

DEFENSIVE BALANCED MIXED ASSETS

BECKETT ASSET MANAGEMENT LIMITED

RISK PROFILE 4

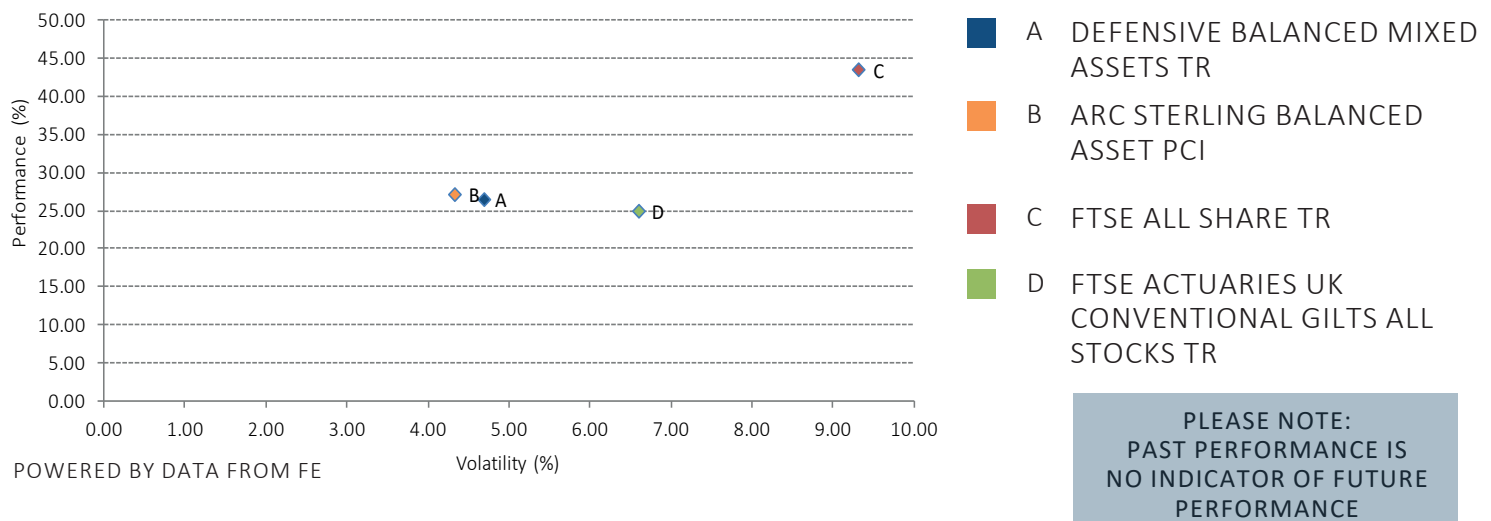
DEFENSIVE BALANCED MIXED ASSETS COMMENTARY

The model performance was positive and marginally ahead on benchmark during quarter three 2018.

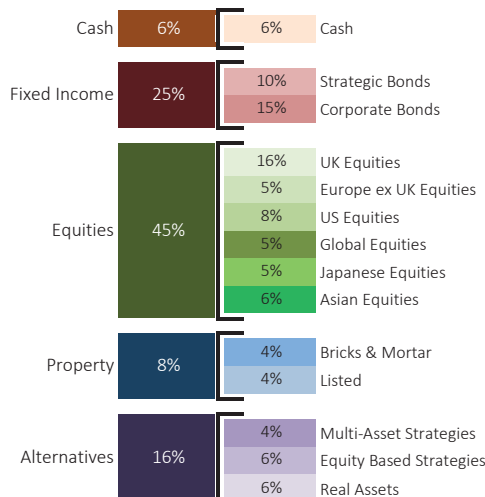
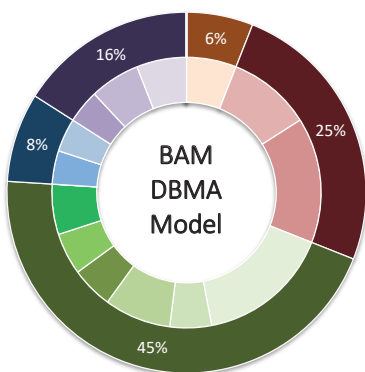
We remain vigilant for signs that we are progressing within the later stages of the business cycle, where inflation can become more of an issue and interest rates increase. We are cognisant of the potential impact on our Fixed Interest investments and have to ensure we have a robust blend of funds to help us navigate through this period.

