

Defensive Income portfolio

Quarterly update - July 2019

Portfolio Manager



Andrew Urquhart
Manager since November 2011

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 main influence on the 2.57% return achieved this quarter has been the Federal Reserve's decision to stop increasing interest rates and speculation that the next move will be down. This affected most fixed interest investments favourably continuing the good start to the year. The returns from most global equities have also been strong, but sadly the exception are many UK funds, which have struggled.

Whilst Brexit is a headline for the UK, this topic is not that important for the rest of the world and the trade dispute between US and China is more concerning for investors. A relaxation of tensions is part of the reason for the current boost to markets but there are longer term concerns about global growth and inflation which may slow investment growth down in the future.

Based on the performance of the portfolio we have not made many changes this quarter and the main one has reduced risk in the portfolio where we were not being rewarded by good returns.

Indicative risk rating



5 year fund performance versus benchmark



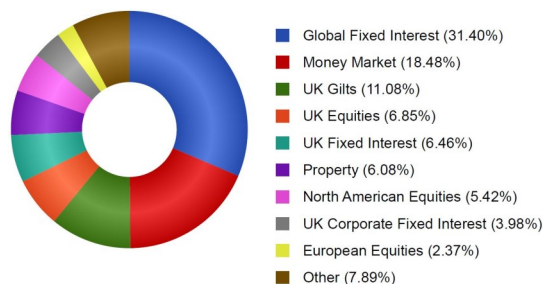
A - ***IMS Defensive Income (July 2010) 01/04/2019 TR in GB [25.41%]
B - UT Mixed Investment 0-35% Shares Retail TR in GB [21.33%]

27/06/2014 - 28/06/2019 Data from FE 2019

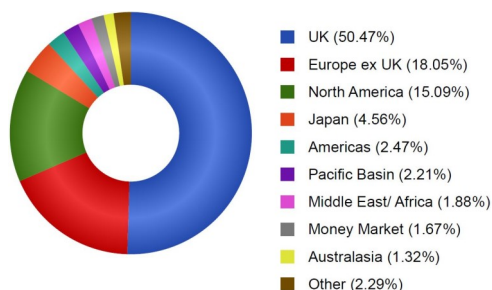
Top 10 Holdings

L&G All Stocks Gilt Index	12%
Marlborough Global Bonds	9%
Royal London Corporate Bond	9%
Royal London Short Duration Credit	9%
Aberdeen Sterling Money Market	8%
L&G Cash Trust	8%
Threadneedle UK Property Authorised Trust Feeder	6%
Blackrock Corporate Bond	6%
L&G Global Inflation Linked Bonds Index	5%
Fidelity Extra Income	4%

Asset allocation



Regional breakdown



Important notes

All data are to 30.6.2019. 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 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	0.91%
ISA qualification	Yes
Twelve month historical yield	3.16%
Volatility*	3.8 (Benchmark 3.54)
Sharpe ratio**	0.43 (Benchmark 0.11)

*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.

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