



WELLIAN INVESTMENT SOLUTIONS

CLEAR PRACTICAL EFFECTIVE

**Wellian Model Portfolio Service**

**Half Yearly Investment Review**

**31 December 2018**

## Investment Commentary

Six months ago we started the investment commentary for the first half of the year with the following sentence “The first half of 2018 witnessed periods of capital market volatility not seen for quite some time.” If only we could start the investment commentary for the second half of the year with exactly the same line! If anything, the volatility witnessed in the second half of the year was higher than that of the first, driven in part by the following list which is quite a way from being exhaustive:

- Trade Wars between the US and China – how long before it affects global trade numbers?
- Rising Interest Rates in the US – tighter monetary conditions equals lower profits
- The “ending” of Quantitative Easing in Europe - and the subsequent worry as to whom will be picking up the slack
- Brexit malaise – will she, won't she
- Italian Budget mishaps – let's just make numbers up, to hell with the rules
- US Mid-Term elections - The US now has one house led by the Democrats, the other Republicans which will ultimately curtail the power of President Trump
- The fear of inflation peaking its head above the parapet - as wage growth demands rise strongly and unemployment falls to incredibly low levels
- The “death” of the High Street – Bye Bye House of Fraser, Maplin, Homebase in the UK, and Sears in the US
- The stalwarts driving stock markets higher - FAANG (Facebook, Apple, Amazon, Netflix, Google) starting to turn ugly and drive the stock markets lower - for instance Apple in particular in one month saw the value of its shares lose over \$360bn which equates to more than the GDP of Bangladesh – a country with a 150m population

Funnily enough, all the points above were not really great for capital markets.

We have created a monthly a spread sheet with about 60 indices (you can access it by clicking [here](#)) and each month it is updated by putting the new information on a new tab. It has data on it going back to 2013 and could well be a useful resource for you to use both now and in the future. The spread sheet shows the performance numbers over 1m, 3m, 6m, 12m, 36m, 60m and year-to-date. If there are any indices you would like to see added, please get in touch with us and hopefully we'll be able to get them added for you.

The reason for the above paragraph is to highlight the deviation between the best and worst indices over the past 6 months compared to the six months before. FTSE Brazil registered the best return for a Sterling investor (+25.04%) followed by Bloomberg Barclays US Government a LONG way back at (+5.69%) – now that certainly is a barbell approach to portfolio construction!!! At the other end of the table, Bloomberg Brent Crude registered a -28.29% return – the range between best and worst was over 53%! Of the 57 indices on the spreadsheet, 23 delivered a positive return. In the 6 months to 6 months ago that number was 41 and the range was a much tighter at a little over 40%. When extremes start to emerge, maybe it's time to take a step back and pause. After all, the capital markets – equity, fixed income, property and alternatives have had a good run over the past decade. Maybe now is the time to consider reducing some risks in the portfolio?

Six months ago, we ended our commentary by saying “Looking forward, we believe the volatility that engulfed the last six months will remain which will make investing much more difficult than the past few years. Now is not the time to be complacent when it comes to portfolio construction and asset selection.” Guess what we are going to end our commentary with this time.....? To invest successfully needs a long-term plan and that plan needs to be executed. It needs courage, conviction and nerve. In the short-term many believe “going to cash” is a great option – after all, you can’t lose money with cash. But, when do you get back in? Timing markets is incredibly difficult and we are firm believers in the mantra “time in the market, not timing the market.” We will end this commentary with the following table. A table of the FTSE All Share with data going back to 1986. Very simply it shows the monthly, quarterly and annual returns of the UK Index and I would like to highlight the bottom row. There were 8 months when the market registered negative returns. This led to 3 of the 4 quarters delivering negative returns and a negative return for the year. This is fact and one not to hide away from. But, between 2003 and 2018 there were only 3 calendar years when investing in the stock market delivered negative returns and only 6 from the turn of the century. Yes there are risks associated with equity investing, but if you have a long-enough time horizon, are they risks worth taking? Certainly to me at least they would; the numbers in green would rate favourably to the returns available from the local building society.

FTSE All Share in GBP																	
	January	February	March	April	May	June	July	August	September	October	November	December	Year	Q1	Q2	Q3	Q4
1986	2.17%	8.10%	8.10%	1.76%	-3.26%	3.61%	-4.81%	6.16%	-5.28%	5.02%	1.30%	2.61%	27.23%	19.39%	2.00%	-4.29%	9.16%
1987	8.37%	8.84%	2.49%	2.78%	7.45%	5.50%	4.45%	-4.20%	5.73%	-26.46%	-9.93%	9.88%	8.44%	20.88%	16.51%	5.79%	-27.22%
1988	5.33%	-0.46%	-0.70%	4.02%	-0.10%	4.58%	0.55%	-5.08%	4.33%	2.32%	-2.99%	-0.27%	11.53%	4.12%	8.67%	-0.42%	-1.01%
1989	13.96%	-0.75%	3.60%	1.93%	0.55%	1.30%	7.02%	3.25%	-2.79%	-7.26%	5.76%	6.18%	36.09%	17.17%	3.82%	7.42%	4.15%
1990	-2.94%	-3.46%	-0.01%	-5.95%	11.16%	1.86%	-1.56%	-7.99%	-7.91%	3.41%	4.37%	0.53%	-9.72%	-6.32%	6.48%	-16.59%	8.50%
1991	0.61%	11.34%	4.20%	1.59%	0.25%	-3.02%	7.15%	2.95%	0.37%	-2.00%	-5.33%	2.01%	20.80%	16.72%	-1.23%	10.72%	-5.36%
1992	3.68%	0.51%	-4.16%	10.17%	2.44%	-6.76%	-5.64%	-3.62%	10.51%	4.48%	4.84%	4.14%	20.49%	-0.13%	5.24%	0.50%	14.08%
1993	0.22%	2.48%	1.78%	-1.06%	1.42%	2.30%	1.40%	6.54%	-1.52%	4.16%	-0.32%	8.32%	28.39%	4.53%	2.66%	6.39%	12.46%
1994	3.94%	-3.80%	-6.21%	1.52%	-4.83%	-2.08%	6.00%	5.58%	-6.68%	1.96%	-0.31%	-0.04%	-5.85%	-6.22%	-5.39%	4.45%	1.60%
1995	-2.56%	0.73%	4.35%	2.92%	3.79%	-0.21%	5.12%	1.40%	1.34%	0.26%	3.40%	1.29%	23.85%	2.42%	6.59%	8.03%	5.01%
1996	2.44%	0.17%	0.90%	4.32%	-1.21%	-1.21%	-0.75%	5.00%	1.88%	0.80%	1.67%	1.73%	16.70%	3.54%	1.82%	6.18%	4.26%
1997	3.78%	1.18%	0.26%	2.14%	3.38%	-0.39%	5.06%	-0.40%	8.10%	-6.87%	-0.09%	5.56%	23.56%	5.28%	5.18%	13.11%	-1.36%
1998	5.28%	5.94%	4.27%	0.47%	0.63%	-1.88%	-0.24%	-10.38%	-3.70%	6.98%	5.05%	1.92%	13.77%	16.30%	-0.80%	-13.90%	14.53%
1999	0.87%	4.96%	3.09%	4.85%	-4.44%	2.15%	-0.63%	0.89%	-3.66%	2.86%	6.43%	5.17%	24.20%	9.14%	2.34%	-3.42%	15.14%
2000	-8.16%	0.69%	4.42%	-3.29%	0.68%	0.53%	1.18%	5.18%	-5.43%	1.72%	-4.19%	1.49%	-5.90%	-3.43%	-2.11%	0.65%	-1.10%
2001	1.61%	-5.08%	-5.05%	6.05%	-1.80%	-2.82%	-2.28%	-2.33%	-9.42%	3.24%	4.36%	0.45%	-13.29%	-8.42%	1.20%	-13.55%	8.22%
2002	-1.04%	-0.81%	4.19%	-1.55%	-1.23%	-8.42%	-9.22%	0.33%	-11.76%	7.79%	3.54%	-5.34%	-22.68%	2.27%	-10.95%	-19.64%	5.65%
2003	-8.97%	2.62%	-0.62%	9.37%	4.39%	0.31%	3.95%	1.57%	-1.59%	4.95%	1.29%	2.92%	20.86%	-7.16%	14.53%	3.89%	9.41%
2004	-0.86%	2.86%	-1.32%	2.06%	-1.32%	1.47%	-1.54%	1.65%	2.78%	1.22%	2.40%	2.91%	12.84%	0.62%	2.20%	2.87%	6.67%
2005	1.33%	2.59%	-0.87%	-2.26%	3.91%	3.40%	3.39%	1.17%	3.42%	-2.89%	3.30%	3.94%	22.04%	3.05%	5.01%	8.16%	4.27%
2006	2.91%	1.20%	3.79%	1.06%	-4.78%	2.01%	1.32%	0.71%	1.58%	3.03%	-0.29%	3.33%	16.75%	8.09%	-1.84%	3.65%	6.16%
2007	-0.25%	-0.17%	3.34%	2.45%	2.82%	-0.76%	-3.33%	-0.27%	1.89%	4.35%	-4.75%	0.26%	5.32%	2.91%	4.54%	-1.76%	-0.35%
2008	-8.67%	0.77%	-2.05%	6.26%	-0.20%	-7.06%	-3.60%	5.00%	-13.24%	-11.90%	-1.67%	3.67%	-29.93%	-9.85%	-1.45%	-12.18%	-10.19%
2009	-5.83%	-6.52%	3.28%	9.94%	4.19%	-3.21%	8.50%	7.70%	4.72%	-1.82%	2.96%	4.34%	30.12%	-9.08%	10.88%	22.38%	5.47%
2010	-3.57%	3.37%	6.76%	-1.39%	-6.23%	-4.62%	6.89%	-0.22%	6.54%	2.53%	-2.26%	7.14%	14.51%	6.42%	-11.80%	13.63%	7.38%
2011	-0.53%	2.40%	-0.81%	3.11%	-0.72%	-0.45%	-2.20%	-6.89%	-5.01%	7.89%	-0.37%	0.84%	-3.46%	1.03%	1.91%	-13.50%	8.39%
2012	2.71%	4.29%	-0.95%	-0.33%	-6.80%	4.82%	1.33%	2.21%	1.09%	1.03%	1.75%	0.99%	12.30%	6.10%	-2.63%	4.70%	3.82%
2013	6.37%	2.28%	1.40%	0.58%	2.91%	-4.99%	6.78%	-2.21%	1.12%	4.29%	-0.70%	1.84%	20.81%	10.32%	-1.66%	5.58%	5.46%
2014	-3.06%	5.24%	-2.60%	2.16%	1.37%	-1.28%	-0.30%	2.15%	-2.77%	-0.69%	2.92%	-1.60%	1.18%	-0.63%	2.24%	-0.97%	0.58%
2015	2.62%	3.72%	-1.67%	3.03%	1.35%	-5.75%	2.40%	-5.32%	-2.73%	4.69%	0.57%	-1.27%	0.98%	4.67%	-1.58%	-5.70%	3.95%
2016	-3.08%	0.80%	1.94%	1.14%	0.69%	2.82%	4.01%	1.89%	1.70%	0.56%	-1.62%	5.01%	16.75%	-0.41%	4.70%	7.78%	3.89%
2017	-0.33%	3.11%	1.23%	-0.37%	4.36%	-2.47%	1.17%	1.39%	-0.43%	1.86%	-1.66%	4.78%	13.10%	4.02%	1.42%	2.14%	4.96%
2018	-1.93%	-3.27%	-1.82%	6.43%	2.79%	-0.18%	1.29%	-2.76%	0.70%	-5.19%	-1.64%	-3.75%	-9.47%	-6.87%	9.20%	-0.82%	-10.25%

