equinox

half yearly investment magazine

Equilibrium's 2025 vision

Securing your cyberspace

Celebrating good times

equilibrium

April 2017

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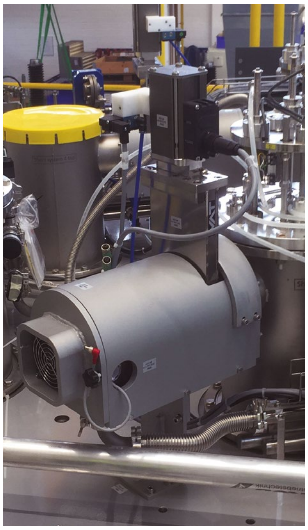
Welcome

In the last edition of Equinox, my introduction referred to the 'Brexit Bounce'. This has since been superseded by the 'Trump Twist', for now at least. Stockmarkets appear to be taking an optimistic view, seemingly assuming that the President can pull off the magic trick of increasing spending whilst cutting taxes - a feat rarely achieved by a Republican president (see more on this topic from Mike Deverell on page 30). Only time will tell whether this promise turns out to be nothing more than an illusion!

Much can happen in the world of politics and the last six months have certainly been entertaining. Aside from Mr Trump's onslaught of the media, including our very own BBC, we have seen a former Chancellor (who has kindly contributed to this issue) take up a new post and resign from another. Meanwhile, the current Chancellor was forced to make a spectacular U-turn just days after his first Budget.

Here at Equilibrium, we have continued to constantly evolve and improve our service, which has been recognised by the range of awards that we have won. As always, if you have any suggestions on anything you think we can do better, then please email me at colin.lawson@eqllp.co.uk or call me on 0161 486 2250.

Colin Lawson
Founder & Partner



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Equilibrium's 2025 vision

One of our investment analysts ponders the future role of technology at Equilibrium and in the wider financial services sector...

By Neal Foundly

A barely audible hiss signals the closing of the wingdoors on one of Equilibrium's self-driving UberMercedes. The client has opted not to FaceSkype into the meeting this time and jumps into his car service because he still enjoys the human touch. Besides, Equilibrium still has those nice Werther's Original sweets at their office.

As the silent vehicle draws up to Equilibrium's Head Office and the complimentary charging unit locks into place, inside the office the adviser and client manager are readying for the meeting.

This morning the Global Banking Blockchain deposited all the data for the client's earnings and spending. EQUALS (the Equilibrium Universal Asset and Liability System) processed this data for optimisation, along with a download of all the client's assets at current market value and rental income.

Rental is big, very big. Any asset the client is not using - bike, holiday home, vehicle, dog or solar roof tile output – can be rented out for an income stream in this new sharing economy and Equilibrium includes these earnings in its calculations.

The account meeting goes well. It's good to catch up with old acquaintances – the client has had the same adviser for decades as new systems and smart communications have allowed the company to process more clients, more efficiently, allowing the human relationships to be a constant.

Taxation and financial matters are Byzantine with continually evolving country (and now the new global) systems of taxation allowances and reliefs. The client talks through his needs and wishes and the adviser interprets these for processing by EQUALS so that portfolios and tax submissions are adjusted accordingly.

As part of the arrangements agreed in the meeting, a foreign exchange switch from BitPounds into BitEuros for the client's purchase of a vineyard home in Lapland is processed immediately.

The natural language transcribing service summarises the meeting, highlights action points and sends copies to the client's Swiss lawyer in the perfect Alemannic dialect. The client's data is processed through Equilibrium's new quantum computer. APT28, once an informal hacking group, is now officially part of the Russian army and suitably resourced but even they struggle against the one-gigabit encryption key used for Equilibrium's client data.

Meanwhile, humming in the background is the Equilibrium Universal Intelligence Tactical Investment Evaluation System (EQUITIES), which operates 24 hours a day, every day of the year. This process optimises investment portfolios for the constant changes in risks and returns for the global markets.

> Human intelligence or 'neuronware' as it is now known, is still needed to bring experience and creativity to the wealth management process

Whilst its neural networks can detect mispricing in markets, identify emerging opportunities and assimilate super-big data analysis in real time, it still cannot account for the unknown. Human intelligence or 'neuronware' as it is now known, is still needed to bring experience and creativity to the wealth management process.

Meeting finished, the goodbyes are exchanged and the client congratulates the adviser on the company's 30th anniversary. The client reflects how much has changed over the decades and yet, like the Werther's, much of the good stuff remains the same.

Hopefully you enjoyed our peek into the future. As you can see we do not share the dark, dystopian Blade Runner view of the future that some hold...

> “What we are seeing are many examples of where technology is being applied for a more positive future

The future tense

However, neither are we Panglossian. As the client is driven through the streets to the Equilibrium office, he may contemplate society's familiar issues. As he pulls out of his high-gated community he may reflect on the ever widening distribution of incomes as the top 1% have become the even richer 0.1%. The remaining population are the have-nots; they are struggling and near breaking point.

Furthermore, the inability of the education system to adapt to fast changing technologies and the rapid adoption of robots and artificial intelligence (AI) systems has resulted in endemic youth unemployment.

The working population, that traditionally supports economic growth and pays most taxes, is dwindling due to the precipitous fall in birth rates and simply cannot support the Government's burgeoning benefit costs. Of course, as gene hacking becomes routine, longevity continues to rise but standards of living for most elderly people are shocking as public finances drown in the costs of social care.

Back to the future

That all sounds a bit grim, doesn't it? However, as Marty McFly, the character from the *Back to the Future* films realised, the future can be changed by the present.

What we are seeing are many examples of where technology is being applied for a more positive future.

> In terms of client services, we already use state-of-the-art systems

For example, in Japan, where over a quarter of the population is already aged over 65, hundreds of care homes now use a robot named Palro which is designed to improve fitness and stimulate brain function in the elderly by playing various games and quizzes with them. Studies show that these robots can have a large positive influence on the quality of life for older people with dementia.

Despite the mixed headlines, AI is not all bad either. IBM's Watson system is being used to conquer cancer (it is already better at diagnosis than human doctors) and when Google asked its AI system to look at the company's own energy usage, it reduced it by 40%.

> Equilibrium has developed a number of algorithms that enable large volumes of data to be assimilated and summarised for smarter decision-making

Imagine what new levels of efficiency and productivity may be achieved with this technology, combined with human creativity.

Aye, robot

Where does Equilibrium sit in all this? Whilst we had a bit of fun with the opening passage, there are several aspects where the future is already here for Equilibrium.

In terms of client services, we already use state-of-the-art systems. These allow us to model cash flows, assess a client's financial status and plot 'what if' scenarios to help plan for the future. We are even able to offer foreign exchange at commercial rates - although not for Bitcoin, yet.

Of course, we offer clients the option of video conference meetings and employee remote working systems introduce greater work flexibility and time management.

Cyber-security is paramount for Equilibrium and the current 128-bit encryption for client data means it would take 2^{128} different combinations to break the key, which is out of reach for even the most powerful computers today (2^{128} is more than the total number of atoms on Earth plus 100+ other planets).

Investing in futures

Equilibrium's investments are also technology-driven.

For the selection of investments, Equilibrium has developed a number of algorithms that enable large volumes of data to be assimilated and summarised for smarter decision-making.

Within the portfolios, we see this as an opportunity for clients to benefit from the growth opportunities in technology. Our investments have holdings in a whole range of innovators, from Alphabet, the parent company of Google, to Zoopla, the UK online estate agency.

Concluding thoughts

Predicting the future is always a tricky issue and when doing so we often lean towards the over-optimistic or the 'end is nigh' scenarios.

The truth, of course, is usually much more mundane and the likelihood is that we will continue to adapt, evolve and improve as we have for millions of years.

Celebrating good times

Equilibrium was recently named as the fifth best small company to work for by The Sunday Times. Our Head of Culture and Managing Partner share what it means to the firm.

By Sarah Warburton and Gaynor Rigby

1st in 'wellbeing' category

> "It is a very understanding place to work
>
> Katy Littler, Client Manager

> People are treated fairly, praised where it is due and held accountable when they don't deliver
>
> **Lucy Moss, Head of Training and Development**

It has been a really exciting time at Equilibrium over the past few years. Our team has developed and grown to 63 committed and talented staff. So when we were approached by The Sunday Times to enter their prestigious 'Best Companies' list, we felt that the time was right to go for it.

To be ranked fifth in The Sunday Times 100 Best Small Companies to Work For 2017 is an amazing achievement. Not only that, to be the highest-ranking wealth management company in the UK-wide list, as well as being the only north west headquartered firm in the top 20, was the icing on the cake.

The data gathering and analysis The Sunday Times do for the survey is extensive. More than 769 companies entered, with 448,972 employees surveyed. All employees are surveyed across eight areas: leadership, my company, personal growth, my manager, my team, giving something back, fair deal and wellbeing.

> The collective positivity and camaraderie here at Equilibrium is infectious
>
> **Edward Pemberton, Data Analyst & Investment Administrator**

Our goal at Equilibrium has always been to create a great place to work, to attract talented people and then be able to retain them so that we continually deliver the best possible results for our clients. We have long recognised that if the people you work with do not feel valued, or do not feel as though they are being invested in, then it is difficult for them to perform to the best of their abilities and enjoy their work.

Over the years we have invested a significant amount of time, energy and resource into creating a culture that ensures our team are happy and healthy.

> The work I do at Equilibrium is acknowledged and appreciated, I feel valued
>
> **Julie-Anne Jackson, Receptionist**

And our philosophy has paid off… Equilibrium was top of the pile for wellbeing, achieving the highest score out of all companies who entered. A worthy third place was also achieved for colleagues feeling that their team cares about them.

100%
agreed "my team is fun to work with"

> *The company believes that as well as keeping clients happy, employees should enjoy their own lives too.*
>
> **The Sunday Times**

Organisers at The Sunday Times praised our working culture, innovative working practices, investment in staff learning and development and how company values are embodied by senior staff.

Appearing in The Sunday Times' list is a vindication of our values as a business.

Workplace culture is about creating a good environment where people can thrive. It is an incredible achievement for the team and puts us in the spotlight for all the right reasons.

We hope the accolade will ensure that we are firmly on the radar of talented people who are looking for their next career move, ultimately enabling us to continue in our delivery of excellent service to clients.

We hope that this appearance in The Sunday Times' highly-respected listing is the first of many to come!

Read more online...

If you want to find out more, visit www.eqllp.co.uk/blog/creating-a-great-work place-culture

Lock the windows and bolt the doors: securing your cyberspace

An estimated 3.5 billion people across the globe now have access to the internet. As the number of internet users perpetually increases, so does the chance for organised crime to take advantage of the opportunities presented by this online world.

By Debbie Jukes

Cybercrime has many different forms and is ever-evolving. In a nutshell, it is simply a crime that has some kind of computer or cyber aspect to it. Some common examples are:

- Identity theft – where a person misuses personal data and information, often with a view to make financial gain
- Hacking – shutting down or misusing websites or computer networks
- Scams – typically fake emails with the intention to defraud people
- Phishing – using fake emails to gain personal information from recipients
- Social engineering – befriending internet users for malicious or deceitful purposes, potentially involving bullying or cyberstalking

In fact, fraud and cybercrime now account for close to half of all crime. And yes, whilst attackers are becoming more sophisticated in their efforts, actually 90% of these crimes are known as 'traditional cybercrimes'. This means that attackers basically use what we use on an everyday basis to find their victim, such as web browsers, Adobe and common social network sites. The fraudsters follow the crowds in much the same way as a pick-pocket would, spying their chance to catch someone off-guard (although stealing data rather than wallets).

With over 3.5 billion internet users sending a staggering 204 million emails and clocking up more than 6 million Facebook views per minute (yes, per minute!), there is clearly plenty of opportunity for those cyber criminals to lure us into their trap. The scale of that opportunity results in over 2 million attempted cybercrime attacks every day!

