

DEFENSIVE MIXED ASSETS PORTFOLIO

BECKETT ASSET MANAGEMENT LIMITED

RISK PROFILE 2-3

DEFENSIVE MIXED ASSETS PORTFOLIO COMMENTARY

Over the last 3 year rolling period to the latest CPI print in May, the strategy is lagging slightly however UK inflation seems to be peaking and we are confident in our CPI +2% target over the long run.

We have reduced Artemis and Aviva Strategic Bond funds by 1% each and allocated 1% each to the Royal London Short Duration Credit fund and the Standard Life Index Global Index Linked Short Duration fund. This results in the same Fixed Income weight for the portfolio (31%) but reduces Strategic Bonds from 12% to 10% and adds another 2% to short duration positions, one of which has some inflation linkage, which increases protection from rising interest rates. Royal London Short Duration Credit has generated alpha vs peers and the benchmark, as well as delivering on the lower volatility expectation. We have high conviction in the process and team to deliver.

The only other change is the sale of Blackrock UK Absolute Alpha fund and the allocation of the proceeds to the Janus Henderson UK Absolute Return fund. This change reflects the fact that the Janus Henderson fund is our highest conviction UK long/short fund.

MODEL PORTFOLIO RETURN AND VOLATILITY

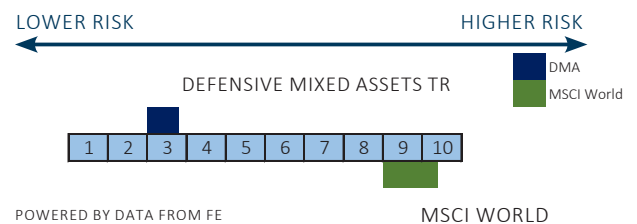
The chart below represents the performance of the Defensive Mixed Assets model versus its benchmark of UK CPI + 2% from inception of the model to the last available UK CPI print. The graphic to the right of the bar chart highlights the range of three year realised volatility for the model since inception along with that of Global Equities, represented by the MSCI World index.

SINCE INCEPTION PERFORMANCE*



POWERED BY DATA FROM FE
*Performance since inception of Defensive Mixed Assets model to the latest available UK CPI print

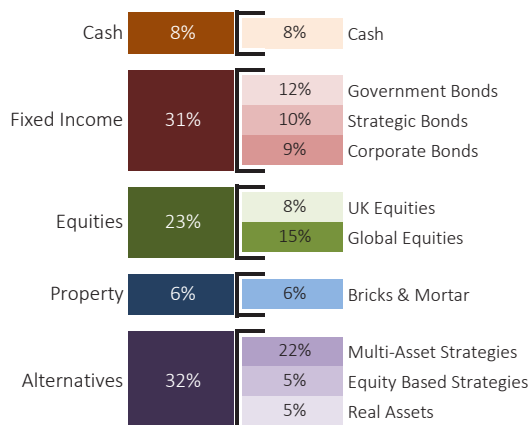
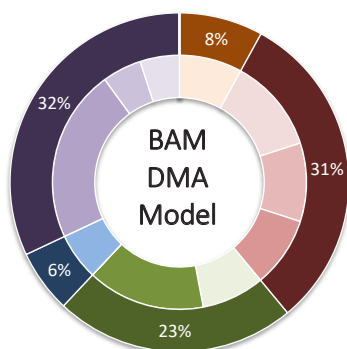
3 YEAR ROLLING VOLATILITY RANGE SINCE INCEPTION



POWERED BY DATA FROM FE MSCI WORLD

PLEASE NOTE:
PAST PERFORMANCE
IS NO INDICATOR OF
FUTURE PERFORMANCE

PORTFOLIO COMPOSITION



PORTFOLIO
COMPOSITION SHOWN
IS AS JULY 2018.
PLEASE NOTE THAT
ASSET ALLOCATIONS
MAY CHANGE
OVER TIME

STRATEGY DESCRIPTION

This strategy primarily seeks to achieve a return in excess of inflation over a 3 year rolling time horizon, using the UK Consumer Price Index (CPI) plus 2% as its benchmark. The strategy uses a fund of funds approach to investment and invests in a blend of different asset classes, which will include Equities as well as Fixed Interest, Property, Absolute Return and Cash. The strategy 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 real return (in excess of UK CPI) over a three year rolling time horizon, with lower volatility than Global Equities over the medium to long-term (5 years plus). Investors should be prepared to accept a cautious level of investment risk.

