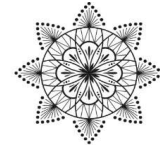


# Core EURO Cautious Income Portfolio · Monthly Report

REPORT AS AT 31 DECEMBER 2018

DISCLAIMER · This document is intended for information purposes only. All portfolios are designed following a thorough financial planning exercise to establish the financial objectives and risk attitude. Past performance should not be taken as an indication of future performances. Portfolio values can go up as well as down.



INTEGRA PRIVATE WEALTH  
INVESTMENT SOLUTIONS

## Portfolio objective and investment policy

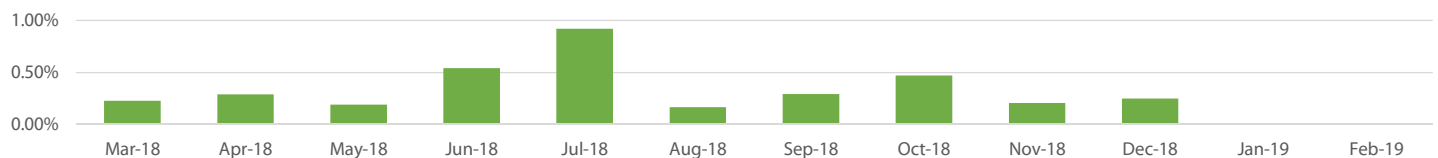
The main objective of the **Core Euro Cautious Income Portfolio** is to provide investors with a regular income. The portfolio also aims to preserve capital. The Core Euro Cautious Income Portfolio targets a distribution yield (not guaranteed) of 3.50% over the 10 year German Bund, before fees. The portfolio seeks diversification within an unrestricted asset class through active asset management. Underlying investments typically consist of long-only UCITS V compliant Collective Investment Schemes.

We believe a structured and disciplined investment process is central to our endeavour to deliver good returns. Our Investment Committee meets regularly to review and select individual funds within each of the various investment markets. This culminates in our recommended list of investments, from which the Core Euro Cautious Income Portfolio is constructed and monitored, so as to take advantage of any tactical ideas and 'special situations' that may be appropriate to enhance performance or to return a consistent level of income in line with our main objective.

## Portfolio performance

	1 Month	3 Month	6 Month	Year to date	Since Launch
<b>Core Euro Cautious Income Portfolio</b>	<b>-1.70%</b>	<b>-3.80%</b>	<b>-3.59%</b>	<b>-6.11%</b>	<b>-6.11%</b>

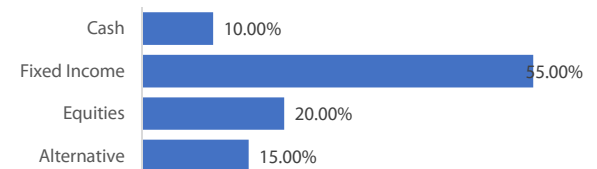
## Rolling 12 month income distribution (paid quarterly)



## Cumulative since inception performance



## Current asset allocation



## Portfolio statistical returns

Mean monthly return	-0.56%	
Annualised return	-6.67%	
Rolling 12 months return	n/a	
Monthly standard deviation	0.58%	
Negative months	7	
Positive months	4	
Excess return (ann. return less risk-free return)*	-6.90%	
Standard deviation @ 68% probability	0.63%	-1.13%
Standard deviation @ 95% probability	1.82%	-2.93%
Sortino ratio	-0.51	
Sharpe ratio	-1.67	

\* Based on the German Bund 10-year yield

## Key Facts

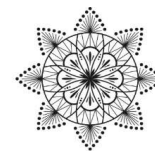
<b>Portfolio inception date</b>	February 2018
<b>Initial or exit charges</b>	0.00%
<b>Annual management fee</b>	0.50%
<b>Annual nominee fee</b>	0.10%
<b>Minimum initial investment</b>	EUR 100,000
<b>Estimated distribution yield</b>	4.78%
<b>Distribution dates</b>	end of January, April, July, October

## Worst drawdowns

Period from	Period to	Drawdown	Recovery in months
Apr-18	Nov-18	-6.32%	on-going
Feb-18	Mar-18	-0.73%	1

# Core EURO Cautious Income Portfolio · Monthly Report

REPORT AS AT 31 DECEMBER 2018



INTEGRA PRIVATE WEALTH  
INVESTMENT SOLUTIONS

DISCLAIMER - This document is intended for information purposes only. All portfolios are designed following a thorough financial planning exercise to establish the financial objectives and risk attitude. Past performance should not be taken as an indication of future performances. Portfolio values can go up as well as down.

