

Momentum Income Portfolio

month ended 30 August 2019

Portfolio details

Investment manager	Momentum Global Investment Management (MGIM)				
Inception	31 May 2011	Tactical version	.v11	AMC	0.25% +VAT
MGIM management from	1 February 2016	Minimum investment	£1,000	TER [†]	0.91%
Target volatility	6-9%	Current yield	2.74%		

Investment objective & strategy

The Momentum Income Portfolio has been developed due to increased demand for an income generating portfolio as an alternative to capital growth. The Portfolio is carefully constructed to offer an attractive yield and spread risk by investing in various asset classes. This includes traditional funds offered by the major investment companies. The investment objective of the Income Portfolio is to achieve a reasonable yield from a mix of different asset classes. The Portfolio will actively pursue a diversified investment strategy targeting a medium yield. The Portfolio will have a medium level of risk to capital and deliver a commensurate rate of return.

Portfolio performance* (%)

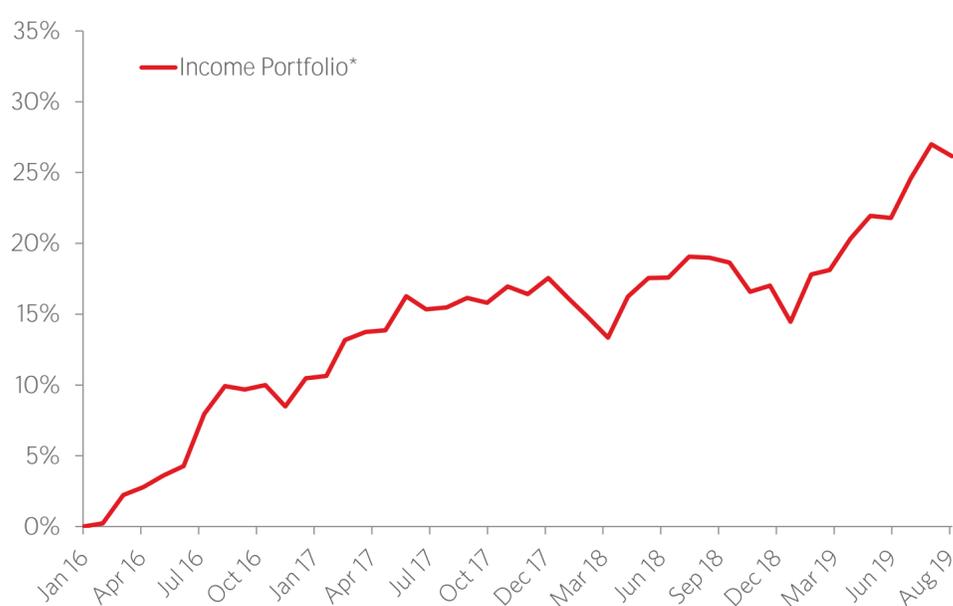
	1 month	3 months	6 months	1 year	3 years (annualised)	5 years (annualised)	Since launch (annualised)	2018	2017	2016 ¹	2015	2014
Portfolio return	(0.7)	3.6	6.8	6.0	4.7	5.1	5.2	(2.6)	6.4	9.3	2.2	4.5
MSCI UK	(4.2)	1.7	4.3	1.2	6.1	4.9	6.1	(8.8)	11.7	19.2	(2.2)	0.5
ICE BofAML Sterling Broad Market	3.1	5.8	10.3	11.0	2.5	5.9	5.9	(0.1)	2.6	10.6	0.5	13.9

Annualised performance to last quarter-end* (%)

	Jun 18 - Jun 19	Jun 17 - Jun 18	Jun 16 - Jun 17	Jun 15 - Jun 16	Jun 14 - Jun 15
Portfolio return	6.0	1.9	10.6	3.8	2.6

Past performance is not indicative of future returns. The portfolio performance is calculated on a total return basis, net of all fees and in GBP terms. Source: FE Analytics, Bloomberg

Historical cumulative performance¹



Source: Bloomberg, MGIM

The value of the underlying funds and the income generated from them can go down as well as up, and is not guaranteed. Investors may not get back the original amount invested. The value of investments involving exposure to foreign currencies can be affected by currency exchange rate fluctuations. Past performance is not a guide to future performance.

