

Income Models Monthly Update

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WALKERCRIPS

Model Portfolio Service Direct

31st July 2024

Income Model Cumulative Performance Tables

Source: FE Analytics & BlackRock 360: 05/08/2024

Conservative Income	Yield:	4.43%		OCF:	0.61%		Inception Date:	16/06/2016	
		1m	3m	6m	1yr	3yr	5yr	Since Inception	
Portfolio	2.07%	3.82%	5.09%	8.88%	4.83%	17.50%	47.99%		
MSCI PIMFA Conservative	1.46%	3.74%	5.52%	10.47%	1.90%	11.44%	41.16%		
ARC GBP Cautious	0.70%	2.06%	3.32%	5.98%	0.26%	8.28%	22.30%		

Moderate Income	Yield:	3.99%		OCF:	0.60%		Inception Date:	14/12/2016	
		1m	3m	6m	1yr	3yr	5yr	Since Inception	
Portfolio	2.17%	3.78%	5.34%	5.46%	3.55%	15.37%	39.15%		
MSCI PIMFA Income	1.31%	4.10%	7.39%	12.15%	10.38%	22.10%	47.20%		
ARC GBP Balanced	0.80%	2.80%	5.10%	8.50%	3.29%	14.46%	30.73%		

Balanced Income	Yield:	3.82%		OCF:	0.59%		Inception Date:	07/09/2017	
		1m	3m	6m	1yr	3yr	5yr	Since Inception	
Portfolio	2.15%	4.50%	6.89%	10.42%	4.62%	16.86%	28.21%		
MSCI PIMFA Balanced	1.17%	4.28%	8.28%	12.98%	14.00%	27.36%	43.09%		
ARC GBP Steady Growth	0.90%	3.34%	6.44%	9.96%	5.72%	19.62%	30.56%		

Allocations

	Conservative Income		Moderate Income		Balanced Income	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Fixed Income	51.50%	47.50%	35.50%	30.00%	28.50%	22.50%
Alternatives	18.00%	17.50%	16.00%	15.00%	13.00%	12.50%
UK Equities	10.50%	10.00%	15.50%	17.50%	19.50%	20.00%
Global Equities	14.50%	19.50%	26.50%	31.50%	33.00%	38.50%
EM Equities	0.50%	0.50%	1.50%	1.00%	2.00%	1.50%
Real Estate	4.00%	2.50%	4.00%	2.50%	3.00%	2.50%
Cash	1.00%	2.50%	1.00%	2.50%	1.00%	2.50%

Past performance is not a reliable indicator of future results. Portfolio performance is shown with all income reinvested, and is after deduction of underlying fund charges but before Walker Crips' annual management charge (AMC). Deduction of the AMC will have the effect of reducing the illustrated performance. Benchmark portfolio performance is shown gross - before all charges. All dates refer to close of day values.

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Income Model Discrete Performance Tables

Source: FE Analytics & BlackRock 360: 05/08/2024

Conservative Income

	2019	2020	2021	2022	2023	2024 YTD
Portfolio	14.01%	3.33%	7.06%	-4.91%	4.01%	4.21%
MSCI PIMFA Conservative	12.86%	2.97%	6.89%	-11.60%	7.88%	4.97%
ARC GBP Cautious	8.05%	4.20%	4.23%	-7.60%	3.68%	3.19%

Moderate Income

	2019	2020	2021	2022	2023	2024 YTD
Portfolio	17.48%	-1.14%	10.78%	-3.10%	-0.21%	4.16%
MSCI PIMFA Income	15.15%	1.94%	10.42%	-8.49%	9.09%	7.04%
ARC GBP Balanced	11.73%	4.31%	7.64%	-9.14%	5.79%	4.84%

Balanced Income

	2019	2020	2021	2022	2023	2024 YTD
Portfolio	15.12%	1.50%	10.56%	-11.27%	7.28%	6.52%
MSCI PIMFA Balanced	16.21%	1.95%	12.54%	-8.10%	10.11%	8.03%
ARC GBP Steady Growth	15.00%	4.56%	10.24%	-10.23%	7.20%	6.29%

The Team



Walker Crips' Central Investment team (L to R): Shane Bennett (Head of Investment Strategy), Chris Kitchenham (Head of Direct Equities), Wesley Coultas (Head of Investment Management) and Rachel Blythe (Head of Model Portfolios)

The Model Portfolio Service Direct team is chaired by Chris Kitchenham (Head of Direct Equities) and Wesley Coultas (Head of Investment Management), members of the Central Investment Team; supported by our team of Investment Managers, Analysts and Administrators.

