

INVESTMENT OBJECTIVE

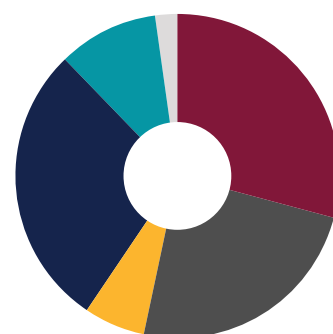
The investment objective of the Kingswood Income Portfolio is to provide a relatively high level of income from a global portfolio of equities, bonds and collective investment schemes. Investors should expect limited capital growth over the medium term with substantial exposure to equity, specifically high yielding in order to achieve the 4% yield target, including significant fluctuation in value and some protection in times of market weakness.

KEY INFORMATION

Launch Date	January 2020
Estimated Yield (Current)	3.87%
Investment Management Charge	0.25%
Fund Underlying Charges	0.75%

ASSET ALLOCATION

Equities - International	29.3%	Equities - UK	24.3%
Equities - Global	8.0%	Equities - Thematic	6.0%
Equities - Asia (excluding Japan)	5.0%	Bonds	28.4%
Equities - Emerging Markets	3.5%	Alternatives	10.0%
Equities - Europe (excluding UK)	3.0%	Cash	2.0%
Equities - US	9.8%		



PERFORMANCE (%)

	Cumulative (%)		
	3 m	1 yr	Since Launch
Portfolio:	2.6%	23.1%	2.1%

KEY THEMES



CASH FLOW



HIGH YIELD



CAPITAL PRESERVATION



REGULAR DIVIDENDS

- Global equities continued their recovery in the first quarter, gaining 6.2% in local currency terms although returns were reduced to 3.9% in sterling terms by a further strengthening in the pound.
- President Biden's enactment of a very substantial fiscal stimulus in the US was the major driver of these gains.
- Hopes of a strong economic rebound were also bolstered by the vaccine roll-out, which is now proceeding rapidly in the US unlike in Continental Europe.
- UK equities outperformed in the first quarter with a 5.2% return. They benefited from the rapid vaccine roll-out and the rotation away from last year's winners to cheaper areas such as the UK.
- Bonds saw yields rebound significantly as inflation worries grew. In the UK, government and corporate bonds lost as much as 7.2% and 4.4% respectively over the quarter.

INVESTMENT OUTLOOK

- A strong rebound in the global economy is on the cards from the second quarter on the back of the vaccine roll-out and the large US fiscal stimulus.
- Underlying inflation pressure should pick up only slowly and no rise in interest rates is likely in the US, Eurozone or UK for the next couple of years.
- The forthcoming economic rebound will boost corporate earnings and means the outlook for equities remains favourable. Valuations are high but should be sustainable while rates stay low.
- Prospective returns for fixed income remain considerably smaller than for equities. Government bond yields are likely to continue to trend higher and corporate bond spreads are narrow.

TOP 10 HOLDINGS

Twenty Four Dynamic Bond	9.0%	Artemis Strategic bond	6.2%
Fidelity Global Enhanced Income	8.0%	JOHCM UK Equity Income	5.8%
Invesco Monthly Income Z Plus	7.0%	Trojan Income	5.0%
Schroder US Maximiser	6.8%	Man GLG UK Income	5.0%
Janus Henderson Strat Bond	6.2%	Janus Henderson Asian Dividend Income	5.0%

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 committees to ensure that the portfolios are managed in line with their objectives and risks are kept to appropriate levels.

FundsNetwork™

nucleus

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PARTNERSHIP**

AEGON

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