



The Estate Capital Investment Portfolios

13th Edition : Summer – Autumn 2010

ESTATE  CAPITAL

Chartered Financial Advisers

Investment Management : Employee Benefits : Independent Financial Advisers : Retirement Planning : Estate Planning



Wise Investment

The growth of personal assets through wise investment is the basis of financial security. The choice and selection of appropriate investments is our strength. We pride ourselves in the monitoring and analysis of the UK's most successful investment managers.

Estate Capital provides choice, flexibility and access to wide ranging investment strategies. We conduct our own in house research so that each of the funds that we recommend has been personally reviewed. We offer a distinct investment service that has proven attraction to clients and professionals.

The Estate Capital Investment Portfolios are researched and published bi-annually. It is from these selections that we build our successful investment, trust fund and pension fund portfolios.

Our research process is designed to identify investment funds that are continually successful rather than those where long term performance is a result of one or two year speculative performance.

Investment Portfolios

The Estate Capital Investment Portfolios offer five model investment strategies aimed at medium to long term investors who seek capital growth and income from a portfolio of leading investment funds. The portfolios can be used in full or as a core holding in a broader bespoke portfolio.

The portfolios offer access to highly rated leading investment fund managers who have in the past provided above average returns. The individual funds that make up our diversified portfolios are selected upon the quality of the fund manager and the consistency of past performance.

Investment Diversity

There is a wide range of asset classes across global markets available to investors. Our Portfolios bring together a diversity of equities, fixed interest securities, currencies, natural resources, precious metals and property. The global balance of investment across differing asset classes is a primary driver of portfolio return and enhanced security.

Defensive Capital
Conservative Capital
Income and Capital
Balanced Capital
Speculative Capital



Risk Related Returns

An important decision to make when constructing a suitable investment portfolio is the level of risk you are prepared to accept. Risk is an unavoidable feature of all investment. As investment takes place amid uncertainty, investors need to account of risk in their search for capital growth.

Once the acceptable level of market risk has been decided, the optimal mix of assets for a given risk profile can be identified. This is asset allocation.

Asset Allocation

It is commonly agreed from established research that asset allocation provides for more than 90% of total return for a managed investment portfolio. Asset allocation is the unquestioned driver of portfolio performance. It is more important than fund selection or market timing.

In order to reduce overall risk, a portfolio should seek to diversify its holdings across various types of investments, alternative areas of business and differing parts of the world economy. Individual ups and downs are cancelled out within a sufficiently diversified portfolio therefore reducing risk and driving return.

