

Income Models Monthly Update

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WALKERCRIPS

Model Portfolio Service Collectives

31st July 2024



Income Model Cumulative Performance Tables

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

Defensive Income	Yield:	2.74%		OCF:	0.51%		Inception Date:	29/01/2021	
		1m	3m	6m	1yr	3yr	5yr	Since Inception	
Portfolio	1.51%	3.36%	3.26%	8.26%	-4.75%	-	-1.82%		
MSCI PIMFA Conservative	1.46%	3.74%	5.52%	10.47%	1.90%	11.44%	7.79%		
ARC GBP Cautious	0.70%	2.06%	3.32%	5.98%	0.26%	8.28%	3.50%		

Conservative Income	Yield:	3.43%		OCF:	0.54%		Inception Date:	26/02/2021	
		1m	3m	6m	1yr	3yr	5yr	Since Inception	
Portfolio	2.06%	3.80%	4.70%	8.96%	-3.81%	-	2.47%		
MSCI PIMFA Conservative	1.46%	3.74%	5.52%	10.47%	1.90%	11.44%	8.81%		
ARC GBP Cautious	0.70%	2.06%	3.32%	5.98%	0.26%	8.28%	4.05%		

Moderate Income	Yield:	3.58%		OCF:	0.59%		Inception Date:	04/03/2020	
		1m	3m	6m	1yr	3yr	5yr	Since Inception	
Portfolio	2.18%	3.91%	5.86%	9.84%	2.80%	-	12.29%		
MSCI PIMFA Income	1.31%	4.10%	7.39%	12.15%	10.38%	22.10%	23.16%		
ARC GBP Balanced	0.80%	2.80%	5.10%	8.50%	3.29%	14.46%	17.94%		

Balanced Income	Yield:	3.59%		OCF:	0.57%		Inception Date:	03/07/2020	
		1m	3m	6m	1yr	3yr	5yr	Since Inception	
Portfolio	2.10%	4.16%	7.07%	10.70%	4.62%	-	19.66%		
MSCI PIMFA Balanced	1.17%	4.28%	8.28%	12.98%	14.00%	27.36%	32.08%		
ARC GBP Steady Growth	0.90%	3.34%	6.44%	9.96%	5.72%	19.62%	23.24%		

Allocations

	Defensive Income		Conservative Income		Moderate Income		Balanced Income	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Fixed Income	61.50%	47.50%	51.50%	47.50%	35.50%	30.00%	28.50%	22.50%
Alternatives	18.00%	17.50%	18.00%	17.50%	16.00%	15.00%	13.00%	12.50%
UK Equities	4.50%	10.00%	10.50%	10.00%	15.50%	17.50%	19.50%	20.00%
Global Equities	10.00%	19.50%	14.00%	19.50%	26.00%	31.50%	32.00%	38.50%
EM Equities	1.00%	0.50%	1.00%	0.50%	2.00%	1.00%	3.00%	1.50%
Real Estate	4.00%	2.50%	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%	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

Defensive Income

	2019	2020	2021	2022	2023	2024 YTD
Portfolio	-	-	-	-13.23%	6.16%	2.58%
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%

Conservative Income

	2019	2020	2021	2022	2023	2024 YTD
Portfolio	-	-	-	-12.20%	4.34%	3.66%
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	-	-	10.26%	-9.93%	5.55%	5.11%
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	-	-	11.94%	-10.02%	5.46%	6.48%
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%

Platform Availability



The Team

The Model Portfolio Service Collectives team is chaired by Rachel Blythe (Head of Model Portfolios) and Shane Bennett (Head of Investment Strategy), 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 Defensive Income portfolio outperformed the benchmark by 0.05%; the Conservative Income portfolio outperformed the benchmark by 0.60%; the Moderate Income portfolio outperformed the benchmark by 0.87%; the Balanced Income portfolio outperformed the benchmark by 0.93%.

Montanaro UK Income, held by all income models, was the strongest performing holding during the month, returning 5.85%. The fund's strategy to invest in UK Small and Mid-Cap companies, particularly those with attractive dividend yields and potential for above-average dividend growth, has benefited from current market conditions. Recent interest rate cuts have positively impacted smaller companies, making them more attractive to investors. This has led to a resurgence of the "Small-Cap Effect," with small-cap stocks outperforming larger ones over the past month. Despite recent gains, UK Small-Cap stocks are still trading at low multiples, driving significant Merger and Acquisition (M&A) activity as trade buyers and private equity firms capitalise on attractive valuations. This environment has positioned the fund to effectively leverage the emerging opportunities in the Small-Cap segment.

Another top performer during the period was the First Sentier Global Listed Infrastructure, held across all income models, except Defensive Income, gaining 4.70%. The fund's strategy to provide income and growth by investing in global infrastructure companies is well-timed, given the current economic outlook. With weaker US CPI (consumer price index) and labour market data, investors expect the Federal Reserve to begin cutting interest rates, starting in September and continuing through mid-2025. This has led to outperformance in interest-rate sensitive assets like infrastructure stocks, which benefit from lower financing costs and stable demand. The fund's diverse focus positions it to capitalise on these favourable conditions, offering attractive returns in a low-rate environment.

One of the worst-performing holdings over the month was Guinness Global Innovators, held only by the Defensive Income model, detracting 3.21%. The fund, which targets global companies benefiting from technological and strategic innovations, has recently been negatively impacted by the weaker performance of the AI sector. The AI exposed companies faced underwhelming earning results and valuation concerns, leading to a downturn in the fund's performance. Despite these challenges, the fund's focus on long-term growth through innovative companies with high returns on capital remains strong, positioning it well to capitalise on future opportunities as market conditions stabilise and technological advancements continue.

Another poorly performing holding during the period was JP Morgan Emerging Markets Income, held by all income models apart from Defensive Income, which fell 2.22% in value during the month. The Emerging Markets Income Fund aims for income and long-term capital growth by investing in dividend-paying stocks, particularly in the technology sector and China. The fund's technology investments faced pressure from disappointing quarterly results and valuation concerns, leading to a mid-month sell-off. Also, Chinese equity markets fell due to real estate sector challenges, but government measures to support the economy, such as cutting key interest rates, provided a foundation for recovery. Nevertheless, the fund's strategy remains sound, leveraging proactive economic policies and the growth potential of emerging markets to navigate volatility and pursue strong returns.

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 difference 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.