We would like to thank you for your continued faith in our business and our investment philosophy and look forward to another year of managing portfolios for you and your clients.

Wellian Investment Solutions – January 2019

## Wellian Investment Solutions: CONSERVATIVE Model

30/06/2018		31/12/2018
22.00%	Equity	22.00%
10.00%	Infrastructure	7.00%
50.00%	Fixed Income	53.00%
6.00%	Cash	6.00%
12.00%	Other	12.00%

Over the past 6 months we introduced two new holdings and removed two, so the number of positions at the end of the period remained steady at 21. As the table above shows, the asset allocation shifted in favour of fixed income and we reduced the exposure to property funds due to their illiquid nature and as a precautionary measure surrounding the asset class in the fall-out of a hard Brexit. The two new additions to the portfolio were:

- L&G Short Dated Sterling Corporate Bond (7%)
- Man GLG UK Income (3%)

We removed entirely the investment in the Rathbone Income fund and AXA Sterling Credit Short Duration and trimmed Janus Henderson UK Property. We also increased our holding in the BlackRock Corporate Bond fund by 1.00% to 5.50%. The rationale for the change in the equity funds was to increase our exposure to a manager who had more of a bias to the “value” style of investment management and one that also provided a higher yield. We believe market volatility will continue to be high over the forthcoming year and therefore have invested in a manager who has a diversifying effect on the other holdings, and one that can hopefully reduce overall portfolio risk too.

Below is a table on all of the holdings in the fund as at 31 December and their cumulative returns over the past one to twelve months with performance relative to the peer group.

Data to 31/12/2018		1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months	12 Months
		Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)
Artemis Global Income I Inc	UT Global Equity Income	-8.36	-8.67	-16.87	-17.26	-16.73	-13.70	-15.61	-11.05	-7.18	-12.40	-13.62	-12.49
Artemis Strategic Bond I Monthly Inc	UT Sterling Strategic Bond	-0.68	-2.24	-2.63	-2.74	-2.54	-1.86	-2.03	-3.15	-3.52	-2.95	-3.58	-3.02
BlackRock Corporate Bond D Inc	UT Sterling Corporate Bond	0.35	0.87	0.88	0.61	0.97	0.13	0.11	0.01	0.13	0.56	0.01	1.01
BMO UK Property 2 Inc	UT UK Direct Property	0.18	0.53	0.70	1.10	1.28	1.64	2.08	2.36	2.63	3.20	3.38	3.66
Fidelity Strategic Bond Y Inc	UT Sterling Strategic Bond	0.63	0.21	1.00	-1.53	-1.32	-1.04	-1.22	-1.59	-2.04	-2.17	-3.38	-3.43
FP Miton Income B Inc	UT UK Equity Income	-4.60	-7.33	-12.68	-12.29	-14.00	-13.15	-12.77	-11.03	-6.47	-7.28	-10.30	-10.35
Hermes Multi - Strategy Credit F Hedged Dis GBP	FO Fixed Int - Global	-1.02	-2.14	-2.89	-2.59	-2.83	-1.89	-2.34	-3.16	-3.09	-3.78	-4.51	-4.03
Invesco Global Targeted Returns (UK) Z Acc	UT Targeted Absolute Return	0.56	0.00	-2.73	-3.04	-4.24	-3.44	-3.22	-3.74	-3.92	-3.98	-4.82	-3.85
Invesco Tactical Bond (UK) Z Inc	UT Sterling Strategic Bond	-0.22	0.71	0.49	0.88	0.81	0.48	0.69	-1.75	-1.38	-1.87	0.52	0.89
Janus Henderson UK Property PAIF I Inc	UT UK Direct Property	0.09	-0.03	0.17	0.33	0.55	1.33	1.72	-2.44	2.37	3.47	-0.58	4.17
Jupiter Strategic Bond I Inc	UT Sterling Strategic Bond	1.22	0.81	0.40	0.27	0.13	0.14	0.44	0.14	0.16	0.30	0.11	0.71
L&G Short Dated Sterling Corporate Bond Index I Inc	UT Sterling Corporate Bond	0.10	0.29	0.16	0.29	0.16	0.02	0.12	0.02	0.43	0.41	0.07	0.29
M&G Global Dividend I Inc GBP	UT Global	-7.63	-6.81	-12.71	-12.14	-12.14	-6.88	-7.00	-3.07	1.21	3.2	0.86	0.56
Man GLG UK Income D Professional Inc	UT UK Equity Income	-7.29	-6.87	-9.28	-9.25	-10.04	-9.01	-10.72	-9.21	-9.21	-9.21	-9.21	-9.21
Merian Global Equity Absolute Return R Hedged Acc GBP	FO Absolute Return	2.34	-0.52	-1.94	-2.11	-2.11	-3.05	-5.15	-4.68	-5.66	-4.51	-4.00	-2.72
H2O MultiReturns I Gr Acc	UT Targeted Absolute Return	4.10	-4.04	6.15	12.68	1.65	2.89	7.65	2.06	4.52	6.01	9.02	10.59
Newton Global Income Inst Inc	UT Global Equity Income	-6.51	-5.64	7.1	7.79	7.07	2.26	2.25	0.86	1.85	1.65	1.65	1.05
Royal London Corporate Bond M Inc	UT Sterling Corporate Bond	0.52	-1.26	-0.92	-1.59	-1.24	-1.16	-1.24	-1.11	6.3	-0.53	1.06	1.98
Royal London Short Duration Global High Yield Bond M Inc	FO Fixed Int - GBP High Yield	-0.66	0.87	1.10	0.80	0.83	1.09	0.05	1.05	3.4	0.43	0.31	0.44
Threadneedle UK Absolute Alpha INA GBP	UT Targeted Absolute Return	-1.34	-1.60	-4.45	-4.98	-5.20	-5.34	-5.59	-5.00	-3.55	-4.04	-5.23	-5.97
Threadneedle UK Equity Income ZNI GBP	UT UK Equity Income	-5.68	-6.22	-11.39	-12.79	-13.06	-12.00	-11.37	-7.78	-1.51	-1.25	-1.25	0.42

## Wellian Investment Solutions: INCOME Model

The cumulative performance numbers for the assets held in the model portfolio are as below and the percentage number is relevant to the peer group the fund is in. The green highlight is to show the fund has outperformed the average over the time period in question.

