

# Hybrid Passive Managed Service

## Cautious Strategy

October 2019

### Key information

#### Strategy details

|                                       |               |
|---------------------------------------|---------------|
| Start date                            | 15 June 2015  |
| Minimum initial investment (direct)   | £20,000       |
| Minimum initial investment (platform) | £1,000        |
| Rebalancing strategy (minimum)        | Quarterly     |
| Currency                              | £ GBP         |
| Annual management charge (direct)     | 0.75% + VAT   |
| Annual management charge (platform)   | 0.30% + VAT * |
| Annual yield (current)                | 1.83%         |

\* Not including platform charges

#### Benchmark

ARC Sterling Cautious PCI

#### Annualised volatility and OCF

|                                 |       |
|---------------------------------|-------|
| Bordier Cautious                | 3.51% |
| Ongoing charges figures ('OCF') | 0.39% |

Annualised 3-year volatility data as at 31/10/19 - Source: FE Analytics

#### Investment update - October

October saw world markets continue to gather momentum, seemingly borne out of relief rather than optimism. The ongoing US/China trade discussions continue to dominate global market direction, with President Trump's 'phase one' trade deal providing markets with a boost. Closer to home, the threat of a no-deal Brexit has seemingly abated but with an election around the corner, the question remains for how long. The diminished risk of a no-deal saw the pound strengthen over the month, adversely impacting the UK stockmarket where many companies report international earnings. With geopolitical tensions balanced precariously, October saw our Investment Committee undertake a risk reduction exercise to protect the hard-earned gains made this year. Whilst equity exposure remained neutral, the Cautious strategy saw the sale of the AHFM Defined Returns and Fortem Capital Progressive Growth funds – both structured investment funds sensitive to a sudden reappraisal of risk in equity markets. Furthermore, the Merian Global Equity Absolute Return fund was sold due to concerns over its performance and downside protection capabilities. The proceeds were invested into the Vanguard UK Government Bond Index fund and existing absolute return funds as well as held as additional cash, which in the short term we are happy to hold as we await a potential buying opportunity to exploit.

#### Discretionary manager

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#### Hybrid Passive Managed Service

The service consists of five actively managed investment strategies, offering lower cost access to our discretionary fund management capabilities, through the combination of active and passive collective investments. The service provides a solution that, when cost considerations are paramount, does not compromise on quality. Investment strategies are monitored by our central Investment Committee to ensure consistency of performance from one portfolio to another. The service is available on the following platforms: Ascentric, Aviva, Fusion, Hubwise, Nucleus, Standard Life and Transact.

#### Investment objective

The objective is to assist investors looking to preserve their capital in real (inflation-adjusted) terms over the medium to longer term but who feel comfortable with some moderate fluctuation in values.

#### Risk score

Our strategies are constructed around five investment strategies, each with a differing commitment to equities via collective funds and other asset classes. The strategy is managed with a maximum target of 40% invested in equity markets at any given time and has been categorised as a Bordier UK risk profile 2.

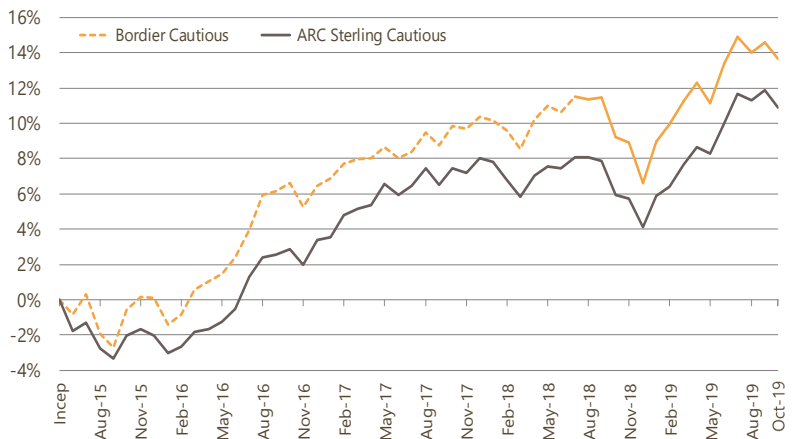


#### Model performance

|              | 1mth  | 3mth  | 6mth | YTD  | 1yr  | 3yr  | Start* |
|--------------|-------|-------|------|------|------|------|--------|
| Cautious     | -0.8% | -1.1% | 1.2% | 6.6% | 4.1% | 6.6% | 13.7%  |
| ARC Cautious | -0.6% | -0.6% | 2.1% | 6.5% | 4.6% | 7.8% | 10.9%  |

