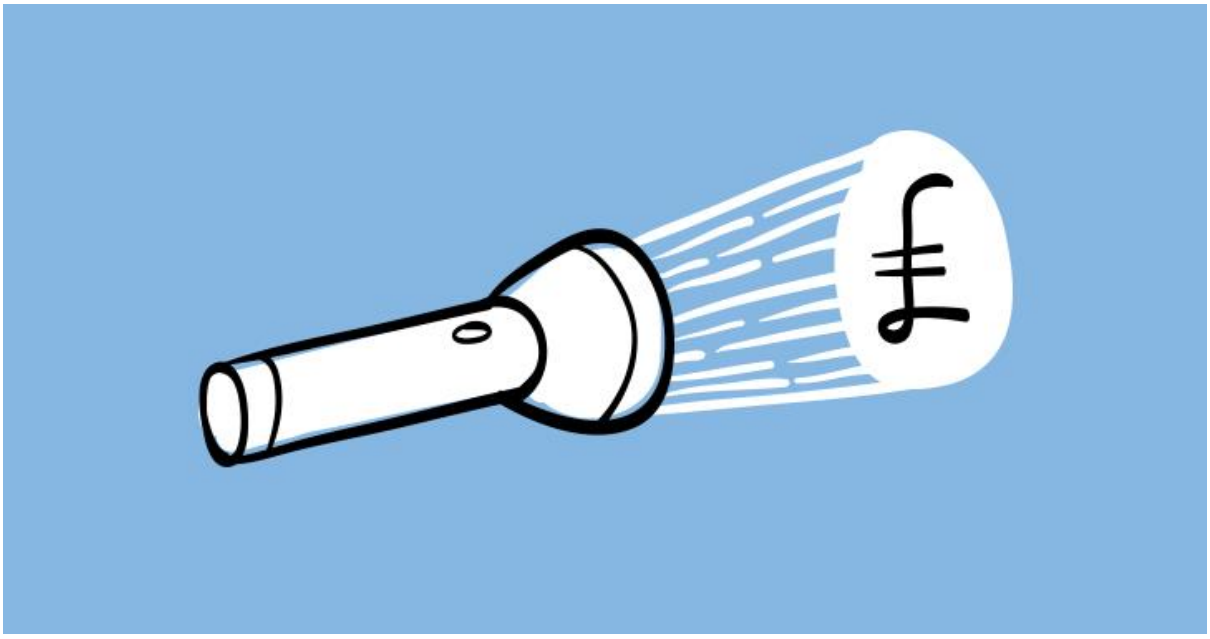
QUARTERLY PORTFOLIO REVIEW – JULY 2018



"Building wealth is a marathon, not a sprint. Discipline is the key ingredient" – daveramsey.com

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We invest to compound wealth over time. The 'secret' that many of the world's best investors know is that investing for quick returns tends to lead to poor long-term performance. Focusing on long-term investing means investments are more likely to grow but it requires a patient, disciplined mindset.

There will be periods when markets go down; inevitably when they go down, they will go back up at some point. The speed at which they go up depends on many varying factors.

Research by Fidelity showed that over 12 months there was a 25% chance of a negative return, over 5 years this falls to 16% and over 12 years it drops to zero.

In the same research they showed that over a 5-year period from 2011-2016 remaining fully invested in the FTSE All Share Index (during all the ups and downs) would have delivered a return of 5.69% p.a. Missing the 20 best days would deliver a negative return of 1.31% and missing the best 40 days meant a negative return of 5.62%.

There has been a lot of talk about market corrections; during August and September 2015 we saw significant falls on the markets, and again in the first six weeks of 2016. From June 2016 we saw a hefty upward swing, and this continued into January 2018. From the end of January 2018 till the end of March the market dipped drastically; three corrections in three years.

We indicated in the market review that the Nikkei Index is still below its start level at the beginning of the year and the S&P below its peak for the year.

Even reflecting these corrections and the indices being below their peak over the last 5 years the portfolios have returned between 32% and 77% (or between 5.72% p.a. and 12.21% p.a.). It is worth adding that over the same period the average cash return was 0.14% p.a. and RPI 2.41% p.a. The portfolios have not only weathered market corrections but also delivered returns significantly above cash and RPI.

