Focusing on responsive, quality investment management — at a competitive cost

Charles Stanley Dynamic Passive Portfolios are built on a powerful insight, offering clients outstanding investment expertise and a versatile range of low-cost model portfolios. We do this by concentrating on the single investment factor that matters most: asset allocation.

Innovation allied with consistency

There is strong academic evidence showing that asset allocation decisions are the biggest drivers of long-term investment performance, but it is also important that the mix of assets is continuously monitored and reviewed. This is why we take an active approach to asset allocation.

In addition, we invest in asset classes in what we believe is the most cost-effective way: selecting low-cost, passive, index-tracking funds. This strategy means you can be confident that your client is well placed to optimise returns and safeguard assets for the long term.

Pairing dynamic, top-down investing with low-cost index tracking has proven itself over time. We launched these portfolios in 2012, and the primary investment process dates back to 2009. The founding members of the team are still involved today.

By combining expertise and commitment, we have demonstrated a proven ability to manage our model portfolios and remain within agreed risk parameters through all types of market conditions.

Performance targets

Portfolio	Dynamic Planner Risk Profile	Performance Target (Total Return pa. 3 year rolling)	Targeted Annual Volatility	Former Name
Dynamic Passive 1	3	Inflation	5-8%	Pan Asset 1
Dynamic Passive 2	4	Inflation +1%	5-11%	Pan Asset 2
Dynamic Passive 3	5	Inflation +2%	8-11%	Pan Asset 3
Dynamic Passive 4	6	Inflation +3%	8-16%	Pan Asset 4
Dynamic Passive 5	7	Inflation +4%	13-16%	Pan Asset 5

Each portfolio has been individually risk-assessed by Distribution Technology, ranging from 3 (low risk) to 7 (highest medium risk). Inflation means the Consumer Price Index. Actual performance and annual volatility may differ.

Focusing on you

CHARLES STANLEY

How you can find out more

For more information about the Charles Stanley Dynamic Passive Portfolios, please contact a member of our Intermediaries Sales team.

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Available on all leading platforms

To provide responsive access to client accounts and to keep operating costs low, we make our Dynamic Passive Portfolios available on a range of wrap platforms. If you would like more information about using these platforms, please contact us.

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Focusing on you

FOR AUTHORISED INTERMEDIARIES ONLY

FOCUSING ON

Dynamic Passive Portfolios

Why choose Charles Stanley Dynamic Passive Portfolios?

Our investment team's proprietary approach aims to give your clients the advantages of having a professionally managed portfolio, tailored to their risk profile, at a competitive cost. We keep investment management fees as low as possible for minimum impact on investment performance.

The portfolios suit clients with large or small sums to invest who like the idea of spreading risk as widely as possible. Clients will have the benefit of a truly global perspective and access to a range of asset classes, resulting in a fully diversified portfolio. In addition, you can be confident that your client's investment is being continually monitored by our dedicated portfolio managers. Rather than simply following a regular rebalancing process, they are ready to act quickly in response to evolving market conditions, ensuring that the required objective and risk profile is constantly adhered to. Now more than ever, we believe that investors need to benefit from this kind of dynamic, hands-on management.

Dynamic Passive Portfolios can be tax-efficient too, when held in an ISA, pension or other tax wrappers and structures. All our portfolios are offered through financial advisers, and are available on leading wrap platforms. Depending on the platform and service level chosen, your clients can check their individual portfolio holdings with secure online access.

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OVERVIEW – 7 KEY POINTS

- Offers the advantages of a professionally managed portfolio
- Combines high quality active management with low-cost passive funds
- Global, multi-asset, high diversification approach
- Regular monitoring – ready to respond quickly to changing market conditions
- Low cost
- Easy online access for advisers and clients via wrap platforms
- Available for ISA and pension investors

You can be confident that your client's investment is being continually monitored by our dedicated portfolio managers.

A focus on total return for your clients

Our primary investment objective with these portfolios is to offer prospects of real growth. Each portfolio in Charles Stanley's Dynamic Passive range targets a specific 'total return'. The target for each portfolio is calculated using the UK Consumer Price Index plus an appropriate percentage of additional gain, depending on the level of risk. The total return figure depends on the level of risk your client is prepared to take, but aims to deliver a gain over and above inflation.

