

**Shepherds
Friendly**

Your modern mutual

Investment Update

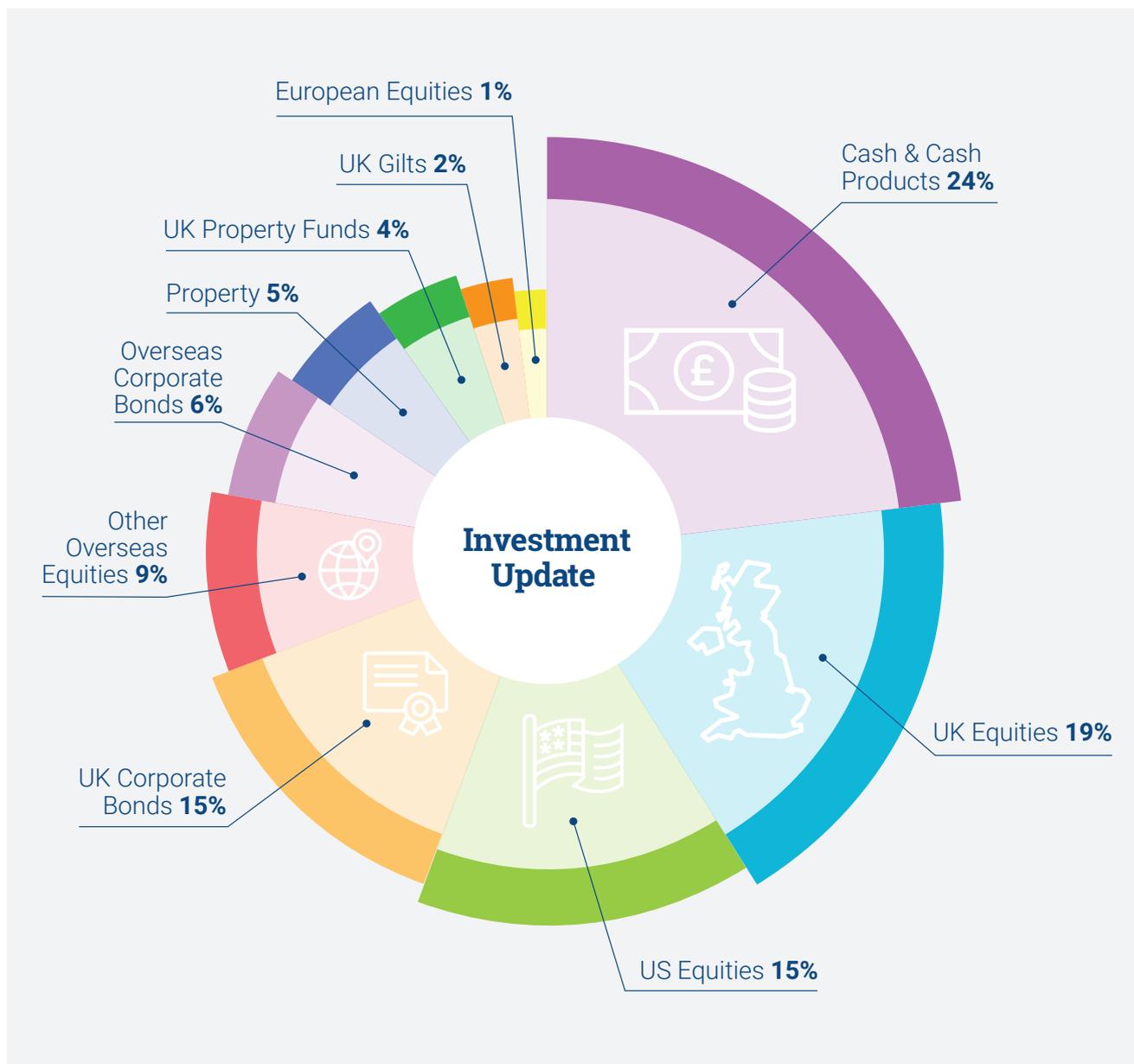
**from Company Secretary,
Tim Robertson**

May 2019

www.shepherdsfriendly.co.uk

Investment Update

The Shepherds Friendly With-Profits fund holds a mix of assets including gilts, bonds, equities, property and cash. The aim of the With Profits Fund is to reduce investment risk by spreading investments over the different asset classes. The asset allocation mix as at 30th April 2019 can be seen below:



In line with the Prudent Person Principle, assets of good quality are chosen, and the mix may change over time depending on our investment managers' views on potential future returns and our Board's approach to risk.

Fund Performance

Over the first four months of 2019 we have seen markets rally from the year end position, reversing the negative return in 2018 to a strong positive one year-to-date, and saw the Society's Portfolio outperform the absolute return set by the Board.

Global equity markets rallied for the fourth month in a row, with the S & P 500 hitting fresh all-time highs. In the UK the FTSE All Share increased by +2.65% (Total Return) as markets seemed to shrug off most of the Brexit noise. Fixed Interest markets have also saw a rally in March, with the sterling corporate bonds outperforming the FTSE All Gilts Index on a year to date basis.

However, as we move forward, the Society recognises that market uncertainty continues and remains cautious in its approach to investment. The overall focus being, on holding quality stocks with strong cash flow, stable margins and attractive dividends. To protect our position and our members money, the Society has also taken the action of re-risking the portfolio and have moved more into cash until political uncertainty and impact of Brexit is clearer.

NB: Further detail as to how we manage the With-Profits fund and members' benefits is given in the Principles and Practices of Financial Management

<https://www.shepherdsfriendly.co.uk/your-mutual/about-us/principles-and-practices-of-financial-management>