)	No Significant Change	Neutral Outlook

\*Please note that the above percentages are approximations and are based on the normal asset weighting.

The reasons for the above positions are as follows:

### Standard Portfolios

#### Equities:

➤ **UK Market** - UK stocks have been in the doldrums for some time now and are at the other end of the valuation scale to the US. Recession is far more priced into this market and any positive surprises are likely to be well received. At these starting valuations, returns have historically been strong on a forward looking basis for the UK and our position in the All Share index means we are able to allocate across the market cap spectrum.

➤ **US Market** - We are increasingly cautious of the US market, which was a strong performer last year, leaving valuations around the 90th percentile versus their 20-year averages. Even excluding the magnificent 7 which led the way for the bulk of 2023, the market is still valued above long term averages and does not appear to be pricing in any economic slowdown.

#### Fixed Interest:

➤ We are wary of the pace and scale of moves in the last two months of last year. This has benefitted portfolios to date but given that risk reward is much more balanced now, we are reducing duration slightly to lock in gains and reallocating to a more defensive part of the fixed income spectrum. The short duration end still offers attractive yields and is less susceptible to any of the overhanging supply issues that may be facing longer dated fixed income at some point this year.

## Reference Indices

Index	Details
<b>UK Consumer Price Index</b>	The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The speed at which the prices of the goods and services bought by households rise or fall provides a measure of inflation over a given period (Consumer Price Inflation.)
<b>Bank of England Base Rate</b>	The base rate is the official interest rate set by the Bank of England's Monetary Policy Committee (MPC)
<b>IA Mixed 0-35% Equity</b>	Funds in this sector are required to have a range of different investments. Up to 35% of the fund can be invested in company shares (equities). At least 45% of the fund must be in fixed income investments (for example, corporate and Government bonds) and/or "cash" investments. "Cash" can include investments such as current account cash, short-term fixed income investments and certificates of deposit.
<b>IA Mixed 20-60% Equity</b>	Funds in this sector are required to have a range of different investments. The fund must have between 20% and 60% invested in company shares (equities). At least 30% of the fund must be in fixed income investments (for example, corporate and government bonds) and/or "cash" investments. "Cash" can include investments such as current account cash, short-term fixed income investments and certificates of deposit.
<b>IA Mixed 40-85% Equity</b>	Funds in this sector are required to have a range of different investments. However, there is scope for funds to have a high proportion in company shares (equities). The fund must have between 40% and 85% invested in company shares.

## Disclaimer

Source: FE Analytics

You should remember that past performance is not a guide to future performance. The portfolios' investments are subject to normal fluctuations and other risks inherent when investing in securities. There can be no assurance that any appreciation in value of units will occur. The value of investments and any income derived from them may fall as well as rise and investors may not get back the original amount they invested. There is no certainty the investment objectives of the portfolios will actually be achieved and no warranty or representation is given to this effect. The portfolios therefore should be considered as medium to long-term investments. All performance is given gross of any deduction in fees with the exception of the underlying assets. The portfolios were launched on 1/1/2023.

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