

DP 3

Dynamic Passive

CHARLES STANLEY

Managed Portfolio Service

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 3 Model Portfolio is to provide a long-term total return which is superior to inflation plus 2% returns. 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.

Most equity markets posted positive returns for August, with improving high frequency data and continued central bank support boosting investor optimism. Once again it was the North American names, specifically in select sectors that added the most value. The L&G Global Technology Index Trust (+9.6%) was the top performing tracker, followed by broad North American index funds. Apple, the largest holding in this tracker, rose +21% in August helped by the announcement of new products and retail interest due to the stock split news. The risk on sentiment led to a slight sell off in bond markets, with the corporate and government bonds detracting from value.

There were no changes to the model this month.

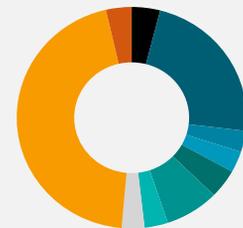
Performance %

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 3	1.7	5.1	4.5	8.8	18.8	8.3
UK CPI + 2%*	3.1	4.0	4.6	4.6	2.6	1.1
Cumulative Performance	1m	3m	6m	1yr	3yr	5yr
Dynamic Passive 3	2.0	4.6	3.6	1.7	11.7	44.4
UK CPI + 2%*	0.6	1.0	1.8	3.1	12.2	20.5

Key facts

Inception Date	30/09/2012
Typical Growth / Defensive Split	50:50
Annual Management Charge (including VAT)	0.25%
Total Ongoing Charges (of underlying funds)	0.16%
Portfolio Total Ongoing Charge	0.41%

Asset Allocation



- UK Equities 4.0%
- US Equities 22.9%
- European Equities 3.1%
- Japanese Equities 3.1%
- Asian Equities 4.2%
- Emerging Market Equities 7.6%
- Global Equities 3.3%
- Global Property 3.2%
- Bonds 45.0%
- Cash 3.6%

Top ten holdings

	%
L&G Sterling Corp Bond Index C Inc	14
Vanguard US Govt Bond Index Inc £ Hedged	14
Vanguard UK Short Term Investment Grade Bond Acc Index Fund	8
L&G Global Inflation Linked Bond £ Hedged C Inc	8
Fidelity Index Emerging Markets P Acc GBP Fund	8
Legal & General US Index C Inc	7
Fidelity Index US P Acc GBP Hedged	7
Amundi Index MSCI North America - RHG (D)	4
Legal & General Global Technology Index Trust C Acc	4
Fidelity Index Pacific ex Japan P Acc GBP Fund	4

Source: APX All data as at 31 August 2020

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

*UK Consumer Price Inflation figures quoted with a 1 month lag.

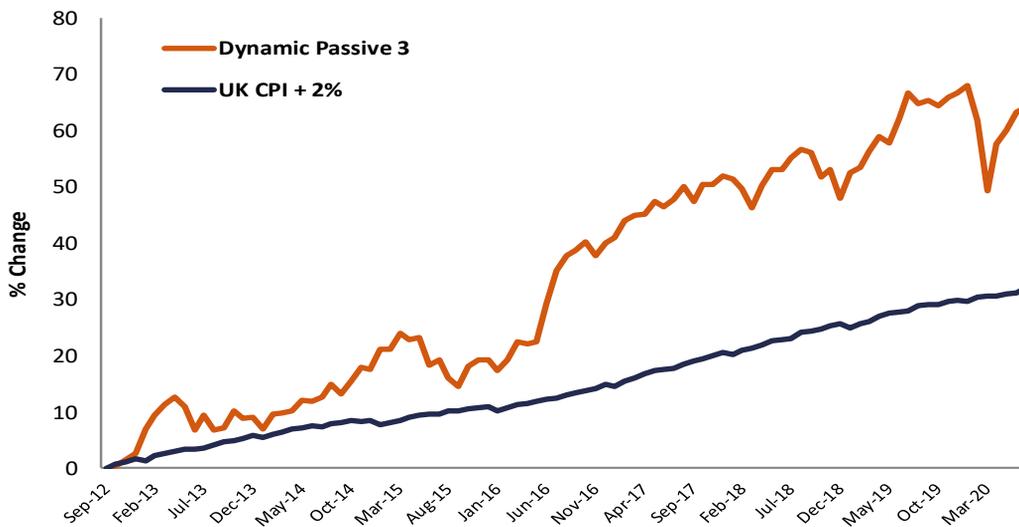
Investment Team

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



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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.

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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