Corrections and volatility are a healthy (but sometimes uncomfortable) part of investing. In the first quarter of 2018 the portfolios were all down over 3%. At the half way point the returns edged upwards, with the balanced and higher risk portfolios now returning above 2%. Getting positive returns in this environment is hard but compounding growth year by year will deliver on long term goals.

Our strategies are designed over the long term to deliver the best returns we can over a market cycle. We can't guarantee positive returns, but this is what we aim to do. When the markets are more volatile the worst thing we can do is to alter our long-term investment strategy. It is time, not timing, that is key to investing.

In summary, as we said in the last report investing is a marathon, not a sprint. We are delighted that the portfolios have clawed back in the main into positive territory, but it is the long-term figures we are focused on. All the indicators point to the fact that we can't expect the same levels of returns moving forward, but statistics show that the longer we stay invested the more likely we will see positive returns.

George Ladds

July 2018

PORTFOLIO OVERVIEW

Bitesize introduction

The lower risk portfolios have seen a slight recovery after a difficult start to the year. The aim for these portfolios is to keep volatility in check, as well as growing the investments over the long-term. They will naturally have less direct exposure to equities.

We made some last-minute changes to these portfolios; one of these is the re-introduction of direct bond exposure via the Vanguard Global Bond Index. The aim is to build this position to 40% of the fixed income / alternative part of the portfolio. The index has 40% exposure to the US which has seen yields rise. The balance of this part of the portfolio will be split between different target return strategies.

We have used the Standard Life GARS Fund since it was launched in 2008, and for many years it delivered strong returns. As performance has faltered we have been gradually reducing exposure. We are in constant communication with the team and we were expecting performance to improve in 2017, which didn't happen and so far this year, the performance has dipped further. The main change is that across the portfolios we will not have more than 15% exposure to this fund in this new portfolio year. Long term this could drop to zero.

We have introduced the First State Global Diversified Growth Fund which follows a similar strategy to Threadneedle Dynamic Real Return Fund. We expect long-term that these funds, alongside the Jupiter Absolute Return Fund and Vanguard Global Bonds Index, will make up the main part of this portion of the portfolio.

We introduced these changes to the lower risk portfolios first as they have higher exposure, but we expect that the changes will filter into the Balanced and Adventurous Portfolios over the next couple of years.

As indicated in the last update one of the key components of our strategy is to meet managers, talk to people and really get to know what is happening. We have met nearly 40 fund managers this year. We have a long-term hold strategy for funds and we will only change if a manager leaves and we are not happy with the new team; there is a fundamental concern over the future direction of the fund or something else which might impact performance in the future.

In summary, we are aware that the lower risk portfolios have had a harder start to the year. We have moved to make some changes which we believe are right for the long term. Meeting fund managers and talking to investment professionals has helped us to focus on how we develop the portfolios moving forward.

Second quarter

The fund performance across the board has improved significantly and we are seeing more positive numbers. 63% of the funds are ahead of the benchmark, and over 12 months this is 64%

We have seen the property funds recover some of their losses. As indicated the Standard Life GARS Fund has continued to struggle and we have taken moves to reduce exposure to this.

One of the main surprises in this quarter was the strength of the recovery. To have positive returns in April, and May is unusual, but it has meant that the swing from negative to positive has been strong for the Balanced and Adventurous Portfolios. June was basically flat which slightly pegged back the returns for the quarter.

In summary, the first half of the year has shown volatility returning to the market. Where the first quarter showed negative returns, we have started to see this correct. If we can hold onto these numbers and grind out some more positive returns over the next six months, then achieving somewhere between 3% and 7% is possible.

Third quarter

Going into the third quarter it is hard to know how things will play out. As indicated the global economy and recovery remains strong. The correction has made some stocks cheaper and in theory we should see this feed through. The weakness in sterling is helping too.

The concern would be the impact of a global trade war which seems to be growing, but we still hope there will be some resolve to this before it gets out of hand.

Summary

In summary, the message remains that 2018 will be harder but volatility is normal, and we just need to accept it as part of investing life. Over the last five years we have seen three corrections and yet delivered strong returns; the message from Fidelity on holding your investments is powerful. The longer we stay invested the more likely we are to achieve returns. If we change tack half way through, then evidence would suggest this could be negative on returns moving forward.

