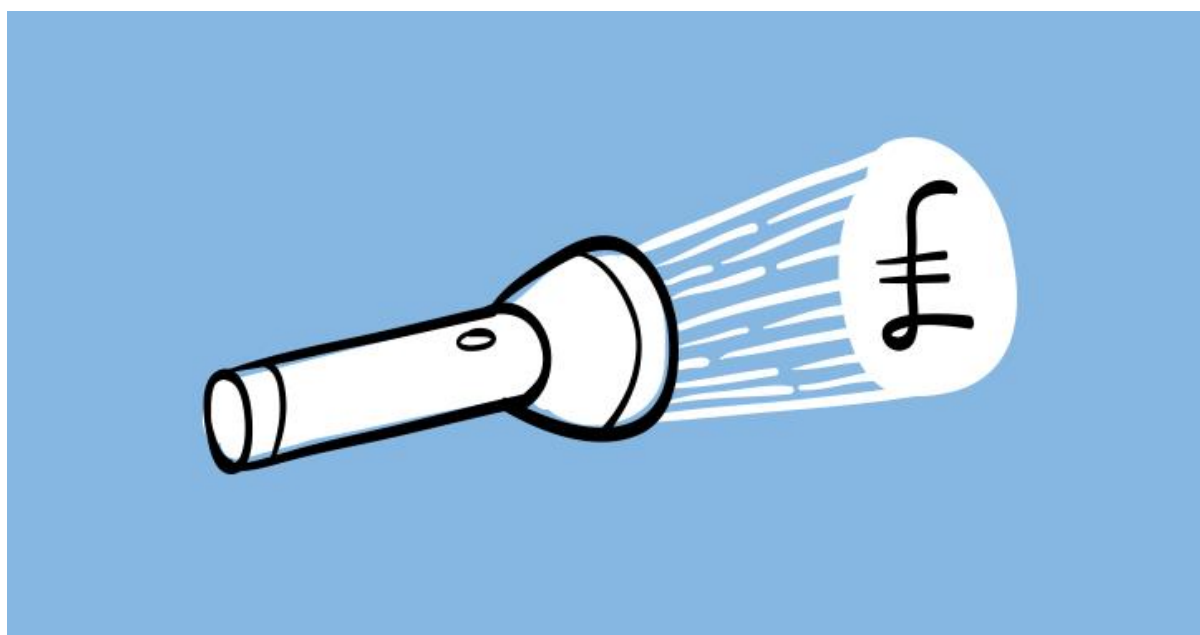


QUARTERLY PORTFOLIO REVIEW – APRIL 2019



“The desire to perform all the time is usually a barrier to performing over time.” – Robert Olstein

It is very easy to get excited about short term returns, especially coming on the back of a dismal year in 2018. If you look back over history, normally when markets fall within a year or two, they bounce back.

Since the 1930's there have been three periods where equity returns lagged inflation, 1960s, 1970s and 2000s. If we look at market falls, the dot.com crash took a couple of years to recover but the financial crash was shorter. So, although the past doesn't necessarily dictate returns for the future, we can hope that it provides some insight.

The portfolios we saw a big bounce in January, but this slowed in March. This meant returns are between 5.89% for the Defensive Portfolio and 9.20% for the Adventurous Portfolio (1 January – 31 March 2019). Over five years the portfolios have returned between 5.81% p.a. for Defensive Portfolio and 11.98% p.a. for the Adventurous Portfolio. This is before our fees and platform charges. We would expect these returns to come down over time, but it shows that even with the correction in 2018 the long-term returns remain healthy.

The first quarter review in 2018 painted a very different picture as the portfolios had suffered from a correction and were negative. By the end of September, the portfolios had moved slightly positively, but the last quarter they returned to negative territory. The returns for the first quarter of 2019 should be seen as a buffer for the year ahead.

We know there are challenges in front of us; the 'B' word that we don't want to talk about. By the time this goes out we might be clearer but equally we may not! If we crash out then potentially Sterling could fall and like in 2016, this could inflate returns. If we delay or have a Brexit of sorts, then Sterling could strengthen, and this will potentially reduce returns.

