



**Investment objective:**

An investor in the Standard Life Adventurous model seeks long term capital growth and are willing to accept significant fluctuations in their capital value and are less concerned at the prospect of losses. Approximately 85% of overall assets would be invested in equities although this may fluctuate between 70% and 100% over the investable period, typically a minimum of 12 years.

Key facts		Asset allocation	
Portfolio benchmark	WMA Growth	<p>■ Fixed interest - 0.0%    ■ UK equity - 33.5%    ■ International equity - 44.0%</p> <p>■ Alternatives - 7.0%    ■ Cash - 15.5%</p>	
Estimated annual yield	1.85%		
Annual management fee	0.30% (plus VAT)		
Lead portfolio manager	James Horniman		
Wrapper availability	ISA/SIPP/GIA		
Minimum investment	£1,000		
Asset types	Direct equities Collectives		
Expected Total Expense (TER)*	0.77%		

\*The Total Expense Ratio (TER) includes the annual management fee levied by JH&P including VAT and also the annual management fee levied by the client. This assumes an annual turnover level of 25%. The TER may alter from this estimate depending on the proportion of assets invested through direct equities, ETFs or funds – a higher proportion of ETFs can result in a lower TER. Other costs and charges may arise in relation to the service that are not levied by JH&P.

Asset Allocation figures are subject to rounding

**Manager commentary**

Bull markets are said to climb a wall of worry, and with this one now approaching its tenth birthday, the wall became steeper in 2018. Markets are a highly sensitive barometer of the aggregate investor mood: prices reflect the future expectations of growth and income. At this point in the cycle, when investors are feeling jittery, troubling news can easily encourage dramatic repricing of those expectations. There was certainly plenty of that in 2018.

Trade wars and accompanying rhetoric have dominated sentiment for much of the year and it is difficult to ignore the fractures between the US and China. Trump is trying to win favour with blue collar workers and exhibit US strength with his threat of tariffs. He appears to be trying to halt China’s otherwise inexorable rise to global dominance, while securing a better deal for the US to address the trade imbalance and protect intellectual property.

It looks like the US has the upper hand, given half of US imports are components used by US-based producers, so imposing tariffs on China simply makes American goods more expensive and reduces the country’s competitiveness. There is, however, a danger of this tariff dispute escalating beyond the point where companies can circumnavigate the problems. That would pose a serious risk to global trade and act as a brake on global economic growth. It might be the shock that triggers the end of the bull market.

Looking at the macro-economic picture, we are still in the phase of unwinding quantitative easing – this is unprecedented territory. The US market has performed very well in 2018, giving credence to the Federal Reserve and its rate-raising agenda. Low unemployment has led to a spike in wage inflation, which will feed through to prices at some point. Earlier this year, the Chair of the Federal Reserve, Jerome Powell, had suggested that interest rates were set to rise significantly higher. He moderated this guidance substantially in November on the back of weaker US housebuilding activity and lower-than-expected inflation forecasts. They may now be only a little below ‘neutral’, which should reassure markets – change is coming but it should be gradual.

Brexit continues to be a source of concern. A no deal scenario, and the extension of uncertainty for businesses, could be seriously damaging for the economy and possibly open the door to a Labour government. The UK can kick the can again, but a more extended transition phase increases the possibility that a Brexit deal fails to win parliamentary approval and also makes the UK an even more uncertain proposition for inward investment.

There remains the possibility of another referendum. The UK may end up revoking Article 50 and staying in the EU. With the country continuing to be so divided on Brexit, it is hard to be enthusiastic about any of the options.

Portfolio managers : James Horniman & Billy Hughes



James joined James Hambro & Partners in 2013 and was named in the Spears 'Top 50' list of private client wealth managers for the past two years. He started his investment career in 1993 at Morgan Grenfell Asset Management before joining HSBC Investment Management to work as a Director and Team Leader in UK Private Clients. In 2007 he joined UBS Wealth Management, where he managed assets worth more than £500m. James is Head of the Financial Intermediary team and is also part of our Investment team.

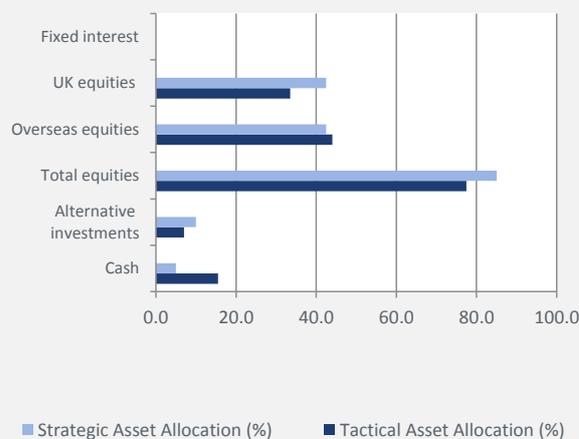


Billy joined James Hambro & Partners in 2011 straight after obtaining an honours degree in Economics at Cardiff University. After a year working within the Operations department, Billy was asked to head up the Treasury and Dealing team until moving to an Investment Assistant role in 2015 and then an Assistant Portfolio Manager role in 2016. In 2018 Billy was promoted to Portfolio Manager, where he works alongside James Horniman, helping to manage the team that supports JH&P's growing IFA business. Billy holds the CISI Chartered Wealth Manager qualification.

Direct equity holdings

Prudential PLC	2.0%
Royal Dutch Shell Plc B	2.0%
Rentokil Initial	2.0%
D S Smith	2.0%
Beazley Plc	1.5%
Compass Group	1.5%
Diageo	1.5%
Reed Elsevier Plc	1.5%
Unilever Plc	1.5%

Tactical allocation v. strategic allocation



Figures subject to rounding

Important information

Past performance is not a reliable indicator of future results. The value of an investment and the income from it may go down as well as up and investors may not get back the amount originally invested. This may be partly the result of exchange rate fluctuations in investments which have an exposure to foreign currencies. The portfolio may invest parts of its assets in other funds for which investment decisions are made independently of the portfolio manager. Fluctuations in interest rates may affect the value of your investment. The levels of taxation and reliefs may change and the value of tax reliefs depends on individual circumstances.

The information contained in this document is meant for information purposes only and based on a model portfolio which may at times differ from actual holdings. While we have taken care to ensure that the sources of information are reliable we cannot guarantee accuracy. Holdings and asset allocations are based on the model and were accurate on the date of publication. Nothing in this document constitutes advice. The suitability of the portfolio will depend on an individual's personal circumstances. Where we have expressed views and opinions, these are subject to change.

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