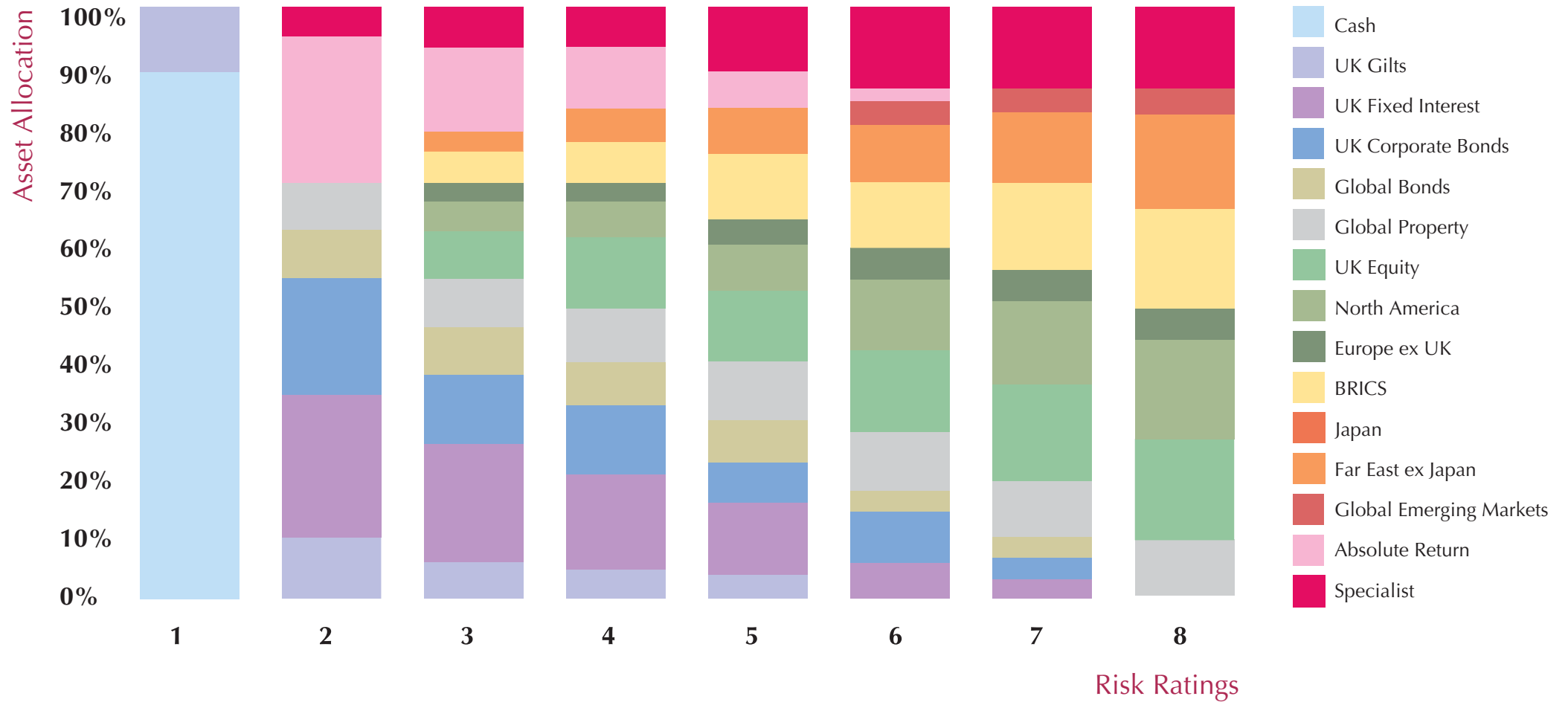


Risk Related Asset Allocation

It is for these reasons that we have built our own risk related asset allocation graph to identify efficient portfolios. The Asset Allocation Graph identifies a suitable split of diversified assets for each risk tolerance.

The graph gives our current risk related asset allocation for a growth investor. The asset allocations are for risk levels 1 to 8, with 1 being the most cautious and 8 being the most speculative. These asset allocations are reviewed periodically and are subject to change.

Risk Related Asset Allocation



Investment Management

The quality of fund management will have significant influence upon likely future returns. We filter the entire listing of UK retail investment funds by preferring funds that are rated AA by OBSR and Morningstar, the respected fund rating agencies. We may accept an A rated fund to provide a required market exposure.

OBSR Fund Management Ratings

The OBSR fund ratings are determined following in depth qualitative and quantitative analysis with the emphasis upon strength of investment process, continuity of personnel, investment style, past performance and risk adjusted returns.

AAA Rating – This is the highest award. It is given to funds which demonstrate very powerful investment processes and disciplines and is an indication of ‘exceptional’.

AA Rating – Using the same methodology this is an indication of ‘very good’.

A Rating – Again using the same methodology this is an indication of ‘good’.

Source: OBSR website.



Morningstar Fund Management Ratings

The Morningstar Fund Management Ratings are based on the evaluation of historical performance, volatility and portfolio construction as well as management, corporate status and investment process, the factors that contribute to long term performance. Only the top 20% of funds in each asset class pass the initial Morningstar performance screening.

AAA Rating – The fund demonstrates the ‘highest standards’ of quality in its sector based upon its investment process and management’s consistency of performance as compared to funds with similar objectives.

AA Rating – The fund demonstrates ‘very high standards’ of quality in its sector.

A Rating – The fund demonstrates ‘high standards’ of quality in its sector.

Source: Morningstar website, Money Management.

Investment Performance

Consistent performance figures do not lie and that quality fund management will express itself in above average and top quartile returns. We therefore point score quartile performance over 3 months, 1 year, 2 years and 3 years, with a weighing to recent performance. We also point score 5 year and 10 year actual average growth rates to reward long term consistent performance.

Quartile rankings are based on discrete performance over the specified measured period to month of publication on a sell to sell income reinvested basis. Fund yields are based upon the gross dividend prediction of the fund manager.

Source: Money Management, June 2010.

Morningstar Fund Performance

The Morningstar Star Rating is calculated using a funds monthly performance relative to its sector average for the past 36 months. The average and volatility of the 36 numbers is used to calculate a funds star rating.

- 5 ***** - Funds in the top 10% of the sector.
- 4 **** - Funds between 10 - 32.5% of the sector.
- 3 *** - Funds between 32.5 - 67.5% of the sector.
- 2 ** - Funds between 67.5 - 90% of the sector.
- 1 * - Funds in the bottom 10% of the sector.

