

# BALANCED GROWTH

## MODEL PERFORMANCE SHEET Q1 2020

### MODEL OBJECTIVE

The balanced growth portfolio is a medium to high risk portfolio with a large allocation to growth assets. This portfolio is suitable for investors who are prepared to accept short to medium term losses in order to achieve better long-term returns. The DLSCM balanced growth portfolio should have an expected return that outpaces cash by approximately 6-7% over a 10-year holding period. There is some protection against risk, but a lesser degree of concern with the potential of short to medium term losses.

### COMMENTARY

This quarter has not been an easy one for most investors. Nobody could have predicted at the start of this year that large parts of the global economy would be brought to an abrupt halt by the COVID-19 pandemic. Markets such as the NASDAQ and S&P 500 reached record highs on February 19th. From February 24th-28th, stock markets worldwide reported their largest one-week declines since the 2008 financial crisis. This was mainly in response to Covid-19 and an oil price war between Russia and the OPEC countries led by Saudi Arabia. The S&P 500 fell 17.87% over Q1 while MSCI Europe ex-UK and World fell 21% & 19.2% respectively.

Fixed income has held up with government bonds rising in price in response to central bank stimulus. However, concerns about the effect of the shutdowns on corporate profits have led to corporate bond prices declining, which will have detracted from the returns with high yield energy bonds the worst hit.

This unprecedented shock requires an unprecedented policy response. Central bank reaction began early in March as similar liquidity plans were announced. While the ECB did not cut its rates, they launched an extra emergency bond-buying program worth €750bn. The US Fed announced 2 cuts (totalling 1.5%) in interest rates taking them to zero and a bond purchasing scheme of \$700bn.

Governments announced substantial support plans - \$2tn from the US, €1.1tn from Germany, UK £31bn to name a few. The debate has now moved on from whether there will be a recession this year, to how deep and long it will be.

*Commodities: Bloomberg indices for Gold +7% & Oil -65%.*

*Rates: US 10yr: 0.67%, UK 10yr GILT: 0.37%, German 10yr: -0.47%*

*Rates: EUR/USD 1.11, EUR/GBP 0.89, GBP/USD 1.25*

*Source: Davy, MSCI, Bloomberg, J.P. Morgan Data: March 31st 2020*

*All returns in Euro.*

### Key Facts (31<sup>st</sup> Mar 2020)

No. Holdings	12
OCF	0.80%
CUR	EUR
Min:	€20,000
Since Inception (S.I.)	6 <sup>th</sup> Oct 2017

FIG 1: Growth of Portfolio

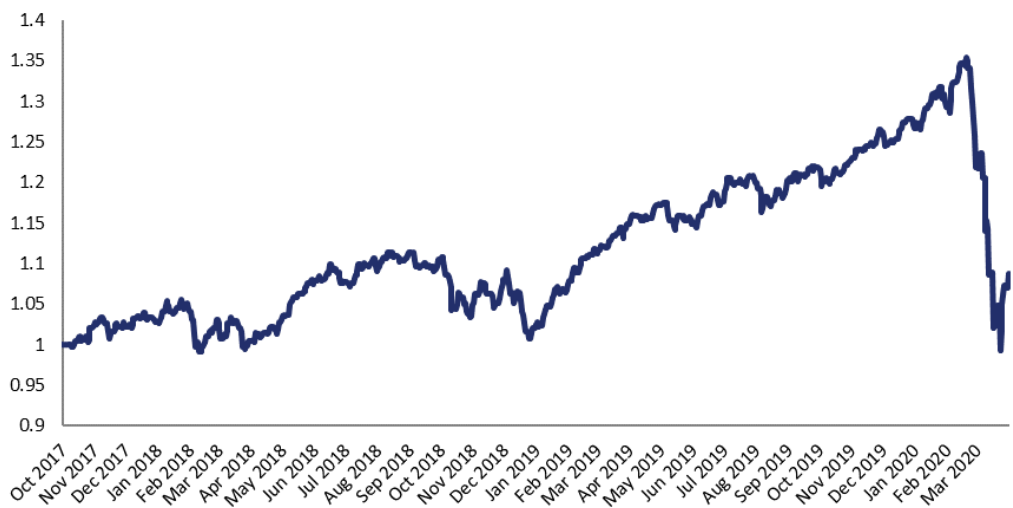
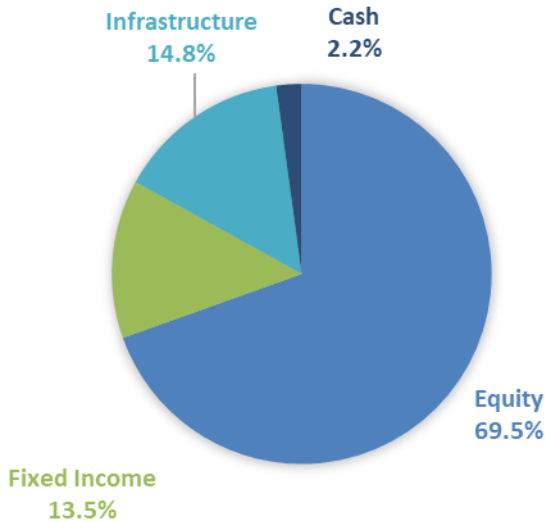


