

# Model Portfolio Service

**Strategy:** Charles Stanley Dynamic Passive 3

Managed Portfolio Service

For Professional Advisers Only

## Market and Portfolio Commentary

November saw a rally in US, Asian and emerging market shares after the selloff in October. EMU and the UK share markets were down a little and sterling bonds were weak. Share markets have been very influenced by the actions of the main Central Banks with the Fed raising rates and reducing the stockpile of bonds it has bought up. The European Central Bank aims to end its bond buying programmes by the close of 2018, whilst the Bank of England has raised rates twice and has also discontinued additional bond buying. The markets rose only when they thought maybe the Fed will relent over some of its severity of approach, and when they thought the dollar might as a result not strengthen too much more. The Euro area has been weak in part because of the unresolved tensions over the Italian government budget and borrowing levels. Were the Central Banks to overdo the tightening, economies would slow too much with adverse consequences for profits, dividends and share prices. It is more likely the Central Banks will relent, as there is no good reason for them to trip economies into recession any time soon.

There were no changes made to the investments during November. Bonds (40% portfolio) and UK equities (5%) were the largest drag on performance. The slump in the oil price to \$59 weighed on BP and Shell, 2 of the largest holdings in the FTSE 100 index tracker. However the better performance from equities was sufficient to offset weakness elsewhere, with Asian and emerging market equities providing the best returns. Chinese equities, which are over 27% of Fidelity Index Emerging Markets rose 7% as trade talks with the US resumed at all levels to try and get some sort of resolution to the dispute. Technology company Tencent, the largest holding was up nearly 17%. Global property also made a good positive contribution with holdings such as Welltower and Avalonbay Communities up more than 9% and 8% respectively.



## Objective

The investment objective for the Charles Stanley 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.

## Strategy and Benchmark Performance (%)

Discrete Performance	Dec 17 - Nov 18	Dec 16 - Nov 17	Dec 15 - Nov 16	Dec 14 - Nov 15	Dec 13 - Nov 14	3 yr Volatility
Dynamic Passive 3	3.1	9.5	15.5	1.1	8.3	6.1
UK CPI + 2%*	4.5	5.0	2.9	1.9	3.3	1.1

Cumulative Performance	1m	3m	6m	1yr	3yr	5yr
Dynamic Passive 3	0.9	-2.4	0.1	3.1	30.3	42.7
UK CPI + 2%*	0.26	1.4	2.3	4.5	12.9	18.9

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

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

## Inception Date

30<sup>th</sup> September 2012

Total Ongoing Charges 0.38%

Annual Management Charge 0.25% including VAT

Aggregate Ongoing Charges 0.13%  
NB This is not the total of the Ongoing Charges for the actual model

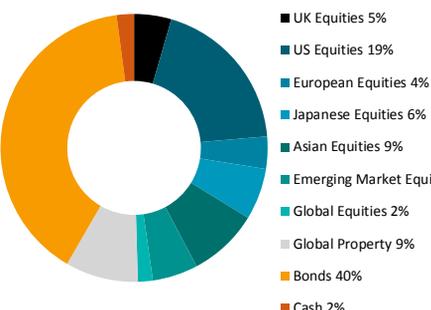
Benchmark UK CPI + 2%

Total Tracking Performance of underlying funds\* -0.17%

A negative number = underperformance v. the index after costs whereas a positive number = outperformance after costs.

\*Weighted based on the Charles Stanley Dynamic Passive 3 portfolio

## Portfolio Asset Allocation



## Top 10 Holdings (%)

L&G Short Dated £ Corp Bond Index I Acc	15
Fidelity Index US P Acc GBP Clean	13
L&G Global Real Estate Dividend Index Fund (I Class Acc)	9
Fidelity Index Pacific ex Japan P Acc GBP Fund	9
Vanguard UK Short Term Investment Grade Bond Acc Index Fur	8
Vanguard Global Short Term Bond GBP Hedged Inc	7
iShares US Equity Index Fund (UK)	7
Fidelity Index Japan P Acc GBP Fund	6
Fidelity Index Emerging Markets P Acc GBP Fund	6
iShares Corporate Bond 1 to 10 Year Index Fund D Acc	5