Asking the experts

Given all this, it is no wonder that we at Equilibrium took the decision to appoint a specialist cyber security and risk management firm to review our systems. Whilst we have always taken data security and fraud mitigation very seriously, the increased awareness of the cyber threat prompted us to engage the services of those far more knowledgeable about this area than us.

> "Think of your personal and financial information as an asset and look after it as you would any other

Various assessments have taken place during the last year to identify and address any weaknesses we had, not only in our IT systems but also other procedures. Part of the process involved 'penetration testing' - a recognised approach to try and gain access to a network to ascertain any vulnerabilities in a company's infrastructure and how easily these could be exploited.

There are always improvements to be made, particularly in a field that tries to exploit ever-changing technology; however, the feedback was positive and our systems robust. That's not the end of the matter though and security remains high on the list of priorities. We are committed to an ongoing programme of review and training to mitigate the risks.

Prevention better than cure

As mentioned earlier, targeted attacks account for 10% of all cybercrime. It is the basic tricks that catch most people out. Cast the net wide enough, as with those 2 million daily attempts and the 'phisher-men' can't help but reel some of us in.

Think of your personal and financial information as an asset and look after it as you would any other. We're all in the habit of closing the windows and locking the doors to protect our valuables when we go out of the house.

We now need to get into the habit of carrying out the equivalent security checks for our data. You can reduce your vulnerability to cybercrime by 80% by taking some simple steps, if you have not already done so: -

- Create strong passwords. Do not use the same password for multiple accounts, after all you wouldn't use the same key to lock all your doors. A strong password should contain a mix of letters, numbers and symbols and never use personal information or common words as a password.
- Install security software on your devices. Security software can protect you by scanning incoming emails for attached viruses and spyware, monitoring the files you open and by helping to generally keep your devices in good health!
- Download updates to software applications. Software updates are often issued by vendors to address security vulnerabilities in their existing products. Using an outdated computer or piece of software is like living in a house with no locks on the doors, inviting unwanted intruders.

This list is certainly not exhaustive but can be a good starting point to keeping your online data and information secure.

Read more online...

For more information and free expert advice, check out www.getsafeonline.org

To report a crime or any suspicious activity, contact www.actionfraud.police.uk

Designing MyEQ

Here at Equilibrium we are currently in the process of developing, testing and trialling a new online portal for clients.

By Mark Hird

A clear, uncomplicated view of your finances in one place. Your investments, savings, pensions, insurances, mortgages, loans and property alongside all the associated paperwork. That is our vision for MyEQ, our new online portal that we are currently trialling and aiming to launch with all clients who are interested later this year.

With MyEQ you will be able to...

- View your investment portfolio
- Securely message your adviser and client manager
- Track your property values
- Safely store all your important documents
- Quickly access your insurance details
- Be reminded about your renewals, income and payments

On your desktop, tablet and as an app on your phone, your finances will be brought together under a single login accessible to you at any time, wherever you are.

The key benefits

Secure and timely communications

MyEQ keeps you connected to Equilibrium with secure messaging on your desktop, tablet or mobile. Notifications alert you when important messages or documents are waiting to be read.

The portal allows you to stay in touch easily and ensures that your personal data is exchanged using only the most secure methods.

Your data is always protected

We take the security of your personal and financial information very seriously. MyEQ makes sure that your data is safeguarded by using bank-level security and 128-bit encryption, essentially meaning that the connection between you and MyEQ will always be secure.

If you choose to download the MyEQ mobile app this will be further protected with your own six-digit pin and registered to your personal device.

Keep track of your investments

The portal will make it easy to see how your investments are doing. Valuations will be updated daily for you to be able to see a history of your entire Equilibrium portfolio.

A true picture of your net worth

A consolidated view of your net wealth across all of your accounts will be provided. You will be able to track your assets and liabilities over time - all brought together into a single view.

Your property valued

If you choose to enter your house number and postcode, MyEQ will be able to retrieve your address and link to the land registry database to access the purchase cost of your property and track its value using house price indices for your area.

Keep your important documents safe

You will be able to store your important paperwork including your wills, property deeds, insurance contracts, policy documents, valuations and statements all in one place. You will be able to access them quickly and efficiently whenever you need to.

Get a grip on your financial calendar

Never forget important financial dates, such as premiums due, income receivable, insurance renewals and policy maturities, with your own personalised events calendar.

Everything summarised in a single view

The MyEQ dashboard will give you a simple snapshot of your entire financial life and is an easy navigation point to everything you need. You can personalise it to display the information that matters to you most.

Building the dream - Cumbrian Heritage Homes

We speak to Equilibrium client Paul Durbin about his ambitious project to create five new luxury holiday homes in the heart of the Lake District.

By Sam Massey

Paul Durbin

Making the jump from the food industry to property development may seem like a strange move but for Cumbrian Heritage Homes Co-Founder and Director Paul Durbin, the two industries aren't all that different.

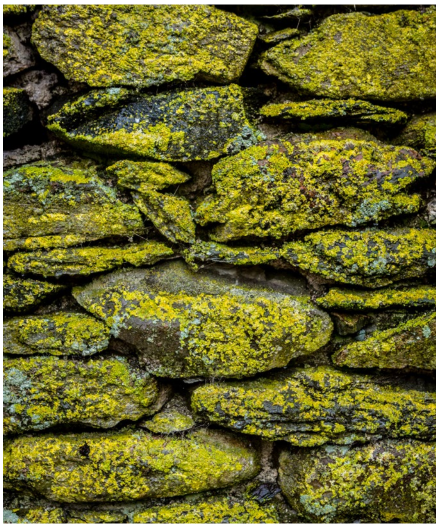
Paul Durbin says: "Working in the food industry is hugely creative and we have adopted a similar ethos in this new venture."

Alongside renowned local architect Richard Mason, Paul launched Cumbrian Heritage Homes with a vision to acquire heritage buildings in the Lake District and turn them into beautiful family homes.

It's a vision they are about to witness come to fruition as their first development of five homes in Patterdale near Ullswater hits the market.

"I have always had interests in the property market, both residential and commercial," says Paul. "Renovating heritage buildings to create modern homes is something I have always wanted to explore on a larger scale."

He adds: "Richard and I had previously worked together on the conversion of my own 17th century lakeland farmhouse in Patterdale, so when the opportunity arose to buy a group of barns previously part of the Patterdale estate, we knew we could create a unique, high specification finish for these wonderful buildings."



Planning permission was key. Originally, Paul and Richard had an option to buy the properties subject to improved planning permission but as the process lingered on the vendor lost faith.

With confidence in the planning system, as well as their own ideas for the properties, Paul and Richard bought the buildings with limited planning permission in 2013. Two years later, further permission was granted and work got underway in September 2016.

Each home is being lovingly restored to a very high standard, including a 10 year construction guarantee, while retaining the heritage aspects of the building and the surrounding site.

> We take pride in the fact that we have saved these heritage buildings

Dating back to the late 19th century the properties were built by the owner of Patterdale Hall. However, while undertaking research to support their planning application, Paul discovered they were built more for show than function – to impress travelling royalty and other dignitaries.

"Planning permission aside, this has by no means been plain sailing," says Paul. "Renovating these buildings has been hugely challenging but that's what makes it so exciting and so interesting – although I wouldn't have taken it on without Richard's involvement!"

As these homes come to market, they are already searching the Lake District for the next project. They know finding more property is going to be difficult, but they are ready to commit when the opportunity arises.

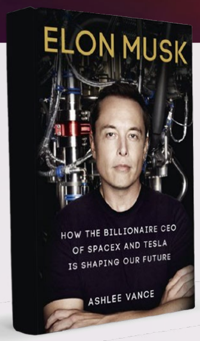
Paul says: "We take pride in the fact that we have saved these heritage buildings and created homes which can be enjoyed for many years to come."

He adds: "It's all about enjoying what you do and taking pride in it – something I have been able to do with both my career in the food industry and now in property restoration."

Find out more...

If you would like further information about Cumbrian Heritage Homes please contact Paul at **pauldurbin@msn.com** or on **07811 447 606**.

What we are reading this month...



Colin Lawson, Founder and Partner

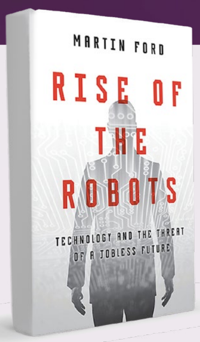
Elon Musk: Tesla, SpaceX, and the Quest for a Fantastic Future

by Ashlee Vance

Over the last few years the name Elon Musk seems to have been cropping up more and more. First as the driving force behind Tesla (the world's first all-electric car), then as the madman who wants to go to Mars and finally, as the guiding light behind SolarCity (the American company that specialises in solar energy services).

So when I saw this book I jumped at the opportunity to discover more about the man and his missions. It's a truly fascinating insight into the mind of someone who simply refuses to believe in the impossible and who is certainly boldly going where no one has gone before.

He comes across as totally unreasonable and in many ways it sounds like he's not fit to run a company or to manage people. However, if you are looking for a uniquely gifted individual who has the drive, intelligence and pure stubbornness to change the world, then he's your man. Love him or loath him, mock him or praise him, read the book anyway - I promise you won't be disappointed.



Neal Foundly, Investment Analyst

Rise of the Robots: Technology and the Threat of Mass Unemployment

by Martin Ford

Imagine if your computer was smart enough to do your job. As computers adapt into robots with greater mobility and intelligence, they will increasingly dislocate human work, leading to mass unemployment. This is the thesis presented in this book.

Ford presents a dystopian outlook on the impact of technology. A picture of widespread income stagnation and job obsolesce as the robots offer lower cost, more accurate, consistent and less hassle forms of production. This, he explains, is why incomes are not growing, employment is weak.

The book does offer one solution, a guaranteed minimum income for all workers. This 'solution' will afford people a basic standard of living, he argues and maintain demand in an economy where the robots will not be consuming.

In summary, the book falls short in blaming all the world's current and future woes on the growth in technology, although it does offer some insight into the changes that may transpire in the world of post-robotic work.

Constructing portfolios

By Neal Foundly

We all use infrastructure every day.

Road, data and energy systems have become an integral part of our lives. Driving along a road today involves far more infrastructure than just the tarmac. Your car may have a satellite-navigation system that relies on a collection of medium orbit satellites, the road may be maintained by a toll road operator and a data network monitors traffic flows, which can activate road signs to keep the traffic flowing freely. Although much of this is technology-based, it's all infrastructure.

When driving or taking the train we can be painfully aware of poor or inefficient infrastructure, however. In the United States, the average number of hours per year wasted in traffic per traveller has risen from 18 hours in 1982, to 42 hours today.*

Consultants McKinsey produced a report in 2016 estimating that the world will need to invest $3.3 trillion annually for the following fifteen years simply to keep pace with economic growth.**

We recently reviewed a number of investment opportunities that would allow our clients to tap into this emerging theme. After a thorough selection process, we picked the Lazard Global Listed Infrastructure Fund which invests in a wide array of assets across the globe. For example, the companies it invests in operate over 21,000 km of toll roads and manage over 88,000 miles of railway track (eight times the length of the UK rail network).

Investing in this fund should not only provide opportunities for returns, but may also prove resilient to any economic down-cycle as most of the assets – whether technology or tarmac – have become essential to everyday life.

We hold a variety of funds in our portfolios for diversification. To view all of the funds we hold, take a look at our investment section (page 42).

* Urban Mobility Scorecard Report, Texas A & M Transportation Institute, August 2015
** 'Bridging Global Infrastructure Gaps Report', McKinsey Global Institute, June 2016

Working together to build the Northern Powerhouse

The Northern Powerhouse Partnership (NPP) is an independent body that was launched in September 2016 to represent the voice of business and civic leaders across the North.

By George Osborne, MP for Tatton

In the sixteen years I've been the local Member of Parliament for Tatton, I've seen the Cheshire economy go from strength to strength. Successful businesses have expanded, international investment has arrived and exciting new start-ups have flourished. That's because we have worked hard to make this a great place to do business. The new roads I've campaigned to get built - from the Alderley Edge Bypass to the A556 north of Knutsford - have helped speed up local travel, and we've had a pro-growth council and pro-business MP working hand in hand.

