



30<sup>th</sup> June 2017

### CORE INCOME PORTFOLIO

*To provide a high level of income with some capital growth through exposure to a broad range of asset classes*

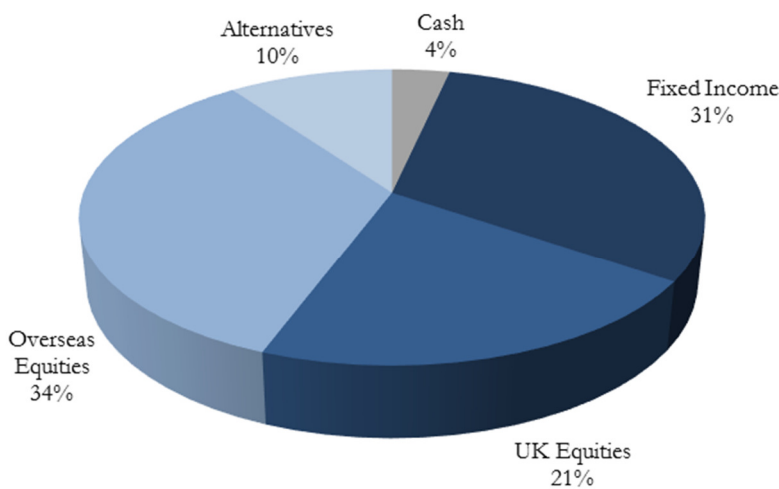
#### INVESTMENT OBJECTIVE & APPROACH

The objective of the Core Income Portfolio, over the medium term, is to achieve an above inflation return with an income focus, together with an element of capital growth. The gross yield is at present targeted in the region of 3%. Equities are the main asset class and so there will be a degree of volatility.

The Portfolio will invest in ETFs and other collective funds, as well having scope to use structured investments. This provides a high degree of flexibility to allow the manager to implement any tactical view. The manager’s approach is to provide their own tactical overlay and therefore in most cases passive instruments are used to minimise cost. However active managers are considered for each sector and used in a minority of cases where it is felt justified.

The firm’s investment philosophy advocates complementing a core of traditional assets with exposure to value stocks and smaller companies. Within equities a global approach is taken with only a moderate UK bias. Given the income focus of this portfolio, value stocks will play a greater role than smaller companies. There is an absolute focus on risk management, to control volatility, minimise draw-downs and enable maximisation of risk adjusted returns.

#### CURRENT ASSET ALLOCATION



<b>Cash</b>	Cash	3.50%
	Sovereign	0.00%
<b>Fixed Income</b>	Corporate	16.00%
	Emerging Markets	7.00%
	High Yield	8.00%
<b>UK Equities</b>	UK	21.25%
	Europe	9.75%
	US	10.00%
<b>Overseas Equities</b>	Pacific	4.00%
	Emerging Markets	5.50%
	Global	5.00%
	Infrastructure	5.00%
<b>Alternatives</b>	Absolute Return	5.00%
	<b>Total</b>	<b>100.00%</b>

#### PORTFOLIO POSITIONING

Our current positioning is built on three cornerstones: short-duration in fixed income, underweight in US equities and overweight alternative strategies. Our short-duration positioning is complimented by exposure to US high yield bonds, emerging market bonds and ‘other’ bond strategies such as asset backed bonds. The underweight to US equities is countered with overweight positions to European and emerging market equities, underpinned by a predilection to the value style-bias. The total equity weighting (28.5%) includes positions in a global dividend ETF and a defensive autocall fund. The fund offers daily liquidity, distributes a yield of 4% and an alternative strategy to have exposure to equity markets. As well as alternative strategies in fixed income and equities we have a 5% position in an infrastructure fund and 5.0% position in an absolute return fund. **The portfolio has a distribution yield of 3.6%.** The portfolio is positioned to offer some protection from rising yields and the corresponding fall in ‘dividend proxies’, which largely populate income focused portfolios. With central bankers becoming less dovish, we believe this positioning is prudent.

