



CAERUS SELECT

QUARTER ONE 2018
INVESTMENT REVIEW



CAERUS
Portfolio Management





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IMPORTANT NOTES

Views and opinions

The views and opinions expressed in this document are those of 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 March 2018 (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 (FCA No 175524) and is registered in England and Wales, Registered Office, Wiltshire Court, Farnsby Street, Swindon SN1 5AH, registered number 03056894.

CAERUS Portfolio Management Limited is part of the CAERUS Capital Group, which is wholly owned by Intrinsic Financial Services Limited. Old Mutual Wealth Holdings Limited owns 100% of the share capital of Intrinsic Financial Services Limited.

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.



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MARKET COMMENTARY



Simon Brett

Director & Chief Investment Officer
Parmenion Investment Management

It was all going so well! 2018 began with synchronised world growth (itself quite rare), the financial crisis of 10 years ago was fading into history, and even Europe appeared not to have a periodic bout of euro problems.

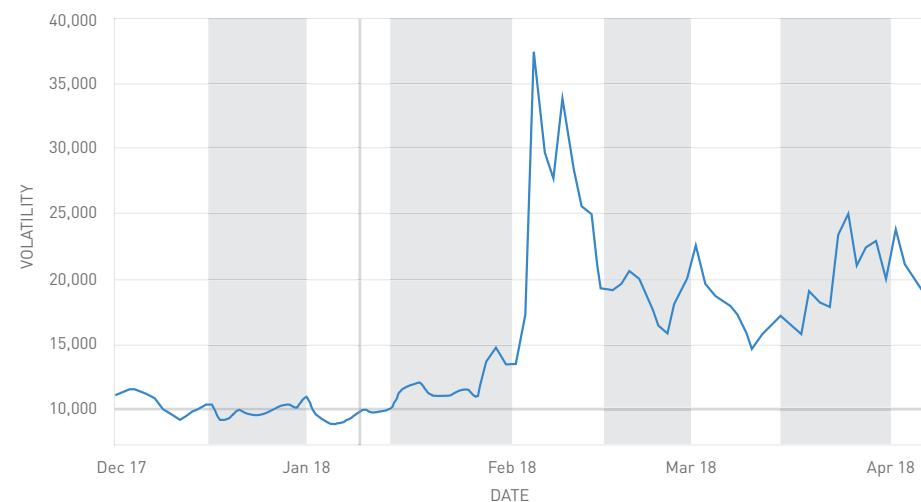
Then at the end of January volatility returned with a vengeance. To put some figures to the path of stock markets this year, the FTSE All Share by the middle of January had risen by just over 1% and subsequently fell by 8% over the next three weeks. Over the first quarter as a whole it fell by approximately 7%.

The sell off in stock markets was a result of higher than average wage growth in the US. The annual figure was year on year growth of 2.9% versus an expected 2.5%. This was followed a month later by 2.5%, suggesting that the higher number was an aberration. Markets feared that inflation was taking hold and that in turn would prompt the US Federal Reserve to raise interest rates perhaps higher and faster than expected. And that may dent support of an already highly valued stock market. Add President Trump announcing tariffs on steel and aluminium imports, the prospect of a trade war between the US and China, and the markets have a lot to think about.

Despite these alarming headlines the fundamentals of economic growth remain good. In the US a combination of tax cuts and growth has resulted in companies reporting better than expected profits. Unemployment is low at just over 4%, there are plenty of job vacancies and house prices are on the rise. Barring any unforeseen hiccups, it appears US growth is well underpinned for 2018.

In the UK, the ongoing discussion about the exact form of the Brexit is perhaps resulting in a discount for our domestic stock market versus its international peers. Although economic data is perhaps more mixed than the US, with inflation remaining sub 3% and wage growth edging upwards, the consumer may actually experience some real rise in living standards. Similarly, as in the US, the Bank of England is wanting to raise interest rates, and will probably do so twice this year should the economic background remain benign. Hopefully any positive news of progress on a trade deal with the EU should increase confidence of both the consumer and business.

CBOE Volatility Index



Source: Yahoo!

Looking ahead as always it pays to ask “what are the downsides?”. Barring the unforeseen unexpected shock, rising interest rates that impinge on growth is the primary concern. Can central banks raise rates whilst maintaining the current expansion? Secondly, although the protectionist rhetoric is manageable at the moment, any escalation of protectionism by the various trading blocs could have a major impact. It would hit world trade, which in turn would hit sales and profits and the value of companies and stock markets could fall. Combine the above and the ending of “easy” money, it is perhaps not surprising that the era of low volatility is coming to an end. And if that proves to be the case, investors more than ever should be comfortable with their risk exposure because that will determine their returns over the long run.



