

Momentum Income Portfolio*

month ended 31 October 2018

Portfolio details

Investment manager	Momentum Global Investment Management (MGIM)				
Inception	31 May 2011	Tactical version	.v9	AMC	0.25% +VAT
MGIM management from	1 February 2016	Minimum investment	£1,000	TER [†]	0.93%
Target volatility	6-9%	Current yield	2.97%		

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* (%)

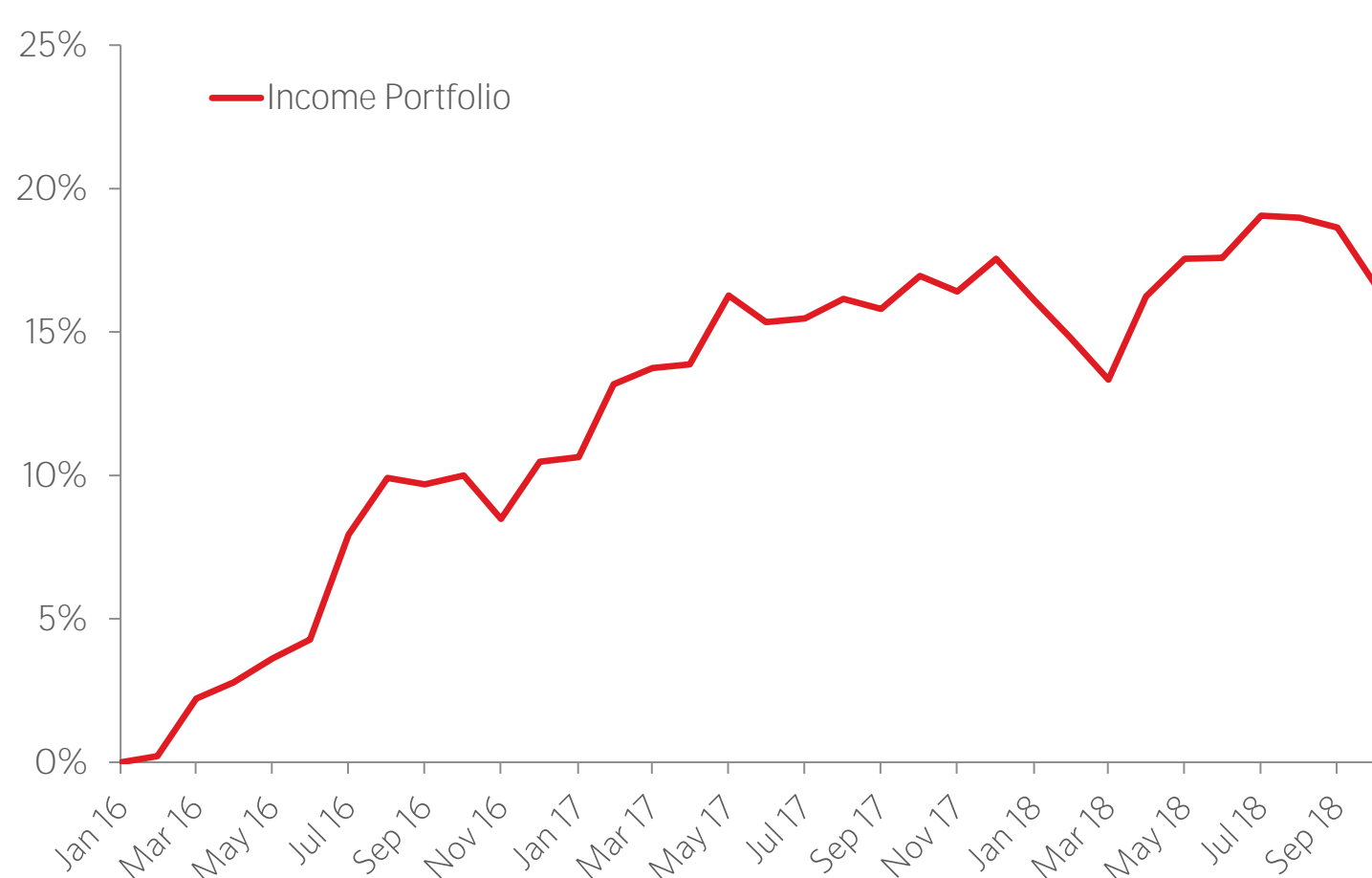
	1 month	3 months	6 months	1 year	3 years (annualised)	5 years (annualised)	2017	2016 ¹	2015	2014	2013	Since launch (annualised)
Portfolio return	(1.7)	(2.1)	0.3	(0.3)	4.9	4.0	6.4	9.3	2.2	4.5	4.7	4.7
MSCI UK	(4.8)	(6.7)	(2.9)	(0.9)	8.0	4.8	11.7	19.2	(2.2)	0.5	1.6	6.2
MSCI AC World	(5.4)	(3.6)	3.7	3.5	14.8	11.1	13.2	28.7	3.2	10.7	0.5	10.5

Annualised performance to last quarter-end* (%)

	Sep 17 - Sep 18	Sep 16 - Sep 17	Sep 15 - Sep 16	Sep 14 - Sep 15	Sep 13 - Sep 14
Portfolio return	2.4	5.6	11.2	1.3	4.3

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 performance*¹



Source: FE Analytics

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



Jernej Bukovec, CFA
Portfolio manager



James Klempster, CFA
Head of Investment Management

The Income Portfolio is managed by Jernej Bukovec and James Klempster. Jernej and James form part of our 13 strong investment team who have collectively built and evolved our proprietary investment process over the past nineteen 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.

