

Defensive Income Portfolio

January 2018

Portfolio manager's commentary

When we entered 2017 there was anticipation of political surprises in the European elections during the year. These concerns soon passed and although weaker government exists in Germany and the UK investment markets have had a good year.

The global expectation is for continued GDP growth and the USA and China will have a large influence on this. The Tax Reforms have been passed in the USA and business has been the main beneficiary of tax cuts and these savings become a reality in a few months. The vote of confidence for Xi Jinping and steps to control high debt levels is a start to dealing with the imbalances in the economy.

We continue to monitor the performance of our funds and make changes when performance doesn't meet our expectations and we also seek to reduce the exposure to currency risk where possible.

The low return environment for Fixed Interest and Interest rates provides challenges in 2018 and beyond, however, these can be mitigated by good diversification.

Indicative risk rating



Portfolio mandate

Indicative risk rating	Asset classes	Asset allocation				Benchmark
		Cash	Fixed interest	Equities	Other	
2 - 3	Minimum	0	60	0	0	Mixed Investment 0%-35% Shares Retail
	Maximum	80	100	35	20	
	Normal alloc.	5	65	25	5	

5 year fund performance versus benchmark



A - ***IMS Defensive Income (July 2010) 01/10/2017 TR in GB [30.72%]
 B - UT Mixed Investment 0-35% Shares Retail TR in GB [23.99%]

01/01/2013 - 29/12/2017 Data from FE 2018



Andrew Urquhart
Portfolio Manager

Portfolio objective

To provide a stable level of income and protect the nominal capital invested.

Investment approach

The objective is achieved by using a cautious investment approach primarily focused on UK government and corporate bonds with limited exposure to equities to provide a degree of inflation-proofing. The performance of all the funds in the portfolio is constantly monitored and formally reviewed on a quarterly basis by an investment committee.

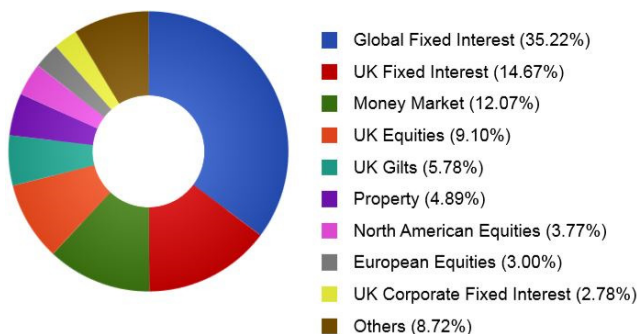
Holdings

Sterling Corporate Bond	19%
Blackrock Corporate Bond Royal London - Corporate Bond	
Sterling Strategic Bond	22%
Fidelity - Extra Income Janus Henderson - Fixed Interest Monthly Inc Artemis High Income	
Global Bonds	14%
L&G Global Inflation Linked Bond Index Marlborough Global Bonds	
Emerging Market Bond	4%
M&G - Emerging Market Bond	
Europe ex UK	3%
Schroder-European Alpha	
UK Equity Income	10%
JPM—UK Higher Income Schroder -Income Maximiser	
UK Gilts	5%
Legal & General - All Stocks Gilt Index	
North America	3%
M&G - North American Dividend	
Global Emerging Markets	2%
SLI Global Emerging Markets Equity Income	
Japan	2%
Man GLG-Japan Core Alpha	
Property	6%
Threadneedle - UK Property Feeder	
Cash	10%
Aberdeen - Cash/ Blackrock - Cash*	

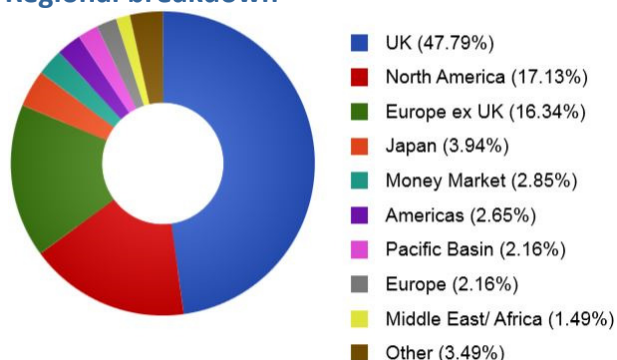
*Dependant on platform availability

January 2018

Asset allocation



Regional breakdown



Important notes

Returns shown include most ongoing charges - further details on request. All data are to 31.12.2017.

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 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.

This document has been prepared and published by IMS Capital, a trading style of Compass Wealth Management Consultants Ltd (FCA number 419331) and Active Financial Partners Ltd (FCA number 301860) which are authorised and regulated by the Financial Conduct Authority.

The information and opinions contained herein are based upon sources believed by IMS Capital to be reliable, but which may not have been independently verified and no guarantees, representations or warranties are made as to its accuracy, completeness or suitability for any purpose. Any opinion or estimate expressed in this publication is IMS Capital's current opinion as of the date of this publication and is subject to change without notice. Any references to the impact of taxation are made in the context of current legislation and may not be valid should levels and /or bases of taxation change. IMS Capital, its employees or a connected company may trade in the investments referred to herein and may also perform investment or other banking services for such companies. This document is not intended as an offer or solicitation for the purchase or sale of any investment or any other action. No personal recommendation is being made to you; the securities referred to may not be suitable for you and this material should not be relied upon in substitution for the exercise of independent judgment or seeking independent advice. IMS Capital will not be liable for any direct or indirect damages, including lost profits, arising in any way from the information contained in this material. This material is for the use of intended recipients only and is not directed at you if IMS Capital is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. This document is being supplied to you solely for your information and may not be re-produced, re-distributed or passed to any other person or published in whole or in part for any purpose. The material in this document is not intended for distribution or use outside of the United Kingdom.

Some fund managers levy an additional fee which can vary on a regular basis and therefore cannot be determined in advance. As such these fees will not be included within the assumed charges or on any illustrations you receive. Key Investor Information Disclosure Documents (KIIDs) for the underlying funds can be found on our website: www.imscapital.co.uk/kiids.

Key facts

Ongoing charge figure (OCF)	0.99%
ISA qualification	Yes
Twelve month historical yield	3.41%
Volatility*	3.16(Benchmark 2.72)
Sharpe ratio**	0.87(Benchmark 0.37)

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. Further details are available on request.

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

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

Key Investor Information Disclosure Documents (KIIDs) for the underlying funds can be found on our website: www.imscapital.co.uk/kiids.

5 Lancer House
Hussar Court, Westside View
Waterlooville, Hampshire
PO7 7SE

Tel: +44 2381 112003

Fax: +44 2392 263432

Email: info@imscapital.co.uk

For further information please contact your financial adviser.

IMS Capital is a trading style of Compass Wealth Management Consultants Ltd (FCA number 419331) and Active Financial Partners Ltd (FCA number 301860) which are authorised and regulated by the Financial Conduct Authority.