TABLE 1: ROLLING MODEL PORTFOLIO PERFORMANCE

Portfolio	1M	3M	6M	YTD	1YR	S.I.
DLS Balanced Growth	-10.7%	-14.1%	-10.5%	-14.1%	-5.3%	8.8%

Warning: Past performance is not a reliable guide to future performance. The return on investments denominated in non-euro currencies may be affected by changes in currency exchange rates.

**FIGURE 2: Current Asset Allocation (% Model)**



**TABLE 2: INDIVIDUAL INSTRUMENT Allocation**

Asset Allocation	Current	Initial
ishares S&P 500	13.7%	14.0%
Baillie Gifford Worldwide US Growth	7.7%	7.0%
First State Global Indian Sub Continent	3.9%	4.9%
First State Global Japan Equity	6.1%	5.6%
First State Global Asia Focus	10.2%	10.5%
Stewart Investors Asia Pacific Leaders	6.5%	7.0%
Stewart Investors Worldwide Sustainability	10.5%	10.5%
Fundsmith Equity	10.8%	10.5%
<b>Total Equity</b>	<b>69.5%</b>	<b>70.0%</b>
M&G Optimal Income	6.4%	6.5%
Jupiter Dynamic Bond	7.1%	6.5%
<b>Total Fixed Income</b>	<b>13.5%</b>	<b>13.0%</b>
First State Global Listed Infrastructure	7.4%	7.5%
M&G Global Listed Infrastructure	7.4%	7.5%
<b>Total Infrastructure</b>	<b>14.8%</b>	<b>15.0%</b>
Cash	2.2%	2.0%
<b>Total Cash</b>	<b>2.2%</b>	<b>2.0%</b>

**TABLE 3: INDIVIDUAL INSTRUMENT PERFORMANCE**

Individual Instruments	1M	3M	6M	YTD	1YR	S.I.
ishares S&P 500	-12.3%	-17.8%	-11.8%	-17.8%	-5.1%	12.9%
Baillie Gifford Worldwide US Equity Growth	-7.1%	-3.1%	6.9%	-3.1%	7.1%	50.4%
First State Global UF plc Indian Sub Continent	-26.5%	-28.1%	-26.4%	-28.1%	-26.9%	-20.8%
First State Global UF plc Japan Equity	0.3%	-15.3%	-9.9%	-15.3%	4.0%	15.7%
First State Global UF plc Asia Focus	-13.2%	-17.2%	-11.6%	-17.2%	-8.7%	5.0%
Stewart Investors Asia Pacific Leaders	-11.5%	-15.6%	-13.9%	-15.6%	-12.0%	0.0%
Stewart Investors Worldwide Sustainability	-7.6%	-11.6%	-8.7%	-11.6%	-4.6%	4.3%
Fundsmith Equity	-7.2%	-11.5%	-7.7%	-11.5%	-2.3%	24.0%
M&G Optimal Income	-9.1%	-11.3%	-9.4%	-11.3%	-7.6%	-7.6%
Jupiter Dynamic Bond	-4.9%	-1.9%	-2.6%	-1.9%	1.7%	2.6%
First State Global UF Global Listed Infrastructure	-14.0%	-17.2%	-17.3%	-17.2%	-8.3%	0.4%
M&G Global Listed Infrastructure	-19.6%	-21.2%	-18.4%	-21.2%	-6.7%	7.9%

S.I.: Data starts 06/10/2017

DLS Capital Management Limited is regulated by the Central Bank of Ireland

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