

# Defensive Income Portfolio

October 2018

## Portfolio manager's commentary

This has been a challenging quarter for the performance of low risk assets because of a number of economic and political factors.

The increase in interest rates in the US and UK combined with the tightening of monetary policies by several Central banks is a reversal of the policies that helped ease the impact of the financial crisis and this will impact investors for some time to come.

The Brexit negotiations continue with little in the way of positive news for the UK economy which is impacting business plans. The trade tensions between the US and China are escalating which is expected to adversely impact global growth. These risks are set against a global economy that is still relatively buoyant and global growth is strong.

We have removed funds this quarter that have not met our performance criteria and replaced them with funds that are exposed to an index which reduces idiosyncratic risk because of the broad range of companies included in the index. This also reduces fund manager costs.

## 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) 01/07/2018 TR in GB [28.33%]  
 ■ B - UT Mixed Investment 0-35% Shares Retail TR in GB [20.05%]

27/09/2013 - 28/09/2018 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.

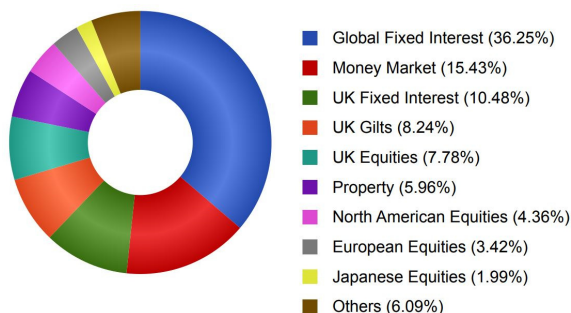
## Holdings

<b>Sterling Corporate Bond</b>	<b>15%</b>
Blackrock - Corporate Bond Royal London - Corporate Bond	
<b>Sterling High Yield</b>	<b>4%</b>
Schroder - High Yield Opportunities	
<b>Sterling Strategic Bond</b>	<b>17%</b>
Fidelity - Extra Income Royal London - Short Duration Credit Artemis - High Income	
<b>Global Bonds</b>	<b>14%</b>
L&G - Global Inflation Linked Bond Index Marlborough - Global Bonds	
<b>Emerging Market Bond</b>	<b>3%</b>
M&G - Emerging Market Bond	
<b>Europe ex UK</b>	<b>3%</b>
HSBC - European Index	
<b>UK Equity Income</b>	<b>8%</b>
JPM - UK Higher Income Schroder - Income Maximiser	
<b>UK Gilts</b>	<b>8%</b>
Legal & General - All Stocks Gilt Index	
<b>North America</b>	<b>4%</b>
M&G - North American Dividend	
<b>Global Emerging Markets</b>	<b>2%</b>
SLI - Global Emerging Markets Equity Income	
<b>Japan</b>	<b>2%</b>
JPM - Japan (Hedged)	
<b>Property</b>	<b>7%</b>
Threadneedle - UK Property Feeder	
<b>Cash</b>	<b>13%</b>
Aberdeen - Sterling Money Market / Blackrock - Cash* L&G - Cash Trust	

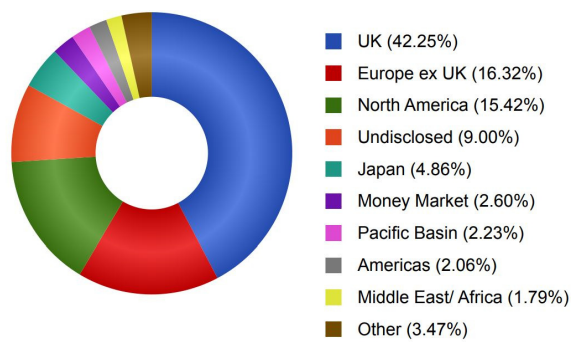
\*Dependant on platform availability

October 2018

## 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	0.99%
ISA qualification	Yes
Twelve month historical yield	3.05%
Volatility*	3.65(Benchmark 3.37)
Sharpe ratio**	0.60(Benchmark 0.35)

\*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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