

Hybrid Passive Risk Targeted Managed Service

Hybrid Passive Risk Targeted 5 (HP RT 5)

October 2024

Strategy details

Inception	1 March 2016
Min. initial investment (direct)	£20,000
Min. initial investment (platform)	£1,000
Rebalancing strategy (min.)	Quarterly
Currency	£ GBP
Annual yield (current)	2.76%

Charges

Annual management charge (direct)	0.75%
Annual management charge (platform)*	0.30%
Ongoing charges figure	0.41%

*Not including platform fees.

Investment objective

To build capital in real (inflation-adjusted) terms over the medium to longer term. Investors should expect reasonable correlation to stockmarket behaviour and rewards, including quite sharp fluctuations in values, but also some protection in times of market weakness.

Risk profile

The strategy is managed in accordance with Dynamic Planner risk profile 5, with the strategy's expected volatility targeted to stay within the assigned Dynamic Planner risk profile's boundaries.



About the Hybrid Passive Risk Targeted Managed Service

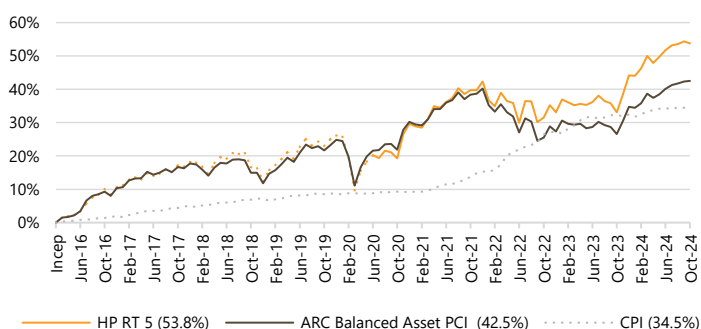
Our Hybrid Passive Risk Targeted ('RT') Managed Service consists of five actively managed investment strategies (Hybrid Passive RT 3-7) that provide lower cost access to our discretionary fund management capabilities through the combination of active and passive collective investments. Each strategy has a different level of risk and expected return, and are rigorously mapped within the volatility boundaries assigned to specific Dynamic Planner risk profiles (RTM 3-7). The service provides a solution that, when cost considerations are paramount, does not compromise on quality.

Investment update

2024 has so far been a good year for equity markets however October proved to be a weaker month. Bond yields also rose materially in most key regions, which meant values fell. Sentiment in the US was impacted by some slightly higher-than-expected inflation numbers which, together with some strong employment data, moderated expectations around likely interest rate cuts. Uncertainty surrounding the result and potential impact of the US election also weighed on investor sentiment. In Europe, the European Central Bank announced a third 25 basis point rate cut in response to further data pointing to an economic slowdown. This action was not, however, enough to prevent European markets falling around 2% in sterling terms. The UK market also fell, albeit the positive effect of a strengthening US dollar on companies with significant dollar-based earnings provided some support. Emerging markets retreated following September's gains, with the strength in the US dollar weighing heavily on the region. Japan was the one bright spot, posting a positive return in local currency terms and demonstrating how allocating to the region can provide valuable diversification benefits due to its relatively low correlation with other major markets. Fluctuating rate expectations have caused some market volatility in recent weeks however the strategy's base case remains for a 'soft' landing, with inflationary pressures remaining under control and positive global economic growth intact. Further reductions in interest rates are expected across the developed world and the outlook (and forecasts) for corporate earnings looks encouraging moving into 2025. This backdrop should be supportive for equity markets, therefore the strategy remains at the upper end of its Dynamic Planner risk profile. We are also positive on the outlook for fixed income assets, where history suggests that attractive returns typically follow after the first rate cut in a loosening cycle. During the month we made a modest change within the fixed interest sector to slightly reduce duration. Our strategic bond managers are making a similar move, reflecting the fact that yields have already shifted down in anticipation of further rate cuts. We are retaining some exposure to some low volatility absolute return funds, which continue to play a valuable role in portfolios during periods of market weakness.

Performance

Inception performance



Cumulative performance

	1yr	3yr	5yr*	10yr*
HP RT 5	15.6%	10.1%	25.0%	-
ARC Balanced Asset PCI (30-70% eq.)	12.6%	3.0%	17.2%	-
CPI	1.7%	18.1%	23.9%	-

Annualised performance

	1yr	3yr	5yr*	10yr*
HP RT 5	15.6%	3.3%	4.6%	-
ARC Balanced Asset PCI (30-70% eq.)	12.6%	1.0%	3.2%	-
CPI	1.7%	5.7%	4.4%	-

Discrete performance

	YTD	2023	2022	2021	2020*	2019*
HP RT 5	6.7%	8.3%	-6.5%	9.8%	2.8%	12.2%
ARC Balanced Asset PCI (30-70% eq.)	5.8%	5.8%	-9.1%	7.6%	4.3%	11.7%
CPI	1.5%	3.9%	10.5%	5.4%	0.7%	1.3%

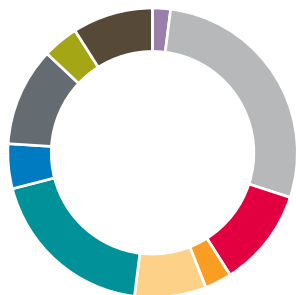
*Performance from inception (01.03.16) to 30.06.20 is simulated past performance based on back-tested data (represented by the orange dashed line).

Source: Bordier UK & FE Analytics as at 31.10.24.

Bordier UK returns net of 0.30% AMC. VAT applied to AMC from inception until 31.08.21. Latest ARC PCI data is provisional. Past performance is not a guide to future results. See full risk warning overleaf.

Asset allocation

Sector breakdown

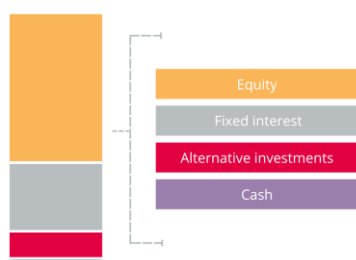


Sector	%
Cash	2
Fixed interest	28
Alternatives	11
UK equity (income)	3
UK equity (growth)	8
US equity	19
European equity	5
Asia-Pacific ex Japan equity	11
Japanese equity	4
Thematic and global equity	9

Top 10 holdings

Fund	%
TwentyFour Corporate Bond	7
Schroder Strategic Credit	6
Vanguard UK Long Duration Gilt Index	6
Fidelity Index UK	5
HSBC American Index	5
HSBC Pacific Index	5
Janus Henderson Strategic Bond	5
Fidelity Index US	4
Janus Henderson Absolute Return	4
Premier Miton US Opportunities	4

Asset class breakdown



Active/Passive allocation breakdown

Underlying holdings	%
Active allocation	54
Passive allocation	46

Note: For illustrative purposes only.

Source: FE Analytics as at 31.10.24

Third-party platform availability

We work with the following platforms:



Please enquire about the service for your chosen platform.

Contact us

For further information on this strategy or any of our other investment services please contact a member of our sales team:

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Important information

The value of an investment and any income from it may fall as well as rise, may be affected by exchange rate fluctuations and you may not get back the amount you originally invested. The information in this factsheet does not constitute an offer of, or an invitation to buy or sell any security. Levels and bases of tax can change. The securities detailed in this factsheet may not be suitable for all investors. The model portfolio is applied to client accounts by the platform provider but it may take some time for the client accounts to mirror the model. Please note that the calculated OCF from FE Analytics may vary from that stated by your chosen platform provider. Bordier & Cie (UK) PLC recommends that you seek the advice of your financial adviser.

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