



### MPS and Volare market update and portfolio positioning

Looking at the macroeconomic environment, we see the US earnings season remaining broadly positive however our main concerns relate more to politics and the impact of the Trump trade war, the Corbyn risk and more recently the situation with the Turkish Lira. It appears that the trade war is holding back investment in what is otherwise a very positive economic environment for the US. The feeling is that Corbyn risk has been declining and that it is unlikely that he could form a majority government. On Turkey, the fall in the currency is having a knock on effect on other Emerging Markets but our view is that in the end the contagion will be contained. We considered adding Emerging Market Debt at this point of weakness, however decided to wait a little longer for the Turkish situation to provide more clarity.

In line with the central LGT Vestra IC we made a small reduction in equity in the Balanced portfolio by reducing the exposure to Europe by 2%. The move was made due to the current pressure of trade wars and the political events, particularly in Italy. The central IC also sold the position in gold this month as it has failed to perform even as political tensions have risen, with the allocation added to cash. In the MPS and Volare portfolios we don't hold a specific gold position in portfolios so we have moved the funds raised from the reduction Europe in the Balanced portfolio to cash. This will give us ammunition to buy on dips or to potentially increase exposure to bond funds, if yields move higher again. In the Defensive portfolio we also sold the FTSE 100 tracker and reallocated the cash across the Schroder Income fund and Lindsell Train fund as in the lower risk portfolio at this stage we want to use active funds across the value and quality spectrum.

July was a strong month for equity markets with the US and Emerging Markets posting strong gains of 4.4% and 3% respectively as investors brushed off fears of the implications of a trade war. The strongest performing fund for the month was Jupiter India, which is pleasing as it has had a difficult time over recent months. Europe was also a clear winner during July with both the Henderson European Smaller Companies fund and the Blackrock European Dynamic fund up over 3%. In fact all of the bond funds were also up during July with IP Monthly Income Plus performing the strongest as a result of the allocation to equities in the fund.

### MPS Performance and volatility as at 31 July 2018

	Target*			Five year annualised	
	Volatility %	Return % pa	Maximum Loss %	Volatility %	Return %
Defensive	2 to 4.75	3 to 4.5	-5.0	3.51	5.47
Cautious	4 to 7	4.5 to 6	-9.1	4.05	6.28
Balanced	5 to 9	5.2 to 7.5	-13.5	5.35	8.07
Growth	8 to 13	6 to 8	-19.0	6.26	9.18
Adventurous	10 to 16	7 to 10	-25.0	6.84	10.09

\*Where targets are given, these are for indication purposes only; the actual figures achieved could be more or less than the ranges given.

Quarterly figures are net of underlying fund costs but gross of all other charges. Other charges include the LGT Vestra discretionary management fee, the platform custody charge, all adviser charges and where applicable any transaction costs (e.g. ptm / trading charges)

## MPS and Volare fund positioning as at 16 August 2018

	Defensive	Cautious	Balanced	Growth	Adventurous	Strategic Income
<b>Fixed Income</b>	<b>42</b>	<b>34</b>	<b>18</b>	<b>10</b>	<b>0</b>	<b>45</b>
Jupiter Strategic Bond	7	7	5			7
M&G Strategic Corporate Bond						6
Threadneedle Credit Opps	8	7				
L&G All Stocks Index Linked Gilt Index	5	4	4	3		
Invesco Perpetual Monthly Income Plus	8	6	6	5		7
AXA US Short Duration High Yield Bond	7	5				7
PIMCO Low Duration Real Return	7	5	3	2		6
BlackRock Fixed Inc Global Opps						6
Invesco Perpetual Corporate Bond						6
<b>UK Equities</b>	<b>10</b>	<b>15</b>	<b>22</b>	<b>26</b>	<b>28</b>	<b>17</b>
Old Mutual UK Smaller Companies			3	5	7	
Marlborough Multi Cap Income						4
Schroder Income Maximiser						4
Threadneedle UK Equity Income						4
Schroder Income	5	4	7	6	7	
RWC Enhanced Income						5
CF Lindsell Train UK Equity	5	6	6	8	7	
L&G FTSE 100 Index Trust		5	6	7	7	
<b>International Equities</b>	<b>15</b>	<b>20</b>	<b>41</b>	<b>47</b>	<b>61</b>	<b>23</b>
<i>Europe</i>	<i>0</i>	<i>0</i>	<i>5</i>	<i>5</i>	<i>7</i>	<i>3</i>
Blackrock European Dynamic			3	5	5	
Blackrock Continental European Income						3
Henderson European Smaller Companies					2	
<i>North America</i>	<i>4</i>	<i>8</i>	<i>12</i>	<i>16</i>	<i>17</i>	
Morgan Stanley US Advantage	4	8	6	9	8	
Schroder US Mid Cap			6	7	9	
<i>Asia Pacific</i>	<i>0</i>	<i>3</i>	<i>13</i>	<i>13</i>	<i>20</i>	<i>6</i>
Blackrock Asia Special Situations		3	5	4	4	
Schroder Asian Income Maximiser						6
Baillie Gifford Japanese			3			
Baillie Gifford Japanese Smaller Companies				3	8	
Jupiter India			2	2	3	
RWC Global Emerging Markets			3	4	5	
<i>Global</i>	<i>11</i>	<i>9</i>	<i>11</i>	<i>13</i>	<i>17</i>	<i>14</i>
Fundsmith	6	6	7	7	7	
River & Mercantile World Recovery Fund				4	5	
Artemis Global Income	5	3	4	2	2	8
Lazard Global Equity Income						6
L&G Technology Index Trust					3	
<b>Alternatives</b>	<b>26</b>	<b>25</b>	<b>17</b>	<b>15</b>	<b>9</b>	<b>12</b>
<i>Absolute Return</i>	<i>26</i>	<i>25</i>	<i>17</i>	<i>12</i>	<i>6</i>	<i>9</i>
Old Mutual Global Equity Absolute Return	8	7	7	5		
BNY Newton Real Return						
Artemis US Absolute Return	7	6				
JP Morgan Global Macro Opportunities	4	6	6	7	6	4
Troy Trojan O	7	6	4			
Invesco Perpetual Global Targeted Income						5
<i>Property/Infrastructure</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3</i>	<i>3</i>	<i>3</i>
Lazard Global Listed Infrastructure				3	3	3
<b>Cash</b>	<b>7</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>3</b>
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

LGT Vestra LLP  
14 Cornhill  
London  
EC3V 3NR  
Phone +44 (0)20 3207 8000  
Fax +44 (0)20 3207 8001  
info@lgtvestra.com  
www.lgtvestra.com

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