

Price Bailey model portfolios

Quarter three 2016

Price Bailey has been successfully investing and managing client money for more than 14 years. Funds under management exceed £300 million (as at 1 September 2016). Our aim is simple: To provide independent and professional portfolio management at highly competitive rates.

Price Bailey portfolios are appropriate for a wide range of investors, including private clients, pensions, trusts, companies and charities.

Our investment approach

Our service is suitable for investors looking to preserve and grow their wealth in a careful and steady way. We offer two income orientated, low-cost portfolios. Each Price Bailey portfolio is carefully constructed to spread risk – by investing in various asset classes including equities, bonds and property.

Asset allocation changes are based on strategic, long term views.

We do not believe that active fund managers consistently outperform their relevant market. For this reason, we have a preference for Index-Tracking investment products which provide low-cost exposure to a comprehensive range of assets and markets. Over time, we believe that this strategy has enabled our portfolios to deliver lower volatility (risk) and steadier investment returns.

Investment objective & strategy

Objective: Each Price Bailey portfolio seeks to deliver a (total) return ahead of inflation over rolling five year periods.

Strategy: Price Bailey portfolios are diversified across a wide range of asset classes and geographies. They invest primarily in index-tracking products: collective investments and/or Exchange Traded Funds.

We believe that index-tracking products are the best way to access most asset classes. They reduce investment management costs, remove individual stock risk and avoid underperforming active investment managers.

We may also purchase other suitable investments where appropriate.

Price Bailey portfolios are medium to long term investments (five years or more) and are not suitable for money which might be needed in the short term. Their value and any income from them can go down as well as up. Investors may not get back what they originally invested.

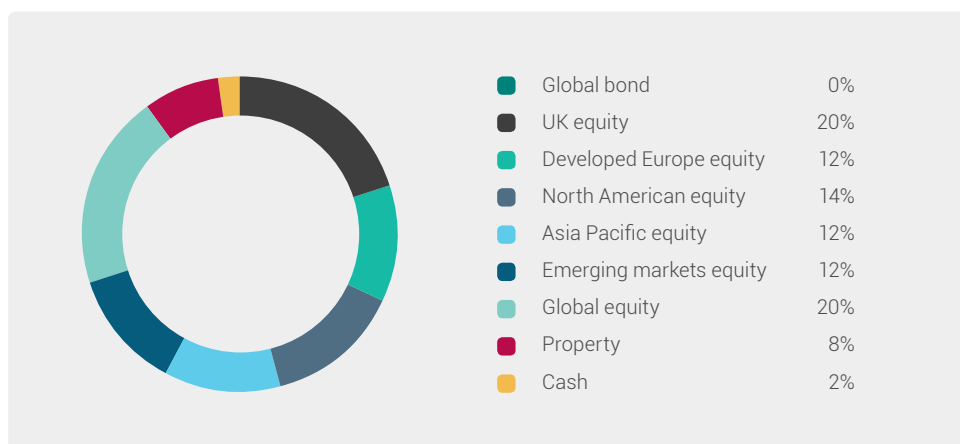


Portfolio asset allocation

We offer two portfolios which have an income focus and are diversified across a range of asset classes and geographic areas. The portfolios invest in the same underlying investments which helps reduce costs of trading.

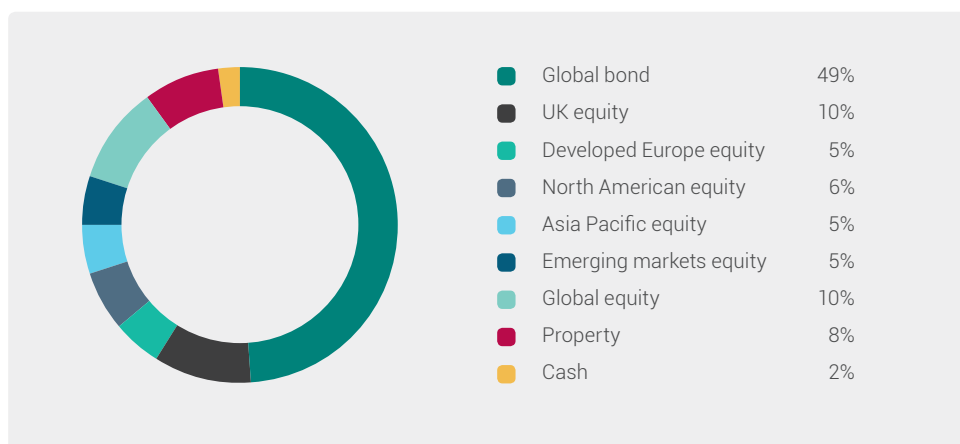
The proportion invested into each asset class varies between portfolios and this strategy is used to control the investment risk and objectives. Our two portfolios are shown below.