Source: Morningstar website.

Fund Selection

The combined points score from several past quartile performance, actual average growth rates, current yield and fund management confidence factors from leading fund rating agencies will provide us with an overall merit rating. Each fund which passes through our initial screening process will receive a point score on our "Purchase List". The highest scoring funds are then usually but not exclusively selected into our portfolios.

Risk rated returns

All selected investment funds and investment portfolios are given a risk rating from 1 to 8 in order to match fund selection to attitude to risk and reward.

The value of capital and income arising from an investment is not guaranteed. Stock and unit prices may go up as well as down and an investor may not get back the amount originally invested.



The Estate Capital Investment Portfolios Purchase List

Group	Fund Name	Sector	Yield	3M Quartile Points	1Y Quartile Points	2Y Quartile Points	S&P Star Rating Points	3Y Quartile Points	5Y AGR Points	10Y AGR Points	M Star Rating Points	OBSR Rating Points	Total Score	Notes	Risk Rating
Schroder	US Mid Cap	American Growth	0	3	3	4	5	4	12.2			AAA	82	Select	7
Threadneedle	American	American Growth	0	4	3	4	4	3	9.2	-0.3	A	AA	75	Select	6
JP Morgan	US	American Growth	0.1	4	4	3	4	1	7.4	-1.3		AA	70		7
Threadneedle	American Select	American Growth	0	3	2	4	3	3	9.9	-0.7	AA	AA	70		8
Investec	American	American Growth	0.5	2	4	4	4	1	8.3			AA	68		8
UBS	US Equity	American Growth	0	2	3	2	3	1	5.1		AA	AA	65		8
Legg Mason	US Equity	American Growth	0	1	4	1	1	1	-3.2		A	AA	52		10
Martin Currie	North American	American Growth	0	3	1	1	3	4	7.3			AA	50		8
Neptune	US Opportunities	American Growth	0	2	1	4	5	4	13.9			A	49	Select	7
Black Rock	US Dynamic	American Growth	0	2	1	3	3	1	6	-3.3	A	AA	47		8
Legg Mason	US Smaller Companies	American Smaller Companies	0	1	3	3	4	3	12.5		AA	AA	74	Select	8
Schroder	US Smaller Companies	American Smaller Companies	0	1	2	3	4	4	12.3	8.8		AAA	77		10
Aberdeen	Emerging Markets	Emerging Markets	0.9	4	4	4	5	3	25.5	14.8	AA	AA	120	Select	10
First State	Global Emerging Market Leaders	Emerging Markets	0.3	2	1	4	5	2	22.5		AA	AA	76		8
Gartmore	Emerging Market Opportunities	Emerging Markets	0.3	2	1	1	3	4	17.9	9.4		AA	68		10
JPM	New Europe	Emerging Markets	0.1	3	4	1	3	4	21.4	15.6		A	88	Select	10
Jupiter	Emerging European Opportunities	Emerging Markets	0.1	1	2	2	3	2	14.7		A	AA	62		10
SWIP	Latin America	Latin America	0.5	3	4	3	4	3	29.9	17.5		A	101		10
Threadneedle	Latin America	Latin America	0.5	3	3	2	4	3	29.1	18		A	94	Select	10
Neptune	Russia and Greater Russia	Russia	0	2	2	2	4	2	26.6				53	Select	10
First State	India Subcontinent	India	0.2	3	3	3	5					A	45	Select	10
Allianz RCM	BRIC Stars	BRICs	0.3	2	3	2	1	2				A	40	Select	10
Jupiter	European	European Growth	0.8	4	4	4	4	4	12.2	6.4		AAA	98	Select	8
Jupiter	European Special Situations	European Growth	0.9	4	3	4	5	3	11.6	6.9	AA	AA	92		8
Henderson	European Growth	European Growth	1.5	4	4	3	4	2	11.1			AAA	89		9
Fidelity	European Opportunities	European Growth	0.1	3	4	2	3	4	9.4	3.9	A	AA	81		9
Schroder	European Alpha Plus	European Growth	0.8	3	3	3	4	1	9.3			AA	66		8
Neptune	European Opportunities	European Growth	1.1	2	1	4	4	4	15.3			AA	62		10
Cazenove	European	European Growth	1.6	1	2	4	4	4	10.6	-0.3		AA	61		7
Artemis	European Growth	European Growth	1.6	4	3	1	1	1	3.5			AA	60		10
Barings	European Growth	European Growth	1.3	3	2	1	2	1	8.1	-1	A	AA	60		10
Barings	Europe Select Trust	European Smaller Companies	0.1	2	2	3	5	4	15.2	8.2	AA	A	74	Select	9
JP Morgan	European Smaller Companies	European Smaller Companies	0.8	4	3	1	3	3	10.3	4		AA	73		10
First State	Asia Pacific	Far East	0.6	4	1	4	5	3	21	14.7	AAA	AAA	112		10
Aberdeen	Asia Pacific	Far East	1	4	4	3	5	3	18.5	12.5	AA	AA	110	Select	9
Fidelity	South East Asia	Far East	0.2	4	1	4	5	4	24.2	11.4	AA	AA	97		10
First State	Asia Pacific Leaders	Far East	0.7	2	1	4	5	4	20.7		AAA	AAA	92	Select	8
Aberdeen	Asia Pacific & Japan	Far East	0.8	4	4	2	5	4	14.1	8.9		AA	92		8
Investec	Asia	Far East	0.8	3	2	2	4	4	18.6	9.6		AA	81		10

