



# The Master Portfolio Service for Clients of Intermediaries

## Quarterly Fact Sheet (end Dec 2018)

### Growth Portfolio

This is designed for clients looking for capital growth, it invests in a selection of funds focusing on both UK and international markets. Typically, the portfolio has a dominant weighting in equity markets but includes other asset classes such as bonds, hedge funds and commercial property, when appropriate.

### Market Commentary 31st Dec 2018

There is no hiding the fact that the final quarter of 2018 was difficult for investors. Although government bonds rediscovered their role of providing positive returns in a stressed market, the gains were insufficient to offset the losses inflicted on equities.

Aversion to political and economic uncertainty means that UK equities are the most unloved asset class in the world. The pound, now the unofficial Brexit barometer, is equally distrusted by currency traders. Both are looking cheap relative to their peers on many measures, although much will depend on how the Brexit negotiations conclude.

US equities spent much of 2018 ploughing a lone furrow of positive returns thanks to earnings-boosting corporate tax cuts and the rise of an increasingly narrow list of technology giants. The elastic finally snapped back in the fourth quarter. The market was unable to resist the weight of slowing global economic activity combined with tighter liquidity conditions. In December the S&P 500 suffered monthly losses not witnessed since the era of the Great Depression of the 1920s.

Following a poor start to the year, Europe's economy never really found the impetus it had enjoyed in 2017. Temporary factors such as new emissions standards have hampered car production, but the lagged effect of a stronger euro in 2017 also held back export growth at a time when there was increasing concern about global trade.

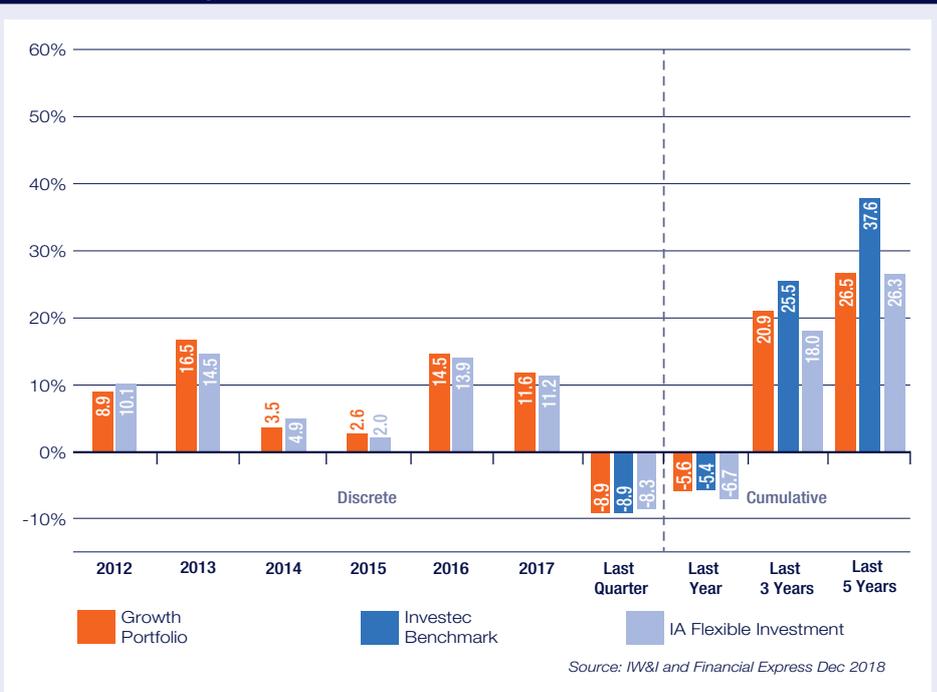
Japanese equities suffered some of the worst losses in the final quarter owing to the country's high exposure to global trade, notably its close relationship with China, which is itself decelerating. Thanks to its ageing and shrinking population, Japan struggles to create strong growth and inflation, but as a consequence it remains a leader in innovative technologies that can be exported to the rest of the world.

Emerging Markets (EM), while still delivering losses, put in a relatively good performance in the final quarter.

We entered 2018 relatively cautiously owing to worries about more restrictive monetary policy and the ongoing political situation. The shake-out in October encouraged us to take a more positive view as valuations became more attractive. It is fair to say that the further sell-off in December was more severe than we might have expected.

Investing globally gives us far greater access to a wider range of investment opportunities and the ability to diversify risk. Big economic blocs such as the US, China and the euro zone have a much larger impact on the fortunes of the majority of large UK-listed companies (which remain at the core of portfolios) than anything that happens domestically. Currently we do not see recessions developing in any of the major regions, and so we remain committed to full weightings in equities.

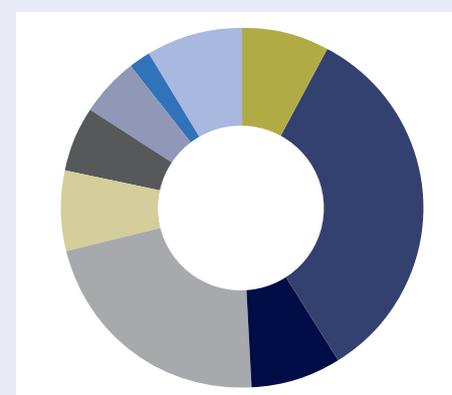
### Performance Figures up to 31/12/2018



The MPS performance figures are calculated from the average return of all portfolios from intermediary clients only, on a total return basis, net of all IW&I's charges.

