

Passive Model Portfolio Service



Portfolio Objective

The objective of this portfolio is to achieve capital growth, combined with volatility and risk which are both below average. The portfolio will invest in bonds issued by governments as well as companies, but will look to achieve a balanced outcome by also investing in equities and alternative assets such as commercial property and Absolute Return funds. Income will be generated from these investments, but obtaining a high overall yield will not be a prime consideration. The model portfolio will look to invest mostly in passive investments to achieve the above objectives. This portfolio follows an **internal risk profile** with a low (i.e. 3 out of 10) attitude to investment risk. The Manager aims to achieve the objectives over a 5 year period.

Commentary

It's been a very strong quarter for equities and credit as central banks and governments provided enormous amounts of stimulus and economies started to reopen. Despite the strong rebound in risk assets, traditional portfolio hedges such as government bonds and gold have held up well. US Treasuries are up about 9% year to date, while gold is up close to 18%.

As economies have started to reopen, economic data has shown signs of a sharp rebound. For example, US retail sales rose 17% month on month in May, while UK retail sales rebounded by 12%. While sales are still down 6% and 13% year on year respectively, the speed and magnitude of the bounce back is a clear positive. The other positive is that central banks globally have made clear that they stand willing to use their full firepower to keep government and corporate borrowing costs low.

The end of June is clearly the half way mark for the year and what strikes me most is how mediocre the UK stock market has been compared to most other major markets. The reason is primarily the makeup of the UK market, industry sector wise there are very few offsets for the; Oils, Banks, Travel, Property, Auto's, Transport, Telecoms, Aerospace and so on which are all down between 20 and 50% this year. Only two sectors are up meaningfully, Leisure Goods and Tech' Hardware, and these two sectors combined make up less than 5% of the index and Brexit and the accompanying UK-EU trade deal hasn't really been on the radar yet.

Overall, the market has rallied on the back of fiscal and monetary stimulus, combined with the reopening of economies. We believe the monetary support is here to stay, but that in some countries there is a risk that fiscal stimulus may become less generous.

Portfolio Information

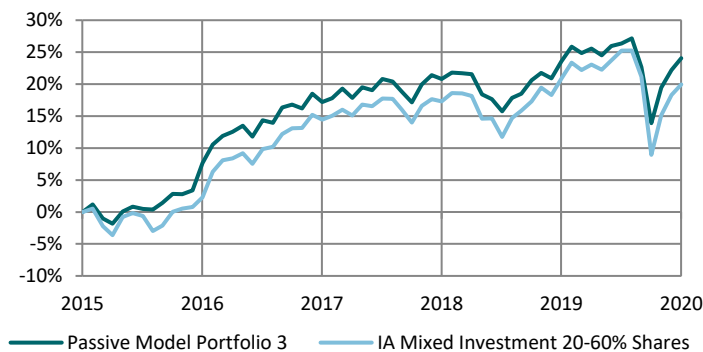
Launch Date:	01 March 2015	Net yield***:	2.06%
Dealing Frequency:	Daily	No. of holdings:	21
Ongoing Portfolio Charge*:	0.28%	Minimum Investment:	£1,200
Brown Shipley AMC**:	0.30%	Fund Manager:	Brown Shipley Fund Management Team
Performance Comparator:	IA Mixed Investment 20-60% Shares		

*The ongoing charge of the model portfolio does not include Brown Shipley, platform provider or IFA fees.

** AMC - Annual Management Charge does include VAT (0.05%).

*** This is the net yield of the underlying portfolio and does not include charges.

Five Year Performance to 30 June 2020



Rolling 12 Month Performance Record

	From	01/07/2019	01/07/2018	01/07/2017	01/07/2016	01/07/2015
	To	30/06/2020	30/06/2019	30/06/2018	30/06/2017	30/06/2016
Passive Model Portfolio 3		0.4%	2.3%	3.1%	8.9%	7.6%
IA Mixed Investment 20-60% Shares		-0.7%	3.0%	2.5%	11.9%	2.3%

The Passive Model Portfolio 3 was launched on 01 March 2015, so performance is not included before this date

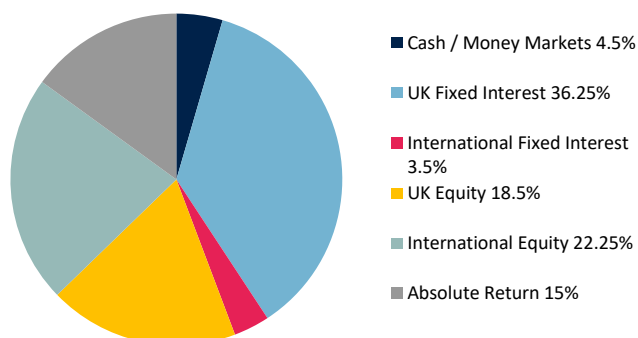
Source: Brown Shipley, Morningstar and Lipper

The past performance of an investment is not a reliable indicator of future results. The value of investments and any income from them may fluctuate and are not guaranteed. The value of your investments represents the cumulative effect of all of the underlying investments and can fall as well as rise. Performance is calculated on a daily basis and the portfolios are rebalanced on a quarterly basis, at the beginning of; March, June, September and December. This reflects the asset allocation at the beginning of the month, although it can take up to 5 business days for changes to be incorporated. Total return, gross of platform and Brown Shipley Fees but net of individual fund management fees.

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Factsheet to 30 June 2020

Asset Allocation* (at 30/06/2020)



*Totals may not sum to 100% due to rounding.

Top Ten Holdings** (at 30/06/2020)

Vanguard U.K. Investment Grade Bond Index	14%
L & G All Stocks Gilt Index Dist	11.5%
HSBC American Index	10.75%
L&G UK 100 Index Trust I Acc	10%
Vanguard LifeStrategy™ 40% Equity Fund	6%
Vanguard FTSE UK Equity Income Index GBP Inc	6%
BlackRock European Absolute Alpha	4.5%
Vanguard UK Short Term Investment Grade Bond	4.25%
Threadneedle High Yield Bond	3.5%
Legal & General Emerging Markets Gov Bond USD Index	3.5%

**Holdings will differ on different platforms due to different funds being made available.

Source: Financial Express

Our platform partners

You can access the Brown Shipley Model Portfolio Service on Novia, Transact, Standard Life, Ascentric and Aviva.



www.novia-financial.co.uk



www.transact-online.co.uk



www.standardlifewrap.com



www.ascentric.co.uk



www.aviva-wrap.co.uk

Defaqto

The Brown Shipley Platform Model Portfolio Service has a Defaqto 5 Star Rating.



Defaqto is an independent researcher of financial products, focused on providing intelligence to support better decision making. Learn more about Defaqto Star Ratings by visiting www.defaqto.com/star-ratings

Contact us

For further information on our Model Portfolio Service visit our dedicated area of the Brown Shipley website brownshipley.com/for-intermediaries or contact:

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Investment Risks - This model portfolio predominately gains exposure to income producing assets through investment in other investment funds whose individual risk profile may not match that of the model portfolio. Exposure to UK and international markets is through collective funds. Global currency fluctuations contribute to fluctuations in the value of the investment. Sovereign and Corporate Bonds do not represent significant holdings but where used carry specific investment risks; the value of bonds are affected by relative movements in interest rates.

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