> "If the cities, towns and communities of the north of England worked more closely together, then the whole would be larger than the individual parts

Now imagine if this part of Cheshire was better connected to the rest of the north of England - if you could travel quickly by car to Sheffield, or take the train easily to Leeds, or commute across to Merseyside? The distances aren't great - far less, for example, than some of the London Underground lines that millions of people use every day - but the transport links are poor, and there's not been enough sense of these communities forming part of a greater whole.

That is what I am working hard to change, with my Northern Powerhouse initiative. The idea is simple. If the cities, towns and communities of the north of England worked more closely together, then the whole would be larger than the individual parts. Build better transport links, empower the cities with strong elected mayors just as the likes of London or New York have, attract world class science and research, and the investment from the private sector will flow in. For we have the talent, the ideas and the grit to make the northern economy a strong counterbalance to the success of London and the south.

When I first set out the idea of the Northern Powerhouse two years ago, people thought this was a pipe dream and they wondered how long I would stick at it. Two years later, and the idea has grown and grown. The elected mayors are coming. The plans for new road and high speed rail links across the Pennines are being drawn up. Exciting new science facilities like the Graphene centre in Manchester are opening. Investment from places like China and the Gulf is flowing in. There's a real excitement in the business community about what we can now achieve here in the north.

> The plans for new road and high speed rail links across the Pennines are being drawn up

Leaving Downing Street last year, I could have let the whole Northern Powerhouse idea drop. But doing that would have been a betrayal of a great idea, and a blow to local people here. So instead I have created the not-for-profit Northern Powerhouse Partnership with some of the north's leading employers, and the civic leaders of our major cities. Our Partnership has set out plans that, if fulfilled, could add an extra £100 billion to the northern economy in the coming generation.
This isn't just about helping us today, it's also about creating opportunities for our children and grandchildren - and I believe one of the areas best placed to make the most of this success is our community here in Cheshire.

You can be part of this exciting future. If you want to find out more, why not visit our website at www.northernpowerhousepartnership.co.uk

Read more online...
Visit www.northernpowerhousepartnership.co.uk

Radical new technology comes to Manchester

By Debbie Jukes

Last year I was invited to attend an event at The Christie cancer centre in Manchester. The aim of the event was to explain how the centre was developing an innovative new technology to help its patients: proton beam therapy. It was humbling to hear from such a talented team about the fantastic work they were doing and I was fascinated to learn about the incredible progress being made.

As part of our 21st anniversary charitable activities, the Equilibrium team nominated The Christie Charity as one of the organisations to benefit from a share of the amount raised and we were delighted to award £2,500 to the charity for its proton therapy research room.

Opposite, Sue Bowden, Trust Fundraising Officer at The Christie Charity, explains how proton beam therapy works and shares the benefits it can deliver to patients.

Sue Bowden

The Christie
Charitable Fund

An artist's impression of the new Proton Beam Therapy Centre at The Christie

Work on the UK's first high energy proton beam therapy centre is currently underway at The Christie cancer centre in Manchester. The centre, due to open in 2018, has been designed to include a research room so that the proton beam can be used to not only deliver lifesaving treatment to cancer patients, but also to carry out groundbreaking research.

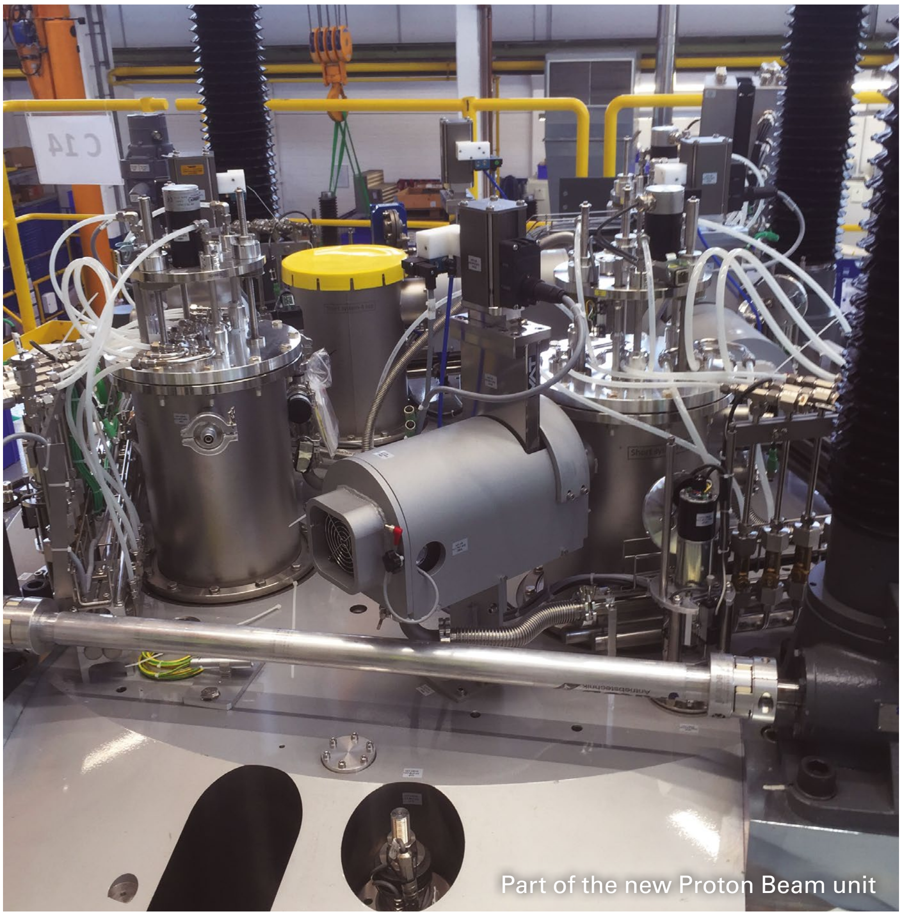
Proton beam therapy is a specialist form of radiotherapy that targets certain cancers very precisely, increasing success rates and reducing side-effects. It works a little differently to radiotherapy as protons can be made to 'stop' where they are needed – within the tumour. This precision means that this treatment is less likely to damage healthy surrounding tissue, vital in the treatment of tumours close to critical organs such as the brain or spinal cord. It is also particularly useful in treating cancer in children as the reduced dose to healthy tissue minimises the risk of long term effects such as problems with growth, IQ, hormone deficiencies and fertility problems.

A second proton beam therapy centre is to be built at University College London Hospitals NHS Foundation Trust and is scheduled to open in 2020. Working together, both hospitals will deliver a national proton beam therapy service for the UK with cancer patients from the Midlands and the North of the country being referred to The Christie for treatment.

Unique to The Christie centre will be the addition of a research room. Here scientists and cancer researchers will have direct access to the beam to conduct experiments that are designed to further improve outcomes for even more patients.

One of the first pieces of research will be to investigate how proton beam therapy can be delivered even more precisely and efficiently. This means better treatments for patients and fewer side effects. Researchers want to further understand how protons interact and how to improve targeting - where they deposit the dose to do most damage to the tumour.

> “
>
> Proton beam therapy is a specialist form of radiotherapy that targets certain cancers very precisely



Part of the new Proton Beam unit

The research team is in place, led by Professor Karen Kirby, the UK's first Academic Chair in Proton Therapy Physics. Because proton therapy is a new type of radiotherapy in the UK, the team will also play a key role in training the next generation of clinicians, scientists and engineers.

Funding to build both proton treatment centres has been secured from the UK Government. However, the proportional cost of the research room at The Christie sits outside of this. The Christie Charity is therefore seeking philanthropic support towards its £5.6 million appeal to build and equip the research space so that we can make the most of this amazing new facility.

We are incredibly excited by what we know proton beam therapy can already do, but our next question is: what else can proton beam therapy achieve? And that is what our proton research aims to answer so that both adults and children will have even better chances of beating cancer in the future.

Read more online...

To support the appeal contact **sue.bowden@christie.nhs.uk** or to find out more go to:
www.christie.nhs.uk/the-christie-charity/why-we-need-your-help/what-we-are-fundraising-for/proton-beam-research/

In profile:

Dave Ferguson

Founder and CEO of Nucleus Financial Group and FinTech envoy for Scotland

By John Warburton

Dave Ferguson is a founder of Nucleus, one of the online platforms used by Equilibrium to transparently manage client portfolios.

Recently, Dave was recognised for the innovation he has brought to the financial services sector when the Treasury asked him to become a FinTech envoy for Scotland.

Equinox caught up with Dave to find out just what that means...

> There's a great opportunity to do something transformational here that makes it really interesting

You have recently been appointed as a FinTech envoy for Scotland. What is FinTech and what exactly does the role involve?

Broadly speaking, FinTech is an umbrella term for financial technology, an expression which can be as deep and broad as you like. One of the initial challenges is getting a bit of definition around that, so that at least we know who we are trying to help. My current sense is that we are primarily looking at tech-led firms which are providing regulated services, or key suppliers to such firms.

The role is really all about promoting Scotland as a FinTech centre of excellence, whether that be helping to break down barriers to innovation, supporting learning and development or trying to drive the evolution of our legacy industry.

What do you envisage the role will look like on a day-to-day basis?

I'm pretty busy at Nucleus most days so thankfully this isn't a full-time role! It's early days but so far there have been spikes of activity as we try to advance certain initiatives (none of which are public yet) but over time I'd expect it to settle into a more regular pattern.

Why did you take the opportunity? What's in it for you?

Ultimately there's a great opportunity to do something transformational here that makes it really interesting. It's in pretty much everyone's interests to have a well-run and customer-led financial sector and developing our FinTech capabilities feels like a big part of that.

It's an initial appointment of just a year. What do you hope to achieve during this time?

I guess it's all about building momentum around funding, learning and development and some physical space where firms can operate and collaborate better. All the global evidence points to the effectiveness of physical hubs in developing a wider FinTech ecosystem. There are masses of raw ingredients here in Scotland and if I can organise them and get them all pointing in the right direction that would be a start.

> The biggest change which we have not yet felt is the impact of artificial intelligence and machine learning

With Nucleus still growing at a rapid rate, you no doubt already have a lot on your plate. Do you feel you have time to do justice to this new role?

Good question! This is what I most grappled with before accepting and I obviously consulted with our board and various colleagues before signing up. My conclusion was obviously that I did and a large part of that decision was made because there's notable overlap with the role and my work at Nucleus.

What has been the biggest change in technology you have seen during the past 10 years?

Looking back, it would have to be the advent of the cloud and the wholesale move toward mobile. I suspect though that the biggest change which we have not yet felt is the impact of artificial intelligence and machine learning – that has massive scope to impact our industry and lead to wholesale re-engineering of a lot of what we try to deliver for customers.

What's new at Nucleus?

We have a new office move coming up and a load of new product features coming down the track. Probably the most exciting of those is our new client portal which should go live this year. I'm also very excited about a new initiative we're working on, which is secret right now but it's the first big additional product we've ever worked on.

Developing our team

The Head of Training and Development at Equilibrium considers the importance of professional development at the Chartered firm.

By Lucy Moss

At Equilibrium we are committed to developing our people in order to deliver an excellent service to our clients.

To retain our status as a Chartered firm, our team must demonstrate their technical and professional knowledge through professional qualifications and keep their knowledge and skills up-to-date through continued professional development.

We have a comprehensive training and competency framework in place for all the team to be able to develop and grow within the guidelines set by our regulator, the Financial Conduct Authority (FCA) and in line with the requirements of our professional body, The Chartered Insurance Institute (CII).

Our commitment

- Our client managers are the first point of call for our clients. The minimum standard of qualifications for our client managers is to hold, or to be working towards, a CII Diploma in Financial Planning (involving a total of 350 study hours).

- 27% of our client-facing team have achieved Chartered status. Achieving this qualification shows that an individual has reached the highest level of ability, competence and ethical standards, with at least five years' relevant industry experience.

