



# The Master Portfolio Service for Private Clients

## Quarterly Fact Sheet (end Sep 2018)

### Income Portfolio

This is designed to deliver a reasonable level of income. The income portfolio consists of a diversified combination of investment vehicles and asset classes, with bond funds typically prominent. These positions are well supported by other asset classes such as equities and other alternatives such as commercial property, when appropriate.

### Market Commentary 30th Sep 2018

The escalating trade war threat was an ever-present theme over the summer, and remains far from over. It is with China that the US has the largest gripe, and it between these two countries that we have seen the greatest imposition of tariffs. At home we continue to be in thrall to the Brexit negotiations. As a consequence, UK assets are amongst the least loved in the world, and it is entirely on account of politics. Furthermore, there is growing concern that a chaotic Brexit will open the door of 10 Downing Street to Jeremy Corbyn. Both of these developments are deemed to be detrimental to the UK economy and most especially to the pound.

US equities have continued to lead the pack, and deservedly so. The economy has grown at an annualised rate of over 4% for two consecutive quarters and Donald Trump's tax cuts have turbo-charged corporate earnings as well as consumer spending. However, there are clouds on the horizon. The fiscal boosts will not be replicated in 2019, and the Federal Reserve is steadily raising interest rates, which will dampen growth.

Europe's economy had a disappointing start to the year, but has found its feet again. Unfortunately, there are still speedbumps to negotiate, with the Italian budget process currently the main source of volatility. Meanwhile the European Central Bank has signalled that it will gently reverse post-crisis emergency policy settings, which should be taken as a sign of confidence in the sustainability of what has been a long drawn-out recovery.

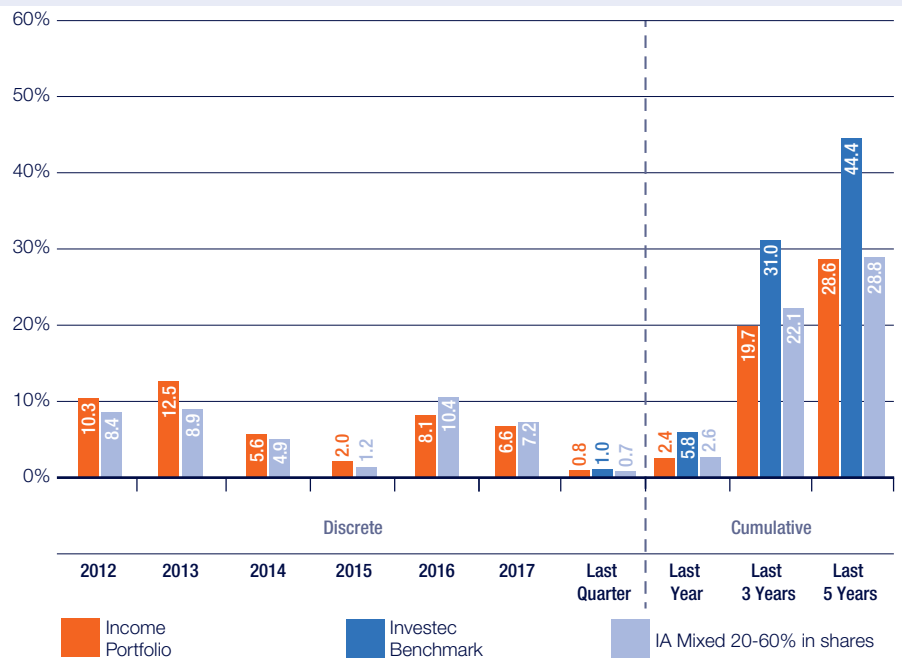
Japan continues to fight the lead weight of a shrinking population, but has engineered some growth recently, as well as a hint of inflation. Japanese companies have to some degree been forced to innovate their way to growth, and are well placed to export this expertise to the rest of the world. We continue to find lots to like about Japan.

The performance of Emerging Markets (EM) has been as poor in 2018 as it was good in 2017. The overarching problem has been rising US interest rates and a strong dollar, which put pressure on companies and governments that borrowed dollars. One has to be selective, but better value opportunities are appearing again.

Bond markets have remained within recent trading ranges, although ended the period with yields towards the top end. One has to go back to 2015 to find a period when the UK 10-year gilt yield has remained over 1.5% for any length of time, but it ended the third quarter at 1.58%.

There is still enough life left in this economic cycle to delay the need to take a more overtly defensive stance, and we continue to invest in a diversified list of strong companies that are capable of compounding high returns for the foreseeable future, as well as in a broad spread of suitable bonds and alternative assets that offer an attractive, but less volatile, return.

### Performance Figures up to 30/09/2018

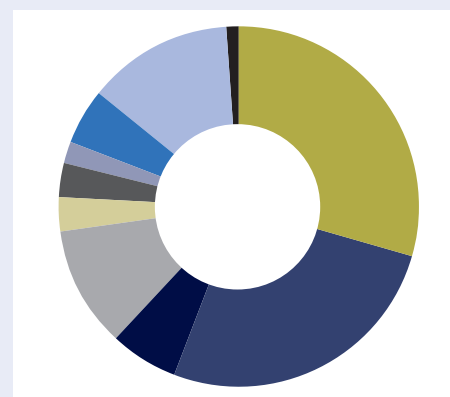


Source: IW&I and Financial Express Sep 2018

The MPS performance figures are calculated from the average return of all portfolios from private clients only, on a total return basis, net of all IW&I's charges.