#### CONTACT US

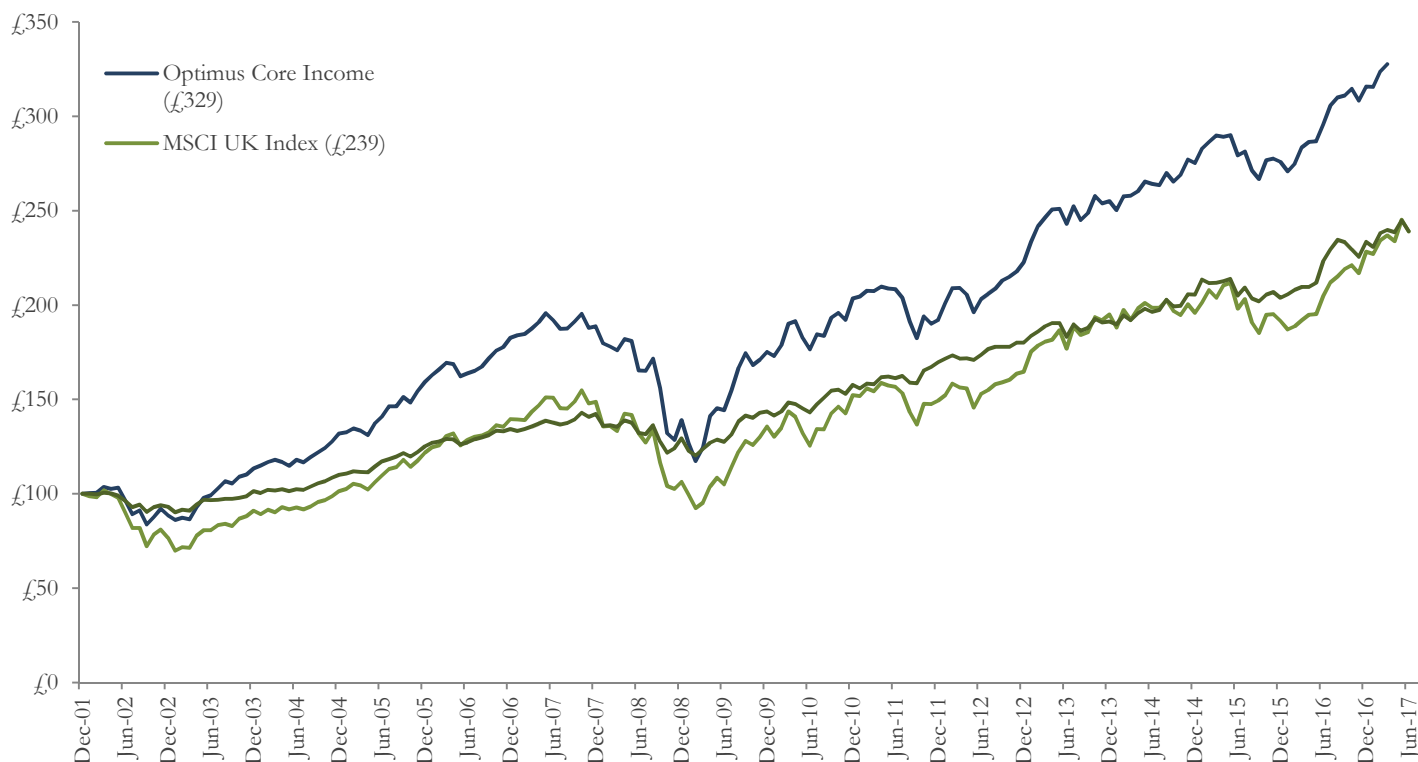
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# PORTFOLIO PERFORMANCE

Performance of the Core Income Portfolio from 31<sup>st</sup> December 1998 to 30<sup>th</sup> June 2017 is shown below\*. Prior to 31<sup>st</sup> December 2012, returns are represented by the back-tested performance of the Optimus Core Income composite benchmark.



## Discrete live monthly performance\*

	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total Return
Optimus Core Income Portfolio	2017	-0.1%	2.6%	1.2%	-0.2%	1.6%	-1.0%							4.3%	47.8%
	2016	-1.8%	1.5%	3.2%	1.0%	0.1%	3.1%	3.4%	1.5%	0.3%	1.2%	-2.0%	2.4%	14.5%	
	2015	2.8%	1.2%	1.2%	-0.2%	0.3%	-3.7%	0.7%	-3.5%	-1.7%	3.7%	0.3%	-0.6%	0.3%	
	2014	-1.9%	2.9%	0.2%	0.9%	2.0%	-0.4%	-0.3%	2.4%	-1.7%	1.3%	3.1%	-0.7%	7.9%	
	2013	4.9%	3.6%	1.9%	1.7%	0.2%	-3.2%	3.9%	-2.9%	1.5%	3.7%	-1.5%	0.5%	14.6%	

Multi-Asset 50:50 comprises: 50% iBoxx UK Government Bonds and 50% MSCI UK equity index. Composite benchmark data for the Optimus Core Income Portfolio is available on request. All returns are total returns.

\*Returns net of underlying fund charges but before Optimus management fees.

## RISK WARNINGS & DISCLAIMER

### Risk Warnings

Please note that the investments referred to in this document are subject to market fluctuations, there can be no assurance that appreciation will occur and it may be possible that losses will be realised. Past performance is not necessarily a guide to future performance and the value of investments can fall as well as rise.

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