



CAERUS SELECT

QUARTER FOUR 2016

INVESTMENT REVIEW



CAERUS
Portfolio Management





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CHIEF EXECUTIVE'S STATEMENT



Keith Carby

Chief Executive
CAERUS Capital Group Limited

On behalf of all the members of the CAERUS Investment team, can I pass on my best wishes for 2017, and share with you something of our strategic thinking for the year ahead. We think it will be a year of great opportunity.

The shock election results of last year, in the UK and USA, have created an atmosphere of some uncertainty and the pundits, who had it so badly wrong in advance of the results, are now hedging their bets on the outcome of key elections in France and Germany. Italy has already experienced its own so-called "populist revolt" with the rejection of proposed constitutional reforms, in December.

Among all these alarm calls, we have to look for the positives in this new mood and we see some evidence for it already in the results of the December 2016 Deloitte survey of CFOs, the Finance Directors of public companies. These guardians of corporate funds are not by nature, or by training, the most excitable of people. Caution is normally their watchword. But their confidence has recovered since the June referendum and is now at an 18 month high. Business has to move forward and these global operators must be constantly seeking new products, new markets and new customers. Doing nothing will not take them forward.

In this environment of change, CAERUS is determined to rise to the challenge. Our philosophy is one that encourages the drive to succeed, through talent and hard work. We have seen some of our hard work pay off with very satisfactory returns from the risk aligned strategies underpinning our portfolios over the last year. I believe we can continue to add value and create wealth. The combination of professional Financial Advice delivered to the individual Client by a fully regulated Adviser, in step with professional discretionary Investment management, is a winning formula.

But to make the most of our opportunities, we have to seize hold of fortune when it draws near. Certainly, we must do more than wait for the world to come to us. We have to be continually on the lookout for any fundamental changes in the climate of the Investment markets. And we must continually ensure that personal financial strategies are aligned to the right portfolios, at the right levels of risk. So, the start of a new year is a timely moment to look again at our level of risk exposures, the relative merits of each of our Active and Passive strategies, in particular the long term performance of active portfolios which do cost more, but are more discriminating in their choice of Investments.

We look forward to the next twelve months, with optimism.

A handwritten signature in blue ink, appearing to read "Keith A. Carby", with a long horizontal flourish underneath.

Keith Carby
Chief Executive
CAERUS Capital Group Limited

MANAGING DIRECTOR'S REVIEW



Andy Ferns

Managing Director
CAERUS Capital Group Limited

A great end to 2016

Markets ended 2016 strongly with the UK stock market ending the year at an all time high. After a year which began in a panic about the financial situation of China, this was a very pleasing outcome for Investors, who have seen gains this year across all risk grades. In fact, none of our portfolios returned a loss over the last year and the most popular risk grades returned sparkling figures which bear comparison with the very best portfolio managers in the Industry. By way of example, returns on Risk Grade 6 portfolios over the last 12 months are in a range between 12% and 15%, depending on their particular Investment mandate and blend of funds.

Maximising return, minimising tax

The turn of the calendar year starts the countdown to the end of the current tax year, so with time passing as we approach the 5th April 2017 deadline, it is an opportune moment to look again at the tax breaks available to portfolio Investors.

ISAs and Junior ISAs

The ISA allowance for 2016/17 is £15,240. This is the amount that everyone over the age of 18 can invest to ensure that all income and gains arising on the Investment can be taken tax free. Next tax year, from April 2017, this allowance will be increased to an impressive £20,000. It is worth checking now that the current year allowance has been used in full, perhaps by making a transfer from Investments outside the ISA, liquidating small holdings of non-core Investments, or from cash balances where these are surplus to liquidity requirements. Once this tax year ends, the current year allowance is permanently lost.

Junior ISAs are an excellent way of building up wealth for children, perhaps to fund higher education or to build up a deposit on a first home. The allowance for children is £4,080 in the current year. For parents and grandparents wanting to take advantage of their annual inheritance tax exemption of £3,000 and/or small gifts allowance of £250 per person, the Junior ISA makes an excellent home for these funds.

One of the recent changes to ISA legislation has been the very flexible rules which allow spouses to receive the value of their partner's ISA on death through the Additional Permitted Subscription rules. These have a particularly helpful feature which allows ISA funds to be used for the expenses and initial distributions of an estate but preserve the surviving spouse's ability to retain as much wealth in their own ISA as their late partner had at death. The time limits on this relief are generous, with providers usually allowing the additional subscription to be added to the ISA up to three years after death.

SIPPs and Junior SIPPs

With Pension Freedom allowing benefits from SIPPs to be taken when and how the Investor chooses and with higher rate tax relief still available, a SIPP is a great place to shelter wealth from tax and to build a nest egg for later life income.

There are a number of underused tax reliefs around SIPPs. The ability of employees to receive £500 of retirement advice (or the first £500 of a larger bill) paid for by an employer without it counting as a taxable benefit is highly attractive and not sufficiently well known or exploited. Given the choice between financial advice and a gym membership, I think many would take the opportunity to get financially fit. Secondly, there is the allowance of up to £2,880 a year which non tax payers can pay into a pension and still get a top up from the tax man of £720. This is literally free money.

The same figure of £2,880 can be contributed to a Junior SIPP, which means locking up funds until age 55, currently, but this age will rise over the years. With compound interest, the effect on later life wealth could be significant. Given 50 years growth at 8% pa, three years' Investment of £10,800 (£8640 topped up with £2,160 tax relief) could be worth over £500,000 at your child's retirement. Of course, inflation and potentially lower growth rates need to be taken into account, but it really can pay dividends to plan ahead.



IMPORTANT NOTES

Views and opinions

The views and opinions expressed in this document are those of CAERUS Portfolio Management Limited and Parmenion Investment Management. They should not be taken as a personal recommendation to buy or sell, or as Advice on how any Investment mentioned is likely to perform. Every care has been taken to ensure the accuracy of the information published in this document. It cannot, however, be guaranteed.

Performance data

Unless otherwise stated, all performance figures are from FE, formerly Financial Express Analytics, and are calculated on a total return, bid to bid basis (no initial charges) to 31st December 2016 (net income reinvested). Performance figures include the underlying funds' Annual Management Charges and exclude rebates and external charges from Parmenion or the introducing Adviser.

Where performance data is not available for a period of five years or more, this is quoted from inception date. Where no performance figures are shown, no data is available, which we have labelled as N/A for the purposes of this document.

The tables in this document provide past performance data and should not be taken as a guide to future returns. The data represents the period over which Parmenion Investment Management has operated the funds in their stated configuration. CAERUS Portfolios have been operating using the same formulation since 3rd March 2014.

The data included within this report reflects the performance and charges for the CAERUS Select Portfolios as managed on the Parmenion Platform. This data may differ on other platforms due to fund and share class availability and the trading processes adopted by the platform.

The value of Investments and the income that can be earned from them may go down as well as up and a Client may not get back the full amount invested. Rates and bases of taxation are subject to change. The risks of Investment associated with different asset classes, for example, overseas equity, property, corporate debt, commodities and alternative assets vary in their nature.

Yield

The Quarterly Investment Review quotes the historic yield, which reflects distribution declared over the past twelve months as a percentage of the unit price. It is based on a snapshot of the Portfolio on that day.

Ongoing Charge Figure (OCF)

The Ongoing Charge Figure is defined as the expected total cost of managing and operating the fund for the coming year. OCF includes the Annual Management Charge paid to the fund manager plus the additional operational charges of the fund (custody, distribution, audit, registration and regulatory fees).

OCF does not include an estimate of performance fees unlike the old measure, Total Expense Ratio (TER), which was based on the experience over the prior year.

The OCF figures quoted in this report are net of any rebates paid to Parmenion from the Annual Management Charge. Any such rebates received are credited to the Client's Portfolio. OCF figures in this report do not include Parmenion's own charges or those of the introducing Adviser; neither do they include any dealing costs associated with buying or selling the funds.

Seeking appropriate Financial Advice

Parmenion is not authorised to provide Investment Advice to individuals. It is important that Clients take a medium to long-term view when investing and are realistic about performance outcomes.

If a Client wishes to obtain Financial Advice as to whether an Investment is suitable for their needs, they should consult an authorised Financial Adviser.

Clients should ensure they have understood the content of their Adviser's Suitability Report before proceeding with any proposed Investment.

Regulatory

CAERUS Portfolio Management Limited is authorised and regulated by the Financial Conduct Authority, registration number 175524.

Parmenion Investment Management Ltd is a subsidiary of Parmenion Capital Partners LLP. Parmenion Capital Partners LLP is authorised and regulated by the Financial Conduct Authority, registration number 462085 and is a wholly owned subsidiary of Aberdeen Asset Management PLC and Aberdeen Investments Limited. Parmenion Capital Partners LLP is registered in England and Wales OC322243.



