

Defensive Income portfolio

Quarterly update - January 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

Global stock markets have been very volatile because of a slowdown in global growth, less support from central banks, and trade concerns. The portfolio also has experienced losses in most Fixed Interest bonds as they respond to the tightening of monetary policy by Central Banks.

Since the Global Financial Crisis in 2008 markets have often bounced back from losses, as we saw in February of last year. The fact that there are multiple headwinds for investors at this time means we may not see losses wiped out as quickly. The UK also has added uncertainty because the withdrawal from the EU is causing political and economic tensions.

We have taken steps to moderate risk over the last two quarters and continue to mitigate any idiosyncratic risks we identify. The systemic losses incurred in markets will throw up opportunities for fund managers who identify stocks and shares that have been mispriced based on their fundamental strength. We do hope for a calmer outlook in 2019 but recognise that this needs political issues, related to Brexit and trade concerns, to be resolved.

Indicative risk rating



5 year fund performance versus benchmark



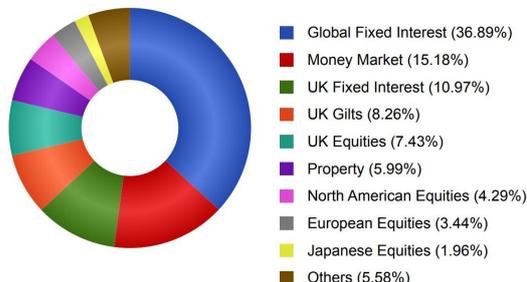
A - **IMS Defensive Income (July 2010) 01/10/2018 TR in GB [22.54%]
B - UT Mixed Investment 0-35% Shares Retail TR in GB [15.11%]

01/01/2014 - 31/12/2018 Data from FE 2019

Top 10 Holdings

L&G All Stocks Gilt Index	11%
Royal London Short Duration Credit	9%
Aberdeen Sterling Money Market	8%
L&G Cash Trust	8%
L&G Global Inflation Linked Bond Index	7%
Royal London Corporate Bond	7%
Threadneedle UK Property Authorised Trust Feeder	7%
Blackrock Corporate Bond	6%
Marlborough Global Bonds	5%
Fidelity Extra Income	4%

Asset allocation



Regional breakdown



Important notes

All data are to 31.12.2018. 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	0.94%
ISA qualification	Yes
Twelve month historical yield	3.08%
Volatility*	3.83 (Benchmark 3.56)
Sharpe ratio**	0.12 (Benchmark 0)

*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 2381 112003

Fax: +44 2392 263432

Email: info@imscapital.co.uk