Note: 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

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

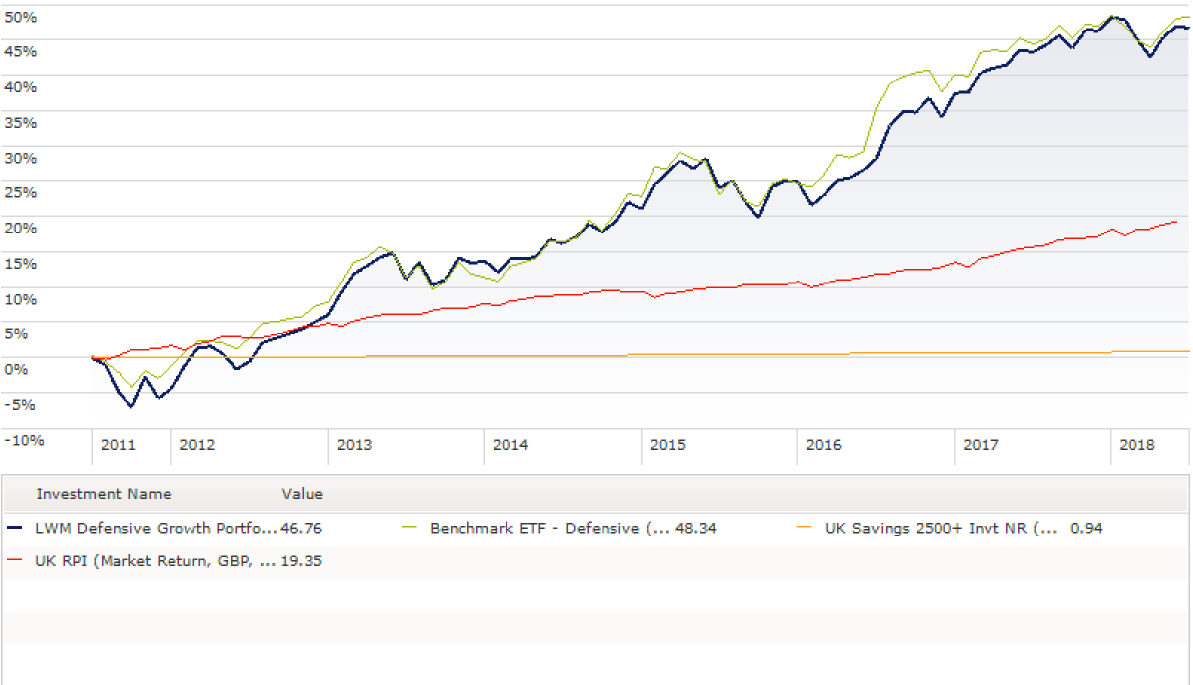
Summary of performance – 1 January 2009 – 30 June 2018

Performance up to 30 June 2018												
	12 months		2 years		3 years		4 years		5 years		Since launch	
	Portfolio	**Benchmark**	**Portfolio**	**Benchmark**	**Portfolio**	**Benchmark**	**Portfolio**	**Benchmark**	**Portfolio**	**Benchmark**	**Portfolio**	**Benchmark**
Defensive	2.37%	2.64%	14.45%	9.56%	18.29%	20.41%	26.23%	27.36%	32.05%	33.23%	46.76%	48.34%
Cautious Risk 4	5.30%	3.40%	20.00%	11.59%	24.07%	21.87%	35.65%	28.55%	43.74%	37.83%	163.77%	100.56%
Cautious Risk 5	5.04%	3.88%	22.00%	13.69%	25.70%	23.41%	36.27%	31.61%	44.38%	39.45%	158.58%	103.95%
Balanced	9.96%	5.44%	35.48%	19.54%	39.15%	28.01%	52.13%	36.44%	64.88%	45.50%	197.40%	117.11%
Mod Adventurous	10.59%	6.00%	40.76%	23.19%	44.78%	31.32%	57.00%	37.88%	71.62%	47.14%	208.57%	121.90%
Adventurous	11.68%	6.72%	44.79%	26.06%	49.23%	33.55%	61.45%	40.14%	77.90%	50.94%	220.14%	124.66%
Ethical	8.17%	7.27%	32.44%	27.81%	38.81%	24.49%	-	-	-	-	53.77%	27.47%