CONTACT DETAILS

CPML contact details

Head Office: Trident 3,
Trident Business Park,
Styal Road, Manchester, M22 5XB.

Office: 0161 488 3540

Email: info.cpml@caeruswealth.com



Parmenion contact details

Head Office: 2 College Square,
Anchor Road,
Bristol, BS1 5UE.

Office: 0845 519 0100

Website: www.parmenion.co.uk

Email: invest@parmenion-im.co.uk



MARKET COMMENTARY



Simon Brett

Director & Chief Investment Officer
Parmenion Investment Management

2016 will be remembered as the year the UK voted to abandon its 40 year relationship with Europe. A seismic shock for many, which was not predicted.

This was quickly followed by the election of Donald Trump, perhaps an even greater surprise given the rhetoric of his campaign. Both results have been described as a populist revolt against the ruling elites, a rejection of globalisation by those who have not benefitted. Will 2016 be known as a historic year? Perhaps that is a question for future historians, but from an Investment point of view the political changes could potentially have important economic implications.

But first, who were the winners and losers in 2016? Emerging Markets and Commodities both recovered strongly after spending four years in the doldrums, rising by 35% in sterling terms. Stock market returns bettered bonds (global bonds were up a mere 3%), with the US rising by 35% (sterling terms) and both Japan (up 25%) and Europe (up 19%) posting decent returns. The UK lagged with a still respectable rise of 16%. It should be remembered that the overseas market returns were flattered by the 18% fall in Sterling (vs. US \$) since the Brexit referendum.

A significant outcome of the Brexit and Trump votes has been a change from an austerity agenda to one of fiscal expansion. For many, it appears that central banks have done as much as they can with record low interest rates and now it is the turn of governments to take up the baton with the fiscal tools available. Trump has promised a growth agenda that includes tax cuts, new trade agreements, large spending on infrastructure and perhaps relaxation of regulation on the

activities of banks. For the UK, a change of Prime Minister and a new Chancellor has resulted in the abandonment of the targeted budget surplus by 2020, giving the government more fiscal freedom to assist with managing the increased economic uncertainty precipitated by the Brexit vote.

Another feature of those votes has been the expectation of a rise in inflation. In the US the Federal Reserve did raise rates in December to 0.75% as a sign of confidence in the economy. With a strong pro-growth rhetoric from Donald Trump, Investors should perhaps expect more rises in 2017. The rises are in contrast to the UK where rates were lowered to 0.25% post the Brexit vote. However, with the fall in sterling, which raises the price of imports, inflation will likely rise to nearer 3% next year. Despite the forecasts of economic gloom by the IMF and OECD for the UK economy following Brexit, to date this has not been the case. Consumer confidence and spending have held up well, employment continues to increase, as do wages.

Another source of inflation may be a sustained rise in the oil price. The Russian led agreement between OPEC and non OPEC countries helped to limit production in the first half of 2017, which led to falling oil inventories, allowing the fundamentals of demand and supply to reassert themselves. And if Trump does match his rhetoric and spend on infrastructure, demand for commodities as a whole may rise and with that, prices. For economies, the talk will be more of growth rather than recession, and inflation rather than deflation.

The 2017 outlook is uncertain, there are just too many unknowns to make tentative predictions. Will the year be driven by politics rather than the economics? Certainly, the elections in France and Germany will loom large for Investors, their outcomes perhaps a reflection of their populations' continued appetite for the EU. As for the UK, the government have stated that Article 50, by which we formally start the timetable of leaving the EU, will be invoked by the end of March. The flavour of Brexit, whether hard or soft may become clearer as the year progresses. And then who knows if the experience of Presidential office will temper Trump? This year may be a challenge, but it will not be dull.



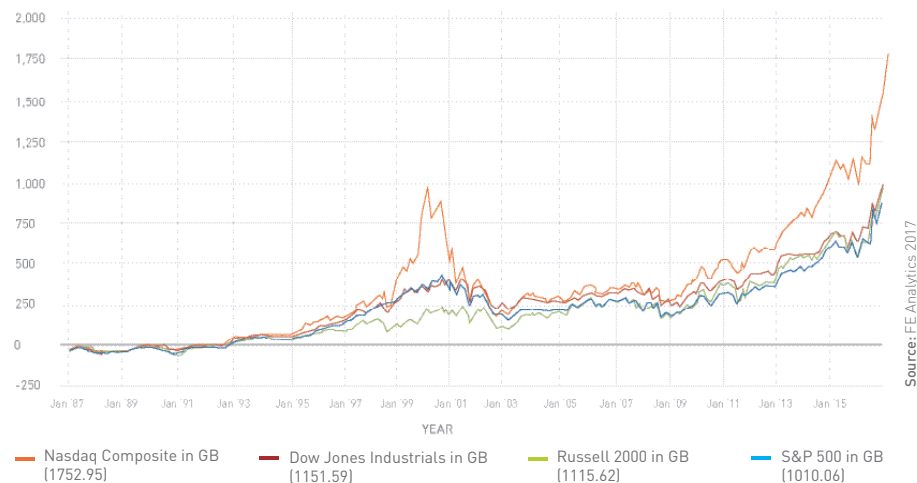
Andrew Gilbert
Investment Manager
Parmenion Investment Management

A euphoric stock market reaction to Trump's new fiscal policies and a classic 'santa rally' has driven all four of the main US stock market indices to record highs!

The oldest, the Dow Jones Industrial Average, tracks the average prices of just 30 "blue chip" companies. The S&P 500, the most commonly cited US index, tracks the returns from the 500 largest US-listed companies (although weighting by size means that the very largest companies have the greatest influence on reported returns). The Russell 2000 tracks returns of smaller companies (the 1000th to 3000th biggest US companies), while the Nasdaq index is more focused on technology stocks – as can be seen by its extreme spike in the late 1990s.

Given all have reached record highs for year end, it's worth pondering why US equity Investors are so uniformly optimistic?

Grand Slam in US Market Indices



For years now, stock markets have relied on central banks and the combined power of ultra-low interest rates, quantitative easing and forward guidance to 'save' a sluggish global economy which is overly burdened by debt and mired in political discord.

Almost overnight however, the baton has passed to governments, as concerns increase over the effectiveness and inequality of monetary policy and politicians have responded with a wave of fiscal stimulus to boost economic growth and lower unemployment. Whilst it's undeniable that there are clear efficiency gains from improving infrastructure which has long been underfunded, the benefits of supporting sectors in structural decline (such as coal and manufacturing) are less clear, especially when it will only further increase debt.

Contrary to the UK, US investors have responded by switching out of predominantly large cap technology stocks (trading at historic premiums), and moving into smaller, more cyclical companies within sectors such as financials, industrials, biotech and energy, which they're betting will be insulated from the rising Dollar and should benefit from the pickup in activity.

Equity markets have clearly decided to treat this new approach as a positive, powering to new highs. Unsurprisingly, debt markets have taken the opposite view and have been weakening since the summer. The question therefore, is how sustainable is this change in Investor sentiment and will these new fiscal stimulus measures actually have an impact on the real economy? Only time will tell, but it is interesting to observe these changes as such trends can take many years to play out and can have a significant impact on asset values.

These trends also have the potential to influence other equity markets, as the FTSE 100 reached record highs on the back of strong manufacturing PMI data and general positive sentiment.

FTSE 100 Hits Record High



As we move into 2017, with heightened levels of political risk and elevated equity level valuations, it appears ever more important to ensure your Clients' portfolios are well diversified to mitigate any external shocks or change in sentiment which may follow.

The Risk Graded framework around which all our portfolios are based, is also essential for ensuring Clients' Investment portfolios are aligned with their attitude to risk and capacity for loss, to ensure there are no surprises and that festive spirit is maintained throughout 2017!



CAERUS ACTIVE AND PASSIVE PORTFOLIOS

The CAERUS offering is built around seven asset classes; Managed Liquidity, Fixed Interest, Property, UK Value and Income, UK Growth, Developed Markets and Emerging Markets. An Investor in the CAERUS offering assumes that the risk and return relationships between the various asset classes are stable over the long term. Thus, the asset allocations for the ten Risk Graded portfolios will not change frequently.

CAERUS Active and Passive portfolios

	MANAGED LIQUIDITY	FIXED INTEREST	PROPERTY	UK VALUE AND INCOME	UK GROWTH	DEVELOPED MARKETS	EMERGING MARKETS	TOTAL
Risk Grade								
1	80%	20%	0%	0%	0%	0%	0%	100%
2	25%	55%	10%	5%	5%	0%	0%	100%
3	15%	55%	10%	10%	5%	5%	0%	100%
4	15%	35%	10%	20%	10%	10%	0%	100%
5	5%	30%	10%	20%	15%	20%	0%	100%
6	0%	25%	10%	20%	20%	25%	0%	100%
7	0%	15%	15%	20%	20%	25%	5%	100%
8	0%	0%	15%	20%	15%	35%	15%	100%
9	0%	0%	10%	15%	15%	35%	25%	100%
10	0%	0%	0%	10%	15%	40%	35%	100%

Portfolios are rebalanced to their asset allocation on a quarterly basis.

