01 May 2019

progeny asset management

MANAGED PORTFOLIO SERVICE

Progeny Asset Management – Dynamic Planner 3

The value of investments and income from them is not guaranteed, can fall, and you may get back less than you invested. Your capital is therefore always at risk. Past performance is not a guide to future performance. Any specific investments mentioned are for illustrative purposes only and this is not intended as investment advice. If you are unsure as to the suitability of the service, please contact your IFA or Progeny Asset Management to discuss.

Risk Profile Description

An investment portfolio appropriate for this risk profile may contain, for example, mainly lower-risk investments such as cash, cash-type assets and bonds, medium-risk investments like UK commercial property, and a minority of higher-risk investments such as UK and overseas shares. While a portfolio like this should go up and down in value less than a 'high-risk' portfolio, the value of investments and income from them can always go down as well as up.

Market Commentary

From a market perspective, the contrast between the first quarter of 2019 and the final quarter of 2018 could not be starker. The gloominess around US Federal Reserve policy and the US-China trade dispute has lifted for now.

The underlying problems from a fundamental perspective remain. Economic activity is slowing, and a real concern is that the market has got ahead of itself, leaving it vulnerable to a sudden pull back. However, recession doesn't feature as a headline worry for us at this point.

Global equity markets have rallied year to date. Driven by the US Federal Reserve's dovish turn and positive news flow around the US and China trade dispute, equities rebounded from oversold and bearish levels in late December to more sensible valuations as the first quarter progressed. From the worst December since 1931 for the S&P 500, returns for January were the best since 1987. Equity sentiment has switched from considerably pessimistic to fairly optimistic over the past quarter.

However, the British stock market, which along with the pound has borne the brunt of shifts in investor appetite in response to Brexit developments, has performed relatively poorly. Although the FTSE 100 is up 10 percent year-to-date, it is challenging Spain's IBEX as the worst performer among the major European bourses in 2019.

For all the Brexit tumult, one thing that has remained strong and stable - to borrow a phrase Prime Minister Theresa May once used to describe her leadership - is demand for British government debt. Conversely, we have seen political crises push up borrowing costs in euro zone countries such as Greece and Italy in recent years.

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.

Portfolio Information

Portfolio Benchmark	ARC Sterling Cautious
Investment Management fee (p.a)	0.30% + VAT
Fund Underlying OCF*	0.34%
Yield	2.21%
Rebalance	Quarterly
Inception date	1st July 2016

**The OCF is not required to include transactional costs. Please refer to separate Costs and Charges Disclosure for full details*

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.

Performance

%	1m	3m	6m	1y	2y	Incep
DT-3	1.01	4.09	4.99	5.47	8.88	18.87
Benchmark	0.60	2.27	2.20	1.16	2.77	8.86

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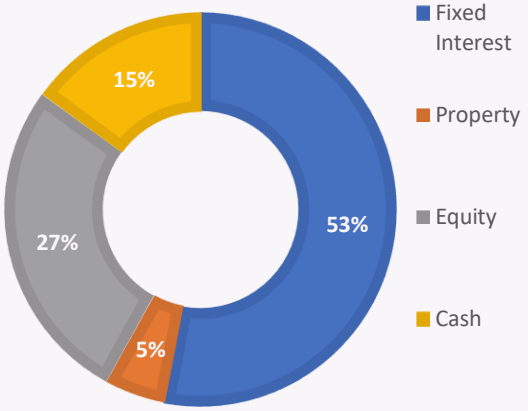
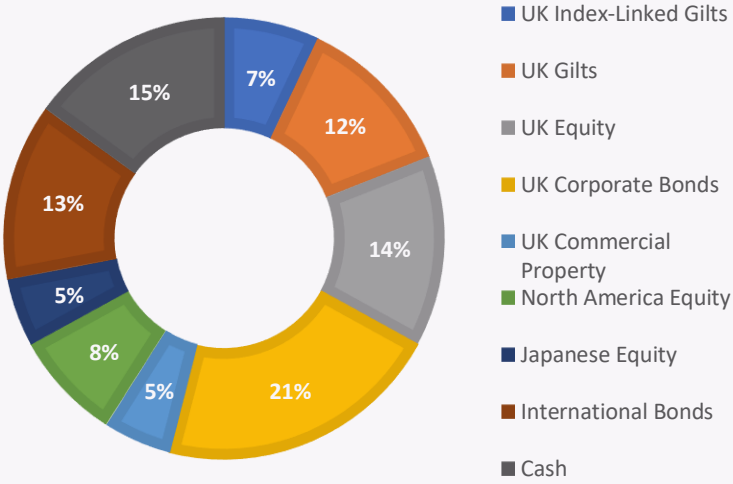
Asset Allocation





Portfolio Holdings

Rathbone Ethical Bond	7 %
Royal London Sterling Credit	7 %
Schroder Sterling Corp Bond	7 %
iShares Index-Linked	7 %
iShares Overseas Corp Bond Index	13 %
iShares UK Gilts All Stocks Index	6 %
Vanguard UK Government Bond Index	6 %
Royal London UK Equity Income	7 %
LF Lindsell Train UK Equity	7 %
HSBC American Index	8 %
AXA Japan	5 %
iShares Global Property Index	5 %
Cash	15 %

Process

The management of the portfolio is achieved through the utilisation of Progeny Asset Management's investment process. This process has been agreed by the internal Investment Committee, and it is this Committee which agrees the fund universe available to the respective Investment Managers.

Quantitative filters are overlaid with fundamental analysis and Manager meetings. Asset allocation is determined by Dynamic Planner and a quarterly rebalance will ensure clients stay within their desired degree of risk.

Past performance is not a guide to future performance. The value of investments can fall, and you may get back less then you invested, therefore your capital is always at risk. If you invest in currencies other than your own, fluctuations in currency value will mean that the value of your investment will move independently of the underlying asset. This information is for illustrative purposes only and is not intended as investment advice. The information contained in this document has been taken from sources stated and is believed to be reliable and accurate, but without further investigation cannot be warranted as to accuracy or completeness. Directors, staff and clients may have a position or engage in transactions in any of the securities mentioned. The promised payment of income and the return of capital could be in jeopardy in the event that the parent company has problems meeting its financial obligations.

Progeny Asset Management Ltd is registered in England and Wales number 09415365.
Registered Office Address: Progeny House, 46 Park Place, Leeds, LS1 2RY.
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The information contained within this document is subject to the UK regulatory regime and is therefore primarily targeted at consumers based in the UK.
The value of investments and the income from them can fall as well as rise, and you may not recover the amount of your original investment. Your capital is therefore always at risk.