

# Income 3

## Multi Manager

# CHARLES STANLEY

## Managed Portfolio Service

### Investment objective and policy

These discretionary managed model portfolios offer risk-profiled investment solutions, investing predominantly in actively managed, third party funds. We believe this is an efficient way to access global investment opportunities and the model portfolio is diversified in terms of asset class, region and size of company.

The investment objective for the Multi Manager Income 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.

### Latest commentary

Equity markets in April continued to deliver positive returns, supported by hopes that trade tensions can be resolved and from accommodative Central Banks. At the end of the month, the S&P 500 and Dow Jones Industrial Average hit new all-time highs. The yield on equities remains more attractive than on fixed income, and this has also helped to boost indices such as the FTSE 100.

Data from major economies such as Germany have indicated a substantial slowdown in economic activity, although corporate earnings are still forecast to rise by a mid-single digit percentage. Germany is a major exporter to China, which is also seeing a slowdown in growth. However, President Trump is unlikely to open a new front in his trade war until some form of agreement is struck with the Chinese. Central bank action is also expected to provide support for equity markets, although volatility is likely to continue. Meanwhile, the future shape of the UK's relationship with the European Union still remains unclear and the European parliamentary elections are likely to see Eurosceptic parties gaining traction. Uncertainty still remains on both side of the channel and the Bank of England is therefore expected to keep interest rates on hold.

We have continued to be disappointed by the chosen absolute return funds' poor relative performance. We have therefore exited both Merian Global Equity Absolute Return Fund and the Janus Henderson UK Absolute Return Fund. The proceeds were allocated in part to Investec Diversified Income Fund. This cautiously run fund is managed to produce a defined outcome namely an attractive monthly income, with some capital growth over the long term. Historically it has produced robust risk adjusted returns with reasonable downside protection. The remaining proceeds have been used to introduce a new holding in the Atlantic House Defined Returns Fund. This aims to generate average annual returns of 7%-8% over the medium to long term from a portfolio of defined return investments linked to global equity indices.

First State Global Infrastructure Fund has performed well, rising by nearly 11%. However, we believe that some diversification of investment style and approach would be beneficial, and have therefore re-allocated approximately half to the Legg Mason RARE Global Infrastructure Income Fund. It also invests in companies that own or operate infrastructure assets but with a slightly greater emphasis on income than First State.

We continue to have a negative investment view on Europe but as this view is shared by a number of other market participants, valuations currently reflect a lot of the bad news. Individual companies have therefore become more attractive to funds with a value investment style, such as the Artemis and Newton Global Income Funds. Therefore, to keep the overall portfolio weightings to Europe in line with our asset allocation view, we have reduced the specific European fund holding of Blackrock Continental European Income.

### Performance %

Discrete Performance	May 18 - Apr 19	May 17 - Apr 18	May 16 - Apr 17	May 15 - Apr 16	May 14 - Apr 15	3 yr Volatility
<b>Multi Manager Income 3</b>	3.6%	5.5%	16.7%	-1.3%	10.2%	6.0%
<b>UK CPI + 2%*</b>	3.9%	4.5%	4.3%	2.5%	2.0%	1.1%

Cumulative Performance	1m	3m	6m	1yr	3yr	5yr
<b>Multi Manager Income 3</b>	1.9%	4.8%	5.2%	3.6%	27.6%	38.8%
<b>UK CPI + 2%*</b>	0.3%	0.4%	1.4%	3.9%	13.3%	18.5%

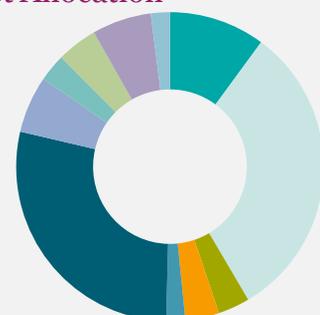
Source: FE Analytics, all data as at 30/04/2019

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.

### Key facts

<b>Inception Date</b>	1 June 2009
<b>Indicative Yield</b>	2.94%
<b>Annual Management Charge (including VAT)</b>	0.36%
<b>Total Ongoing Charge (of underlying funds)</b>	0.79%
<b>Portfolio Total Ongoing Charges</b>	1.15%

### Asset Allocation



Alternatives	10%
Fixed Interest	31%
Property	3%
UK Equity	4%
EU Equity	2%
US Equity	28%
Asia Pacific Ex-Japan Equity	6%
Japan Equity	3%
Emerging Markets Equity	4%
Infrastructure	6%
Cash	2%

### Top ten holdings %

L&G - US Index Trust C Inc	11
Janus Henderson - Strategic Bond I Inc	9
Legg Mason Global Multi Strategy Bond I Inc	9
Newton - Global Income Inst W Inc GBP	7
Investec - Diversified Income I Inc-2 GBP	7
Artemis - Strategic Bond I Monthly Inc	7
Schroder - Strategic Credit L Inc	7
Artemis - Global Income I Inc	6
Schroder - Asian Income Z Inc	6
JPM Emerging Markets Income I	4

# Income 3

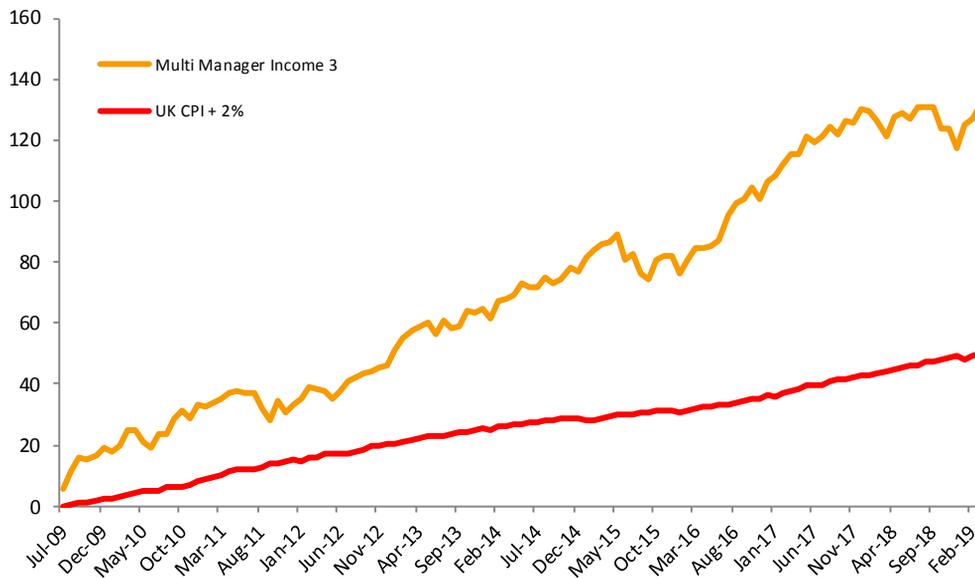
## Investment Team

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 is focused on finding the very best from the available universe of over 5,000 funds.

## 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 Investment £1,000  
(subject to platform minimum requirements)

### PLATFORMS

- Aegon
- Ascentric
- Aviva
- Fusion
- Novia
- Nucleus
- Standard Life
- Transact
- Zurich
- 7IM

## Important Information

**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 FE Analytics (FE). 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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