



# The Master Portfolio Service for Private Clients

## Quarterly Fact Sheet (end June 2019)

### 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 June 2019

Investors might look back on the first half of 2019 with a mixture of satisfaction and confusion – satisfaction because portfolios have made strong progress; confusion because safe haven and risk assets have prospered in tandem. Brexit continues to dominate the domestic headlines, and we currently await the result of the final round of the Conservative Party leadership contest between Boris Johnson and Jeremy Hunt. UK equities continue to look superficially cheap, especially on a yield basis.

The US has shown most other equity markets a clean pair of heels this year, mainly thanks to its high proportion of Technology companies. There is a virtuous circle of capital, intellectual property and a vast consumer market available in the US which continues to make it well placed to take advantage of technological advances. For now, it also looks as though the Federal Reserve has put a safety net beneath investors.

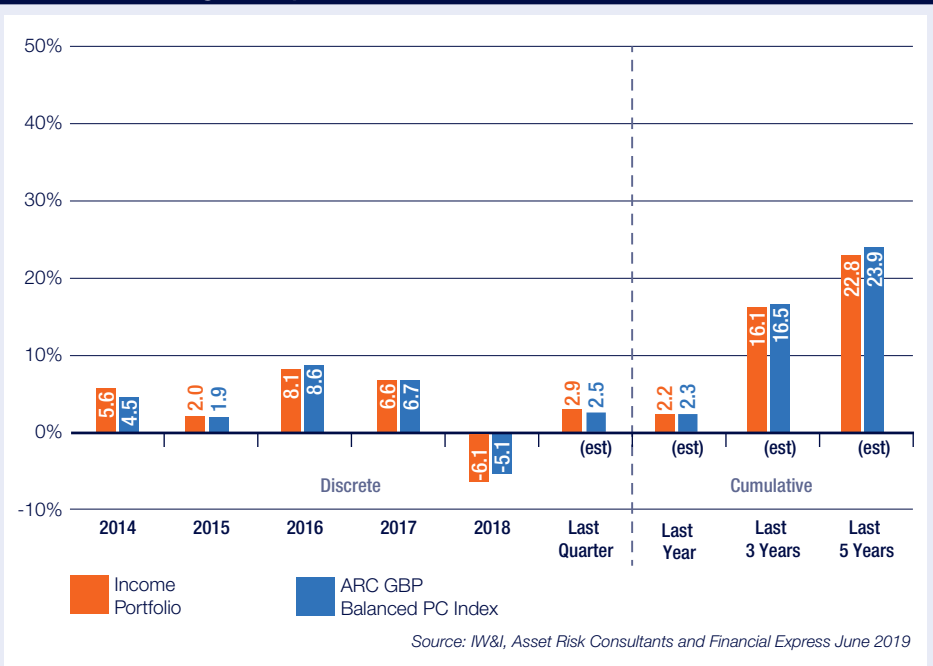
Europe sidestepped a potential landmine in the form of EU Parliamentary elections in May, with extreme, anti-establishment parties failing to make the sort of inroads that were feared. However, pressure remains on the bloc to breathe some life into a still sluggish economy. Despite having been attracted by apparent good value and improving corporate governance, investment in Japan has been frustrating. Happily our preferred managers of Japanese equities continue to extract better returns than those available from the broad market.

Emerging Markets are massively dominated by China, for which this year has been a very mixed bag thanks to trade war threats and a domestic economy that continues to decelerate, even if its growth rate is the envy of the developed world.

Central bank policy shifts were reflected in bond markets, with the US 10-year Treasury yield once again dipping below 2% and the UK 10-year Gilt below 1%. UK Gilts have delivered a total return of 1.31% over the last three months and 4.9% over the last year. Index-Linked Gilts returned 1.74% and 7.96% over the same respective periods.

Investors, both private and professional, have to recognise that we live in times we have never experienced before, especially with reference to the amount of debt that has been created in the world. Even as the current US economic cycle becomes the longest in modern history (dating back to 1854), it will inevitably slip up at some point, and we remain as attuned to the task of protecting capital in a downturn as to maximising returns during the growth phase.

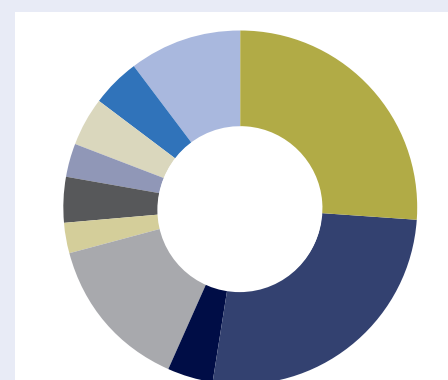
### Performance Figures up to 30/06/2019



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	26.0%
Equities	59.5%
U.K.	26.5%
Europe	4.0%
U.S.	14.0%
Japan	3.0%
Far East	4.0%
Emerging	3.0%
International	4.5%
Property	4.5%
Hedge/Alternatives	10.0%
Cash	0.0%

Source: Investec Wealth & Investment June 2019

### Costs & Charges

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

**Minimum Fee:** £500 (Plus VAT)

**Transaction costs:** £15 per transaction

**Estimated Cost of underlying holdings:** 0.74%

**Estimated Portfolio Charge:** 2.24% (inc. VAT on IWI fee)

**Estimated Yield:** 3.1%

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 Standard Life Short Dated Global Index Linked Bond Fund Insight Liquid ABS Fund
<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> GLG Japan Core Alpha 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>International Equities</b> Baillie Gifford Global Alpha 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 2nd Quarter**

During the quarter, the Alternative Asset and cash weightings were reduced by 3% and 1.5% respectively. This was added to International Equities by introducing a new position in the Baillie Gifford Global Alpha Fund.

Discrete Calendar Year Performance. Percentage change (total return) in sterling terms. Volatility of Portfolio Drawdown of Portfolio

	2014	2015	2016	2017	2018	3 Year	5 Year	3 Year	5 Year
<b>Income Portfolio</b>	5.6	2.0	8.1	6.6	-6.1	6.0	6.0	7.2	7.1
<b>WMA Income</b>	7.7	2.2	14.9	9.1	-4.2				
<b>IA Mixed 20-60% in shares</b>	4.9	1.2	10.4	7.2	-5.1				
<b>Investec Benchmark</b>	-	-	-	-	-4.2				

Source: IWI and Financial Express Asset Risk Consultants June 2019

**Important Information**

This factsheet has been prepared for information purposes only and does not constitute advice or a personal recommendation.

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. 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.

The composition of the portfolio may not be a true reflection of the benchmarks, which are provided for comparison purposes only.

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&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. The cumulative ARC figures are finalised to the end of the previous quarter, and are an estimate thereafter.