	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months	12 Months
	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)
Artemis Global Income I Inc	-8.36	99	-8.67	100	-16.87	95	-17.26	95	-16.73	97	-13.70	93
Artemis Strategic Bond I Monthly Inc	-0.66	92	-2.24	94	-2.63	92	-2.74	90	-2.54	88	-1.86	86
BlackRock Continental European Income D Inc	0.06	7	3.07	5	3.08	4	3.72	5	10.07	3	0.85	5
BlackRock Corporate Bond D Inc	0.35	66	0.19	21	0.18	26	-0.64	17	0.79	16	0.12	13
BMO UK Property 2 Inc	0.18	40	0.53	35	0.70	39	1.10	39	1.28	47	1.64	47
Fidelity Index US P	0.96	24	0.99	47	1.17	35	1.13	30	1.18	25	0.99	25
Fidelity Strategic Bond Y Inc	0.63	30	0.79	24	1.09	47	-1.53	54	-1.32	53	-1.04	61
Hermes Multi - Strategy Credit F Hedged Dis GBP	-1.02	98	-2.14	96	-2.89	97	-2.59	96	-2.83	96	-1.89	97
Insight Equity Income Booster Inst W Inc	-4.58	61	-6.32	66	10.09	90	10.09	99	10.16	48	11.97	45
Janus Henderson Strategic Bond I Inc	0.85	23	0.77	4	0.53	14	-0.20	13	0.30	7	0.18	7
Janus Henderson UK Property PAIF I Inc	0.09	48	-0.03	66	0.17	77	0.33	74	0.95	66	1.33	58
Jupiter Strategic Bond I Inc	1.22	12	0.81	2	0.40	17	0.77	11	0.13	8	0.14	8
MI Chelverton UK Equity Income B Inc	-5.62	92	-7.81	92	-14.55	95	-15.85	99	-15.72	94	-16.50	96
H2O MultiReturns I Gr Acc	4.10	1	4.04	2	6.15	3	12.68	1	0.85	14	2.69	5
Newton Global Income Inst Inc	-6.51	60	-5.64	71	-7.12	26	-7.07	25	-6.30	27	-2.96	25
Rathbone Income Inst Inc	-4.99	79	-6.10	55	-7.79	20	-10.42	31	-10.92	20	9.99	12
Royal London Corporate Bond M Inc	0.52	53	-1.26	91	-0.92	83	-1.59	82	-1.24	77	-1.16	79
Royal London Short Duration Global High Yield Bond M Inc	-0.66	67	0.02	1	1.10	1	0.88	1	0.09	34	0.05	1
Schroder Asian Income Maximiser Z Inc	1.89	18	0.26	77	0.79	35	0.62	17	0.03	18	0.02	13
Threadneedle UK Absolute Alpha INA GBP	-1.34	73	-1.60	64	-4.45	79	-4.98	80	-5.20	80	-5.34	83
Threadneedle UK Equity Income ZNI GBP	-5.88	95	-6.22	60	-11.39	62	-12.79	81	-13.06	56	12.06	48
UT Global Equity Income												
UT Sterling Strategic Bond												
UT Europe Excluding UK												
UT Sterling Corporate Bond												
UT UK Direct Property												
UT North America												
UT Sterling Strategic Bond												
FO Fixed Int - Global												
UT UK Equity Income												
UT Sterling Strategic Bond												
UT UK Direct Property												
UT Sterling Strategic Bond												
UT UK Equity Income												
UT Targeted Absolute Return												
UT Global Equity Income												
UT UK Equity Income												
UT Sterling Corporate Bond												
FO Fixed Int - GBP High Yield												
UT Asia Pacific Excluding Japan												
UT Targeted Absolute Return												
UT UK Equity Income												

As time progresses, we would expect to see more green. Our investment approach is to invest for the medium to longer-term, so seeing less green in the shorter-term does not worry us too much. The asset allocation of the model from the end of the first half to the end of the second half of 2018 is highlighted below:

30/06/2018		31/12/2018
40.00%	Equity	40.00%
7.50%	Infrastructure	7.50%
42.00%	Fixed Income	42.00%
5.00%	Cash	5.00%
5.50%	Other	5.50%

Your portfolio only underwent one change during the final half of the year – we switched a US Index fund – HSBC American Index – for the Fidelity Index US fund. Other than that, there was no action taken on your holdings as we are comfortable with the assets, their allocations and suitability. We undertook the alteration after unearthing a better investment process relating to index construction in our due diligence of the Fidelity range of index trackers.

## Wellian Investment Solutions: BALANCED Model

We continue to believe the model is suitable for clients and although only one investment was changed over the period in question – a European fund switched with another European fund (we bought BMO Select European Equity and redeemed Jupiter European Special Situations – a 3% move) there was no other changes effected.

The BMO Select European Equity fund is a concentrated predominantly large cap portfolio (about 25-35 holdings) managed in a very thorough rigorous approach by Phil Webster and overseen by head of desk David Moss. The fund has very little overlap with the European index only having for instance 4 of the largest 20 constituents. We believe the inclusion of this fund will add value to your model and diversify the portfolio further.

We are long-term investors and believe the 20 holdings in the model are broadly diversified by geography, asset class correlation between assets and investment style. The asset allocation at top level hasn't changed since 30 June 2018 and is listed below:

30/06/2018		31/12/2018
50.00%	Equity	50.00%
5.50%	Infrastructure	5.50%
24.50%	Fixed Income	24.50%
5.00%	Cash	5.00%
15.00%	Other	15.00%

When looking at the table below that shows the cumulative returns of the holdings presently in the portfolio over one through twelve months and the percentage rank relative to the sector, you will see the majority of holdings beat their peer group over the time period in question. The highlighted green means the fund has beaten the average fund.

Data to 31/12/2018																									
WIS Balanced																									
		1 Month	Rank (%)	2 Months	Rank (%)	3 Months	Rank (%)	4 Months	Rank (%)	5 Months	Rank (%)	6 Months	Rank (%)	7 Months	Rank (%)	8 Months	Rank (%)	9 Months	Rank (%)	10 Months	Rank (%)	11 Months	Rank (%)	12 Months	Rank (%)
Artemis Strategic Bond I Monthly Inc	UT Sterling Strategic Bond	-0.66	92	-2.24	94	-2.63	92	-2.74	90	-2.54	88	-1.86	86	-2.03	80	-4.15	88	-2.52	80	-2.95	80	-3.58	77	-3.02	66
Artemis US Extended Alpha I Acc GBP	UT North America	-0.70	4	-4.90	3	-9.55	8	-9.89	3	-3.11	4	-1.02	4	-1.05	8	-4.19	4	-8.46	6	2.17	9	2.93	10	-3.53	10
BlackRock Continental European Income D Inc	UT Europe Excluding UK	-0.40	7	-2.02	5	-9.05	4	-9.72	5	-10.42	3	-6.25	5	-7.09	4	-4.62	12	-4.28	16	-6.77	11	-10.18	12	-7.72	18
BMO Select European Equity 2 Acc	UT Europe Excluding UK	-1.19	47	-6.89	69	-14.39	77	-18.78	92	-18.19	90	-16.14	87	-15.51	85	-14.29	80	-11.30	81	-14.18	85	-16.56	84	-15.31	84
BMO UK Property 2 Inc	UT UK Direct Property	0.18	42	0.53	36	0.70	40	1.10	40	1.28	48	1.64	48	2.08	48	2.36	56	2.63	60	3.20	60	3.38	56	3.66	60
Fidelity Emerging Markets W Acc	UT Global Emerging Markets	-1.02	37	2.62	27	-6.67	85	-7.11	82	-10.79	84	-10.68	91	-13.93	90	-12.61	84	-12.94	94	-16.85	94	-17.40	92	-15.05	88
Fundsmith Equity 1 Acc	UT Global	-6.87	59	-0.00	26	-8.25	28	-8.29	29	-6.20	17	-4.02	17	-3.48	10	-3.61	7	7.31	6	2.51	8	6.37	3	2.30	5
Invesco Global Targeted Returns (UK) Z Acc	UT Targeted Absolute Return	0.56	16	0.05	39	-2.73	55	-3.04	60	-4.24	70	-3.44	65	-3.22	57	-3.74	59	-3.92	73	-3.98	64	-4.82	60	-3.85	63
Janus Henderson Strategic Bond I Inc	UT Sterling Strategic Bond	0.85	23	0.77	4	0.53	14	0.80	13	0.30	7	0.18	7	0.03	12	0.03	18	0.00	13	0.00	23	0.00	26	0.00	22
Jupiter Strategic Bond I Inc	UT Sterling Strategic Bond	1.22	12	0.81	2	0.40	17	0.27	11	0.13	8	0.14	8	0.44	3	0.14	16	0.32	18	0.11	24	0.71	20	0.88	12
M&G Global Dividend I Inc GBP	UT Global	-7.63	80	-6.81	87	-12.71	73	-12.14	63	-10.44	57	-6.90	40	-7.00	48	-4.67	40	1.21	32	1.00	39	-0.96	46	-7.10	65
Man GLG Japan Core Alpha C Professional Acc	UT Japan	-0.89	11	-7.44	67	-10.78	5	-9.89	3	-9.00	3	-6.08	1	-6.26	5	-9.73	53	4.53	14	0.01	35	-0.16	36	-0.47	43
Man GLG Undervalued Assets Professional C Acc	UT UK All Companies	-0.07	4	-6.25	61	-11.99	56	-10.60	46	-13.71	57	-13.66	63	-14.47	69	-13.56	77	-7.86	75	-8.50	67	-10.91	63	-11.50	64
Merian North American Equity R Acc GBP	UT North America	-0.20	27	-0.29	30	-14.61	83	-15.18	85	-10.27	78	-9.18	86	-8.81	87	-2.69	80	1.55	82	-4.49	86	-4.89	81	-3.92	77
Rathbone Income Inst Inc	UT UK Equity Income	-4.99	80	-6.10	56	-9.78	20	-10.67	31	-10.92	20	-9.99	12	-10.17	20	-7.67	18	2.01	23	-4.00	28	-7.89	30	-6.75	28
Royal London Short Duration Global High Yield Bond M Inc	FO Fixed Int - GBP High Yield	-0.66	67	0.02	1	1.00	1	0.80	1	0.46	1	0.09	34	0.05	1	0.05	34	0.37	34	0.43	34	0.31	34	0.44	34
Royal London UK Equity Income M Inc	UT UK Equity Income	-4.45	54	-6.74	75	-11.00	57	-11.56	55	-12.10	45	-11.07	41	-11.01	40	-8.62	37	0.26	36	-0.91	40	-0.64	44	-0.68	44
Schroder ISF Asian Total Return C Dis GBP AV	FO Equity - Asia Pacific ex Japan	-2.65	62	1.22	63	-0.20	48	-7.08	47	0.26	46	-8.82	57	-11.16	52	7.07	40	0.04	43	-9.80	50	-9.55	40	-6.68	50
Stewart Investors Asia Pacific Leaders B Acc GBP	UT Specialist	0.09	24	4.17	12	1.30	28	-0.63	44	0.20	11	1.92	9	1.98	10	4.38	5	9.26	3	5.82	4	5.18	3	5.40	3
Threadneedle UK Absolute Alpha INA GBP	UT Targeted Absolute Return	-1.34	73	-1.60	64	-4.45	79	-4.98	80	-5.20	80	-5.34	83	-5.59	83	-5.00	78	-3.55	65	-4.04	67	-5.23	69	-5.97	76

