Model Portfolios

Guideline

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Make your money work harder.

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mediterraneanbank
Think Ahead. Bank Ahead.

Diversification of investments is one of the most time-tested ways to mitigate investment risk. One of the easiest, least costly and most effective ways to diversify your risk is to consider investing in one of Mediterranean Bank's Model Portfolios. Our Model Portfolios are diversified portfolios of mutual funds designed to address different risk tolerance levels and to maximise your potential medium to long-term return.

Our Model Portfolios were developed by Mediterranean Bank working closely with Morningstar, a globally renowned independent investment analysis and research firm. The Model Portfolios include accumulator funds, i.e. funds designed to provide capital growth with income from underlying investments being automatically reinvested. The Balanced Model Portfolio is also available in income version, whereby income from underlying assets is distributed to investors.

We help you choose the right mix of investments by offering **five different risk-based investment Model Portfolios** that are designed to meet your chosen risk profile and help make asset allocation easier.

The five Model Portfolios are:

Defensive | Conservative
Balanced | Growth | Aggressive

Built and designed with: MORNINGSTAR®

Some of the renowned Fund Houses which feature in our Model Portfolios:

KAMES CAPITAL | Invesco | FRANKLIN TEMPLETON INVESTMENTS

ROBECO | threadneedle investments | J.P.Morgan Asset Management

Charges: Investing in one of our Model Portfolios is very competitively priced at just 0.5% of trade consideration with a minimum of €25 per fund. We do not charge any exit fees.

Defensive
Model Portfolio

This investment strategy is designed for those who want their savings to keep pace with inflation and want to limit their exposure to market fluctuations. It is ideal for individuals who are not willing to tolerate noticeable downside market fluctuations and are willing to forgo almost all significant upside markets potential to achieve this goal.

Therefore, the overall return, while not guaranteed, may under-perform the returns achievable from a higher-risk portfolio.

The Defensive Model Portfolio will be invested in the most risk-averse asset classes, such as cash and bonds, and only a limited allocation will be invested in equities.

Trailing returns	Portfolio %	+/- Benchmark %
1 Year Return	2.51	2.08
3 Years Annualised Return	4.80	1.51
5 Years Annualised Return	5.76	1.68

As at 31st December 2015

Conservative
Model Portfolio

This investment style is suitable for those who want their savings to slightly out-pace inflation and who can tolerate a little more risk than a defensive investor. While conservative portfolios may experience some limited short-term losses in weak markets, they seek to provide medium to long-term capital appreciation. This approach concentrates on stability rather than maximising return, and should limit the chances of substantial short-term volatility.

The typical investor in this category is either retired, soon to be retired, or had a bad investment experience in the past. Such an investor wants to be protected somewhat from large downside market fluctuations and is willing to limit his/her profits when markets rally upwards. The overall medium to long-term return, while not guaranteed, may under-perform the returns achievable from a higher-risk portfolio but should out-perform the returns of a more defensive portfolio.

The Conservative Model Portfolio will be invested primarily in risk-averse asset classes such as cash and bonds with only a modest exposure to equities.

Trailing returns	Portfolio %	+/- Benchmark %
1 Year Return	4.34	3.44
3 Years Annualised Return	7.06	3.93
5 Years Annualised Return	7.06	4.31

As at 31st December 2015

Balanced
Model Portfolio

The majority of investors would typically be in this middle-of-the-road category, looking for a balance between risk and return. In the short-term, an investor within this strategy may experience healthy growth in the markets, but most likely will experience some downward movement during down markets.

Investors in a Balanced Model Portfolio want good returns, and know they are taking some volatility risk to get them. Their portfolio normally tends to go up less than the markets as a whole, but also tend to fall less when markets go down. In most circumstances, returns from a Balanced Portfolio should outperform the returns achievable from a more conservative portfolio but may under-perform the returns achievable from a higher-risk portfolio.

The Balanced Model Portfolio will consist of circa 50% exposure into different types of managed bond funds and cash and the remaining 50% in a diversified range of managed equity funds. Both stable and volatile asset classes are utilized.

Trailing returns	Portfolio %	+/- Benchmark %
1 Year Return	5.76	-0.35
3 Years Annualised Return	8.94	-0.13
5 Years Annualised Return	8.38	0.52

As at 31st December 2015

Growth Model Portfolio

This strategy is ideal for an investor who can accept a good level of volatility risk with his/her portfolio. Within such a strategy your portfolio would normally outperform a basket of similarly weighted indices when the markets are up, whilst taking more downside risk than the markets when faced with market corrections. This portfolio holds more equities than conservative portfolios but less than aggressive ones.

Most growth investors want to accumulate a significant amount of wealth for the future, and are willing to bide their time for the rewards (and recoup any short-term losses).

The Growth Model Portfolio is composed of approximately 65% of managed equity funds with the remaining 35% invested in managed bond funds and cash.

Trailing returns	Portfolio %	+/- Benchmark %
1 Year Return	6.93	4.34
3 Years Annualised Return	10.41	5.16
5 Years Annualised Return	9.07	5.48

As at 31st December 2015

Aggressive Model Portfolio

This risk profile is designed for individuals who wish to maximize returns in the up-market and can tolerate significant volatility risk. Most aggressive investors either want to accumulate substantial wealth in the future, or have enough income from other sources to fund their living expenses, and/or can wait to recoup losses possibly over the medium to long-term.

They should know they could lose substantial amounts in the value of their investment when markets go down, but also expect to profit greatly when they go up. Aggressive investors are typically young and have a long-term view on their investments.

This portfolio concentrates on achieving a good overall return on investments with an aggressive approach but still avoiding the most speculative areas of the market. For example, exposure to small capitalised companies is very limited.

The Aggressive Model Portfolio holds larger positions in equities than other lower-risk allocated portfolios, with 70% to 90% of assets invested in equities and the remainder in managed bond funds and cash.

Trailing returns	Portfolio %	+/- Benchmark %
1 Year Return	7.48	2.35
3 Years Annualised Return	11.30	3.17
5 Years Annualised Return	9.27	4.36

As at 31st December 2015

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Trailing returns - As at 31st December 2015

Benchmark - An index against which a fund or a portfolio of funds measure their performance. Mutual Funds typically compare their performance against indices such as the FTSE 100 or the S&P 500. Mutual Fund portfolios such as our Model Portfolios are measured against benchmarks that in turn consist of a similar asset allocation. These benchmarks must be a legitimate alternative that accurately reflects the objectives of the Model Portfolio.