Net Ongoing Charge Figure (OCF) and historic yield by risk grade

The fund OCF and historic yield for each Risk Grade are shown below. The data included will vary from month to month, depending on the fund selection of the Investment manager and the expenses of the underlying funds themselves. These figures are therefore only included for the purposes of transparency.

CAERUS Active

	RISK GRADE 1	RISK GRADE 2	RISK GRADE 3	RISK GRADE 4	RISK GRADE 5	RISK GRADE 6	RISK GRADE 7	RISK GRADE 8	RISK GRADE 9	RISK GRADE 10
Fund OCF	0.22%	0.55%	0.63%	0.68%	0.77%	0.82%	0.85%	0.92%	0.95%	0.99%
Historic Yield	0.91%	1.94%	2.12%	2.21%	2.25%	2.27%	2.25%	2.04%	1.84%	1.54%

Fund OCF and Historic Yield data correct as at 4th January 2017

CAERUS Passive

	RISK GRADE 1	RISK GRADE 2	RISK GRADE 3	RISK GRADE 4	RISK GRADE 5	RISK GRADE 6	RISK GRADE 7	RISK GRADE 8	RISK GRADE 9	RISK GRADE 10
Fund OCF	0.11%	0.16%	0.16%	0.16%	0.16%	0.16%	0.20%	0.21%	0.19%	0.13%
Historic Yield	0.86%	1.90%	2.15%	2.48%	2.68%	2.82%	2.87%	2.80%	2.64%	2.43%

Fund OCF and Historic Yield data correct as at 4th January 2017

Portfolio holdings as at 31st December 2016

The current portfolio holdings for CAERUS Active and Passive are shown in the tables below, as at 31st December 2016. Please refer to page 30 for details on fund changes over the period.

CAERUS Active

MANAGED LIQUIDITY	FIXED INTEREST	PROPERTY	UK VALUE AND INCOME	UK GROWTH	DEVELOPED MARKETS	EMERGING MARKETS
BlackRock ICS Institutional Sterling Liquidity Heritage	Allianz Gilt Yield	Standard Life Investments UK Real Estate Income Feeder	Rathbone Income	Neptune UK Mid Cap	CF Morant Wright Nippon Yield	Aberdeen Emerging Markets Equity
Federated Short-Term Sterling Prime	Fidelity Moneybuilder Income	L&G UK Property Feeder	Invesco Perpetual Income	JOHCM UK Opportunities	JPM US Equity Income	MI Somerset Emerging Markets Dividend Growth
	Kames Investment Grade Bond	Threadneedle UK Property Authorised Trust Feeder	Threadneedle UK Equity Income	Jupiter UK Special Situations	Pioneer US Fundamental Growth	Fidelity Emerging Markets
	Goldman Sachs Global Fixed Income Plus Portfolio		Trojan Income	Liontrust Special Situations	Stewart Investors Asia Pacific Leaders	Schroder Global Emerging Markets
	M&G Index Linked Bond		Unicorn UK Income	Schroder UK Smaller Companies	Jupiter European	
	M&G Optimal Income				Fidelity American Special Situations	
	Jupiter Strategic Bond				Threadneedle European Select	

CAERUS Passive

MANAGED LIQUIDITY	FIXED INTEREST	PROPERTY	UK VALUE AND INCOME	UK GROWTH	DEVELOPED MARKETS	EMERGING MARKETS
BlackRock ICS Institutional Sterling Liquidity Heritage	Vanguard UK Investment Grade Bond Index	Standard Life Investments UK Real Estate Income Feeder	Vanguard FTSE UK Equity Income Index	Vanguard FTSE UK All Share Index	Vanguard US Equity Index	Vanguard Emerging Markets Stock Index
Federated Short-Term Sterling Prime	L&G All Stocks Index Linked Gilt Index	L&G UK Property Feeder			Vanguard FTSE Developed Europe ex UK Equity Index	
	Vanguard Global Bond Index GBP Hedged	Threadneedle UK Property Authorised Trust Feeder			L&G Japan Index	
	Vanguard UK Government Bond Index				L&G Pacific Index	

CAERUS Active - portfolio returns to period end 31st December 2016

All portfolios continue to perform in line over all periods beyond the last 3 months, owing to the continued strong relative performance in UK and Developed Markets Equity, (with the exception of Risk Grade 8 over 5 years). Performance has been slightly distorted over the short term by the negative returns within Fixed Interest, which has been balanced out by the positive returns in Property.

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Active						
1	-0.38%	0.85%	2.15%	2.50%	5.54%	9.10%
2	-0.69%	3.35%	5.76%	7.86%	14.67%	25.55%
3	-0.27%	4.57%	7.30%	10.38%	18.27%	33.41%
4	0.89%	6.39%	8.12%	13.27%	20.98%	43.68%
5	1.84%	8.50%	10.80%	17.65%	26.76%	56.54%
6	2.47%	9.85%	12.25%	20.30%	29.93%	64.67%
7	2.80%	10.23%	12.61%	20.77%	30.47%	65.96%
8	3.59%	11.68%	15.97%	23.92%	34.64%	73.69%
9	3.35%	12.21%	18.69%	24.77%	34.79%	72.79%
10	3.33%	13.35%	22.90%	27.05%	36.55%	75.61%

CAERUS Passive - portfolio returns to period end 31st December 2016

All portfolios continue to perform in line over all periods beyond the last 3 months, owing to the continued strong relative performance in UK and Developed Markets Equity, (with the exception of Risk Grade 8 over 5 years). Performance has been slightly distorted over the short term by the negative returns within Fixed Interest, which has been balanced out by the positive returns in Property.

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Passive						
1	-0.56%	0.38%	2.21%	2.67%	6.44%	9.58%
2	-1.17%	1.85%	6.36%	7.81%	16.67%	26.03%
3	-0.68%	3.11%	8.37%	10.14%	19.78%	33.57%
4	0.80%	5.31%	10.01%	12.10%	20.26%	41.66%
5	1.87%	7.51%	13.24%	16.04%	25.10%	53.79%
6	2.58%	8.90%	15.06%	18.23%	27.46%	61.02%
7	3.05%	9.62%	15.55%	18.64%	27.55%	61.46%
8	4.13%	11.95%	19.48%	21.99%	30.97%	68.45%
9	3.93%	12.66%	22.31%	23.06%	31.69%	67.18%
10	3.99%	14.06%	26.85%	25.49%	33.79%	69.58%

Please note that portfolio returns prior to 1st March 2014 are based on the performance of the PIM Strategic Multi-Option portfolios, upon which the structure of the CAERUS portfolios is based.

These returns simulate the performance that would have been achieved by these portfolios had they been in existence during these periods.

Please refer to Important Notes on page 6 for how performance figures are calculated. Performance data is correct as of 31st December 2016. Past performance is not an indication of future returns. The value of investments and any income from them is not guaranteed and can go down as well as up.

CAERUS - asset class returns to period end 31st December 2016

The CAERUS Risk Graded portfolios are built through a weighted exposure to seven underlying asset classes. For transparency purposes the returns of each asset class are given below. These returns should not be considered in isolation as the asset class risk and return characteristics are taken into account within the construction of each risk graded portfolio.

CAERUS Active

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Managed Liquidity	0.08%	0.19%	0.43%	0.86%	2.64%	4.93%
Fixed Interest	-2.24%	3.27%	8.92%	8.94%	17.53%	26.88%
Property	2.23%	1.81%	-3.32%	5.63%	19.60%	28.53%
UK Value and Income	2.03%	9.94%	7.13%	16.55%	22.39%	73.12%
UK Growth	3.78%	15.25%	13.22%	25.12%	25.04%	76.16%
Developed Markets	6.57%	15.35%	25.46%	37.22%	57.82%	108.72%
Emerging Markets	-0.13%	11.21%	28.66%	18.89%	21.80%	41.24%

CAERUS Passive

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Managed Liquidity	0.08%	0.19%	0.43%	0.86%	2.64%	4.93%
Fixed Interest	-3.20%	0.81%	9.22%	9.76%	22.51%	29.63%
Property	2.23%	1.81%	-3.32%	5.63%	19.60%	28.53%
UK Value and Income	2.80%	9.60%	12.48%	12.25%	14.34%	59.88%
UK Growth	3.84%	11.89%	16.62%	17.69%	18.96%	61.18%
Developed Markets	7.27%	16.82%	29.50%	37.21%	53.94%	113.00%
Emerging Markets	0.64%	12.84%	32.21%	18.99%	23.16%	32.16%

Please note that portfolio returns prior to 1st March 2014 are based on the performance of the PIM Strategic Multi-Option portfolios, upon which the structure of the CAERUS portfolios is based.

