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DEFENSIVE  
PORTFOLIO

EDITION 29 June 2018

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RISK

2



ESTATE  CAPITAL



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# DEFENSIVE PORTFOLIO

EDITION 29 June 2018

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.

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## RISK

Potential return of 11.59%  
& potential loss of -5.47%.

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## ACTIVE

Managed daily by our personally  
selected fund managers.

60%

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## EQUITY

Held in risk to drive growth, vs  
the stability of bonds & property.

28%

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## FEE S

The weighted total cost  
for the portfolio including  
management, trading &  
research costs.

0.82%

## Risk

### Prospective Risk Level



### Historic Risk Level



A **risk level 2** investor should be prepared to accept annual returns somewhere **within the range of a -5.47% loss and a 11.59% 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 -5.47% or gains greater than 11.59%** at some point(s) during their investment in one year.

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 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.

## Range of Returns

### Upper Return

**11.59%**

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

**3.06%**

This is the average of all possible returns within a risk level in one year.

### Lower Return

**-5.47%**

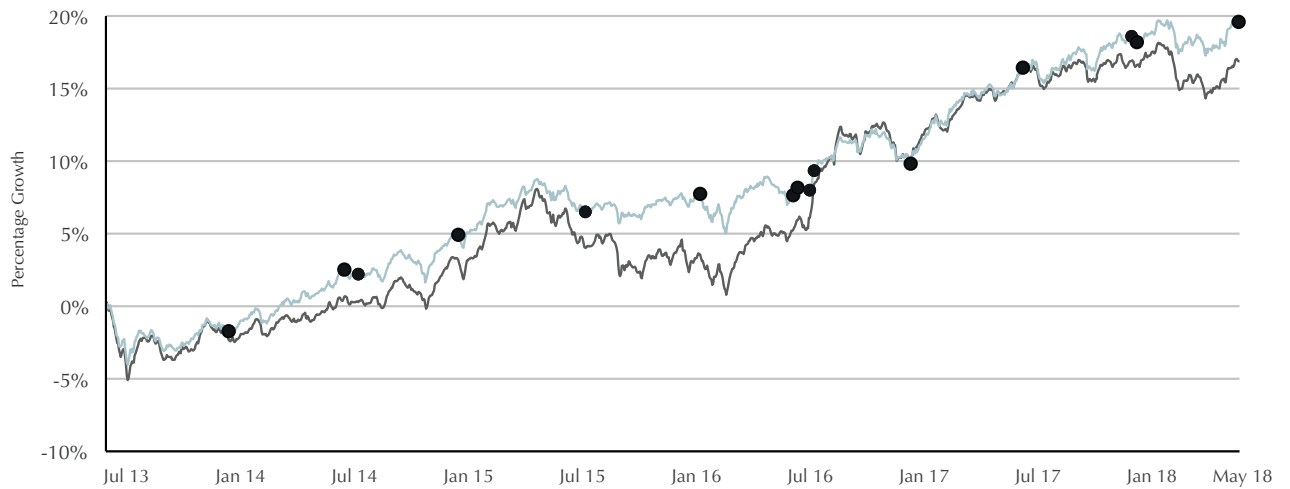
In 95 years out of 100, this is the lowest expected level of return for a given level of risk. There is a 2.5% chance that returns could fall outside the lower return figure in one year.

## Asset Allocation

	Money Markets	Fixed Interest	Property	UK Equity	US Equity	European Equity	Asian Equity	Japan Equity	Global Equity	Other Assets
Defensive	39%	21%	11%	5%	8%	3%	4%	3%	0%	6%
Benchmark IA Mixed Investment 0%-35%	11%	53%	2%	9%	4%	2%	2%	0%	6%	11%
Difference Portfolio v Benchmark	28%	-32%	9%	-4%	4%	1%	2%	3%	-6%	-5%

## Cumulative Performance Chart

KEY Defensive Benchmark ● Automated Switch



Powered by data from FE

Cumulative performance chart shows % growth from 21/05/2013 to 18/05/2018 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 18/05/2018

	6 months %	1 year %	2 years %	3 years %	5 years %
<span style="color: #4F81BD;">Defensive</span>	1.16	4.06	11.13	11.07	19.71
Benchmark IA Mixed Investment 0%-35%	0.31	1.44	11.32	10.26	17.05
Difference Portfolio vs Benchmark	0.85	2.62	-0.19	0.81	2.66