## Wellian Investment Solutions: GROWTH Model

There were two changes to the Growth model during the second half of 2018. We exchanged HSBC American Index for Fidelity Index US and purchased BMO Select European Equity by redeeming our long-held investment in Jupiter European Special Situations.

The BMO Select European Equity fund is a concentrated predominantly large cap portfolio (about 25-35 holdings) managed in a very thorough rigorous approach by Phil Webster and overseen by head of desk David Moss. The fund has very little overlap with the European index only having for instance 4 of the largest 20 constituents and we believe it has the ability to add value to your model and diversify the portfolio further.

Below is the cumulative returns for all the funds presently in your portfolio over the last one through twelve months and percentile ranking compared to the peer group in which the fund sits. A highlighted green represents outperformance. As you will see a number of funds owned outperformed the average over the second half of the year. You will also note a number of funds performed strongly across all time periods. We do not expect all funds to perform at all times and build portfolios that are diversified across geography, asset class and manager style.

Data to 31/12/2018		WIS Growth																							
		1 Month	Rank (%)	2 Months	Rank (%)	3 Months	Rank (%)	4 Months	Rank (%)	5 Months	Rank (%)	6 Months	Rank (%)	7 Months	Rank (%)	8 Months	Rank (%)	9 Months	Rank (%)	10 Months	Rank (%)	11 Months	Rank (%)	12 Months	Rank (%)
Artemis Pan-European Absolute Return I Hedged Acc GBP	UT Targeted Absolute Return	-4.34	97	-7.85	100	-8.81	99	-6.73	93	-8.00	96	-6.78	97	-7.98	99	-7.43	94	-4.36	82	-7.67	93	-10.53	95	-8.98	94
Artemis US Extended Alpha I Acc GBP	UT North America	-9.26	4	-6.49	3	-3.52	8	0.00	9	-2.11	4	-1.62	4	-1.50	8	4.19	4	8.46	6	2.17	9	2.93	10	3.53	10
Baillie Gifford Japanese B Acc	UT Japan	-10.19	90	-9.52	94	-16.87	80	-14.97	87	-14.07	85	-13.66	83	-15.37	85	-13.66	83	-9.86	81	-12.62	74	-14.22	85	-12.57	74
BlackRock Asia Special Situations D Acc	UT Asia Pacific Excluding Japan	-1.80	24	4.81	5	-3.20	13	6.04	25	-9.54	78	-9.68	81	-14.26	86	-12.93	96	-9.78	89	-13.06	89	-15.50	94	-13.92	95
BMO Select European Equity 2 Acc	UT Europe Excluding UK	-1.10	47	-6.89	69	-14.39	76	-18.78	92	-18.19	90	-16.14	87	-15.51	85	-14.29	79	-11.30	81	-14.18	85	-16.56	84	-15.31	84
Fidelity Emerging Markets W Acc	UT Global Emerging Markets	-1.01	37	2.62	27	-6.67	85	-7.11	82	-10.79	84	-10.68	91	-13.93	90	-12.61	84	-12.94	94	-16.85	94	-17.40	92	-15.05	88
Fidelity Index US P	UT North America	-6.96	24	-6.90	47	-11.70	35	-11.99	30	-7.10	25	-4.20	25	-3.00	27	2.05	26	7.23	20	6.35	33	0.00	35	0.25	28
Fundsmith Equity I Acc	UT Global	-6.87	59	-3.80	26	3.50	28	3.00	29	-6.70	17	-4.80	17	-2.50	10	3.61	7	7.31	6	2.51	8	0.37	8	2.30	3
GS Global Small Cap Core Equity Portfolio R Snap GBP	FO Equity - International	-9.55	97	-11.26	99	-17.38	97	-19.28	99	-15.22	90	-14.37	93	-14.11	91	-7.97	81	-4.16	75	-7.72	75	-9.25	78	-8.52	76
Jupiter Strategic Bond I Inc	UT Sterling Strategic Bond	1.22	12	0.81	2	0.40	18	0.17	11	6.13	8	0.14	8	0.44	3	0.14	16	9.17	18	6.11	24	0.71	21	0.00	13
M&G Global Dividend I Inc GBP	UT Global	-7.63	80	-6.81	87	-12.71	73	-12.14	63	-10.44	57	-8.90	40	-7.50	48	3.02	40	1.21	32	-1.99	39	-1.50	46	-7.10	65
Man GLS Undervalued Assets Professional C Acc	UT UK All Companies	-3.07	4	-6.25	61	-11.99	56	-11.00	48	-13.71	57	-13.66	63	-14.47	69	-13.56	77	-7.86	75	-8.50	67	-10.91	63	-11.50	64
Merian Global Equity Absolute Return R Hedged Acc GBP	FO Absolute Return	2.34	9	-0.52	56	-1.94	63	-2.11	60	-2.11	59	-3.05	78	-5.15	87	-4.68	83	-5.66	88	-4.51	78	-4.00	74	-2.72	63
Merian North American Equity R Acc GBP	UT North America	-6.30	27	-6.39	38	-14.61	83	-15.18	85	-10.27	78	-9.18	86	-8.81	87	-2.69	80	1.55	82	-4.49	86	-4.89	81	-3.92	77
MI Chelverton UK Equity Income B Inc	UT UK Equity Income	-5.62	92	-7.81	92	-14.55	95	-15.85	99	-15.72	94	-16.50	96	-16.70	95	-14.11	91	-8.54	90	-11.04	86	-13.10	85	-14.19	86
Newton Global Income Inst Inc	UT Global Equity Income	-6.51	60	-5.64	71	-7.17	26	-7.07	25	-9.07	27	-7.20	25	-6.00	12	1.85	16	3.16	16	1.65	17	-0.91	17	-1.00	16
Schroder ISF Asian Total Return C Dis GBP AV	FO Equity - Asia Pacific ex Japan	-2.65	62	1.22	63	-0.40	49	-7.08	47	-6.70	46	-8.82	57	-11.16	52	-7.12	40	-5.80	43	-4.90	50	-2.31	40	-0.00	50
T. Rowe Price Frontier Markets Equity Q GBP GBP	FO Equity - Emerging Markets	-7.10	38	-0.98	90	-3.40	38	-3.22	38	-10.42	74	-8.67	75	-10.72	62	-17.70	96	-17.02	94	-17.17	87	-16.54	80	-15.79	84
Threadneedle European Select ZNA GBP	UT Europe Excluding UK	-5.52	64	-3.20	28	-12.92	53	-14.94	59	-13.27	36	-11.28	52	-10.90	39	-8.80	15	-7.01	39	-6.80	19	-11.24	20	-10.90	36
Threadneedle UK Equity Income ZNI GBP	UT UK Equity Income	-5.68	95	-6.22	60	-11.39	62	-12.79	81	-13.06	56	-10.00	47	-11.07	39	-7.00	20	-4.51	12	-6.20	14	-5.44	9	-6.40	13

From a top-level asset allocation perspective there was no change to the portfolio over the past six months. The allocation to equity remains at the lowest end of the defined range at 80.00%.

30/06/2018		31/12/2018
80.00%	Equity	80.00%
0.00%	Infrastructure	0.00%
6.00%	Fixed Income	6.00%
4.00%	Cash	4.00%
10.00%	Other	10.00%

## Wellian Investment Solutions: HIGH INCOME Model

There were no changes to your portfolio at all over the past six months. No new assets were bought, no existing asset sold. Your portfolio continues to have investments in 19 underlying funds and we believe it remains suitable for clients and meeting the portfolio objectives. The asset allocation as at the end of December is the same as it was at the end of June as the table below shows.

