

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 a range of low-cost, risk-rated portfolios. Each Price Bailey portfolio is carefully constructed to spread risk – by investing in various asset classes including equities, bonds, commodities 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 and 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.



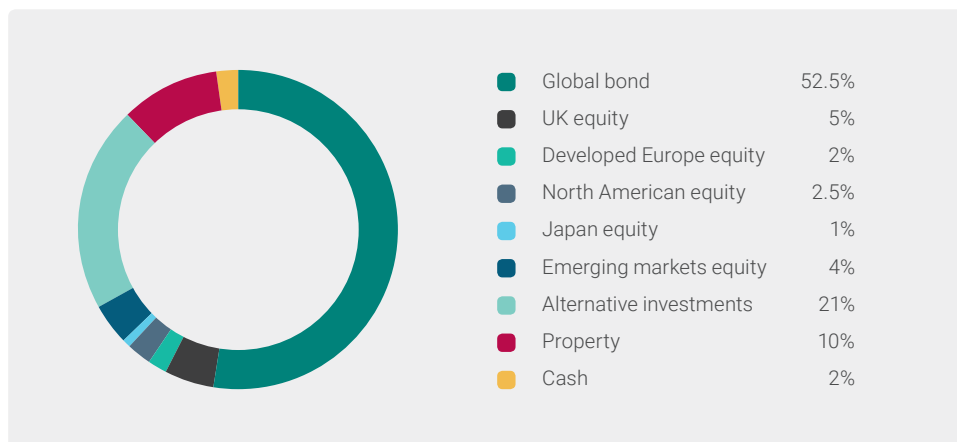
Portfolio asset allocation

We offer seven portfolios which are all diversified across a range of asset classes and geographic areas. The portfolios all 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. Examples from four portfolios are shown below. Details of the others are available on request.

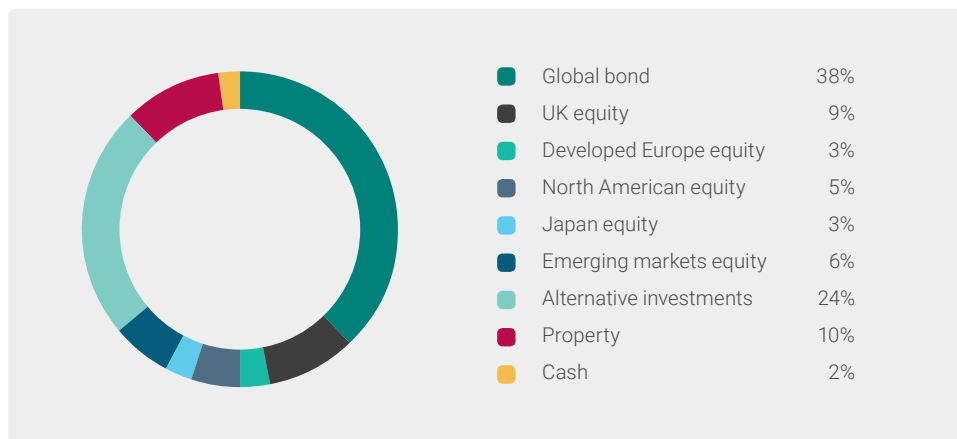
These asset allocations are achieved through investment in Exchange Traded Funds and collective investments from Dimensional, iShares, Lyxor, M&G, Standard Life and Vanguard.

Risk level 1



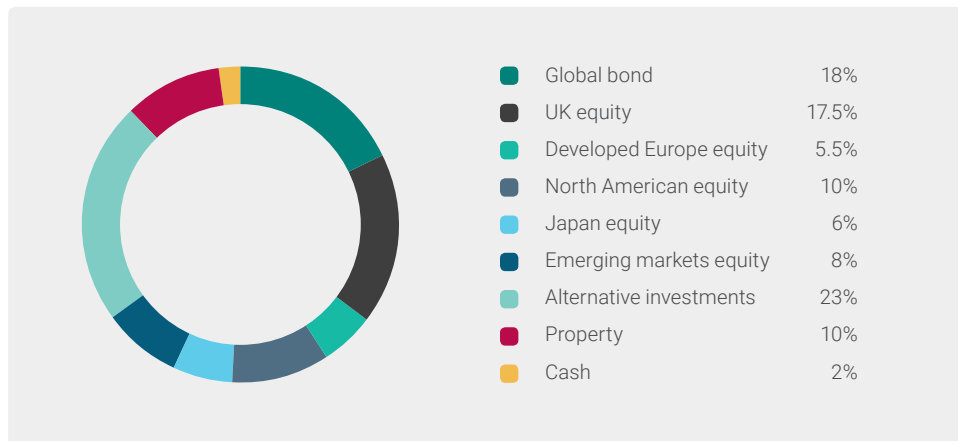
Our risk level 1 portfolio seeks to provide limited potential for capital growth over the medium to long term. We pursue a cautious approach to investing – through exposure primarily to defensive (fixed interest – bond) assets at the lower end of the risk spectrum.