It will be a surprise to hear but there are other events which could impact on returns; towards the end of the year we expect Trump to go into full election mode. We shouldn't forget that the Trump tweets can unnerve markets.

We also have potential tensions with North Korea. Although we think the trade wars will calm down there is the potential for this to escalate and this could be negative for markets. There remains fear over a global recession, and we saw in March how in the short term this can increase volatility.

In summary, we have seen a bounce back and over 12 months we are seeing positive returns. Over 5 years the returns remain very healthy. We do expect these to slow down over the next five years. In this year it would be great if we see returns of 10% plus as this would reverse the negatives of 2018 but we shouldn't ignore the potential risks. These risks are always present in investing and therefore focusing long term is key, because markets can move very quickly in relatively short periods of time.

George Ladds

April 2019

PORTFOLIO OVERVIEW

Bitesize introduction

Over the last six months we have been working on the new portfolios for July 2019. Historically our strategy on the defensive element has been to use the Standard Life Global Absolute Return Strategies Fund, and then we have built from there.

We will be issuing the rebalance review documents in May. The main changes are that we will be removing the Standard Life Global Absolute Return Strategies Fund; it has had a difficult three years and although more recently the performance has started to recover, we want to include a more diversified mix of strategies.

In some of the portfolios therefore we will include fixed income, infrastructure, multi-asset, REITs and a structured product fund. We can't stop negative returns in the short term but what we want to do is provide a more diversified asset base.

As an example, in 2018 everything seemed to fall. However, fixed income funds were flat, and infrastructure funds were slightly positive. So, having these alongside REITs and Multi Asset in theory would have provided some downside protection. Some of the portfolios already have this but we have changed the percentage allocation.

The Standard Life Global Absolute Return Strategy worked well overall since it was added in 2009, however we have indicated for some time that we need to think differently, hence the changes. This will mean we are not reliant on one strategy to protect on the downside, but simultaneously we should be able to capture some of the upside.

In summary, much of the work over the last six months has focused on how we future-proof the portfolios. We think we will have a good mix of defensive strategies. The weightings towards these will vary depending on the portfolio.

First quarter

Since 1 July, 36% of the funds have outperformed their benchmark, which is disappointing. However, since 1 January this has increased to 72% and over three years it is 80%.

Where last year we mentioned that some funds were down over 10%, the opposite is true this year with 36% of funds returning over 10% in the first quarter. No funds are negative, and the lowest returning fund is BlackRock Frontier Trust which is up 0.22%.

Where the funds are underperforming the index appears in clusters; Europe and Global are the two main under-performing regions in the first quarter. Over three years this is more spread and focused on specific funds rather than regions.

In summary, we are happier with the performance in Q1 but would like to see the short-term underperformance shift. However, we remain happy with the funds we have and the proposed changes.

Second quarter

We have had a strong rebound in the first quarter but we don't know if this can continue into the second quarter. The big 'known unknown' is Brexit, and hopefully by the end of June we should have a clearer picture of this and any potential impact on performance. We would stress that long term most people remain cautiously optimistic.

Summary

In summary, 2018 was tough however the start to 2019 has been friendlier! Obviously, there are challenges this year and although we are pleased with the first quarter, we don't know how the different events will play out and any potential impact that will have. Long term, the returns remain strong but over the next five years we believe these will likely be lower but still positive.

Recent JP Morgan research demonstrated that the longer equity assets are held the more likely they will deliver positive returns. This is based on the S&P 500 since the 1950s. Over five years the range of annualised returns is between -7% p.a. and 30% p.a., over 10 years the range is -3% p.a. and 21% p.a. and then over 20 years between 4% p.a. and 18% p.a.

If we consider investments for the long term then it demonstrates that the longer we hold, then the more potential we have for positive returns. However, in the short term the chances of negative returns increase significantly.

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 risk

LWM Consultants Ltd

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.