Equity income portfolio



Our equity income portfolio seeks to provide rising levels of income largely in the form of dividends. We believe this will also generate rising capital values over the medium to long term. We pursue an income-orientated approach to investment – through exposure to (equity and property) assets at the higher end of the risk spectrum.

Distribution portfolio



Our distribution portfolio seeks to provide a higher initial level of income in a normal investment environment, over the medium to long term. We pursue a balanced approach to investing – through exposure to defensive (fixed interest – bond) and growth (equity and property) assets. This may limit the potential growth in capital and income over the long term.

Our portfolio performance

How do we achieve these portfolios?

This asset allocation is achieved through investment in Exchange Traded Funds and collective investments from Dimensional, iShares, SPDR, DB x-Trackers, M&G, Standard Life and Vanguard.

Asset allocations are indicative only and subject to change.

Our portfolio performance

We believe these portfolios are suited to clients whose priority is income. They can therefore accept greater volatility in capital values provided the income is relatively stable.

Although the benchmark is to outperform inflation by a given percentage in terms of total return, the true test is whether or not the income is rising.

Total return, bid-bid to quarter end (30 September 2016)

Cumulative return

Portfolio	1 month	3 months	6 months	1 year	3 years	5 years
Distribution	0.44	4.69	9.31	16.40	25.32	56.84
Inflation plus 3%	0.00	0.79	1.95	3.46	11.00	23.60
Equity income	1.34	6.79	13.76	27.33	35.09	86.79
Inflation plus 4%	0.00	0.96	2.36	4.38	14.18	29.62

Discrete annual return

Portfolio (benchmark)	30/09/2015 to 30/09/2016	30/09/2014 to 30/09/2015	30/09/2013 to 30/09/2014	30/09/2012 to 30/09/2013	30/09/2011 to 30/09/2012
Distribution	16.40	0.37	7.26	11.22	12.53
Inflation plus 3%	3.46	2.90	4.26	5.76	5.29
Equity income	27.33	-4.05	10.57	18.32	16.86
Inflation plus 4%	4.38	3.90	5.28	6.79	6.31

Please note: 1. The returns shown are for the model portfolios themselves. They are net of fund management fees but wrap fees and our fees are taken at a later stage. This means investors would have received less than shown. 2. Benchmark uses consumer price index (CPI) as "inflation" rate. The portfolios are benchmarked as: to outperform inflation (CPI) by a given percentage whilst at the same time keeping each portfolio within a volatility target based on the FTSE100. Both measurements are based on a rolling 5 year period.

Portfolio	Target return	Target volatility % of FTSE Allshare
Distribution	Inflation plus 3% per annum	60%
Equity income	Inflation plus 4% per annum	80%

Historic returns shown are for the Price Bailey model portfolios.

Performance calculated on a bid to bid, total returns (income reinvested) basis.

Price Bailey, platform and adviser charges mean investors would have received less than shown.

Portfolio details

Investment manager	Price Bailey Portfolio Management
Model launch date	2 March 2009
Rebalancing	Quarterly (as required)
ISA allowable?	Yes
Onshore bond allowable?	Yes
Investment horizon	Minimum 5 years
Offshore bond allowable?	Yes
SIPP allowable?	Yes

Important notices and risk warnings

- This Price Bailey Portfolio Management fact sheet is for illustrative purposes only.
- Nothing contained herein constitutes investment or any other advice nor is it to be solely relied on in making an investment or other decision. Portfolio asset allocations are indicative only and subject to change.
- The returns shown represent performance of model portfolios that are periodically restructured and rebalanced based on material, economic and market factors that influence our asset allocation views. Actual returns will differ from those shown because of the impact of charges and the time taken for platform providers to implement changes to the model portfolios.
- Price Bailey portfolios are not suitable for money which might be needed in the short term. Their value and any income from them can go down as well as up. Investors may not get back what they originally invested.
- Source of Performance Data: FE Analytics. Past performance is not a guide to future returns.

To find out more about Price Bailey Portfolio Management and how we may be able to help, contact:

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