

Charles Stanley Blended 5

Fact Sheet | Q2 2019

CHARLES STANLEY

Investment objective and policy

The models aim to deliver gross investment returns in excess of inflation (as measured by the UK Consumer Prices Index) plus 4% per annum, over a 5-year period.

The model will primarily invest in passive and active collective investment schemes, direct UK equities and cash. Asset allocation exposure of the model will be actively managed and typical allocation will be as follows: 80-100% higher risk assets (including equities, commodities and property securities) and 0-20% lower risk assets (debt instruments e.g. bonds and cash). These ranges may be extended at the manager's discretion.

Investors with a long-term time horizon who can accept potentially significant stock market volatility may wish to consider this managed portfolio.

Portfolio facts

Investment Manager

Charles Stanley

Fees

AMC inc. VAT 0.30%

Total Ongoing Charges of Underlying Investments 0.47%

Portfolio Total Ongoing Charges 0.77%


Latest commentary

Despite concerns over a slowing global economy, stock markets have continued to rise during the second quarter of 2019. President Trump and China's Xi Jinping recently agreed to restart trade talks at the G20 meeting. Existing US tariffs will remain in place against Chinese imports while negotiations continue, but additional tariffs threatened on other Chinese goods will not go forward for the "time being".

European Union leaders granted the UK a six-month extension of the Brexit deadline until 31 October but Prime Minister Theresa May announced her resignation. The Conservative Party is in the final stages of choosing a leader, with members presented with voting for either Boris Johnson or Jeremy Hunt. The new European Commission is yet to be formed and a period of political instability is likely as the populists are trying to put together a larger and more-cohesive group.

With the Brexit situation still unresolved, it appears unlikely that interest rates will be increased in the UK. The US may also have reached the top of its cycle of interest rate rises and weakness in Europe has forced the European Central Bank to backtrack on its plans to tighten monetary policy. Fixed income investments have produced impressive total returns as global bond yields fell.

Although economic growth is expected to slow in most regions, corporate earnings are still forecast to rise by a mid-single digit percentage this year. Any resolution of the trade dispute between China and the US will be good for sentiment and central bank action is also expected to provide continuing support for equity markets. However, we think volatility is likely to continue as people consider the possibility that we may not have a positive outcome to all of these events.

Significant influencers this quarter

UK Equity

Our UK equity exposure through the Charles Stanley Equity fund delivered the highest return over the quarter with an 8.3% total return. This was achieved against a benchmark FTSE350 return of 3.2%.

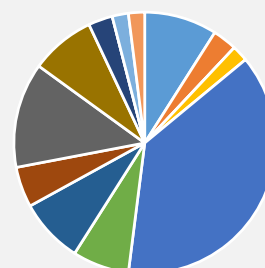
Nasdaq 100

US equities also enjoyed a strong rally during the second quarter and the Nasdaq 100 ETF we hold posted a +6.8% total return which brings the year-to-date returns up to 24%.

Merian Global Equity Absolute Return Fund

This fund has disappointed us and was subsequently sold during the period. It is not simply the fact that it has underperformed (-2.7% over the quarter) that has led to us selling but more the fact that we have lost faith in their execution of their strategy.

Asset allocation



Government Bond	9%
Inflation Linked Bond	3%
Investment Grade Bond	0%
High Yield Bonds	2%
North America Equities	38%
Japan Equities	7%
Europe Equities	8%
UK Equities	5%
Pacific ex-Japan Equities	13%
Emerging Markets Equities	8%
Property	3%
Alternatives	0%
Infrastructure	2%
Cash & Equivalent	2%

Top ten holdings

	%
Xtrackers S&P 500	11.8
L&G US Index Trust	11.0
iShares Core S&P 500	8.7
iShares MSCI EMU Hedged	7.6
L&G Japan Index	7.1
Hermes Global Emerging Markets	6.5
Schroder Asian Total Return	6.3
Blackrock Asia Special Situation	6.3
Invesco Nasdaq-100	6.0
Lyxor iBoxx USD Treasuries	5.1

Figures subject to rounding.

Awards and ratings

Charles Stanley has received six Defaqto 5 Star Ratings across the following services: Bespoke Discretionary Management, Collectives Portfolio Service (direct custody), DFM Model Portfolio Service, Collectives Portfolio Service (on platform), PanDynamic Model Portfolios and PanAsset Model Portfolios.



Charles Stanley recently won the following awards at the Portfolio Adviser Wealth Manager Awards 2018:



AGGRESSIVE - LARGE
LAST WORD

Charles Stanley PanAsset 6



CAUTIOUS - LARGE
LAST WORD

Charles Stanley Dynamic Passive 2



BALANCED - LARGE
LAST WORD

Charles Stanley Dynamic Passive 3

Investment team

We operate a team-based approach which ensures collaborative decision making and continuity within our investment process. Our fund managers, research analysts and the Investment Strategy Committee work as a team to provide consistent, long-term investment returns for the appropriate level of risk.

Our investment approach and philosophy

We believe in taking a long term investment approach focusing on returns in excess of inflation. We focus on strategic asset allocation as a primary driver of managing not only returns, but also risk. That said, we maintain flexibility to adjust positioning in light of market conditions. The strategy is implemented through a blend of passive and active funds and the fund also invests directly in individual equities and fixed income securities.

Key Team Members



Jon Cunliffe
Chief Investment Officer



Chris Ainscough
Senior Portfolio Manager



Ross Brookes
Head of Collective Research



Morgan Bocchetti
Associate Portfolio Manager



Lynn Hutchinson
Senior Analyst
– Passives

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The value of investments, and the income derived from them, can fall as well as rise. Investors may get back less than invested. Returns may be affected by currency exchange rate fluctuations.

Performance is calculated on a Total Return basis using a notional portfolio in Financial Express Analytics. Performance is net of Charles Stanley investment management fees but not adviser fees nor platform costs. Any charges and fees applied by platforms and/or authorised intermediaries will be charged in addition to the charges shown. The Total Ongoing Charges Figure (TOC) is calculated on a periodic basis using a weighted average of the most recent publicly available Total Ongoing Charges for the underlying investments as at the date of the factsheet. This includes the underlying funds' Ongoing Charges Figure plus Transaction costs plus Incidental costs. Please note that whilst we endeavour to show all charges associated with specific funds, sometimes this is not possible due to the information not being made available by the fund provider. In such cases transaction or incidental cost information may be missing.

Portfolios linked to this Model Portfolio may not exactly replicate the model due to the difference in timing of initial investment or rebalancing differences resulting from minimum transaction size limits on platforms. The management and rebalancing of this Model Portfolio does not take Capital Gains Tax into consideration.

This factsheet has been prepared for information purposes only and does not constitute advice or a personal recommendation, nor does it constitute an invitation to purchase units or shares. The information on which the document is based is deemed to be reliable. Charles Stanley has not independently verified such information and its accuracy or completeness is not guaranteed.

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