30/06/2018		31/12/2018
37.00%	Equity	37.00%
9.00%	Infrastructure	9.00%
49.00%	Fixed Income	49.00%
3.00%	Cash	3.00%
2.00%	Other	2.00%

The performance of the underlying holdings is shown the table below over cumulative time periods between one and twelve months. If the fund is outperforming its peer-group it is highlighted in green.

Data to 31/12/2018																																				
<b>WIS High Income</b>																																				
		1 Month Rank (%)	2 Months Rank (%)	3 Months Rank (%)	4 Months Rank (%)	5 Months Rank (%)	6 Months Rank (%)	7 Months Rank (%)	8 Months Rank (%)	9 Months Rank (%)	10 Months Rank (%)	11 Months Rank (%)	12 Months Rank (%)																							
Artemis Global Income I Inc	UT Global Equity Income	-8.36	99	-8.67	100	-16.87	95	-17.26	95	-16.73	97	-13.70	93	-15.61	95	-11.05	91	-7.18	89	-12.40	95	-13.62	93	-12.49	95											
Artemis Strategic Bond I Monthly Inc	UT Sterling Strategic Bond	-0.66	91	-2.24	94	-2.63	90	-2.74	89	-2.54	87	-1.86	85	-2.03	79	-3.15	87	-2.52	80	-2.95	80	-3.58	76	-3.02	66											
BlackRock Corporate Bond D Inc	UT Sterling Corporate Bond	0.35	66	0.53	71	0.12	26	-0.63	17	0.29	16	0.12	13	0.21	10	0.00	16	0.13	11	0.56	10	0.02	16	1.00	15											
BMO UK Property 2 Inc	UT UK Direct Property	0.18	40	0.53	35	0.70	39	1.10	39	1.28	47	1.64	47	2.08	47	2.36	54	2.63	58	3.20	62	3.38	54	3.66	62											
FP Miton Income B Inc	UT UK Equity Income	-4.60	64	-7.33	82	-12.68	85	-12.29	74	-14.00	69	-13.15	65	-12.77	55	-11.03	60	-5.47	59	-7.28	58	-10.30	61	-10.35	53											
Hermes Multi - Strategy Credit F Hedged Dis GBP	FO Fixed Int - Global	-1.02	98	-2.14	96	-2.89	97	-2.59	96	-2.83	96	-1.89	97	-2.34	98	-3.16	98	-3.09	97	-3.78	97	-4.51	97	-4.03	96											
Insight Equity Income Booster Inst W Inc	UT UK Equity Income	-4.58	61	-6.32	65	10.62	50	10.69	39	12.02	48	11.37	45	11.67	42	-10.96	57	-6.20	66	-8.31	71	-10.66	67	-11.39	65											
Invesco Monthly Income Plus (UK) Z Inc	UT Sterling Strategic Bond	-0.89	97	-1.75	85	-3.06	95	-2.97	94	-3.36	94	-2.44	94	-2.62	94	-3.60	92	-2.70	84	-3.32	87	-4.11	87	-4.09	88											
Janus Henderson Strategic Bond I Inc	UT Sterling Strategic Bond	0.85	22	0.77	4	0.53	14	0.20	13	0.30	7	0.18	7	0.03	12	0.03	18	0.02	13	0.10	23	1.05	26	1.00	21											
Janus Henderson UK Property PAIF I Inc	UT UK Direct Property	0.09	48	-0.03	66	0.17	77	0.33	74	0.95	66	1.33	58	1.72	66	-2.44	85	2.37	66	3.47	47	-0.58	85	4.17	54											
Jupiter Strategic Bond I Inc	UT Sterling Strategic Bond	1.22	11	0.81	2	0.40	17	-0.27	10	0.13	8	0.14	8	0.44	3	0.14	16	0.22	18	0.11	24	0.75	20	0.85	12											
M&G Emerging Markets Bond I Inc GBP	UT Global Emerging Markets Bond	0.51	77	0.69	54	2.48	47	3.26	54	0.93	8	3.29	8	2.12	16	3.17	24	4.56	24	2.83	24	3.80	24	0.61	8											
MI Chelverton UK Equity Income B Inc	UT UK Equity Income	-5.62	92	-7.81	92	-14.55	95	-15.85	99	-15.72	94	-16.50	96	-16.70	95	-14.11	91	-8.54	90	-11.04	86	-13.10	86	-14.19	87											
H2O MultiReturns I Gr Acc	UT Targeted Absolute Return	4.10	1	4.04	2	6.15	3	12.68	1	0.65	14	2.69	5	7.65	2	2.31	40	4.52	3	6.01	4	9.02	2	10.59	2											
Newton Global Income Inst Inc	UT Global Equity Income	-6.51	60	-5.64	71	-7.22	26	-7.02	25	-8.20	27	-2.80	25	0.80	17	1.85	16	5.16	16	1.65	17	0.03	17	1.05	16											
Royal London Corporate Bond M Inc	UT Sterling Corporate Bond	0.52	53	-1.26	91	-0.92	83	-1.59	82	-1.24	77	-1.16	79	-1.24	70	-1.11	64	-1.11	63	-0.53	55	1.00	46	1.98	40											
Royal London Short Duration Global High Yield Bond M Inc	FO Fixed Int - GBP High Yield	-0.66	67	0.82	1	-1.10	1	0.20	1	0.44	1	0.09	34	0.05	1	0.05	34	0.37	34	0.43	34	0.31	34	0.44	34											
Schroder Asian Income Maximiser Z Inc	UT Asia Pacific Excluding Japan	1.00	18	0.26	77	-0.20	35	-0.02	17	0.03	18	0.32	13	0.40	20	0.32	20	1.05	21	1.36	17	5.00	18	4.82	14											
Schroder Income Maximiser Z Inc	UT UK Equity Income	3.02	15	0.90	26	-0.01	5	0.02	3	0.20	4	0.37	4	0.05	6	0.00	9	0.69	8	0.76	8	2.26	3	1.81	1											

As the table above shows, a large number of funds beat the average fund over the second half of 2018 although this doesn't mean we are complacent when it comes to portfolio construction or asset selection. The High Income Model continues to deliver a solid, diversified income stream and yield which is sourced from a number of asset classes, geographies and manager styles. No individual holding accounts for more than 7.50% of the total assets under management.



## Wellian Investment Solutions: ETHICAL Model

As at the end of December, your portfolio contained 58.00% in equity funds, 39.00% in fixed income funds and the remaining 3% in cash. With no additions to the portfolio or total removal of any assets held at the end of June, your model continues to contain 16 holdings and meets with the portfolio objectives.

Data to 31/12/2018																									
<b>WIS Ethical</b>																									
		1 Month	Rank (%)	2 Months	Rank (%)	3 Months	Rank (%)	4 Months	Rank (%)	5 Months	Rank (%)	6 Months	Rank (%)	7 Months	Rank (%)	8 Months	Rank (%)	9 Months	Rank (%)	10 Months	Rank (%)	11 Months	Rank (%)	12 Months	Rank (%)
BMO Responsible Global Equity 2 Inc	UT Global	-8.29	91	-6.68	85	-14.13	87	-13.62	79	-10.48	57	-7.87	51	-7.86	51	3.30	33	1.43	29	-5.30	31	-5.57	30	-3.06	24
BMO Responsible Sterling Corporate Bond 2 Inc	UT Sterling Corporate Bond	0.67	34	-0.59	28	0.17	25	0.85	33	-0.69	44	-0.72	53	0.00	47	0.06	34	0.72	45	-0.44	36	-1.18	29	-1.89	31
BMO Responsible UK Income 2 Inc	UT UK Equity Income	3.08	15	-0.19	7	8.29	8	8.09	11	-9.33	10	8.36	9	9.99	13	8.93	27	-0.39	33	-0.35	15	-0.60	23	8.08	22
Brown Advisory US Sustainable Growth C	FO Equity - USA	-7.72	14	-5.01	10	-10.53	17	-10.69	19	-8.89	10	-7.15	10	0.00	9	7.20	4	10.50	3	7.24	3	8.27	2	11.40	3
EdenTree Amity International B	UT Global	-6.74	54	-4.81	43	-11.51	57	-12.47	68	-11.29	72	-9.97	77	-11.52	86	-10.42	93	-6.52	91	-9.38	89	-9.35	79	-9.81	87
EdenTree Amity Sterling Bond B	UT Sterling Strategic Bond	-0.09	62	-0.88	51	0.00	41	-1.05	45	-1.26	52	-0.94	56	-1.28	57	-1.54	54	-1.17	50	-1.68	58	-2.59	56	-2.29	53
Janus Henderson UK Responsible Income 1 Inc	UT UK All Companies	-5.29	76	-6.70	71	-10.43	30	-11.24	40	-15.86	29	-11.90	41	-13.09	43	-11.13	59	-5.58	63	-6.84	53	-9.79	54	-10.65	55
Kames Ethical Corporate Bond B Inc	UT Sterling Corporate Bond	0.36	63	-0.01	34	0.04	14	0.09	19	-0.49	29	0.40	37	0.00	33	0.08	24	-0.13	22	0.09	24	1.08	32	-1.09	33
Kames Ethical Equity B Acc	UT UK All Companies	-4.67	59	-7.65	83	-16.75	93	-17.79	93	-17.54	89	-17.38	89	-17.42	89	-15.68	90	-11.83	93	-13.37	92	-16.08	93	-17.41	95
Liontrust Sustainable Future Corporate Bond 2 Inc	UT Sterling Corporate Bond	0.00	90	-1.67	99	-1.71	98	-2.10	96	-1.68	91	-1.26	85	-1.53	86	-2.23	95	-1.86	89	-2.14	96	-3.63	94	-3.63	93
Liontrust Sustainable Future European Growth 2 Acc	UT Europe Excluding UK	-5.27	51	-0.39	50	-12.17	41	-14.73	55	-14.79	53	-13.60	75	-14.01	75	-12.91	69	-9.96	71	-12.44	63	-15.81	76	-14.79	78
Rathbone Ethical Bond Inst Inc	UT Sterling Corporate Bond	0.02	86	-1.24	89	-1.11	90	-1.86	90	-1.75	94	-1.40	88	-1.55	87	-1.96	90	-1.54	81	-1.66	91	-3.21	91	-3.08	83
Royal London Ethical Bond M Inc	UT Sterling Strategic Bond	0.52	32	-0.00	47	0.00	31	0.00	30	0.00	25	0.00	33	0.00	25	0.00	23	0.00	18	0.37	21	0.00	22	1.07	21
Royal London Sustainable Leaders Trust C Acc	UT UK All Companies	-0.06	7	-0.70	1	-0.98	4	-0.52	10	-0.80	4	-1.11	3	-1.07	3	-0.11	3	2.25	3	0.76	4	-1.18	4	-1.09	3
Stewart Investors Asia Pacific Sustainability B GBP Acc	UT Specialist	-0.71	19	6.02	8	1.25	13	-0.00	30	-0.20	10	2.33	7	3.03	8	6.18	1	10.55	1	8.02	2	7.39	1	7.14	1
Stewart Investors Worldwide Sustainability B Acc GBP	UT Global	-0.04	10	-0.08	2	0.00	5	0.01	10	-0.01	5	-0.06	9	0.00	10	1.17	11	3.97	12	2.09	9	0.32	10	0.51	9
Unicorn UK Ethical Income B Inc	UT UK Equity Income	-0.79	21	0.00	3	0.00	9	0.00	14	-0.00	12	0.73	15	-0.01	22	0.09	30	-5.40	57	-7.04	54	-6.15	39	0.00	48