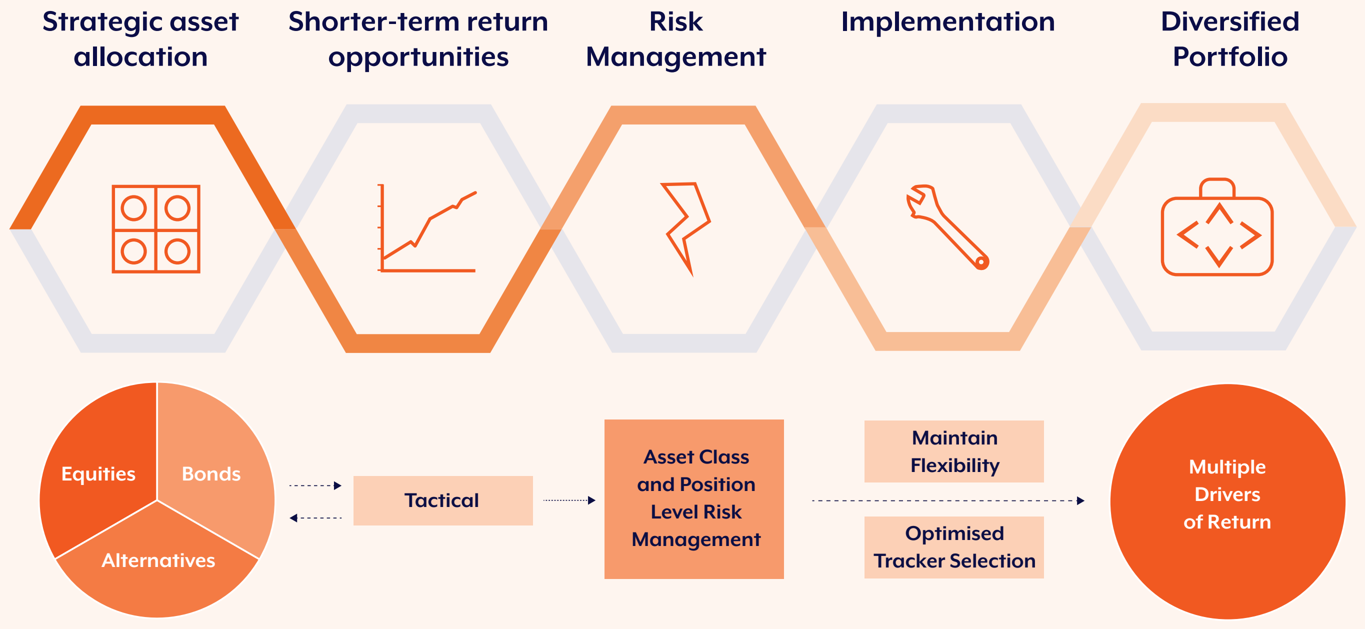
Taking more risk, such as by investing totally in equities, generally increases the potential return of a portfolio over the long term. However, it also increases the volatility (the amount by which its value varies day-to-day) and the possibility of losing money. On the other hand, a low risk portfolio will be less volatile but will normally provide lower returns over time.

Our second and related investment objective is to preserve capital in adverse markets. While it is not always possible to stay ahead of events, we regularly review the asset allocation of each portfolio in the light of our market intelligence. We aim to both anticipate major market moves, and react quickly and intelligently when challenged by the unexpected.

Choosing the portfolio to suit your client

We pride ourselves on treating all of our clients as individuals. That said, we have noticed the similarity between many of our investors – especially in terms of their investment objectives, and their attitude to risk and reward. To help you meet the widest possible range of client needs, we offer five risk-profiled model portfolios in our Dynamic Passive range.

Central investment process



We use a Strategic Asset Allocation model as a starting point. This allows us to combine our own views on long term asset returns with the equilibrium returns implied by the market.

We maintain the flexibility to adjust Asset Allocation views within defined risk parameters.

This generates opportunities across all asset classes.

We use risk modelling systems to estimate our overall level of risk and contribution by asset class or strategy.

We use scenario analysis to estimate our return profile under different economic scenarios. We use these estimates to confirm these returns are consistent with our performance objectives.

Strategy is implemented using passive index tracking funds.

This results in a low cost multi asset solution with high diversification.

Our investment approach. Top-down, dynamic, flexible

1 Global and comprehensive investment universe

Our Dynamic Passive portfolios can access most types of asset classes from around the world. These include equities, bonds, property and alternatives – as well as cash.

2 Strategic and tactical

We have a combined investment approach. First, we use a strategic framework that draws on the output of Charles Stanley's Investment Strategy Committee. We then overlay this with dynamic tactical decisions, driven by the ongoing oversight of our model portfolio management team.

3 Long and short-term perspectives

We distinguish between long and short-term decisions. Our long-term decisions are more fundamental in nature, while we also make short-term decisions to react to specific market events: benefiting from opportunities or taking action to try to avoid problems.

4 Optimising asset allocation

We design the asset allocation of each portfolio with great care. We use our proprietary process to achieve a mix of asset classes considered likely to give the best returns, while remaining within the defined risk parameters.

5 Capital preservation

We recognise that risk is more than a measure of volatility. Managing risk is about gauging the likelihood and extent of permanent loss of capital. Preserving capital is just as important as capital gains.

6 Regular review

We review each portfolio's asset allocation regularly to ensure an optimal mix of underlying asset exposures. This can also be varied at any time should market conditions change suddenly.