Michael Sawh, CFA

Senior Investment Manager
Parmenion Investment Management

It's often said that 'when America sneezes, the world catches a cold'. With the US dollar suffering a notable downward trend over the past quarter, not unlike a bout of seasonal flu, what are the causes, investment implications and prospects for a recovery in the greenback?

Currencies are typically viewed as proxies for national economic strength. FX traders tend to buy strong economic news flow and sell on softer data releases, such as Gross Domestic Product figures, employment statistics and confidence surveys. This logic assumes that better economic prospects may lead to higher interest rates, in order to combat inflation, and so attract global money flows to benefit from higher deposit rates. Hence, good news boosts the exchange rate, and vice versa.

For the US, this situation is greatly complicated by the dollar's status as the foremost international reserve currency on which most financial and trading flows depend. In time of market stress, the greenback is still viewed as a crucial safe haven asset, reflecting the importance of the nation's geopolitical status as a pre-eminent superpower. Thus, American politics and economics often mix to form a potent cocktail for capital market volatility. This quarter's concerns have focused on the longstanding potential for a trade war between the US and China, with retaliatory measures being announced against 128 US exports.

US Dollar Index



— US Dollar Index

Source: Federal Reserve Bank of St. Louis

Over the past year, the trade-weighted US Dollar Index, a popular yardstick for the currency relative to a basket of major currencies, has fallen to 2014 levels. The chart opposite shows how this index has been a bumpy ride since the Great Financial Crisis of 2008, with a consistent devaluation trend since peaking at over 103 in 2017.

Theories abound as to the key drivers and sustainability of this currency move. For some, Trump's policies could revive inflation and, although sellers of US Treasury Bonds have pushed bond yields higher, given the inverse relationship between bond prices and yields, global investors remain wary of dollar exposure. Others discern a fundamental change in American economic policy away from innovation and productivity towards a less attractive trajectory marked by tax cuts and higher spending. Many investors are concerned that presidential rhetoric aimed at 'talking the dollar down', so as to improve the competitiveness of US exports, could prove counterproductive. Aggressive negotiation tactics could increase the likelihood of a trade-based conflict with the potential for tit-for-tat protectionism and higher prices to the detriment of all parties. Still others anticipate a strategic move away from the US dollar by central banks who wish to hold more diversified currency reserves.

Whatever the causes, a weaker dollar has pervasive consequences for investors. Commodity markets tend to move in the opposite direction to the US dollar, suggesting support for higher oil and gold prices, for example. For UK-based portfolio managers, overseas company earnings are translated into sterling at less attractive dollar rates. Within the FTSE 100, which has circa 70% of company revenues generated overseas, this places downward pressure on headline profitability for many stocks. UK exports also become more expensive and less competitive in the US, our fourth largest trading partner. At the same time, a stronger domestic currency could have a deflationary impact on the UK due to the falling price of imports.

Equally, for the US, a weaker dollar could exacerbate the inflationary pressures already fostered by low unemployment and strong economic growth, as American consumers pay more for imported goods and locally manufactured products whose input prices have been forced up by tariffs. For the Euro area, deflationary forces due to dollar weakness would be unwelcome given the desire of the European Central Bank to see robust growth with modest inflation. Elsewhere, emerging markets might benefit from lower effective costs of dollar-denominated debt.

Looking ahead, there appears to be considerable political headwinds to a reversal of recent dollar moves, while history suggests significant downside is possible. Nevertheless, currencies are notoriously volatile and difficult to forecast, even over the short term. In contrast, Parmenion solutions are carefully diversified across asset classes with a longer-term perspective which has delivered attractive risk-adjusted returns over several market cycles.



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	0.20%	0.51%	0.58%	0.63%	0.72%	0.77%	0.80%	0.86%	0.88%	0.91%
Historic Yield	0.68%	2.05%	2.26%	2.27%	2.29%	2.29%	2.26%	1.97%	1.73%	1.37%

Fund OCF and Historic Yield data correct as at 3rd April 2018

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	0.10%	0.15%	0.15%	0.15%	0.15%	0.15%	0.18%	0.20%	0.18%	0.13%
Historic Yield	0.54%	1.78%	2.09%	2.48%	2.73%	2.90%	2.98%	2.90%	2.69%	2.41%

Fund OCF and Historic Yield data correct as at 3rd April 2018

Portfolio holdings as at 31st March 2018

The current portfolio holdings for CAERUS Active and Passive are shown in the tables below, as at 31st March 2018. Please refer to page 28 for details on fund changes over the period. If you have any further queries, please refer to your relationship manager.

