progeny

Optimised Passive Income (OPI) Portfolio

Why should you consider our Optimised Passive Income (OPI) Portfolio Service?

The Progeny Asset Management Optimised Passive Income 60/40 is a low-cost, index-tracking solution developed in response to an investing environment where it can be difficult to achieve a yield of over 3%.

Taking guidance from Modern Portfolio Theory, it adopts a scientific approach to risk and return. Designed to meet the demands of investors who are seeking an income from their assets in a climate of lower interest rates, it can also complement more complex, bespoke portfolio structuring.

At Progeny Asset Management, we provide tailored investment solutions and create portfolio products to meet the demands of the market.

Through our bespoke service we offer an independent, personal approach and work closely with our clients to identify their investment objectives. We work hard to understand their aspirations and consider a broad range of investments – including cash, fixed interest, equities and alternatives such as infrastructure – in helping them achieve their goals.

Our portfolio products, such as this Optimised Passive Income 60/40 portfolio, are developed to meet the requirements of investors. This solution is optimised to take advantage of market conditions. They are available for independent financial advisers to recommend to their clients and accompany our bespoke discretionary services and model solutions.

At a glance

"The portfolio has been created to produce income and at the same time, to optimise the degree of risk and reward.

The portfolio is 100% invested in Exchange Traded Funds (ETFs)"

What it is

- ✓ Helping clients tackle low interest rate returns
- ✓ Tracking key Global Asset Classes
- ✓ Facts and figures based process
- ✓ Asset allocation is driven by a mathematical model to provide the optimal reward for your degree of risk
- ✓ Competitively priced

What it's not

- ✕ Not a faceless service

Investment Philosophy and Beliefs

Our five principles for investing

Principle 1: Focus on portfolio structure

Strategic asset allocation between growth and defensive asset classes is at the heart of these portfolios. The choice and adherence to a long-term investment policy, or asset allocation, is the core driver of portfolio risk and thus returns.

Principle 2: Broadly diversified portfolios

The only certainty in financial markets is their uncertainty, requiring the astute investor to take advantage, wherever they can, of the diversification benefits on offer. The real risk to the long-term investor is not return volatility but the lack of certainty that equity markets will act as the engines of portfolio returns over the coming years. Owning a well-diversified portfolio is critical to long-term portfolio survivability and a successful outcome.

Principle 3: Manage costs tightly

Investors frequently focus on the headline investment returns that markets deliver and fail to take into account the severe deductions from long-term wealth of the costs they suffer. These include the effects of inflation on purchasing power; the cost of tax; and the significant 'all-in' cost of investing (e.g. fund manager ongoing charges and turnover costs, adviser costs etc.).

Reducing costs is one of the few free lunches in investing. £1 of costs saved is the same as £1 of profit made. Minimising costs in the client's investment programme can have significant benefits especially given the multiplying effects of compounding.

Principle 4: Managing emotions

A quantitative process is at the heart of what we do. Not only does it filter the investment world down to a manageable level of fund choices but also strips out any emotional bias.

Behavioural finance studies have revealed that investors suffer a number of wealth-damaging psychological preconceptions and biases. The emotional impacts of regret, pride, greed and panic tend to result in trying to guess market timing and the excessive taking or avoidance of risk. Poor investment behavior is likely to have a negitive effect on investment returns.

Principle 5: Rebalance the portfolio

The fundamental purpose of rebalancing lies in controlling risk, not enhancing returns. Rebalancing trades keep portfolios at long-term policy targets by reversing deviations resulting from asset class performance differentials. The process is mechanical and takes place on a quarterly basis.

Taking a scientific approach

Despite the challenges for investors caused by lower interest rates, the demand for yield will continue and the returns of investment income will remain a necessity for many.

It's also true that in the ever-changing political and economic environment not all investors' needs are the same. Many will need an income but are equally focused on risk management. We've taken a scientific approach to addressing these issues.

Modern Portfolio Theory

Nobel Prize-winning economist Harry Markowitz devised Modern Portfolio Theory in 1952. His theories show how and why to create an optimal portfolio, and that it's possible to achieve the right balance between risk and return, and the benefits of a diverse portfolio in optimising performance. His work changed the way people invested.

The Optimal Portfolio

Modern Portfolio Theory suggests a way in which investors can construct portfolios to optimise or maximise expected returns based on a given level of market risk, understanding that risk is an inherent part of higher reward. Markowitz found that it's possible to design an optimal portfolio offering the maximum possible expected return for a given level of risk, or the lowest risk for a given level of expected return.

Optimised Passive Income 60/40

The value of investments and any income from them can fall and you may get back less than you invested. Past performance is not a guide to future performance. No investment is suitable in all cases and if you have any doubts as to an investment's suitability then you should contact a professional adviser. 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 assets, thus increasing the risks.

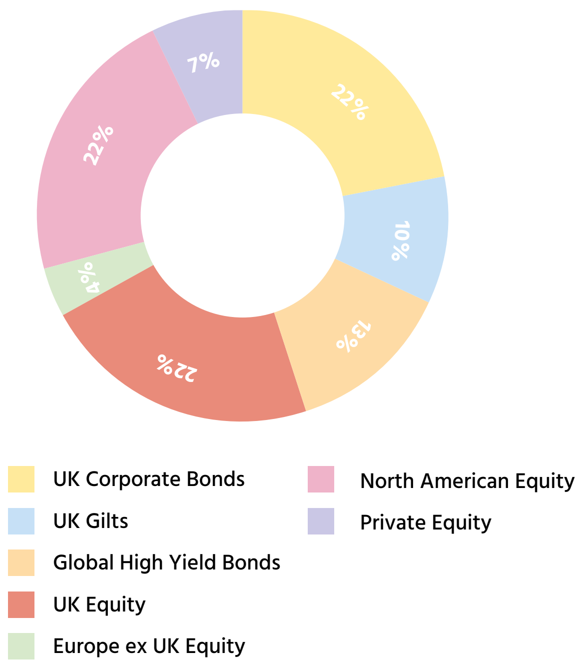
Profile

Progeny Asset Management's Optimised Passive Income 60/40 is designed to provide an income for investors despite the current yield problem caused by lower-for-longer interest rates.

Asset Allocation:

40% Fixed Income

60% Equity



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