

MPS 2

As of 31 December 2017

Investment objective

The portfolio aims to grow assets in the long term, protecting against the effects of inflation, with a significant allocation to cash, bonds and other defensive assets.

Investment approach

The portfolio looks to deliver the maximum return possible for a level of risk that investors are comfortable with.

To do this, the portfolio invests in collective investments such as funds and ETFs to deliver a highly diversified portfolio of assets including equities, bonds, commercial property and cash to deliver long term returns with a more predictable investment journey by smoothing out the worst of market volatility.

The AJ Bell investment team work closely with highly regarded economists from Moody's Analytics to deliver a long term approach that combines different assets to efficiently deliver returns without compromising investors' tolerance for risk.

The portfolio invests in low-cost passive strategies that are designed to track the performance of indices such as the S&P 500 Index, the FTSE All-Share Index and the Barclays Sterling Corporate Bond Index to give exposure to a variety of asset classes across a diversified range of global markets. In addition, our focus on long-term investing helps to minimise transaction costs, ensuring that there is minimal additional impact on the portfolio.

Top 10 holdings

Holding	Weight
SPDR Barclays Sterling Corporate Bond UCITS ETF	13.80%
iShares GBP Corporate Bond UCITS ETF	13.80%
Vanguard US Equity Index-A Fund	13.56%
iShares UK Property UCITS ETF	10.80%
iShares Global High Yield UCITS ETF	10.80%
iShares UK Equity Tracker Fund	9.72%
Vanguard UK Government Bond Index Fund	9.20%
Vanguard Inflation-Linked Gilt Index Fund	4.60%
Vanguard FTSE Developed Europe ex UK Equity Fund	3.79%
State Street Liquidity Fund	2.60%

Subject to regulatory requirements, the portfolio will normally remain fully invested. There is, however, no restriction on the underlying content of the investments held in terms of investment type and geographical or economic sector (other than those imposed by the regulations). This means that AJ Bell Investments can, at its own discretion, weight the portfolio towards any investment type or sector, including cash, at any time.

Risk profile

For investors who can tolerate some shorter-term capital loss from their portfolio, as markets fluctuate.

The portfolio invests in funds and exchange traded funds (ETFs), using defined strategic asset allocation to deliver returns while meeting the targeted level of risk.



Asset allocation



52.20%	Fixed income	9.72%	UK equity
10.80%	Alternatives	22.68%	Overseas equity
4.60%	Cash (and equivalent)		

Performance

Cumulative Performance (%)						
	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years
MPS 2	2.20%	3.25%	3.63%	6.82%		

Discrete Period Performance (%)	
	31/12/2016 - 31/12/2017
MPS 2	6.82%

Performance reflects the headline model and includes the underlying costs of the holdings and the annual investment management charge. It does not include any transaction costs that would have been incurred through rebalancing or changing any underlying holdings.

Fees and charges

Annual investment management charge	0.25% plus VAT
Portfolio OCFs	0.21%

Additional costs will be incurred while using the MPS. These include (where applicable) product costs and dealing costs. For example, it costs £13.00 to buy the investments that make up MPS 2. Any charges payable to your financial adviser will apply in addition.

For further details of all applicable costs, please speak to your financial adviser or visit www.investcentre.co.uk.

Market volatility

Each portfolio has an expected level of risk, measured by volatility. This is a statistical measurement of how widely the returns of each fund vary from its average over time. This is measured over rolling 36 month periods and is used to help you understand the level of risk taken in each portfolio.

Expected volatility	6.3 – 8.4%
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Past performance is not indicative of future performance. The value of investments may go down as well as up and the income generated by investments is not guaranteed and may fluctuate. You may receive back less than the amount that you invested.

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The information and data presented in this document were believed to be correct at the time of writing and we are not liable for any subsequent changes.