

# Defensive Income portfolio

Quarterly update - February 2021

## Portfolio Manager



James Kempster  
Manager since September 2019

## 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. 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

The portfolio experienced a strong period since the last review with a return (including reinvested income) of over 3%. Returns came mainly from the equity portion of the portfolio, with the fixed income assets continuing to be held back by ultra-low yields. Additionally, those areas of the market that had been unpopular for most of 2020, such as Equity Income, showed signs of recovery.

From a natural income perspective, 12-month yields have retreated a little further, but we are hopeful that this might start to show signs of improvement as firms begin to pay dividends again once lockdown conditions are eased. To help with this aspect we have made changes this quarter to reduce the allocation to Global Bonds in favour of Emerging Market Bonds and Inflation Linked Bonds. The former has the potential to boost incomes and the latter should be helpful in protecting against the damaging effects of price rises. Full details of the changes being recommended are outlined on the Fund Changes summary which is available on our website.

## Indicative risk rating



## 5 year fund performance versus benchmark



A - \*\*\*\*IMS Defensive Income (July 2010) 01/10/2020 TR in GB (27.61%)  
B - UT Mixed Investment 0-35% Shares Retail TR in GB (23.24%)

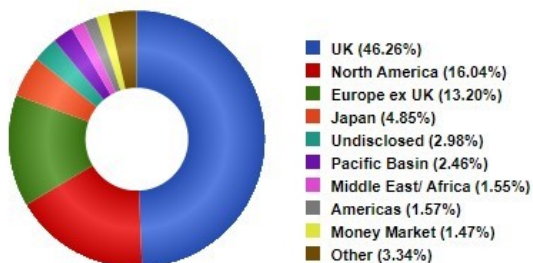
## Top 10 Holdings

L&G - All Stocks Gilt Index	12%
Royal London - Corporate Bond	9%
Royal London - Short Duration Credit	9%
ASI - Sterling Money Market	8%
L&G - Cash Trust	8%
Vanguard - FTSE UK Equity Income Index	7%
Blackrock - Corporate Bond	6%
M&G - Global Macro Bond	5%
M&G - Emerging Markets Bond	5%
Fidelity - Extra Income	4%

#### Asset allocation



#### Regional breakdown



#### Important notes

All data are to 31.01.2021. 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 facts

Ongoing charge figure	0.93%
ISA qualification	Yes
Twelve month historical yield	2.52%
Volatility*	7.71 (Benchmark 9.29)
Sharpe ratio**	0.00 (Benchmark 0.00)

\*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 ongoing charge figure above represents the average fund charge across the range of available platforms and 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.

Please note that any performance figures quoted are based on the underlying assets held during the dates specified and therefore they will not necessarily match the returns which are experienced by end investors. Alternative asset selections to those shown overleaf are occasionally necessary. As such, this factsheet should be used in conjunction with the relevant Fund Change and Fund List documents.

All assets are held via the platform selected. All transactions will be made within a reasonable time from receipt and IMS is not responsible for any delays where there are unforeseen issues with third party providers.

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