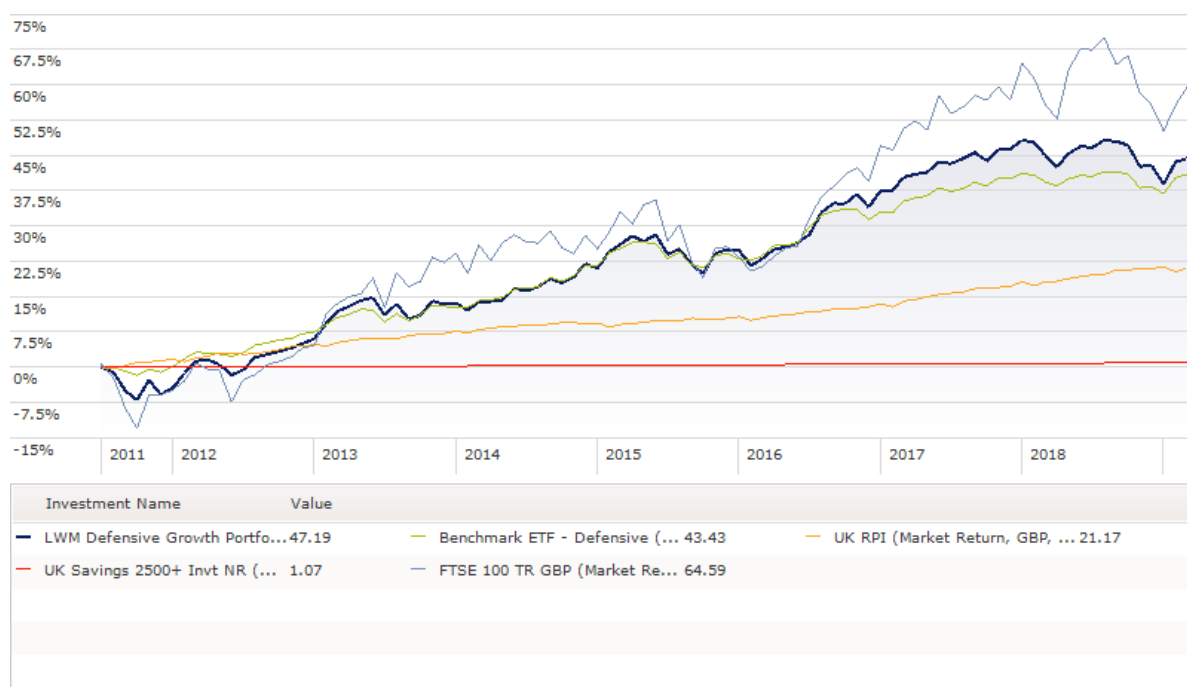
Summary of performance – 1 January 2009 – 31 March 2019

Performance up to 31 March 2019												
	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	3.17%	3.46%	4.30%	5.41%	17.57%	13.88%	15.00%	13.29%	29.05%	25.38%	47.19%	43.43%
Bespoke Cautious	7.45%	2.95%	9.92%	5.59%	26.38%	13.32%	24.87%	12.40%	41.97%	24.24%	170.57%	82.35%
Cautious	4.52%	3.68%	8.26%	6.27%	25.79%	17.37%	23.15%	15.57%	39.63%	29.13%	159.70%	90.04%
Balanced	2.94%	4.40%	11.80%	8.06%	35.19%	25.06%	32.99%	21.59%	50.60%	35.67%	190.86%	105.41%
Mod Adventurous	3.45%	5.02%	12.90%	8.86%	42.91%	32.15%	38.49%	26.27%	56.04%	40.20%	202.72%	115.36%
Adventurous	3.58%	5.45%	14.14%	9.70%	46.90%	36.00%	42.51%	29.08%	59.94%	43.32%	213.44%	118.28%
Ethical	5.67%	6.89%	12.01%	7.09%	35.43%	27.70%	36.13%	19.19%	-	-	54.25%	24.84%

