KINGSWOOD
PROTECT AND GROW YOUR WEALTH

MPS-DEFENSIVE STRATEGY
OCTOBER 2019

INVESTMENT OBJECTIVE

The objective of this portfolio is to focus on capital preservation over the medium to longer term. Investors should expect lower levels of reward and a lower correlation to stock market behaviour, with modest fluctuations in value.

KEY INFORMATION

Launch Date	January 2013
Estimated Yield (Current)	1.17%
Initial Charge	0.00%
Investment Management Charge	0.25% (+VAT)
Fund Underlying Charges	0.53%

TOP HOLDINGS

TwentyFour Absolute Return Credit	37.2%
TwentyFour Monument Bond	36.1%
AXA Sterling Credit Short Duration	24.8%
Cash	2.00%

RISK LEVEL

DEFENSIVE BALANCED ADVENTUROUS

INVESTMENT STRATEGY

Our investment strategy has three key components:

ASSET ALLOCATION › Focused on analysing the economic and financial environment, assessing the prospective returns and risks of each of the major asset classes, both over the short and long term.

FUND SELECTION › Our rigorous fund selection process involves assessing which funds best allow us to gain exposure to the most attractive asset classes, regions and themes.

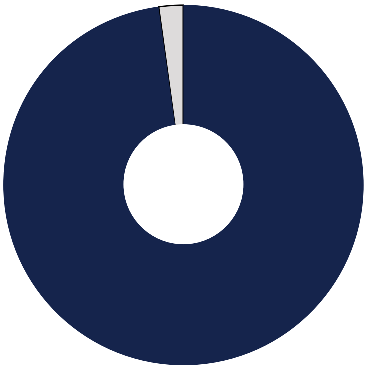
PORTFOLIO CONSTRUCTION › These two building blocks are then combined to create portfolios which are designed to meet their specific objectives and are actively managed with regular rebalancing.

The process is run by our research and strategy team and overseen by our investment committee to ensure that the portfolios are managed in line with their objectives and risks are kept to appropriate levels.

OUR PORTFOLIO

ASSET ALLOCATION

Bonds	98.0%
Cash	2.0%



Global growth has slowed significantly, hit by a downturn in the manufacturing sector as a result of continuing trade tensions particularly between the US and China. However, central banks are taking action to halt the slowdown. The Fed has cut rates by 0.5% in recent months and looks set to lower rates further and the ECB has also eased policy.

While the economic backdrop remains far from rosy, we continue to expect global growth to recover a little in due course on the back of monetary, and to a much smaller extent fiscal, stimulus and some kind of limited US-China trade deal. This in turn should set the stage for an upturn in corporate earnings growth and renewed gains in equity prices.

We have increased our equity exposure in recent months as prospective returns from equities look significantly higher than for bonds where the very low level of yields leaves return prospects looking very limited. Even so, given uncertainties remain heightened—not least on the geo-political front—we have only moved our equity weighting back up towards neutral.

Within equities, we remain positive on emerging markets and also retain an exposure to the technology sector where we believe growth prospects remain favourable. By contrast, we remain cautious on the UK despite its cheap valuation because of the continuing uncertainties surrounding Brexit and a general election.

PERFORMANCE (%)

Cumulative (%)

	3 m	1 yr	3 yr	5 yr	Since Launch
Portfolio	0.6%	2.7%	6.7%	8.7%	14.9%

Calendar Year Performance (%)

	2014	2015	2016	2017	2018
Portfolio	6.2%	0.5%	-0.6%	3.7%	-0.4%

Past performance is not a guide to future returns.

DEFENSIVE MPS (SINCE INCEPTION)

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