



**tavistock**  
WEALTH GLOBAL

# GLOBAL PORTFOLIO 4

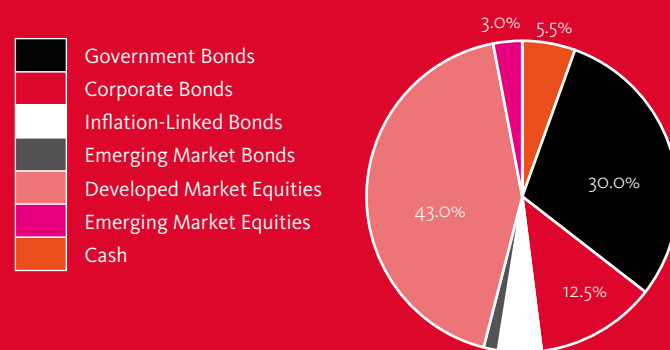
REVOLUTIONARY THINKING

## MANAGER COMMENTARY

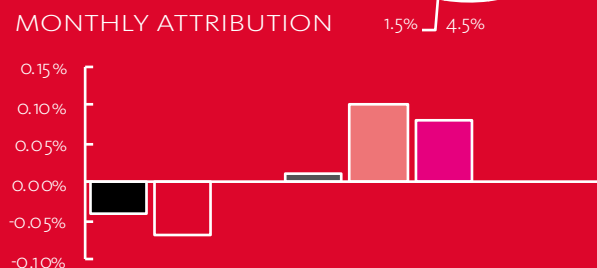
**GLOBAL Portfolio 4 (GBP) returned 0.08% in September and the Market Composite Benchmark returned 0.78%. The portfolio has a rolling 1-year return of 2.80%.**

US manufacturing contracted for the first time in 3 years in August fuelling concerns further weakness may lie ahead. However, the market mood improved noticeably following upbeat employment data, which grew at the fastest rate in 4 months, and 'non-manufacturing' data increased well ahead of market expectations. In Asia, Carrie Lam, Hong Kong's chief executive, withdrew the controversial extradition bill which had sparked pro-democracy protests across the city-state. The significant de-escalation in political risk sparked a rally in the Hang Seng equity index, setting the tone for the month. The bullish mood spread to developed markets where the MSCI World equity index rose 2.18%. In Europe, the region wide Stoxx 600 index rose 3.60%, led by Italy, following an agreement between the anti-establishment Five Star Movement and the centre left Democratic party. Reduced political risk was also good for the country's bonds. The Italian Treasury took full advantage of the reduced funding costs, selling €7.5 billion of new debt at record levels. It was a different story in the US and Germany, where 10-year government bond yields rose 16bp and 14bp respectively. In the UK, the Battle for Brexit escalated further as the Supreme Court ruled Prime Minister Boris Johnson had misled the Queen by advising her to prorogue parliament. Boris Johnson accepted the ruling but argued it was the wrong outcome for the country. As such it proved a volatile month, for politics and markets, as evidenced by sterling which fluctuated between 1.20 and 1.26 versus the US dollar. In commodity markets, the S&P Goldman Sachs Commodity index rose 1.75%, led higher by the agricultural sub-sector which rose 5.25%. Brent crude rose 0.58% to \$60.78 a barrel and gold fell -3.15% to \$1,472 per ounce.

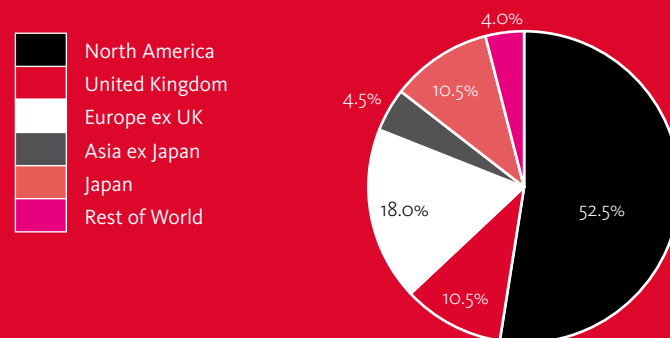
## ASSET ALLOCATION



## MONTHLY ATTRIBUTION



## REGION ALLOCATION



## TOP 5 ETF HOLDINGS

- iiShares Edge MSCI World Minimum Volatility
- iShares Edge MSCI World Quality Factor
- iShares Fallen Angels High Yield Corp Bond
- iShares US Mortgage Backed Securities
- MS SciBeta HFE US Equity 6F EW

The top 5 ETF holdings comprise of 38.5% of the portfolio

## INVESTMENT POLICY

The investment policy of GLOBAL Portfolio 4 is to gain exposure through investment in a diversified profile comprised of regulated collective investment schemes, transferable securities and cash. The minimum bond and/or cash exposure is 30% and equity exposure ranges between 20-60%.

