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SPECULATIVE ALPHA  
PORTFOLIO

EDITION 27 July 2017

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RISK

8



## **Speculative Investor**

*You are aiming for higher long term returns and accept frequent, significant fluctuations in value.*

*You accept the risk of a significant loss.*

*Potential return of 37.61%  
& potential loss of -24.05%*

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# SPECULATIVE ALPHA PORTFOLIO

EDITION 27 July 2017

The Speculative Alpha Portfolio is a growth style strategy. It is aimed at medium to long term investors who are seeking above average capital growth from a speculative portfolio of mainly global equity investments.

The chosen investment funds can invest in UK and overseas equities, commercial property, cash, fixed interest securities, commodities and alternative investments. They are actively managed by leading fund managers to maximise total return whilst maintaining control of risk.

The Speculative Alpha Portfolio performance is benchmarked against the average performance of the IA Mixed Investment 40%–85% sector and has a risk rating and investor profile of 8 out of 10.

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## RISK

Potential return of 37.61%  
& potential loss of -24.05%.

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## ACTIVE

Managed daily by our personally  
selected fund managers.

82%

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## EQUITY

Held in risk to drive growth, vs  
the stability of bonds & property.

69%

## Risk

### Prospective Risk Level



### Historic Risk Level



A **risk level 8** investor should be prepared to accept annual returns somewhere **within the range of a -24.05% loss and a 37.61% gain** — returns within this range would be expected 95% of the time. It should be remembered that there is a 5% chance that **risk level 8** portfolios will experience an annual return outside this range — this means an investor may experience **losses greater than -24.05% or gains greater than 37.61%** at some point(s) during their investment in one year.

It is important to remember the figures are not intended to be and should not be taken as a projection of the likely returns from the portfolio risk levels. This is intended to support the risk discussion between an adviser and a client following the completion of a risk profile questionnaire. They show the implied volatility and mean expected return of risk levels 1 to 10 to two standard deviations in one year (ie all returns are expected to be between these extremes in 95 years out of 100; this is often described as a 95% confidence level). The figures shown are the expected arithmetic average returns and the ranges assume that returns are based on a log normal distribution. Figures are shown net of tax and underlying manager fees.

## Range of Returns

### Upper Return

**37.61%**

In 95 years out of 100, this is the highest expected level of return for a given level of risk. There is a 2.5% chance that returns could fall outside the upper return figure in one year.

### Average of All Returns

**6.78%**

This is the average of all possible returns within a risk level in one year.

### Lower Return

**-24.05%**

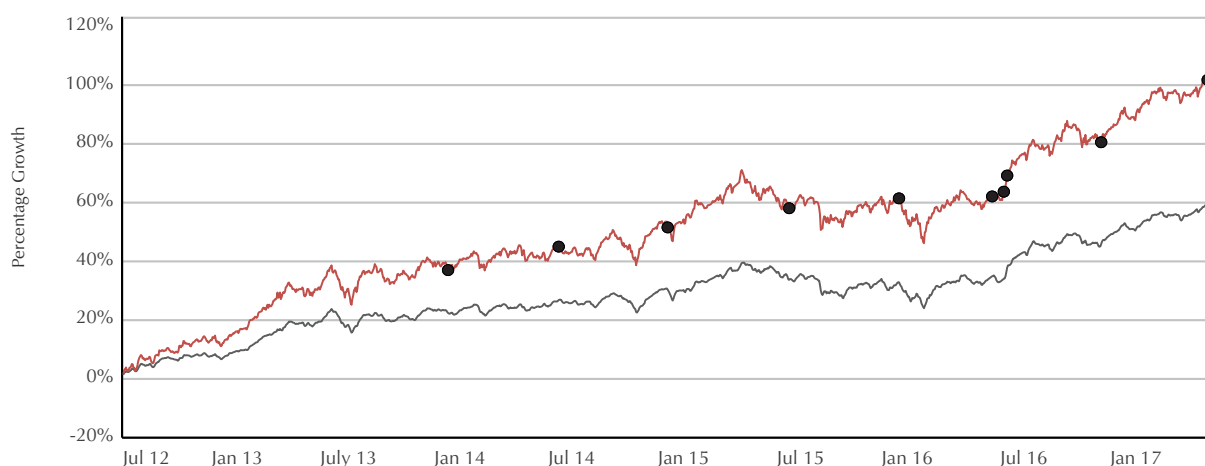
In 95 years out of 100, this is the lowest expected level of return for a given level of risk. There is a 2.5% chance that returns could fall outside the lower return figure in one year.

