

“2014 is best described as choppy...the FTSE 100 is down 1.87%.....”

Welcome to the Quarter 3 Portfolio Review.

The review considers how the last couple of weeks have pushed back some of the strong returns we saw in July and August.

The returns for 2014, across the portfolios range from 2.56% and 5.04% with the more cautious portfolios fairing slightly better. Over the longer term the portfolios have significantly outperformed the benchmark.

After five years of high returns these are starting to normalise. Returns over 12 months range between 6.19% and 8.02% and we expect average returns to be around 5 to 8% p.a. going forward.

In addition to reviewing the third quarter we will also outline our thoughts to the end of the year.

We are more than happy to discuss any questions that you may have.

George Ladds

October 2014

PORTFOLIO OVERVIEW

2014 is best described as choppy.....the FTSE 100 is down 1.87% for the first nine months of 2014. With inflation averaging 1.72%, the net loss is 3.59%. However, since January 2009 the FTSE 100 has returned 43.75%.

Investing is not about short termism, focusing on the performance of the FTSE this year detracts from the returns over the long term.

With this in mind the portfolios are not immune from what the markets are doing but the focus is on long term outperformance, as well as providing some cushion on the downside.

Review of third quarter performance

In the last review we highlighted a 'push me' 'pull me' attitude in the market – this continued into the third quarter.

Both July and August posted positive returns, with August being the strongest of the two months. The first half of September continued the strong rally.

From a macro view in the UK even though the markets were rattled by the possibility of a 'yes' vote in the Scottish Referendum they quickly rebounded and in the end it had little impact on returns. However the Tesco account scandal has unnerved the market and the general exuberance of the previous 2½ months has quickly evaporated.

Globally, Europe continues to face challenges and from being one of the strongest sectors in 2013 has fallen to the bottom of the pile. The war against extremists and political uncertainty in Hong Kong has impacted on markets in the last couple of weeks with Asia and Emerging Markets dropping back from their previous highs.

Fixed income investments have surprised markets with gilts being one of the strongest sectors but high yield is starting to drift down. One standout market is the US which continues to post strong positive returns.

With this backdrop the portfolios have all delivered positive returns of between 2.54% and 5.04% for the year. With inflation at 1.72% the net returns are 0.82% and 3.32% which when placed against the FTSE 100 net loss of 3.59% is good news.

The portfolios are slightly behind their benchmark for this year but the gap between the two is starting to narrow significantly. As we would expect in the more volatile market the more cautious portfolios have responded the strongest.

Predictions for the final quarter

In the last review we touched on Emerging Market Debt the hard currency fund (Threadneedle) has continued to perform strongly returning over 8% for the year. This has fallen back in the last couple of weeks. Baillie Gifford has moved into positive territory for the year. They will respond to the political uncertainty but should the markets shrug this aside then these funds could reverse the declines from 2013.

Neptune Japan suffered significant losses in the first four months of 2014 but since April has returned over 14%, delivering returns of 2.64% year to date. GLG didn't suffer as much on the downside but with the weakening yen playing a part in Neptune's gains since April the fund has returned just over 5% because it doesn't have a Yen hedge. To date GLG has returned 0.67%. If the upward curve continues then this could benefit the portfolios in the final quarter.

We significantly changed the holdings in Asia and Emerging Markets and therefore it is difficult to comment on how the funds will perform over the next quarter. However, we have seen positive returns and we remain of the view that these regions are undervalued and unloved. We have good managers who have the ability to exploit the inefficiencies in the market and we remain of the view that it will correct. If some of that happens in the next quarter that will benefit the portfolios.

In Europe the index we use is flat and we have been able to deliver positive upside via the funds in the portfolio. In the US the numbers are strong which will benefit the portfolios if this continues. On the specialist side we continue to see considerable upside from Agriculture and BioTech in the more adventurous portfolios but natural resources have struggled.

Smaller and mid cap investment has tended to underperform this year which has had a negative impact on the portfolios however over the long term we remain of the belief that this is where additional value can be gained.

In summary there is political uncertainty and little appetite to keep a sustained rally going. However, both Emerging Markets and Asia have performed strongly this year, although this has pulled back slightly. Japan has reversed the negative start to the year and we have been able to drive value out of Europe and benefit from the uplift in the US.

Summary

For some time we have expected more volatility and lower returns.

