

GDIM Cautious

October 2018

Summary

This Investment Model Portfolio is designed with capital preservation at its heart, but is built to also achieve modest growth over the long term. Since its inception, it has experienced a very low level of volatility and will usually have a muted reaction to market fluctuations. We use a large proportion of more defensive assets; typically, Fixed Interest, Property, Alternatives and income-focused equity.

Benchmark: This portfolio uses the IA Mixed Investment 0-35% Shares sector as its benchmark for performance.

5 Year Performance



Portfolio Details

Inception Date:	17/04/2009
OCF*:	0.69%
DFM Fee:	0.15%
Estimated Yield:	2.97%

Managers: Tom Sparke & Mark Denley

Allocations



◁	Cash	2.0%	▷
◀	Fixed Interest	44.5%	▶
◀	Alternatives	16.5%	▶
◀	Property	7.0%	▶
◀	UK Equity	6.0%	▶
◀	Europe Equity	7.5%	▶
◀	US Equity	9.0%	▶
◀	Global Equity	7.5%	▶

5 Year Performance Ratios

Alpha	Max Drawdown	Sharpe	Volatility
0.91	-3.66	0.00	3.16

Cumulative Performance

	YTD	1yr	3yr	5yr
Portfolio (%)	-1.58	-1.71	8.72	17.89
IA Sector (%)	-1.91	-1.68	11.65	16.68

Discrete Performance

	YTD	2017	2016	2015	2014	2013
Portfolio (%)	-1.58	5.71	3.74	3.49	4.85	6.15
IA Sector (%)	-1.91	4.84	8.47	0.38	4.84	4.20

*Ongoing fund charges vary between platforms and this figure is based on the highest charge we are currently aware of. See 'Important information' for more details.



Commentary

The previous three months saw the GDIM Cautious Investment Model Portfolio moderately underperform its benchmark.

Global equity markets fell significantly in October as investors lost confidence in the market when fears rose on concerns that the US Federal Reserve may continue to raise interest rates in economic conditions that may be too weak to handle them as well as further threats to trade between the US and China. The end of the month saw some potential progress in the latter issue as President Trump announced positive talks with Chinese President Xi Jinping.

The most recent earnings announcements from major companies have been broadly positive but earnings failed to rise amidst the over-arching market pessimism. Our largest equity exposures have mostly reported strong quarters so far and we are happy that sticking to our preference for high quality companies with low debt and higher growth should enable our

investments to outperform their peers in the coming months.

September's interest rate increase in the US brought more weakness in the bonds that are sensitive to higher rates, though this reversed in October as stock markets fell sharply once again. This has followed the pattern we expected so far, but if there is any sign that the US central bank may enact less rises than expected this should result in more positive markets across the board. The US dollar was mildly stronger against sterling, and was the strongest of the major currencies over a volatile three month period, while sterling depreciated against most of its peers even after some improvement brought about by Brexit deal optimism.

Overall, this was a negative period for the portfolio, but in the circumstances we are not wholly unhappy with the performance as the assets fell little in comparison to the wider market.

Upside and Downside Capture

1 Year		3 Year		5 Year	
Up	Down	Up	Down	Up	Down
96.54	105.04	73.57	78.44	75.46	55.81

Glossary

Alpha

A measure of 'selection risk' of a fund in relation to a specified benchmark. A positive alpha is the extra return achieved by the investor for taking a risk, on top of the market return.

Max Drawdown

The maximum loss from a peak to a trough of a portfolio, before a new peak is attained. Maximum Drawdown is an indicator of downside risk over a specified time period.

Sharpe

The Sharpe ratio is a measure risk-adjusted performance, and tells us whether the returns of a portfolio are due to good investment decisions or a result of excess risk.

Volatility

Volatility shows how widely a range of returns varied from the fund's average return over a particular period. This figure is determined by the standard deviation of returns from the mean over a specified period.

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Important Information

Ongoing fund charges vary between platforms and this figure is based on the highest charge we are currently aware of. OCF is based on the cost of the underlying funds and does not include any further transaction costs incurred by the funds held, or any performance fees that may be levied by them.

These figures are representative of an Investment Model Portfolio initiated on 17th April 2009 and rebalanced in line with the latest portfolio whenever changes were recommended.

Performance does not reflect trading in actual accounts (and is therefore gross of all management fees except fund charges) and is provided for information purposes to indicate historical performance on a Bid-to-Bid basis.

Past performance should not be seen as a guide to future returns. Returns from investments of this type are not guaranteed. Capital can fall as well as rise. Data provided by Financial Express 2018.

These factsheets are produced quarterly, following our Investment Committee Meeting and any changes that occur as a result of it.

Data correct as at 2nd Nov 2018.