**Please remember that past performance is not a reliable guide to the future and that previous periods of favourable performance will not necessarily be repeated in the future.**

### Asset Allocation



Fixed Interest	29.5%
Equities	51.5%
U.K.	26.5%
Europe	6.0%
U.S.	11.0%
Japan	3.0%
Far East	3.0%
Emerging	2.0%
Property	5.0%
Hedge/Alternatives	13.0%
Cash	1.0%

Source: Investec Wealth & Investment Sep 2018

### Costs & Charges

**AMC:** 1.25% (Plus VAT)

**Minimum Fee:** £500 (Plus VAT)

**Transaction costs:** £15 per transaction

**Estimated Cost of underlying holdings:** 0.75%

**Estimated Portfolio Charge:** 2.25% (inc. VAT on IW&I fee)

**Estimated Yield:** 3.0%

Portfolio Holdings	
<b>Fixed Interest</b>	
<b>UK Fixed Interest</b> Allianz Gilt Yield Fund iShares Index Linked Gilts Royal London Sterling Credit Bond Fund	<b>Overseas Fixed Interest</b> BNY Mellon Newton International Bond Fund L&G High Income Trust Oaktree Global High Yield Bond Fund Standard Life Short Dated Global Index Linked Bond Fund iShares USD Treasury Bond 1-3 yrs
<b>Equities</b>	
<b>UK Equities</b> Vanguard FTSE 100 Etf Standard Life UK Equity Income Unconstrained Fund Artemis Income Fund Threadneedle UK Equity Income Fund <b>Japanese Equities</b> Morant Wright Fuji Yield Fund <b>Emerging Market Equities</b> JP Morgan Global Emerging Markets Income IT	<b>European Equities</b> Standard Life European Equity Income Fund <b>US Equities</b> Vanguard S&P 500 Etf Aviva US Equity Income Fund <b>Far East Equities</b> Schroder Asian Income Fund
<b>Commercial Property</b>	
<b>UK</b> UK Commercial Property IT iShares Target UK Real Estate	<b>Alternative Assets</b> Aviva Multi-strategy Target Income Fund Protean Elder Capital SP Fund International Public Partnership IT Gold Bullion Secs 0% Nts

Changes in the 3rd Quarter
The Far East weighting was reduced by 2% which was used to introduce a new 2% position in Emerging Markets via the JP Morgan Global Emerging Markets Income Investment Trust. Elsewhere, the JO Hambro UK Equity Income Fund was replaced with the Vanguard FTSE 100 Etf, and the Blackrock Emerging Markets Flexi-Dynamic Bond Fund was removed in favour of the L&G High Income Trust.

	Discrete Calendar Year Performance. Percentage change (total return) in sterling terms.							Volatility of Portfolio		Drawdown of Portfolio	
	2011	2012	2013	2014	2015	2016	2017	3 Year	5 Year	3 Year	5 Year
<b>Income Portfolio</b>	0.7	10.3	12.5	5.6	2.0	8.1	6.6	5.2	5.6	4.2	6.8
<b>WMA Income</b>	3.1	7.2	10.0	7.7	2.2	14.9	9.1				
<b>ARC GBP Balanced Private Client Index</b>	-2.9	7.7	9.2	4.5	1.9	8.6	6.7				

Source: IWI and Financial Express Asset Risk Consultants Sep 2018

Important Information
<p>This factsheet has been prepared for information purposes only and does not constitute advice or a personal recommendation.</p> <p>The MPS performance figures are calculated from the average return of all portfolios from private clients only, on a total return basis, net of all IW&amp;I's charges. You should remember that the value of investments and the income from them can fall as well as rise. Please remember that past performance is not a reliable guide to the future and that previous periods of favourable performance will not necessarily be repeated in the future. We would also refer you, particularly, to the Risk Statement set out in the main Master Portfolio Service brochure. Before proceeding to invest on the basis of this factsheet, you should obtain specific advice on the suitability of the investment in the light of your personal circumstances. The benchmark figures are supplied by Exshare and are on a total return basis. The IA performance numbers are the Investment Association sector averages as provided by FE Analytics. If you would like further information on the new benchmarks, please refer to our 'Managing Your Investments brochure' which has previously been issued to you, or contact your local investment manager.</p> <p>The composition of the portfolio may not be a true reflection of the benchmarks, which are provided for comparison purposes only.</p> <p>The data used to calculate the performance figures consists of all of our discretionary managed clients with a portfolio value greater than £250,000 and where there are no embargoed stocks. Both the ARC PCI and the IW&amp;I PCI are calculated on a simple average basis. Classification of portfolios is carried out by ARC using historic risk relative to the risk of global equities. ARC's risk categories may not match the risk and return objectives of all underlying portfolios. All data is net of fees. Average performance data will not necessarily reflect the returns achieved by individual portfolios. The information on which the document is based is deemed to be reliable, but we have not independently verified such information and we do not guarantee its accuracy or completeness.</p>