

BinaryCapital

Portfolio Brochure

The Passive MPS

The art of model portfolio investing.

as of June 2024

binarycapital.co.uk



Available On:



Capital at risk.

Low-cost, diversified, multi-asset portfolios

The Passive MPS

Low-cost access to diversified, highly liquid, risk managed portfolios.

Concerned about the ability of active investors to continually beat the market? Our Passive Portfolio is the perfect solution; a multi-asset portfolio of index tracking funds aligned to our global asset allocation framework.

Why our passive portfolio?

- A very competitive price point at only 0.05% p.a. annual management charge.
- A simple and transparent approach to gaining global market exposure aligned to our independent asset allocation framework.
- 100% whole of market fund selection, with best-in-class selection criteria. Investing across reputable index fund providers.

What will we be investing in?

- Your portfolio will comprise of tracker funds that physically replicate indices such as the S&P 500 and FTSE 100.
- The portfolio range invests in low-cost investment strategies.

	Our Passive Portfolios	Typical Index Portfolios
Asset Classes	<ul style="list-style-type: none"> • Large Cap Equities, • Fixed Income – Investment Grade • Cash 	<ul style="list-style-type: none"> • Equities • Fixed Income – Investment Grade, High Yield, Emerging Market Debt • Small Cap Equities • Alternatives – Property • Cash
Diversification / Asset Allocation	<ul style="list-style-type: none"> • Diversified across Large/Mega-Cap equities and Investment grade bonds. • Diversified globally. 	<ul style="list-style-type: none"> • Potentially, diversified into asset classes we do not consider – High Yield Debt, EM Debt, Property. • May have a UK home bias.
Product Providers	Fully whole of market. Using the full range of best-in-class providers. We are not tied to any provider.	The solutions usually focus on one product providers passive instruments.
Indexation Type	Physical only.	Physical, Synthetic.
Costs	The lowest cost Passive MPS in the UK.	May charge active fees for passive investment management.

Featured Investment Houses

We invest in fund solutions from the very best investment houses in the world. Below are examples of fund houses that we invest alongside in the Binary Capital Passive Model Portfolio Service.



About Passive Investment Management

- Passive investing is an investment strategy that aims to replicate the performance of a market index. Examples of indexes include S&P 500 and the FTSE 100. Passive investing has grown in popularity over the past 30 years and is a very common product and investment strategy.
- Passive investing allows investors to achieve very broad market exposure at very efficient costs.

Understanding Our Selected Asset Classes

Equities	<p>Equities, also known as stocks or shares, represent ownership in a company.</p> <p>We have a focus on blue-chip, large-cap and mega-cap equities. There is a focus on high-quality businesses. The portfolio has a quality-growth bias. We have a global equities focus. We do not have a bias to the UK stock market.</p>
Fixed Income	<p>Fixed income, also known as bonds or debt securities, represents loans made by investors to governments, corporations, or other entities in exchange for regular interest payments and the return of the principal amount at the end of the bond's maturity period.</p> <p>Our focus is on Western investment grade bonds. For example, Sterling or US denominated Government and Corporate Bonds. We typically do not invest in other Fixed Income categories.</p>
Cash	<p>A small cash balance is included in the portfolios to allow for the adviser fee, platform fee and investment manager fee to be efficiently charged to accounts without disturbing the portfolio.</p>

More information



5 Risk profiles. Actively managed asset allocation.



100% whole of market fund selection.



Physically replicated index tracking funds only.



Highly liquid in nature. Only daily traded funds or ETFs.



Minimum semi-annual rebalancing.



Available on platform of choice.



Monthly factsheets and commentary available.












Understanding our risk profiles

We offer model portfolios tailored to five distinct risk profiles ranging from Defensive to Adventurous. These profiles are determined by specific constraints on equity allocation (%) and targeted volatility, as measured by the 5-year standard deviation of returns.

