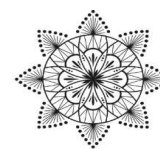


# Core EURO Cautious Growth Portfolio

MONTHLY 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 Growth Portfolio** service is capital preservation with the potential of capital growth. The target annualised rate of return, which rate is not guaranteed, (based on a timeframe of at least 5 years) is in the range of +3% to +5% with volatility levels within the historic standard deviation levels and a target maximum peak to valley losses not exceeding 8%.

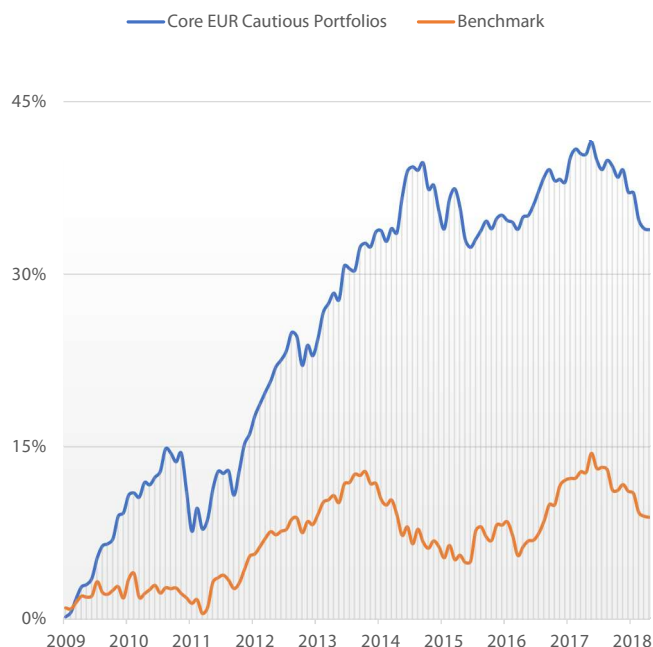
To achieve this objective the Core Euro Cautious Growth Portfolio will be invested in a diversified range of assets with the primary placements within UCITS Collective Investment Schemes managed by the most reputable global asset managers. The expertise provided by these managers added to the asset allocation and risk management knowledge provided by Integra Private Wealth ensure dual control in terms of structural and market risk. This portfolio will invest primarily in Euro denominated or Euro hedged assets although investments in other currencies can be placed as a hedge or as a speculative currency position.

## Portfolio performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2009</b>									0.20%	0.40%	1.19%	1.01%	<b>2.82%</b>
<b>2010</b>	0.22%	0.55%	1.75%	1.05%	0.19%	0.44%	1.96%	0.30%	1.54%	0.18%	-0.36%	1.26%	<b>9.44%</b>
<b>2011</b>	-0.19%	0.66%	0.51%	1.95%	-0.36%	-0.75%	0.73%	-3.32%	-3.46%	2.00%	-1.81%	0.84%	<b>-3.33%</b>
<b>2012</b>	2.62%	1.53%	-0.17%	0.21%	-2.10%	2.07%	2.34%	0.92%	1.57%	1.06%	1.01%	0.95%	<b>12.59%</b>
<b>2013</b>	1.23%	0.60%	0.81%	1.58%	-0.40%	-2.47%	1.75%	-0.91%	1.53%	2.25%	0.78%	0.89%	<b>7.82%</b>
<b>2014</b>	-0.57%	2.92%	-0.24%	-0.14%	2.01%	0.35%	-0.31%	1.29%	0.11%	-0.92%	1.13%	-0.38%	<b>5.30%</b>
<b>2015</b>	3.09%	2.26%	0.39%	-0.30%	0.62%	-2.27%	0.34%	-2.26%	-1.54%	2.59%	0.90%	-1.62%	<b>2.03%</b>
<b>2016</b>	-2.80%	-0.67%	0.72%	0.75%	0.81%	-0.67%	0.91%	0.27%	-0.45%	-0.17%	-0.60%	1.06%	<b>-0.90%</b>
<b>2017</b>	0.15%	0.93%	1.22%	1.18%	0.65%	-0.96%	0.12%	-0.24%	2.14%	0.73%	-0.42%	0.00%	<b>5.60%</b>
<b>2018</b>	1.05%	-1.56%	-0.86%	0.81%	-0.52%	-0.95%	0.63%	-1.93%	-0.07%	-2.34%	-0.75%	-0.10%	<b>-6.45%</b>

Monthly portfolio performances reflect the average return across all Euro denominated portfolios with a cautious risk rating, net of underlying fund management fees.