These returns simulate the performance that would have been achieved by these portfolios had they been in existence during these periods.

Please refer to Important Notes on page 6 for how performance figures are calculated. Performance data is correct as of 31st December 2016. Past performance is not an indication of future returns. The value of Investments and any income from them is not guaranteed and can go down as well as up.



CAERUS BLENDS

The CAERUS Blended Portfolios are built around the seven asset classes used in CAERUS Active and CAERUS Passive; Managed Liquidity, Fixed Interest, Property, UK Value and Income, UK Growth, Developed Markets and Emerging Markets. An Investor in the CAERUS Blended portfolios assumes that the risk and return relationships between the various asset classes are stable over the long term. Thus, the asset allocations for the ten Risk Graded portfolios will not change frequently. Please refer to pages 10-11 for details on the asset weightings and underlying funds used in the solution.

Net Ongoing Charge Figure (OCF) and historic yield by risk grade

The fund OCF and historic yield for each Risk Grade are shown below. The data included will vary from month to month, depending on the fund selection of the investment manager and the expenses of the underlying funds themselves. These figures are, therefore, only included for the purposes of transparency.

CAERUS 75% Active & 25% Passive

	RISK GRADE 1	RISK GRADE 2	RISK GRADE 3	RISK GRADE 4	RISK GRADE 5	RISK GRADE 6	RISK GRADE 7	RISK GRADE 8	RISK GRADE 9	RISK GRADE 10
Fund OCF	0.19%	0.45%	0.51%	0.55%	0.62%	0.65%	0.69%	0.74%	0.76%	0.78%
Historic Yield	0.90%	1.93%	2.12%	2.27%	2.36%	2.41%	2.41%	2.23%	2.04%	1.77%

Fund OCF and Historic Yield data correct as at 4th January 2017

CAERUS 50% Active & 50% Passive

Fund OCF	0.17%	0.35%	0.39%	0.42%	0.46%	0.49%	0.52%	0.57%	0.57%	0.56%
Historic Yield	0.88%	1.92%	2.13%	2.34%	2.46%	2.54%	2.56%	2.42%	2.24%	1.99%

Fund OCF and Historic Yield data correct as at 4th January 2017

CAERUS 25% Active & 75% Passive

Fund OCF	0.14%	0.26%	0.28%	0.29%	0.31%	0.32%	0.36%	0.39%	0.38%	0.35%
Historic Yield	0.87%	1.91%	2.14%	2.41%	2.57%	2.68%	2.71%	2.61%	2.44%	2.21%

Fund OCF and Historic Yield data correct as at 4th January 2017

CAERUS 75% Active & 25% Passive - portfolio returns to period end 31st December 2016.

All portfolios continue to perform in line over all periods beyond the last 3 months, owing to the continued strong relative performance in UK and Developed Markets Equity, (with the exception of Risk Grade 8 over 5 years). Performance has been slightly distorted over the short term by the negative returns within Fixed Interest, which has been balanced out by the positive returns in Property.

Risk Grade	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
1	-0.42%	0.74%	2.16%	2.54%	5.76%	9.22%
2	-0.81%	2.97%	5.91%	7.85%	15.17%	25.68%
3	-0.37%	4.20%	7.57%	10.32%	18.65%	33.45%
4	0.87%	6.12%	8.59%	12.98%	20.81%	43.18%
5	1.85%	8.25%	11.40%	17.25%	26.35%	55.86%
6	2.50%	9.61%	12.95%	19.79%	29.32%	63.77%
7	2.86%	10.07%	13.34%	20.24%	29.74%	64.84%
8	3.72%	11.75%	16.84%	23.45%	33.73%	72.39%
9	3.50%	12.32%	19.59%	24.35%	34.02%	71.40%
10	3.50%	13.53%	23.88%	26.67%	35.87%	74.11%

Please note that portfolio returns prior to 1st March 2014 are based on the performance of the PIM Strategic Multi-Option portfolios, upon which the structure of the CAERUS portfolios is based.

These returns simulate the performance that would have been achieved by these portfolios had they been in existence during these periods.

Please refer to Important Notes on page 6 for how performance figures are calculated. Performance data is correct as of 31st December 2016. Past performance is not an indication of future returns. The value of Investments and any income from them is not guaranteed and can go down as well as up.

CAERUS 50% Active & 50% Passive - portfolio returns to period end 31st December 2016

All portfolios continue to perform in line over all periods beyond the last 3 months, owing to the continued strong relative performance in UK and Developed Markets Equity, (with the exception of Risk Grade 8 over 5 years). Performance has been slightly distorted over the short term by the negative returns within Fixed Interest, which has been balanced out by the positive returns in Property.

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Risk Grade						
1	-0.47%	0.62%	2.18%	2.58%	5.99%	9.34%
2	-0.93%	2.59%	6.06%	7.84%	15.67%	25.80%
3	-0.47%	3.84%	7.84%	10.26%	19.03%	33.50%
4	0.85%	5.85%	9.07%	12.69%	20.63%	42.68%
5	1.86%	8.00%	12.01%	16.85%	25.94%	55.18%
6	2.53%	9.37%	13.65%	19.27%	28.70%	62.86%
7	2.92%	9.92%	14.07%	19.71%	29.02%	63.72%
8	3.86%	11.81%	17.72%	22.97%	32.82%	71.09%
9	3.64%	12.43%	20.49%	23.93%	33.25%	70.00%
10	3.66%	13.70%	24.87%	26.29%	35.18%	72.60%

CAERUS 25% Active & 75% Passive - portfolio returns to period end 31st December 2016

All portfolios continue to perform in line over all periods beyond the last 3 months, owing to the continued strong relative performance in UK and Developed Markets Equity, (with the exception of Risk Grade 8 over 5 years). Performance has been slightly distorted over the short term by the negative returns within Fixed Interest, which has been balanced out by the positive returns in Property.

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Risk Grade						
1	-0.52%	0.50%	2.20%	2.63%	6.21%	9.46%
2	-1.05%	2.22%	6.21%	7.83%	16.17%	25.92%
3	-0.57%	3.47%	8.10%	10.20%	19.41%	33.54%
4	0.83%	5.58%	9.54%	12.40%	20.45%	42.17%
5	1.86%	7.76%	12.63%	16.45%	25.52%	54.49%
6	2.56%	9.13%	14.35%	18.75%	28.08%	61.94%
7	2.99%	9.77%	14.81%	19.17%	28.29%	62.59%
8	3.99%	11.88%	18.60%	22.48%	31.90%	69.77%
9	3.79%	12.55%	21.40%	23.50%	32.47%	68.59%
10	3.82%	13.88%	25.86%	25.89%	34.47%	71.07%

Please note that portfolio returns prior to 1st March 2014 are based on the performance of the PIM Strategic Multi-Option portfolios, upon which the structure of the CAERUS portfolios is based.

These returns simulate the performance that would have been achieved by these portfolios had they been in existence during these periods.

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CAERUS - asset class returns to period end 31st December 2016

The CAERUS Risk Graded portfolios are built through a weighted exposure to seven underlying asset classes. For transparency purposes the returns of each asset class are given below. These returns should not be considered in isolation as the asset class risk and return characteristics are taken into account within the construction of each Risk Graded portfolio.

CAERUS 75% Active & 25% Passive

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Managed Liquidity	0.08%	0.19%	0.43%	0.86%	2.64%	4.93%
Fixed Interest	-2.48%	2.66%	9.00%	9.15%	18.78%	27.57%
Property	2.23%	1.81%	-3.32%	5.63%	19.60%	28.53%
UK Value and Income	2.22%	9.86%	8.47%	15.48%	20.38%	69.81%
UK Growth	3.80%	14.41%	14.07%	23.26%	23.52%	72.42%
Developed Markets	6.75%	15.72%	26.47%	37.22%	56.85%	109.79%
Emerging Markets	0.06%	11.62%	29.55%	18.92%	22.14%	38.97%

CAERUS 50% Active & 50% Passive

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Managed Liquidity	0.08%	0.19%	0.43%	0.86%	2.64%	4.93%
Fixed Interest	-2.72%	2.04%	9.07%	9.35%	20.02%	28.26%
Property	2.23%	1.81%	-3.32%	5.63%	19.60%	28.53%
UK Value and Income	2.42%	9.77%	9.81%	14.40%	18.37%	66.50%
UK Growth	3.81%	13.57%	14.92%	21.41%	22.00%	68.67%
Developed Markets	6.92%	16.09%	27.48%	37.22%	55.88%	110.86%
Emerging Markets	0.26%	12.03%	30.44%	18.94%	22.48%	36.70%

CAERUS 25% Active & 75% Passive

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Managed Liquidity	0.08%	0.19%	0.43%	0.86%	2.64%	4.93%
Fixed Interest	-2.96%	1.43%	9.15%	9.56%	21.27%	28.94%
Property	2.23%	1.81%	-3.32%	5.63%	19.60%	28.53%
UK Value and Income	2.61%	9.69%	11.14%	13.33%	16.35%	63.19%
UK Growth	3.83%	12.73%	15.77%	19.55%	20.48%	64.93%
Developed Markets	7.10%	16.45%	28.49%	37.21%	54.91%	111.93%
Emerging Markets	0.45%	12.43%	31.32%	18.97%	22.82%	34.43%

Please note that portfolio returns prior to 1st March 2014 are based on the performance of the PIM Strategic Multi-Option portfolios, upon which the structure of the CAERUS portfolios is based.