CAERUS Active

MANAGED LIQUIDITY	FIXED INTEREST	PROPERTY	UK VALUE AND INCOME	UK GROWTH	DEVELOPED MARKETS	EMERGING MARKETS
BlackRock ICS Institutional Sterling Liquidity	Allianz Gilt Yield	Standard Life Investments UK Real Estate Income Feeder	Rathbone Income	Neptune UK Mid Cap	LF Morant Wright Nippon Yield	GS Emerging Markets Equity Portfolio
Federated Short-Term Sterling Prime	Fidelity Moneybuilder Income	L&G UK Property Feeder	Evenlode Income	Jupiter UK Special Situations	LF Miton US Opportunities	MI Somerset Emerging Markets Dividend Growth
	BlackRock Corporate Bond	Threadneedle UK Property Authorised Trust Feeder	Threadneedle UK Equity Income	Liontrust Special Situations	Pioneer US Fundamental Growth	Fidelity Emerging Markets
	Goldman Sachs Global Fixed Income Plus Portfolio		Trojan Income	Schroder UK Smaller Companies	Stewart Investors Asia Pacific Leaders	Schroder Global Emerging Markets
	M&G Index Linked Bond		Unicorn UK Income	Investec UK Alpha	Jupiter European	
	M&G Optimal Income		LF Miton UK Multi Cap Income		Fidelity American Special Situations	
	Jupiter Strategic Bond				Threadneedle European Select	
					Veritas Asian	
					Schroder Tokyo	
					Dodge & Cox US Stock	
					FP CRUX European Special Situations	

CAERUS Passive

MANAGED LIQUIDITY	FIXED INTEREST	PROPERTY	UK VALUE AND INCOME	UK GROWTH	DEVELOPED MARKETS	EMERGING MARKETS
BlackRock ICS Institutional Sterling Liquidity	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 March 2018

All portfolios continue to perform in line with their relative risk over 2, 3 and 5 years (with the exception of Risk Grade 9 over 5 years) owing to the strong relative performance of Developed and Emerging Markets Equity over 2 and 3 years and UK Growth and Developed Markets Equity over 5 years. Over 6 months and 1 year, performance is distorted as Property and Emerging Markets Equity were the best performing asset groups which typically sit at opposite ends of the risk spectrum.

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Active						
1	-0.18%	0.13%	0.22%	1.86%	1.33%	4.17%
2	-0.98%	0.36%	1.49%	7.53%	8.03%	17.43%
3	-1.53%	0.09%	1.46%	9.54%	10.31%	22.72%
4	-2.47%	-0.69%	1.21%	11.32%	12.75%	29.16%
5	-3.18%	-0.88%	1.39%	14.89%	16.93%	37.96%
6	-3.64%	-1.06%	1.53%	17.04%	19.51%	43.39%
7	-3.63%	-0.88%	2.20%	18.51%	21.12%	45.92%
8	-4.03%	-0.76%	2.87%	23.16%	25.04%	52.38%
9	-4.09%	-0.55%	3.53%	26.61%	26.94%	51.84%
10	-4.45%	-0.55%	3.88%	31.30%	29.54%	52.60%

CAERUS Passive - portfolio returns to period end 31st March 2018

All portfolios continue to perform in line with their relative risk over 3 months, 2, 3 and 5 years (with the exception of Risk Grade 9 over 3 months) owing to the strong relative performance of Developed and Emerging Markets Equity over 2 and 3 years and UK Growth and Developed Markets Equity over 5 years. Over 6 months and 1 year, performance is distorted as Property and Emerging Markets Equity were the best performing asset groups which typically sit at opposite ends of the risk spectrum.

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Passive						
1	-0.05%	0.28%	0.32%	1.81%	1.93%	5.89%
2	-0.82%	0.71%	1.36%	6.81%	8.02%	19.46%
3	-1.39%	0.58%	1.40%	9.31%	10.23%	24.26%
4	-2.52%	0.02%	1.27%	12.32%	11.98%	28.05%
5	-3.26%	-0.12%	1.50%	16.68%	15.96%	36.17%
6	-3.78%	-0.27%	1.63%	19.32%	18.20%	40.77%
7	-3.78%	0.02%	2.43%	21.33%	19.94%	42.89%
8	-4.04%	0.38%	3.53%	27.63%	24.88%	49.52%
9	-4.00%	0.73%	4.33%	31.42%	27.28%	49.91%
10	-4.24%	0.90%	4.88%	36.84%	30.50%	51.68%

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 4 for how performance figures are calculated. Performance data is correct as of 31st March 2018. 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 March 2018

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	0.10%	0.17%	0.28%	0.65%	0.55%	2.92%
Fixed Interest	-0.87%	0.84%	1.71%	10.23%	9.70%	18.80%
Property	1.27%	3.85%	7.41%	6.46%	15.26%	41.80%
UK Value and Income	-5.98%	-4.75%	-1.66%	11.95%	13.56%	42.67%
UK Growth	-5.14%	-2.26%	3.29%	23.58%	28.40%	50.44%
Developed Markets	-4.94%	-0.31%	1.32%	30.11%	33.31%	76.04%
Emerging Markets	-2.97%	1.60%	9.53%	44.30%	32.91%	36.22%