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

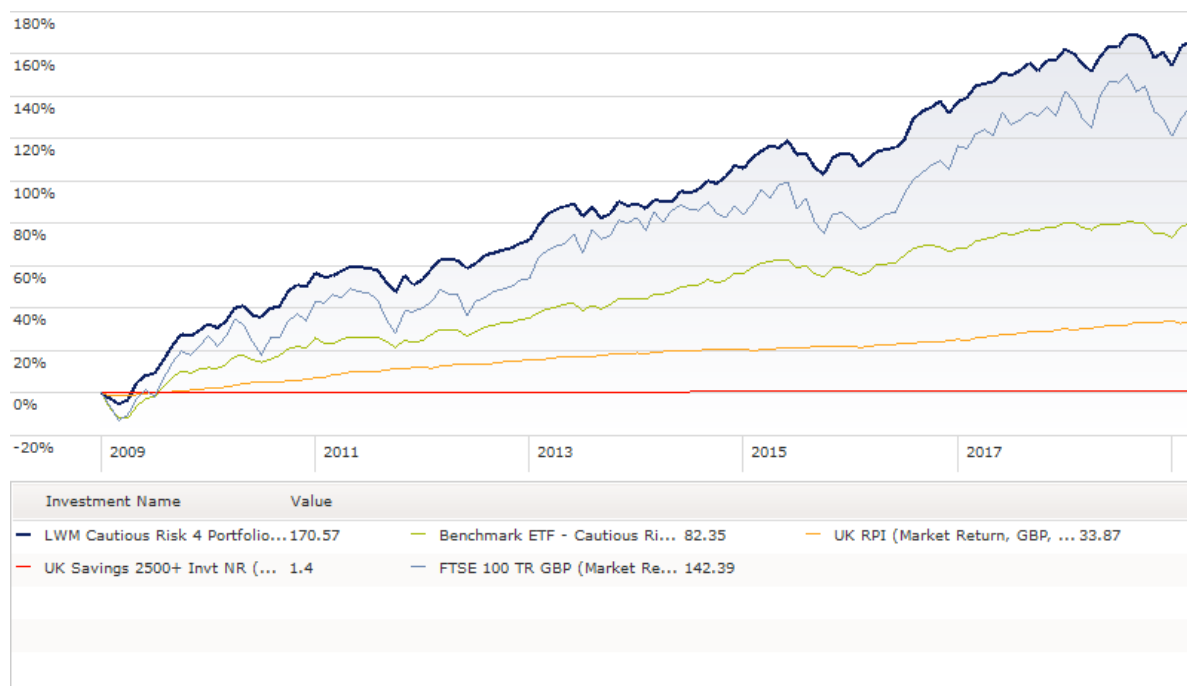


	2014	2015	2016	2017	2018	2019	Since launch
Defensive	6.50%	3.29%	10.14%	7.83%	-6.29%	5.89%	5.12% p.a.
Benchmark	10.32%	1.47%	12.42%	5.96%	-3.03%	4.74%	4.76% p.a.

	1 Year to 31/03/15	1 Year to 31/03/16	1 Year to 31/03/17	1 Year to 31/03/18	1 Year to 31/03/19
Defensive	12.21%	-2.19%	12.72%	1.10%	3.17%
Benchmark	10.67%	-0.52%	8.03%	1.89%	3.46%

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 31 March 2019. 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)

