

## INVESTMENT OBJECTIVE

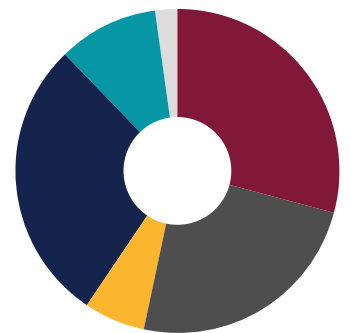
The investment objective of the Kingswood Income Portfolio is to provide a relatively high level of income from a global portfolio of equities, bonds and collective investment schemes. Investors should expect limited capital growth over the medium term with substantial exposure to equity, specifically 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	<b>January 2013</b>
Estimated Yield (Current)	<b>3.79%</b>
Investment Management Charge	<b>0.25%</b>
Fund Underlying Charges	<b>0.92%</b>

## 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:	3.6%	15.3%	6.0%

## KEY THEMES



CASH FLOW



HIGH YIELD



CAPITAL PRESERVATION



REGULAR DIVIDENDS

- Global equities posted further strong gains in the second quarter, gaining 7.3% in sterling terms to be up 11.4% year-to-date.
- The recovery in economic activity and a faster than expected rebound in corporate earnings helped drive these increases.
- UK equities underperformed, hit by a reversal in the rotation towards value stocks. US equities, by contrast, benefited from the rebound in growth stocks and the technology sector.
- Bond yields unwound part of their sharp rise earlier in the year. UK government and corporate bonds returned 1.7% and 1.9% respectively, regaining some of the losses sustained in the first quarter.

## INVESTMENT OUTLOOK

- A strong rebound in the global economy is now underway following the vaccine roll-out and the large US fiscal stimulus.
- Inflation has picked up sharply in the US but should moderate over the coming year as the current supply-demand bottlenecks ease.
- Interest rates continue to look unlikely to be raised in the US, Eurozone or UK before 2023.
- The economic recovery is driving strong gains in earnings and means equities still have some further upside even though valuations are high.
- Prospective returns for fixed income are modest and lower than for equities. Bond yields remain very low and are likely to trend slowly higher, imposing capital losses.

## 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.



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