CAERUS Passive

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Managed Liquidity	0.10%	0.17%	0.28%	0.65%	0.55%	2.92%
Fixed Interest	-0.47%	1.07%	1.22%	7.68%	9.58%	22.54%
Property	1.27%	3.85%	7.41%	6.46%	15.26%	41.80%
UK Value and Income	-6.68%	-2.58%	-1.07%	16.23%	9.28%	27.49%
UK Growth	-6.51%	-1.89%	1.59%	23.77%	18.82%	37.58%
Developed Markets	-4.30%	0.17%	2.39%	37.17%	36.57%	79.07%
Emerging Markets	-2.40%	4.15%	11.19%	49.45%	35.68%	36.89%

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 4 for how performance figures are calculated. Performance data is correct as of 31st March 2018. 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 8-9 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	0.17%	0.42%	0.47%	0.51%	0.58%	0.62%	0.65%	0.69%	0.71%	0.72%
Historic Yield	0.64%	1.99%	2.22%	2.32%	2.40%	2.44%	2.44%	2.20%	1.97%	1.63%

Fund OCF and Historic Yield data correct as at 3rd April 2018

CAERUS 50% Active & 50% Passive

Fund OCF	0.15%	0.33%	0.37%	0.39%	0.44%	0.46%	0.49%	0.53%	0.53%	0.52%
Historic Yield	0.61%	1.92%	2.17%	2.37%	2.51%	2.60%	2.62%	2.43%	2.21%	1.89%

Fund OCF and Historic Yield data correct as at 3rd April 2018

CAERUS 25% Active & 75% Passive

Fund OCF	0.12%	0.24%	0.26%	0.27%	0.29%	0.30%	0.34%	0.36%	0.36%	0.32%
Historic Yield	0.57%	1.85%	2.13%	2.42%	2.62%	2.75%	2.80%	2.67%	2.45%	2.15%

Fund OCF and Historic Yield data correct as at 3rd April 2018

CAERUS 75% Active & 25% Passive - portfolio returns to period end 31st March 2018

All portfolios continue to perform in line with their relative risk over 2, 3 and 5 years (with the exception of Risk Grade 9 over 5 years) owing to the strong relative performance of Developed and Emerging Markets Equity over 2 and 3 years and UK Growth and Developed Markets Equity over 5 years. Over 6 months and 1 year, performance is distorted as Property and Emerging Markets Equity were the best performing asset groups which typically sit at opposite ends of the risk spectrum.

Risk Grade	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
1	-0.15%	0.17%	0.24%	1.85%	1.48%	4.60%
2	-0.94%	0.45%	1.46%	7.35%	8.04%	17.94%
3	-1.50%	0.21%	1.45%	9.48%	10.29%	23.11%
4	-2.48%	-0.51%	1.22%	11.57%	12.56%	28.89%
5	-3.37%	-0.72%	1.38%	15.71%	17.04%	38.08%
6	-3.67%	-0.87%	1.55%	17.61%	19.19%	42.75%
7	-3.67%	-0.65%	2.26%	19.21%	20.83%	45.18%
8	-4.03%	-0.48%	3.03%	24.27%	25.02%	51.69%
9	-4.10%	-0.16%	3.61%	27.74%	26.87%	51.22%
10	-4.40%	-0.19%	4.13%	32.67%	29.80%	52.40%

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 4 for how performance figures are calculated. Performance data is correct as of 31st March 2018. 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 March 2018

All portfolios continue to perform in line with their relative risk over 2, 3 and 5 years (with the exception of Risk Grade 9 over 5 years) owing to the strong relative performance of Developed and Emerging Markets Equity over 2 and 3 years and UK Growth and Developed Markets Equity over 5 years. Over 6 months and 1 year, performance is distorted as Property and Emerging Markets Equity were the best performing asset groups which typically sit at opposite ends of the risk spectrum.

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Risk Grade						
1	-0.12%	0.20%	0.27%	1.83%	1.63%	5.03%
2	-0.90%	0.53%	1.42%	7.17%	8.03%	18.45%
3	-1.46%	0.33%	1.43%	9.43%	10.27%	23.50%
4	-2.49%	-0.33%	1.24%	11.82%	12.37%	28.61%
5	-3.22%	-0.50%	1.45%	15.79%	16.45%	37.08%
6	-3.71%	-0.67%	1.58%	18.18%	18.87%	42.10%
7	-3.71%	-0.43%	2.32%	19.92%	20.54%	44.42%
8	-4.04%	-0.19%	3.20%	25.38%	24.99%	50.98%
9	-4.04%	0.09%	3.94%	29.01%	27.13%	50.91%
10	-4.34%	0.18%	4.38%	34.05%	30.05%	52.17%

CAERUS 25% Active & 75% Passive - portfolio returns to period end 31st March 2018

All portfolios continue to perform in line with their relative risk over 3 months, 2, 3 and 5 years (with the exception of Risk Grade 9 over 3 months) owing to the strong relative performance of Developed and Emerging Markets Equity over 2 and 3 years and UK Growth and Developed Markets Equity over 5 years. Over 6 months and 1 year, performance is distorted as Property and Emerging Markets Equity were the best performing asset groups which typically sit at opposite ends of the risk spectrum.