These returns simulate the performance that would have been achieved by these portfolios had they been in existence during these periods.

Please refer to Important Notes on page 6 for how performance figures are calculated. Performance data is correct as of 31st December 2016. Past performance is not an indication of future returns. The value of Investments and any income from them is not guaranteed and can go down as well as up.



CAERUS TACTICAL INCOME

The CAERUS Tactical Income portfolios aim to deliver a set of target yields while controlling the level of portfolio volatility. Parmenion will use Tactical Asset Allocation to achieve both the target yields and to keep portfolio volatility within the constraints identified for each Risk Grade.

The CAERUS Tactical Income portfolios have, as their name suggests, the flexibility to adopt tactical asset allocations. This means the Investment manager (PIM) has the capability to alter the asset allocation of the portfolios in light of changing market conditions. This flexibility enhances PIM's ability to increase allocations to income generating assets to meet the target yields, when it is prudent to do so, while simultaneously managing the portfolios' volatility and exposure to risk. All changes to asset allocation are made within prescribed limits only.

Key benefits

- 10 risk graded portfolios
- Rising target yields, rising from 3% to 5.25%
- Tactical asset allocation to make the targeted yields achievable
- Proactive blending of Passive and Active funds
- Natural income arises periodically, not evenly, and can be paid as it arises
- Controlled use of Maximiser Funds
- Portfolio withdrawals can be set in £ or % amounts, monthly, quarterly, half yearly or annually.

What are Maximiser Funds?

Up to 35% of a CAERUS Tactical Income portfolio may be invested in Maximiser Funds to help ensure an attractive level of income. A Maximiser Fund is a portfolio of stocks in which the fund manager has a high level of conviction. Derivatives contracts are written on a select number of underlying companies, carefully managed by a derivatives specialist, generating additional income in return for giving up some potential return on a stock above the level specified in the contract. In this way, Maximiser Funds can generate an income greater than that achieved by only investing in stocks.

Tactical Asset Allocation

Parmenion has designed the CAERUS Tactical Income portfolios using a range of neutral strategic asset allocations as its starting point. These strategic asset allocations are based around the performance and volatilities of various asset class indices over a 20 year period and combined with a qualitative overlay to ensure diversification.

As market conditions change over time, so do the relative volatility and valuations of different asset classes. When prudent to do so, the CAERUS Tactical Income portfolio asset allocations can adapt to ensure that target yields are achieved with the least anticipated risk and within the acceptable range of volatility for each particular risk grade.

CAERUS Tactical Income portfolios - historic yield, fund OCF and 20 year risk and return data

	TARGET YIELD	HISTORIC YIELD (12 MONTHS)	ANNUALISED RETURN	ANNUALISED STANDARD DEVIATION	MAX 12 MONTH LOSS	MAX 12 MONTH GAIN	OCF
Risk Grade							
1	3.00%	2.34%	4.71%	2.31%	-6.59%	14.53%	0.54%
2	3.25%	3.09%	6.01%	4.06%	-13.69%	23.63%	0.61%
3	3.50%	3.67%	7.03%	5.60%	-17.92%	31.96%	0.67%
4	3.75%	4.07%	7.68%	6.84%	-21.75%	37.70%	0.70%
5	4.00%	4.36%	8.10%	7.97%	-24.81%	41.94%	0.72%
6	4.25%	4.56%	8.31%	9.44%	-27.25%	45.06%	0.73%
7	4.50%	4.74%	8.45%	10.53%	-29.32%	47.24%	0.75%
8	4.75%	4.99%	8.54%	11.72%	-31.81%	49.81%	0.75%
9	5.00%	5.24%	8.59%	13.03%	-34.25%	52.44%	0.76%
10	5.25%	5.39%	8.52%	14.16%	-35.46%	54.56%	0.75%

*Correct as at 4th January 2017

Please note, the Annualised Return, Standard Deviation, Maximum Loss and Gain figures are based on the simulated returns, of the portfolio's neutral asset weightings over the last 20 years to December 2016. Figures are based on indices and therefore exclude the effect of taxes or fees from Parmenion or the Adviser. Charges are however taken from portfolio liquidity and therefore will not affect the income distributed.

Portfolio holdings as of 31st December 2016

The current fund holdings for CAERUS Tactical Income portfolios are shown in the table below, as at 31st December 2016. Please refer to page 30 for details on fund changes over the period.

Asset Group	Holdings	1	2	3	4	5	6	7	8	9	10
Managed Liquidity	Dimensional Global Ultra Short Fixed Income	18.34%	11.67%	5.00%	1.67%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	AXA Sterling Credit Short Duration Bond	18.33%	11.67%	5.00%	1.67%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	M&G Short Dated Corporate Bond	18.33%	11.66%	5.00%	1.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corporate Bonds	Fidelity Moneybuilder Income	7.50%	7.50%	11.25%	11.25%	10.00%	7.50%	5.00%	2.50%	0.00%	0.00%
	M&G Corporate Bond	7.50%	7.50%	11.25%	11.25%	10.00%	7.50%	5.00%	2.50%	0.00%	0.00%
	Jupiter Strategic Bond	7.50%	7.50%	11.25%	11.25%	10.00%	7.50%	5.00%	2.50%	0.00%	0.00%
	PIMCO Global Bond	3.75%	3.75%	5.62%	5.62%	5.00%	3.75%	2.50%	1.25%	0.00%	0.00%
	M&G Optimal Income	3.75%	3.75%	5.63%	5.63%	5.00%	3.75%	2.50%	1.25%	0.00%	0.00%
High Yield Bonds	Schroder Monthly High Income	0.00%	0.00%	1.00%	1.50%	2.00%	3.00%	3.50%	4.00%	4.50%	5.00%
	Threadneedle High Yield Bond	0.00%	0.00%	1.00%	1.50%	2.00%	3.00%	3.50%	4.00%	4.50%	5.00%
Property	Henderson UK Property PAIF Feeder	3.09%	4.12%	3.09%	3.09%	3.09%	2.06%	2.06%	2.06%	2.06%	0.00%
	L&G UK Property Feeder	3.09%	4.12%	3.09%	3.09%	3.09%	2.06%	2.06%	2.06%	2.06%	0.00%
	Threadneedle UK Property Authorised Trust Feeder	6.19%	8.25%	6.19%	6.19%	6.19%	4.13%	4.13%	4.13%	4.13%	0.00%
UK Equity Income	Rathbone Income	0.00%	1.00%	1.50%	1.90%	2.20%	2.60%	2.90%	3.30%	3.50%	3.80%
	Vanguard FTSE UK Equity Income Index	0.00%	3.50%	5.25%	6.65%	7.70%	9.10%	10.15%	11.55%	12.25%	13.30%
	Trojan Income	0.00%	1.00%	1.50%	1.90%	2.20%	2.60%	2.90%	3.30%	3.50%	3.80%
	Artemis Income	0.00%	1.00%	1.50%	1.90%	2.20%	2.60%	2.90%	3.30%	3.50%	3.80%
	Fidelity Enhanced Income	0.00%	3.50%	5.25%	6.65%	7.70%	9.10%	10.15%	11.55%	12.25%	13.30%
US Equity	JPM US Equity Income	0.00%	1.00%	1.50%	2.00%	2.50%	3.50%	4.00%	3.50%	3.00%	2.50%
	Aviva Investors US Equity Income II	0.00%	1.00%	1.50%	2.00%	2.50%	3.50%	4.00%	3.50%	3.00%	2.50%
Europe ex UK	Standard Life Investments European Equity Income	0.00%	1.00%	2.00%	3.00%	4.00%	6.00%	7.00%	8.00%	10.00%	12.00%
Asia Pacific ex Japan	Henderson Asian Dividend Income	0.00%	0.00%	0.00%	0.66%	1.66%	2.66%	3.33%	4.33%	5.66%	6.66%
	L&G Pacific Index	0.00%	0.00%	0.00%	0.67%	1.67%	2.67%	3.33%	4.33%	5.67%	6.67%
	Schroder Asian Income Maximiser	0.00%	0.00%	0.00%	0.67%	1.67%	2.67%	3.34%	4.34%	5.67%	6.67%
Global Maximiser	Schroder ISF Global Dividend Maximiser	1.97%	4.13%	4.22%	4.97%	5.72%	6.56%	8.06%	9.56%	11.06%	11.25%
	Fidelity Global Enhanced Income	0.66%	1.38%	1.41%	1.66%	1.91%	2.19%	2.69%	3.19%	3.69%	3.75%
Total		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

CAERUS Tactical Income - portfolio returns to period end 31st December 2016

Risk Grades 3 - 10 continue to meet their target yields. In terms of performance, returns from these portfolios increase sequentially with risk over all time periods beyond 3 months, owing to the relative outperformance of US, Europe, Asia Pacific Ex Japan Equity and Global Equity Income Maximiser. Performance over the shorter term is distorted by the negative returns in Corporate Bonds which have been balanced out by the positive returns within High Yield bonds and Property.

