

Progeny Optimised Passive Income 60/40 Portfolio

Progeny Asset Management - Dynamic Planner 5

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Market Commentary

The first quarter of 2020 has been the worst quarter for global stock markets since 2008, with all major stock market indices down. The FTSE 100 was down 24.8% and the S&P 500 was down 20%.

The fall in markets has been down to the Coronavirus outbreak, which has caused most countries to put their citizens in lockdown. This has meant a large number of business have closed down, which will cause a knock-on effect to the global economy as well as global employment levels. This has prompted large stimulus packages from central banks and governments. We have also seen unprecedented levels of volatility with the VIX (nick named "the Fear Index") at record highs amid single day market movements not seen since 1987.

Even though all leading equity markets have fallen, some have fared worse than others. One of the worst hit markets has been the FTSE 100, which has been due to its large weighting in Oil, Mining and Banking.

At the start of this fall, bonds behaved as we would have expected, with government bonds increasing in value as investors flocked to safe-haven assets. This was then helped further as central banks cut interest rates, which meant bonds that had longer duration increased in price.

Portfolio Information

Portfolio Benchmark	ARC Balanced Asset
Investment Management fee	0.30% + VAT
Fund Underlying OCF	0.39%
Total Cost	0.75%
Yield	3.08%
Inception Date	1st April 2018

Performance

%	1m	3m	6m	1y	Incep
OPI	7.50	-12.01	-9.56	-6.52	-0.12
Benchmark	4.20	-6.96	-4.83	-3.08	1.46



Performance calculation: all income reinvested. Performance is shown inclusive of underlying fund charges but gross of Progeny Asset Management investment management fees. Deduction of this charge will have the result of reducing the illustrated performance.

Performance is calculated based on the model portfolio and provided for illustrative purposes only and should not be viewed as the performance of a specific client account.

For the historical optimisation, the portfolio put forward for back-testing has historically had an annualised return of > 8.50% (over 3 years).

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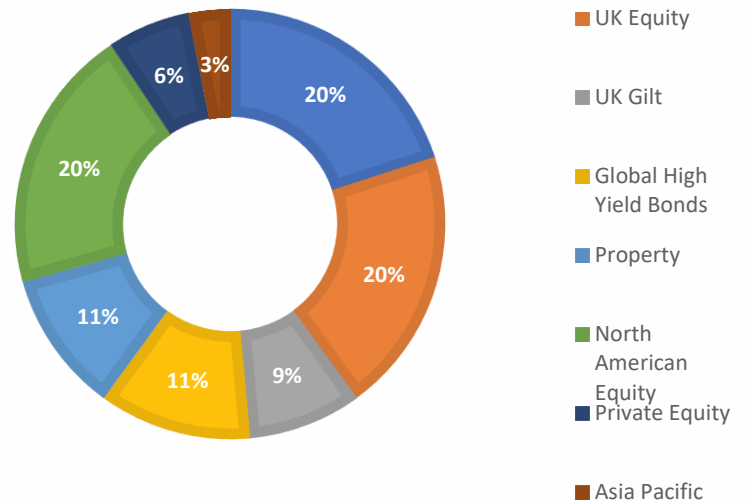
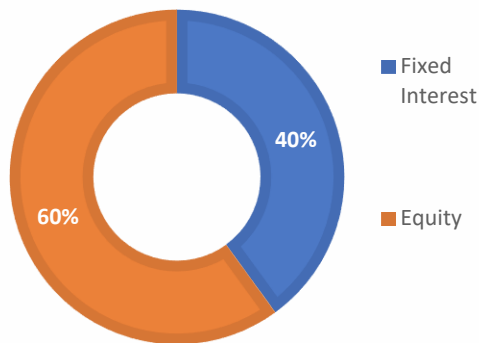
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60/40 Portfolio

Asset Allocation



Portfolio Holdings

iShares Core £ Corporate Bond UCITS ETF	20.00%
iShares FTSE 250 UCITS ETF	20.00%
iShares MSCI USA Dividend UCITS ETF	20.00%
iShares Global High Yield Corp Bond UCITS ETF	11.44%
iShares Developed Markets Property Yield UCITS ETF	10.66%
iShares Core UK Gilts UCITS ETF	8.56%
iShares Listed Private Equity UCITS ETF	6.25%
iShares Asia Pacific Dividend UCITS ETF	3.09%

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Process

Taking guidance from Markowitz's Modern Portfolio Theory, we have adopted a scientific approach to risk and return, and the portfolio has been constructed to sit along the efficient frontier. We set the criteria that the portfolio should target a minimum 3% yield. It is a low-cost, passive solution consisting of exchange traded funds.

BlackRock, as the largest provider of exchange-traded funds (ETFs) in the world*, were able to bring their significant experience and insight to bear on the optimisation of the portfolio.

* iShares is the world's leading Exchange Traded Fund (ETF) provider with more than a decade of expertise and commitment to investors. This is based on over 830 ETFs and more than \$1.75 trillion USD in assets under management globally (BlackRock, 31/12/17).

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