- We created a two-year graduate training programme to attract the very best talent. Programme participants benefit from relevant work experience and become Diploma qualified client managers on completion.

- Further study and continued professional development is actively encouraged and promoted across the team. We have an annual budget to ensure that all team members are supported in their continued learning and progression.

- We recently became a CII approved exam centre, meaning our team can take CII exams at the Equilibrium office.

Read more online...

To find out more about the CII qualifications the team hold go to www.eqllp.co.uk/interactive_resources/video-resource-items/cii-chartered-qualifications


Every day you make 35,000 choices.
One day you'll have to choose who to go to for financial advice.

Views from the frontline - US Special

In this edition we interview three fund managers who give us their expert views on the impact of the election of Trump on the markets.

Claire Hart

Fund Manager,
JP Morgan US Equity
Income

Jenny Jones

Fund Manager,
Schroder US Mid
Cap Fund

Bertrand Cliquet

Portfolio Manager,
Global Listed Infrastructure Fund
Lazard Asset Management

Equilibrium View

There are certainly reasons to believe that company profits in the US will pick up, after a disappointing few years. A cut to corporation tax would immediately increase post tax earnings as well as possibly encouraging companies to bring back cash held offshore and invest in the economy. Any large spending on infrastructure would also be a positive.

However, the US market is already looking expensive in our view. It is currently valued at a multiple of over 23 times earnings and when we have seen such valuations in the past this has tended to mean relatively low returns.

We also worry that investors are perhaps taking a too optimistic view that all the potential positive effects will occur, whilst there will be no negative effects from Trump's anti-trade agenda.

Will stockmarket gains continue or is there scope for disappointment?

CH

We believe that most of President Trump's stated policies are pro-growth and the prospect of corporate tax reform, increased fiscal spending and less regulation are positives for equities.

However, the devil will be in the details and expectations are high for the Trump administration to deliver policies that can lead to an acceleration in GDP growth, while making progress on corporate tax reform.

There remains a large degree of uncertainty as to the final outcome of President Trump's broad agenda and to the timing of when proposals will become law. The process of putting significant reforms through Congress is expected to be lengthy and contentious. President Trump's ambitious proposals may be scaled back and implemented later than expected as the legislative process unfolds.

JJ

There seems to be a general belief that GDP growth will be higher than anticipated due to Trump's stated intention to lower taxes and spend on infrastructure.

This may be true in the medium term. However, for us, Corollary Number One is: "Things take longer than you think". The new President will need to assemble coalitions in Congress to achieve these goals which leads us to Corollary Number Two: "Things are often harder than you think."

Trump's hostility to foreign trade agreements is also troubling. In a globally connected world, disruptions to our trade relationships could be damaging to us and our partners.

BC

Investors should remember that over time governments across the globe have floated big numbers regarding infrastructure investments that have never been deployed, the United Kingdom being a poster child of this.

Meanwhile the United States has already passed a $305 billion Highway Bill in December 2015 covering the 2016-2020 period, and a budget-conscious Republican-dominated Congress might choose to wait until further progress is made on this initial bill before committing additional funds.

What about US stocks? Have they already priced much of this in, or is there further to go?

CH

The future direction of corporate profits looks encouraging but expectations are high.

From a valuation perspective, the US market is more expensive today than it was 3 or 5 years ago. However, comparative values between equities and bonds remain favourable for equities as an asset class. Thus, we continue to believe that US equities can deliver positive returns, though likely less robust than last year's strong pace and probably more in line with earnings.

However, some caution is warranted regarding the post-election enthusiasm and political uncertainty leads us to believe 2017 will see a trend of increasing market volatility.

JJ

To make an obvious point the election results have had an impact on our outlook for 2017. We also note that the US stock market has rallied post-election driving up biotech, pharmaceuticals and infrastructure related stocks.

Whilst we do believe Trump will achieve many of his goals, they seem to be close to fully priced now and they could take 9-18 months to accomplish. That leaves a lot of room for disappointment.

Health care stocks (beyond pharmaceuticals) seem to be particularly problematic. Repealing "Obamacare" without replacement seems difficult to politically untenable. Approximately 20 million people have been added to the health insurance roles; taking that away without another program replacement seems unwise. How this will work out in practice is a big unanswered question that could take some time to gain clarity. We believe he will need some Democratic votes in Congress to achieve meaningful change in this area.

BC

Our view is that it is too early to say how any potential infrastructure investment in the United States will translate into opportunities for listed infrastructure companies.

The challenge is to balance the general positive backdrop that heavy investment represents, against the valuation opportunities offered by the market. We believe that the infrastructure opportunity set in the United States is currently expensive, as low interest rates have pushed valuations to unsustainably high (on both a relative and absolute basis) and richer than they have been at any time during the past three decades. This is the result of the market marking these stocks higher in the "search for yield." As a result, our portfolio holds very few US utilities and remains underweight in this sector relative to various infrastructure indices and our competitors.

So where are the opportunities for investors?

CH

Our investment process focuses on high quality companies, durable business models with a sustainable competitive advantage, consistent profitability, run by strong management teams with a track record of value creation. We will look to acquire stakes in these companies when they are trading below their intrinsic value.

Predictions are very difficult and events in 2016 certainly made the point. We always remind our clients that our key advantage lies in finding investment opportunities and build a portfolio from the bottom up, rather than making macroeconomic predictions.

JJ

Trump's trade policies do seem to argue for investments in more US centric parts of the market. This suggests small and mid capitalisation companies where approximately 82% of revenues are domestically sourced. For large cap, that number is about 65%.

We remain positive on the primary and secondary effects of the continuing increase in demand for housing. The demand has moved from multi-family to single family which we believe is a function of developments within the millennial generation. This group was significantly hurt by the Great Recession, delaying the start of their adult economic lives as well as their family creation. We began to see a change in the first element with an increase in multi-family housing demand in 2011. Over the last two years we have seen an increase in the birth rate for this age cohort which we believe is driving the rising demand for single family housing. This boosts demands for a wide variety of products and services.

BC

As infrastructure specialists, we look to invest in what we call the "preferred infrastructure" universe, consisting of listed companies operating in OECD member countries. These must own physical infrastructure, benefit from long-term concessions or government contracts giving them quasi-monopoly status and they must provide inflation-linked returns.

While the news is currently dominated by the United States, infrastructure companies across developed economies are in a secular investment phase to transform and renew the post WW2 infrastructure, help economies turn green and promote energy efficiency and conservation.

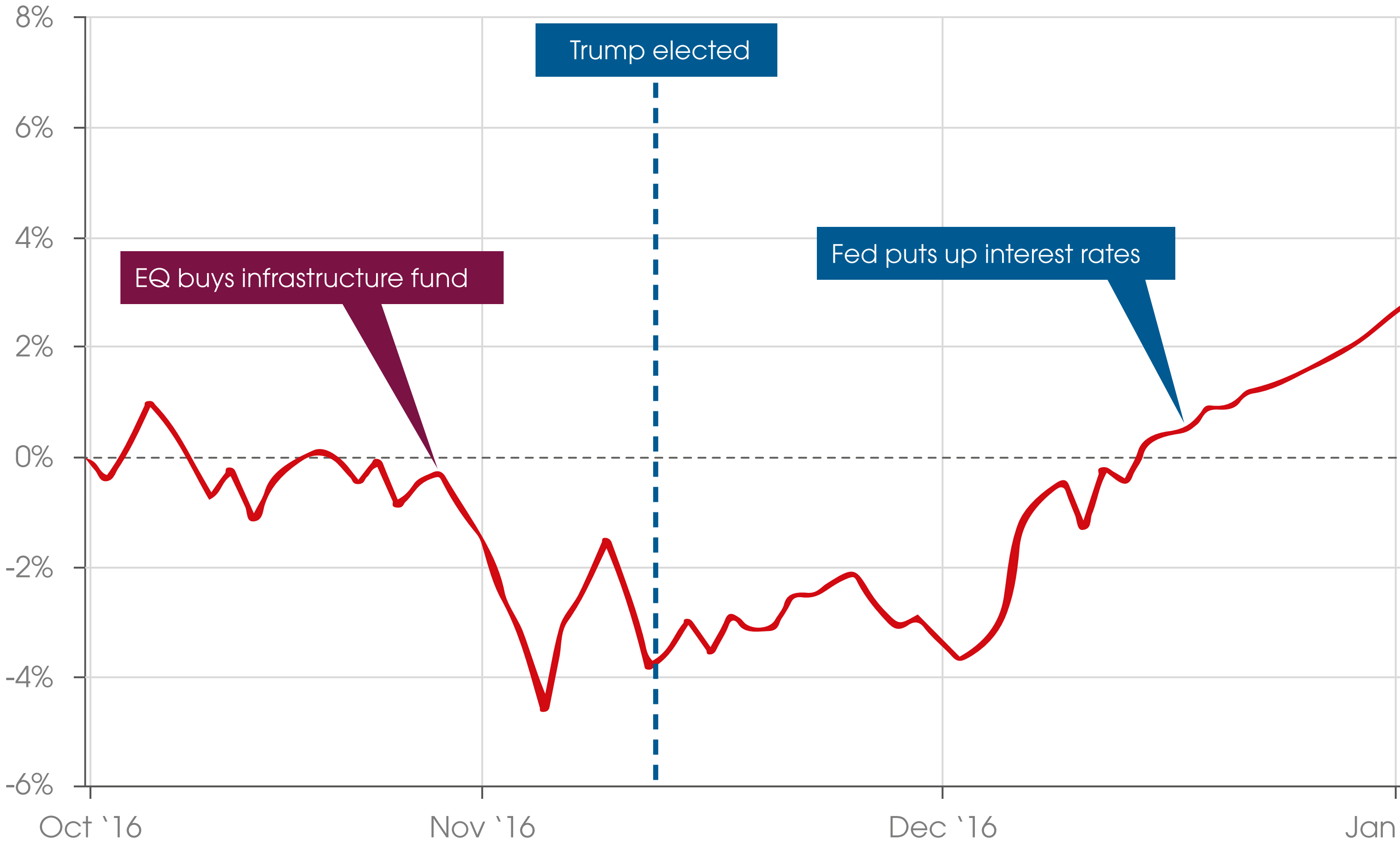
We believe political and economic events will have minimal long-term impact on the monopoly-like infrastructure assets that provide essential services to communities. People will continue to use electricity and gas to light and heat their homes, water to wash their hair and brush their teeth, catch airplanes, and drive cars in most economic environments.

Investment review:

Expensive markets need creative solutions

Welcome to the investment review section of this edition of Equinox.

By Mike Deverell



32 **Asset class outlook**

In general, given market valuations we are cautious about equities, less pessimistic about fixed interest and more cautious about some property funds.