## INVESTMENT OBJECTIVE

The investment objective of GLOBAL Portfolio 4 is to deliver long term capital growth by investing in a range of global financial markets. The portfolio is typically comprised of lower and medium risk investments such as cash, bonds and property as well as a few higher risk investments such as equities and commodities.

**SEPTEMBER 2019 Return**

	GBP	USD
Monthly	0.08%	0.16%
Year to Date	8.09%	10.73%
Rolling 1-Year Return	2.80%	6.84%

## PORTFOLIO FEATURES

- Dynamic Planner volatility range - 6.3% to 8.4%
- Daily dealing
- Minimum investment of £1,000
- Multi-Asset:
  - Equities
  - Bonds
  - Commodities
  - Property

## PORTFOLIO FACTSHEET

# GLOBAL PORTFOLIO<sup>4</sup>

A “model portfolio” is a well-balanced combination of investments covering a range of asset classes and global markets that is structured to target a specific level of risk.

## ABOUT TAVISTOCK WEALTH

Tavistock Wealth manages over \$1.3 billion of assets. We aim to provide private clients with access to institutional quality portfolio management at a retail price. Tavistock Wealth is a subsidiary of Tavistock Investments Plc, the UK wide financial services group. Currently, Tavistock has over 200 financial advisers helping 50,000+ private clients look after more than \$4 billion of investments.

## GLOBAL PORTFOLIOS

The GLOBAL Portfolios are designed to cater for the varying risk appetites of international investors. The fund management industry has experienced significant change in the last quarter of a century. Product innovation has enabled investors to benefit from wider exposure to global financial markets with far greater efficiency and at a lower cost. Index-tracking investments such as ETFs have grown increasingly important and form the building blocks for the portfolios managed within the GLOBAL Service.

## INVESTMENT PHILOSOPHY

Diversification within and between asset classes has always been important in spreading risk evenly across multi-asset portfolios. Investment portfolios have tended to be over-weight in equities and bonds of an investor's country of domicile, for mainly historical reasons. However, the exponential growth in the ETF market and the relative ease of access to investment markets around the world enable this outdated approach to be replaced. Investor country agnostic global portfolios can lead to higher returns with lower risk, which is clearly a more desirable outcome. We believe an actively managed, globally allocated, multi-asset portfolio, comprised of low-cost ETFs with diversified holdings in equity, bond, commodity and property markets is statistically more likely to outperform a traditional active manager.

## INVESTMENT TEAM

Christopher Peel is the Chief Investment Officer of Tavistock Wealth and carries direct responsibility for all discretionary investments at the firm. Together with John Leiper, CFA, Head of Portfolio Management, and the portfolio management team, they co-manage the risk progressive range of ACUMEN Portfolios (UCITS funds) and a suite of model portfolio solutions.

## PORTFOLIO CONSTRUCTION

Each GLOBAL Portfolio is constructed using Tavistock's Backward Induction optimisation process at a regional asset class, asset class and portfolio level. On average, twenty-two separate optimisations are required to finalise each portfolio of holdings. The process analyses both historical and five-year rolling forecasted data for asset class returns and volatility.

## BENCHMARK

The Market Composite Benchmark (GBP Hedged) is the Sterling Overnight Index Average (5%), Bloomberg Barclays Global Aggregate Bond GBP Hedged Index (42.5%), Bloomberg Barclays Global High Yield GBP Hedged Index (7.5%), MSCI World GBP Hedged (42%) and the MSCI Emerging Market Investable Markets Index (3%). Benchmark performance is evaluated over a rolling twelve-month investment cycle.

## CONTACT INFORMATION

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## REVOLUTIONARY THINKING

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