The table above shows the performance of the underlying holdings within the Wellian Ethical Model over one through twelve months. A fund highlighted in green means it has outperformed the average fund in the sector over that time period. As you will see not all funds have green highlights over all time periods and we are comfortable with this as our intention is to build diversified portfolios that deliver consistency over the medium to longer-term. “Ethical” can be defined in many ways and the assets held in the model are spread across a number of these definitions which assist in building portfolios that are lowly correlated to each other. There are 16 holdings in the model.

## Wellian Investment Solutions: PASSIVE CONSERVATIVE Model

In the second half of 2018, one change was made to the model – we introduced the Fidelity Index US fund (3.50%) at the expense of the equally weighted HSBC American Index which had been in the model for a number of years. Our due diligence process found the Fidelity offering to have a more thorough investment approach when it comes to pricing, tracking error and tracking difference.

30/06/2018		31/12/2018
21.50%	Equity	21.50%
7.50%	Infrastructure	7.50%
55.50%	Fixed Income	55.50%
7.00%	Cash	7.00%
8.50%	Other	8.50%

The table above shows the fact there was no change to the top-level asset allocation during the second half of 2018. The portfolio continues to meet with the portfolio objectives and the performance of the sixteen holdings can be found below in the table.

Data to 31/12/2018		WIS Passive Conservative																							
		1 Month	Rank (%)	2 Months	Rank (%)	3 Months	Rank (%)	4 Months	Rank (%)	5 Months	Rank (%)	6 Months	Rank (%)	7 Months	Rank (%)	8 Months	Rank (%)	9 Months	Rank (%)	10 Months	Rank (%)	11 Months	Rank (%)	12 Months	Rank (%)
Brooks Macdonald Defensive Capital A Acc	UT Targeted Absolute Return	-1.16	67	-1.20	50	-2.91	58	-2.47	50	-2.14	41	-1.75	37	-1.30	32	-1.18	25	0.28	18	-0.51	17	-1.07	20	-1.88	30
BMO UK Property 2 Inc	UT UK Direct Property	0.18	40	0.53	35	0.70	39	1.10	39	1.28	47	1.64	47	2.08	47	2.36	54	2.63	58	3.20	62	3.38	54	3.66	62
Fidelity Index UK P Inc	UT UK All Companies	-8.95	29	-5.58	42	-10.84	39	-10.28	24	-13.30	30	-11.43	32	-12.13	43	-9.22	35	-9.10	29	-5.19	34	-6.39	37	-9.20	35
Fidelity Index US P	UT North America	8.44	24	-6.98	47	-11.79	35	-11.54	30	-7.10	25	-4.29	25	-4.08	27	2.05	26	7.23	20	0.35	33	0.04	35	0.25	28
Fidelity Index World P	UT Global	-7.18	68	-6.21	73	-11.48	56	-11.36	52	-8.87	33	-6.22	30	-5.63	27	-2.03	21	2.95	15	-2.31	22	-3.74	21	-3.49	22
HSBC European Index C Inc	UT Europe Excluding UK	-0.10	40	-3.36	31	-11.08	24	-12.01	23	-12.80	25	-8.63	20	-8.89	18	-0.16	24	-0.94	17	-7.03	16	-11.17	19	-9.01	16
HSBC Sterling Corporate Bond Index C Inc	UT Sterling Corporate Bond	0.79	20	-0.63	35	-0.19	28	-0.31	37	-0.47	32	-1.18	82	-1.19	69	0.53	3	0.47	3	1.15	3	0.09	10	0.88	15
Invesco Global Targeted Returns (UK) Z Acc	UT Targeted Absolute Return	0.56	16	-0.48	31	-2.73	56	-3.04	60	-4.24	71	-3.44	65	-3.22	58	-3.74	59	-3.92	73	-3.98	65	-4.82	61	-3.85	64
iShares Overseas Corporate Bond Index (UK) D Acc	UT Global Bonds	1.64	10	1.36	24	2.06	16	1.22	20	2.83	8	3.40	2	4.34	4	6.74	5	8.29	2	6.89	5	7.51	7	2.97	13
Janus Henderson UK Property PAIF I Inc	UT UK Direct Property	0.09	48	-0.03	66	0.17	77	0.33	74	0.95	66	1.33	58	1.72	66	-2.44	85	2.37	66	3.47	47	-0.58	85	4.17	54
L&G All Stocks Gilt Index Trust I Inc	UT UK Gilts	1.75	75	0.75	46	1.50	58	0.34	36	0.42	36	0.15	21	-0.23	21	1.34	27	0.27	34	2.26	43	2.01	40	0.27	16
L&G Global Inflation Linked Bond Index I Acc	UT Global Bonds	0.15	62	0.28	45	-0.93	80	-1.84	83	-1.62	77	-2.14	91	-1.47	83	-1.71	80	-1.80	83	-0.83	64	-1.51	62	-2.14	70
L&G Short Dated Sterling Corporate Bond Index I Inc	UT Sterling Corporate Bond	0.10	80	-0.30	12	-0.18	21	-0.32	9	-0.10	11	0.02	6	-0.32	6	0.02	13	0.43	6	0.41	14	0.07	7	-0.20	5
Merian Global Equity Absolute Return R Hedged Acc GBP	FO Absolute Return	2.34	9	-0.52	56	-1.94	63	-2.11	60	-2.11	59	-3.05	78	-5.15	87	-4.68	83	-5.66	88	-4.51	78	-4.00	74	-2.72	63
Vanguard Global Bond Index Hedged Acc GBP	FO Fixed Int - Global	1.08	49	1.42	35	1.06	60	0.56	60	0.72	62	0.62	77	0.69	79	0.83	75	0.44	76	0.93	69	0.53	75	-0.11	70
Vanguard UK Investment Grade Bond Index Acc GBP	FO Fixed Int - GBP Corporate Bond	0.35	72	0.30	22	0.37	43	-1.47	79	-1.02	65	-0.88	65	-1.30	65	1.00	50	1.02	50	0.49	43	1.39	50	1.71	29

As shown above, a large number of the funds owned in the model have outperformed their sector average over a large number of time periods as highlighted in green. The passive fund market is constantly developing; many funds for instance are changing their charging structure, altering their strategies with regards to stock lending, tightening up their tracking errors for instance and we remain committed to constructing and delivering a diversified portfolio by geography and asset class whilst maintaining a focus on these developments.

## Wellian Investment Solutions: PASSIVE INCOME Model

A number of changes were made to the Passive Income model in the first half of the year, as we discussed in our last update, although only one change was made in the second half of 2018. We introduced the Fidelity Index US fund (2.00%) to the model with the proceeds from removing the HSBC American Index fund (also a 2.00% allocation.)