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Risk Grade						
1	-0.08%	0.24%	0.29%	1.82%	1.78%	5.46%
2	-0.86%	0.62%	1.39%	6.99%	8.03%	18.96%
3	-1.42%	0.46%	1.42%	9.37%	10.25%	23.88%
4	-2.51%	-0.16%	1.25%	12.07%	12.18%	28.33%
5	-3.24%	-0.31%	1.48%	16.24%	16.21%	36.63%
6	-3.74%	-0.47%	1.60%	18.75%	18.54%	41.44%
7	-3.75%	-0.21%	2.38%	20.62%	20.25%	43.66%
8	-4.04%	0.09%	3.37%	26.50%	24.94%	50.26%
9	-4.02%	0.41%	4.14%	30.21%	27.21%	50.42%
10	-4.29%	0.54%	4.63%	35.44%	30.29%	51.91%

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 4 for how performance figures are calculated. Performance data is correct as of 31st March 2018. 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 March 2018

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	0.10%	0.17%	0.28%	0.65%	0.55%	2.92%
Fixed Interest	-0.77%	0.90%	1.59%	9.59%	9.67%	19.74%
Property	1.27%	3.85%	7.41%	6.46%	15.26%	41.80%
UK Value and Income	-6.16%	-4.21%	-1.51%	13.02%	12.49%	38.88%
UK Growth	-5.48%	-2.17%	2.87%	23.63%	26.01%	47.23%
Developed Markets	-4.78%	-0.19%	1.59%	31.88%	34.13%	76.80%
Emerging Markets	-2.83%	2.24%	9.95%	45.59%	33.60%	36.39%

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	0.10%	0.17%	0.28%	0.65%	0.55%	2.92%
Fixed Interest	-0.67%	0.96%	1.47%	8.96%	9.64%	20.67%
Property	1.27%	3.85%	7.41%	6.46%	15.26%	41.80%
UK Value and Income	-6.33%	-3.67%	-1.37%	14.09%	11.42%	35.08%
UK Growth	-5.83%	-2.08%	2.44%	23.68%	23.61%	44.01%
Developed Markets	-4.62%	-0.07%	1.86%	33.64%	34.94%	77.56%
Emerging Markets	-2.69%	2.88%	10.36%	46.88%	34.30%	36.56%

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	0.10%	0.17%	0.28%	0.65%	0.55%	2.92%
Fixed Interest	-0.57%	1.01%	1.34%	8.32%	9.61%	21.61%
Property	1.27%	3.85%	7.41%	6.46%	15.26%	41.80%
UK Value and Income	-6.51%	-3.12%	-1.22%	15.16%	10.35%	31.29%
UK Growth	-6.17%	-1.98%	2.02%	23.72%	21.22%	40.80%
Developed Markets	-4.46%	0.05%	2.12%	35.41%	35.76%	78.31%
Emerging Markets	-2.54%	3.51%	10.78%	48.16%	34.99%	36.72%

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 4 for how performance figures are calculated. Performance data is correct as of 31st March 2018. 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 Parmenion Investment Managers 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%	2.37%	4.45%	2.31%	-6.59%	14.53%	0.51%
2	3.25%	3.06%	5.70%	4.04%	-13.69%	23.63%	0.59%
3	3.50%	3.63%	6.66%	5.56%	-17.92%	31.96%	0.65%
4	3.75%	3.99%	7.34%	6.77%	-21.75%	37.70%	0.69%
5	4.00%	4.27%	7.82%	7.87%	-24.81%	41.94%	0.71%
6	4.25%	4.46%	8.08%	9.27%	-27.25%	45.06%	0.72%
7	4.50%	4.64%	8.26%	10.34%	-29.32%	47.24%	0.73%
8	4.75%	4.88%	8.45%	11.50%	-31.81%	49.81%	0.74%
9	5.00%	5.10%	8.63%	12.77%	-34.25%	52.44%	0.74%
10	5.25%	5.27%	8.63%	13.84%	-35.46%	54.56%	0.74%

*Correct as at 3rd April 2018

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 2017. 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 March 2018

