

INCOME PORTFOLIO COMMENTARY

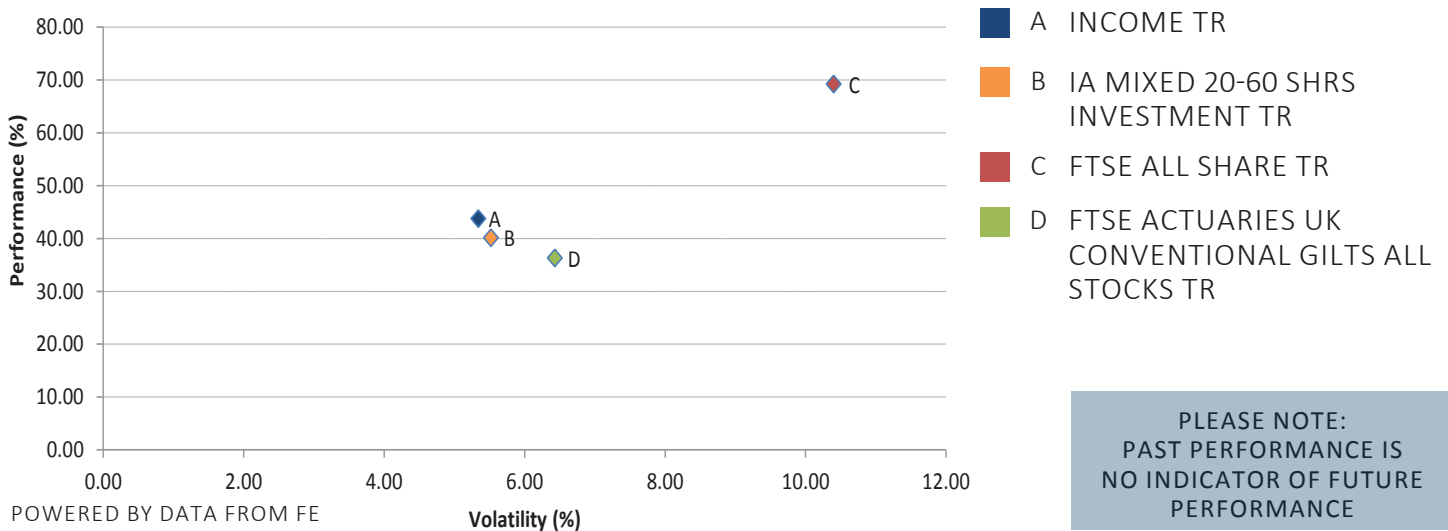
The strategy performed positively over the third quarter of 2016. The significant depreciation of Sterling was a key factor in the stellar performance of assets denominated in overseas currencies and also the FTSE 100, as a majority of the earnings of the FTSE 100 constituents are from overseas.

As a result of the EU referendum result we trimmed our UK exposure by 4% mid way through the quarter, selling the holding in Rathbone Income and allocating this across our Global Equity funds.

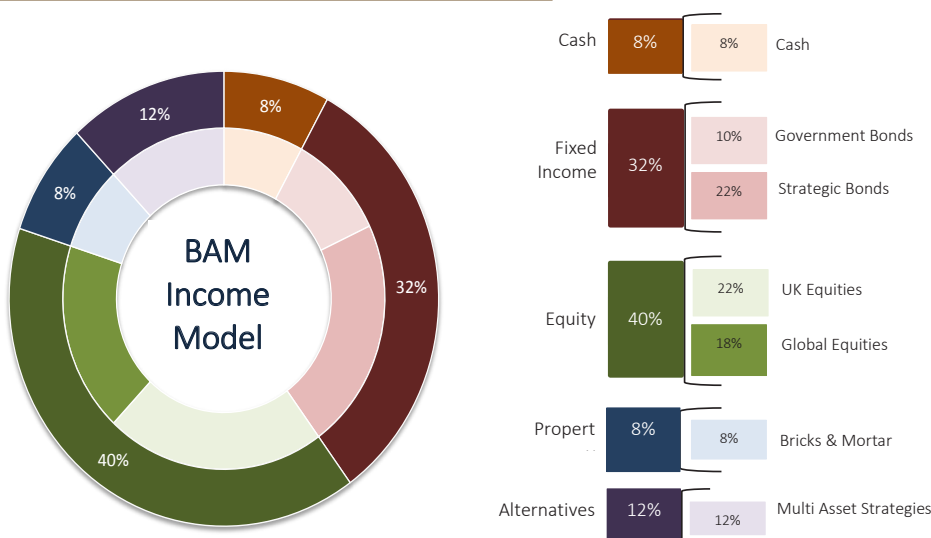
We have also decided to sell our position in the Aberdeen Property fund. We have waited until the fair value adjustment and dilution levy was removed and have allocated 4% of the proceeds to the Kames Property Income fund, which is invested in smaller bricks & mortar Commercial Properties.