Note: Please read special note to tables at the end of the tables. The launch date of the portfolios is 1 January 2009 with the exception of the Defensive Portfolio which is 30 June 2011, and Ethical Portfolio 1 August 2014. 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

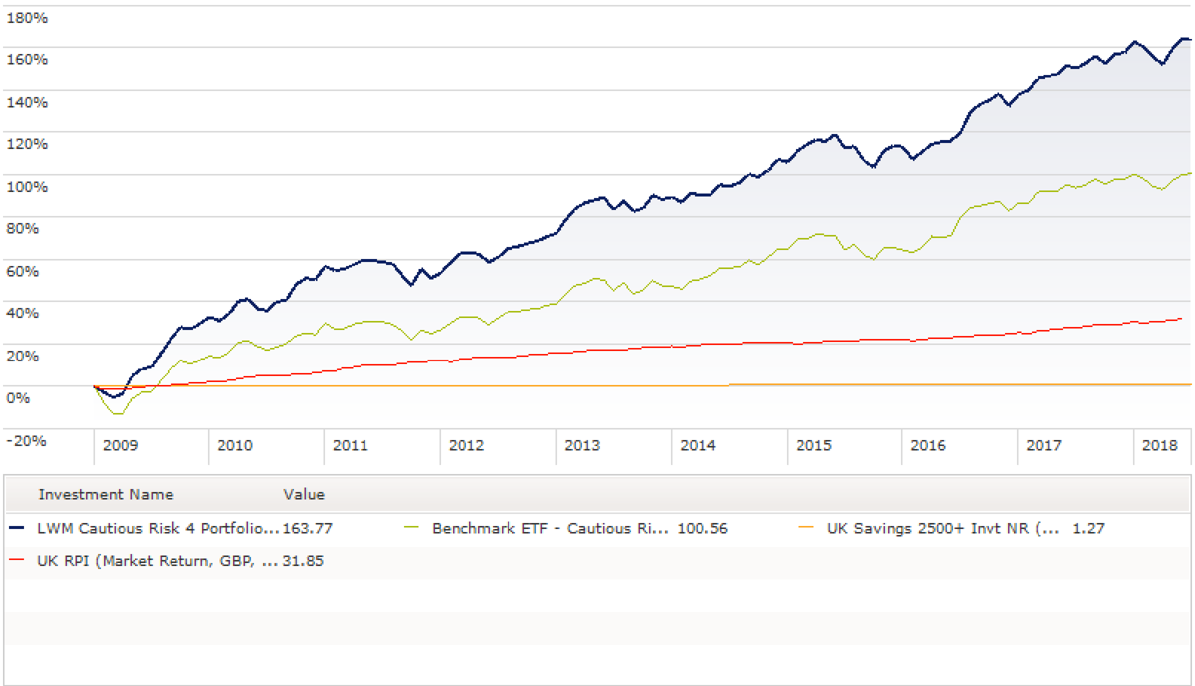


	2013	2014	2015	2016	2017	2018	Since launch
Defensive	7.18%	6.50%	3.29%	10.14%	7.83%	-1.06%	5.63% p.a.
Benchmark	3.21%	10.32%	1.47%	12.42%	5.96%	-0.15%	5.79% p.a.

	1 Year to 30/06/14	1 Year to 30/06/15	1 Year to 30/06/16	1 Year to 30/06/17	1 Year to 30/06/18
Defensive	4.61%	6.71%	3.35%	11.80%	2.37%
Benchmark	4.61%	5.77%	9.90%	6.74%	2.64%

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 June 2018. 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 Risk 4 (Previously Cautious Income)