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Group	Fund Name	Sector	Yield	3M Quartile Points	1Y Quartile Points	2Y Quartile Points	S&P Star Rating Points	3Y Quartile Points	5Y AGR Points	10Y AGR Points	M Star Rating Points	OBSR Rating Points	Total Score	Notes	Risk Rating
First State	Greater China Growth	China	0.7	2	4	3	5	3	22.9		AAA	A	90	Select	10
Gartmore	China Opportunities	China	0.5	2	2	3	3	3	22.7	13.1	A	A	79		10
Jupiter	China	China	0.4	1	4	3	2	1			A	A	49		10
GLG	Japan Core Alpha	Japan	0.5	3	3	4	5	4	12.3	-0.2	AAA	AA	88	Select	7
Invesco Perpetual	Japan	Japan	0	4	4	4	5	3	11.1	0.1	AA		69		6
Schroder	Tokyo	Japan	0.1	3	4	4	5	2	3.9	-0.1		AA	68		5
M&G	Global Basics	Global Growth	0.3	4	4	1	4	4	15.7		AA	AA	91	Select	10
Neptune	Global Equity	Global Growth	0.7	4	4	1	3	4	15.6			AAA	91	Select	9
M&G	Global Leaders	Global Growth	1.8	3	4	1	3	2	9.6		AA	AA	82		9
Gartmore	Global Focus	Global Growth	0.8	3	3	2	3	2	8.7		AAA	AA	79		8
Investec	Global Free Enterprise	Global Growth	0.8	4	4	2	4	1	7.7	5.8		AA	78		8
Threadneedle	Global Select	Global Growth	0.1	4	2	4	5	3	10.1	1.7	AA	AA	78		7
Fidelity	Wealth Builder	Global Growth	1.1	3	3	3	4	3	7.6	3.7		AA	71		6
Fidelity	Money Builder Global	Global Growth	0.7	3	3	3	4	2	7.7	3.6		AA	69		6
Jupiter	Ecology	Global Growth	0.4	2	2	3	3	4	9.6	1.3		AA	60		7
Artemis	Global Growth	Global Growth	0.9	4	2	1	1	4	6.7	-4		AA	55		9
Thames River	Global Boutiques	Global Growth	0	2	1	4					AAA	AA	51		8
SVM	Global Opportunities	Global Growth	0	1	1	1	1	2				AA	33		9
First State	Global Property Securities	Property Shares	2.2	4	4	3	4	3				A	60	Select	4
Schroder	Global Property Securities	Property Shares	1.6	4	3	3	3	3				A	52		4
Black Rock	Gold & General	Specialist	0	2	1	3	5	4	28.1	25.4	AAA	AAA	123	Select	10
JP Morgan	Natural Resources	Specialist	0	3	4	3	4	2	22.2	23.7		AA	108	Select	10
Jupiter	Financial Opportunities	Specialist	0.2	1	2	4	5	3	13.2	14.2	AAA	AAA	100		5
First State	Global Resources	Specialist	0.3	2	3	3	4	3	23.1		AA	AA	88	Select	10
AXA Framlington	Health	Specialist	0	4	4	2	2	2	6.6			AA	69		7
Investec	Global Energy	Specialist	1.2	3	1	4	4	2	16.3			AA	64	Select	10
Standard Life	Global Absolute Return Strategies	Absolute Target Return	1.4	3	4							A	46	Select	3
Threadneedle	Absolute Return Bond	Absolute Target Return	0.8	1	1	4	3	4			AA	A	42		3
Cazenove	UK Absolute Target	Absolute Target Return	0	2	2						AA	A	38		3
Blackrock	UK Absolute Alpha	Absolute Target Return	0	1	1	3		4			AA	A	36		3

