WHIreland
WEALTH MANAGEMENT

Navigator Portfolio Service
Cautious

OBJECTIVE

A cautious investor is potentially looking for returns that are better than those obtained from cash and will accept some volatility, or movement in prices, up and down. Cautious investors are likely to be risk averse and the preservation of nominal capital is important over all timeframes – even if this means that the portfolio **fails to keep up with inflation**. The risks relative to world equity markets will be typically between 40% and 60% although potentially they may move outside this range on a shorter term basis.

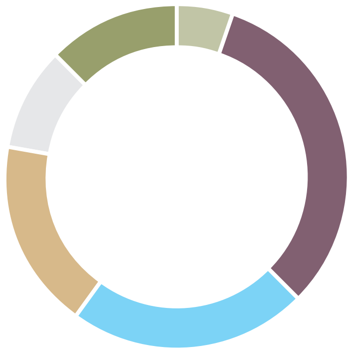
STRATEGY RISK INDICATOR

Low risk — High risk

1	2	3	4	**5**	6	7	8	9	10

Source: Dynamic Planner

ASSET ALLOCATION



Alternatives	12.5%
Property	9.5%
Non-UK Equity	18%
UK Equity	22.5%
Fixed Interest	32%
Cash	5.5%

FEES AND CHARGES

Management fee	0.75% per annum + VAT
Underlying weighted fund charges	0.35% - 0.5% per annum
Charging frequency	Quarter end in arrears*

*March, June, September & December

Fees are calculated on the average daily balance of your portfolio(s). Portfolios which are transferred to and from WHIreland Wealth Management during the quarter will be subject to a pro-rata charge.

Q1/2018: MARKET AND PORTFOLIO COMMENTARY

The quarter saw a return of volatility to global markets. A decline in global equity markets was the biggest feature of this increased volatility. Whilst the causes were complex and overlapping, the outcomes were usually the same; namely a sell-off in "risk "assets such as equities and positive returns or relative outperformance of perceived "safer havens" such as UK property and UK long gilts.

Within the Navigator strategies, the emphasis was on the benefits of diversification. We continue to blend assets classes offering attractive valuations but with differing risk characteristics with a view to dampening any potential negative impacts from broad market moves. Hence we retained an exposure to the likes of UK property, which returned a positive 2.4% in the period. The catalysts for the sell–off were numerous, but largely centred around US trade and monetary policy. The Federal Reserve continued its more hawkish stance, emphasising the phased withdrawal of monetary stimulus ("QE"). In addition it confirmed its path to higher short term interest rates via its policy of rate "normalisation".

Compounding this was a more aggressive trade stance, with President Trump initiating new tariffs mainly targeting alleged unfair practices from China. This reality, with the threat of further retaliation from the Chinese authorities, was enough to destabilise markets, not just in the US, but in other global trading blocs such as Asia and Emerging markets. US technology shares in the NASDAQ were under particular pressure. The oil price rallied, as did the traditional safe haven, gold. In the bond markets, Corporates fell as risk appetite waned and only the longest Gilts showed a positive return. Sterling rallied against the US dollar.

The outlook remains mixed. After the sell- off, many sectors and markets look better value and historically these corrections have often provided opportunities for long term investors to build positions in good quality, under-priced assets. Overall we are still tending to favour equities, given their capacity to grow dividends and capital in what remains a relatively low inflation, and therefore yield, environment. However, we will continue to balance these exposures with other assets, such as alternatives, property and selected bonds in what remains a volatile investment environment.

Navigating investment markets

All data as at 31 March 2018

To apply, contact your investment manager

HOLDINGS - CAUTIOUS	WEIGHTING
Fixed Interest	**32.00%**
iShares £ Corporate Bond 1-5 Year	9.50%
L&G All Stocks Indexed-Linked Gilts	6.00%
Royal London Corporate Bond	9.00%
iShares Ultrashort Bond	7.50%
Equity	**40.50%**
UK	**22.50%**
Liontrust UK Macro Growth	4.50%
iShares FTSE 100	9.00%
iShares FTSE 250	9.00%
US	**9.50%**
First Trust US Large Cap Core AlphaDEX ETF	3.40%
iShares Core S&P 500	3.05%
Schroder US Mid Cap	3.05%
Europe	**5.00%**
BlackRock Continental European	2.00%
iShares MSCI Europe	3.00%
Far East	**0.00%**
Japan	**3.50%**
Baillie Gifford Japanese	3.50%
Emerging Markets	**0.00%**
Alternatives	**12.50%**
Newton Real Return	3.50%
HICL Infrastructure	5.00%
iShares Physical Gold	4.00%
Property	**9.50%**
iShares MSCI Target UK Real Estate	9.50%
Cash	**5.50%**

INVESTMENT PROCESS

We utilise an active "top down, bottom up" approach to investing, where asset allocations and geographic apportioning are set in accordance to each specific risk mandate. We monitor economic, corporate and political influences worldwide to assess their impact on six principle asset classes: cash, bonds, equities, commodities, property and alternatives. The most attractive funds for each mandate are then selected using a proprietary WHIreland scoring system encompassing quantitative screening with a qualitative desk research overlay.

The investment process is managed by our Asset Allocation, FTSE 350 and Collectives Committees, with each being comprised of experienced market practitioners and research analysts from across the group. Our investment team contributes to the process for the Navigator Portfolio Service, ensuring a broad range of views are put forward.

If you would like this document in an alternative format such as large print, please contact us on **0800 877 8866**. We are happy to consider any request for an accessible format.

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