The current fund holdings for CAERUS Tactical Income portfolios are shown in the table below, as at 31st March 2018. Please refer to page 28 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%
	M&G Optimal Income	3.75%	3.75%	5.63%	5.63%	5.00%	3.75%	2.50%	1.25%	0.00%	0.00%
	PIMCO GIS Global Bond	3.75%	3.75%	5.62%	5.62%	5.00%	3.75%	2.50%	1.25%	0.00%	0.00%
High Yield Bonds	Schroder High Yield Opportunities	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	Janus 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%
	Schroder Income Maximiser	0.00%	1.75%	2.63%	3.33%	3.85%	4.55%	5.08%	5.78%	6.13%	6.65%
	Fidelity Enhanced Income	0.00%	1.75%	2.62%	3.32%	3.85%	4.55%	5.07%	5.77%	6.12%	6.65%
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	Janus 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 March 2018

Risk Grades 3 to 10 have continued to meet or exceed their income targets over the last 12 months. From a total return perspective, all portfolios have performed in line with their relative risk over all periods (except Risk Grade 9 over 1 year) owing to the relative outperformance of defensive assets over 3 months to 1 year and Developed Markets Equity over 2 years to since inception. The exceptions are Asia Pacific ex Japan which has also performed well over 6 months and 1 year and Europe ex-UK which similarly has also performed well over 1 year.

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.02.2014)
Risk Grade						
1	-0.52%	0.37%	1.40%	5.43%	5.42%	12.54%
2	-1.37%	0.01%	1.23%	7.90%	7.80%	17.56%
3	-1.94%	-0.33%	1.11%	10.02%	9.43%	21.22%
4	-2.40%	-0.52%	1.04%	11.90%	11.07%	24.45%
5	-2.82%	-0.70%	0.94%	13.67%	12.62%	27.56%
6	-3.46%	-1.16%	0.44%	15.54%	14.13%	30.19%
7	-3.85%	-1.39%	0.21%	16.84%	15.29%	32.48%
8	-4.18%	-1.57%	0.11%	18.15%	16.26%	34.32%
9	-4.46%	-1.70%	0.14%	19.89%	17.60%	36.61%
10	-4.89%	-2.15%	-0.27%	21.16%	18.03%	37.23%

CAERUS Tactical Income - asset class returns to period end 31st March 2018

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	3 YEAR RETURN	FROM INCEPTION (01.02.2014)
Asset Class						
Managed Liquidity	-0.39%	-0.12%	0.32%	2.55%	2.95%	5.25%
Corporate Bonds	-0.91%	0.45%	2.23%	10.09%	8.96%	20.23%
High Yield Bonds	-0.19%	0.86%	5.30%	17.27%	19.07%	23.72%
Property	1.42%	4.11%	7.61%	7.87%	10.48%	28.39%
UK Equity Income	-6.32%	-4.17%	-3.27%	10.70%	8.84%	23.08%
US Equity	-8.20%	-3.30%	-6.63%	23.69%	27.95%	64.89%
Europe ex UK	-4.37%	-3.25%	4.23%	27.08%	24.53%	45.21%
Asia Pacific ex Japan	-3.82%	1.31%	3.20%	37.91%	29.46%	58.21%
Global Equity Income Maximiser	-4.55%	-1.19%	-0.58%	28.15%	23.31%	49.71%

Please refer to Important Notes on page 4 for how performance figures are calculated. Performance data is correct as of 31st March 2018. 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 \$8.72 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 March 2018

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	0.22%	0.37%	0.52%	0.58%	0.65%	0.68%	0.73%	0.76%	0.78%	0.79%
Historic Yield	1.12%	1.71%	2.46%	2.62%	2.57%	2.28%	2.00%	1.74%	1.57%	1.43%

* Fund OCF and Historic Yield data correct as at 3rd April 2018

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%	0.53%	0.59%	0.66%	0.69%	0.73%	0.76%	0.78%	0.79%
Historic Yield	1.31%	1.94%	2.79%	2.94%	2.83%	2.48%	2.09%	1.77%	1.57%	1.43%

* Fund OCF and Historic Yield data correct as at 3rd April 2018

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	0.21%	0.33%	0.47%	0.53%	0.60%	0.65%	0.69%	0.73%	0.77%	0.79%
Historic Yield	1.27%	1.94%	2.79%	2.95%	2.85%	2.49%	2.13%	1.82%	1.60%	1.43%

* Fund OCF and Historic Yield data correct as at 3rd April 2018

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	0.22%	0.34%	0.48%	0.54%	0.61%	0.65%	0.69%	0.72%	0.75%	0.78%
Historic Yield	1.25%	1.93%	2.78%	2.93%	2.85%	2.50%	2.15%	1.84%	1.63%	1.47%

* Fund OCF and Historic Yield data correct as at 3rd April 2018

CAERUS Strategic Ethical Active (A-D): portfolio holdings as of 31st March 2018*

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 20. The table below shows the current holdings for each Ethical Grade (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 page 28 of this document.