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	FROM INCEPTION (01.02.2014)
Risk Grade					
1	0.21%	2.32%	3.60%	5.09%	10.66%
2	0.96%	3.98%	5.43%	7.78%	14.95%
3	0.90%	5.09%	7.50%	9.98%	18.33%
4	1.22%	6.14%	9.08%	11.74%	21.03%
5	1.62%	7.14%	10.61%	13.32%	23.63%
6	2.20%	8.49%	12.92%	15.48%	26.42%
7	2.76%	9.44%	14.23%	16.84%	28.53%
8	3.08%	10.17%	15.16%	17.75%	29.91%
9	3.43%	11.03%	16.39%	18.88%	31.46%
10	3.27%	11.72%	18.19%	20.06%	32.44%

CAERUS Tactical Income - asset class returns to period end 31st December 2016

The CAERUS Tactical Income Risk Graded portfolios are built through a weighted exposure to nine underlying asset classes. For transparency purposes the returns of each asset class are given below. These returns should not be considered in isolation as the asset class risk and return characteristics are taken into account within the construction of each Risk Graded portfolio.

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	FROM INCEPTION (01.02.2014)
Asset Class					
Managed Liquidity	0.13%	1.16%	2.44%	2.88%	4.45%
Corporate Bonds	-1.37%	3.39%	7.40%	8.30%	15.78%
High Yield Bonds	1.76%	6.61%	9.73%	12.34%	14.65%
Property	2.40%	1.10%	-5.32%	0.71%	13.57%
UK Equity Income	1.14%	7.52%	8.56%	13.18%	21.61%
US Equity	12.98%	21.41%	39.33%	41.31%	73.59%
Europe ex UK	3.12%	14.49%	17.15%	25.91%	33.36%
Asia Pacific ex Japan	0.92%	12.88%	28.27%	20.92%	39.22%
Global Equity Income Maximiser	9.52%	18.36%	29.41%	28.19%	46.28%

Please refer to Important Notes on page 6 for how performance figures are calculated. Performance data is correct as of 31st December 2016. Past performance is not an indication of future returns. The value of investments and any income from them is not guaranteed and can go down as well as up.



CAERUS STRATEGIC ETHICAL ACTIVE PORTFOLIOS: PROFILE A-D

What is Ethical Investing?

Ethical Investment is known by a variety of terms including: 'Green Investment', 'Socially responsible Investment' (SRI) and 'Sustainable finance'. All of these terms refer to financial or Investment services which strive to maximise investment performance and social welfare. In general, ethical investment looks to encourage corporate practices that promote environmental stewardship, consumer protection, human rights and diversity, although additional criteria such as the avoidance of weapons, alcohol, tobacco, gambling and pornography are often included as legitimate areas of concern. These criteria can be broadly summarised as environmental, social justice and corporate governance issues or ESG criteria.

What are the benefits of investing Ethically?

Ethical Investment provides the opportunity to invest in ethically sound Investment solutions that cater for a range of ethical preferences. It gives Investors the option to avoid companies that engage in activities that they could not usually support, and proactively invest in companies that recognise their corporate responsibilities. Investing ethically is now one of the fastest growing areas in financial services with funds under management having grown to approximately \$6.57 trillion in the United States alone (Source: <http://ussif.org>).

Solution Description

The CAERUS Strategic Ethical Active Investment Solution offers the discretionary management of active funds across up to eight distinct asset class groups. There is an independent ethical overlay provided by the Ethical Oversight Committee, which includes Julian Parrott and Julia Dreblow. Both Julian and Julia are ethical specialists, with over 20 years experience in ethical investing, previously holding the positions of Chair of the EIA and Director of UKSIF, respectively.

Each asset class is populated with funds according to their Ethical Profile and risk adjusted returns. Incorporated within the solution are four Ethical Profiles (A to D) and ten Risk Graded portfolios (1 to 10), which are designed to capture the majority of clients' ethical preferences and values. The Ethical Portfolio Selector is available to assist Advisers in identifying the appropriate Ethical Profile for their Client.

Ethical screening criteria by Ethical profile

SCREENING CRITERIA	ETHICAL PROFILE A*	ETHICAL PROFILE B*	ETHICAL PROFILE C**	ETHICAL PROFILE D**
Armaments (Strategic)	✓	✓	✓	✓
Pornography (Production)	✓	✓	✓	✓
Human Rights (Evidenced/Country Based)	✓	✓	✓	✓
Environmental Management / Technology	✓	✓	✓	✓
Animal Testing (Non-Medical)	✓	✓	✓	✓
Tobacco (Production)	✓	✓	✓	✓
Environmental Impact		✓	✓	✓
Gambling			✓	✓
Alcohol Production				✓
Nuclear (Power)				✓

*Exposure to ethical criteria is likely to be limited by the responsible approach to environmental, social and governance issues adopted in Ethical Profiles A and B.

**Ethical Profiles C and D only invest in funds which include the specified ethical criteria, as defined by the Ethical Oversight Committee.

Please note: 'avoidance criteria' does not always mean 'zero involvement' as most ethical funds have de minimis limits which allow for limited (normally non-manufacturing or wholesale related) exposure to excluded areas. This allows funds to be manageable and support otherwise positive larger companies.

CAERUS Strategic Ethical Active - asset class weightings as of 31st December 2016

The CAERUS Strategic Ethical Active portfolios are constructed using up to eight asset classes, each with their own distinctive risk and reward characteristics. Ten Risk Graded portfolios (1-10) are produced, by varying the percentage exposure to each asset class, to match the risk tolerance of a particular client. UK Government Bonds are currently excluded from Ethical Profiles B-D, whilst Ethical Profiles C-D also exclude Property due to the difficulties in screening the underlying tenants. The current split between the asset classes for each of the portfolios are detailed in the tables below. Strategic investors assume relatively constant long term risk and return characteristics, and as such the underlying asset allocations will only vary where these have materially changed.

CAERUS Strategic Ethical Active - Profile A

Asset Group	1	2	3	4	5	6	7	8	9	10
Managed Liquidity (Unscreened)	70.00%	45.00%	15.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
UK Ethical Corporate Bonds	24.00%	28.00%	40.00%	40.00%	32.00%	24.00%	12.00%	4.00%	0.00%	0.00%
UK Gilts	6.00%	7.00%	10.00%	10.00%	8.00%	6.00%	3.00%	1.00%	0.00%	0.00%
UK Property	0.00%	10.00%	15.00%	15.00%	15.00%	10.00%	10.00%	10.00%	5.00%	0.00%
UK Ethical Equity Growth	0.00%	3.00%	6.00%	9.00%	15.00%	18.00%	21.00%	21.00%	24.00%	24.00%
UK Ethical Equity Income	0.00%	2.00%	4.00%	6.00%	10.00%	12.00%	14.00%	14.00%	16.00%	16.00%
International Ethical Equity	0.00%	5.00%	10.00%	15.00%	15.00%	20.00%	25.00%	30.00%	30.00%	30.00%
Ethical Emerging Markets Equity	0.00%	0.00%	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	25.00%	30.00%

CAERUS Strategic Ethical Active - Profile B

Asset Group	1	2	3	4	5	6	7	8	9	10
Managed Liquidity (Unscreened)	70.00%	45.00%	15.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
UK Ethical Corporate Bonds	30.00%	35.00%	50.00%	50.00%	40.00%	30.00%	15.00%	5.00%	0.00%	0.00%
UK Property	0.00%	10.00%	15.00%	15.00%	15.00%	10.00%	10.00%	10.00%	5.00%	0.00%
UK Ethical Equity Growth	0.00%	3.00%	6.00%	9.00%	15.00%	18.00%	21.00%	21.00%	24.00%	24.00%
UK Ethical Equity Income	0.00%	2.00%	4.00%	6.00%	10.00%	12.00%	14.00%	14.00%	16.00%	16.00%
International Ethical Equity	0.00%	5.00%	10.00%	15.00%	15.00%	20.00%	25.00%	30.00%	30.00%	30.00%
Ethical Emerging Markets Equity	0.00%	0.00%	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	25.00%	30.00%