## Discrete Performance to Month End Shown: % Growth to 18/05/2018

	30/04/18	30/04/17	30/04/16	30/04/15	30/04/14
<span style="color: #4F81BD;">Defensive</span>	3.94	5.71	0.50	6.67	1.61
Benchmark IA Mixed Investment 0%-35%	1.44	9.13	-1.35	7.04	0.54
Difference Portfolio v Benchmark	2.50	-3.42	1.85	-0.37	1.07

## Individual Fund's Performance To 18/05/2018

## Cumulative Performance: % Growth

<i>Fund</i>	<i>% Holding</i>	<i>Fund Manager</i>	<i>6 months %</i>	<i>1 year %</i>	<i>2 years %</i>	<i>3 years %</i>	<i>5 years %</i>
Artemis Strategic Bond	2.00%	Alex Ralph & James Foster	0.58	3.24	13.98	14.65	27.36
BlackRock Cash	35.00%	Matt Clay	0.11	-0.40	-0.20	0.12	-0.30
BlackRock European Dynamic	2.00%	Alister Hibbert	1.57	14.60	48.47	48.47	-
First State Global Listed Infrastructure	1.00%	Peter Meany & A Greenup	-5.00	-2.45	24.46	35.09	65.40
Fundsmith Equity	2.00%	Terry Smith	2.27	13.37	49.78	75.17	129.72
GAM Star Credit Opportunities	4.00%	Anthony Smouha	-0.48	5.17	20.89	23.32	53.57
Janus Henderson UK Property PAIF Feeder	7.00%	M Langlands Pearse & A McLennan	4.76	8.75	10.56	12.38	37.63
L&G Global Inflation Linked Bond Index	5.00%	-	-1.05	0.13	1.16	2.94	-
L&G UK Property	7.00%	Michael Barrie & Matt Jarvis	4.61	8.57	11.18	20.19	50.69
Lindsell Train Global Equity	2.00%	Michael Lindsell & James Bullock	7.00	13.36	40.50	40.75	83.74
Lindsell Train Japanese Equity	3.00%	Michael Lindsell & James Bullock	9.12	22.50	62.50	76.15	129.83
Lindsell Train UK Equity	2.00%	Nick Train	14.21	30.50	61.21	54.25	111.10
Liontrust Special Situations	2.00%	Anthony Cross & Julian Fosh	8.94	14.46	42.35	46.45	78.19
Old Mutual Gbl Equity Absolute Returns	6.00%	A Alentorn, I Heslop & M Servent	-1.44	10.09	12.34	18.53	31.89
Old Mutual North American Equity	3.00%	A Alentorn, I Heslop & M Servent	3.55	16.88	56.67	65.59	132.14
Polar Capital Global Insurance	1.50%	Nick Martin	8.68	29.73	112.90	117.00	192.57
Polar Global Technology	1.50%	Ben Rogoff & Nick Evans	-1.53	6.46	37.18	55.84	90.95
Royal London Corporate Bond	3.00%	Jonathan Platt & Shalin Shah	-0.07	0.98	11.37	14.31	27.32
Royal London Short Duration Gbl High Yield Bond	3.00%	Azhar Hussain & Stephen Tapley	0.62	1.40	4.81	8.76	18.56
Royal London Sterling Extra Yield Bond	3.00%	Eric Holt	1.68	7.03	26.15	26.03	45.53
Threadneedle High Yield Bond	2.00%	Barrie Whitman & D Backhouse	0.68	3.31	12.66	12.95	25.72
Veritas Asian	3.00%	Ezra Sun	0.56	24.88	66.70	69.03	106.03

## Performance Ratios Over 3 Years

<i>Volatility</i>	<i>Alpha</i>	<i>Beta</i>	<i>Sharpe</i>	<i>Information Ratio</i>	<i>Weighted Average TER</i>	<i>Max Loss</i>	<i>Max Gain</i>	<i>Negative Periods</i>	<i>Positive-Periods</i>
2.84	1.40	0.65	-0.00	0.20	0.82	-1.81	3.82	13	23



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

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