



30<sup>th</sup> June 2017

### DEFENSIVE PORTFOLIO

*To provide a balance of income and moderate capital growth through exposure to a broad range of asset classes*

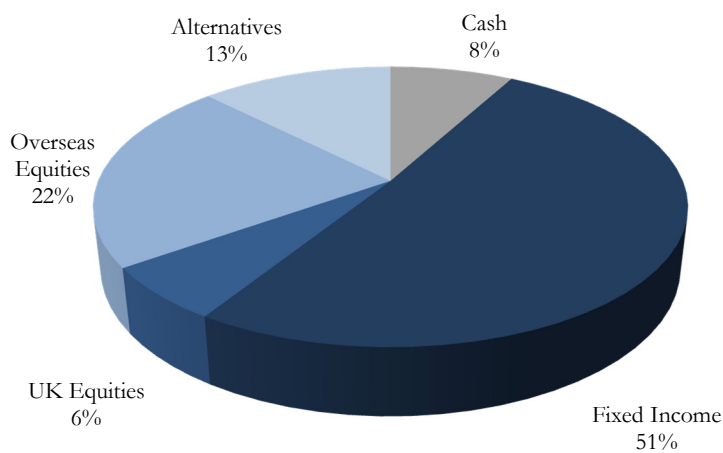
#### INVESTMENT OBJECTIVE & APPROACH

The objective of the Defensive Portfolio, over the medium term, is to achieve an above inflation return through a combination of income and capital growth, coupled with a low degree of volatility. Fixed income investments are the main asset class.

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. For alternative investments, lowly correlated, liquid funds are used. 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	8.00%
	Sovereign	15.00%
<b>Fixed Income</b>	Corporate	24.50%
	Emerging Markets	5.00%
	High Yield	6.50%
<b>UK Equities</b>	UK	6.25%
	Europe	5.50%
	US	2.50%
<b>Overseas Equities</b>	Pacific	3.00%
	Emerging Markets	4.00%
	Global	7.25%
	Commodities	5.00%
<b>Alternatives</b>	Absolute Return	7.50%
	<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 UK inflation linked bonds, emerging market bonds and 'other' bond strategies such as asset backed bonds and floating rate notes. 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 clean energy ETF and US banks ETF, as well as a defensive autocall fund. The fund offers daily liquidity 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 physical gold and 7.5% position in an absolute return fund. We believe that the recent comments from the world's central bankers regarding asset valuations indicate an incipient collective effort to reign in investors' risk appetites. We believe our asset allocation is prudent for this environment, by avoiding the most expensive asset classes and regions.

#### CONTACT US

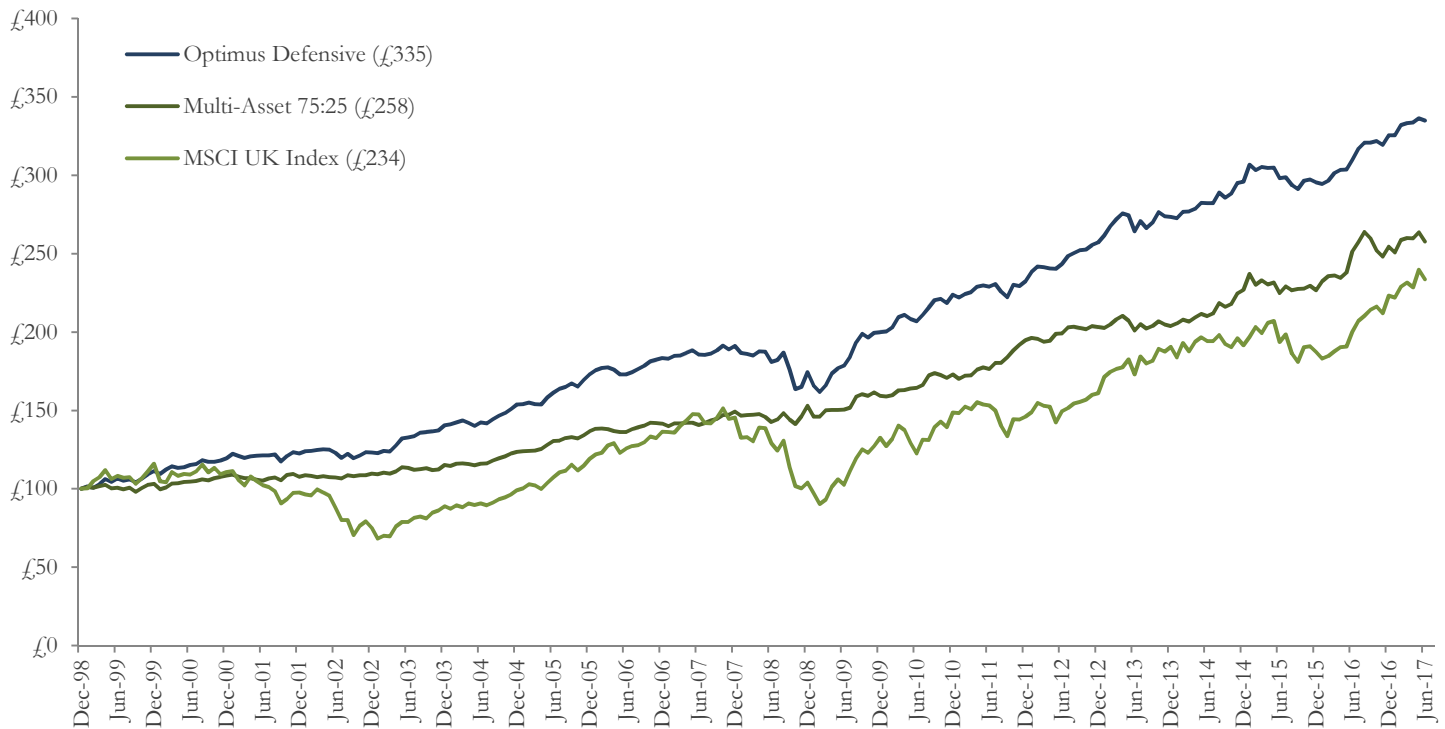
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# PORTFOLIO PERFORMANCE

Performance of the Defensive 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 Defensive composite benchmark.



## Discrete live monthly performance\*

	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total Return
Optimus Defensive Portfolio	2017	0.1%	2.0%	0.4%	0.2%	0.8%	0.5%							2.9%	30.5%
	2016	-0.3%	0.7%	1.7%	0.7%	0.1%	2.0%	2.3%	1.2%	0.0%	0.3%	-0.8%	1.9%	10.1%	
	2015	3.6%	-1.1%	0.7%	-0.3%	0.1%	-2.2%	0.2%	-1.7%	-0.9%	1.8%	0.3%	-0.7%	-0.1%	
	2014	-0.3%	1.5%	0.1%	0.6%	1.4%	-0.1%	0.0%	2.5%	-1.0%	0.9%	2.3%	0.3%	8.5%	
	2013	1.7%	2.3%	1.7%	1.4%	-0.5%	-3.7%	2.5%	-1.7%	1.3%	2.5%	-0.9%	-0.2%	6.3%	

Multi-Asset 75:25 comprises: 75% iBoxx UK Government Bonds and 25% MSCI UK equity index. Composite benchmark data for the Optimus Defensive 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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