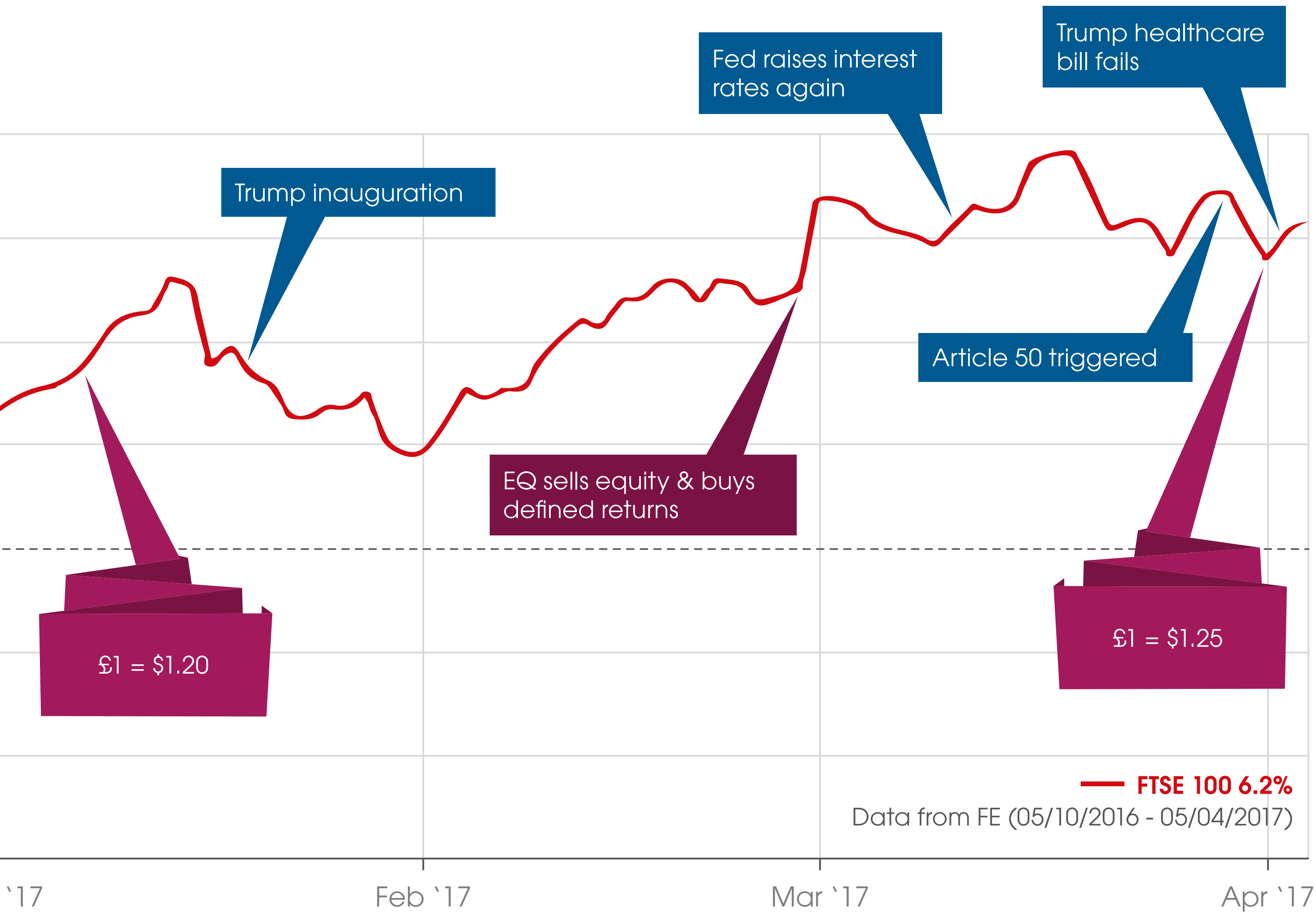
35 **Portfolio changes & added value**

Over the past six months we have been creative to achieve returns.

This section looks at what has been happening in the investment world over the past six months and what we think could happen in the future.

As with the previous six months, which were dominated by Brexit, this period has been shaped largely by one event – the election of Donald Trump as US President. This has led to optimism about higher economic growth fuelled by fiscal stimulus and tax cuts in the US.

The chart below shows the FTSE 100 Index over the past six months and highlights some key events over the period.



36 **Fund performance & sector analysis**
Over the long term the performance of our funds looks strong.

39 **Portfolio performance**
Over five years all our portfolios have returned at least 5% above inflation and have outperformed their benchmarks.

Proceeding with caution

It has been another good period for stockmarkets and for portfolios. From 5 October 2016 to 5 April 2017, the FTSE 100 grew by 6.2%. This helped our balanced model portfolio to a return of 3.51% over six months, in line with the average balanced fund, represented by the Investment Association Mixed Investment 20% to 60% Shares sector, which grew 3.5%.

This performance is pleasing given our cautious approach. As always, we tend to sell riskier assets such as equities in rising markets to bank the gains that we have made and ensure that we sell at relative highs. This also means that we have cash available to go back into markets should they pull back, ensuring that we buy at relative lows.

> “
>
> We tend to sell riskier assets such as equities in rising markets to bank the gains that we have made

Our aim is always to achieve the returns our clients require at the lowest possible risk. Typically, we aim for around 5% a year above inflation over an average five years.

Over the five years to 5 April 2017, our balanced portfolio returned 43.10%, which is around 7.4% a year. Over this period, CPI inflation averaged around 1.4%*, so the portfolio made a real return of 6% a year after inflation, well ahead of target.

One way we achieve this is by being constantly active and aware of opportunities and risks. For example, over the 12 months to 30 March 2017, we made 15 changes to a typical balanced portfolio. Of these, 60% of changes added value, accounting for 0.4% of added performance. While this might not sound a lot, it adds up over the long term, especially as changes can sometimes take a while to work.

For example, if we had not changed our balanced portfolio over the three years to 30 March, the return would have been 13.15%. The actual return was 19.31%, a difference of 6.16% or around 2% a year.

We only make changes where we think it necessary. Ideally, we would keep every fund we hold for the long term. So, we are happy to note that most funds in portfolios have beaten their benchmarks over the period we have held them. Only three of the 26 funds in portfolios have underperformed and on average, the outperformance is over 5% a year. For full performance of all of our portfolios see Table 2 on page 35.

Trump trades

One big factor driving stockmarkets has been optimism about the US economy.

After Donald Trump’s election as US President, investors focused initially on the potential positive effects of his policies. This caused markets to surge, with certain sectors doing better than others.

Trump’s planned tax reforms are a potentially important factor. Businesses currently pay up to 35% federal corporate tax on profits but the President has proposed cutting the federal tax to as low as 20%.

If this reform goes ahead, there would be a sharp jump in net profits for US companies. To oversimplify, a company that makes $100 of gross profit per share would currently make $65 per share net profit at the full 35% tax rate. If the tax is cut to 20%, their net profit would instead be $80 per share, a 23% increase.

Such a large jump in a company’s earnings would help its share price. However, most large companies do not pay anywhere near the 35% tax rate due to a complex system of allowances.

The high current tax rate is also the reason that many multinational firms in the US hold so much cash offshore. For example, Apple reportedly has around $246 billion in cash, which is almost as large as Denmark’s entire economy.

Much of this cash is from Apple’s overseas earnings. It does not want to repatriate this cash to the US as it would have to pay tax on its profits. Trump and his administration hope that a tax cut would encourage companies like Apple to bring this cash back and invest it in the US economy.

Trump has also promised a $1 trillion infrastructure spending package. The US, like many other countries, has much infrastructure, such as roads and bridges, that needs upgrading or replacing. There are few details on this plan yet, but taken at face value it could help stimulate the US economy and create jobs.

An increase in US economic growth from these policies would probably increase company earnings, which is why markets have reacted so positively. In particular, economically sensitive stocks have done well. These include banks, which usually benefit from the higher interest rates that an economy with high growth requires.

However, not all stocks have been winners. Trump’s healthcare reform plans saw many of the stocks that benefited from the Affordable Care Act, known as Obamacare, sell off sharply after his election.

Trump’s promises have also led to a strong US dollar and a sell-off in US government bonds, as the Federal Reserve put up interest rates and markets priced in more increases.

> “
>
> After Trump’s election as US President, investors focused initially on the potential positive effects of his policies. This caused markets to surge

*Source: Financial Express (FE)

Markets have begun to believe in global 'reflation' – a return to vibrant economic expansion and inflation after years of anaemic growth and deflation.

Healthy scepticism

While many investors have bought into this narrative, we have remained sceptical. One reason is that US stockmarket valuations looked expensive even before the latest bull run.

However, we also remain sceptical that Trump can do all he has promised. While the Republicans hold both Houses there is a big difference between Trump's outlook and the fiscal conservatism of many Republicans.

Big tax cuts and a large spending programme can only work by running a substantial deficit, which would push up government debt. The 'deficit hawks' in the Republican party are unlikely to nod through such policies. We believe there is a significant risk of such policies being watered down substantially or not implemented at all. That could lead to a steep fall in markets.

This risk came into focus sharply at the end of March as Trump had to abandon his attempt to repeal and replace Obamacare. Many Republicans were against his reform. In particular, the so-called Freedom Caucus refused to back the bill because it did not save enough money.

This may set a precedent that a relatively small caucus could dictate the outlook for the US economy and for global markets.

After the Act's failure, those healthcare stocks that fell after Trump's election rallied. Meanwhile, pharmaceutical and biotechnology stocks, which had hoped for less regulation, slumped.

Trade protectionism

The flip side to Trump's pro-growth agenda are his global trade policies. He has promised to 'make America great again' and fight against what he sees as foreign powers stealing US jobs.

This has led to him withdrawing or renegotiating trade agreements and threatening to impose tariffs on goods from Mexico and China.

> Brexit could well turn out to be a big success but the deal we make with Europe will be the biggest determinant of success or failure

Economists worry about this protectionist agenda as there is a strong link between global trade and economic growth. That is also why they worry about Brexit, which they say could reduce trade between Britain and the European Union (EU).

Adding tariffs on imports is not as simple as it sounds. For example, around 40% of the goods that the US imports from Mexico contain 'input' from within the US. This means that adding a tariff on the finished product could hit American firms and jobs as well as those in Mexico.

Equally, many people think that if the UK does not reach an acceptable trade agreement with the EU, we will have to rely on World Trade Organisation (WTO) rules, which would lead to tariffs on certain goods and services.

For example, the UK car industry has been a recent success story with over 1.7 million cars produced last year – a 17-year high. Around half these cars are exported to other countries in the EU. Moving to WTO rules would see a 10% tariff imposed on exports of cars to the EU. It would also apply in the other direction, making European cars potentially more expensive for us to buy.

However, tariffs do not just apply to the finished product but also to components. On average, only 41% of the parts for cars assembled in the UK are made in Britain.

For example, while BMW's Mini is assembled in Oxford, its crankshaft crosses the Channel three times during the production process. It is made in France then sent to Warwickshire to be drilled into shape. It then goes to Munich to be inserted into the engine, before the engine is sent to Oxford to go into the finished car.

If the car is then sold on the Continent, it could cross the Channel a fourth time. In theory, that crankshaft could be hit with a 10% tariff four times.

Brexit could well turn out to be a big success but the deal we make with Europe will be the biggest determinant of success or failure. This is one of a number of reasons to be cautious about the UK economy.

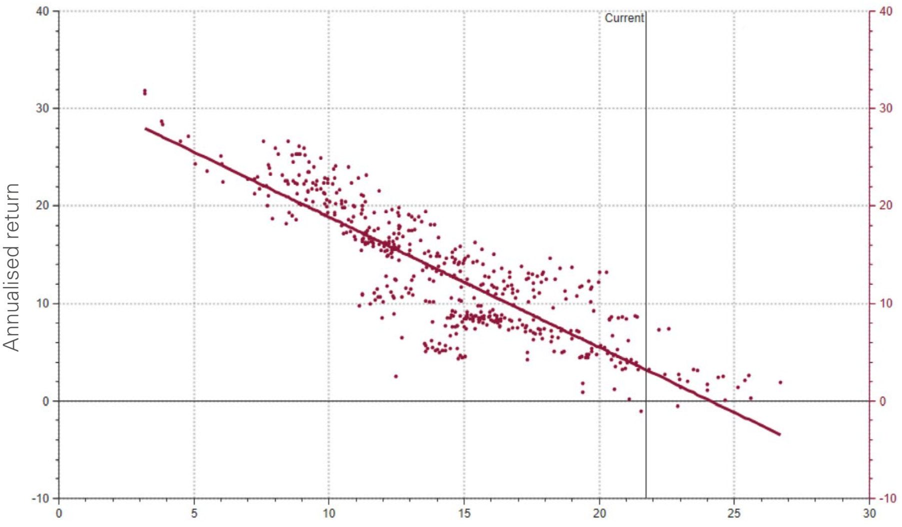
Asset class outlook

We should always remember that the relationship between the economy and the stockmarket is loose. In fact, stocks often do better when the economy is performing poorly. Markets are forward-looking, so tend to sell off before a recession is confirmed. They also tend to drop too far and become cheap. Equally, they can overshoot and become too expensive in anticipation of good economic news.

