

Sterling Solution

Low capacity for loss investing

For professional use only



A view from the investment manager



Tim Willis
Investment Director

“Sterling offers the opportunity to hold capital at low risk, with an appropriate return, ready for your next move.”



Lower risk, higher liquidity

When your investment strategy needs an allocation to very low risk, highly liquid assets, Sterling is a solution to consider.

Sterling is an alternative to a low risk investment portfolio containing bond funds and alternatives. This gives it a lower risk profile than any of our Risk Grade 1 portfolios.

Bonds funds for example are sensitive to interest rate changes, so they're more volatile than the shorter dated, money market investments in the Sterling solution. It also avoids equities and other higher risk asset classes.

Client appeal

Sterling might be a good fit for:



Someone with a very low attitude to risk.



Someone in retirement who wants to hold income, immune to the risks of the equity market.



An investor with a very short investment time horizon or who's not yet ready to invest.



Why choose Sterling?



Cash-like solution, built with high-quality AAA rated funds holding only short-term money market deposits and securities.



We undertake extensive quantitative and qualitative research of a fund's process and risk controls – giving you confidence in the liquidity and security of the product.



Low risk, high liquidity, on platform solution - making it a good potential option for phasing money into the market to take advantage of pound cost averaging.



Supports financial planning when you need to consider low risk tolerance / low capacity for loss.



Provides straightforward access to funds for short term plans.



Supports a multi pot strategy where money is allocated between pots with different client goals.



Keeps clients on platform within a wrapper, ready to act, if appropriate when goals change.



Targets realistic returns while keeping liquidity high and credit risk low.



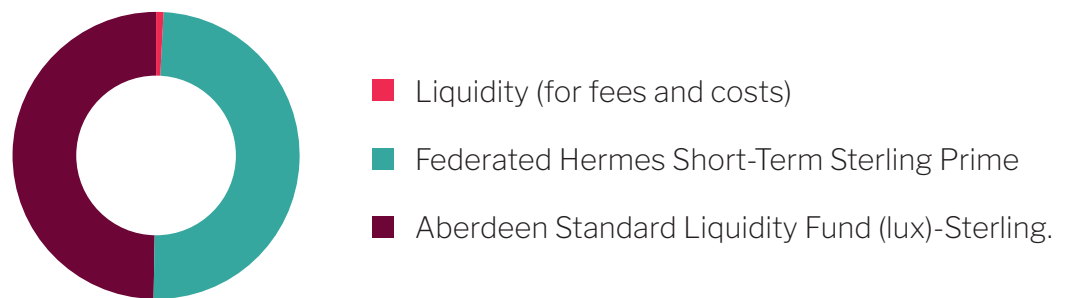
Track record since August 2019

What's in Sterling Solution?

Sterling Solution currently consists of two funds, both AAA rated by Fitch. We hold a liquidity buffer of 1% of the total holdings for fees and costs. For the remaining 99%, current fund weightings are:

- 50% Federated Hermes Short-Term Sterling Prime
- 50% Aberdeen Standard Liquidity Fund (lux)-Sterling.

Like all our investment solutions, these are reviewed regularly.



As with any investment, the more return you want, the more risk you need to take. Our focus with Sterling is to make sure that the funds we invest in are extremely liquid, so we take less risk.

The funds currently used within the solution follow the regulatory framework for a Low Volatility Net Asset Value (LVNAV). This means that Net Asset Value should go up in all but the most extreme circumstances. So whilst there's never a guarantee, your clients can have greater confidence that they'll get their investment back.

(i) The 3 main types of money market fund

1. Public Debt Constant Net Asset Value (CNAV) - these stick to a fixed unit price and represents Short-Term Money Market Fund.
2. Low Volatility Net Asset Value (LVNAV) - these are another Short-Term Money Market Fund and will stay at a constant price, as long as its asset values don't deviate by more than 0.2%.
3. Variable Net Asset Value (VNAV) - these run on a mark-to-market pricing, so will experience more fluctuations.

All money market funds have strict investment criteria and regulatory requirements for diversification and liquidity of investment. For the LVNAVs we're currently invested in those requirements are particularly strict.

- At least 10% of the fund must have daily liquid assets.
- At least 30% of the fund must be maturing within 1 week.
- Weighted average maturity (WAM) of the fund must be no more than 60 days.
- Weighted average life (WAL) of the fund must be no more than 120 days.
- Fund is rated AAA by Fitch credit rating.

By investing in funds that meet these investment restrictions, it helps make sure we meet the liquidity requirements and risk profile of the solution.

Performance

Current yield, before charges (as of February 2024):
5.29%

For the latest performance data, please refer to the **Sterling Solution factsheet**.

Important information

As always, past performance is no indicator of future returns and investors could get backless than they put in. There's also no guarantee the solution or funds will meet their objectives.

How much does it cost?

Our Sterling solution charges are simple and transparent.

Type	Charge
Ongoing Charges Figure (OCF) (for the management of the individual funds within your client's portfolio, paid directly to the fund manager.)	0.10% p.a.*
Discretionary management fee (DFM) (for Parmenion Investment Management to manage your client's portfolio in line with their investment objectives.)	0.05% p.a. (taken monthly)
Custody charge (for all assets in PIM Sterling) (for Parmenion's ongoing administration of your client's portfolio and safe custody of your assets.)	0.20% p.a. (taken monthly)
No dealing charges	

*As at 01/02/2024



Example cost of ownership

	Custody	DFM	Dealing	OCF	Total
	0.20%	0.05%	-	0.10%*	0.35%
For a £50,000 investment	£100.00	£25.00	-	£50.00	£175.00
For a £100,000 investment	£200.00	£50.00	-	£100.00	£350.00

*OCF as at 01/02/2024

i Important information

Sterling is not the same as a cash solution where deposits are made with banks or building societies. It's not mapped to our Risk Framework, nor to third party risk profilers.

While the funds are designed for preservation of capital, there's no guarantee and capital is still at risk.





Awards and ratings



5 Star 2015-2023
DFM MPS Direct
Defaqto



Gold 2018-2022
DFM Service
Defaqto



Access on our award
winning platform

ⓘ Important information:

- This document for financial professionals only.
- Any news and/or views in this document are meant as general information and shouldn't be seen as financial advice, or a personal recommendation.
- Parmenion accepts no duty of care or liability for loss to any person acting or refraining from acting as a result of reading anything in this document.
- Past performance is not an indicator of future performance and investment returns can go down as well as up.
- All data sourced from FE fundinfo.

Want to know more?

If you'd like to chat to us about our Sterling solution or wider proposition, please get in touch.

Phone:

03300 945 900

Email:

mail@parmenion.co.uk

Parmenion

Registered Office: Aurora,
Counterslip, Bristol, BS1 6BX.

Website: www.parmenion.co.uk

Parmenion Capital Partners LLP
Authorised and regulated by the
Financial Conduct Authority.

FCA Number 462085.
Registered in England and Wales
OC322243.

Version date: 23/02/2024