

July 2017

Portfolio manager's commentary

When we completed the last review very few forecasted that we would have a General Election with results known by the next review. The result has produced a weakened government which has had to make deals with other parties and this could mean watered down policies. This elevates investment risks in the UK economy.

The changes in markets this quarter saw established wisdom challenged and some of our funds didn't perform as hoped in this changing environment. We have made a number of fund changes for this reason and also taken the opportunity to alter the regional equity allocations within developed equity markets.

Our objective of obtaining a high level of income also influences our fund choice and we avoid using riskier assets to maintain the portfolio yield. The hope is for a period of political stability and a Brexit agreement that maintains the UK status as a international financial centre.

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	20	70	70	15	
	Normal alloc.	0	50	45	5	

5 year fund performance versus benchmark



■ A - ***IMS High Income (July 2010) 01/04/2017 TR in GB [59.39%]
 ■ B - ***IMS High Income benchmark (composite) TR in GB [46.12%]

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



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	9%
Schroder - European Alpha Income	
Global Fixed Interest	14%
M&G Global Government Bond	
M&G - Global Macro Bond	
L&G Global Inflation Linked Bonds Index	
UK Equity Income	19%
Rathbone - Income	
Threadneedle - UK Equity Income	
Sterling Corporate Bond	7%
Royal London Corporate Bond	
Sterling Strategic Bond	13%
Henderson Fixed Interest - Monthly Income	
Fidelity Extra Income	
Sterling High Yield Bond	8%
Schroder Monthly High Income	
US Equities	10%
L&G US Index Trust	
M&G North American Dividend	
Asia Pacific ex Japan	5%
L&G Asian Income Trust	
Japan	3%
Man GLG Japan Core Alpha	
Global Emerging Market Bonds	3%
M&G Emerging Market Bond	
Global Emerging Markets	3%
Lazard Emerging Markets	
Property	4%
Threadneedle UK Property	
UK Gilts	2%
L&G All Stocks Gilt	

IMS

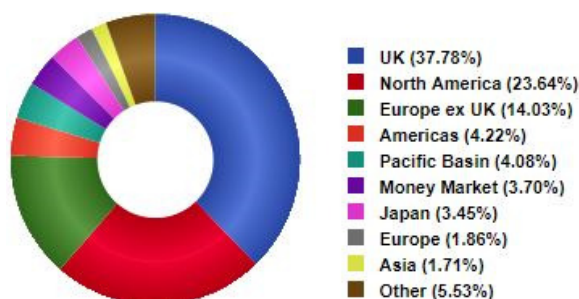
High Income Portfolio

July 2017

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)	1.13%
ISA qualification	Yes
Twelve month historical yield	3.31%
Volatility*	8.96 (Benchmark 5.59)
Sharpe ratio**	1.28 (Benchmark 1.66)

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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