GUIDE TO INVESTMENT MODEL PORTFOLIOS

GD
GIBBS DENLEY
INVESTMENT MANAGEMENT

Gibbs Denley Investment Management (GDIM) offer a range of Investment Model Portfolios (IMPs) to meet the varying needs of investors. Our most extensive research focuses on these portfolios, which are designed to perform optimally at specific,
pre-determined levels of investment risk. We are committed to achieving a high level of performance for each, using both active and passive funds, while maintaining a strict risk discipline and concentrating on offering a generous 'risk-adjusted' performance.

GDIM Cautious Investment Model Portfolio

This IMP is designed with capital preservation at its heart, but is built to also achieve modest growth over the long term. Since its inception, it has experienced a very low level of volatility and will usually have a muted reaction to market fluctuations. We will typically use a large proportion of more defensive assets in this IMP and it is therefore dominated by bonds, 'absolute return' funds as well as some domestic and global equity.

GDIM Conservative Investment Model Portfolio

This IMP will target a low level of risk but maintains the potential for growth over the long term. It has experienced a moderately low level of volatility since its launch and will follow market movements to some degree on both the up- and down-side. We will typically use a solid core of defensive assets (such as bonds and 'absolute return' funds) in this IMP but will complement these with low-risk domestic and global equity.

GDIM Balanced Investment Model Portfolio

This IMP will generally use similar amounts of risk-weighted equity and non-equity instruments to achieve growth over the long term. It has experienced a moderately low level of volatility since its launch and should follow market movements to both the up- and down-side. We will typically use a mix of defensive (bonds and 'absolute return' funds) and adventurous (growth-focused equity on a domestic and global basis) assets. It tends to combine the most effective elements from both the defensive and aggressive portfolios.

GDIM Moderately Aggressive Investment Model Portfolio

This IMP carries a high degree of global market participation potential but is moderated by some of our lower-risk strategies. The potential for gains is quite large, but this opportunity comes with the associated risk of relatively higher volatility and this has been evident. Generally, the IMP will be dominated by equity-based investments which are adventurous in nature and cover a wide geographical range including Asia and Emerging Markets. These are diversified by using lower-risk strategies such as bonds.

GDIM Aggressive Investment Model Portfolio

This IMP will bring together our most potent global ideas and the potential for growth is high. However, this opportunity comes with the associated risk of higher volatility which is evident in this portfolio. Generally, it will be dominated heavily by equity-based investments which are adventurous in nature and cover a wide geographical range, including Asia and Emerging Markets.

GDIM Passive Investment Model Portfolios – ‘Cautious’, ‘Conservative’, ‘Balanced’, ‘Moderately Aggressive’ and ‘Aggressive’

GDIM also operate a range of Cautious to Aggressive ‘passive’ Investment Model Portfolios, which are based around a similar level of risk to our active counterparts, but which use market-tracking instruments to generate returns rather than active managers. While they are proactively managed in terms of asset allocation, decided by the Investment Committee, the funds within these IMPs tend to be less constrained than their active counterparts, and therefore can carry higher volatility. We are also mindful that some of the volatility-reducing tools that we use in active portfolios are not available on a passive basis, which may add to the relative increased risk. The main advantage of these is the lower cost, as ‘tracker’ funds usually charge considerably less than managed ones.

GDIM Income Investment Model Portfolios – ‘Conservative Income’ and ‘Balanced Income’

Our range of income-focused IMPs is designed for clients who wish to generate a yield from their assets, without having to sell down units to generate income. We operate two IMPs for income, based upon our Conservative and Balanced risk levels. These will contain many of the same aspects as the main IMPs, and some funds will be used in both, but the majority of assets within these will contribute specifically to the distributable income it generates. They have been successful in producing their desired level of return but they can also experience higher volatility, due to the lower level of diversification within them. The Income IMPs will generally have a bias toward domestic equity (as the UK is a fruitful location for dividends) and a higher-yielding bond aspect, which is often of lower quality than that held in the main IMPs. A mix of domestic and global bonds and equity will feature in these. Taking a ‘natural’ income will produce regular payments, but these are likely to fluctuate.

GDIM Ethical Investment Model Portfolios – ‘Cautious’, ‘Conservative’, ‘Balanced’, ‘Moderately Aggressive’ and ‘Aggressive’.

Our range of ethically-minded IMPs is run to the same parameters as our main ‘whole of market’ ones, but seeks to use socially responsible funds where possible. Bond and equity funds that use a negative screen (that removes companies that deal in tobacco, arms, alcohol, pornography, gambling, etc.) or a positive screen (to include companies that make a positive impact, such as social housing schemes or those that manage charitable schemes) will be considered for use and are analysed in the same way all of our funds are, in terms of performance and risk.

GDIM Thematic Investment Model Portfolio

This IMP will be a high conviction portfolio populated with long-term thematic ideas that have the highest potential for growth. Naturally, this comes with the associated risk of higher volatility, which is evident in this portfolio. Generally, it will be dominated by equity-based investments which are adventurous in nature and cover a wide geographical range, including Asia and Emerging Markets. The portfolio’s asset allocation should move less than other portfolios, as the focus is on longer-term success.

Please note: that returns from investments are not guaranteed, as capital may fall as well as rise and you may not get back the full amount invested.

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