

Defensive Income portfolio

Quarterly update - October 2019

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 theme of ultra-low (or negative) interest rates continued over the third quarter of the year. As expected, the Federal Reserve in the United States cut rates by 0.25%, only the second cut since the global financial crisis. The European Central Bank also reduced rates by 0.10% whilst announcing the relaunch of quantitative easing later this year.

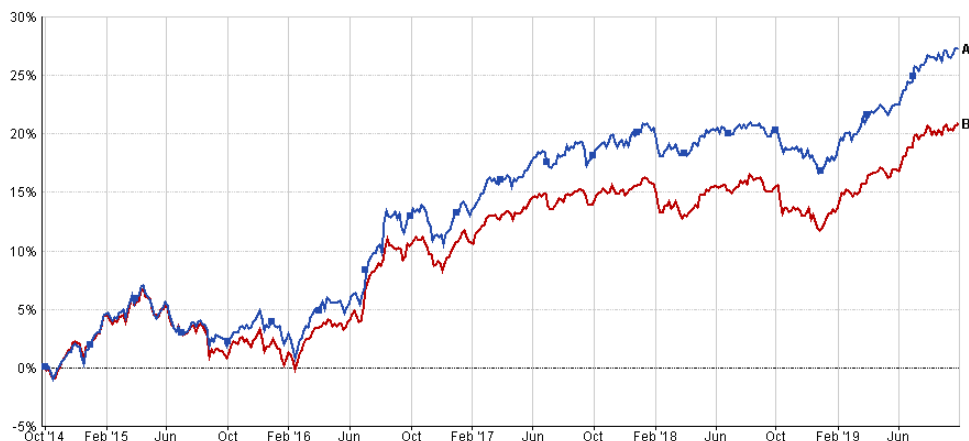
The Bank of England have so far resisted the temptation to make any changes whilst they wait to see if any resolution to Brexit can be found. This all creates a challenging environment for bond managers who have to attempt to maintain yield levels without taking on excess risk. Conversely, it sent bond prices higher which saw the portfolio grow by 2.36% over the period.

A small change was made at the asset allocation level to reduce the weighting to global inflation linked bonds in favour of the broader Global Bonds sector. Full details are available on the Fund Changes summary.

Indicative risk rating



5 year fund performance versus benchmark

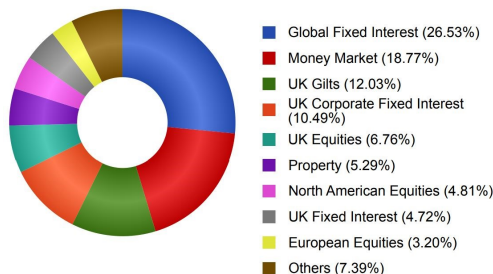


A - ***IMS Defensive Income (July 2010) 01/07/2019 TR in GB [27.39%]
B - UT Mixed Investment 0-35% Shares Retail TR in GB [20.94%]

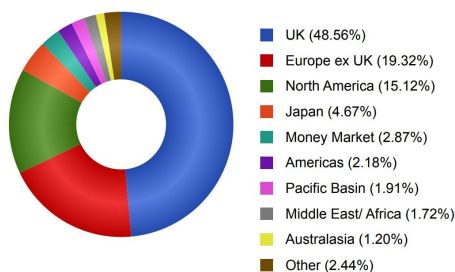
Top 10 Holdings

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%
Marlborough - Global Bonds	7%
Threadneedle - UK Property Authorised Trust Feeder	6%
Blackrock - Corporate Bond	6%
M&G - Global Macro Bond	4%
Fidelity - Extra Income	4%

Asset allocation



Regional breakdown



Important notes

All data are to 30.09.2019. 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	0.93%
ISA qualification	Yes
Twelve month historical yield	2.91%
Volatility*	3.09 (Benchmark 3.33)
Sharpe ratio**	0.79 (Benchmark 0.36)

*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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