Market valuation is the key determinant of future returns. Our caution is based mainly on our belief that the market looks expensive, together with the economic risks and the potential for disappointment. Chart 1 shows the relationship between the price/earnings (PE) ratio of the UK market and subsequent 10-year returns. The ratio is calculated by taking the total value of all companies in the market and dividing it by their total earnings.

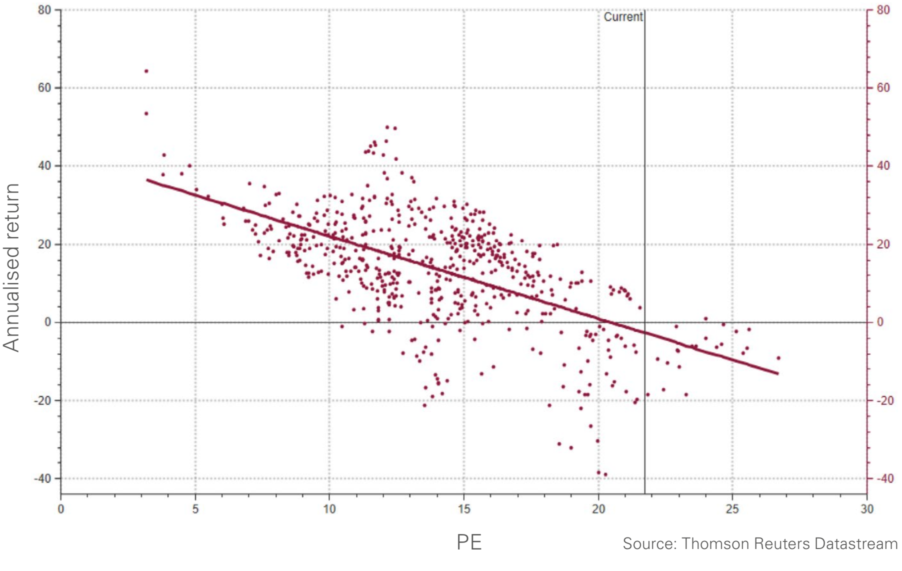
Each dot on the chart shows a different 10-year period. The higher the dot, the higher the returns over that 10-year period. The further to the left, the lower the PE ratio at the beginning of the period. There is a strong pattern showing low PE ratios leading to higher returns, while high PE ratios tend to be followed by lower returns.

Chart 1: PE ratio vs 10 year annualised returns



Source: Thomson Reuters Datastream

Chart 2: PE ratio vs 2 year annualised returns



Source: Thomson Reuters Datastream

The current PE ratio of 21.7 is well to the right and very few periods have begun with a higher ratio.

> "Given the market valuations, we are holding less equity than usual in our portfolios

When the PE ratio has been at these levels in the past, returns over the next decade have ranged from around zero to 9% a year, with the majority of periods seeing in the region of 5% pa.

Chart 2 shows the same thing but over two-year periods. In the past, when the UK market has been this expensive we have seen negative returns over two years, more often than not, with the worst losses being around 20% pa.

US and European markets look similarly expensive. However, we do see more value in Japan and Asia. In the UK, smaller companies look better value than larger companies.

However, given the market valuations, we are holding less equity than usual in our portfolios.

Fixed interest

If the 'Trump-flation' theory is correct and we are back in an era of higher inflation, this would probably be negative for bonds.

As well as our scepticism about Trump's policies, we also think there are structural reasons why inflation will remain relatively low over the longer term. With increasing life expectancy leading to a much higher proportion of retired people to workers, it is hard to see economic growth averaging the levels we experienced in past decades when the workforce was growing strongly. Lower growth would tend to mean lower inflation.

The other drivers of inflation over past decades have been commodity prices, pushed up by a rapidly developing China. As China's growth slows, its demand for commodities reduces.

If the low inflation levels of the past few years continue, then interest rates will probably remain low too. If so, many fixed interest bonds still look reasonable value.

However, that does not mean that there cannot be short-term bouts of inflation as we are seeing now. The current inflation is driven partly by the recovering oil price, back up to above $50 a barrel, having been below $30 a barrel in early 2016. That is still half the price of a few years ago.

The second driver of inflation in the UK is the pound, which fell substantially following the EU referendum.

February's inflation figures showed CPI above the Bank of England's 2% target for the first time since 2013. CPI was 2.3% in February while RPI was 3.2%.

Chart 3 shows the contribution that each category made to the overall CPI figure. The orange bars show the latest figures and the blue bars show the figures from February 2016.

The biggest contribution to inflation is transport costs, which this time last year were having a deflationary effect. Also, prices of food and non-alcoholic beverages, which have had a long-term deflationary effect, are now starting to increase. Much of that is due to the fall in the pound.

This period of inflation may be relatively short-lived, but it could still hurt the economy as wages are not rising as fast as prices. That means consumers have less money to spend on non-essentials, which could suppress growth.

> "There are clearly risks to UK economic growth. While the current growth rate is reasonable, if not stellar, there is much uncertainty

Inflation is normally bad for conventional government bonds (called gilts in the UK), which pay a fixed level of interest. At present, a 10-year gilt pays around 1.2% a year, which is a negative real return after inflation. If inflation continues, it would force the Bank of England to increase rates, which may lead to investors selling gilts.

However, gilts tend to do well when the economy performs poorly, as investors see them as a haven. We think the best way to benefit from this haven appeal, while defending portfolios against inflationary drag, is to invest in index-linked gilts where returns are partially linked to inflation.

We also hold some corporate bond funds where we are essentially lending money to companies. These provide a higher yield well above both cash and inflation. While we are not expecting much capital growth from this asset class, we think we are likely to receive a reasonable income without major capital losses.

UK commercial property

There are clearly risks to UK economic growth. While the current growth rate is reasonable, if not stellar, there is much uncertainty. With Article 50 only just triggered, it may well be more than 12 months before we have any hints about our future relationship with Europe.

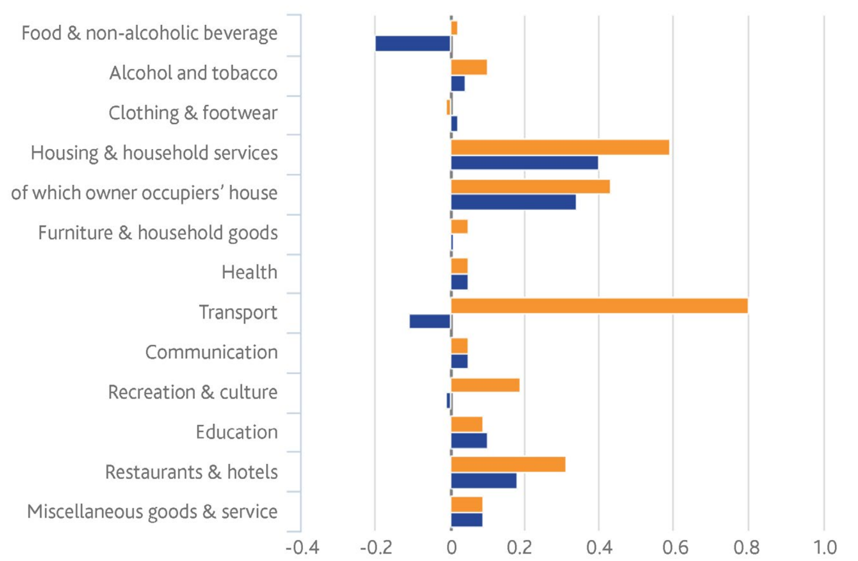
This is one reason why we hold little in UK commercial property at present. When economic growth drops into recession territory, the monthly change in commercial property prices tend to move negatively.

Even if the current level of economic growth continues, this implies relatively flat prices.

Given these economic trends, we currently hold only one property fund in portfolios. This fund has a much higher income yield than many others, which have large London weightings. London properties tend to have a lower rental yield due to the massive increase in prices over recent years. This would be okay if rents were expected to grow quickly as they have done until recently. However, we are concerned about the impact of Brexit on property markets in the capital.

Several investment banks have already announced that they will divert jobs from London to other European offices, a trend that could accelerate depending on Brexit negotiations. We prefer funds that have higher rental yields and are not relying on rental growth and those that invest outside the capital. There are few funds that meet all our criteria so our property weighting remains low.

Chart 3: Contributions to inflation



Source: Office of National Statistics

Asset allocation

As always, we react to market conditions and adapt the asset allocation of our portfolios to market levels and valuations.

Chart 4 shows how our equity allocation has evolved over the past two years relative to the FTSE 100 Index. The red line shows the amount of equity we held in a balanced portfolio while the blue line shows the FTSE 100.

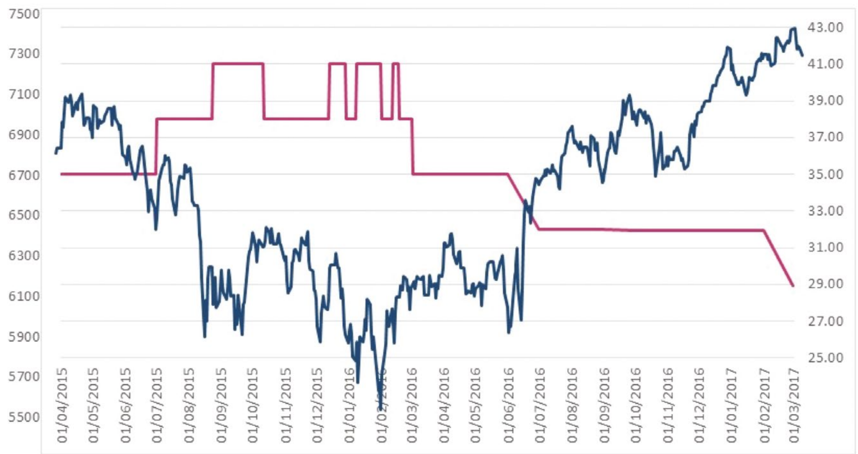
As you can see, we typically hold more equities when markets are lower and reduce exposure as markets rise. We reacted to sharp falls in the market by topping up equity, which we then sold again as it recovered. This process allows us to control risk while taking opportunities to make gains.

We are now underweight equity given the record market levels and historically high valuations. However, as usual we are ready to reverse this stance and top up equity holdings should markets pull back.

Chart 5 shows the asset allocation of our ideal balanced portfolio. The left-hand chart shows our 'strategic' or long-term weighting, which is where we would invest should all asset classes be fair value in our view.

The right-hand chart shows our current 'tactical' weighting. This is how we adapt the portfolio to market conditions.

Chart 4: Equity weightings and market levels



Source: Thomson Reuters Datastream

Chart 5: Strategic and tactical balanced portfolio asset allocation

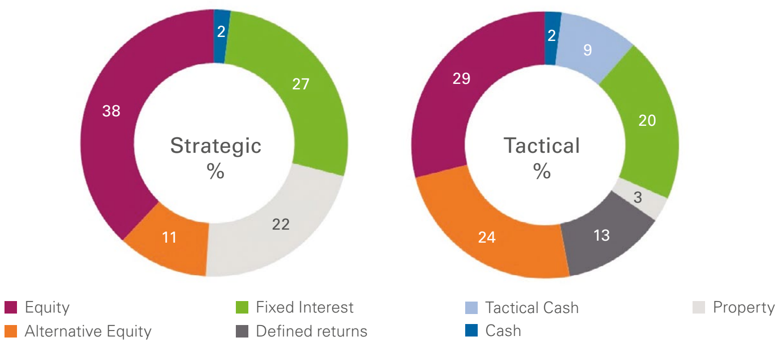


Table 1: Balanced portfolio asset allocation

Asset class	Strategic weight %	Tactical weight %	Over/ underweight %
Equity	38	29	-9
Alternative equity	11	24	+13
Property	22	3	-19
Fixed interest	27	20	-7
Defined returns	0	13	+13
Cash	2	11	+9

> We react to market conditions and adapt the asset allocation of our portfolios to market levels and valuations

Table 1 shows the same information in numerical form. As you can see, there are some substantial differences between the strategic and tactical allocations.

