

Defensive

S U C C E S S I O N

Managed Portfolio Service

Investment objective and policy

For Professional Advisers Only

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 ETFs.

The objective for the Defensive model portfolio is to provide a long-term return which is over and above sterling cash returns whilst exposing the investor to Low risk in accordance with their attitude to risk.

Key facts

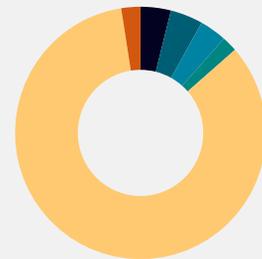
Inception Date	31 March 2009
Annual Management Charge	0.25% inc. VAT
Fund Underlying OCFs	0.10%
Indicative Yield	2.10%
Typical Growth / Defensive Split	10:90

Latest commentary

January was a much better month for investors in shares, as the main equity markets of the world rallied strongly. Emerging markets did better than the developed world, although India did fall. The US outperformed Japan and the Euro area, as technology shares came back into favour after the December sell off. A stronger pound against the major currencies meant the sterling investor had 2% to 3% shaved off these gains. Bonds in the main markets made some upwards progress. The decision of the Federal Reserve in the USA to back-off from a proposed series of three more rate rises unless the data justifies it, was good for both bonds and shares. The Chinese too decided on some more monetary and fiscal relaxation as their economy is slowing more than they would like. UK assets did well, with property real estate investment trusts leading the way and positive returns on the All Share Index and government bonds. The better mood will persist if as we anticipate there is some agreement between the USA and China on trade before March, and if the main Central Banks stick with this new mood of a softer approach to interest rate and money policy.

There were no changes made to the investments during January and most of the portfolio (84%) remains invested in bonds. The yield on 10 year gilts fell very slightly over the month and the SPDR Global Aggregate Bond ETF (GBP hedged) was the best performing bond holding. Equities only represent a small part of the portfolio (13%) but all made positive contributions to the overall return. The best performing holding was iShares MSCI EMU ETF (GBP hedged), with L&G International Index Fund and iShares Core S&P 500 ETF also performing well in January - although the unhedged nature of these holdings meant their gains were tempered by sterling strength.

Asset Allocation



■ UK Equities	4%
■ US Equities	4%
■ European Equities	3%
■ Global Equities	2%
■ Bonds	84%
■ Cash	2%

Top ten holdings

	%
L&G Short Dated £ Corp Bond Index Fund (C Class) Inc	20
Vanguard UK Short Term Inv Grade Bond Index Fund Inc	20
iShares £ Ultrashort Bond UCITS ETF	20
SPDR Global Agg GBP hedged (7 year duration)	12
iShares \$ TIPS 0-5 UCITS ETF GBP Hedged	5
iShares CORE S&P 500 ETF	4
Lyxor CORE US TIPS UCITS ETF	4
iShares CORE FTSE 100 ETF	4
iShares MSCI EMU ETF GBP Hedged	3
Lyxor UCITS ETF iBoxx £ Gilt Inflation-Linked ETF	3

Performance %

Discrete Performance	Feb 18 - Jan 19	Feb 17 - Jan 18	Feb 16 - Jan 17	Feb 15 - Jan 16	Feb 14 - Jan 15	3 yr Volatility
Defensive	0.1	1.3	8.9	-0.8	6.2	3.3

Cumulative Performance	1m	3m	6m	1yr	3yr	5yr
Defensive	1.0	0.1	-0.7	0.1	10.4	16.4

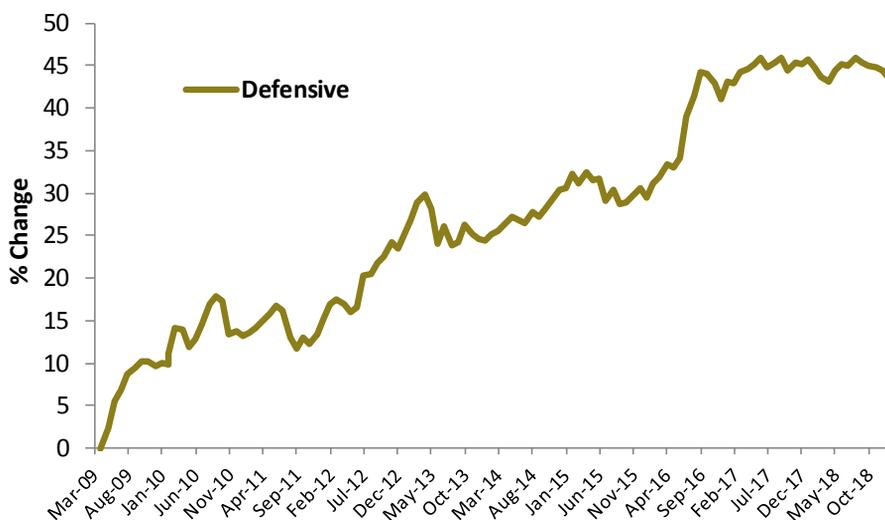
Investment Team

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

The Defensive model portfolio targets a low risk and return and is therefore designed for investors who could not tolerate a loss of more than 5% in one year but understand and accept that this could be more in extreme market circumstances. The Portfolio will not be invested in asset classes which are normally regarded as high-risk. The Portfolio is not hedged and therefore will be exposed to currency fluctuations arising from any international investments.

Performance since Inception



Source APX / FE Analytics. Past performance is not a guide to future performance. The value of investments may fall as well as rise and the income from them may fluctuate and is not guaranteed. Investors may not recover the amount invested. 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

PLATFORM

- Succession

Important Information

The value of investments, and the 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. Past performance is not a reliable guide to future returns.

Performance is shown net of Charles Stanley's investment management fees. Any charges and fees applied by platforms and/or authorised intermediaries will be charged in addition to the charges shown. The Ongoing Charges Figure (OCF) is calculated on a periodic basis using a weighted average of the most recent publicly available OCFs for the underlying investments as at the date of the factsheet. 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.

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