

## Investment Objective

The Income Passive model aims to provide a combination of long-term capital growth and an income for investors who are willing to accept a medium level of risk by investing across global markets into a range of asset classes using passive funds, although some active funds may be used where we cannot replicate an index. Equity exposure within this portfolio will not exceed 60%. The portfolio's benchmark is the ARC Sterling Balanced Asset PCI.

**Commentary** For the last quarter of 2023, the DFM Income (Passive) model returned 5.4%, outperforming the ARC Sterling Balanced Asset PCI by 0.5%. For the year as a whole, the model delivered 8.7% compared to 6.0%. 2023 will likely go down in the annals as a year of contradiction. Economic growth was relatively slow (arguably Europe witnessed a recession), inflation – although falling – remains much higher than recent past numbers (and stubbornly so) and interest rates continue to rise. In terms of politics, “stability” is not a word that would be bandied around comfortably. In pretty much every editorial relating to capital markets, the word “recession” is increasingly used too. With such headwinds, it’s surprising that many markets performed really well. The tech heavy NASDAQ for instance was up almost 50% for the year (and approaching 10% for the quarter.) We closely follow over 150 indices – a mixture of equities, bonds, currencies and commodities – and in the last quarter of the year more than 10% of these were up more than 10%. When looking at the winning indices in the final quarter, it is interesting to note that among them were gilts, non-gilts, technology, real estate, smaller companies, and value. Although the market headlines continue to be dominated by the “magnificent 7” stocks, it feels like there are opportunities across a number of asset classes and investment styles. 2024 could see inflation fall further and Central Banks start to reduce rates. Although we are not dismissing a recession, that doesn’t necessarily mean stock markets will crash. Creating a balanced, blended portfolio should be a key objective in volatile times such as these. We find the portfolio remains suitable for a client looking to obtain a broad exposure of assets diversified by manager, investment style, geography and income.

## Performance Summary as at 31<sup>st</sup> December 2023

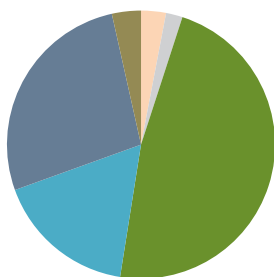
FE fundinfo

	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION DATE
<b>Income Passive Model</b>	3.7%	5.4%	6.6%	8.7%	7.9%	22.9%	72.7%
<b>ARC Sterling Balanced Asset PCI</b>	3.6%	4.9%	4.9%	6.0%	3.7%	20.8%	56.7%

Source: FE fundinfo & Hawksmoor. All figures quoted are on a total return basis with income reinvested and are gross of any Hawksmoor fees that may be deducted. Deduction of this charge will reduce the illustrated performance. All ARC benchmark figures are quoted net of fees.

## Current Asset Allocation

<b>Alternatives</b>	<b>3.0%</b>
<b>Cash</b>	<b>2.0%</b>
<b>Fixed Interest</b>	<b>47.5%</b>
<b>UK Equities</b>	<b>17.0%</b>
<b>International Equities</b>	<b>27.0%</b>
<b>Property</b>	<b>3.5%</b>



## Top 10 Holdings

<b>Fidelity Index UK</b>	12.0%
<b>iShares ESG Overseas Corporate Bond Index</b>	11.0%
<b>Fidelity Index World</b>	10.0%
<b>iShares Corporate Bond Index</b>	8.0%
<b>HSBC Sterling Corporate Bond Index</b>	7.5%
<b>Vanguard Global Bond</b>	6.5%
<b>Vanguard UK Investment Grade Index</b>	6.0%
<b>Schroder US Equity Income Maximiser</b>	5.0%
<b>Vanguard ESG Developed World All Cap Equity Index</b>	5.0%
<b>Vanguard FTSE UK Equity Income Index</b>	5.0%

## Model Details

<b>Inception Date</b>	31 <sup>st</sup> Oct 2012
<b>Number of Holdings</b>	17
<b>Underlying fund Ongoing Charge Figure (exc. fees) *</b>	0.21%
<b>Investment Management Fee</b>	0.25%
<b>Estimated Yield*</b>	3.13%
<b>3 Year Annualised Volatility</b>	6.50%

\* Based on the current portfolio weightings using the latest available data of the underlying funds. The yield is not guaranteed and may fluctuate.

A central model is created for each of our model portfolios, where the performance summary, asset allocation, fund holdings, charges and yield quoted on this factsheet are based on the central model portfolio. Where the central model is replicated, such as through a platform, any individual portfolio is unlikely to be identical to that of the central model as a result of the timing of the investment or any restrictions of the platform provider. There may be some circumstances when certain investments (e.g. property funds) may not be readily realisable and investors may experience difficulty in selling the investment or in obtaining reliable information as to its value.

For more information, please contact Jill Gill on 07846 932888 or at [jill.gill@hawksmoorim.co.uk](mailto:jill.gill@hawksmoorim.co.uk)

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