MARKET UPDATE

April 2017

April was another busy month in the political calendar with the first round of the French Presidential Election and the surprise calling of a snap General Election in the UK by Theresa May. Against this backdrop we saw a mixed month for risk assets, where some sideways trading gave way to a sell-off and then sharp recovery after the first round of the French Election, particularly in European equities.

The first round of the French Election saw the centrist candidate, Emmanuel Macron, and far right Front National candidate, Marine Le Pen, progress to the second round. This was a result that the pollsters called correctly and the markets took comfort in the fact that the final round did not see Ms Le Pen progress with the far left, and equally Eurosceptic, Jean-Luc Mélenchon. The polls are currently showing a large swing in favour of a Macron victory. In France, history has shown that the second round vote has typically seen the electorate voting against a candidate rather than for one. Francois Fillon, from the Republican Party, threw his support behind Mr Macron immediately after the first round result in line with the long history of this process being designed to stop a party of the extremes on the political spectrum gaining enough support to win the Presidency. We are more positive on European equities than we have been for the last few years as the economic recovery seems to be more entrenched and valuations are more reasonable than some other developed markets, such as the US.

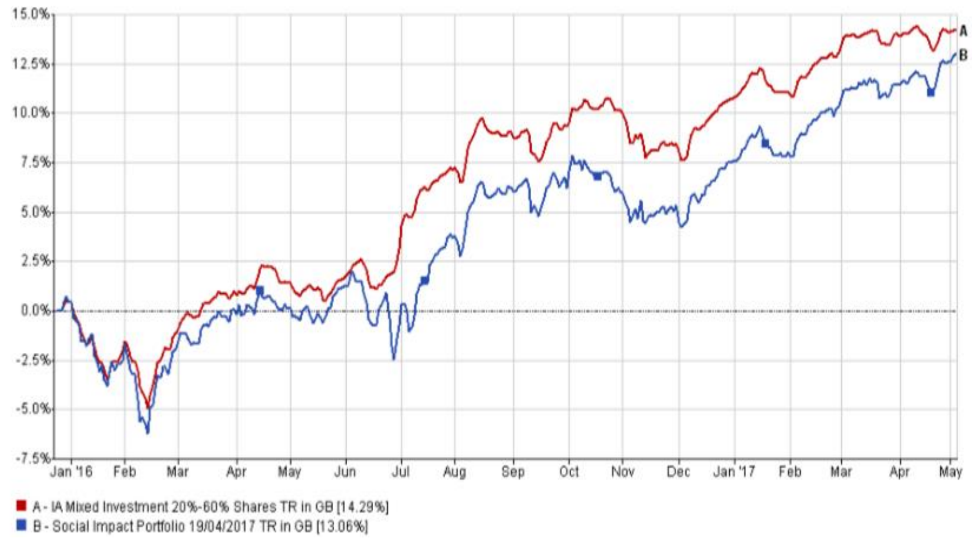
The UK General Election was indeed a surprise given Mrs May's firm stance last year to the contrary. The Prime Minister appears to be attempting to gain a large enough mandate to pursue her plans for the Brexit negotiations without the concern about dissenting members of her party and concerns about the Party's thin majority. Aside from the election campaign, the Brexit negotiations appear to have become a little more fractious over the last week of April with the EU nations aligning around a common strategy; and a planned dinner with Jean-Claude Juncker reportedly not going as well as hoped. We are also starting to see some weakness coming through in UK data, particularly retail sales, along with inflation from the depreciation of Sterling seeming to have a more material impact now. Despite already reducing our UK equity exposure into market strength last year, we will continue to watch data closely to enable us to react as necessary as time progresses.

In the US, the pivot to tax reform began in earnest with President Trump providing an outline for his plans which, some might say, were a little light on detail. The Trump administration will be holding a number of 'listening sessions' with stakeholders over the course of May to flesh out this plan and the implementation into a Bill which could pass both the Senate and Congress. We continue to believe that Trump will manage to achieve some form of tax reform as the political appetite is clear and present, and appears to be a much less divisive issue with Republicans and Democrats than the repeal and replacement of Obamacare. We are still hopeful that this reform will enable markets to continue to grow but valuations are looking fuller as markets have moved to price in a fair amount of hope and expectation. We remain underweight to our peer groups in the US, which reflects our more cautious view on valuations and our belief that there are more attractive return opportunities to be sought in other markets.