Creative decisions

Asset allocation is always a relative decision. We always have to invest the money somewhere, even if that is cash.

At present, we expect returns for all the main asset classes – equity, fixed interest, property and cash – to be below long-term averages over the next few years. That is why we hold less than usual in each asset, except cash. We are not holding cash because we expect great returns, but because cash cannot lose money and is very liquid, allowing us to move quickly should opportunities arise.

This outlook means we have to be more creative to achieve returns – for example, by investing in 'hybrid' asset classes such as alternative equity and defined returns; or niche investments, which we think can do well almost regardless of market or economic conditions.

Alternative equity principally comprises funds that describe themselves as absolute return. Many of them can make money from betting on assets falling in value (by going 'short') or positioning for them rising in value (going 'long'). They share many of the same risks as equities but can provide returns regardless of market direction. This depends on the manager going short or long on the right assets and stocks, which is easier to say than do.

Going overweight alternative equity has hurt performance in the short term. However, if we are right and markets pull back it will hopefully not only cushion portfolios from the worst of the falls but also potentially create gains in a falling market.

In the alternative equity asset class, we have purchased an infrastructure fund recently. This invests in things like toll roads, railways and power supplies, which tend to provide a slow and steady income in almost all economic conditions. While the fund invests into the shares of such companies, they also have some bond-like characteristics and the bonus that the income tends to rise with inflation.

Another hybrid investment is defined returns – also known as structured products – which provide a pre-determined return in a set of pre-determined circumstances.

For example, we recently created a product with Morgan Stanley based on the FTSE 100 and the S&P 500, which is the main US stockmarket.

> Asset allocation is always a relative decision

This was set up on 27 January 2017, when the FTSE 100 was at 7,185 and the S&P at 2,294. If these indices are the same or higher than those levels on any of the first six anniversary dates (the first being 27 January 2018) the product will end and provide an 11.55% return multiplied by the number of years since launch.

Crucially, the markets only need to be the same or higher than those levels at an anniversary date. The market could gain 0.01% and our investors would get 11.55% a year simple (rather than compound growth).

If the markets have not been higher during the six-year term, the product matures and returns the investor's capital, unless either market is down by more than 40% on that date. In this instance, the product loss matches the market loss. To date, there has never been a period when the market has fallen more than 40% over six years, though it could happen in future.

We switched into this product from traditional equity funds because we think the potential return is likely to be higher than the market over this period. We also think it is lower risk than the market in many ways. There is however an element of credit risk as this investment is essentially a loan to Morgan Stanley. If it defaulted, we may lose our investment, as we would with any corporate bond. We therefore never put more than 5% of the portfolio with any one bank.

Another way that we are looking to protect capital as much as possible while aiming for a higher return than cash, is to invest some of our cautious and balanced portfolios in another niche asset – short-dated corporate bonds.

While they are loans to companies, the very short-dated nature of these bonds means default risk is limited and the potential income yield is likely to be well above cash levels.

Portfolio performance

Table 2 shows the performance of our three core model portfolios over various periods against the typical managed fund, which invests a similar amount in equities (the Investment Association Mixed Investment 20% to 60% Shares sector). It also shows the annualised return over the last five years in nominal and real, post inflation terms.

> Our goal is to provide consistent returns well ahead of cash and inflation, with as little risk as possible

Over the shorter term, our portfolios have seen mixed performance relative to the benchmarks due to our more cautious approach. Typically, while the average managed fund is allowed to hold between 20% and 60% in shares, their average allocation is towards the top end of that scale.

For this reason, while our adventurous portfolio has outperformed over 12 months, our balanced and cautious portfolios have returned slightly less than the sector. While we are happy to be compared to these benchmarks, we do not aim to beat them. Our goal is to provide consistent returns well ahead of cash and inflation, with as little risk as possible. Whilst returns cannot be guaranteed, typically we aim for real returns of 5% above inflation, depending on the level of risk the client is willing to accept.

Over five years, all the portfolios have returned at least 5% above inflation and have outperformed their benchmarks. This is a pleasing result and we believe it is important to reduce risk now to give us the best chance of doing the same over the next five years.

Table 2: Portfolio returns

	6 months %	1 year %	3 years %	5 years %	5 years annualised %	Real return over 5 years*
Portfolio: Equilibrium cautious model	3.03	9.43	15.50	38.17	6.68	5.28
Portfolio: Equilibrium balanced model	3.51	11.05	18.80	43.10	7.43	6.02
Portfolio: Equilibrium adventurous model	4.51	15.97	24.94	48.75	8.27	6.87
Sector: Investment Association Mixed Investment 20% to 60% Shares	3.50	12.87	19.04	36.97	6.49	5.09

* based on average CPI of 1.4% a year

Sector performance & analysis

UK equities

It has been a difficult period for actively managed UK equities funds as they have generally lagged the Index.

For example, the average fund in the UK All Companies sector returned 19.71% over 12 months. Meanwhile, the FTSE Allshare tracker fund we hold in portfolios (the Vanguard FTSE UK Allshare Index fund) returned 23.62% over 12 months.

Active funds typically underperformed for two reasons. Firstly, many were underweight commodity stocks which make up a large proportion of the Index and which did extremely well as oil prices recovered from last year's shock.

Secondly, after the EU referendum there was a real split between those UK listed stocks that make their profits domestically and those that make their profits overseas. For example, from 23 June 2016 (the day of the referendum) to 5 April 2017, the FTSE 100, where perhaps 75% of earnings come from overseas, is up 18.98%.

However, the FTSE 250 where at least half of revenues are derived from within the UK, is up only 12.05%. Much of this is a result of the falling pound, which helps to push up overseas profits.

Table 3: UK equity fund performance*

	6 months %	1 year %	3 years %
CF Miton UK Multi Cap Income	5.16	8.52	26.6
Royal London UK Equity Income	3.60	20.79	26.95
CF Woodford Equity Income	1.51	12.41	n/a
CF Miton UK Value Opportunities	10.75	11.77	40.56
Lindsell Train UK Equity	4.44	17.88	40.93
Marlborough Special Situations	12.54	22.90	41.84
Vanguard FTSE UK All Share Index	6.16	23.62	22.91
FTSE 100	**6.20**	**25.18**	**22.54**

These factors affected some of our actively managed funds over the past 12 months, particularly those more exposed to smaller UK companies.

However, over the longer-term, the performance of our chosen funds looks strong, with each of those with a three-year track record outperforming the FTSE 100.

Overseas equity

UK investors in equities from outside of the UK have had some excellent returns over the period, helped by the falling pound.

We do not hedge currency exposure, which means that our US investments, for example, benefit when the dollar goes up against the pound.

Table 4: Global equity fund performance*

	6 months %	1 year %
Baillie Gifford Japanese	8.50	50.10
Schroder Tokyo	7.76	39.89
Sector: Japan	6.99	36.35
BlackRock European Dynamic	7.29	22.04
Sector : UT Europe Excluding UK	**8.34**	**25.41**
Vanguard US Equity Index	11.99	33.49
JPM US Equity Income	13.01	30.77
Sector: North America	12.21	31.79
Equilibrium Global Established Portfolio	9.26	33.91
Global Established Benchmark	**10.54**	**29.47**
Invesco Perpetual Hong Kong & China	3.77	33.62
Schroder Asian Alpha Plus Z Inc	9.89	43.21
Portfolio: Equilibrium Global Speculative Portfolio	6.91	38.51
Sector: Global Emerging Markets	**8.76**	**38.19**

*Tables 3-6 show the performance of some of the funds held within our portfolios against benchmarks.

Our Japanese funds have performed the best over 12 months. This helped performance as we have been overweight Japan relative to the US and Europe.

Our US and Japanese funds also did well relative to their sectors, although our European fund marginally underperformed. Overall, our global established portfolio outperformed its benchmark over 12 months.

In emerging markets, our global speculative portfolio was slightly ahead of the wider emerging market benchmark, where recovering commodity prices have driven performance. We prefer to invest in Asia and China, which are not large commodity producers and so are pleased to have kept up with the sector in this environment.

Alternative equity

Alternative equity has been a frustrating asset class for us over the past 12 months or so.

Most funds in this category class themselves as 'absolute return'. While we dislike the term, these funds are designed to produce equity-like returns over the long term with less risk than traditional markets.

Three of our four funds in this sector have done reasonably well - in particular the Natixis H2O MultiReturns fund which has gone up over 12% in the past year.

However, our fourth holding, the Odey Absolute Return, has performed poorly. This meant the overall portfolio returns were disappointing during this period, although they were still positive.

Table 5: Alternative equity fund performance*

	6 months %	1 year %
CF Odey Absolute Return	-13.86	-17.81
Invesco Perpetual Global Targeted Returns	2.48	4.31
Natixis H2O MultiReturns	10.01	12.36
Old Mutual Global Equity Absolute Return	4.5	3.11
Equilibrium Alternative Equity	1.51	1.15
Mixed Investment 20% to 60% Shares	3.5	12.87
Targeted Absolute Return	1.35	2.92

Chart 6: Infrastructure fund performance

A - Equilibrium Infrastructure (Alt Equity) (18.07%)
B - MSCI world (7.89%)
C - FTSE global core infrastructure 50/50 (5.80%)

28/10/2016 - 07/04/2017
Data from FE

> In the alternative equity asset class we have introduced a new sub-section, investing in infrastructure

The Odey fund has previously been one of the best performing funds in portfolios over a long period. The underperformance has come from a relatively bearish stance, meaning it lost money as markets went up. This means that the fund could make money if markets slip back. While there are no guarantees, this is one of the reasons we hold such funds in portfolios.

In the alternative equity asset class, we have introduced a new sub-section, investing in infrastructure. This was introduced in late October, so we have not held it for a full six months. So far, this has achieved an 18.07% return from 28 October 2016 to 5 April 2017. Chart 6 shows the performance of the fund since purchase relative to world equities and its own benchmark.

Fixed interest

Fixed interest has performed well over the year with our portfolio up by over 11%, beating its corporate bond sector benchmark.

Our preference for corporate bonds over gilts helped performance. The best performing fund over six months was the Royal London Sterling Extra Yield fund, which invests partly in high yield bonds. These are loans to companies with lower credit ratings but which Royal London, having done its own credit research, believes are less risky than the market has priced in.

Also positive was the introduction of an index-linked gilt fund in June. The potential return of these bonds is influenced partly by inflation. As the pound has fallen and inflation expectations risen, this has helped returns.

Table 6: Fixed interest fund performance*

	6 months %	1 year %
BlackRock Corporate Bond Tracker	-0.07	8.83
Jupiter Strategic Bond	1.87	7.87
L&G All Stocks Index Linked Gilt Index Trust	-0.57	21.62
Royal London Sterling Extra Yield Bond	6.62	17.06
TwentyFour Dynamic Bond	3.73	9.22
Portfolio: Equilibrium Fixed Interest	1.86	11.03
Sector: UT Sterling Corporate Bond	0.34	8.57
Index: FTSE Actuaries UK Conventional Gilts All Stocks	-1.31	6.49

> After the EU referendum, we sold all our property holdings. This proved to be the right thing to do as the funds fell in value and halted redemptions

AIM

Our AIM portfolio invests in stocks listed on the Alternative Investment Market, which qualify for business property relief. The portfolio is used primarily for inheritance tax planning.

As with any long-term investment, investing in an AIM portfolio can carry certain risks. In fact, it can be riskier than investing in other equities and there is always the risk that you may not receive back the full amount that you invested initially.

Over the last 12 months, the FTSE AIM index has had the largest rally since the recovery from the depths of the credit crisis. The index is up 32.7%, well ahead of the return on the main FTSE All Share index of 22.4%.

By far the two best performing sectors in the index have been basic materials and oil and gas, which are both higher due to rising commodity prices and large overseas earnings. Unfortunately, most of these companies do not qualify for business relief.

The Equilibrium AIM portfolio holds many stocks that are faring well even if they do not pump oil or mine for metals. Holdings such as litigation finance company Burford Capital and beverages company Fevertree Drinks have more than doubled in price and many others have performed strongly, underpinned by good profit growth.

