

IMS High Income Portfolio

October 2017

Portfolio manager's commentary

The last quarter has been just as eventful as the rest of 2017 with natural disasters, elections, and the increasing likelihood of interest rate increases in the USA and possibly the UK. All these events have not stopped markets reaching historical highs.

The outlook for the USA is dependent on President Trump achieving his tax reforms and infrastructure expansion, which will help to stimulate the economy. The UK has to negotiate a Brexit deal that will keep business as close to normal as possible so that the economy does not regress. In China the appointment of the Communist Party leadership team will be another step towards the management of debt challenges.

We have undertaken the annual review of our Strategic asset allocation models which shapes the way we invest portfolios. This has led to some steps to mitigate the risks we see as potential problems so maintaining stability.

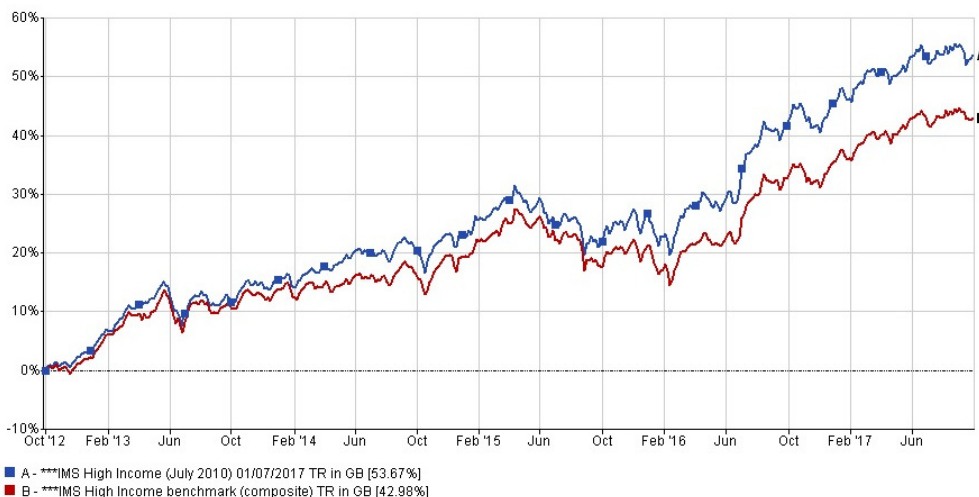
Indicative risk rating



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



Andrew Urquhart
Portfolio Manager

Portfolio objective

To provide a high level of income and a long-term capital return in excess of its benchmark.

Investment approach

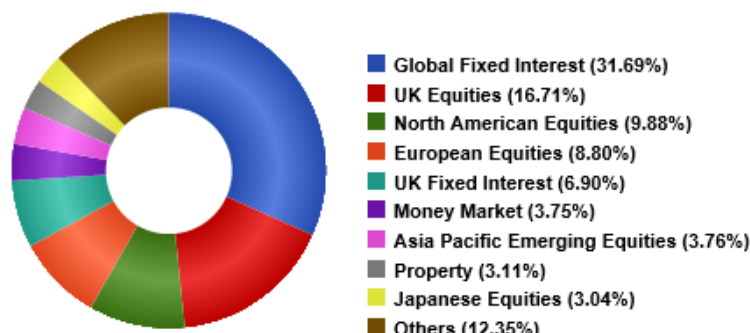
The objective is achieved by using an investment approach balanced between fixed interest securities and UK and international equity allowing the portfolio to benefit from higher levels of income and also potentially higher returns. The performance of all the funds in the portfolio is constantly monitored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

Holdings

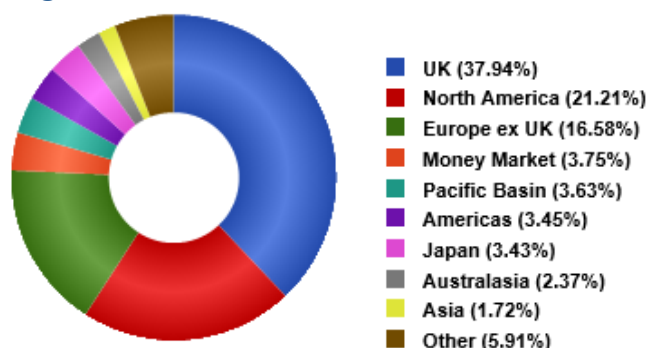
European Equities	7%
Schroder - European Alpha Income	
Global Fixed Interest	5%
M&G Global Government Bond L&G Global Inflation Linked Bonds Index	
UK Equity Income	22.5%
Schroder-Income Maximiser Rathbone - Income Threadneedle - UK Equity Income	
Sterling Corporate Bond	9%
Royal London Corporate Bond	
Sterling Strategic Bond	20.5%
Artemis-High Income Henderson Fixed Interest Monthly Income Fidelity Extra Income	
Money Market	5%
Aberdeen Sterling Money Market	
US Equities	8%
L&G US Index Trust M&G North American Dividend	
Asia Pacific ex Japan	3%
L&G Asian Income Trust	
Japan	5%
Man GLG Japan Core Alpha	
Global Emerging Market Bonds	3%
M&G Emerging Market Bond	
Global Emerging Markets	6%
SLI-Global EM Equity Income	
Property	4%
Threadneedle UK Property	
UK Gilts	2%
L&G All Stocks Gilt	

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Asset allocation



Regional breakdown



Important notes

Returns shown include most ongoing charges - further details on request. All data are to 30.09.2017.

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)	1.11%
ISA qualification	Yes
Twelve month historical yield	3.39%
Volatility*	6.26 (Benchmark 5.86)
Sharpe ratio**	0.79 (Benchmark 0.75)

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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