DEFENSIVE Portfolio

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EDITION 25 July 2016

RISK





Defensive Investor

You prefer to take a small amount of risk to achieve modest or relatively stable returns. You accept there may be some short term fluctuations in value.

Potential return of 11.93% & maximum loss of -4.93%

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DEFENSIVE Portfolio

The Defensive Portfolio is a blended style strategy. It is aimed at medium to long term investors who are seeking a cautious investment that has a genuine prospect of capital growth above cash based investments.

The chosen investment funds can invest in fixed interest securities, commercial property, cash, UK and overseas equities and alternative assets. They are actively managed by leading fund managers to maximise total return whilst maintaining control of risk.

The Defensive Portfolio performance is benchmarked against the average performance of the IA Mixed Investment 0%–35% sector and has a risk rating and investor profile of 2 out of 10.

R I S K Potential return of 11.93% & potential loss of -4.93%.

A C T I V E Managed daily by our personally selected fund managers. **40**%

E Q U I T Y Held in risk to drive growth, vs the stability of bonds & property.

Risk

Prospective Risk Level



A **risk level 2** investor should be prepared to accept annual returns somewhere **within the range of a -4.93% loss and a 11.93% gain** — returns within this range would be expected 95% of the time. It should be remembered that there is a 5% chance that **risk level 2** portfolios will experience an annual return outside this range — this means an investor may experience **losses greater than -4.93% or gains greater than 11.93%** at some point(s) during their investment in one year.

Range of Returns

| Upper Return | 11.93% | In 95 years out of 100, this is the highest expected level of return for a given level of risk. There is a 2.5% chance that returns could fall outside the upper return figure in one year. |
|------------------------|--------|--|
| Average of All Returns | 3.50% | This is the average of all possible returns within a risk level in one year. |
| Lower Return | -4.93% | In 95 years out of 100, this is the lowest expected level of return for a given level of risk. There is a 2.5% chance that returns could fall outside the lower return figure in one year. |

Asset Allocation

| | Risk /10 | Money Markets | Fixed Interest | Property | UK Equity | US Equity | European Equity | Asian Equity | Japan Equity | Global Equity | Other Assets |
|-----------|----------|------------------|-------------------|----------|--------------|--------------|--------------------|-----------------|-----------------|------------------|-----------------|
| Defensive | 2 | 46% | 30% | 9% | 7% | 5% | 1% | 1% | 0% | 1% | 0% |
| Benchmark | 2 | 11% | 55% | 3% | 8% | 3% | 3% | 1% | 0% | 4% | 12% |

Cumulative Performance Chart



Cumulative performance chart shows % growth from 04/07/2011 to 01/07/2016 calculated using bid prices with income re-invested into the fund net of tax. The cumulative performance chart shows how the portfolio has performed against the benchmark taking into account the changing composition of the portfolio over the period of time shown.

Cumulative Performance: % Growth to 01/07/2016

| | 6 months % | 1 year % | 2 years % | 3 years % | 5 years % |
|--------------------------------------|------------|----------|-----------|-----------|-----------|
| Defensive | 1.49 | 2.67 | 6.98 | 12.98 | 22.24 |
| Benchmark Mixed Investment 0%-35% | 4.36 | 3.90 | 7.77 | 12.60 | 21.75 |
| Difference Portfolio vs Benchmark | -2.87 | -1.23 | -0.79 | 0.38 | 0.49 |

Discrete Performance to Month End Shown: % Growth to 01/07/2016

| | 30/06/16 | 30/06/15 | 30/06/14 | 30/06/13 | 30/06/12 |
|--------------------------------------|----------|----------|----------|----------|----------|
| Defensive | 2.25 | 3.98 | 5.38 | 5.78 | 2.91 |
| Benchmark Mixed Investment 0%-35% | 2.96 | 3.72 | 4.65 | 6.07 | 2.04 |

Performance Ratios Over 3 Years

| Risk Rating | Volatility | Alpha | Beta | Sharpe | Information Ratio | Weighted Average TER | Max Loss | Max Gain | Negative Periods | Positive- Periods |
|----------------|------------|-------|------|--------|----------------------|-------------------------|----------|----------|---------------------|----------------------|
| 2 | 2.71 | 1.39 | 0.65 | 0.13 | 0.05 | 0.52 | -1.81 | 4.64 | 10 | 26 |

Individual Fund's Performance To 01/07/2016

Cumulative Performance: % Growth

| Fund | % Holding | Fund Manager | 6 months % | 1 year % | 2 years % | 3 years % | 5 years % |
|--|--------------|---------------------------------|---------------|-------------|--------------|--------------|--------------|
| BlackRock Cash | 45% | Bea Rodriguez | 0.13 | 0.25 | 0.5 | 0.67 | 1.31 |
| CF Lindsell Train Global Equity | 2% | Michael Lindsell | 12.54 | 16.42 | 45.91 | 57.71 | 116.5 |
| CF Lindsell Train UK Equity | 3% | Nick Train | 5 | 8.78 | 24.38 | 44.23 | 95.8 |
| CF Woodford Equity Income | 3% | Neil Woodford | -2.63 | 3.45 | 21.62 | - | - |
| First State Global Listed Infrastructure | 3% | Peter Meany | 29.08 | 31.14 | 41.35 | 57.99 | 85.38 |
| Fundsmith Equity | 6% | Terry Smith | 20.14 | 37.18 | 65.78 | 77.75 | 148.02 |
| GAM Star Credit Opportunities | 5% | Anthony Smouha | 2.03 | 2.82 | 10.2 | 30.38 | - |
| Henderson Fixed Interest Monthly Income | 4% | John Pattullo | 2.49 | 3.87 | - | - | - |
| Henderson UK Property PAIF Feeder | 4% | Marcus Langlands Pearse | -7.14 | -3.31 | 7.98 | 19.86 | 29.83 |
| Kames Investment Grade Bond | 4% | Euan McNeil | 6.06 | 7.68 | 13.01 | 23.12 | 44.08 |
| L&G All Stocks Index Linked Gilt | 4% | LGIM Index Fund Management Team | 17.78 | 17.78 | 33.47 | 37.92 | 59.38 |
| Threadneedle High Yield Bond | 3% | Barrie Whitman | 2.84 | 1.73 | 3.96 | 15.02 | 29 |
| Threadneedle UK Property | 6% | Don Jordison | -3.24 | 1.44 | 15.03 | 27.06 | 28.71 |
| Vanguard Global Bond Index | 8% | U.S. Bond Index Team | 6.31 | 8.09 | 11.53 | 17.42 | 27.66 |

It is important to remember the figures are not intended to be and should not be taken as a projection of the likely returns from the portfolio risk levels. This is intended to support the risk discussion between an adviser and a client following the completion of a risk profile questionnaire. They show the implied volatility and mean expected return of risk levels 1 to 10 to two standard deviations in one year (ie all returns are expected to be between these extremes in 95 years out of 100; this is often described as a 95% confidence level). The figures shown are the expected arithmetic average returns and the ranges assume that returns are based on a log normal distribution. Figures are shown net of tax and underlying manager fees.

Maximise your returns with a level of risk you're entirely comfortable with

Financial Advice & Wealth Management



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