## Asset Allocation

|   | Money Markets | Fixed Interest | Property | UK Equity | US Equity | European Equity | Asian Equity | Japan Equity | Global Equity | Other Assets |
|---|---------------|----------------|----------|-----------|-----------|-----------------|--------------|--------------|---------------|--------------|
| <b>Speculative Alpha</b>                        | 18%           | 8%             | 5%       | 16%       | 19%       | 10%             | 19%          | 4%           | 1%            | 0%           |
| <b>Benchmark</b><br>IA Mixed Investment 40%-85% | 6%            | 17%            | 2%       | 23%       | 10%       | 7%              | 5%           | 0%           | 15%           | 15%          |
| <b>Difference</b><br>Portfolio v Benchmark      | 12%           | -9%            | 3%       | -7%       | 9%        | 3%              | 14%          | 4%           | -14%          | -15%         |

## Cumulative Performance Chart

KEY Speculative Alpha Benchmark ● Automated Switch



Powered by data from FE

Cumulative performance chart shows % growth from 05/06/2012 to 02/06/2017 calculated using bid prices with income re-invested into the fund net of tax. The cumulative performance chart shows how the portfolio has performed against the benchmark taking into account the changing composition of the portfolio over the period of time shown.

## Cumulative Performance: % Growth to 02/06/2017

|  | 6 months %                             | 1 year %                               | 2 years %                              | 3 years %                              | 5 years %                               |
|--|--|--|--|--|---|
| <span style="color: red;">Speculative Alpha</span> | <span style="color: red;">13.67</span> | <span style="color: red;">25.63</span> | <span style="color: red;">24.09</span> | <span style="color: red;">41.81</span> | <span style="color: red;">102.20</span> |
| Benchmark<br>IA Mixed Investment 40%-85%           | 10.22                                  | 19.36                                  | 16.10                                  | 27.09                                  | 58.97                                   |
| Difference<br>Portfolio vs Benchmark               | 3.45                                   | 6.27                                   | 7.99                                   | 14.72                                  | 43.23                                   |

## Discrete Performance to Month End Shown: % Growth to 02/06/2017

|  | 31/05/17                               | 31/05/16                               | 31/05/15                               | 31/05/14                              | 31/05/13                               |
|--|--|--|--|---------------------------------------|--|
| <span style="color: red;">Specualtive Alpha</span> | <span style="color: red;">25.46</span> | <span style="color: red;">-2.55</span> | <span style="color: red;">15.09</span> | <span style="color: red;">7.32</span> | <span style="color: red;">32.21</span> |
| Benchmark<br>IA Mixed Investment 40%-85%           | 19.41                                  | -3.33                                  | 9.86                                   | 3.80                                  | 20.37                                  |
| Difference<br>Portfolio vs Benchmark               | 6.05                                   | 0.78                                   | 5.23                                   | 3.52                                  | 11.84                                  |