Lower Risk ←—————→ Higher Risk

	Defensive	Cautious	Balanced	Growth	Adventurous
Equity risk target (%)	0 - 35%	25 - 55%	45 - 75%	65 - 95%	85% +
Typical Equity Allocation (%)	20%	40%	60%	80%	90-100%
3-year Volatility target	1.0 - 6.0	3.0 - 8.0	5.0 - 11.0	7.0 - 13.0	11.0 - 16.0

Portfolio Fund Selection

Product Provider	Passive Selected Funds List	Index tracked
Corporate Bonds		
	iShares Corporate Bond Index (UK)	iBoxx Sterling Non-Gilt Index
	Vanguard U.S. Investment Grade Credit Index (Hedged)	Bloomberg Global Agg USD Credit Float Adj Bond Index
Short Dated Corporate Bonds		
	L&G Short Dated Sterling Corporate Bond Index	Markit iBoxx GBP Corp 1-5 TR
	Vanguard UK Short-Term Investment Grade Bond Index	Non-Government 1-5 Yr. 200MM Float Adjusted Bond Index
US Equities		
	Fidelity Index US	S&P 500 Index
	Fidelity Index US (hedged)	S&P 500 Index (GBP Hedged)
EU Equities		
	Vanguard FTSE Developed Europe ex-UK Equity Index	FTSE Developed Europe ex-U.K. Index
UK Equities		
	Vanguard FTSE 100 Index Unit Trust	FTSE 100 Index
China Equities		
	HSBC MSCI China NAV GBP	MSCI China Index Net Total Return
Emerging Markets Equities		
	Vanguard Emerging Markets Stock Index	MSCI Emerging Markets Index
Asian Ex. Japan Equities		
	iShares Pacific ex Japan Equity Index (UK)	FTSE World Asia Pacific ex Japan Index

Data as of June 2024

Costs

	Risk Profile	AMC	Underlying OCF	Transactional costs	Incidental Costs	Total Cost	
Lower Risk ↑	Defensive	0.05%	0.12%	0.05%	0.00%	0.22%	
	Cautious		0.12%	0.04%	0.00%	0.21%	
Capital Growth ↓	Balanced		0.12%	0.03%	0.00%	0.20%	
	Growth		0.12%	0.03%	0.00%	0.20%	
	Higher Risk ↓		Adventurous	0.12%	0.03%	0.00%	0.20%

Costs calculated as of June 2024

Understanding Costs

▶ Binary Capital Annual Management Charge (AMC)

This is the charge taken by Binary Capital Investment Management for investment management services.

▶ Underlying OCF

These are the charges associated with the management of the funds the portfolio invests in. These costs may include transaction fees, legal and regulatory expenses, audit fees, and other administrative costs that are necessary for the fund's operation and are passed on to the fund's shareholders.

▶ Transactional Costs

Transaction costs are the costs associated with buying and selling the securities within the fund. There are two types of transaction costs: explicit costs and implicit costs.

▶ Incidental Costs

Fund incidental costs refer to the additional expenses incurred by mutual funds or exchange-traded funds (ETFs) in addition to their expense ratio.

▶ Total Costs

This is the total of the Underlying Ongoing Charges Figure (OCF), the Binary Capital Annual Management Charge (AMC) and includes the estimated transactional and incidental costs. The total cost does not include other costs that may be incurred such as an adviser fee and platform charges.

Suitability Lines

About the Binary Capital Passive Portfolio Range:

The Passive Model Portfolios aim is to provide investors with low-cost broad investment exposure across global equities and high-quality fixed income through index-tracking funds. The index-tracking funds used are transparent, managed by large index fund houses and the funds are standard indexation funds, i.e., they are physical replications of the relevant index.

Low cost

- The costs of the Binary Capital Passive MPS is low, on an absolute basis and when compared relatively to other similar solutions. Binary Capital charge only 0.05% p.a. for investment management services which puts the proposition as one of the lowest cost in the UK wealth solutions market.

Whole of market product selection

- Binary Capital Investment Management is a fully independent investment firm. The passive portfolios are 'whole of market', meaning that your investment managers look across investment product providers such as Fidelity, iShares, Vanguard and HSBC amongst other credible providers when selecting investment products and are not tied to providers.

Long-term strategic asset allocation, with semi-annual rebalancing

- The passive portfolio invests for the long-term, with semi-annual rebalancing to ensure that your portfolio remains aligned to your risk profile.