We remain of the belief that the benchmarks are the best way to judge the returns however it is also worth considering against inflation and the FTSE 100. Returns between 2.54% and 5.04% are good in this climate and above inflation.

Japan, Asia and Emerging Markets make up a significant part of the portfolios and if these markets shrug of the political uncertainty we could see some upside. There is also no indication that the buoyant US market is set to slow and we have been able to drive positive returns in Europe against a flat benchmark.

Our aim is to drive returns of between 5% and 8% for the year however with so much political uncertainty it is difficult to judge whether this can be achieved. Traditionally October and November have been strong and December tends to drift.

LWM Consultants Ltd

A summary of the performance is shown below. The performance shown does not reflect our fees and the any charges for where the investments are held. The impact of these charges varies but is around 1% p.a.

Summary of performance – 1 January 2009 – 30 September 2014

	12 months		2 years		3 years		4 years		5 years		Since launch	
	Portfolio	Benchmark	Portfolio	Benchmark								
Defensive	6.19%	4.44%	14.14%	6.36%	26.90%	15.10%	-	-	-	-	18.85%	10.69%
Cautious Income	8.02%	5.85%	18.87%	9.53%	35.03%	20.61%	34.37%	20.19%	55.81%	31.81%	99.25%	42.67%
Cautious Growth	6.87%	5.50%	18.80%	10.19%	32.40%	21.61%	30.05%	20.50%	50.80%	32.45%	92.85%	44.20%
Balanced	7.79%	5.62%	22.27%	13.10%	38.45%	26.24%	32.29%	21.75%	53.33%	33.87%	98.90%	47.24%
Mod Adventurous	7.26%	5.68%	25.61%	15.17%	40.29%	29.02%	32.61%	22.15%	53.34%	34.10%	99.83%	50.30%
Adventurous	7.30%	5.96%	27.72%	17.64%	43.46%	31.96%	33.31%	21.84%	54.15%	33.76%	100.88%	49.92%

Note: Please read special note to tables at the end of the tables. The launch date of the portfolios is the 1 January 2009 with the exception of the Defensive Portfolio which is 30 June 2011. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.