Finally we have sold our holding in Liontrust European Enhanced Income (4%) and used 2% of the Aberdeen proceeds to invest in the BlackRock Overseas Global Government Bond Tracker, which we hope will act as a kind of hedge against poor equity performance should Donald Trump with the US election. The remaining 2 % of the Aberdeen proceeds have been allocated to cash.

TOTAL RETURN PERFORMANCE VS VOLATILITY OVER 5 YEARS (30/09/2011 - 30/09/2016)



PORTFOLIO COMPOSITION



STRATEGY DESCRIPTION

This strategy primarily seeks to achieve a high and rising level of income, combined with some potential for longer-term capital growth, using a fund of funds approach to investment. The strategy invests in a blend of different income generating assets, which will include Equities as well as Fixed Interest and Property. The portfolio is comprised of funds that invest across a range of geographical areas. The funds are selected on a discretionary basis from a number of top fund management houses.

This strategy is particularly suited to those investors seeking a regular income, over the medium to long-term (5 years plus). Investors can also opt to reinvest the investment income generated. Investors should be prepared to accept a cautious to medium level of investment risk.

INCOME YIELD

The Income yield of this strategy is targeted to be in excess of 110% of the FTSE All Share Index. (3.49%) The actual current yield is c.3.1% October 16.

STRATEGY BENCHMARK

The performance of the strategy will be measured against the IA Mixed Investment 20-60% shares, formally known as the IMA Cautious Managed Sector, over a rolling three-year period.

CHARGES ON WRAP

OCF for underlying funds 0.74%

This does not include the advisor or platform charge.

RISK CONTROLS AND INVESTMENT STRATEGY CHARACTERISTICS

- The strategy will have a minimum or maximum exposure as defined below. The maximum equity exposure is restricted to 60% of the fund and the current weighting is 40%.

Country/Asset Class	Minimum Exposure	Maximum Exposure	Current Exposure
UK Equities	15%	60%	22%
Global Equities	10%	30%	18%
Fixed Interest	25%	60%	32%
Property	5%	20%	8%
Alternatives	0%	20%	12%
Cash	0%	10%	8%

- At least 30% of the fund must be in fixed income investments (Corporate and/or Government bonds) and/or "Cash" investments (current account and/or short term fixed income investments and certificates of deposit).
- Minimum 60% investment in established market currencies (US Dollar, Sterling & Euro) of which 30% must be Sterling.
- The strategy will hold a minimum of 10 different fund holdings and a maximum of 20.
- No individual holding will account for more than 17% of the strategy
- No investment will have more than 3 funds represented within the strategy.
- The policy of the strategy is to be managed on a fully "invested" basis.
- In addition to mainstream Unit Trust/OEIC funds, the strategies may also invest, where appropriate, in: Boutique investment house funds, Alternative investment funds (FAIFS), Investment Trust, Structured Products, Tracker-type investments and ETFs.

INCOME PORTFOLIO CONSTITUENTS

INTERNATIONAL FIXED INTEREST	
JPM Strategic Bond	4%
L&G Dynamic Bond Trust	6%
Fidelity Strategic Bond	6%
Legg Mason Brandywire Global Income Optimiser	6%
Royal London Global Index Linked Bond	4%
BlackRock Overseas Global Government Bond Tracker	6%
ABSOLUTE RETURN	
Insight Absolute Insight	6%
Aviva Multi Strategy Target Income	6%
UK INCOME	
Miton Income Fund	6%
Trojan Income	6%
Premier Income	5%
Royal London UK Equity Income	5%
PROPERTY	
Kames Property Income	4%
F&C Property Growth & Income	4%
INTERNATIONAL	
Newton Global Higher Income	7%
Lazard Global Income	5%
Fidelity Global Enhanced Income	6%
CASH	
	8%

THE INVESTMENTS MENTIONED IN THIS REPORT ARE INTENDED AS LONG-TERM INVESTMENTS. SOME OF THEM MAY GO DOWN AS WELL AS UP AND YOU THEREFORE MAY NOT GET BACK THE FULL AMOUNT INVESTED. WHERE INVESTMENTS ARE DENOMINATED IN FOREIGN CURRENCIES, CHANGES IN THE RATE OF EXCHANGE MAY HAVE AN ADVERSE EFFECT ON THE VALUE OR PRICE OF THE INVESTMENT IN STERLING TERMS.

PAST PERFORMANCE IS NOT NECESSARILY A GUIDE TO FUTURE PERFORMANCE.

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