

## DP 1 Dynamic Passive

### Investment objective and policy

These discretionary managed model portfolios offer risk-profiled investment solutions, all of which have a dynamic top-down asset allocation strategy implemented using low cost index tracking funds.

The investment objective for the Dynamic Passive 1 Model Portfolio is to provide a long-term total return which is superior to the UK CPI inflation rate. The performance of the model portfolio is not intended to track the rise (or fall) of any specific index.

Buoyed by the tailwind of a less-bad-than-feared second-quarter corporate earnings season, positive economic data, a weaker US Dollar and no let-up in central bank monetary policy support, the US equity market has just had its best August since 1984. As has been the case all year, regional equity performance has varied significantly, but much of this has been a function of sector concentration. For example, the UK equity market had another sluggish month, with the FTSE 100 rising just 1.1%. The index's heavy weighting in banks, energy and materials companies and minimal technology exposure – in addition to the recent rally in Sterling – have continued to be a drag on its performance.

Both US & UK bonds fell slightly as investors shifted into riskier assets and as a result of the large issue programmes of new bonds by governments. Towards the end of the month, the US Federal Reserve (Fed) gave details of the long-awaited review of its monetary policy objectives. In a key departure from its previous modus operandi, the US central bank will now target an average inflation rate of 2%, which means that periods of higher inflation will be tolerated to make up for times when inflation has been below 2%. In addition, the Fed will now calibrate monetary policy to address shortfalls in employment, essentially beefing-up its commitment to support the labour market.

The top performing asset for the portfolio was the Vanguard FTSE Developed World ex-UK Equity Index. Approximately two thirds of this fund concentrated in US Equities, which continued to rise with investor optimism of an economic recovery. Corporate bond spreads retraced again this month, albeit it slightly. The biggest boost to the corporate bond markets remains buying of high yield and 'Fallen Angel' ETFs by the US Federal Reserve and the ECB accepting high yield bonds as eligible collateral for their funding. Against this backdrop, Government bonds and high quality investment grade corporates (representing approximately 70% of the model), detracted from returns. There were no changes to the model this month.

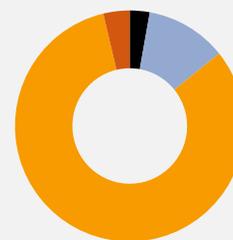
### Performance %

Discrete Performance	Aug-19 - Aug-20	Aug-18 - Aug-19	Aug-17 - Aug-18	Aug-16 - Aug-17	Aug-15 - Aug-16	3 yr Volatility
Dynamic Passive 1	1.5	5.3	1.0	1.9	12.5	3.6
UK CPI*	1.1	2.0	2.5	2.6	0.6	1.1
Cumulative Performance	1m	3m	6m	1yr	3yr	5yr
Dynamic Passive 1	-0.4	1.0	1.3	1.5	7.9	23.7
UK CPI*	0.5	0.6	0.8	1.1	5.7	9.1

### Key facts

<b>Inception Date</b>	30/09/2012
<b>Typical Growth / Defensive Split</b>	10:90
Annual Management Charge (including VAT)	0.25%
Total Ongoing Charges (of underlying funds)	0.11%
<b>Portfolio Total Ongoing Charge</b>	<b>0.36%</b>

### Asset Allocation



- UK Equities 2.8%
- Global Equities 11.4%
- Bonds 82.1%
- Cash 3.7%

### Top ten holdings %

L&G Sterling Corp Bond Index C Inc	19
Vanguard US Govt Bond Index Inc £ Hedged	18
Vanguard UK Short Term Investment Grade Bond Acc Index Fund	16
Vanguard Developed World ex UK Equity Inc Index Fund	11
L&G Global Inflation Linked Bond £ Hedged C Inc	10
L&G Short Dated £ Corp Bond Index I Acc	8
L&G All Stocks Gilt Index C Acc	7
Cash Account [GBP]	4
iShares Index Linked Gilt Index Fund (UK)	3
iShares 100 UK Equity Index Fund (UK)	3

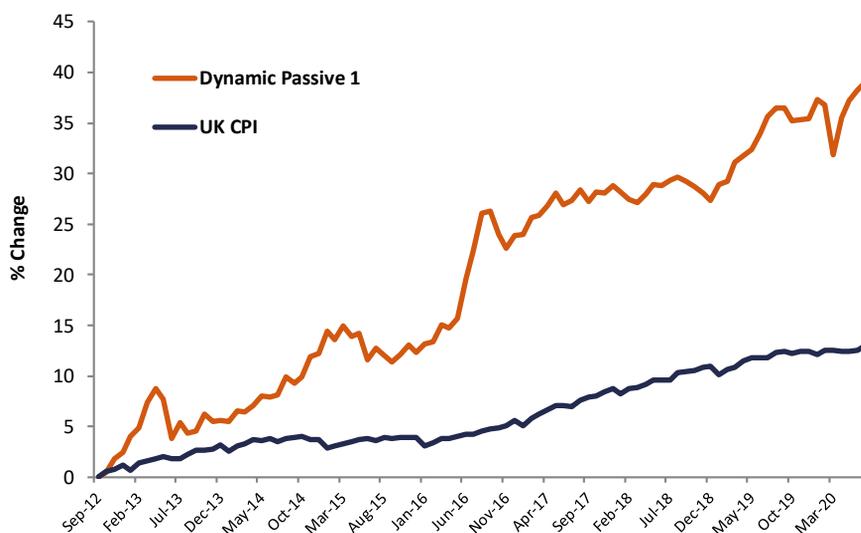
## Investment Team

The model portfolios are managed by the Charles Stanley Asset Management Division. The team of portfolio managers and analysts have extensive experience, drawing upon the expertise of investment specialists, strategists and economists both internally and externally. The research team looks for the best Index tracking funds from the available passive universe.

## Risk Profile and Ratings



## Performance since Inception



Source APX. Past performance is not a reliable guide to future performance. The performance is net of Charles Stanley investment management fees, with income reinvested.

### FIND OUT MORE

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### ACCOUNTS

- General Investment Account
- ISA
- SIPP
- Offshore Bond

Minimum suggested Investment = £1,000  
(subject to platform minimum requirements)

### PLATFORMS

- Aegon
- Ascentric
- Aviva
- Novia
- Nucleus
- Platform 1
- James Hay
- Standard Life
- Transact
- Zurich
- 7IM

## Important Information

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

Performance is calculated on a Total Return basis using a notional portfolio in Advent Portfolio Exchange (APX). 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.

The Indicative Yield is provided for guidance purposes only and is calculated on a periodic basis using a weighted average of the most recent publicly available income yields for the underlying investments. Yields for the underlying funds, and thus for the strategy, are likely to differ in the future. The Indicative Yield does not represent guaranteed income.

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.

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