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Invesco Perpetual	Corporate Bond	UK Corporate Bond	5.2	2	3	3	5	4	5.1	6.3	AAA	AAA	103	Select	11
Fidelity	Money Builder Income	UK Corporate Bond	4.6	3	2	3	4	3	5	6.7	AAA	AAA	97		1
Old Mutual	Corporate Bond	UK Corporate Bond	6.1	4	4	1	2	1	2.4		AA	AA	85		3
M&G	Strategic Corporate Bond	UK Corporate Bond	4.3	2	2	4	5	4	7.9		AAA	AA	83	Select	1
M&G	Corporate Bond	UK Corporate Bond	4.4	2	2	4	5	4	5.9	6.1	AA	AA	82		1
AEGON	Sterling Corporate Bond	UK Corporate Bond	4.9	4	4	1	3	1	2.3	5.5		AA	79	Select	3
Standard Life	Corporate Bond	UK Corporate Bond	4.6	1	4	4	3	4	2	4	A	AA	78		1
AEGON	Investment Grade Bond	UK Corporate Bond	4.7	3	4	2	3	2				AA	69		1
AEGON	Ethical Corporate Bond	UK Corporate Bond	5.2	3	3	1	2	2	1.8	4.1		AA	68		2
Threadneedle	Emerging Market Bond	Global Fixed Interest	6.2	4	3	4	5	2	14.2	11.9	A	A	95	Select	3
Old Mutual	Global Strategic Bond	Global Fixed Interest	4.2	3	4	3	5	4	9.7	8.5	AA	A	92	Select	2
Invesco Perpetual	Global Bond	Global Fixed Interest	3.9	4	2	2	4	2	7.3	7.6	A	A	70	Select	2
Templeton	Global Total Return Bond	Global Fixed Interest	5.9	3	3						AA	A	59		2
Investec	Emerging Market Debt	Global Fixed Interest	7.1	4	3	3						A	57	Select	3
Baillie Gifford	High Yield Bond	UK High Yield	6.9	4	4	2	5	3	8.8			AA	89	Select	4
AEGON	High Yield Bond	UK High Yield	7.4	4	4	2	4	1	7.1			AA	85	Select	3
Henderson	Fixed Interest	UK Fixed Income	7.1	4	4	1	2	2	3.9	5.4		AA	85		3
Henderson	High Yield Bond	UK High Yield	6.5	3	4	1	2	1	4.7			AA	75		4
Legal & General	High Income	UK High Yield	6.8	2	2	2	3	4	6.2			AA	67		4
Invesco Perpetual	Monthly Income Plus	UK Fixed Income	6.7	4	4	2	5	3	8	8.3	AA	AAA	116	Select	3
Henderson	Strategic Bond	UK Fixed Interest	6.8	3	3	2	5	4	7.1	6.7	AA	AAA	105	Select	2
Henderson	Preference & Bond	UK Fixed Interest	7.1	4	4	1	3	2	4.3	6	A	AAA	102		3
M&G	Optimal Income	UK Fixed Income	5	2	4	4	5	4			AAA	AA	88	Select	3
Artemis	High Income	UK Fixed Income	6.7	3	4	1	4	1	4.3	8.5		AA	85		3
AEGON	Strategic Bond	UK Fixed Income	4.7	3	4	3	3	3	5.7			AA	77		2
Legal & General	Dynamic Bond	UK Fixed Income	5.3	3	4	3					AA	AA	77		2
AXA Framlington	Managed Income	UK Fixed Income	6.9	4	4	1	1	1	1.8			AA	75		3
Artemis	Strategic Bond	UK Fixed Income	5.7	3	4	1	3	2				AA	70		2
Legal & General	All Stock Index linked Gilt Index	Index linked Gilt	1.8	2	4	3	3	4	6.2				50	Select	1
M&G	Index linked Bond	Index linked Gilt	1.2	1	2	4	3	2	5.9	5.2			38		1
Henderson	Index linked Bond	Index linked Gilt	0.6	1	3	2	2	2	4.4				33		1
Allianz PIMCO	Gilt Yield	Gilt	3.6	4	4	4	5	4	5	5			66	Select	1
Legal & General	All Stocks Gilt Index	Gilt	4.2	2	2	4	4	4	4.9	5.1			48		1