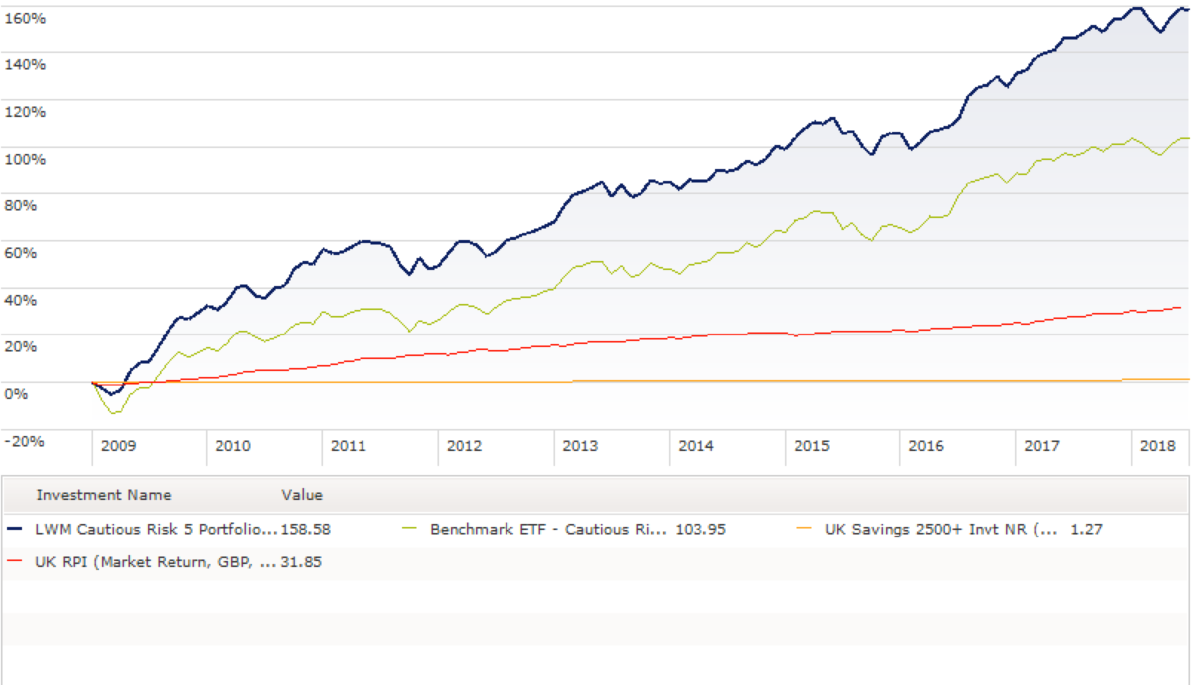


	2013	2014	2015	2016	2017	2018	Since launch
Cautious Risk 4	9.97%	8.81%	3.52%	11.73%	10.43%	0.31%	10.76% p.a.
Benchmark	5.74%	11.79%	-0.20%	13.64%	7.20%	0.02%	7.61% p.a.

	1 Year to 30/06/14	1 Year to 30/06/15	1 Year to 30/06/16	1 Year to 30/06/17	1 Year to 30/06/18
Cautious Risk 4	5.96%	9.34%	3.39%	13.96%	5.30%
Benchmark	3.60%	5.48%	9.21%	7.92%	3.40%

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 June 2018. 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 Risk 5 (Previously Cautious Growth)