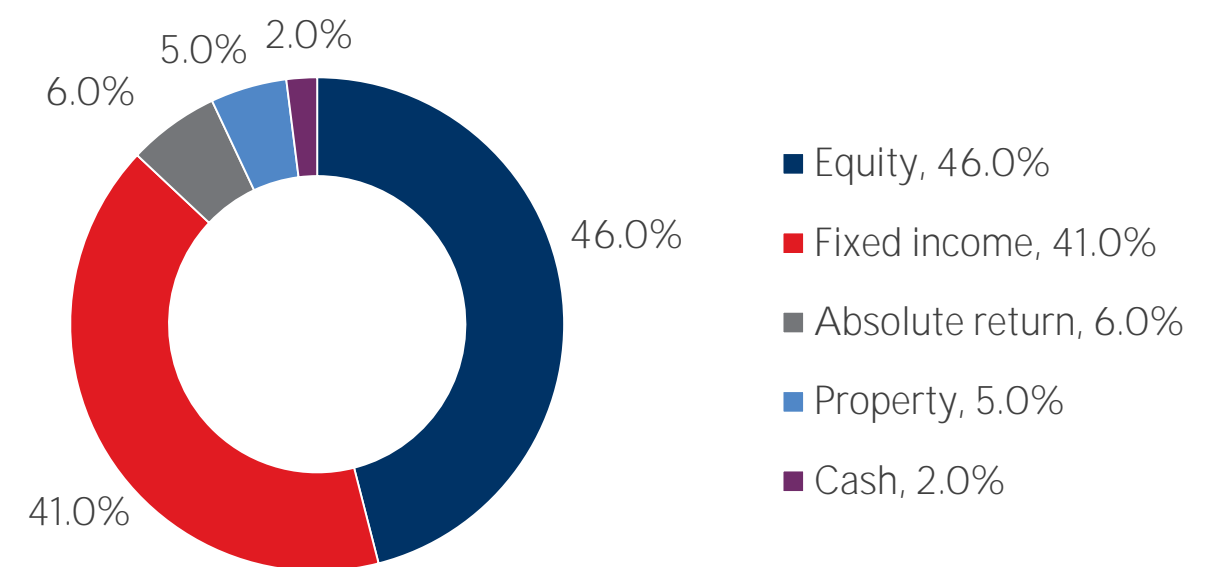
* The Cautious Income, Income and Higher Income Portfolios were merged in December 2017. Historical performance figures prior to the merger in December 2017 have been simulated to represent one-third of the Cautious Income Portfolio, one-third of the Income Portfolio one-third of the Higher Income Portfolio. 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 31 October 2018, 0.93% 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
MI TwentyFour AM Dynamic Bond	10.0%	4.7%
L&G Emerging Markets Government Bond Index	8.0%	4.5%
Evenlode Global Income	8.0%	0.0%
AXA US Short Duration High Yield	8.0%	1.9%
Evenlode Income	7.0%	1.8%
Schroder Strategic Credit	7.0%	4.2%
JPM Emerging Markets Income	6.0%	4.3%
Schroder Income Maximiser	5.0%	7.8%
Jupiter Income Trust	5.0%	3.9%
L&G Global Real Estate Dividend Index	5.0%	3.3%

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

Tactical asset allocation



Allocations subject to change. Source: MGIM

Market commentary

Following the relative calm of September, the return of volatility in October helped to drive a 'risk-off' market sentiment. Amidst this backdrop, in Sterling terms all major indices posted negative returns, while government bond yields outside the US were broadly lower and gold, a classic safe-haven asset, rallied 4.2%. Despite a bounce in the final days of the month, developed market equities fell 5.3%, a smaller fall than the 6.6% decline in emerging markets. US equities declined 4.8% amid investor concerns over the durability of the economic cycle following strong economic data and comments made by the Federal Reserve indicating to the possibility for further interest rate hikes, subsequently changing the valuation basis for riskier assets. UK equities fell 4.8% with uncertainty around Brexit weighing on returns. Notably, Asian equities declined 8.2% over the month, largely attributed to the deteriorating trade war between the US and China, and mounting concern that the Chinese economy is slowing. Bond markets held up far better than equities, with some government bond markets managing small positive returns including UK Gilts, returning 1.0%. In Sterling terms, US Treasuries returned 1.7% but in US dollar terms produced a negative return of 0.5%, this can be explained by the strong US dollar which appreciated 2.1% on a trade weighted basis.

Source: MGIM, Bloomberg

Platforms available



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