

## Passive Model Portfolio Service



Factsheet to 30 June 2020



### Portfolio Objective

The primary objective of this portfolio is to produce income by utilising a range of asset classes, so that the overall portfolio has a balance between equities, fixed income securities and alternatives such as commercial property. Assets will be invested on a global basis, not just in the UK. The model portfolio will look to invest mostly in passive investments to achieve the above objectives. This portfolio uses an **external risk profile**, Dynamic Planner, which advises a low medium (i.e. 5 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

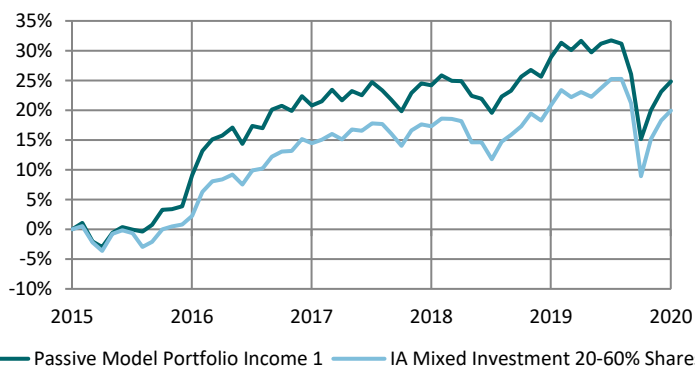
|                                   |                                   |                            |                                    |
|-----------------------------------|-----------------------------------|----------------------------|------------------------------------|
| <b>Launch Date:</b>               | 01 March 2015                     | <b>Net yield***:</b>       | 3.15%                              |
| <b>Dealing Frequency:</b>         | Daily                             | <b>No. of holdings:</b>    | 16                                 |
| <b>Ongoing Portfolio Charge*:</b> | 0.20%                             | <b>Minimum Investment:</b> | £1,200                             |
| <b>Brown Shipley AMC**:</b>       | 0.30%                             | <b>Fund Manager:</b>       | Brown Shipley Fund Management Team |
| <b>Performance Comparator:</b>    | 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 |
| <b>Passive Model Portfolio Income 1</b>  |      | -3.2%      | 3.8%       | 2.8%       | 10.7%      | 9.1%       |
| <b>IA Mixed Investment 20-60% Shares</b> |      | -0.7%      | 3.0%       | 2.5%       | 11.9%      | 2.3%       |

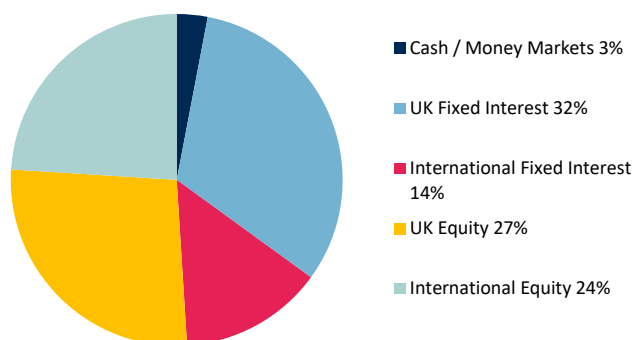
The Passive Model Portfolio Income 1 was launched on 01 March 2015, so performance is not included before this date

Source: Brown Shipley, MS 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

## Passive Model Portfolio Service

### Asset Allocation\* (at 30/06/2020)



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

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

|  |     |
|--|-----|
| Vanguard FTSE UK Equity Income Index GBP Inc     | 15% |
| Vanguard U.K. Investment Grade Bond Index        | 13% |
| iShares MSCI USA Dividend                        | 13% |
| L&G UK 100 Index Trust I Acc                     | 12% |
| Vanguard UK Short Term Investment Grade Bond     | 8%  |
| L & G All Stocks Gilt Index Dist                 | 6%  |
| L&G Global Inflation Linked Bond Index I Inc     | 5%  |
| BlackRock Overseas Corporate Bond Tracker        | 4%  |
| iShares Pacific ex Japan Equity Index (UK) D Acc | 3%  |
| Threadneedle High Yield Bond                     | 3%  |

\*\*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 and Ascentric.



[www.novia-financial.co.uk](http://www.novia-financial.co.uk)



[www.ascentric.co.uk](http://www.ascentric.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](http://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](http://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.

### Distribution and Portfolio Information

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