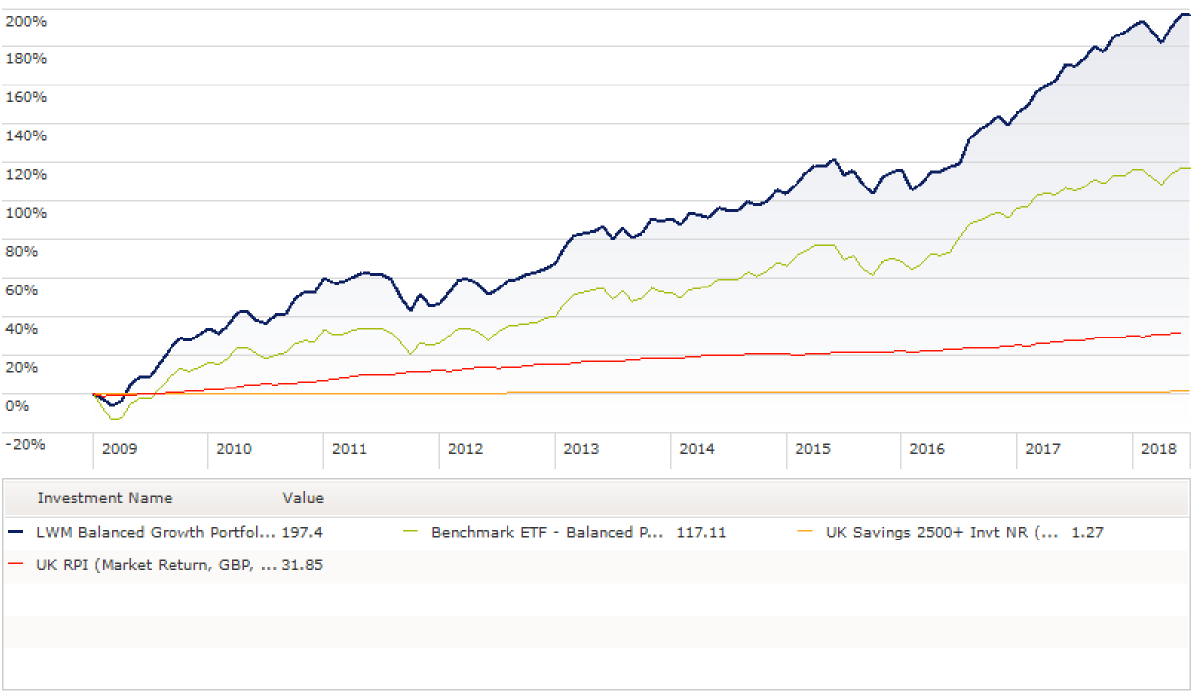


	2013	2014	2015	2016	2017	2018	Since launch
Cautious Risk 5	10.00%	7.49%	3.52%	12.42%	11.81%	-0.09%	10.53% p.a.
Benchmark	6.06%	10.67%	1.10%	13.94%	7.76%	0.13%	7.80% p.a.

	1 Year to 30/06/14	1 Year to 30/06/15	1 Year to 30/06/16	1 Year to 30/06/17	1 Year to 30/06/18
Cautious Risk 5	5.95%	8.41%	3.03%	16.15%	5.04%
Benchmark	5.96%	6.65%	8.55%	9.45%	3.88%

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 June 2018. 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

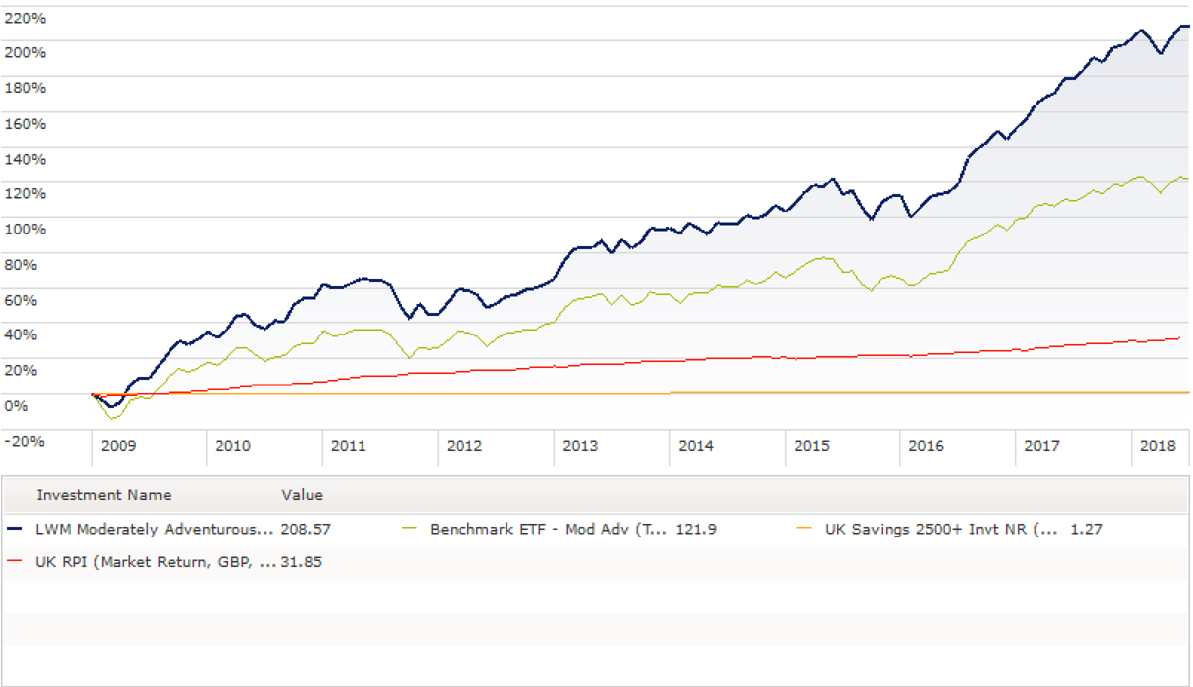


	2013	2014	2015	2016	2017	2018	Since launch
Balanced Growth	13.89%	6.71%	6.24%	13.76%	18.24%	2.08%	12.16% p.a.
Benchmark	8.89%	8.80%	1.25%	16.53%	10.17%	0.16%	8.50% p.a.