INCOME YIELD

The Income yield of this strategy is not targeted and any income received will be reinvested.

STRATEGY BENCHMARK

The performance of the strategy will target a return of the UK Consumer Price index + 2% over rolling three year periods.

CHARGES ON WRAP

In the region of 0.70%, but subject to change depending on the underlying funds.

RISK CONTROLS AND INVESTMENT STRATEGY CHARACTERISTICS

- The strategy will always have a minimum and a maximum exposure as defined below. The Maximum equity exposure is restricted to 25% of the fund and is currently 23%.

| Country/Asset Class | Minimum Exposure | Maximum Exposure | Current Exposure | Diff |
|-------------------------|------------------|------------------|------------------|------|
| Fixed Income | 10% | 50% | 31% | - |
| UK Equities | 5% | 25% | 8% | - |
| Global Equities | 5% | 25% | 15% | - |
| Property | 0% | 20% | 6% | - |
| Multi Asset Abs Return | 5% | 30% | 22% | - |
| Equity Based Abs Return | 0% | 10% | 5% | - |
| Real Assets | 0% | 15% | 5% | - |
| Cash | 5% | 20% | 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. THIS DOCUMENT SHOULD NOT BE CONSTRUED AS AN OFFER DOCUMENT OR SOLICITATION AND IS CIRCULATED BECAUSE THE CONTENTS MAY BE OF INCIDENTAL INTEREST. THE OPINIONS STATED ARE THOSE OF BECKETT ASSET MANAGEMENT LTD, WHICH IS AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.

- At least 45% of the fund must be fixed income investments (for example, corporate and Government bonds) and/or "cash" investments. "Cash" can include investment and certificates of deposit and may be within absolute / managed funds.
- This strategy is limited in the amount it can invest in overseas assets which can be positively or negatively impacted by changes in the relative valuation of currencies if the currency is not hedged.
- The strategy will hold a minimum of 5 different fund holdings and a maximum of 20.
- No individual holding will account for more than 20% of the strategy.
- No investment house will have more than 3 funds represented within the strategy.
- 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 Trusts, Structured Products, Tracker-type investments and ETFs.

DMA PORTFOLIO CONSTITUENTS

| | | Diff |
|---|----|------|
| FIXED INCOME | | |
| Insight Inflation Linked Corporate Bond | 4% | - |
| Std Life Global Index Linked Bond | 6% | ▲ |
| Artemis Strategic Bond | 5% | ▼ |
| AVIVA Strategic Bond | 5% | ▼ |
| Royal London Short Duration Credit | 5% | ▲ |
| Blackrock UK Gilts All Stocks Tracker | 3% | - |
| BlackRock Overseas Global Government Bond Tracker | 3% | - |
| UK EQUITY | | |
| Threadneedle UK Equity Income | 5% | - |
| Franklin UK Managers Focus | 3% | - |
| GLOBAL EQUITIES | | |
| Artemis Global Equity Income | 5% | - |
| Old Mutual Global Equity | 5% | - |
| Fidelity Global Dividend | 5% | - |
| PROPERTY | | |
| F&C UK Property Feeder | 6% | - |
| ALTERNATIVES | | |
| Architas Diversified Real Assets | 5% | - |
| Premier Defensive Growth | 4% | - |
| IFSL Brooks Defensive Capital | 6% | - |
| Invesco Global Targeted Return | 6% | - |
| Janus Henderson UK Absolute Return | 5% | * |
| SVS Churchhouse Texax Absolute Return Strategy | 6% | - |
| CASH | | |
| | 8% | - |

*represents new funds