Data as at 31/10/19 (\*Inception from 15/06/15 to 31/10/19) - Figures net of 0.30% + VAT  
 Source: FE Analytics

#### Inception performance



Source: FE Analytics (see risk warning overleaf).  
 Performance from inception (15/06/15) to 01/08/18 is simulated past performance based on back-tested data.

## About Bordier UK

Bordier & Cie (UK) PLC ('Bordier UK') is a specialist investment manager that promotes a long-standing culture of consistency and excellence, whether in the performance of our portfolios, the service given by our staff or the quality of our reporting.

Bordier UK focuses on managing the wealth of individuals, families and trustees. We manage portfolios for pensions, trusts, charities, offshore bonds, livery companies, institutions and welfare committees, as well as investments from our own staff. Working alongside professional advisers and managing investment solutions on behalf of their clients is core to the Bordier UK business.

Bordier UK was previously known as Berry Asset Management, one of the country's most widely respected private portfolio management firms. The team that led Berry Asset Management continue to run the business to this day.

Bordier UK is part of the Bordier Group. The Bordier Group is built on solid foundations, with a strong Tier 1 capital ratio of 28%. Established in Geneva in 1844, the Bordier Group operates in six countries across three continents, managing assets of circa £10.6bn for approximately 4,000 families (Source: Bordier & Cie as at 30 June 2019).



## Headline asset allocation

Summary of current Bordier UK Investment Committee positioning

|                         | UW (-) | N (=) | OW (+) |  |
|-------------------------|--------|-------|--------|--|
| Fixed interest          |        |       |        |  |
| Equities                |        |       |        |  |
| Property                |        |       |        |  |
| Alternative investments |        |       |        |  |
| Cash                    |        |       |        |  |

**Key**

- Current
- Previous\*
- UW (-) Underweight
- N (=) Neutral
- OW (+) Overweight

As at 31/10/19  
\*Positioning prior to last Investment Committee meeting

## Model asset allocation



| Sector                       | %  |
|------------------------------|----|
| Cash                         | 12 |
| UK fixed interest            | 11 |
| International fixed interest | 6  |
| Strategic bonds              | 21 |
| Alternatives                 | 20 |
| UK equity income             | 4  |
| UK equity growth             | 5  |
| US equity                    | 12 |
| European equity              | 3  |
| South East Asian equity      | 2  |
| Japanese equity              | 4  |

## Top 10 holdings

| Holding                            | %  | Holding                               | % |
|------------------------------------|----|---------------------------------------|---|
| Cash (deposit)                     | 12 | Vanguard Global Short Term Bond Index | 6 |
| Janus Henderson UK Absolute Return | 8  | Vanguard UK Government Bond Index     | 6 |
| Artemis US Absolute Return         | 7  | BlackRock Absolute Return Bond        | 5 |
| HSBC American Index                | 6  | BNY Mellon Global Dynamic Bond        | 5 |
| Janus Henderson Strategic Bond     | 6  | Fidelity Strategic Bond               | 5 |

As at 31/10/19

## Discrete annual returns

|              | 2015* | 2016 | 2017 | 2018  |
|--------------|-------|------|------|-------|
| Cautious     | 0.1%  | 6.4% | 3.7% | -3.4% |
| ARC Cautious | -2.0% | 5.5% | 4.5% | -3.6% |

Data to 31/12/18 (\*2015 performance from 15/06/15) - Figures net of 0.30% + VAT  
Source: FE Analytics

## 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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**Risk warning:** 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. Bordier & Cie (UK) PLC recommends that you seek the advice of your financial adviser.

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