

MPS - BALANCED PASSIVE STRATEGY

JUNE 2020

DYNAMIC
PLANNER
PROFILED **5**

INVESTMENT OBJECTIVE

The objective of this portfolio is to grow capital over the medium to longer term. Investors should expect reasonable correlation to stock market behaviour and rewards, including quite sharp fluctuations in values, whilst also some protection in times of market weakness.

KEY INFORMATION

Launch Date	July 2019
Estimated Yield (Current)	1.51%
Initial Charge	0.00%
Investment Management Charge	0.25% (+VAT)
Fund Underlying Charges	0.17%

TOP TEN HOLDINGS

Vanguard UK Short Term IG Bond Index	23.90%	Cash	4.80%
Vanguard Global Short-Term Bond Index Hgd	14.40%	iShares Emerging Markets Equity Index	4.50%
Vanguard FTSE 100	11.90%	L+G Global Technology Index Trust	4.00%
Legal & General US Index	10.70%	HSBC FTSE 250 Index	4.00%
L&G All Stocks Gilt Index Trust	9.60%	ishares Japan Equity Index	2.70%

RISK LEVEL



DEFENSIVE

BALANCED

ADVENTUROUS

INVESTMENT STRATEGY

Our investment strategy has three key components:

ASSET ALLOCATION › Focused on analysing the economic and financial environment, assessing the prospective returns and risks of each of the major asset classes, both over the short and long term.

FUND SELECTION › Our rigorous fund selection process involves assessing which funds best allow us to gain exposure to the most attractive asset classes, regions and themes.

PORTFOLIO CONSTRUCTION › These two building blocks are then combined to create portfolios which are designed to meet their specific objectives and are actively managed with regular rebalancing.

The process is run by our research and strategy team and overseen by our investment committee to ensure that the portfolios are managed in line with their objectives and risks are kept to appropriate levels.

OUR PORTFOLIO

ASSET ALLOCATION

Equities - International	21.4%
Equities - Asia (excluding Japan)	3.7%
Equities - Emerging Markets	2.5%
Equities - Europe (excluding UK)	1.9%
Equities - Japan	2.7%
Equities - US	10.7%

Bonds	45.0%
Equities - UK	18.6%
Equities - Thematic	10.0%
Gold	3.0%
Cash	2.0%



The rapid escalation of the coronavirus crisis has led to a sharp fall in equity markets and considerable stress in credit markets. The drastic containment measures in place in many countries mean the global economy is heading fast into recession.

The economic downturn will be deep but hopefully short-lived. The immense monetary and fiscal stimulus should contain the economic fall-out, although a recovery will ultimately depend on a slowing in infections, and easing of containment measures.

Equity markets at their lows were down over 30% from their highs but have recovered some of their losses subsequently. These declines were in line with those seen in the typical bear market but not as great in the Global Financial Crisis.

Equities could fall back again near term but should be recovering later this year if as we expect containment measures are eased significantly over coming months.

Uncertainties remain and we believe a neutral position on equities remains appropriate. Recently, we took advantage of weaker markets to add a little to our equity positions as market declines had left us underweight.

Within equities, we continue to favour Asia & Emerging Markets and the UK, and also retain an exposure to various themes including technology which has held up well in the sell-off.

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