Risk level 3



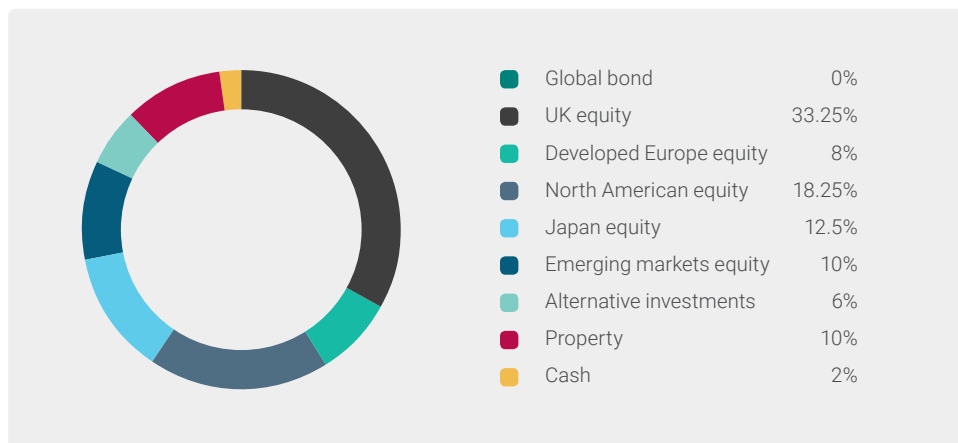
Our risk level 3 portfolio seeks to provide potential for some capital growth over the medium to long term. We pursue a relatively cautious approach to investing – through exposure to defensive (fixed interest – bond) and growth (equity, property, alternative) assets.

Risk level 5



Our risk level 5 portfolio seeks to provide capital growth over the medium to long term. We pursue a balanced approach to investment – through exposure to defensive (fixed interest – bonds) and growth (equity, property, alternative) assets.

Risk level 7



Our risk level 7 portfolio seeks to provide a high level of capital growth over the medium to long term. We pursue a growth-orientated approach to investment – through exposure to (equity, property, alternative) assets at the higher end of the risk spectrum.

Asset allocations are indicative only and subject to change.

Alternative investments = hedge funds and commodities.

Absolute return strategies.

Our portfolio performance

We anticipate that when investment markets fall our portfolios will fall in value by a smaller percentage. Conversely, in times when markets are buoyant, our portfolios will usually increase a little less. Over time, we believe investors prefer steadier returns with modest volatility than a portfolio which swings wildly in either direction.

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
Level 1	0.36	3.13	5.65	8.50	16.14	25.86
Inflation plus 1%	0.00	0.46	1.12	1.62	4.82	12.24
Level 2	0.49	3.55	6.29	9.41	15.98	25.54
Level 3	0.69	4.25	7.52	11.30	17.66	30.27
Inflation plus 2%	0.00	0.63	1.54	2.54	7.88	17.81
Level 4	0.87	4.90	8.56	12.93	18.91	34.67
Level 5	1.04	5.78	9.85	14.77	20.37	40.52
Inflation plus 3%	0.00	0.79	1.95	3.46	11.00	23.60
Level 6	1.38	7.33	12.43	18.68	24.42	54.02
Level 7	1.46	8.05	13.06	19.33	24.70	56.43
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
Level 1	8.50	1.95	4.99	3.46	4.74
Inflation plus 1%	1.62	0.90	2.23	3.72	3.24
Level 2	9.41	1.03	4.93	3.49	4.60
Level 3	11.30	0.31	5.38	4.80	5.65
Inflation plus 2%	2.54	1.90	3.25	4.74	4.27
Level 4	12.93	-0.47	5.79	6.14	6.70
Level 5	14.77	-1.31	6.27	7.97	8.13
Inflation plus 3%	3.46	2.90	4.26	5.76	5.29
Level 6	18.68	-2.08	7.06	11.56	10.97
Level 7	19.33	-2.76	7.47	12.84	11.16
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
Level 1	Inflation plus 1% per annum	40%
Level 2	Inflation plus 2% per annum	45%
Level 3	Inflation plus 2% per annum	45%
Level 4	Inflation plus 3% per annum	50%
Level 5	Inflation plus 3% per annum	60%
Level 6	Inflation plus 4% per annum	70%
Level 7	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	18 February 2008
Rebalancing	Quarterly (as required)
Risk profiles	Price Bailey portfolios are risk-rated – from the lowest risk (RL1) to the highest risk (RL7). Contact us for more details.
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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