Data to 31/12/2018		1 Month		2 Months		3 Months		4 Months		5 Months		6 Months		7 Months		8 Months		9 Months		10 Months		11 Months		12 Months	
		Return (%)	Rank (%)	Return (%)	Rank (%)	Return (%)	Rank (%)	Return (%)	Rank (%)	Return (%)	Rank (%)	Return (%)	Rank (%)	Return (%)	Rank (%)	Return (%)	Rank (%)	Return (%)	Rank (%)	Return (%)	Rank (%)	Return (%)	Rank (%)	Return (%)	Rank (%)
BMO UK Property 2 Inc	UT UK Direct Property	0.18	40	-0.53	35	0.70	39	1.10	39	-1.28	47	1.64	47	2.08	47	2.36	54	2.63	58	3.20	62	3.38	54	3.66	62
Fidelity Index Pacific ex Japan P Acc	UT Asia Pacific Excluding Japan	-1.07	32	-0.87	72	5.30	31	6.84	33	-7.40	35	-5.88	23	6.30	14	4.83	15	2.58	7	1.47	15	1.28	14	5.15	20
Fidelity Index UK P Inc	UT UK All Companies	-3.00	29	-5.30	42	-10.80	39	-10.28	24	-14.30	30	-11.48	32	-12.13	43	-9.22	35	-1.10	29	-5.10	34	-6.30	37	-9.20	35
Fidelity Index US P	UT North America	-8.48	24	-6.30	47	-11.70	35	-11.58	30	-7.10	25	-1.20	25	3.00	27	2.05	26	7.23	20	0.35	33	0.04	35	0.25	28
Fidelity Index World P	UT Global	-7.18	68	-6.21	73	-11.48	56	-11.36	52	-6.87	33	-6.22	30	5.00	27	-2.03	21	2.95	15	-3.58	22	3.70	21	-3.80	22
HSBC European Index C Inc	UT Europe Excluding UK	-5.10	40	-5.30	31	-11.08	24	-17.01	23	-15.86	25	-8.88	20	8.89	18	-9.10	24	-8.98	17	-7.98	16	-11.17	19	-9.61	16
HSBC Sterling Corporate Bond Index C Inc	UT Sterling Corporate Bond	0.79	20	-0.08	35	0.19	28	-0.93	37	-0.47	32	-1.18	82	-1.19	69	0.53	3	0.47	3	1.15	3	0.09	10	-0.88	15
iShares Overseas Corporate Bond Index (UK) D Acc	UT Global Bonds	1.64	10	1.36	24	2.06	16	1.22	20	2.83	8	3.40	2	4.34	4	6.74	5	8.29	2	6.89	5	7.51	7	2.97	13
Janus Henderson UK Property RAIF I Inc	UT UK Direct Property	0.09	48	-0.03	66	0.17	77	0.33	74	0.95	66	1.33	58	1.72	66	-2.44	85	2.37	66	3.47	47	-0.58	85	4.17	54
L&G Global Inflation Linked Bond Index I Acc	UT Global Bonds	0.15	62	0.28	45	-0.93	80	-1.84	83	-1.62	77	-2.14	91	-1.47	83	-1.71	80	-1.80	83	-0.83	64	-1.51	62	-2.14	70
L&G Short Dated Sterling Corporate Bond Index I Inc	UT Sterling Corporate Bond	0.10	80	-1.20	12	-0.10	21	-0.52	5	-0.10	11	0.02	6	0.11	6	0.02	13	0.43	6	0.41	14	0.17	7	0.09	5
M&G Emerging Markets Bond I Inc GBP	UT Global Emerging Markets Bond	0.51	77	0.69	54	2.48	47	3.26	54	0.93	8	3.29	8	2.12	16	3.17	24	4.56	24	2.93	24	3.80	24	0.61	8
Merian Global Equity Absolute Return R Hedged Acc GBP	FO Absolute Return	2.34	3	-0.52	56	-1.94	63	-2.11	60	-2.11	59	-3.05	78	-5.15	87	-4.88	83	-5.66	88	-4.51	78	-4.00	74	-2.72	63
Threadneedle UK Absolute Alpha INA GBP	UT Targeted Absolute Return	-1.34	73	-1.60	64	-4.45	79	-4.98	80	-5.20	80	-5.34	83	-5.59	83	-5.00	78	-3.55	65	-4.04	67	-5.23	69	-5.97	76
Vanguard FTSE UK Equity Income Index A	UT UK Equity Income	-7.00	30	-6.19	59	-10.34	33	-10.07	25	-13.28	60	-12.17	50	-12.68	52	-10.78	53	-8.89	50	-7.37	59	-9.83	56	-11.26	65
Vanguard Global Bond Index Hedged Acc GBP	FO Fixed Int - Global	1.08	49	-1.42	35	1.06	60	0.56	60	0.72	62	0.62	77	0.69	79	0.83	75	0.44	76	0.93	69	0.53	75	-0.11	70
Vanguard UK Investment Grade Bond Index Acc GBP	FO Fixed Int - GBP Corporate Bond	0.35	72	0.10	22	0.17	43	-1.47	79	-1.02	65	-0.88	65	-1.30	65	1.09	50	1.10	50	1.49	43	1.20	50	1.17	28

The table above shows the performance of all the holdings in the fund between one and twelve months and the percentage rank is relative to the sector average. A green highlighted number suggests the fund is better than the peers. As can be seen, a large number of funds have delivered a great deal of consistency over a large number of time periods although this doesn't mean we are complacent in our investment approach.

The introduction of the Fidelity Fund was due to our due diligence process highlighting what we believe is a more rigorous investment approach compared to HSBC which ultimately should deliver a better investment outcome, lower tracking difference and lower tracking error.

The model has 34.00% exposure to equity funds, 7.50% to infrastructure, 49.00% in fixed income funds, 4.00% in cash and 5.50% in alternative funds.

## Wellian Investment Solutions: PASSIVE BALANCED Model

As shown in the table below, the top-level asset allocation of the model at the end of the June and the end of December hasn't changed. In the first half of the year a number of changes were undertaken, so it is not surprising not a great deal of changes were effected in the second half. But, being as there was no change at top-level doesn't mean there wasn't change.

The Wellian Passive Balanced Model sold one holding (HSBC American Index – a 9.00% allocation) and replaced it with the Fidelity US Index fund (also 9.00%).

30/06/2018		31/12/2018
47.50%	Equity	47.50%
5.00%	Infrastructure	5.00%
32.50%	Fixed Income	32.50%
4.00%	Cash	4.00%
11.00%	Other	11.00%

The justification behind the swapping of the holdings was down to due diligence undertaken by the team on tracking error, tracking difference and daily pricing of the two holdings. We are convinced the Fidelity fund will much more closely represent the index it tracks, compared to the outgoing fund. The passive investment market is constantly changing, we cannot afford to be complacent.

The table below shows the performance statistics of the underlying sixteen funds presently in the model over a cumulative one to twelve months. The performance is relative to the average fund in the peer group and the rank is percentile. If the fund has a green highlight then it has beaten the average fund in the sector (as shown next to the fund name on the left).

Data to 31/12/2018													
<b>WIS Passive Balanced</b>		1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months	12 Months
	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)
Brooks Macdonald Defensive Capital A Acc	67	50	58	50	41	37	32	25	18	17	20	20	30
BMO UK Property 2 Inc	40	35	39	39	28	47	47	2.08	47	2.36	54	2.63	58
Fidelity Index Emerging Markets P Acc	40	34	56	48	7.46	37	50	50	44	6.75	32	10.41	34
Fidelity Index Japan P Acc	1	9	17	14	9.01	14	11	8.89	9	3.53	3	7.42	5
Fidelity Index Pacific ex Japan P Acc	32	72	31	33	7.46	35	23	10	14	3.83	15	2.58	7
Fidelity Index UK P Inc	29	42	39	24	13.30	30	11.43	32	12.13	43	9.22	35	3.10
Fidelity Index US P	24	47	35	30	7.16	25	4.29	25	3.08	27	2.05	26	7.23
Fidelity Index World P	68	73	56	52	8.87	33	30	30	27	3.03	21	2.95	15
HSBC European Index C Inc	40	31	24	23	13.86	25	20	20	18	9.16	24	4.94	17
HSBC Sterling Corporate Bond Index C Inc	20	35	28	37	0.47	32	32	-1.18	82	-1.19	69	0.53	3
Invesco Global Targeted Returns (UK) Z Acc	16	31	56	60	-4.24	71	65	-3.22	58	-3.74	59	-3.92	73
iShares Overseas Corporate Bond Index (UK) D Acc	1	24	2.06	1.22	20	2.83	8	3.40	2	4.34	4	6.74	5
Janus Henderson UK Property PAIF I Inc	48	66	0.17	77	0.33	74	0.95	66	1.33	58	1.72	66	-2.44
L&G Short Dated Sterling Corporate Bond Index I Inc	80	12	21	9	0.10	11	0.02	6	0.12	6	0.02	13	0.43
L&G UK Mid Cap Index I Acc	77	83	-14.24	79	-16.14	87	-16.70	85	-16.39	85	-16.94	86	-14.27
M&G Emerging Markets Bond I Inc GBP	77	54	3.26	54	0.93	8	3.29	8	2.12	16	3.17	24	4.56
Merian Global Equity Absolute Return R Hedged Acc GBP	3	56	-1.94	63	-2.11	60	-2.11	59	-3.05	78	-5.15	87	-4.68
Vanguard Global Bond Index Hedged Acc GBP	49	35	1.06	60	0.56	60	0.72	62	0.62	77	0.69	79	0.83
UT Targeted Absolute Return	-1.16	50	-2.91	58	2.07	50	2.11	41	1.75	37	1.30	32	1.18
UT UK Direct Property	0.18	35	0.70	39	1.10	39	1.28	47	1.64	47	2.08	47	2.36
UT Global Emerging Markets	2.40	34	-5.00	56	5.02	48	7.46	37	5.23	50	8.31	44	6.75
UT Japan	0.21	9	-13.27	17	9.74	14	9.01	14	8.22	11	8.89	9	7.50
UT Asia Pacific Excluding Japan	1.97	72	3.36	31	6.64	33	7.46	35	5.69	23	6.10	14	3.83
UT UK All Companies	3.95	42	-10.84	39	10.28	24	13.30	30	11.43	32	12.13	43	9.22
UT North America	8.44	47	-11.79	35	11.54	30	7.16	25	4.29	25	3.08	27	2.05
UT Global	-7.18	73	-11.48	56	-11.36	52	8.87	33	30	27	3.03	21	2.95
UT Europe Excluding UK	5.10	31	-11.08	24	13.01	23	13.86	25	20	18	9.16	24	4.94
UT Sterling Corporate Bond	0.79	35	-0.10	28	-0.02	37	0.47	32	32	-1.18	82	-1.19	69
UT Targeted Absolute Return	0.56	31	-2.73	56	-3.04	60	-4.24	71	65	-3.22	58	-3.74	59
UT Global Bonds	1.64	24	2.06	1.22	20	2.83	8	3.40	2	4.34	4	6.74	5
UT UK Direct Property	0.09	66	0.17	77	0.33	74	0.95	66	1.33	58	1.72	66	-2.44
UT UK All Companies	0.10	12	-0.10	21	0.32	9	0.10	11	0.02	6	0.12	6	0.02
UT Global Emerging Markets Bond	-5.51	83	-14.24	79	-16.14	87	-16.70	85	-16.39	85	-16.94	86	-14.27
FO Absolute Return	2.34	56	-1.94	63	-2.11	60	-2.11	59	-3.05	78	-5.15	87	-4.68
FO Fixed Int - Global	1.08	35	1.06	60	0.56	60	0.72	62	0.62	77	0.69	79	0.83