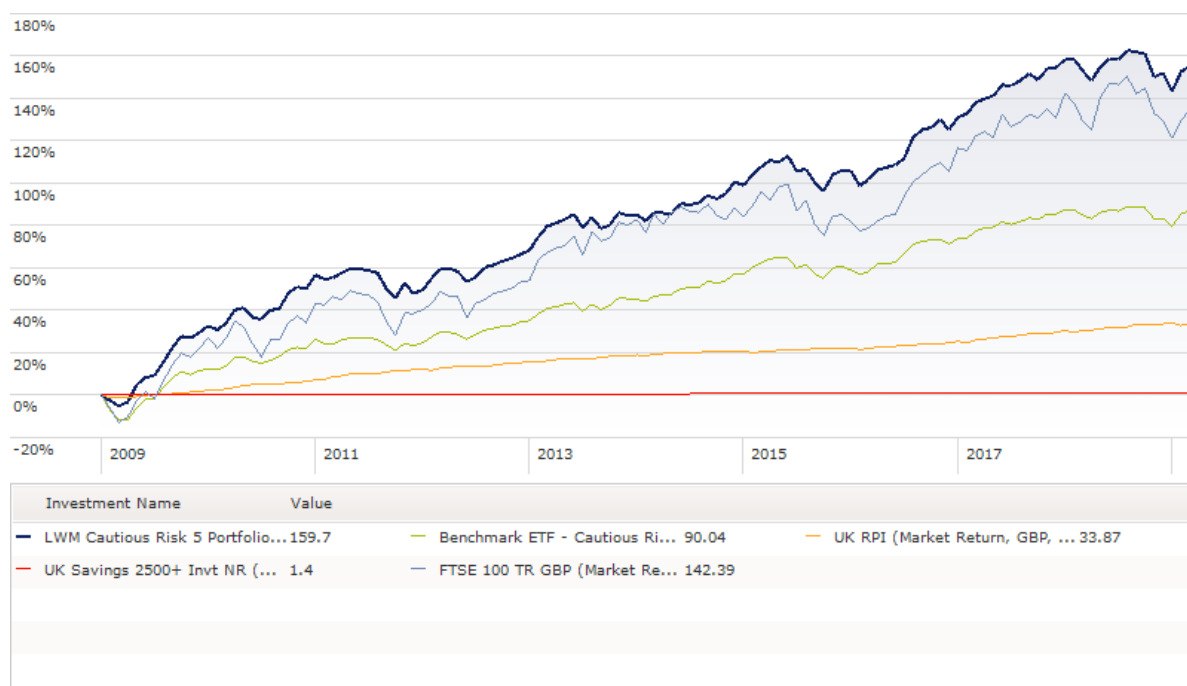


	2014	2015	2016	2017	2018	2019	Since launch
Cautious Risk 4	8.81%	3.52%	11.73%	10.43%	-2.99%	6.29%	10.21% p.a.
Benchmark	11.79%	-0.20%	13.64%	7.20%	-3.66%	5.25%	6.04% p.a.

	1 Year to 31/03/15	1 Year to 31/03/16	1 Year to 31/03/17	1 Year to 31/03/18	1 Year to 31/03/19
Cautious Risk 4	13.69%	-1.19%	14.97%	2.30%	7.45%
Benchmark	10.53%	-0.81%	7.32%	2.57%	2.95%

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 31 March 2019. 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)