Please remember that past performance is not a reliable guide to the future and that previous periods of favourable performance will not necessarily be repeated in the future.

### Asset Allocation



Fixed Interest	8.5%
Equities	83.0%
U.K.	33.0%
Europe	8.0%
U.S.	22.0%
Japan	7.0%
Far East	6.0%
Emerging	5.0%
Property	2.0%
Hedge/Alternatives	8.5%
Cash	0.0%

Source: Investec Wealth & Investment Dec 2018

### Costs & Charges

AMC: 0.85% (Plus VAT)

Minimum Fee: £500 (Plus VAT)

Transaction costs: Nil

Estimated Cost of underlying holdings: 0.89%

Estimated Portfolio Charge: 1.91% (inc. VAT on IWI fee)

Estimated Yield: 1.8%

## Portfolio Holdings

### Fixed Interest

**UK Fixed Interest**  
Allianz Gilt Yield Fund

**Overseas Fixed Interest**  
BNY Mellon Newton International Bond Fund  
Standard Life Short Dated Global Index Linked Bond Fund  
Insight Liquid ABS Fund

### Equities

**UK Equities**  
Vanguard FTSE 100 Etf  
Liontrust Special Situations Fund  
Jupiter UK Special Situations Fund  
Old Mutual UK Alpha Fund  
Franklin Templeton UK Smaller Companies Fund

**European Equities**  
Henderson European Selected Opportunities Fund  
Jupiter European Fund

**Japanese Equities**  
Man GLG Japan Core Alpha Fund  
Baillie Gifford Japan Fund

**US Equities**  
Polar Capital North America Fund  
Artemis US Select Fund  
Schroder US Mid Cap Fund

**Emerging Market Equities**  
Lazard Emerging Markets Equity Fund

**Far East Equities**  
Schroder Asia Pacific IT

### Commercial Property

**UK**  
iShares Target UK Real Estate

### Alternative Assets

NB Uncorrelated Strategies Fund  
Fortem Capital Progressive Growth Fund  
International Public Partnership IT  
Gold Bullion Secs 0% Nts

## Changes in the 4th Quarter

During the quarter the Fixed Interest exposure was reduced by 1% and added to US equities. The European equity exposure was also reduced by 2% given that growth appears to be stalling here, and added to the Far East and Emerging Markets. At the underlying fund level, the iShares USD Treasury Bond 1-3 years ETF was replaced with the Insight Liquid ABS Fund.

Discrete Calendar Year Performance. Percentage change (total return) in sterling terms.

Volatility of Portfolio Drawdown of Portfolio

	2011	2012	2013	2014	2015	2016	2017	2018	3 Year	5 Year	3 Year	5 Year
<b>Growth Portfolio</b>	-5.8	8.9	16.5	3.5	2.6	14.5	11.6	-5.6	9.8	10.6	8.1	8.2
<b>WMA Growth</b>	-2.3	10.0	17.0	6.5	3.0	19.2	11.3	-5.4				
<b>ARC GBP Equity Risk Private Client Index</b>	-5.9	10.1	16.1	4.1	2.1	13.7	11.4					

Source: IWI and Financial Express Asset Risk Consultants Dec 2018

## Important Information

This factsheet has been prepared for information purposes only and does not constitute advice or a personal recommendation.

The MPS performance figures are calculated from the average return of all portfolios from private clients only, on a total return basis, net of all IW&I's charges. You should remember that the value of investments and the income from them can fall as well as rise. Please remember that past performance is not a reliable guide to the future and that previous periods of favourable performance will not necessarily be repeated in the future. We would also refer you, particularly, to the Risk Statement set out in the main Master Portfolio Service brochure. Before proceeding to invest on the basis of this factsheet, you should obtain specific advice on the suitability of the investment in the light of your personal circumstances. The benchmark figures are supplied by Exshare and are on a total return basis. The IA performance numbers are the Investment Association sector averages as provided by FE Analytics. If you would like further information on the new benchmarks, please refer to our 'Managing Your Investments brochure' which has previously been issued to you, or contact your local investment manager.

The composition of the portfolio may not be a true reflection of the benchmarks, which are provided for comparison purposes only.

The data used to calculate the performance figures consists of all of our discretionary managed clients with a portfolio value greater than £250,000 and where there are no embargoed stocks. Both the ARC PCI and the IW&I PCI are calculated on a simple average basis. Classification of portfolios is carried out by ARC using historic risk relative to the risk of global equities. ARC's risk categories may not match the risk and return objectives of all underlying portfolios. All data is net of fees. Average performance data will not necessarily reflect the returns achieved by individual portfolios. The information on which the document is based is deemed to be reliable, but we have not independently verified such information and we do not guarantee its accuracy or completeness.