Figures are subject to rounding

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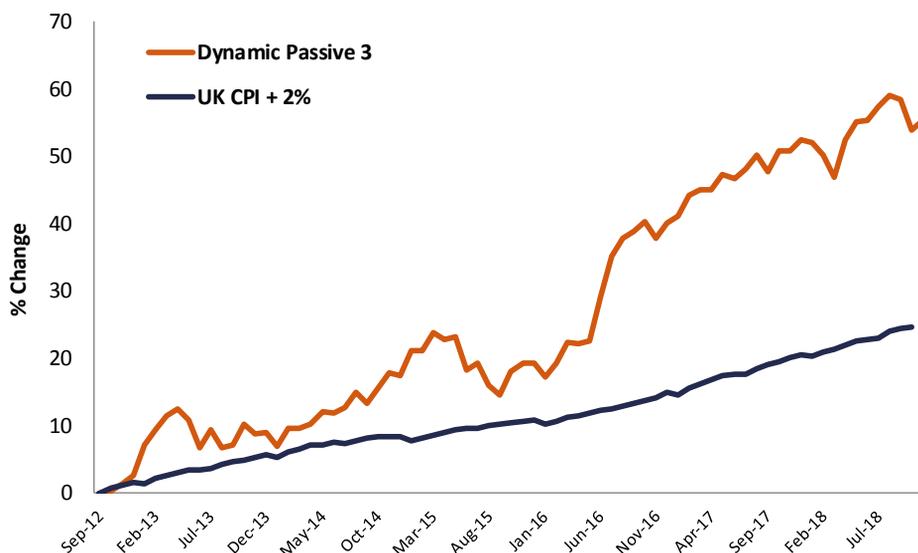
### The Investment Team

The Dynamic Passive Portfolios are run by the 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.

### Platform Partners



### Performance vs Benchmark Since Inception



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### Important Information

This Model Portfolio 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. It does not purport to be a complete description of our investment policy, markets or any securities referred to in the material. Portfolios linked to this Model Portfolio may not exactly replicate it due to the difference in timing of initial investment or rebalancing differences resulting from minimum transaction size limits on platforms. If a client wrapper includes investments ('Restricted Investments') which are not part of the Model Portfolio it will not fully replicate the chosen Model Portfolio, nor will any rebalancing carried out by Charles Stanley cause the actual holdings in the wrapper to fully replicate the chosen Model Portfolio. The Model Portfolio is not suitable for all types of investor and investor accounts and they may only be attached to it by the instruction of your professional Financial Adviser. This financial promotion may not be reproduced or distributed in any format without the prior written consent of Charles Stanley & Co. Limited. Returns are calculated internally using Advent Portfolio Exchange. The performance is net of Charles Stanley investment management fees. The Indicative Yield for each strategy is provided for guidance purposes only. The Indicative Yield shown here is calculated on a periodic basis using a weighted average of the most recent publicly available historic income yields for the underlying investments at that time, without the deductions of any fees due to Charles Stanley or any other third party. Yields for the underlying holdings, and thus for the overall strategies, are likely to differ in the future and the Indicative Yield does not represent guaranteed income. The Risk Profiles are in accordance with Charles Stanley's definitions; these may differ from those used by other professional advisory firms, which are solely responsible for assessing the suitability of the Model Portfolio for their customer. Investments or investment services referred to may not be suitable for all recipients as the appropriateness of a particular strategy will depend on an investor's individual circumstances and objectives. Your capital is at risk and you may not recover what you invest. Please note past performance is not a guide to future returns. The value of investments, and the income from them, can go down as well as up and may be affected by exchange rate variations. The levels of taxation and their respective treatment depend on your individual circumstances and the applicable law, which may be subject to change in the future. The information on which the document is based is deemed to be reliable, but we have not independently verified such information and we do not guarantee its accuracy or completeness. Copyright © Charles Stanley & Co. Limited 2018.