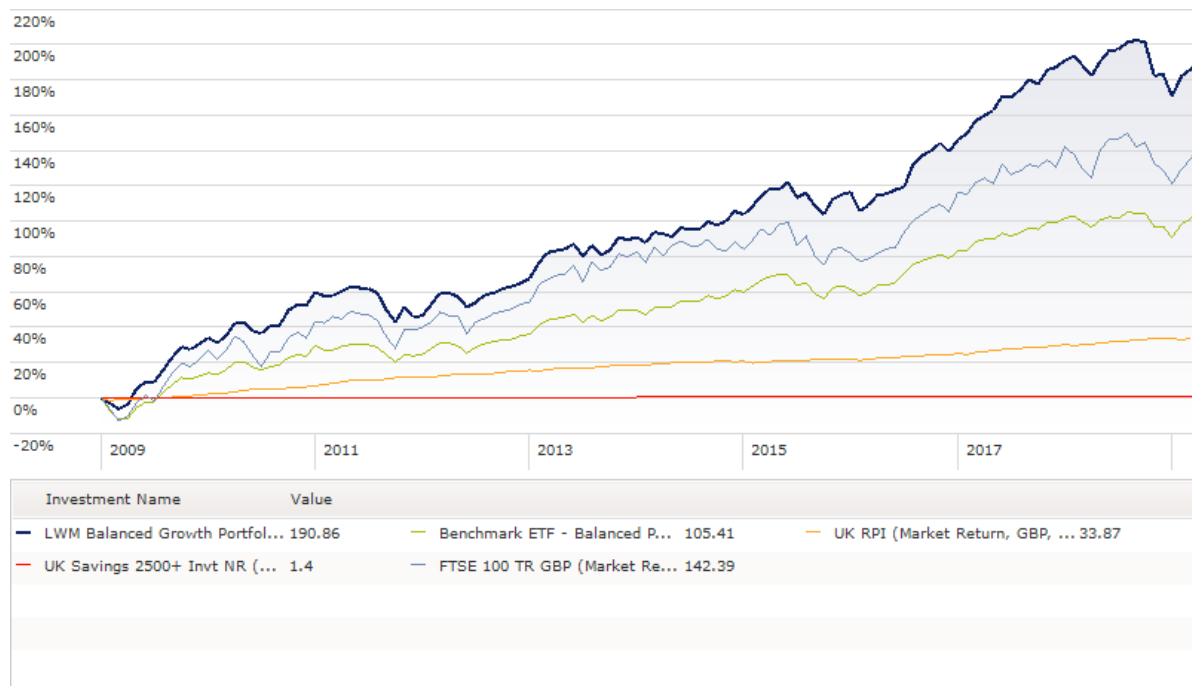


	2014	2015	2016	2017	2018	2019	Since launch
Cautious Risk 5	7.49%	3.52%	12.42%	11.81%	-5.88%	6.70%	9.77% p.a.
Benchmark	10.67%	1.10%	13.94%	7.76%	-3.96%	5.76%	6.47% p.a.

	1 Year to 31/03/15	1 Year to 31/03/16	1 Year to 31/03/17	1 Year to 31/03/18	1 Year to 31/03/19
Cautious Risk 5	13.38%	-2.10%	16.19%	3.57%	4.52%
Benchmark	11.73%	-1.53%	10.44%	2.50%	3.68%

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 31 March 2019. 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

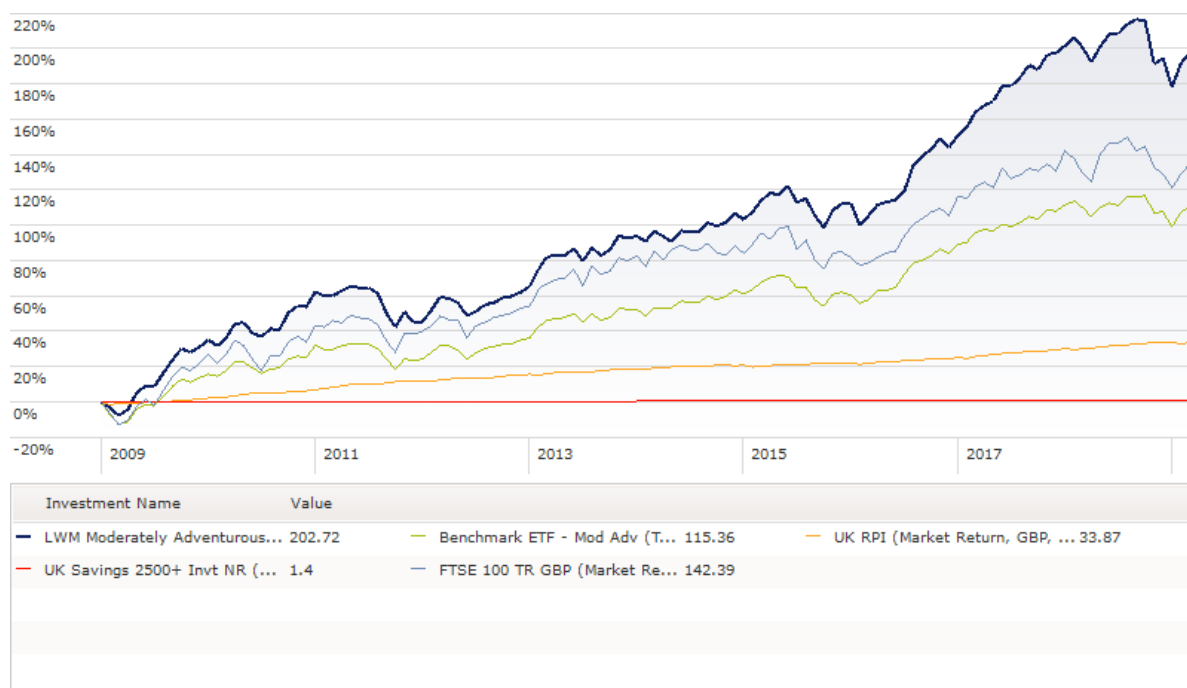


	2014	2015	2016	2017	2018	2019	Since launch
Balanced Growth	6.71%	6.24%	13.76%	18.24%	-6.99%	7.34%	10.99% p.a.
Benchmark	8.80%	1.25%	16.53%	10.17%	-5.42%	7.59%	7.28% p.a.