Illustration of the impact of Ethical screening on portfolio holdings as of 31st March 2018

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

FUND		A	B	C	D
Asset Class					
Ethical UK Equity Income	F&C Responsible UK Income				
	Janus Henderson UK Responsible Income				
Ethical International Equity	Janus Henderson Global Sustainable Equity				
	F&C Responsible Global Equity				
	Liontrust Sustainable Future Global Growth				
	Liontrust Sustainable Future European Growth				
Ethical Emerging Markets Equity	Stewart Investors Asia Pacific Sustainability				
	Vontobel mtx Sustainable Emerging Markets Leaders				

*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 March 2018

All portfolios continue to perform in line with their relative risk over 3 months, 2, 3 and 5 years owing to the strong relative returns in defensive assets over 3 months, International and Emerging Markets Equity over 2 and 3 years, and UK, International and Emerging Markets Equity over 5 years. Over 6 months and 1 year, performance is distorted by the relative outperformance of defensive assets and International Equity over the former period and UK and International Equity over the latter.

CAERUS Strategic Ethical Active - Profile A

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Risk Grade						
1	-0.38%	0.30%	0.52%	3.63%	2.95%	9.22%
2	-0.76%	0.66%	1.95%	7.52%	7.83%	18.77%
3	-1.34%	0.93%	3.20%	12.38%	13.36%	28.46%
4	-1.78%	0.83%	3.77%	14.97%	16.07%	34.53%
5	-2.38%	0.65%	4.15%	17.04%	18.15%	39.69%
6	-3.02%	0.33%	4.21%	19.53%	19.95%	42.99%
7	-3.53%	0.15%	4.54%	21.83%	21.99%	47.37%
8	-3.86%	0.11%	4.72%	23.90%	23.69%	49.82%
9	-4.35%	-0.15%	4.54%	25.34%	24.45%	51.31%
10	-4.67%	-0.27%	4.22%	26.52%	24.85%	51.43%

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

Please refer to Important Notes on page 4 for how performance figures are calculated. Performance data is correct as of 31st March 2018. 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 B

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Risk Grade						
1	-0.44%	0.21%	0.66%	3.50%	2.71%	9.11%
2	-0.75%	0.73%	2.47%	8.12%	8.68%	20.83%
3	-1.58%	0.71%	3.48%	12.28%	13.01%	28.58%
4	-1.89%	0.67%	4.00%	14.75%	15.64%	34.29%
5	-2.47%	0.52%	4.34%	16.86%	17.79%	40.07%
6	-3.08%	0.23%	4.34%	19.39%	19.68%	44.60%
7	-3.56%	0.10%	4.61%	21.75%	21.85%	49.81%
8	-3.87%	0.08%	4.73%	23.87%	23.64%	53.67%
9	-4.35%	-0.16%	4.54%	25.33%	24.44%	56.13%
10	-4.67%	-0.28%	4.21%	26.51%	24.84%	57.17%

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

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CAERUS Strategic Ethical Active - Profile C

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Risk Grade						
1	-0.49%	0.13%	0.59%	3.43%	2.64%	9.12%
2	-1.19%	0.10%	1.49%	7.65%	6.97%	17.04%
3	-1.96%	0.10%	2.49%	12.55%	11.99%	26.58%
4	-2.41%	0.00%	3.06%	15.14%	14.64%	32.39%
5	-2.97%	-0.12%	3.42%	17.27%	16.79%	37.91%
6	-3.42%	-0.21%	3.72%	19.65%	18.98%	42.86%
7	-3.87%	-0.30%	4.02%	22.07%	21.18%	47.94%
8	-4.17%	-0.29%	4.17%	24.22%	22.98%	50.72%
9	-4.50%	-0.34%	4.26%	25.51%	24.11%	54.17%
10	-4.67%	-0.28%	4.21%	26.51%	24.84%	56.33%

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

Please refer to Important Notes on page 4 for how performance figures are calculated. Performance data is correct as of 31st March 2018. 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 D

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Risk Grade						
1	-0.54%	0.08%	0.54%	3.40%	2.51%	9.20%
2	-1.28%	0.03%	1.46%	7.62%	6.71%	17.36%
3	-2.11%	-0.01%	2.47%	12.51%	11.57%	27.36%
4	-2.58%	-0.10%	3.08%	15.11%	14.16%	33.42%
5	-3.19%	-0.21%	3.51%	17.25%	16.36%	38.95%
6	-3.64%	-0.26%	3.87%	19.66%	18.56%	44.12%
7	-4.09%	-0.32%	4.23%	22.10%	20.77%	49.42%
8	-4.37%	-0.29%	4.40%	24.27%	22.56%	52.27%
9	-4.71%	-0.32%	4.54%	25.57%	23.74%	55.72%
10	-4.88%	-0.26%	4.50%	26.58%	24.49%	57.87%

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

Please refer to Important Notes on page 4 for how performance figures are calculated. Performance data is correct as of 31st March 2018. 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 March 2018

Defensive assets have relatively outperformed over 3 and 6 months owing to the recent reversal of sentiment towards risk assets. Over 1 year, relative performance is dominated by UK Property, UK and International Equity. Over 2 and 3 years, International and Emerging Markets have performed very strongly, whilst UK, International and Emerging Markets have all performed well over 5 years.

