



MPS-INCOME STRATEGY

JULY 2020

INVESTMENT OBJECTIVE

The investment objective of the Kingswood Income Portfolio is to provide a relatively high level of income from a global portfolio of equities, bonds and collective investment schemes. There may be occasions when our Investment Team chooses to hold a high level of cash or money market instruments. There will be no particular emphasis on any geographical area or any industrial or economic sector.

KEY INFORMATION

| | |
|------------------------------|--------------|
| Launch Date | January 2020 |
| Estimated Yield (Current) | 3.99% |
| Initial Charge | 0.00% |
| Investment Management Charge | 0.25% (+VAT) |
| Fund Underlying Charges | 0.74% |

TOP TEN HOLDINGS

| | | | |
|-----------------------------------|------|-------------------------------|------|
| Invesco Monthly Income Plus | 9.0% | BNY Mellon Global Income | 6.5% |
| Twenty Four Dynamic Bond | 9.0% | JOHCM UK Equity Income | 6.0% |
| Janus Henderson Strat Bond | 8.0% | Threadneedle UK Equity Income | 6.0% |
| RM Alternatives Income | 7.0% | Unicorn UK Income B Inc | 6.0% |
| Vanguard FTSE Equity Income Index | 6.5% | LF Majedie Income | 6.0% |

RISK LEVEL



KEY THEMES



CASH FLOW



HIGH YIELD



CAPITAL PRESERVATION



REGULAR DIVIDENDS

OUR PORTFOLIO

ASSET ALLOCATION

| | | | |
|-----------------------------------|-------|---------------------|-------|
| Equities - International | 26.0% | Equities - UK | 30.5% |
| Equities - Global | 6.5% | Equities - Thematic | 8.5% |
| Equities - Asia (excluding Japan) | 5.0% | Bonds | 26.0% |
| Equities - Emerging Markets | 4.0% | Alternatives | 7.0% |
| Equities - Europe (excluding UK) | 3.5% | Gold | 0.0% |
| Equities - Japan | 0.0% | Cash | 2.0% |
| Equities - US | 7.0% | | |



In Q2 2020, equity markets rebounded fast from their dramatic sell-off earlier in the year and have now recovered much of their losses. The massive monetary and fiscal stimulus put in place has fuelled hopes that the unprecedented collapse in economic activity caused by the lockdowns will be short-lived.

Economies are recovering now lockdowns have been relaxed but activity is likely to remain significantly below pre-covid levels for some time to come and renewed spikes in infections are likely to slow the recovery unless a vaccine is developed soon; so too will rising unemployment as government support schemes come to an end.

Equity valuations once again look somewhat on the high side and there is the risk of a correction over coming months. Further out, however, we feel equities do have scope for further gains.

We have recently reduced our UK equity exposure and added an exposure to healthcare. We remain positive on Asia as well as areas such as technology and environmental change. Prospective returns from corporate bonds look limited but even so they should fare significantly better than government bonds which are likely to deliver minimal returns.

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.



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