	1 Year to 31/03/15	1 Year to 31/03/16	1 Year to 31/03/17	1 Year to 31/03/18	1 Year to 31/03/19
Balanced Growth	13.62%	-1.69%	20.99%	8.72%	2.94%
Benchmark	11.90%	-3.51%	15.51%	3.20%	4.40%

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 31 March 2019. 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

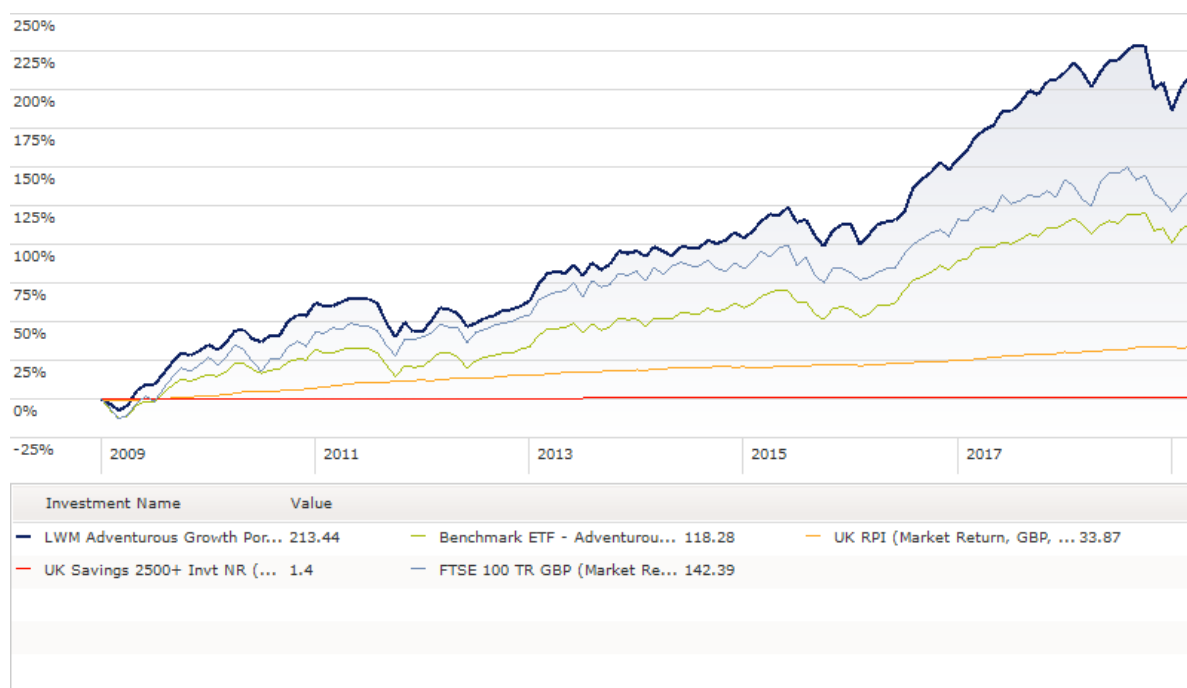


	2014	2015	2016	2017	2018	2019	Since launch
Moderately Adventurous Growth	4.86%	4.66%	18.06%	20.16%	-7.75%	8.69%	10.99% p.a.
Benchmark	5.86%	-0.26%	20.12%	11.59%	-5.78%	8.06%	7.28% p.a.

