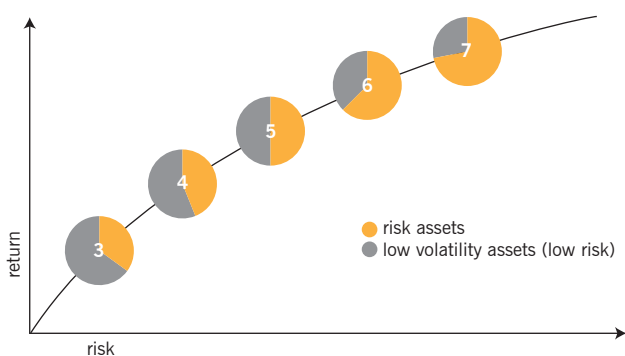


Iveagh Core Portfolios

The investment process

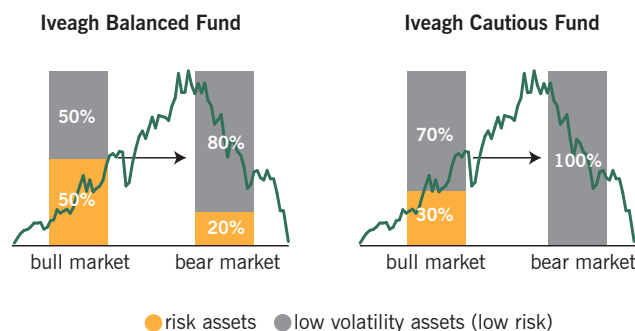
Each fund in the Iveagh Core Portfolio range is optimised so it sits on the “efficient frontier” appropriate to the level of appetite for investment risk.



Source: Iveagh.

Notes: low volatility assets (low risk) include cash, corporate bonds, government bonds, absolute return strategies and property; risk assets include major market equities, emerging market equities, specialist equity, natural resources and precious metals.

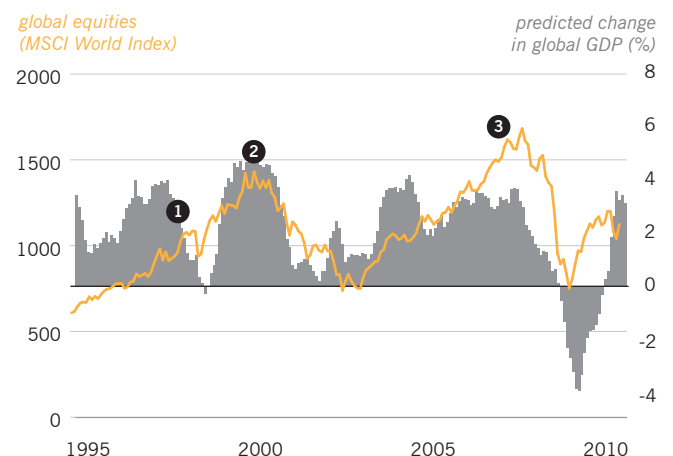
Iveagh Portfolio funds will aim to match the portfolio risk objectives throughout the investment cycle in normal market conditions. Our investment process is designed to indicate the onset of a bear market. Our expertise is in reading these signals and reducing our portfolios’ investment risk before a bear market develops, putting the portfolios back to work as the downside risks to markets fade.



Source: Iveagh.

Reducing risk in portfolios

Iveagh Portfolio funds are designed to reduce the exposure to risk assets if the managers judge there to be a significant risk of major falls in equity markets. Risk reduction is driven by a proprietary series of inputs into the asset allocation system developed by one of Iveagh’s managers in the 1980s. These inputs have been used to manage money from that time to the present day and have predicted bear markets over the past two decades. The chart below shows Iveagh’s growth predictor with the actual performance of world equity markets. These inputs allowed the manager to cut portfolio risk significantly before the equity market falls of (1) the Asian crisis, (2) the dot.com bubble and (3) the credit crunch.



Source: Bloomberg and Iveagh.

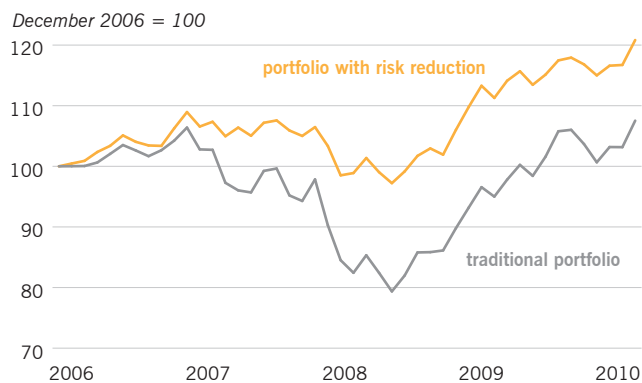
The investment process

Dynamic asset allocation

Dynamic asset allocation allows Iveagh's Core Portfolio fund managers to lower the investment risk across all portfolios when appropriate, and then restore all portfolios to their long-term risk allocations. This is like setting a "cruise control" for each portfolio to a fixed risk target, but being able to hit the brakes temporarily, before heading back up to speed. Iveagh's managers use proprietary quantitative tools and analysis to shift all Iveagh Core Portfolios down the risk scale according to expected market conditions. Each portfolio's allocation will move down the risk scale to as much as three levels lower risk, before returning to long-term risk allocations.

Enhancing long-term investment returns

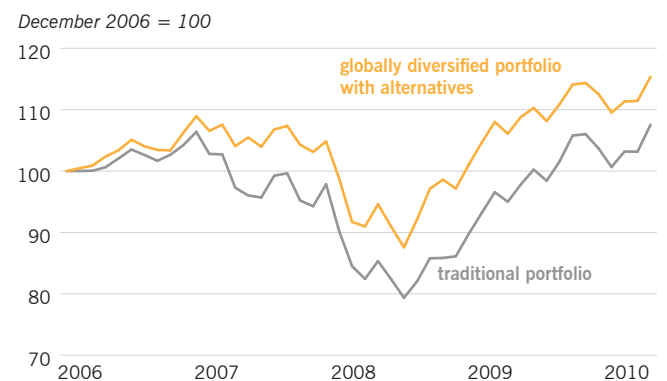
The ability to predict negative movements in equity markets has the potential to enhance returns over the long term. The graph below shows the performance of a portfolio similar in construction to the Iveagh Balanced Portfolio fund, which employs the same risk reduction moves taken in both the Guinness family and fund portfolios over this period.



Source: Iveagh.

True diversification

Iveagh Portfolios are constructed using an optimised mix of globally diversified equity exposure, traditional assets (bonds, property and cash) and non-correlated asset classes. The use of true global diversification and highly liquid non-correlated alternative investments has the potential to produce superior risk-adjusted returns when compared with more traditional portfolios that use high proportions of UK equity combined with fixed income and cash. The chart below shows the performance of two portfolios with the same volatility or investment risk. One uses globally diversified equity and a blend of traditional and alternative assets, which is similar in construction to the Iveagh Balanced Portfolio fund. The second is a portfolio optimised to give the best return for the same investment risk using a blend of traditional assets.



Source: Iveagh.

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