

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.

Key facts

| | |
|---|--------------|
| Inception Date | 31/12/2009 |
| Indicative Yield | 3.1% |
| Typical Growth / Defensive Split | 50:50 |
| Annual Management Charge | 0.20% |
| Total Ongoing Charges (of underlying funds) | 0.31% |
| Portfolio Total Ongoing Charge | 0.51% |

Equity markets have been rallying for five months as investors look forward to a turn in the interest-rate cycle later this year. Both major US indices, the Dow Jones Industrial Average and the S&P 500, continue to hit new all-time highs.

Gains in US equities have been driven by a shift in the policy guidance from the Federal Reserve (Fed) in December. This dovish tone has been maintained, despite a recent uptick in US inflation as its “dot plots” indicate that members of the central bank’s policy committee continue to expect three interest-rate reductions this year.

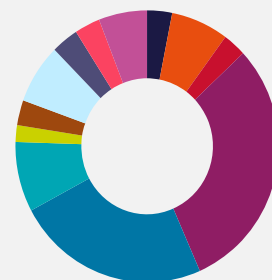
Bank of England governor Andrew Bailey said interest-rate cuts could come before inflation hits its 2% target. UK inflation fell to its lowest level in almost two-and-a-half years in February, as price rises for food and eating out slowed sharply. Markets expect the first UK interest-rate cut in the middle of the year.

The FTSE 100 has also rallied since November, but its performance has been more subdued compared with other indices. The index’s lack of technology companies resulted in a pedestrian rally when compared with Wall Street and valuations are generally lower than in the US market. However, the European Central Bank (ECB) is expected to be the first major central bank to cut interest rates.

Chinese equities have started to rebound from a lengthy period of weakness. However, the country’s economy is recovering from the Covid-19 pandemic slowly and there are still problems in its property sector. A court in Hong Kong ordered the liquidation of debt-laden Chinese property giant Evergrande after the developer repeatedly failed to come up with a plan to restructure its debts.

Market participants now think the US can engineer a soft economic landing as inflation is brought down to the Fed’s target level. The UK may need to keep interest rates “higher for longer” to curb inflation but, if another recession emerges in the UK, it is expected to be shallow.

Asset Allocation



- Cash & Equivalent 3.1%
- Government Bond 7.1%
- Inflation Linked 2.9%
- Investment Grade Bond 30.5%
- North American Equities 23.7%
- UK Equities 8.3%
- European Equities 2.0%
- Japanese Equities 3.0%
- Asia Pacific ex-Japan Equities 7.1%
- Global Emerging Market Equities 3.3%
- Property 3.1%
- Infrastructure 6.0%

Performance %

| Discrete Performance | Mar 23 - Mar 24 | Mar 22 - Mar 23 | Mar 21 - Mar 22 | Mar 20 - Mar 21 | Mar 19 - Mar 20 | 3 yr Volatility |
|----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Income | 7.8 | -2.3 | 6.4 | 15.3 | -8.6 | 7.4 |

| Cumulative Performance | 1m | 3m | 6m | 1yr | 3yr | 5yr |
|------------------------|-----|-----|-----|-----|------|------|
| Income | 2.3 | 2.5 | 8.4 | 7.8 | 12.1 | 18.2 |

Top ten holdings

| | % |
|---|------|
| Fidelity US Quality Income UCITS GBP HEDGED | 12.0 |
| SPDR S&P US Dividend Aristocrats ETF | 11.7 |
| iShares GBP Corporate Bond 0-5Y UCITS ETF Dis | 9.3 |
| L&G Short Dated Corp Bond Index C Inc | 8.9 |
| iShares \$ Corp Bond 0-3yr ESG UCITS ETF GBP H Dist | 8.8 |
| SPDR Morningstar Multi-Asset Gbl Infra UCITS ETF | 6.0 |
| iShares Asia Pacific Dividend ETF | 5.1 |
| Lyxor UK Government Bond UCITS ETF Dis | 4.0 |
| Legal & General Sterling Corporate Bond Index C Inc | 3.4 |
| ISHARES CORE FTSE100 UCITS ETF GBP DIST | 3.2 |

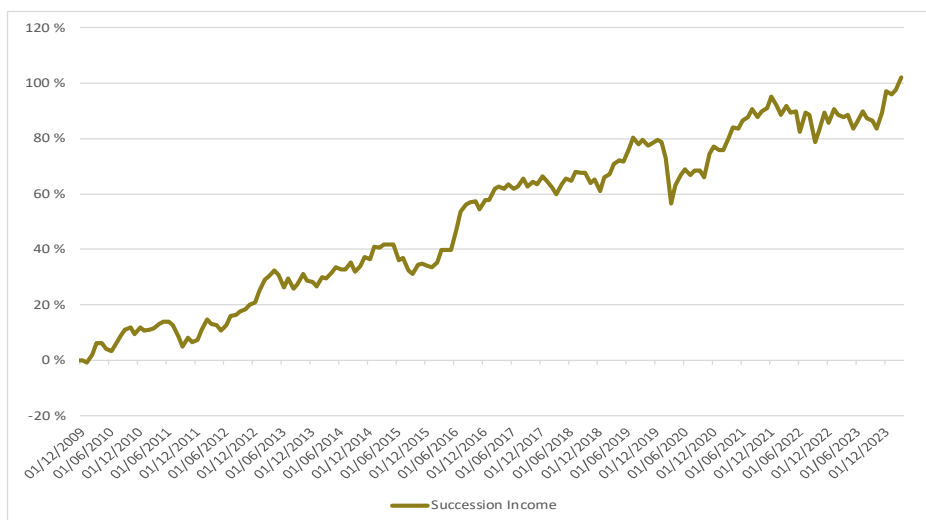
Investment Team

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 and ESG Rating

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: 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.

MSCI ESG RATINGS



CCC B BB BBB **A** AA AAA

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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

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