CAERUS Strategic Ethical Active - Profile C

Asset Group	1	2	3	4	5	6	7	8	9	10
Managed Liquidity (Unscreened)	70.00%	45.00%	15.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
UK Ethical Corporate Bonds	30.00%	45.00%	65.00%	65.00%	55.00%	40.00%	25.00%	15.00%	5.00%	0.00%
UK Ethical Equity Growth	0.00%	3.00%	6.00%	9.00%	15.00%	18.00%	21.00%	21.00%	24.00%	24.00%
UK Ethical Equity Income	0.00%	2.00%	4.00%	6.00%	10.00%	12.00%	14.00%	14.00%	16.00%	16.00%
International Ethical Equity	0.00%	5.00%	10.00%	15.00%	15.00%	20.00%	25.00%	30.00%	30.00%	30.00%
Ethical Emerging Markets Equity	0.00%	0.00%	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	25.00%	30.00%

CAERUS Strategic Ethical Active - Profile D

Asset Group	1	2	3	4	5	6	7	8	9	10
Managed Liquidity (Unscreened)	70.00%	45.00%	15.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
UK Ethical Corporate Bonds	30.00%	45.00%	65.00%	65.00%	55.00%	40.00%	25.00%	15.00%	5.00%	0.00%
UK Ethical Equity Growth	0.00%	3.00%	6.00%	9.00%	15.00%	18.00%	21.00%	21.00%	24.00%	24.00%
UK Ethical Equity Income	0.00%	2.00%	4.00%	6.00%	10.00%	12.00%	14.00%	14.00%	16.00%	16.00%
International Ethical Equity	0.00%	5.00%	10.00%	15.00%	15.00%	20.00%	25.00%	30.00%	30.00%	30.00%
Ethical Emerging Markets Equity	0.00%	0.00%	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	25.00%	30.00%

Portfolios are rebalanced to their asset allocation on a periodic basis.

Net Ongoing Charge Figure (OCF) and historic yield by risk grade

The fund OCF and historic yield for each risk grade are shown below. The data included will vary from month to month, depending on the fund selection of the Investment manager and the expenses of the underlying funds themselves. These figures are, therefore, only included for the purposes of transparency.

CAERUS Strategic Ethical Active - Profile A

	RISK GRADE 1	RISK GRADE 2	RISK GRADE 3	RISK GRADE 4	RISK GRADE 5	RISK GRADE 6	RISK GRADE 7	RISK GRADE 8	RISK GRADE 9	RISK GRADE 10
Fund OCF	0.23%	0.37%	0.52%	0.58%	0.65%	0.69%	0.74%	0.77%	0.80%	0.81%
Historic Yield	1.25%	1.73%	2.32%	2.46%	2.48%	2.30%	2.11%	1.92%	1.82%	1.72%

* Fund OCF and Historic Yield data correct as at 4th January 2017

CAERUS Strategic Ethical Active - Profile B

	RISK GRADE 1	RISK GRADE 2	RISK GRADE 3	RISK GRADE 4	RISK GRADE 5	RISK GRADE 6	RISK GRADE 7	RISK GRADE 8	RISK GRADE 9	RISK GRADE 10
Fund OCF	0.23%	0.37%	0.52%	0.58%	0.66%	0.69%	0.74%	0.77%	0.80%	0.81%
Historic Yield	1.41%	1.92%	2.60%	2.74%	2.70%	2.46%	2.20%	1.95%	1.82%	1.72%

* Fund OCF and Historic Yield data correct as at 4th January 2017

CAERUS Strategic Ethical Active - Profile C

	RISK GRADE 1	RISK GRADE 2	RISK GRADE 3	RISK GRADE 4	RISK GRADE 5	RISK GRADE 6	RISK GRADE 7	RISK GRADE 8	RISK GRADE 9	RISK GRADE 10
Fund OCF	0.23%	0.35%	0.48%	0.54%	0.62%	0.66%	0.71%	0.75%	0.79%	0.81%
Historic Yield	1.41%	1.97%	2.67%	2.81%	2.77%	2.51%	2.24%	2.00%	1.85%	1.72%

* Fund OCF and Historic Yield data correct as at 4th January 2017

CAERUS Strategic Ethical Active - Profile D

	RISK GRADE 1	RISK GRADE 2	RISK GRADE 3	RISK GRADE 4	RISK GRADE 5	RISK GRADE 6	RISK GRADE 7	RISK GRADE 8	RISK GRADE 9	RISK GRADE 10
Fund OCF	0.24%	0.36%	0.50%	0.56%	0.62%	0.66%	0.70%	0.73%	0.76%	0.79%
Historic Yield	1.42%	1.98%	2.67%	2.82%	2.78%	2.51%	2.25%	2.01%	1.85%	1.72%

* Fund OCF and Historic Yield data correct as at 4th January 2017

CAERUS Strategic Ethical Active (A-D): portfolio holdings as of 31st December 2016*

The fund universe for each of the Ethical Profiles is determined by the Ethical Oversight Committee (EOC) as per the ethical screening criteria defined on page 22. The table below shows the current holdings for each Ethical Profile (A-D), to demonstrate the impact of the ethical screening on fund selection and for the purposes of transparency. Please note these holdings may change over the period, depending on the views of the Investment manager. Details of any fund changes over the period are available on pages 30 of this document.

Illustration of the impact of Ethical screening on portfolio holdings as of 31st December 2016

FUND		A	B	C	D
Asset Class					
Managed Liquidity (unscreened)	BlackRock ICS Institutional Sterling Liquidity Heritage				
	Federated Short-Term Sterling Prime				
Ethical Corporate Bonds	Rathbone Ethical Bond				
	Kames Ethical Corporate Bond				
	F&C Responsible Sterling Bond				
	Alliance Trust Sustainable Future Corporate Bond				
	Royal London Ethical Bond				
UK Government / Inflation Linked Bonds	Allianz Gilt Yield				
	M&G Index Linked Bond				
Property	Henderson UK Property Feeder				
	L&G UK Property Feeder				
	Threadneedle UK Property Feeder				
Ethical UK Equity Growth	Standard Life Investment UK Ethical				
	Kames Ethical Equity				
	Alliance Trust Sustainable Future UK Growth				
	EdenTree Amity UK				
	Premier Ethical				
	Alliance Trust UK Ethical				

FUND		A	B	C	D
Asset Class					
Ethical UK Equity Income	F&C Responsible UK Income				
	Henderson Global Care UK Income				
Ethical International Equity	Henderson Global Care Growth				
	F&C Responsible Global Equity				
	Alliance Trust Sustainable Future Global Growth				
	Alliance Trust Sustainable Future European Growth				
Ethical Emerging Markets Equity	Stewart Investors Asia Pacific Sustainability				

*Fund weightings are excluded, as it would depend upon the risk grade selected.

CAERUS Strategic Ethical Active (Profile A-D): portfolio returns to period end 31st December 2016

Portfolio returns continue to increase sequentially across all periods beyond 3 months, owing to the strong relative returns within UK, International and Emerging Markets Ethical Equity. Returns over the last 3 months are distorted by the negative returns within Ethical Corporate Bonds (and UK Gilts for Ethical Profile A) which are partially balanced out by the positive returns within Property.

CAERUS Strategic Ethical Active - Profile A

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.03.2012)
Risk Grade						
1	-0.77%	1.44%	3.52%	3.91%	9.10%	16.61%
2	-0.39%	3.09%	4.85%	7.15%	14.22%	25.40%
3	-0.42%	5.03%	7.36%	11.21%	21.24%	36.19%
4	-0.16%	6.28%	8.48%	13.32%	23.48%	43.07%
5	0.22%	7.48%	8.94%	15.06%	25.24%	48.94%
6	0.61%	8.68%	10.32%	17.05%	26.83%	53.97%
7	1.26%	9.81%	11.04%	18.84%	28.31%	59.31%
8	1.70%	10.55%	12.10%	20.44%	29.77%	58.89%
9	1.74%	11.25%	13.05%	21.59%	30.82%	61.80%
10	1.55%	11.55%	14.35%	22.54%	32.11%	63.00%

CAERUS Strategic Ethical Active - Profile B

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.03.2012)
Risk Grade						
1	-0.57%	1.44%	3.00%	3.50%	8.36%	16.56%
2	-0.15%	3.09%	4.24%	6.66%	13.32%	25.80%
3	-0.08%	5.05%	6.48%	10.49%	20.11%	38.23%
4	0.19%	6.32%	7.60%	12.59%	22.26%	45.13%
5	0.50%	7.51%	8.23%	14.46%	24.57%	52.00%
6	0.81%	8.70%	9.78%	16.59%	26.68%	57.73%
7	1.37%	9.83%	10.77%	18.61%	28.89%	63.89%
8	1.74%	10.55%	12.01%	20.36%	30.92%	67.54%
9	1.74%	11.25%	13.05%	21.59%	32.46%	72.45%
10	1.55%	11.55%	14.35%	22.54%	34.11%	75.58%

Please refer to Important Notes on page 6 for how performance figures are calculated. Performance data is correct as of 31st December 2016. Past performance is not an indication of future returns. The value of Investments and any income from them is not guaranteed and can go down as well as up.

