

High Income Portfolio

October 2018

Portfolio manager's commentary

There are a number of economic and political challenges that are affecting financial markets and we are risk aware at this time.

The increase in interest rates in the USA and UK is one way of tightening monetary policy. The other is the reduction in global Quantitative Easing, by the ECB and Federal Reserve. These measures are likely to impact the economic environment for some time. The trade wars between the USA and China are escalating with tariffs that increase costs for business. The UK Brexit agreement is still making very slow progress and this makes business planning difficult. This is likely to dominate UK news for the foreseeable future.

Against this, global economic growth is strong and there are a number of reasons to be confident this will continue in the short term. The outcome of the risks mentioned above will determine longer term results.

We continue to replace funds that do not meet performance criteria and replace them with funds that spread risk and provide value for money.

Indicative risk rating



Portfolio mandate

Indicative risk rating	Asset classes	Asset allocation				Benchmark
		Cash	Fixed interest	Equities	Other	
4-6	Minimum	0	30	30	0	Composite benchmark (50% 20-60% Shares Retail - 50% 40-85% Share Retail)
	Maximum	15	70	75	20	
	Normal alloc.	0	50	45	5	

5 year fund performance versus benchmark



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



Andrew Urquhart
Portfolio Manager

Portfolio objective

To provide a higher level of income than our benchmark and a long-term capital return to protect the real value of the capital.

Investment approach

The objective is achieved by using an investment approach balanced between fixed interest securities and UK and international equity allowing the portfolio to benefit from higher levels of income and also potentially higher returns. The performance of all the funds in the portfolio is constantly monitored and formally reviewed on a quarterly basis by an investment committee.

Holdings

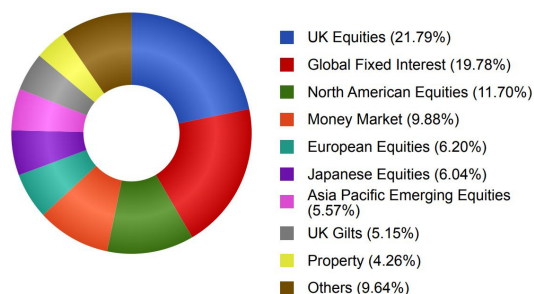
European Equities	6%
HSBC - European Index	
Global Fixed Interest	4%
L&G Global Inflation Linked Bonds Index	
UK Equity Income	25%
Schroder-Income Maximiser	
JPM - UK Higher Income	
JOHCM—UK Equity Income	
Sterling High Yield Bond	3%
Schroder—High Yield Opportunities	
Sterling Corporate Bond	5%
Royal London Corporate Bond	
Sterling Strategic Bond	14%
Artemis-High Income	
Fidelity Extra Income	
Royal London Short Duration Credit	
Money Market	8%
Aberdeen Sterling Money Market/	
Blackrock Cash*	
L&G Cash Trust	
US Equities	9%
L&G US Index Trust	
M&G North American Dividend	
Asia Pacific ex Japan	2%
HSBC—Pacific Index	
Japan	6%
JPM Japan (Hedged)	
Global Emerging Market Bonds	3%
M&G Emerging Market Bond	
Global Emerging Markets	5%
SLI-Global EM Equity Income	
Property	5%
Threadneedle UK Property	
UK Gilts	5%
L&G All Stocks Gilt	

*Dependant on platform availability

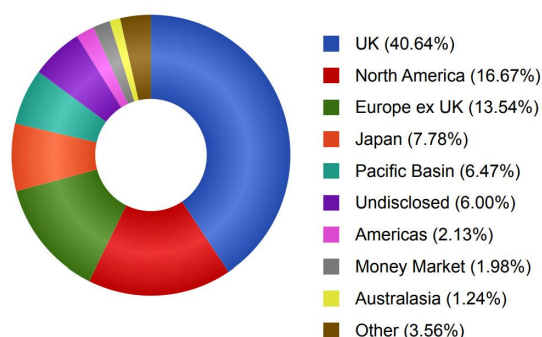
IMS High Income Portfolio

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

Key facts

Ongoing charge figure	1.14%
ISA qualification	Yes
Twelve month historical yield	3.14%
Volatility*	5.52(Benchmark 5.31)
Sharpe ratio**	1.10(Benchmark 0.99)

*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.

Full details will be outlined in your product provider illustration. For further information please contact your financial adviser.

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