Overall, the portfolio is participating well in the rally, rising by 26.43% over the 12 months. The positive outlook statements from the companies we hold also give us reason to be optimistic for the future.

Table 7 shows the top five and bottom five performing stocks in the portfolio over the past 12 months. Full performance of our AIM portfolio can be found on page 40.

Table 7: AIM portfolio - stock performance

184%	Burford Capital
134%	Fevertree Drinks
73%	Scapa Group
60%	Nichols
57%	Thorpe (FW)

-16%	Dart Group
-12%	Patisserie Holdings
-10%	Emis Group
-4%	Staffline Group
-3%	Redde

Property

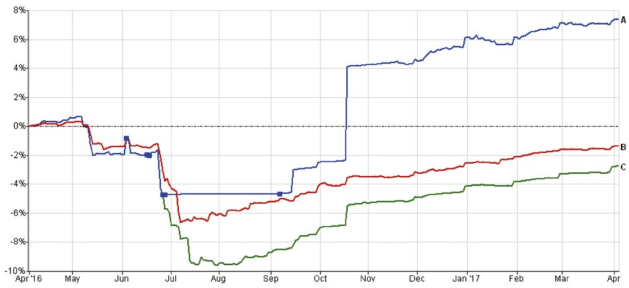
After the EU referendum, we sold all our property holdings. This proved to be the right thing to do as the funds fell in value and halted redemptions, locking investors in the fund.

We subsequently reinvested a small amount into property but now only hold one property fund, Kames Property Income. This performed well since we bought it back, including a reprice upwards.

These decisions helped performance in our property portfolio, as shown in Chart 7. The blue line shows the actual portfolio performance including the switch to cash in June. The green line shows what would have happened had we continued to hold the property funds, and the red line is our benchmark.

Despite the good performance of the property portfolio, it now contains one fund which is the only one we are currently happy to buy. As a result, the property weighting in portfolios is much lower than usual.

Chart 7: Property fund performance



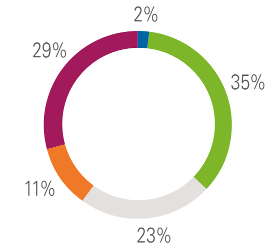
A - Equilibrium property portfolio 07/09/2016 (7.37%)
B - Composite property benchmark 01/08/2016 (-1.36%)
C - Equilibrium property portfolio 17/06/2016 50/50 (-2.74%)

05/04/2016 - 05/04/2017 Data from FE

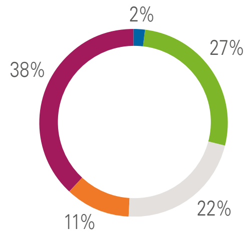
Model portfolio returns

It is pleasing to note that our balanced and adventurous portfolios are ahead of the average fund manager over the majority of time periods.

Strategic asset allocation

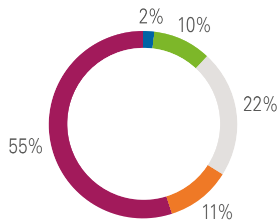


Cautious Model	6 Months %	1 Year %	3 Years %	5 Years %	Since Launch* %
Cautious Portfolio	3.03	9.43	15.50	38.17	60.38
Mixed Asset 20-60% Shares Sector	3.50	12.87	19.04	36.97	48.51



Balanced Model

Balanced Portfolio	3.51	11.05	18.80	43.10	64.21
Mixed Asset 20-60% Shares Sector	3.50	12.87	19.04	36.97	48.51



Adventurous Model

Adventurous Portfolio	4.51	15.97	24.94	48.75	69.04
Mixed Asset 20-60% Shares Sector	3.50	12.87	19.04	36.97	48.51

- Cash
- Fixed interest
- Alternative equity
- Equity
- Property

We also show returns compared to the Asset Risk Consultants indices made up of other discretionary managers' portfolio returns. These are shown in the table below and are given to 1 April 2017 as ARC indices are published on a monthly basis:

Model Portfolio	6 Months %	1 Year %	3 Years %	5 Years %	Since Launch* %
Cautious Portfolio	3.44	9.06	15.67	37.37	60.11
ARC Sterling Cautious PCI	2.12	6.68	11.57	21.66	37.16
Balanced Portfolio	4.09	10.6	18.98	42.03	63.92
ARC Sterling Balanced PCI	4.08	11.24	17.51	33.5	46.66
Adventurous Portfolio	5.53	15.38	25.05	47.55	68.62
ARC Sterling Balanced PCI	4.08	11.24	17.51	33.5	46.66

* Launch date 1 January 2008. All data to 5 April 2017.
Figures are highlighted in green where they are in excess of the relevant 'Mixed Asset' sector.

Sector portfolio returns

	6 Months %	1 Year %	3 Years %	5 Years %	Since Launch* %
Equity Portfolios					
UK Conservative Equity	3.58	13.35	19.97	70.56	77.14
UT UK Equity Income Sector	4.52	16.68	21.03	65.68	69.97
UK All Companies	6.16	23.62	22.92	59.51	66.61
UK Dynamic	8.95	18.43	35.77	92.66	101.59
UT UK Equity All Companies Sector	5.99	19.71	19.79	63.29	68.49
Global Established	9.26	33.91	59.32	108.44	123.55
Global Established Benchmark **	10.54	29.47	49.11	103.37	114.49
Equilibrium AIM	12.29	26.20	69.61	174.25	63.60
FTSE AIM All Share ***	13.31	32.75	13.71	26.24	-34.02
Global Speculative	6.91	38.51	49.44	48.01	52.01
UT Global Emerging Mkts Sector	8.76	38.19	37.69	35.07	48.33
Balanced Equity Mix	7.22	26.59	39.66	80.84	88.41
Balanced Equity Benchmark ****	7.71	25.08	33.38	75.40	81.14
Adventurous Equity Mix	7.54	28.04	42.43	78.01	86.94
Adventurous Equity Benchmark ****	8.19	27.08	34.99	72.36	79.37
Alternative Equity	3.40	3.04	10.36	42.5	65.65
UT Mixed Asset 20-60% Shares	3.50	12.87	19.04	36.97	48.51
Fixed Interest Portfolio	1.86	11.03	13.07	33.04	69.26
UT Sterling Corp Bond Sector	0.34	8.57	19.46	33.96	59.00
Property Portfolio	10.08	7.37	26.00	37.69	61.16
Composite Property Benchmark *****	2.66	-1.36	16.18	24.90	50.75

* Launch date 1 January 2008 except Property Portfolio 1 July 2009.

** Global Established Benchmark is 40% UT North America, 40% UT Europe Ex UK, 20% Japan.

*** Performance data prior to 17 March 2015 (launch date) is calculated using the backtested model portfolio.

**** Cautious, Balanced and Adventurous Equity benchmarks are an appropriate composite of the benchmark for each component of that equity mix.

***** Composite Property Benchmark is an equal weighting of all eligible funds in the UT Property Sector. Property portfolio switched to cash 15 June 2012 to 11 April 2013 as we did not hold property funds in this period.

Market returns

	6 Months %	1 Year %	3 Years %	5 Years %
Equity Markets				
FTSE 100 Index (UK)	6.20	25.18	22.54	54.36
FTSE All Share Index (UK)	6.23	23.77	23.30	60.25
FTSE 250 Index (UK Mid Cap)	5.83	17.24	25.78	91.83
MSCI Europe Ex UK Index	9.50	28.10	26.63	81.41
S&P 500 Index (USA)	12.06	32.27	75.36	130.09
Topix (Japan)	7.30	36.38	62.94	88.29
MSCI Emerging Markets Index	8.89	38.19	38.18	34.11

Fixed Interest

IBOXX Sterling Corporate Bond Index	-0.08	10.35	25.12	46.24
UT Sterling Corporate Bond Sector	0.34	8.57	19.46	33.96
FTSE British Government Allstocks (Gilt) Index	-1.31	6.49	25.09	28.51
UT Gilt Sector	-1.81	7.15	26.42	28.20
UT Sterling High Yield Sector	3.54	10.51	11.03	33.10

Property

IPD UK All Property Index	3.93	2.86	36.17	59.27
Composite Property Benchmark*	2.66	-1.36	16.18	24.90

Other Measures

Bank of England Base Rate	0.12	0.33	1.34	2.35
RPI Inflation	1.32	2.80	5.34	11.46

* Property benchmark is a composite of all eligible funds in the UT Property sector.

Risk warnings and notes

Past performance is never a guide to future performance. Investments may (will) fall as well as rise.

Any performance targets shown are what we believe are realistic long-term returns. They are never guaranteed.

None of the information in this document constitutes a recommendation. Please contact your adviser before taking any action.

Unless stated otherwise:

- All performance statistics are from Financial Express Analytics on a bid-bid basis with income reinvested.
- All performance data is to 5 April 2017.
- Model portfolio performance is stated after a 1.5% Equilibrium fee and a 0.35% platform charge, but with the discounts we receive from fund managers factored in.
- Your own performance may vary from the model due to dividend pay dates, transaction dates, contributions and withdrawals.
- Actual performance may also differ slightly due to constraints over how we can reflect fees and discounts from fund managers. These are assumed not to change over the whole investment period. In reality, discount levels change as we change the funds in which we invest.
- Individual sector portfolios are shown with no charges taken off or fund manager discounts applied.

For details of your own portfolio performance, please refer to your half-yearly statement from the wrap platform in which you are invested. We will also provide personalised performance information at your regular reviews.

Ideal funds

Portfolio	Fund Name	Initial Charge %	Annual Management Charge %	Ongoing Charges Figure %
Liquidity	Cash	0.00	0.00	0.00
Fixed Interest (short dated)	Royal London Short Dated High Yield	0.00	0.50	0.63
Fixed Interest	BlackRock Corporate Bond Tracker	0.00	0.15	0.17
	Jupiter Strategic Bond	0.00	0.50	0.73
	Royal London Extra Yield Bond	0.00	0.75	0.85
	TwentyFour Dynamic Bond	0.00	0.75	0.81
	L&G Allstocks Index Linked Gilt Index	0.00	0.15	0.15
Property	Kames Property Income	0.00	0.75	0.90
Alternative Equity	H2O Multi-returns	0.00	1.00	1.00
	Odey Absolute Return	0.00	0.75	0.92
	Invesco GTR	0.00	0.87	0.87
	Old Mutual GEAR	0.00	0.75	0.85
Infrastructure (alternative equity)	Lazard Global Listed Infrastructure	0.00	0.85	1.03
Defined Returns	Barclays FTSE Autocall Nov 2014	0.15	0.00	0.00
	Credit Suisse FTSE Autocall June 2015	0.15	0.00	0.00
	Morgan Stanley FTSE/S&P Autocall Jan 2017	0.15	0.00	0.00
	Societe Generale FTSE Autocall July 2016	0.15	0.00	0.00
Equity - UK Conservative	Royal London UK Equity Income	0.00	0.62	0.67
	Miton UK Multi Cap Income	0.00	0.75	0.82
	Woodford Equity Income	0.00	0.75	0.75
Equity - UK All Companies	Vanguard FTSE All Share Index	0.20	0.08	0.08
Equity - UK Dynamic	Lindsell Train UK Equity	0.00	0.65	0.77
	Miton UK Value Opportunities	0.00	0.75	0.87
	Marlborough Special Sits	0.00	0.75	0.80
Equity - Global Established	Baillie Gifford Japanese Co.	0.00	0.65	0.68
	BlackRock European Dynamic	0.00	0.75	0.93
	JPM US Equity Income	0.00	0.75	0.93
	Schroder Tokyo	0.00	0.75	0.92
	Vanguard US Equity Index	0.00	0.10	0.10
Equity - Global Speculative	Invesco Hong Kong and China	0.00	0.94	0.94
	Schroder Asian Alpha	0.00	0.75	0.96

These are the funds in our standard portfolios at 5 April 2017. These will change periodically and have not all been held throughout the period covered by this document.

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