

Income
 S U C C E S S I O N

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 ETFs.

The objective for the Income model portfolio is to provide returns which are usefully over and above cash whilst providing an attractive level of income. The performance of the model portfolio is not intended to track the rise (or fall) of any specific index.

July saw US share markets continue to advance whilst the other developed markets fell back after their strong rallies during the second quarter. Early and aggressive US fiscal and monetary policy easing, with Covid-19 accelerating the digitisation of daily life helped drive the mega-cap US technology companies. An earlier cyclical recovery from lockdown was positive for Chinese shares and helped emerging markets outperform the developed region. Economic data for the second quarter confirmed that we have seen the biggest contraction in global activity since the Second World War.

Markets are hoping that we have left behind the worst of the Covid-19 pandemic and that future flare ups in the disease can be tackled by local not national lock downs. As expected, there are high rates of recovery in sectors where output ceased or was very damaged by the initial responses to the virus. It will, nevertheless, take time to get back to levels of income and output that preceded the disease. Share markets continue to draw support from loose money policies, but we expect the market environment to remain uncertain and volatile whilst businesses strive to adapt and recover, tensions escalate between the US and China and the US Presidential election looms.

Corporate bond spreads continued to retrace the spike higher seen in March but remain wider for the year to date. Boosting the rally in credit were 'better than expected' Q2 corporate earnings versus estimates and a quiet issuance market which helped push up valuations. The biggest boost to the corporate bond markets is still the buying of high yield bonds and 'Fallen Angel' ETFs by the US Federal Reserve and the ECB accepting high-yield bonds as eligible collateral for their funding operations. We increased our position in global inflation linked securities, funding the position from cash. Amongst equities, we switched WisdomTree Emerging Asia Equity Income ETF into our preferred regional vehicle, iShares Asia Pacific Select Dividend ETF. WisdomTree will be closing this tracker later in the year because they have seen limited demand for it and the current size of the fund makes it expensive to operate. With emerging market dividend funds already well represented in the model, we have allocated to Asia Pacific as a means of adding regional diversification.

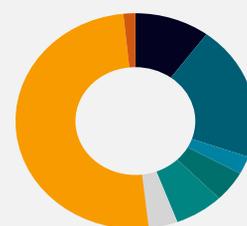
Performance %

Discrete Performance	Jul-19	Jul-18	Jul-17	Jul-16	Jul-15	3 yr Volatility
	Jul-20	Jul-19	Jul-18	Jul-17	Jul-16	
Income	-7.3	7.3	2.5	6.8	12.5	5.3
Cumulative Performance	1m	3m	6m	1yr	3yr	5yr
	Income	-1.1	2.3	-6.5	-7.3	1.9

Key facts

Inception Date	31/12/2009
Indicative Yield	3.1%
Typical Growth / Defensive Split	50:50
Annual Management Charge (including VAT)	0.25%
Total Ongoing Charges (of underlying funds)	0.25%
Portfolio Total Ongoing Charge	0.50%

Asset Allocation



- UK Equities 10.1%
- US Equities 20.3%
- European Equities 2.7%
- Asian Equities 4.6%
- Emerging Market Equities 6.6%
- Global Property 3.9%
- Bonds 50.2%
- Cash 1.6%

Top ten holdings

Top ten holdings	%
L&G Sterling Corp Bond Index C Inc	17
iShares GBP Corporate Bond 0-5 ETF	13
Fidelity US Quality Income UCITS ETF	12
Invesco US Treasury Bond 7-10 Years UCITS ETF GBP Hedge	9
iShares FTSE 100 ETF	7
L&G Global Inflation Linked Bond £ Hedged C Inc	6
SPDR S&P US Dividend Aristocrats ETF	5
iShares Asia Pacific Select Dividend ETF	5
iShares DJ Emerging Markets Dividend ETF	4
L&G Short Dated £ Corp Bond Index I Inc	4

Income

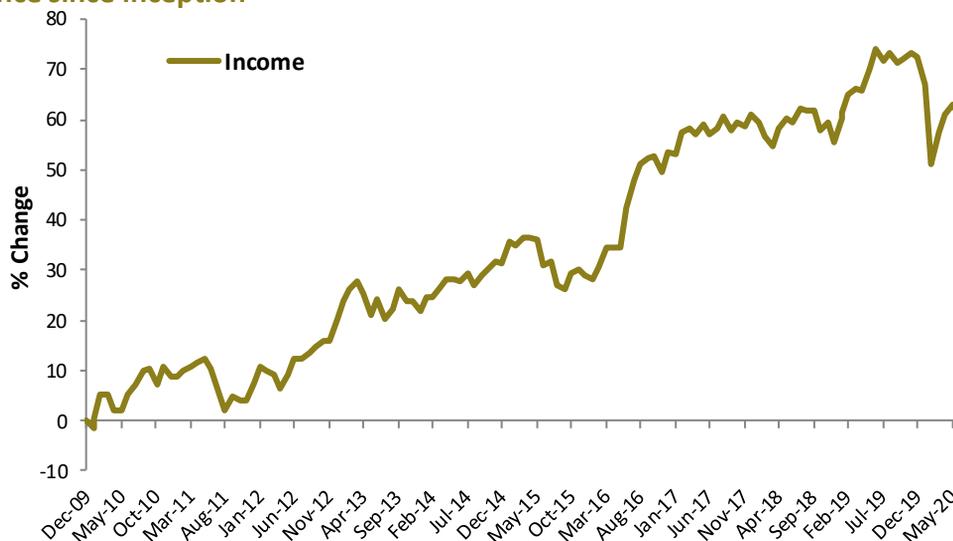
Investment Team

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 Income model portfolio targets a moderate risk and return and is designed for investors who would be able to tolerate a loss of 15% in one year but understand and accept that this could be more in extreme market circumstances. The Portfolio is invested in a range of defensive and growth asset classes. 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 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 = £10,000
(subject to platform minimum requirements)

PLATFORMS

- Succession
- Transact

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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