The model portfolio shows our fund selection has led to a dozen of the sixteen funds delivering outperformance compared to their average between the end of June and the end of December of which we are obviously proud of, but we are not resting on our laurels. The portfolio continues to meet with the investment objectives and as the first table above shows, the model is also invested across a number of geographies, and asset classes which also provides opportunities to add value.

## Wellian Investment Solutions: PASSIVE GROWTH Model

The model continues to invest across a number of asset classes, but with at least 80% exposure to equity funds as per the investment objectives. With equity market volatility rising, the model is at the absolute minimum allocation.

There were a number of changes to the model portfolio in the first half of the year, so it is not surprising that very little occurred in the second half. The asset allocation at top-level did not change as the table shows below:

30/06/2018		31/12/2018
80.00%	Equity	80.00%
0.00%	Infrastructure	0.00%
9.00%	Fixed Income	9.00%
2.00%	Cash	2.00%
9.00%	Other	9.00%

During the period under question, there was one change – we sold the HSBC American Index fund entirely (a 12.00% allocation) and replaced it with the Fidelity Index US fund. Your fund started the period with 13 holdings and ended the period with the same number.

Data to 31/12/2018		WIS Passive Growth																							
		1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months	12 Months												
		Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)	Rank (%)												
Fidelity Index Emerging Markets P Acc	UT Global Emerging Markets	-7.88	40	2.14	34	-5.00	56	3.02	48	-7.66	37	-0.23	50	8.33	50	8.01	44	-0.79	32	10.01	34	12.46	43	0.04	33
Fidelity Index Japan P Acc	UT Japan	0.21	1	-3.75	9	-12.37	17	9.70	14	-0.01	14	8.22	11	8.89	9	7.00	5	-3.59	3	7.47	5	7.88	7	7.46	3
Fidelity Index Pacific ex Japan P Acc	UT Asia Pacific Excluding Japan	1.07	32	0.87	72	5.30	31	6.68	33	-7.46	35	-0.69	23	6.10	14	-2.83	15	2.58	7	-3.27	15	4.38	14	-3.15	20
Fidelity Index UK P Inc	UT UK All Companies	-1.05	29	-3.38	42	10.84	39	10.20	24	-12.30	30	-11.41	32	-12.11	43	-9.22	35	-1.10	29	-3.19	33	8.30	36	-9.20	35
Fidelity Index US P	UT North America	8.44	24	-0.80	47	-11.79	35	11.94	30	-7.18	25	-4.29	25	3.00	27	2.05	26	7.23	20	0.35	33	0.04	35	0.25	28
Fidelity Index World P	UT Global	-7.18	68	-6.21	73	-11.48	56	-11.36	52	-8.87	33	-6.22	30	5.93	27	-1.08	21	2.95	15	-2.04	22	3.74	21	-3.48	22
HSBC European Index C Inc	UT Europe Excluding UK	-3.10	40	-3.30	31	-13.08	24	-12.01	23	-12.88	25	-8.63	20	8.29	18	-0.10	24	-4.94	17	-7.91	16	-11.17	19	-9.61	16
HSBC Sterling Corporate Bond Index C Inc	UT Sterling Corporate Bond	0.79	20	-0.63	35	-0.19	28	0.91	37	-0.47	32	-1.18	82	-1.19	69	0.53	3	0.47	3	1.15	3	0.09	10	0.38	15
Invesco Global Targeted Returns (UK) Z Acc	UT Targeted Absolute Return	0.56	17	-0.40	31	-2.73	56	-3.04	61	-4.24	72	-3.44	66	-3.22	59	-3.74	60	-3.92	73	-3.98	65	-4.82	61	-3.85	65
L&G Short Dated Sterling Corporate Bond Index I Inc	UT Sterling Corporate Bond	0.10	80	-0.34	12	-0.10	21	0.37	9	-0.10	11	0.02	6	0.12	6	0.02	13	0.43	6	0.41	14	0.07	7	-0.25	5
L&G UK Mid Cap Index I Acc	UT UK All Companies	-5.51	81	-7.75	83	-14.24	79	-16.14	87	-16.70	85	-16.39	85	-16.94	86	-14.27	83	-9.80	87	-10.70	79	-13.32	79	-15.06	87
Merian Global Equity Absolute Return R Hedged Acc GBP	FO Absolute Return	2.34	9	-0.52	56	-1.94	63	-2.11	60	-2.11	59	-3.05	78	-5.15	87	-4.68	83	-5.66	88	-4.51	78	-4.00	74	-2.72	63
H2O MultiReturns I Gr Inc	UT Targeted Absolute Return	4.11	1	4.04	2	6.15	3	12.69	1	0.65	14	2.70	5	7.66	2	1.33	38	4.52	3	6.02	4	9.02	2	10.59	2

The table above shows the performance of each of the funds presently held in the Passive Growth Model over twelve time periods – a cumulative one to twelve months. All performance numbers are associated to their sector average and a percentile ranking assigned. A highlighted green number shows the fund has outperformed the average fund in the sector and as you can see, a large number of the holdings have outperformed over a large number of time periods of which we are very proud.

## Performance Summary

	3m	6m	1 Year	3 Years	5 Years
WIS Conservative	-3.35%	-2.64%	-2.31%	9.73%	18.82%
ARC GBP Cautious PCI	-3.65%	-3.28%	-3.78%	6.08%	11.69%
WIS Income	-4.90%	-4.15%	-3.78%	12.48%	24.18%
ARC GBP Balanced Asset PCI	-5.90%	-5.14%	-5.14%	9.95%	17.06%
WIS Balanced	-5.69%	-4.78%	-4.57%	15.01%	27.97%
ARC GBP Steady Growth PCI	-7.65%	-6.44%	-5.71%	15.09%	23.19%
WIS Growth	-9.47%	-8.20%	-7.16%	22.06%	35.15%
ARC GBP Equity Risk PCI	-8.61%	-7.17%	-5.93%	19.18%	26.59%
WIS High Income	-4.23%	-3.59%	-2.95%	14.97%	24.23%
IA Mixed Invest 20-60% shares	-5.40%	-4.70%	-5.10%	12.19%	19.07%
WIS Ethical	-5.85%	-5.08%	-4.18%	16.95%	28.52%
IA Mixed Invest 40-85% shares	-7.89%	-6.59%	-6.11%	16.55%	25.48%
WIS Passive Conservative	-2.53%	-1.92%	-1.35%	13.35%	24.12%
ARC GBP Cautious PCI	-3.65%	-3.28%	-3.78%	6.08%	11.69%
WIS Passive Income	-3.48%	-2.94%	-2.54%	15.60%	24.94%
ARC GBP Balanced Asset PCI	-5.90%	-5.14%	-5.14%	9.95%	17.06%
WIS Passive Balanced	-5.13%	-3.83%	-3.09%	18.89%	29.94%
ARC GBP Steady Growth PCI	-7.65%	-6.44%	-5.71%	15.09%	23.19%
WIS Passive Growth	-8.67%	-6.86%	-5.86%	23.72%	35.31%
ARC GBP Equity Risk PCI	-8.61%	-7.17%	-5.93%	19.18%	26.59%

Data to 31.12.18

Source FE Analytics

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