	1 Year to 30/06/14	1 Year to 30/06/15	1 Year to 30/06/16	1 Year to 30/06/17	1 Year to 30/06/18
Balanced Growth	8.38%	9.33%	2.70%	23.22%	9.96%
Benchmark	6.64%	6.59%	7.08%	13.37%	5.44%

Note: Please read special note to tables at the end of tables. The launch date of the is 1 January 2009, and performance is up to 30 June 2018. 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

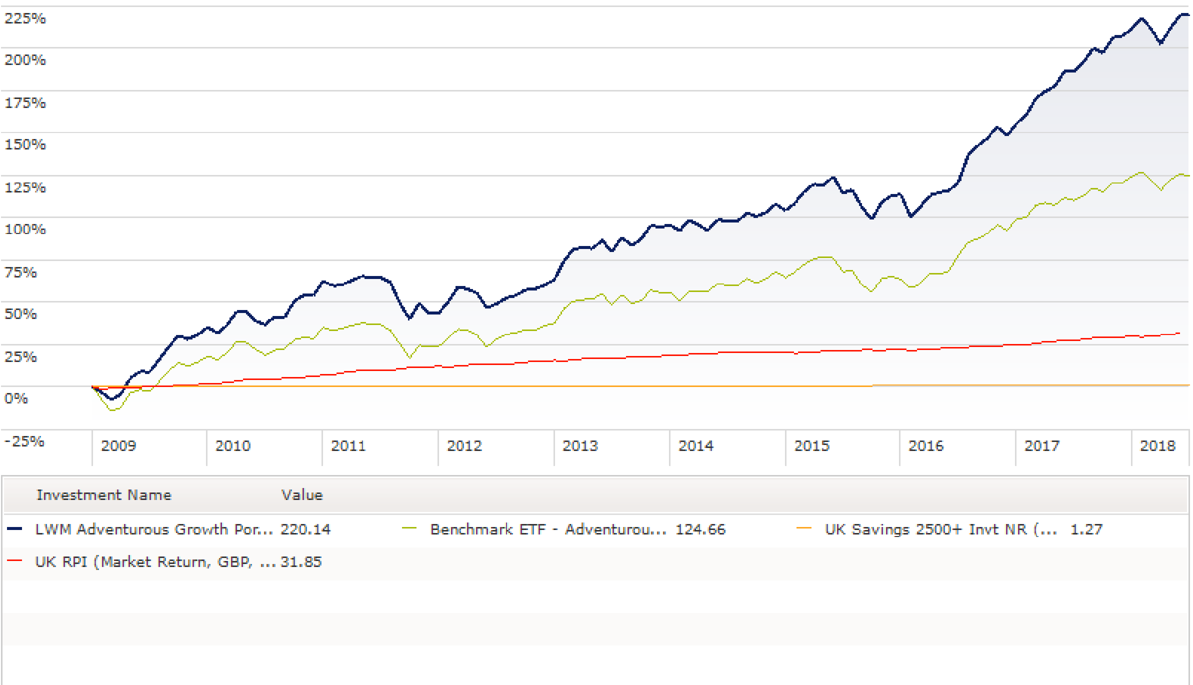


	2013	2014	2015	2016	2017	2018	Since launch
Moderately Adventurous Growth	17.19%	4.86%	4.66%	18.06%	20.16%	2.20%	12.60% p.a.
Benchmark	11.32%	5.86%	-0.26%	20.12%	11.59%	-0.05%	8.76% p.a.