Detailed breakdown of performance

Defensive

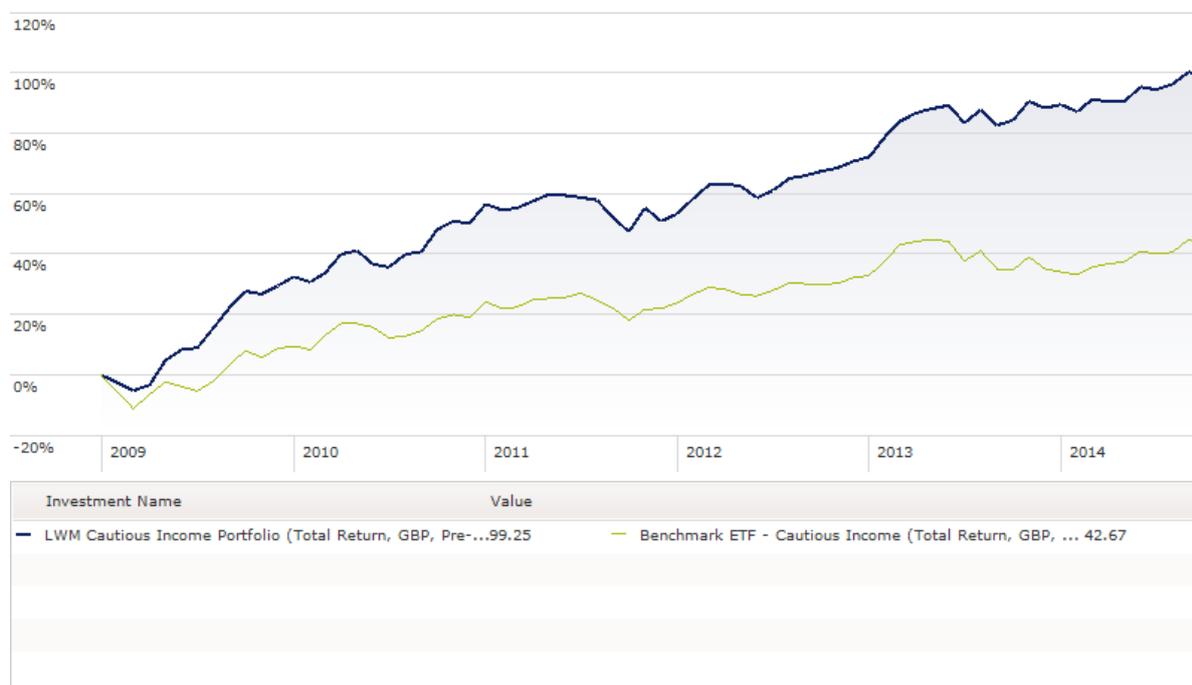


	2009	2010	2011	2012	2013	2014	Since launch
Defensive	N/A	N/A	N/A	11.06%	7.26%	3.72%	5.45% p.a.
Benchmark	N/A	N/A	N/A	6.30%	-1.57%	5.48%	3.17% p.a.

	01/10/2009 – 30/09/2010	01/10/2010 – 30/09/2011	01/10/2011 – 30/09/2012	01/10/2012 – 30/09/2013	01/10/2013 – 30/09/2014
Defensive	N/A	N/A	11.18%	7.48%	6.19%
Benchmark	N/A	N/A	8.12%	1.84%	4.44%

Note: Please read special note to tables at the end of the tables. The launch date of the Portfolio is 30 June 2011, and performance is up to 30 September 2014. The Benchmark performance tracks the performance period of the portfolio. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.

Cautious Income

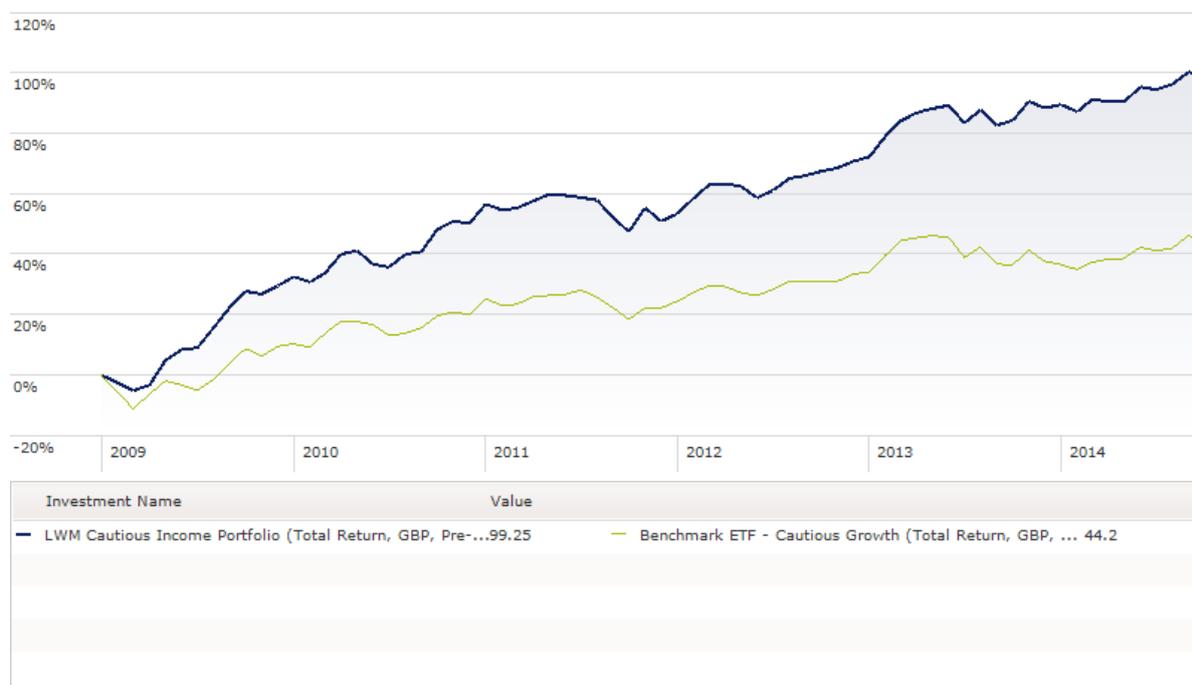


	2009	2010	2011	2012	2013	2014	Since launch
Cautious Income	32.63%	18.16%	-2.04%	12.30%	10.03%	5.04%	12.75% p.a.
Benchmark	12.00%	14.18%	-0.20%	7.23%	0.83%	6.31%	6.38% p.a.

