

High Income portfolio

Quarterly update - January 2020

Portfolio Manager



James Kempster
Manager since September 2019

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 the potential for protection from inflation. The performance of all the funds in the portfolio is constantly monitored and formally reviewed on a quarterly basis by an investment committee.

Portfolio manager's commentary

After a slow start, markets finished the quarter on a better footing as confidence grew about the first phase of the negotiations between the US and China. Despite the third interest rate cut of the year for the US Federal Reserve, this improved sentiment led to a rise in yields for government bonds and also corporate debt as demand for their defensive protection fell. Due to the inverse relationship between yields and prices, this led to falls in bond values, hindering returns over the period. This was coupled with a rise in sterling following the Conservative election victory which acted as a drag on overseas returns.

In light of the increased political stability in the UK we have made a small increase to our UK equity allocation. This will bring the portfolio more in line with the tactical asset allocation and benefit the portfolio if the government use their new majority to create a growth-focused budget. This increase was funded by reductions in our global bond positions. Full details are outlined on the Fund Changes summary which is available on our website.

Indicative risk rating



5 year fund performance versus benchmark

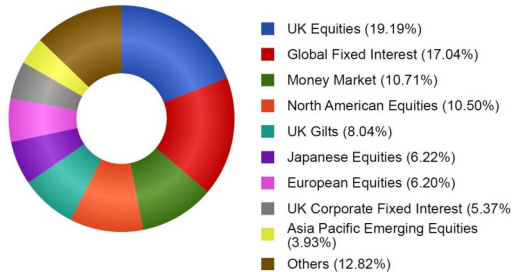


A - ***IMS High Income (July 2010) 01/10/2019 TR in GB [36.88%]
B - ***IMS High Income benchmark (composite) TR in GB [32.56%]

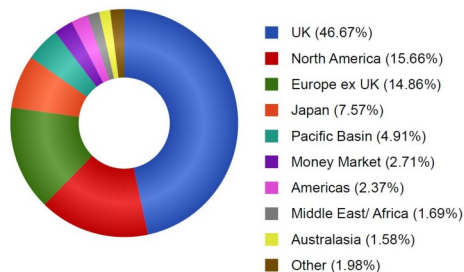
Top 10 Holdings

L&G - All Stocks Gilt Index	8%
Royal London - Short Duration Credit	7%
Schroder - Income Maximiser	7%
Royal London - Corporate Bond	7%
Vanguard - FTSE UK Equity Income Index	7%
JPM - Japan (Hedged)	6%
HSBC - European Index	6%
HSBC - FTSE 100 Index	5%
ASI - Global Emerging Market Equity Income	5%
Marlborough - Global Bonds	5%

Asset allocation



Regional breakdown



Important notes

All data are to 31.12.2019. 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 may 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	0.99%
ISA qualification	Yes
Twelve month historical yield	3.29%
Volatility*	5.51 (Benchmark 5.28)
Sharpe ratio**	0.25 (Benchmark 0.39)

*Volatility measures how much an investment deviates from its average over a period.

**The Sharpe Ratio measures the trade-off between risk and return.

For the purposes of comparison the ongoing charge figure shown above represents the highest potential fund charge and therefore the actual cost will depend on the provider selected. It does not include adviser or platform fees.

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

5 Lancer House
Hussar Court, Westside View
Waterlooville, Hampshire
PO7 7SE

Tel: +44 2392 239800

Fax: +44 2392 263432

Email: info@imscapital.co.uk