## Individual Fund's Performance To 02/06/2017

## Cumulative Performance: % Growth

| <i>Fund</i>                              | <i>% Holding</i> | <i>Fund Manager</i>       | <i>6 months %</i> | <i>1 year %</i> | <i>2 years %</i> | <i>3 years %</i> | <i>5 years %</i> |
|--|------------------|---------------------------|-------------------|-----------------|------------------|------------------|------------------|
| BlackRock Cash                           | 14%              | Bea Rodriguez             | 0.04              | 0.13            | 0.38             | 0.63             | 1.09             |
| BlackRock European Dynamic               | 5%               | Alister Hibbert           | 29.20             | 32.38           | 36.86            | 50.79            | -                |
| BlackRock UK Gilts All Stock Tracker     | 1%               | Panayotis Ferendinos      | 4.36              | 5.68            | 12.79            | 22.80            | 19.66            |
| CF Lindsell Train Global Equity          | 3%               | Michael Lindsell          | 24.09             | 37.59           | 49.73            | 89.27            | 171.78           |
| CF Lindsell Train UK Equity              | 6%               | Nick Train                | 22.23             | 26.00           | 29.34            | 49.47            | 148.19           |
| Fidelity Emerging Asia                   | 5%               | Dhananjay Phadnis         | 17.47             | 40.72           | 31.48            | 71.28            | 100.71           |
| First State Global Listed Infrastructure | 5%               | Peter Meany               | 18.91             | 32.78           | 44.10            | 65.14            | 126.79           |
| FP Crux European Special Situations      | 3%               | Richard Pease             | 26.11             | 33.69           | 41.71            | 57.74            | 151.48           |
| Fundsmith Equity                         | 7%               | Terry Smith               | 24.49             | 37.21           | 61.21            | 101.77           | 184.79           |
| GAM Star Credit Opportunities            | 4%               | Anthony Smouha            | 8.94              | 14.66           | 17.60            | 29.51            | 89.79            |
| Henderson China Opportunities            | 2%               | Charlie Awdry             | 17.53             | 49.28           | 28.87            | 80.54            | 124.82           |
| Henderson UK Property PAIF Feeder        | 3%               | Marcus Langlands Pearse   | 3.50              | 2.04            | 3.35             | 15.24            | 36.62            |
| Jupiter India                            | 5%               | Avinash Vazirani          | 21.81             | 50.37           | 57.45            | 104.86           | 162.42           |
| L&G All Stocks Index Linked Gilt         | 3%               | LGIM Fund Management Team | 7.25              | 21.15           | 24.21            | 42.68            | 48.73            |
| Legg Mason Japan Equity                  | 1%               | Hideo Shiozumi            | 23.13             | 13.63           | 93.56            | 141.36           | 311.04           |
| Lindsell Train Japanese Equity           | 3%               | Michael Lindsell          | 19.67             | 27.77           | 20.62            | 63.98            | 184.21           |
| Old Mutual North American Equity         | 4%               | Amadeo Alentorn           | 11.70             | 37.42           | 46.08            | 86.16            | 171.96           |
| Old Mutual UK Mid Cap                    | 5%               | Richard Watts             | 25.47             | 33.83           | 39.53            | 77.61            | 201.26           |
| Old Mutual UK Smaller Companies          | 2%               | Daniel Nickols            | 29.40             | 34.35           | 44.98            | 66.87            | 178.24           |
| Polar Capital Global Insurance           | 2%               | Nick Martin               | 8.37              | 29.81           | 50.30            | 79.60            | 155.50           |
| Schroder Global Healthcare               | 2%               | John Bowler               | 14.66             | 20.42           | 20.94            | 58.92            | 155.98           |
| Schroder US Mid Cap                      | 2%               | Jenny Jones               | 7.30              | 31.56           | 43.55            | 82.91            | 151.91           |
| Schroder US Smaller Companies            | 2%               | Jenny Jones               | 6.73              | 35.09           | 40.90            | 75.76            | 143.01           |
| Threadneedle UK Property                 | 4%               | Gerry Frewin              | 8.81              | 6.71            | 8.81             | 24.46            | 35.91            |
| Veritas Asian                            | 7%               | Ezra Sun                  | 18.90             | 37.57           | 37.66            | 71.82            | 129.55           |

## Performance Ratios Over 3 Years

| <i>Volatility</i> | <i>Alpha</i> | <i>Beta</i> | <i>Sharpe</i> | <i>Information Ratio</i> | <i>Weighted Average TER</i> | <i>Max Loss</i> | <i>Max Gain</i> | <i>Negative Periods</i> | <i>Positive-Periods</i> |
|-------------------|--------------|-------------|---------------|--------------------------|-----------------------------|-----------------|-----------------|-------------------------|-------------------------|
| 8.34              | 2.45         | 1.14        | 1.03          | 1.07                     | 0.80                        | -5.20           | 20.15           | 10                      | 26                      |



*Maximise your returns with  
a level of risk you're entirely  
comfortable with*

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