## Cumulative performance



The benchmark figures for the Core EURO Cautious Growth Portfolios reflect a combination of the following: i) EURIBOR 1 month interest rate (50%), ii) the Morningstar Eurozone Eurobond Corporate index (40%) and iii) the DJ Eurostoxx 50 index (10%).

## Current asset allocation

Bonds	22.5%
Equity	10.0%
Cash	47.0%
Sector	10.0%
Alternative	10.5%

## Portfolio statistical returns

Mean monthly return	0.30%	
Annualised return	3.63%	
Rolling 12 months return	-6.45%	
Monthly standard deviation	1.31%	
Negative months	41	
Positive months	71	
Excess Return (ann. return less risk-free return)*	3.39%	
Standard deviation @ 68% probability	1.61%	-0.48%
Standard deviation @ 95% probability	2.92%	-2.32%
Sortino ratio (0%)	0.35	
Sharpe ratio	0.75	

\* Based on the 10 Year German Bund

## Worst drawdowns

Period from	Period to	Drawdown	Recovery in months
Feb-18	Dec-18	-7.43%	on-going
Jun-15	Feb-16	-7.21%	27
May-11	Sep-11	-7.02%	14
May-13	Jun-13	-2.86%	5

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## 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.

## Year-to-date cumulative performance



— EURO Cautious Growth Benchmark — EURO Cautious Growth Portfolios

Monthly fund performance figures reflect average returns in the base currency across all managed portfolios net of underlying fund management fees.

## Monthly underlying fund performance

Schroder ISF Global Gold Fund	7.36%
Legg Mason WA Macro Opp. Bond Fund	3.35%
IPW Alternatives Fund	0.41%
Janus Henderson Emerg Mrkt Corp. Bond	0.31%
Treasury Platform - Euro	0.19%
BGF Euro Reserve Fund	-0.03%
Pictet-EUR Short Term High Yield Fund	-0.31%
Templeton Global Total Return Fund	-1.06%
Invesco Pan Euro Structured Equity Fund	-3.62%
Schroder ISF European Dividend Maximiser	-3.63%

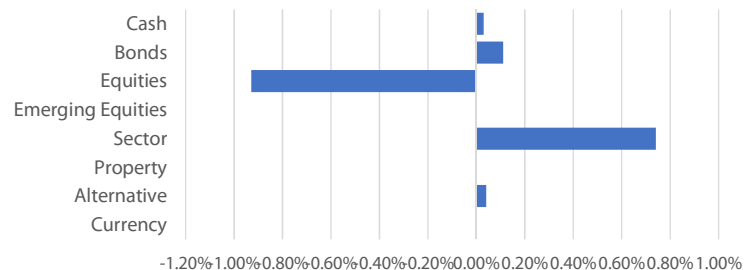
## Positive contributors in absolute terms

Schroder ISF Global Gold Fund	+0.74%
Legg Mason WA Macro Opp. Bond Fund	+0.17%
IPW Alternatives Fund	+0.04%

## Negative contributors in absolute terms

BGF Euro Markets Fund	-0.56%
Schroder ISF European Dividend Maximiser	-0.18%
Invesco Pan Euro Structured Equity Fund	-0.18%

## Contribution to performance by asset class



### TECHNICAL TERMS

The 1 month **EURIBOR interest rate** is the interest rate at which a selection of European banks lend one another funds denominated in Euros whereby the loans have a maturity of 1 month.

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



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