## Manager's commentary

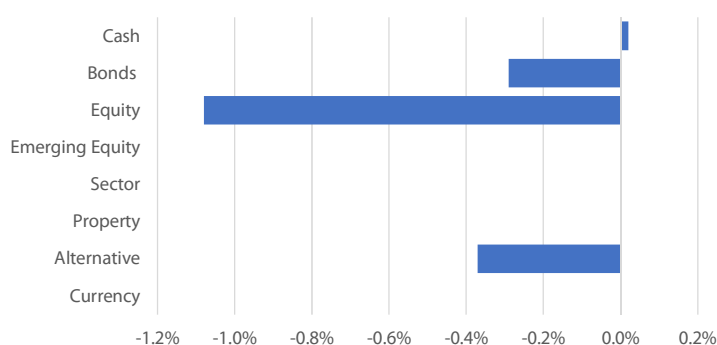
The wall of worry that gripped the financial markets since October culminated in one of the most challenging December in the history of the financial markets. In fact the US equity markets registered the worst Christmas Eve performance ever. Almost all asset allocations in 2018 lost money - US cash being the only exception. This made for one very difficult year for most asset managers no matter the strategy used. The main topics of focus for the month remained the same as for the last six months - Brexit, trade wars, global economy and monetary policy.

In the UK there does not seem to be any progress made on a final Brexit deal as parliament is unlikely to vote through the UK/EU agreement as proposed by Theresa May. On the trade war front some progress was achieved between the US and China but doubts remain on the feasibility of such plans and the final agreement to be reached. In the meantime the extension of the tariff imposition seems to be hitting the Chinese economy. Overall the global economy is still in an expansionary phase but the rate of expansion seems to have slowed down. From a monetary policy point of view the ECB confirmed the termination of QE in December whilst a war of words developed between Donald Trump and the chairman of the Federal Reserve on whether there should be more rate hikes and at what pace. The Fed seems to have softened their stance on rate hike increases for 2019.

## Monthly underlying fund performance

Franklin Templeton Emerging Markets Bond Fund	1.06%
Invesco Euro Corporate Bond Fund	0.20%
Treasury Platform - Euro	0.16%
Morgan Stanley European Curr. HY Bond Fund	-0.71%
Kames High Yield Global Bond Fund	-1.36%
Templeton Global Total Return Fund	-1.74%
BGF Global High Yield Bond Fund	-2.57%
Kames Diversified Income Fund	-3.29%
Schroder ISF Global Dividend Maximiser Fund	-4.69%
BGF European Equity Income Fund	-6.09%

## Contribution to performance by asset class



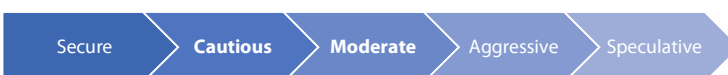
## Positive contributors in absolute terms

Franklin Templeton Emerging Markets Bond Fund	+0.12%
Invesco Euro Corporate Bond Fund	+0.03%
Treasury Platform - Euro	+0.02%

## Risk and reward profile

Typically Lower potential risk/reward ←      → Typically Higher potential risk/reward

Lower Risk      Higher Risk



## Negative contributors in absolute terms

BGF European Equity Income Fund	-0.61%
Schroder ISF Global Dividend Maximiser Fund	-0.47%
Kames Diversified Income Fund	-0.37%

### TECHNICAL TERMS

**German bunds** are sovereign bonds similar to Treasuries in the United States. The yields paid to investors on these bunds are indicative of financial conditions both in the country and in the eurozone. Germany is seen as the largest and most stable country, which means that its bunds are treated as the gold standard for comparison.

**Drawdown** is a risk measure used to evaluate how long it typically takes an investment to recover from a temporary decline in its net asset value.

The **Sortino ratio** measures the risk-adjusted return of the investment portfolio. It is a modification of the Sharpe ratio but penalizes only those returns falling below a user-specified target or required rate of return, while the Sharpe ratio penalizes both upside and downside volatility equally.

### IMPORTANT INFORMATION

The **estimated distribution yield** reflects the amounts that may be expected to be distributed over the next 12 months based on the income generated from the underlying funds. Investors may be subject to withholding tax on the quarterly distributions.

The **portfolio charges** the management and nominee fees to the quarterly distributions, which fees can be offset by any rebates the Company may receive. Rebates are paid back in the form of a credit note. This charging method could lead to a lower level of income but will not constrain capital

This service attracts a **Cautious to Moderate** risk.

The lowest category does not mean risk free.

Fluctuations in exchange rates may cause the value of your portfolio to rise or fall.

This rating does not reflect the possible effects of unusual market conditions or large unpredictable events which could amplify everyday risk and trigger other risks such as counterparty risk, liquidity risk, country risk.

The full list of the portfolio's risks are contained in the 'General Risks' section of the *Core EURO Cautious Income Portfolio* Information Document.



[www.integra-pw.com](http://www.integra-pw.com)



[info@integra-pw.com](mailto:info@integra-pw.com)



[www.linkedin.com/company/integra-pw](https://www.linkedin.com/company/integra-pw)

**Contacts**  
Offices

**Integra Private Wealth Ltd.**  
228, Tower Road  
Sliema SLM1601 · MALTA  
tel: +356 21338831/2