	01/10/2009 – 30/09/2010	01/10/2010 – 30/09/2011	01/10/2011 – 30/09/2012	01/10/2012 – 30/09/2013	01/10/2013 – 30/09/2014
Cautious Income	15.95%	-0.49%	13.60%	10.05%	8.02%
Benchmark	9.67%	-0.35%	10.11%	3.47%	5.85%

Note: Please read special note to tables at the end of the tables. The launch date of the Portfolio is 1 January 2009, and performance is up to 30 September 2014. The Benchmark performance tracks the performance period of the portfolio. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.

Cautious Growth

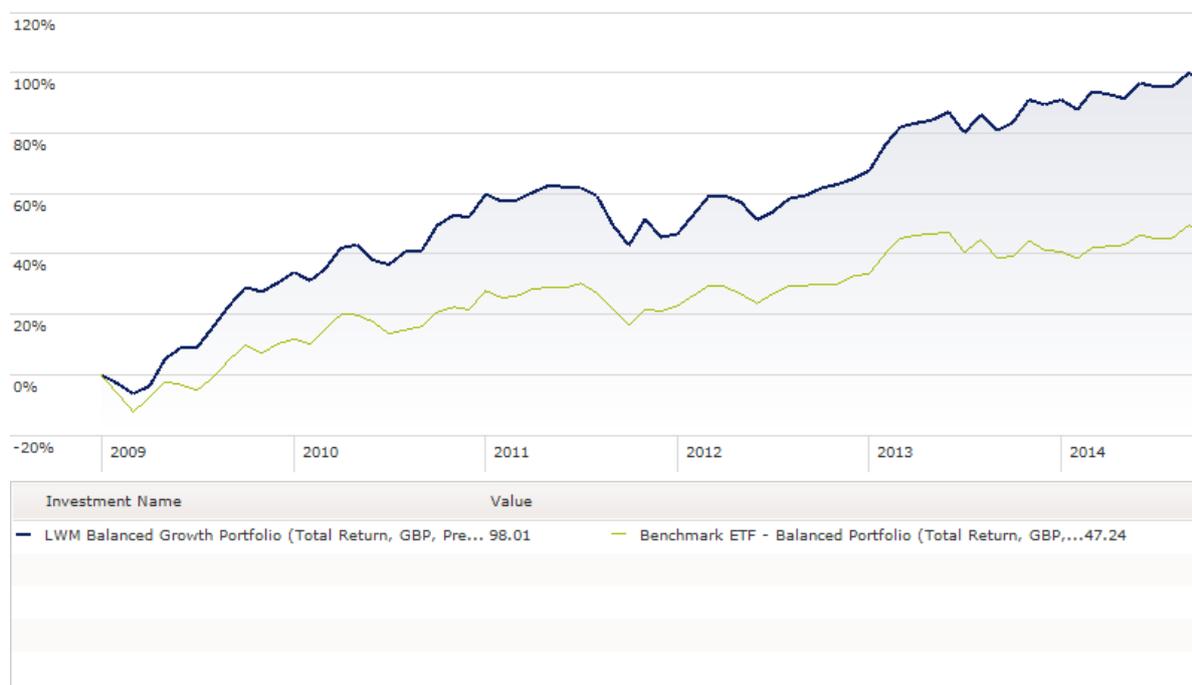


	2009	2010	2011	2012	2013	2014	Since launch
Cautious Growth	32.63%	18.16%	-4.52%	12.59%	10.06%	3.98%	12.11% p.a.
Benchmark	12.00%	14.18%	-0.66%	7.84%	1.74%	5.52%	6.57% p.a.

	01/10/2009 – 30/09/2010	01/10/2010 – 30/09/2011	01/10/2011 – 30/09/2012	01/10/2012 – 30/09/2013	01/10/2013 – 30/09/2014
Cautious Growth	15.95%	-1.77%	12.12%	10.49%	6.87%
Benchmark	9.92%	-0.91%	10.36%	4.45%	5.50%

Note: Please read special note to tables at the end of the tables. The launch date of the Portfolio is 1 January 2009, and performance is up to 30 September 2014. The Benchmark performance tracks the performance period of the portfolio. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.

