

DEFENSIVE MIXED ASSETS PORTFOLIO

BECKETT ASSET MANAGEMENT LIMITED

RISK PROFILE 2-3

DEFENSIVE MIXED ASSETS PORTFOLIO COMMENTARY

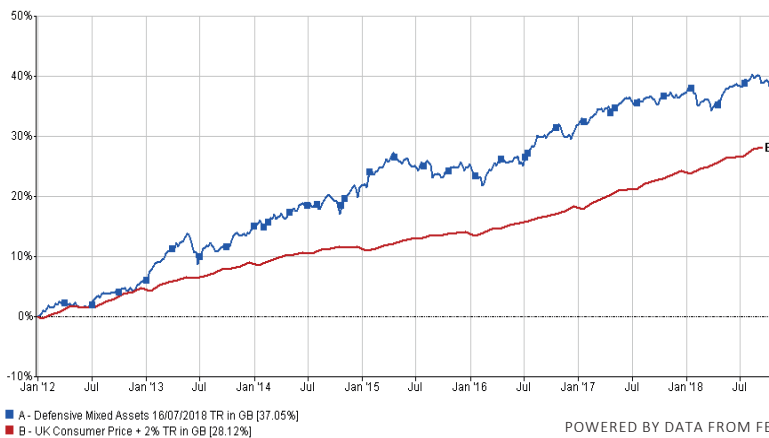
The model delivered a small positive return over the third quarter of 2018 and displayed its defensive characteristics in the more challenging investment environment towards the end of the period. We cap the equity exposure of this model at 25% and we currently have 23%.

Given equities are going to be the longer term driver of returns over time, we have to ensure the funds we own are working hard to generate superior returns. As a result of our ongoing review of our Global funds we decided to sell Artemis Global Income and Fidelity Global Dividend and increase exposure to Merian (formally Old Mutual) Global Equity fund as our core Global exposure at 10%. We like the process the team uses regionally which also works well as a global fund. Also, in acknowledgement of the fantastic run Growth as an investment style has had and the divergence with Value, we have added a position to the Jupiter Global Value fund. We know the team well having owned their UK fund in other BAM strategies and they have successfully replicated their approach in a global investment universe.

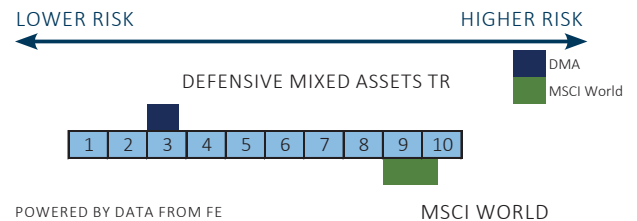
MODEL PORTFOLIO RETURN AND VOLATILITY

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*



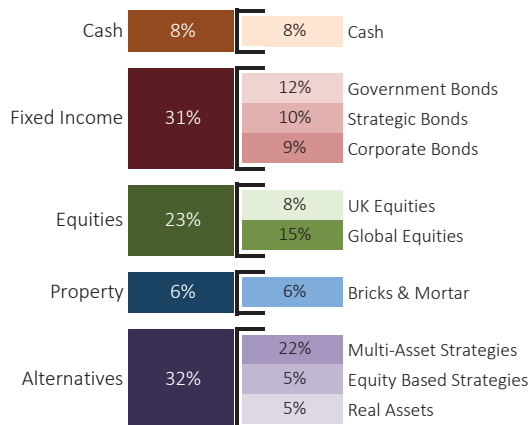
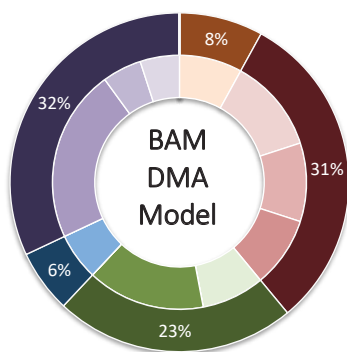
3 YEAR ROLLING VOLATILITY RANGE SINCE INCEPTION



PLEASE NOTE:
PAST PERFORMANCE
IS NO INDICATOR OF
FUTURE PERFORMANCE

*Performance since inception of Defensive Mixed Assets model to the latest available UK CPI print

PORTFOLIO COMPOSITION



PORTFOLIO
COMPOSITION SHOWN
IS AS OCTOBER 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%	-

- 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 3 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.
- 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%	-
ASI Short Duration 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		
Jupiter Global Value	5%	*
Merian Global Equity	10%	▲
PROPERTY		
BMO 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

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.