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Commentary

Within the income models, performance for the month showed the Conservative Income portfolio outperformed the benchmark by 0.61%; the Moderate Income portfolio outperformed the benchmark by 0.86%; the Balanced Income portfolio outperformed the benchmark by 0.98%.

The best performing holding within all models during the month was Ocado Group, which delivered a return of 40.39%. Ocado is a UK-based online food grocer and merchandise retailer. Ocado's shares surged following its Q2 earnings report, which showed a significant narrowing of losses and stronger-than-expected revenue growth. The company's pre-tax loss decreased to £153.9 million from £289.5 million a year ago, driven by lower costs and a 12.6% increase in revenue to £1.54 billion, surpassing analyst estimates. Ocado also raised its fiscal 2024 cash flow guidance and improved its profit forecast for its Technology Solutions segment, boosting investor confidence in its business model and future growth potential.

Another top performer for the month was St James's Place, held by all the models, delivering a return of 25.34%. St James's Place is a wealth management business offering investment, retirement, protection, banking and mortgages advice. Sentiment in the latest quarter has started to improve due to the resilience in net-flows and higher assets under management as compared to last quarters. St James's Place shares surged - their biggest daily gain since 2008 - after the UK's largest wealth manager reported better than expected first half profits and net customer inflows, while also unveiling a cost-cutting strategy. The strong financial performance and proactive cost-saving plans, which analysts praised as realistic and likely to be bolstered by a new fee structure from 2027, significantly boosted investor confidence.

The worst performing holding during the month was BP, held by all the models, which declined by 3.44%. BP operates as an integrated oil and gas company. BP's shares are under pressure as the company expects a challenging second quarter, with up to \$2 billion in impairments and a \$700 million hit to oil-trading earnings due to weaker refining margins, particularly in middle distillates, and narrower North American heavy crude differentials. These financial challenges are further exacerbated by broader industry headwinds following a significant Labour Party election victory, which has placed additional pressure on energy stocks through targeted policies, leading analysts to lower market targets and impacting BP's share price. Despite BP being an exception to the expected decline in Liquid Nitrogen Gas (LNG) volumes across other oil-and-gas majors, the overall sentiment remains cautious, reflecting the difficult environment BP is navigating.

Rio Tinto, the mineral resources mining company, was amongst the bottom performers within all the models during the month, declining 3.36%. The company faced challenges after cutting copper production guidance and reporting lower-than-expected second-quarter iron ore shipments due to a train derailment. Despite these setbacks, Rio Tinto's first-half profit rose by 14% to \$5.81 billion, with increased copper production and prices helping to offset weaker performance in its iron ore business.

Glossary

Holdings - the contents of an investment portfolio, such as a stock or a fund.

Benchmarks - either an index or base rate used as a comparator to assess a portfolio's performance.

Yield - indicates income generated as a percentage value of the portfolio. Yields are not guaranteed and may fluctuate over time.

OCF - ongoing charges figure' is the amount paid over an annual period for as long as you hold an investment. The OCF for a fund is quoted on the 'Key Investor Information' document and relates to the running costs of the fund.

Important Information

The ARC Indices are a set of benchmarks that reflect the real performance of investors that have their wealth professionally managed. It is based on the world's largest dataset of private client investment performance from the past 20 years. The Benchmark allows investors to see performance of similar portfolios helping them gauge the return of their own. The value of any investment and the income arising from it is not guaranteed and can fall as well as rise, so that you may not get back the amount you originally invested. Past performance is not a reliable indicator of future results. There is no guarantee that the portfolio objective will be met or that a positive return will be delivered over any time period. This publication is intended to be Walker Crips Investment Management's own commentary on markets. It is not investment research and should not be construed as an offer or solicitation to buy, sell or trade in any of the investments, sectors or asset classes mentioned. The performance of individual portfolios may differ from the model portfolio due to timing differences in implementing investment decisions, the impact of annual management charges, trading taxes, individual restrictions and taxation constraints. Movements in exchange rates can have an adverse effect on the value. The asset allocations indicated may vary marginally depending on prevailing market conditions. All figures are provided as at the date of this fact sheet. Walker Crips Investment Management Limited is authorised and regulated by the Financial Conduct Authority (FRN: 226344) and is a member of the London Stock Exchange. Registered Office: Old Change House, 128 Queen Victoria Street, London, EC4V 4BJ. Registered in England and Wales number 4774117.