Balanced Growth

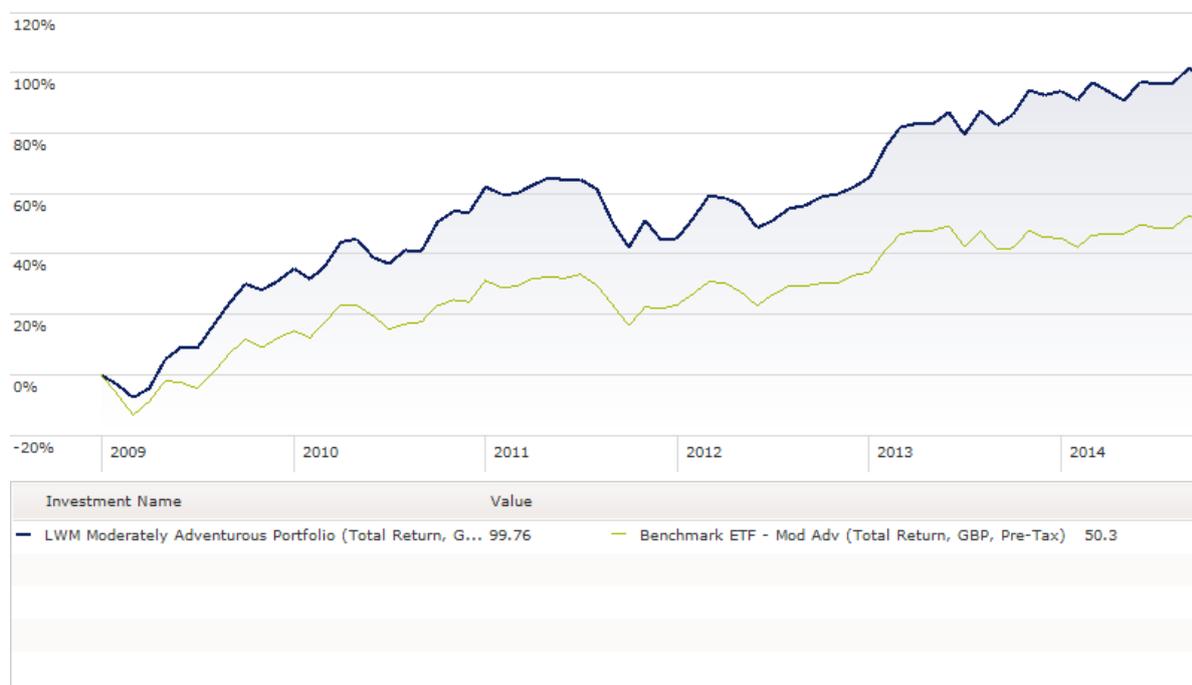


	2009	2010	2011	2012	2013	2014	Since launch
Balanced Growth	34.17%	19.30%	-8.29%	14.38%	13.94%	3.56%	12.63% p.a.
Benchmark	13.57%	14.95%	-3.90%	8.67%	5.43%	4.46%	6.96% p.a.

	01/10/2009 – 30/09/2010	01/10/2010 – 30/09/2011	01/10/2011 – 30/09/2012	01/10/2012 – 30/09/2013	01/10/2013 – 30/09/2014
Balanced Growth	15.90%	-4.44%	13.23%	13.44%	7.79%
Benchmark	9.95%	-3.55%	11.61%	7.08%	5.62%

Note: Please read special note to tables at the end of the tables. The launch date of the Portfolio is 1 January 2009, and performance is up to 30 September 2014. The Benchmark performance tracks the performance period of the portfolio. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.