	1 Year to 31/03/15	1 Year to 31/03/16	1 Year to 31/03/17	1 Year to 31/03/18	1 Year to 31/03/19
Moderately Adventurous Growth	12.68%	-3.10%	26.58%	9.13%	3.45%
Benchmark	11.03%	-4.45%	21.39%	3.66%	5.02%

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 31 March 2019. 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

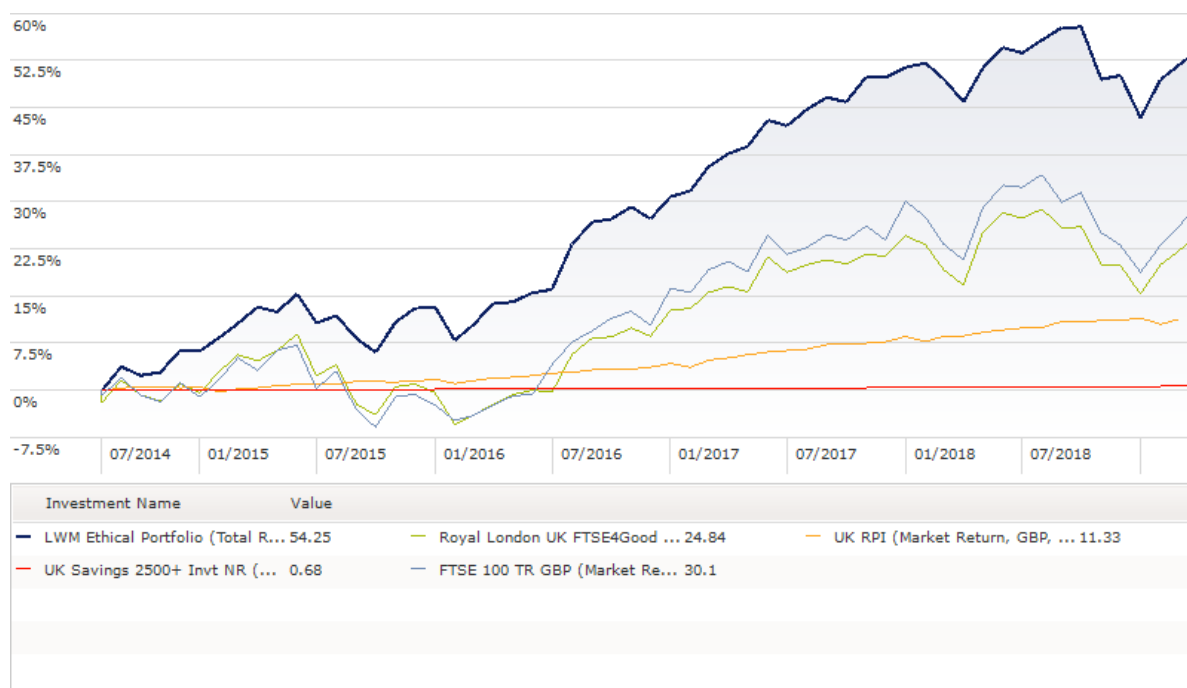


	2014	2015	2016	2017	2018	2019	Since launch
Adventurous Growth	4.30%	4.69%	19.65%	21.89%	-7.99%	9.20%	11.80% p.a.
Benchmark	5.12%	-0.65%	21.59%	12.79%	-5.93%	8.45%	7.78% p.a.

	1 Year to 31/03/15	1 Year to 31/03/16	1 Year to 31/03/17	1 Year to 31/03/18	1 Year to 31/03/19
Adventurous Growth	12.23%	-2.99%	28.70%	10.19%	3.58%
Benchmark	11.03%	-5.09%	23.98%	4.03%	5.45%

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 31 March 2019. 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



	2014	2015	2016	2017	2018	2019	Since launch
Ethical	N/A	6.63%	15.51%	15.73%	-5.30%	7.55%	9.74% p.a.
Benchmark	N/A	0.01%	13.27%	10.52%	-7.46%	8.20%	4.87% p.a.

	1 Year to 31/03/15	1 Year to 31/03/16	1 Year to 31/03/17	1 Year to 31/03/18	1 Year to 31/03/19
Ethical	N/A	0.52%	20.91%	6.00%	5.67%
Benchmark	N/A	-6.66%	19.25%	0.19%	6.89%

The launch date of the Portfolio is 1 August 2014, and performance is up to 31 March 2019. 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/Alternatives	Vanguard Global Bond Index Fund
UK	Vanguard FTSE All Share Fund
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 (Acc)
	iShares MSCI Frontier 100
Global	iShares MSCI World Dist

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