

# DEFENSIVE MIXED ASSETS PORTFOLIO

## BECKETT ASSET MANAGEMENT LIMITED

RISK PROFILE 2-3

### DEFENSIVE MIXED ASSETS PORTFOLIO COMMENTARY

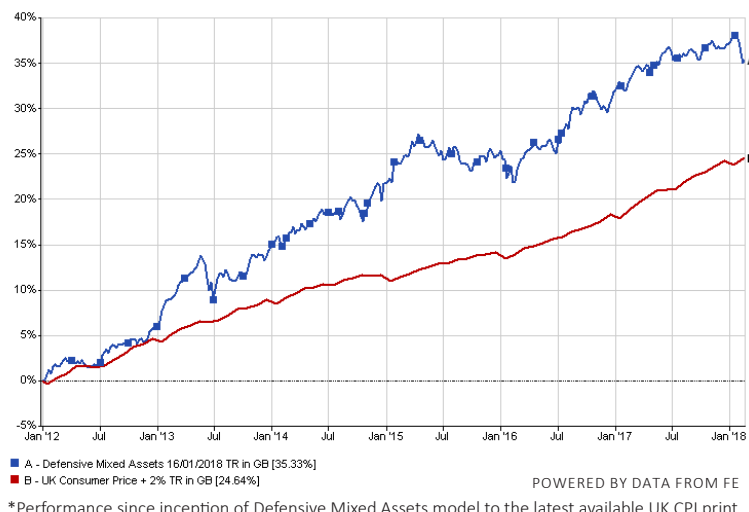
With market volatility making a return in the first quarter of 2018 the Defensive Mixed Assets model delivered on its objective of providing protection on the downside with only a relatively small drawdown in the period. We have decided to make one change to the model at the end of the first quarter of the year.

For some time we had been reviewing the mix of low volatility Alternative funds within the portfolio to try and achieve a slightly better return. Our work in this area has resulted in the decision to sell our entire position in the Insight Absolute Insight fund and further trim the Premier Defensive Growth position by 2%. The 6% of capital this produces will be invested in the Church House Tenax fund, which is an absolute return fund with capital preservation at its core. The team at Church House look to generate steady returns in excess of LIBOR but within a risk controlled framework. We believe that the addition of this fund will enhance the blend of Alternatives in the model and will result in an improvement to risk-adjusted returns.

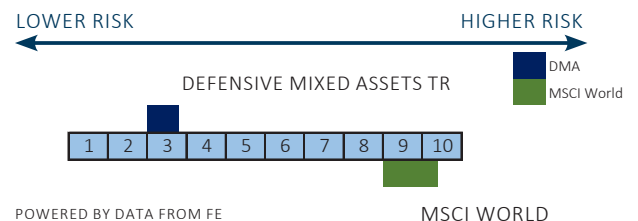
### MODEL PORTFOLIO RETURN AND VOLATILITY

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\*

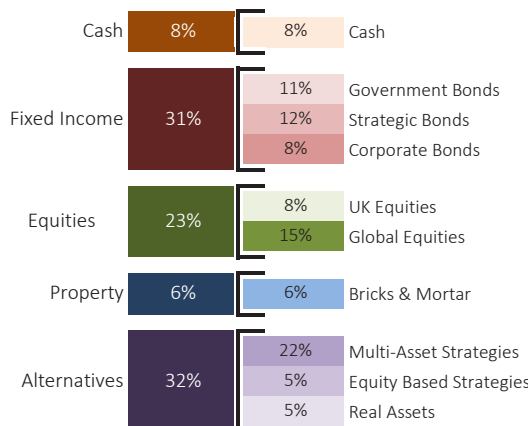
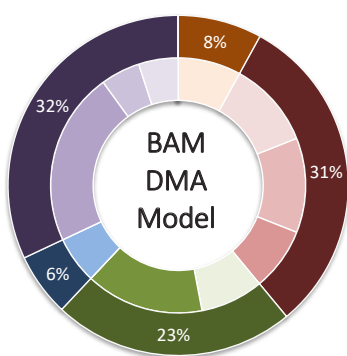


3 YEAR ROLLING VOLATILITY RANGE SINCE INCEPTION



PLEASE NOTE:  
PAST PERFORMANCE  
IS NO INDICATOR OF  
FUTURE PERFORMANCE

### PORTFOLIO COMPOSITION



PORTFOLIO  
COMPOSITION SHOWN  
IS AS APRIL 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 0.69%, 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
<b>FIXED INCOME</b>		
Insight Inflation Linked Corporate Bond	4%	-
Std Life Global Index Linked Bond	5%	-
Artemis Strategic Bond	6%	-
AVIVA Strategic Bond	6%	-
Royal London Short Duration Credit	4%	-
Blackrock UK Gilts All Stocks Tracker	3%	-
BlackRock Overseas Global Government Bond Tracker	3%	-
<b>UK EQUITY</b>		
Threadneedle UK Equity Income	5%	-
Franklin UK Managers Focus	3%	-
<b>GLOBAL EQUITIES</b>		
Artemis Global Equity Income	5%	-
Old Mutual Global Equity	5%	-
Fidelity Global Dividend	5%	-
<b>PROPERTY</b>		
F&C UK Property Feeder	6%	-
<b>ALTERNATIVES</b>		
Architas Diversified Real Assets	5%	-
Premier Defensive Growth	4%	▼
IFSL Brooks Defensive Capital	6%	-
Invesco Global Targeted Return	6%	-
Blackrock UK Absolute Alpha	5%	-
SVS Churchhouse Texax Absolute Return Strategy	6%	*
<b>CASH</b>		
	8%	-

\*represents new funds