

# Cautious Portfolio

October 2018

## Portfolio manager's commentary

This quarter markets faced a number of headwinds to growth, including the breakdown of Sino-American relations and growing pressures on bond values as a result of central bank decisions. Despite this, the portfolio performed well over the period, producing a positive return well ahead of the benchmark.

As we get closer to the planned date of our EU exit, sterling is experiencing a high level of volatility but it is still extremely unclear what form the final deal will take. As such we are not making any specific changes to the portfolio but are continuing to focus on ensuring we maintain a high degree of diversification. In line with the latest update to our strategic asset allocation models we have reduced some of our overseas holdings in favour of UK assets.

At a fund level we have removed the UK Smaller Companies allocation as this subsector is likely to experience greater volatility than those investing in larger companies which have a more global focus.

## Indicative risk rating



## Portfolio mandate

Indicative risk rating	Asset classes	Asset allocation				Benchmark
		Cash	Fixed interest	Equities	Other	
3-4	Minimum	0	25	20	0	UT Mixed Investment 20%-60% Shares Retail
	Maximum	15	75	60	15	
	Normal alloc.	0	45	50	5	

## 5 year fund performance versus benchmark



■ A - \*\*\*IMS Cautious (July 2010) 01/07/2018 TR in GB [40.06%]  
 ■ B - UT Mixed Investment 20-60% Shares Retail TR in GB [27.33%]

27/09/2013 - 28/09/2018 Data from FE 2018



James Kempster  
Portfolio Manager

## Portfolio objective

To provide a long-term capital return in excess of the Cautious Managed Sector.

## Investment approach

The objective is achieved by using a balanced investment approach gaining exposure to a number of different asset types, including shares and bonds, primarily in the UK, with a focus on Blue chip, higher rated instruments. The performance of all the funds in the portfolio is constantly monitored and formally reviewed on a quarterly basis by an investment committee.

## Holdings

European Equities	4%
Jupiter - European	
Asia ex Japan/emerging markets	2%
Invesco - Asian	
Global Fixed Interest	11%
M&G - Global Macro Bond	
M&G - Emerging Markets Bond	
L&G - Global Inflation Linked Bond	
Global Growth	12%
Fundsmith - Equity	
Invesco - Global Equity Income	
Targeted Absolute Return	6%
Jupiter - Absolute Return	
Japan	3%
Baillie Gifford - Japanese	
UK Equities	23%
JPM - UK Higher Income	
Liontrust - Special Situations	
Merion - UK Mid Cap	
Rathbone - Income	
Schroder - Recovery	
UK Fixed Interest	21%
Artemis - High Income	
Baillie Gifford - Corporate Bond	
Fidelity - Extra Income	
L&G - All Stocks Gilt Index	
Royal London - Strategic Bond	
US Equities	5%
Merion - North American Equity	
Property	7%
Threadneedle - UK Property	
Cash	6%
Aberdeen - Sterling Money Market / Blackrock - Cash*	

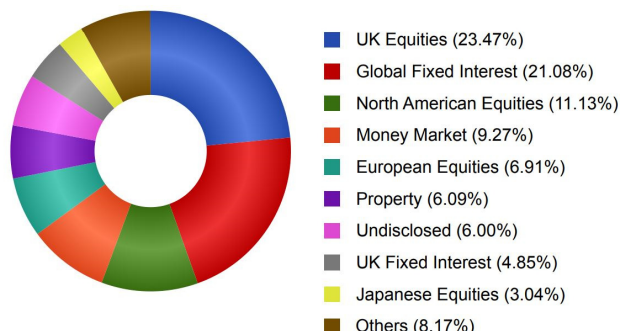
\*Dependant on platform availability

# IMS

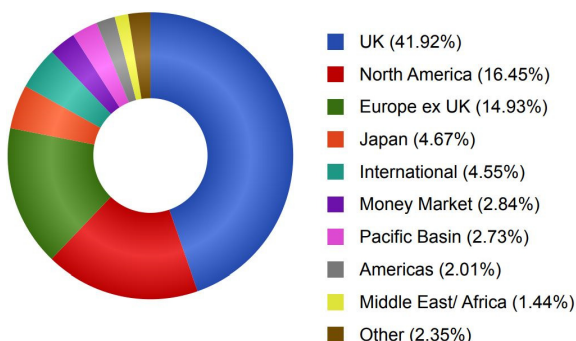
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### Asset allocation



### Regional breakdown



### Important notes

All data are to 30.09.2018. Any fund performance data include explicit (OCF) and implicit (ongoing) fund manager charges but do not include platform, adviser or investment management fees. Full details will be outlined in your product provider illustration. For further information please contact your financial adviser.

Past performance is not a guide to future performance. The value of investments and any income from them will fall as well as rise; you may get back less than the amount invested. Higher volatility investments are subject to sudden and large falls in value and could result in a loss equal to the sum invested. Certain investments (e.g. property) are not readily realisable and investors may experience difficulty in realising the investment or in obtaining reliable information on the value or associated risks. Changes in rates of exchange may have an adverse effect on the value, price or income of investments denominated in currencies other than Sterling.

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### Key facts

Ongoing charge figure	1.29%
ISA qualification	Yes
Twelve month historical yield	2.40%
Volatility*	5.22 (Benchmark 4.52)
Sharpe ratio**	1.00 (Benchmark 0.70)

\*Volatility measures how much an investment deviates from its average over a period.

\*\*The Sharpe Ratio measures the trade-off between risk and return.

The annual charge shown above does not include any fee that your adviser may elect to receive and is the total of all recurring charges on the portfolio. For the purposes of comparison it represents the highest potential charge (excluding platform costs) therefore the actual cost will depend on the provider selected.

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