Moderately Adventurous Growth

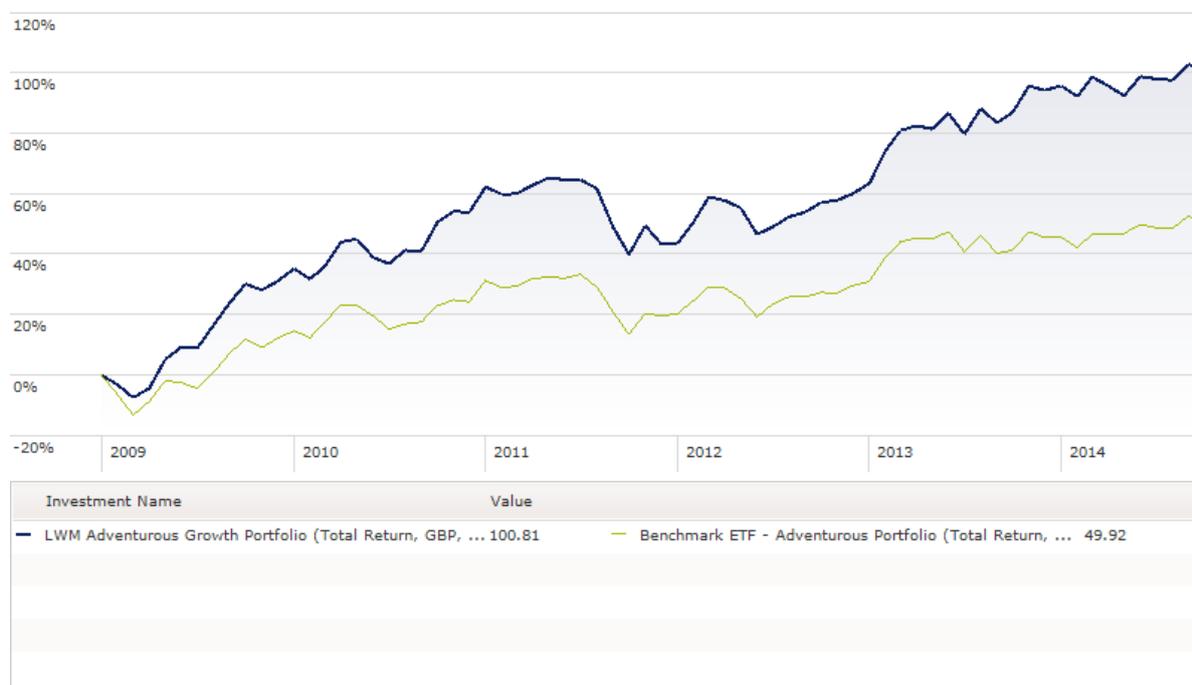


	2009	2010	2011	2012	2013	2014	Since launch
Moderately Adventurous Growth	35.34%	20.13%	-10.51%	13.85%	17.25%	2.94%	12.80% p.a.
Benchmark	16.35%	15.28%	-6.17	8.89%	9.15%	3.25%	7.34% p.a.

	01/10/2009 – 30/09/2010	01/10/2010 – 30/09/2011	01/10/2011 – 30/09/2012	01/10/2012 – 30/09/2013	01/10/2013 – 30/09/2014
Moderately Adventurous Growth	15.63%	-5.47%	11.69%	17.11%	7.26%
Benchmark	9.79%	-5.32%	12.02%	8.98%	5.68%

Note: Please read special note to tables at the end of the tables. The launch date of the Portfolio is 1 January 2009, and performance is up to 30 September 2014. The Benchmark performance tracks the performance period of the portfolio. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.

Adventurous Growth



	2009	2010	2011	2012	2013	2014	Since launch
Adventurous Growth	35.34%	20.13%	-11.59%	13.88%	19.75%	2.54%	12.91% p.a.
Benchmark	16.35%	15.28%	-8.37%	9.13%	12.24%	2.75%	7.30% p.a.

	01/10/2009 – 30/09/2010	01/10/2010 – 30/09/2011	01/10/2011 – 30/09/2012	01/10/2012 – 30/09/2013	01/10/2013 – 30/09/2014
Adventurous Growth	15.63%	-7.08%	12.33%	19.03%	7.30%
Benchmark	9.79%	-7.67%	12.17%	11.03%	5.96%

The launch date of the Portfolio is 1 January 2009, and performance is up to 30 September 2014. The Benchmark performance tracks the performance period of the portfolio.

Special note to tables: You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Additional notes

The key measure for us is to outperform a fund that tracks an index over a medium to long term period. Within each sector we will have funds that perform differently. We have set a benchmark which accurately and fairly reflects what we are aiming to do. The benchmark is tradable and therefore can be invested in. The benchmarks we have used are:

Fixed Interest	iShares Global Inflation Linked Govt Bond iShares J.P.Morgan \$ Emerging Mkts Bond
Property	iShares Developed Markets Property Yld
UK	iShares UK Dividend Lyxor ETF FTSE All Share
Europe	iShares MSCI Europe Ex UK
US	iShares MSCI North America
Japan	DB X-Trackers MSCI Japan ETF
Asia	iShares MSCI AC Far East Ex Japan
Emerging Markets	iShares MSCI Emerging Markets (Inc)
Global	DB X-Trackers FTSE All World Ex UK
Specialist	ETFS All Commodities ETFS Agriculture iShares Global Infrastructure Lyxor ETF MSCI World Health Care

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