You will also note that we have changed the names of three of our model strategies to more accurately reflect their mandates and, in our Income and Income & Growth strategies, the specific income target will give way to more of a focus on generating a total return in line with the risk profile of the mandate. Below is a table showing the old name of the models and their new names alongside. If you have any questions on this please contact your Advisor who can provide any additional information you require.

OLD MODEL NAME	NEW MODEL NAME
Defensive Mixed Assets	Defensive Mixed Assets
Income	Defensive Balanced Mixed Assets
Social Impact Portfolio	Social Impact Portfolio
Income & Growth	Balanced Mixed Assets
Growth	Focused Growth Mixed Assets

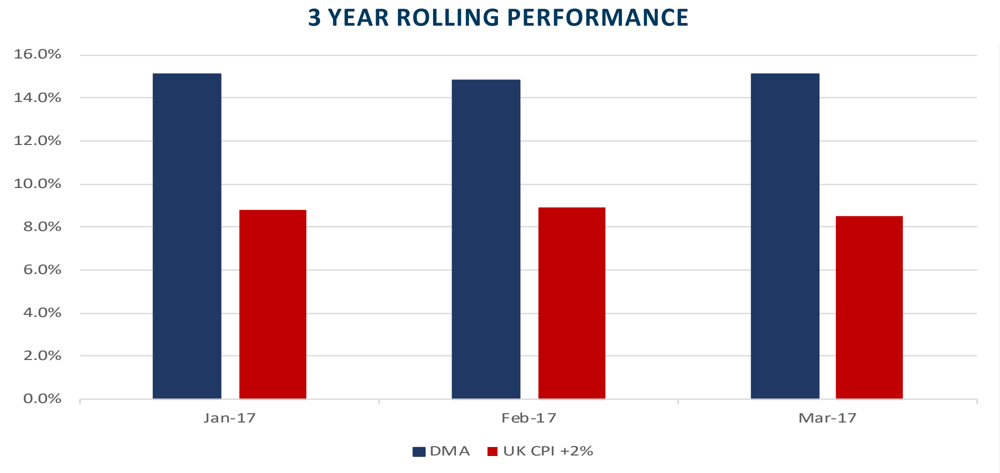
SOCIAL IMPACT MODEL



PERFORMANCE SINCE INCEPTION IN 2016

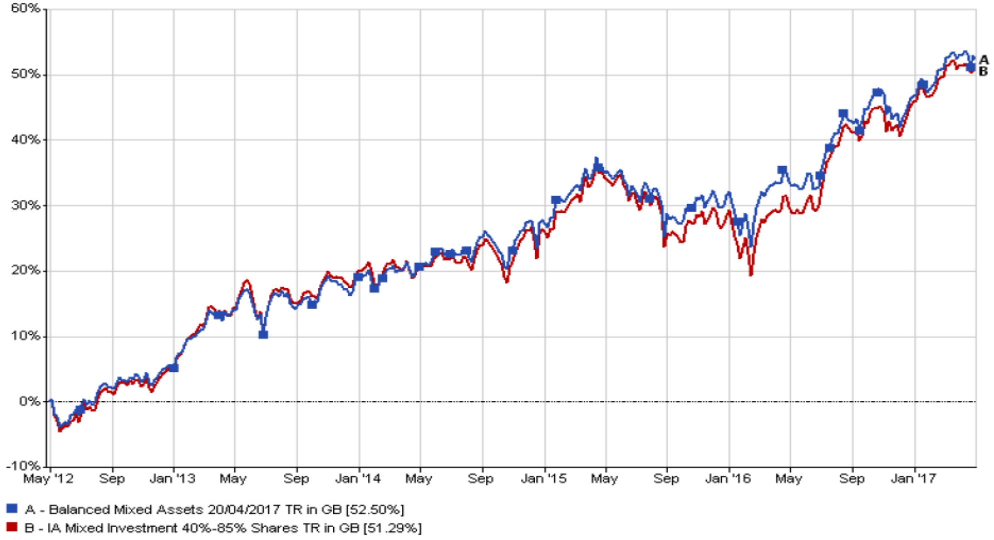
5 YEAR MODEL PERFORMANCE VS BENCHMARK*

DEFENSIVE MIXED ASSETS



*Last 3 months of 3 year rolling performance of Defensive Mixed Assets versus benchmark.

BALANCED MIXED ASSETS



DEFENSIVE BALANCED MIXED ASSETS

FOCUSED GROWTH MIXED ASSETS

BAM figures take into account normal dealing costs but not Beckett fees. Source: FE Analytics – Total Return. IA: Investment Association