CAERUS Strategic Ethical Active - Profile C

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION [01.03.2012]
Risk Grade						
1	-0.57%	1.44%	3.00%	3.50%	8.33%	16.79%
2	-0.63%	3.28%	5.38%	6.92%	13.25%	26.10%
3	-0.81%	5.29%	8.18%	10.83%	19.70%	38.36%
4	-0.54%	6.54%	9.30%	12.91%	21.81%	44.80%
5	-0.23%	7.73%	9.93%	14.78%	24.10%	51.27%
6	0.33%	8.85%	10.92%	16.79%	26.28%	57.02%
7	0.88%	9.98%	11.91%	18.81%	28.48%	62.89%
8	1.25%	10.70%	13.17%	20.56%	30.61%	66.48%
9	1.49%	11.33%	13.63%	21.69%	32.20%	71.17%
10	1.55%	11.55%	14.35%	22.54%	33.92%	74.29%

CAERUS Strategic Ethical Active - Profile D

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION [01.03.2012]
Risk Grade						
1	-0.54%	1.47%	3.04%	3.53%	8.55%	16.92%
2	-0.57%	3.35%	5.40%	6.81%	13.84%	26.53%
3	-0.71%	5.41%	8.18%	10.58%	20.83%	39.31%
4	-0.44%	6.68%	9.25%	12.50%	23.25%	46.10%
5	-0.11%	7.90%	9.76%	14.31%	25.47%	52.61%
6	0.44%	9.03%	10.68%	16.13%	27.87%	58.59%
7	0.99%	10.16%	11.61%	17.95%	30.27%	64.72%
8	1.35%	10.88%	12.85%	19.53%	32.54%	68.36%
9	1.60%	11.52%	13.25%	20.62%	34.06%	73.05%
10	1.65%	11.73%	13.97%	21.46%	35.74%	76.15%

Please refer to Important Notes on page 6 for how performance figures are calculated. Performance data is correct as of 31st December 2016. Past performance is not an indication of future returns. The value of Investments and any income from them is not guaranteed and can go down as well as up.

CAERUS Strategic Ethical Active (Profile A-D): asset class returns to period end 31st December 2016

International Equity continues to be one of the best performing asset groups over all periods. Similarly, Ethical Emerging Markets Equity has performed very strongly over all periods beyond 6 months, with the exception of Ethical Profile A since inception.

CAERUS Strategic Ethical Active - Profile A

Asset Class	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.03.2012)
Managed Liquidity	0.08%	0.19%	0.43%	0.71%	3.17%	8.94%
UK Ethical Corporate Bonds	-2.14%	4.10%	8.85%	9.89%	21.00%	35.74%
UK Government Bonds	-5.57%	3.41%	17.28%	16.37%	34.11%	35.19%
Property	2.66%	1.96%	-2.83%	6.69%	20.41%	29.41%
UK Ethical Equity Growth	1.97%	14.22%	3.27%	14.75%	17.00%	66.74%
UK Ethical Equity Income	0.80%	9.10%	4.86%	15.72%	21.87%	70.80%
International Ethical Equity	4.14%	14.10%	19.70%	27.95%	33.36%	62.74%
Ethical Emerging Markets Equity	-0.96%	8.50%	23.30%	26.36%	47.63%	51.98%

CAERUS Strategic Ethical Active - Profile B

Asset Class	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.03.2012)
Managed Liquidity	0.08%	0.19%	0.43%	0.71%	3.17%	8.94%
UK Ethical Corporate Bonds	-2.14%	4.10%	8.85%	9.89%	21.00%	35.74%
Property	2.66%	1.96%	-2.83%	6.69%	20.44%	34.30%
UK Ethical Equity Growth	1.97%	14.22%	3.27%	14.75%	17.00%	66.74%
UK Ethical Equity Income	0.80%	9.10%	4.86%	15.72%	21.87%	70.80%
International Ethical Equity	4.14%	14.10%	19.70%	27.95%	33.36%	62.74%
Ethical Emerging Markets Equity	-0.96%	8.50%	23.30%	26.36%	55.59%	95.77%

CAERUS Strategic Ethical Active - Profile C

Asset Class	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.03.2012)
Managed Liquidity	0.08%	0.19%	0.43%	0.71%	3.17%	8.94%
UK Ethical Corporate Bonds	-2.14%	4.10%	8.85%	9.89%	20.90%	36.64%
UK Ethical Equity Growth	1.97%	14.22%	3.27%	14.75%	16.67%	66.67%
UK Ethical Equity Income	0.80%	9.10%	4.86%	15.72%	22.21%	65.91%
International Ethical Equity	4.14%	14.10%	19.70%	27.95%	32.81%	61.34%
Ethical Emerging Markets Equity	-0.96%	8.50%	23.30%	26.36%	55.59%	95.77%

CAERUS Strategic Ethical Active - Profile D

Asset Class	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.03.2012)
Managed Liquidity	0.08%	0.19%	0.43%	0.71%	3.17%	8.94%
UK Ethical Corporate Bonds	-2.03%	4.22%	8.99%	9.98%	21.68%	37.12%
UK Ethical Equity Growth	2.32%	15.06%	1.59%	13.92%	16.63%	66.71%
UK Ethical Equity Income	0.80%	9.10%	4.86%	15.72%	22.21%	65.91%
International Ethical Equity	4.17%	14.15%	19.81%	24.81%	38.95%	67.11%
Ethical Emerging Markets Equity	-0.96%	8.50%	23.30%	26.36%	55.59%	95.77%



PORTFOLIO CHANGES

Portfolios affected: CAERUS Tactical Income, CAERUS Active/Passive/Blends

BUY Twenty Four Dynamic Bond

SELL PIMCO GIS Global Bond and GS Global Fixed Income and M&G Optimal Income for the Tactical Income solutions

Having met with the fund manager of Twenty Four Dynamic Bond we had concerns over the funds exposure to financial hybrid debt. Ahead of the Italian referendum and its possible knock on effects to Italian banks, plus the forthcoming Trump presidency and possible looser regulations for US banks, the risk/reward trade off no longer seemed as appealing and the fund was sold. Depending upon the investment solution two new funds were added to existing holdings; PIMCO GIS Global Bond (for income mandates) and Goldman Sachs Global Fixed Income Plus. The move to invest in more global funds was a desire to move away from purely strategic bond funds into more index aware global bond funds, reducing risk by moving closer to the benchmark for this fixed interest sub asset class.



INDEX AND PEER GROUP RETURNS

Index and peer group returns to period end 31st December 2016

Performance data for comparative indices is included below over various market periods.

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Comparative Indices						
IA Mixed Investment 0-35% Shares	-0.06%	4.52%	8.47%	8.88%	14.15%	26.34%
IA Mixed Investment 20-60% Shares	1.32%	7.39%	10.32%	11.66%	17.08%	38.09%
IA Mixed Investment 40-85% Shares	2.52%	10.17%	12.87%	15.88%	21.52%	52.97%
IA Flexible Investment	2.99%	11.09%	13.82%	16.08%	21.75%	53.58%
<hr/>						
LIBOR GBP 12m	0.20%	0.39%	0.89%	1.92%	2.91%	5.47%
IBOXX Sterling Gilts All Maturities	-3.65%	-1.29%	10.53%	11.00%	27.37%	25.49%
Citi UK Inflation-Linked Securities Index	-2.61%	7.35%	25.17%	23.76%	47.13%	48.94%
IBOXX Sterling Corporates All Maturities	-2.57%	4.02%	11.83%	12.46%	26.24%	48.76%
Barclays Global Aggregate GBP (H)	-2.59%	-2.22%	3.66%	5.10%	13.42%	20.20%
PIM Property Index	1.61%	0.88%	-1.81%	5.58%	18.43%	28.13%
<hr/>						
FTSE All Share	3.89%	11.97%	16.75%	17.90%	19.29%	61.84%
FTSE UK Equity Income	2.82%	9.68%	12.64%	12.51%	14.93%	61.83%
FTSE North America	9.02%	16.72%	34.11%	41.29%	68.96%	140.02%
FTSE Europe Ex UK	5.36%	14.92%	21.17%	27.81%	26.07%	83.54%
FTSE Asia Pacific Ex Japan	0.85%	13.32%	28.66%	24.19%	36.67%	62.67%
FTSE Japan	5.11%	17.82%	22.68%	44.25%	48.18%	91.34%
FTSE World ex UK	7.09%	16.04%	30.42%	36.63%	53.38%	110.67%
FTSE Emerging	2.17%	13.65%	35.43%	21.46%	31.02%	39.92%

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CAERUS Portfolio Management Limited

Trident 3
Trident Business Park
Styal Road
Manchester
M22 5XB

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