Therefore, we have decided to switch from RLAM Global Index Linked to Liontrust Monthly Income Bond. We have had the fund on our radar for some time and are now comfortable to add it. A team of experienced Fixed Income managers, formerly of Alliance Trust, manage the fund from Edinburgh. The Investment process also incorporates a sustainability screen, which they have shown helps to manage risk rather than hamper returns. The fund can be flexible and selective in terms of its interest rate sensitivity and credit risk and has been shorter duration throughout its life but has still generated a good level of yield. We are also equally weighting all Fixed Income holdings as part of the rebalance, 5% each, 25% of the portfolio overall.

TOTAL RETURN PERFORMANCE VS VOLATILITY OVER 5 YEARS (30/09/2013 - 30/09/2018)



PORTFOLIO COMPOSITION



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

STRATEGY DESCRIPTION

This strategy seeks to achieve a combination of investment income and longer-term capital growth, using a fund of funds approach to investment. The strategy invests in a blend of different 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 combination of income and longer-term capital growth (5 years plus). Investors can also opt to reinvest the investment income that is generated. Investors should be prepared to accept a moderate level of investment risk.

INCOME YIELD

The Income yield of this strategy is currently c.2.7% October 2018.

STRATEGY BENCHMARK

The performance of the strategy will be measured against the ARC Sterling Balanced Asset PCI over the medium to long term.

CHARGES ON WRAP

In the region of 0.79% but subject to change depending on the underlying funds.

RISK CONTROLS AND INVESTMENT STRATEGY CHARACTERISTICS

- The strategy will have a minimum or maximum exposure as defined. The maximum equity exposure is restricted to 60% of the fund and the current weighting is 45%.
- 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).

Country/Asset Class	Minimum Exposure	Maximum Exposure	Current Exposure	Diff
Fixed Income	25%	60%	25%	-
UK Equities	10%	40%	16%	-
Global Equities	10%	40%	29%	-
Property	5%	20%	8%	-
Multi Asset Abs Return	0%	15%	4%	-
Equity Based Abs Return	0%	10%	6%	-
Real Assets	0%	10%	6%	-
Cash	0%	15%	6%	-

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.

- 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 10 different fund holdings and a maximum of 20.
- No individual holding will account for more than 17% of the strategy
- No investment house 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.

DEFENSIVE BALANCED MIXED ASSETS CONSTITUENTS

FIXED INCOME		Diff
GAM Credit Opportunities	5%	-
Blackrock Sterling Strategic Bond	5%	-
Legg Mason Brandywire Global Income Optimiser	5%	▼
Liontrust Monthly Income Bond	5%	*
Royal London Short Duration Credit	5%	-
UK EQUITIES		
Trojan Income	5%	-
J O Hambro UK Dynamic	5%	-
Royal London UK Equity Income	6%	-
EUROPE EX UK EQUITIES		
Miton European Opps	5%	-
US EQUITIES		
Merian North American	5%	-
Aviva US Equity Income II	3%	-
GLOBAL EQUITIES		
Merian Global Equity	5%	-
JAPANESE EQUITIES		
Jupiter Japan Income	5%	-
ASIAN EQUITIES		
Blackrock Asia Special Situations	6%	-
PROPERTY		
Kames Property Income	4%	-
BMO Property Growth & Income	4%	-
ALTERNATIVES		
Artemis US Absolute Return Hedged	3%	-
Janus Henderson UK Absolute Return	3%	-
Insight Absolute Return	4%	-
VT Gravis UK Infrastructure Income	6%	-
CASH	6%	-

*represents new funds