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Invesco Perpetual	High Income	UK Equity Income	4.3	1	1	4	5	4	7.8	9.6	AAA	AAA	93	Select	4
Invesco Perpetual	Income	UK Equity Income	4.2	1	1	4	5	4	7.8	9.6	AAA	AAA	93		4
Standard Life	Equity High Income	UK Equity Income	3.9	3	2	2	4	4	6.5	6.1	AAA	AA	86		6
Jupiter	Income	UK Equity Income	4.7	1	1	3	3	1	4.7	6.1	AAA	AAA	81		5
Artemis	Income	UK Equity Income	4.7	4	2	4	4	2	6.4			AAA	80	Select	4
Neptune	Income	UK Equity Income	4.9	2	3	3	4	3	7			AA	71	Select	5
AXA Framlington	Monthly Income	UK Equity Income	5	1	4	1	2	1	-2.4	-0.1		AA	59		7
AXA Framlington	Equity Income	UK Equity Income	4.5	1	2	1	2	1	-0.7	1.9		AA	49		8
Psigma	Income	UK Equity Income	5.1	1	1	3	0	3				AA	45		6
M&G	Recovery	UK Growth	1.4	2	4	4	5	4	11	7	AAA	AAA	109	Select	7
Black Rock	UK Special Situations	UK Growth	1.6	4	4	3	5	3	8.9	8.1	AA	AAA	107	Select	7
Fidelity	Special Situations	UK Growth	1	4	2	4	5	3	10	11.5	AA	AA	90		8
AXA Framlington	Select Opportunities	UK Growth	1.7	3	4	3	4	3	7.6			AAA	84		6
Jupiter	UK Growth	UK Growth	1.5	4	3	2	3	2	8.2	3.9	AA	AA	82		9
Old Mutual	UK Select Mid Cap Trust	UK Growth	1.3	4	2	4	5	2	13.5		AA	AA	81		8
Black Rock	UK	UK Growth	1.8	1	2	1	2	4	6	4	AAA	AAA	81		8
Schroder	UK Alpha Plus	UK Growth	1.2	4	4	4	4	3	11.1			AA	81		9
Standard Life	UK Equity Growth	UK Growth	1.7	2	2	2	4	4	7.4	4.2	AAA	AA	78		7
Investec	UK Special Situations	UK Growth	2.8	1	4	4	4	1	8.2	7.4		AA	77		6
Artemis	Special Situations	UK Growth	1.9	3	1	4	4	1	6.3	9.4		AAA	74		5
Black Rock	UK Dynamic	UK Growth	1.9	1	2	1	2	4	6		AAA	AA	67		8
AEGON	UK Opportunities	UK Growth	1.8	3	4	2	4	4				AA	67		6
Schroder	UK Mid 250	UK Growth	1.4	4	1	3	3	1	6.5	8.8		AA	63		10
Rensburg	UK Select Growth	UK Growth	2	1	2	2	2	2	5			AAA	60		6
Cazenove	UK Growth & Income	UK Growth	3.3	1	3	3	3	2				AA	56		5
AEGON	Ethical Equity	UK Growth	1.4	2	1	3	3	2	7.6	3.2		AA	54		6
Ignis	Cartesian UK Opportunities	UK Growth	1.9	3	1	3	1	1			A	AA	49		7
Standard Life	UK Smaller Companies	UK Smaller Companies	0.7	4	4	3	4	4	12.7	8.1	AAA	AAA	114	Select	8
Old Mutual	UK Select Smaller Companies	UK Smaller Companies	0.6	3	2	4	5	3	13.1		AAA	AAA	92		8
Blackrock	UK Smaller Companies	UK Smaller Companies	0.8	4	2	3	4	3	6.5	8.2	AA	AAA	90		8
Artemis	UK Smaller Companies	UK Smaller Companies	0.3	2	2	1	2	4	-0.2	5.6		AAA	61		10
JP Morgan	UK Smaller Companies	UK Smaller Companies	1.1	2	3	1	3	1	5.1	3.4		AA	60		10
Schroder	UK Smaller Companies	UK Smaller Companies	1.3	2	2	2	3	1	1.8	3.4	A	AA	57		8

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Conservative Capital
Income and Capital
Balanced Capital
Speculative Capital

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