

# Defensive Income Portfolio

July 2017

## Portfolio manager's commentary

The fact a General Election took place within this review period demonstrates the levels of change taking place at the moment. The result wasn't supportive of a stable and strong government and means we have agreements that demand compromise on manifesto promises. Against this backdrop we have achieved returns of 0.90% this quarter.

In a fast changing world there are concerns that conventional wisdom about investment securities is being challenged, in particular fixed interest securities that form the bedrock of this portfolio. We are managing our investment portfolio to make use of tried and tested funds with experienced managers and continue to monitor their performance to ensure we balance performance, costs and risk.

We have removed two funds that didn't meet the performance goals we apply to their sectors and a further change to reduce the amount of high yield bonds we hold. We continue to support many funds that do meet our performance goals and are delighted there are so many long standing familiar names in the portfolio.

## Indicative risk rating



## Portfolio mandate

Indicative risk rating	Asset classes	Asset allocation				Benchmark
		Cash	Fixed interest	Equities	Other	
2 - 3	Minimum	0	0	0	0	Mixed Investment 0%-35% Shares Retail
	Maximum	100	100	35	10	
	Normal alloc.	5	65	25	5	

## 5 year fund performance versus benchmark



■ A - \*\*\*IMS Defensive Income (July 2010) 01/04/2017 TR in GB [34.50%]  
 ■ B - UT Mixed Investment 0-35% Shares Retail TR in GB [26.22%]

03/07/2012 - 03/07/2017 Data from FE 2017



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.

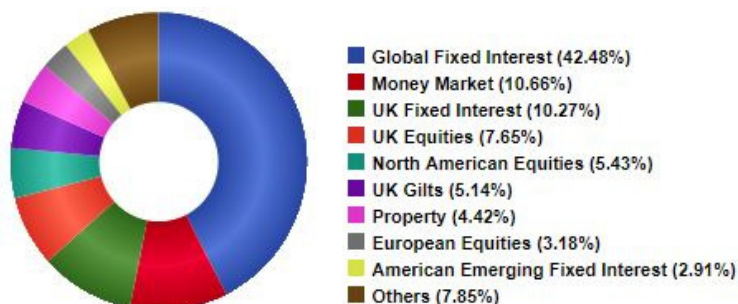
## Holdings

<b>Sterling Corporate Bond</b>	<b>19%</b>
Blackrock Corporate Bond Royal London - Corporate Bond	
<b>Sterling Strategic Bond</b>	<b>15%</b>
Fidelity - Extra Income Henderson - Fixed Interest Monthly Inc	
<b>Global Bonds</b>	<b>21%</b>
M&G Global Government Bonds M&G Global Macro Bond L&G Global Inflation Linked Bond Index Marlborough Global Bonds	
<b>Emerging Market Bond</b>	<b>2%</b>
M&G - Emerging Market Bond	
<b>Sterling High Yield Bond</b>	<b>5%</b>
Schroder - Monthly High Income	
<b>Europe ex UK</b>	<b>5%</b>
Schroder-European Alpha	
<b>UK Equity Income</b>	<b>9%</b>
Rathbone - Income Schroder - Income Maximiser	
<b>UK Gilts</b>	<b>5%</b>
Legal & General - All Stocks Gilt Index	
<b>North America</b>	<b>4%</b>
M&G - North American Dividend	
<b>Japan</b>	<b>2%</b>
Man GLG-Japan Core Alpha	
<b>Property</b>	<b>6%</b>
Threadneedle - UK Property Feeder	
<b>Cash</b>	<b>7%</b>
Aberdeen - Cash/ Blackrock - Cash*	

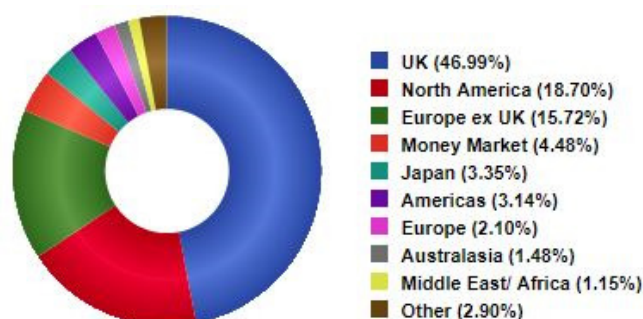
\*Dependant on platform availability

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## Asset allocation



## Regional breakdown



## Important notes

Returns shown include most ongoing charges - further details on request. All data are to 30.06.2017.

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.

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## Key facts

Ongoing charge figure (OCF)	1.04%
ISA qualification	Yes
Twelve month historical yield	3.16%
Volatility*	6.30 (Benchmark 3.51)
Sharpe ratio**	0.99 (Benchmark 0.87)

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.

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