	1 Year to 30/06/14	1 Year to 30/06/15	1 Year to 30/06/16	1 Year to 30/06/17	1 Year to 30/06/18
Moderately Adventurous Growth	9.31%	8.44%	2.85%	27.28%	10.59%
Benchmark	6.72%	4.99%	6.60%	16.22%	6.00%

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 June 2018. 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

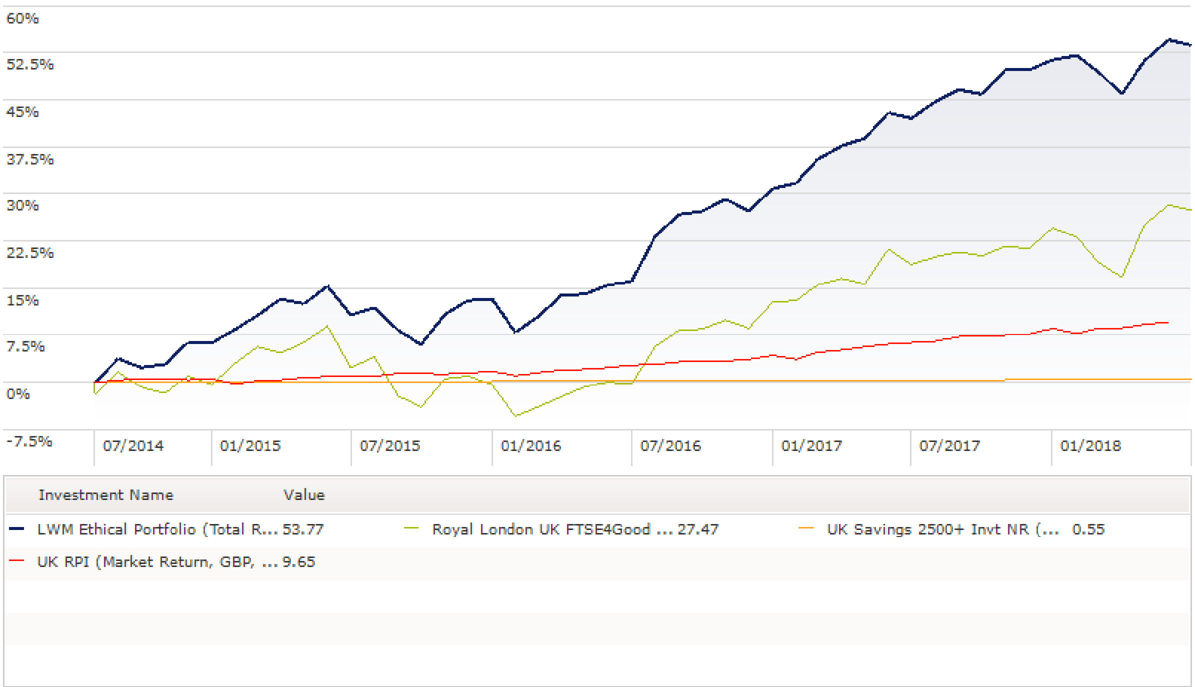


	2013	2014	2015	2016	2017	2018	Since launch
Adventurous Growth	19.73%	4.30%	4.69%	19.65%	21.89%	2.63%	13.04% p.a.
Benchmark	13.41%	5.12%	-0.65%	21.59%	12.79%	0.03%	8.90% p.a.

	1 Year to 30/06/14	1 Year to 30/06/15	1 Year to 30/06/16	1 Year to 30/06/17	1 Year to 30/06/18
Adventurous Growth	10.19%	8.19%	3.07%	29.64%	11.68%
Benchmark	7.71%	4.93%	5.94%	18.13%	6.72%

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 June 2018. 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.

Ethical Portfolio



	2013	2014	2015	2016	2017	2018	Since launch
Ethical	N/A	N/A	6.63%	15.51%	15.73%	1.54%	11.63% p.a.
Benchmark	N/A	N/A	0.01%	13.27%	10.52%	2.24%	6.40% p.a.

	1 Year to 30/06/14	1 Year to 30/06/15	1 Year to 30/06/16	1 Year to 30/06/17	1 Year to 30/06/18
Ethical	N/A	N/A	4.81%	22.44%	8.17%
Benchmark	N/A	N/A	-2.60%	19.14%	7.27%

The launch date of the Portfolio is 1 August 2014, and performance is up to 30 June 2018. 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	Vanguard Global Bond Index Fund
	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
	iShares MSCI Eastern Europe Capped ETF
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 (Acc)
	iShares MSCI Frontier 100
Global	iShares MSCI World Dist
Specialist	ETFS All Commodities
	ETFS Agriculture
	iShares Global Infrastructure
	Lyxor ETF MSCI World Health Care
	Royal London UK FTSE4Good Tracker