Clear and credible strategy

- The Passive MPS is a credible investment solution based on academic and evidence-based research. The model portfolios do not invest in any unregulated products, neither any less understood assets or products. The strategies invest in low-cost index tracking products from reputable investment houses such as Fidelity, iShares, Vanguard and HSBC. They are clear and consistent in this approach.

Independent research

- Binary Capital conducts all research in-house, independently. Binary Capital is not tied to any particular investment house. They are free to choose suitable funds subject to strict fund selection parameters. The research is overseen by an experienced investment professional with around 25 years investment experience.

A truly global investment framework

- Binary Capital invests with a global view and does not focus on the UK for equity exposure. Global exposure in the form of US, Asia and Emerging Markets exposure.

Dedicated portfolio management

- The Binary Capital Passive MPS is monitored daily, monthly and quarterly by a dedicated team of investment professionals. The model portfolios are monitored to ensure that they stay in line with your risk profile and investment objectives. With investment in any Binary Capital investment solution, investors have direct access to the Binary Capital investment team in conjunction with their financial adviser as and when required.

Consumer Duty

Target Market:

The Passive Model Portfolio is aimed at investors with a preference for tracker funds, seeking a low-cost, diversified, risk-controlled investment portfolio that is actively managed.

Our Model Portfolios are suitable for retail clients and are intended for distribution via FCA authorised financial advisers that have conducted the relevant work to determine their clients' circumstances, objectives, risk tolerance and appetite and responsible investment objectives.

- Client type: retail and professional investor.
- Knowledge and experience: basic investor, informed investor, advanced investor.
- Capacity for loss: no capital guarantee.
- Risk profile: our model portfolios are offered in five defined risk profiles.
- Recommended time horizon: minimum five-year investment time horizon.
- Distribution strategy: investment advice

Negative Target Market:

- Not suitable for clients unable to bear potential losses.
- Not suitable for clients with an investment time horizon of less than five years.
- Not suitable for clients seeking a portfolio with a sustainability focus.
- Not suitable for clients seeking an income generating investment solution.

**Seeking to deliver
highly credible investment outcomes.**

Disclaimer

The Information in this document is not intended to influence you in making any investment decisions and should not be considered as advice or a recommendation to invest. Any Information may not be suitable for all investors and investors must make their own investment decisions using their own independent advisors and relevant offering material. Any investment decisions must be based upon an investor's specific financial situation and investment objectives and should be based solely on the information in the relevant offering memorandum. Income from an investment may fluctuate and the price or value of any financial instruments referenced in this document may rise or fall. Past performance is not necessarily indicative of future results.

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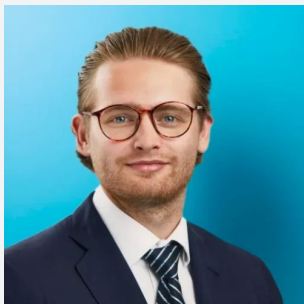
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Contact Us

Discuss your investment needs with us.

If you are a financial advisor seeking to find out more about our services, please contact the team using any of the methods below or visit our website: binarycapital.co.uk

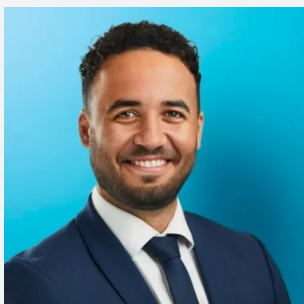


Sam Boughton

Client Service Director

t: 0203 943 5084

e: sam.boughton@binarycapital.co.uk

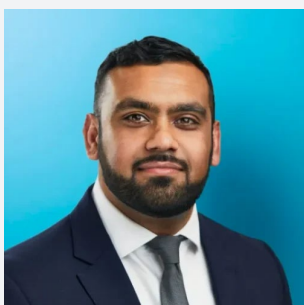


Joss Mama

Client Services Manager

t: 0203 943 5083

e: joss.mama@binarycapital.co.uk



Zayn Baroo

Partnerships Manager

t: 0203 943 5089

e: zayn.baroo@binarycapital.co.uk