Investment team



James Klempster, CFA
Director | Investment Management



Alex Harvey, CFA
Portfolio Manager

The Income Portfolio is managed by James Klempster and Alex Harvey. James and Alex form part of our 13 strong investment team who have collectively built and evolved our proprietary investment process over the past 20+ years. The experienced team consists of specialists in equity, fixed income and alternative asset classes as well as members who focus on asset allocation, risk management, portfolio construction and trade implementation.



Actual performance may vary subject to the timely execution of orders.

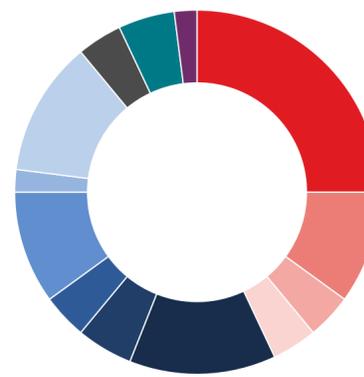
* The Cautious Income, Income and Higher Income Portfolios were merged in December 2017. Historical performance figures prior to the merger in December 2017 have been simulated to represent one-third of the Cautious Income Portfolio, one-third of the Income Portfolio one-third of the Higher Income Portfolio. The Momentum Income Portfolios' returns are net of the AMC and underlying fund charges but do not take into account the platform provider's charges. Performance may also differ depending upon which platform is used to access the Income Portfolios due to different rebates and fees agreed with the Fund Manager by the Platforms. † As at 30 August 2019, 0.91% of the Net Asset Value of the portfolio was incurred as charges, levies and fees related to the management of the portfolio. The ratio does not include platform provider's charges. ¹ MGIM commenced management as at February 2016.

Current holdings - top 10 funds

Holding	Weight	Current yield ²
AXA US Short Duration High Yield	10.0%	4.2%
MI TwentyFour AM Dynamic Bond	8.0%	4.2%
TB Evenlode Global Income	8.0%	1.7%
Jupiter Income Trust	7.0%	2.5%
Schroder Income Maximiser	7.0%	3.0%
TB Evenlode Income	7.0%	2.3%
Vanguard US Government Bond Index	7.0%	1.5%
iShares UK Gilts All Stocks Index	6.0%	1.2%
Merian Global Equity Absolute Return (GBP hedged)	5.0%	0.0%
Vanguard UK Short-Term Investment Grade Bond Index	5.0%	1.0%

² The yield does not include underlying fund charges.
Source: Bloomberg, MGIM

Tactical asset allocation



Equity	43.0%
■ UK equity	25.0%
■ Developed equity	10.0%
■ Emerging equity	4.0%
■ Infrastructure equity	4.0%
Fixed Income	46.0%
■ Sovereign bonds	13.0%
■ Investment grade credit	5.0%
■ Emerging market debt	4.0%
■ High yield credit	10.0%
■ Inflation-linked bonds	2.0%
■ Strategic bonds	12.0%
Property	4.0%
■ Listed property	4.0%
Alternatives	5.0%
■ Absolute return	5.0%
Cash	2.0%
■ Cash	2.0%

Allocations subject to change. Source: MGIM

Market commentary

Political turbulence in August had a detrimental impact on the UK economy and markets, with Brexit uncertainty increasing as the UK nears the October 31st deadline to leave the EU, and Boris Johnson calling for the suspension of Parliament almost as soon as MPs return from the summer recess. Over the month the UK all cap index fell by -4.2% with large cap firms falling -4.4%. Year-to-date the UK all cap index has gained 10.5%. However, compared to their US and European counterparts, UK equity performance has been considerably worse, with the US and Europe only falling by -1.3% and -1.5% respectively. Broader developed and emerging market equities fell over the month by -1.7% and -4.5% respectively. Sterling performed largely flat against the US dollar, but this masks intra-month volatility which pushed the dollar higher in the second half of the month as trade tensions between the US and China increased. In fixed income, UK gilts performed strongly, returning 3.8% in August while sterling investment grade bonds gained 1.5%. Gilts underperformed US Treasuries (4.0%) but outperformed European government bonds (2.5%) and global government bonds (3.4%). With respect to commodities, Brent crude oil fell over the month ending -6.9% lower while copper prices, a proxy for industrial demand, fell -4.7%. Gold rallied significantly, up nearly 7.9%, as the flight to safe-haven assets continued in the face of rising global uncertainty, placing its year-to-date growth at 24.2%.

Source: MGIM, Bloomberg

Platforms available



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