CAERUS Strategic Ethical Active - Profile A

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Asset Class						
Managed Liquidity	0.10%	0.17%	0.28%	0.65%	0.15%	4.56%
UK Ethical Corporate Bonds	-1.41%	0.88%	2.94%	12.87%	12.60%	27.38%
UK Government Bonds	-0.36%	2.41%	0.30%	13.94%	15.61%	27.88%
Property	1.41%	4.30%	8.00%	8.11%	16.63%	43.81%
UK Ethical Equity Growth	-4.38%	-0.93%	6.61%	20.35%	21.80%	53.80%
UK Ethical Equity Income	-5.13%	-2.15%	3.27%	14.09%	16.53%	49.65%
International Ethical Equity	-4.06%	-0.27%	6.51%	35.76%	33.89%	59.79%
Ethical Emerging Markets Equity	-5.07%	1.81%	1.55%	31.70%	26.22%	46.82%

CAERUS Strategic Ethical Active - Profile B

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Asset Class						
Managed Liquidity	0.10%	0.17%	0.28%	0.65%	0.15%	4.56%
UK Ethical Corporate Bonds	-1.41%	0.88%	2.94%	12.87%	12.60%	27.38%
Property	1.41%	4.30%	8.00%	8.11%	16.63%	45.05%
UK Ethical Equity Growth	-4.38%	-0.93%	6.61%	20.35%	21.80%	53.80%
UK Ethical Equity Income	-5.13%	-2.15%	3.27%	14.09%	16.53%	49.65%
International Ethical Equity	-4.06%	-0.27%	6.51%	35.76%	33.89%	59.79%
Ethical Emerging Markets Equity	-5.07%	1.77%	1.52%	31.66%	26.19%	67.27%

CAERUS Strategic Ethical Active - Profile C

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Asset Class						
Managed Liquidity	0.10%	0.17%	0.28%	0.65%	0.15%	4.56%
UK Ethical Corporate Bonds	-1.56%	0.62%	2.47%	12.36%	12.08%	27.17%
UK Ethical Equity Growth	-4.38%	-0.93%	6.61%	20.35%	21.80%	53.34%
UK Ethical Equity Income	-5.13%	-2.15%	3.27%	14.09%	16.53%	47.47%
International Ethical Equity	-4.06%	-0.27%	6.51%	35.76%	33.89%	58.60%
Ethical Emerging Markets Equity	-5.07%	1.77%	1.52%	31.66%	26.19%	67.27%

CAERUS Strategic Ethical Active - Profile D

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Asset Class						
Managed Liquidity	0.10%	0.17%	0.28%	0.65%	0.15%	4.56%
UK Ethical Corporate Bonds	-1.71%	0.44%	2.32%	12.27%	11.59%	27.46%
UK Ethical Equity Growth	-5.29%	-0.91%	7.71%	20.24%	21.87%	53.21%
UK Ethical Equity Income	-5.13%	-2.15%	3.27%	14.09%	16.53%	47.47%
International Ethical Equity	-4.04%	-0.21%	6.62%	36.02%	32.45%	63.92%
Ethical Emerging Markets Equity	-5.07%	1.77%	1.52%	31.66%	26.19%	67.27%



PORTFOLIO CHANGES

Portfolios affected: CAERUS Active

BUY Evenlode Income

SELL Invesco Perpetual Income

The performance of the IP Income fund has been poor for some time, particularly after the fall in the share price of Provident Financial, a major holding of the fund. We also had concerns over the unlisted portfolio of the fund. Evenlode has been on our watchlist for some time and has now grown to sufficient AUM (£1.4bn) for PIM to invest. The fund managers have a sensible and logical investment process that has produced superior returns versus both the index and the sector.

Portfolios affected: CAERUS Active

BUY LF Miton US Opportunities / Dodge & Cox US Stock

SELL JPM US Equity Income

The "value" style of the JPM fund has struggled in a "growth" market and thus upon selling the holding we have added 2 new US funds. Dodge and Cox is managed by a team of eight investment professionals and they seek to invest in companies with a solid business franchise where the current share price does not reflect the long term prospects of the business. Miton's investment process is focused around finding high quality companies with business models that lead to sustainable returns, irrespective of the external environment. It is a multi-cap fund that will invest across the market cap spectrum through the market cycle.

Portfolios affected: CAERUS Active

BUY BlackRock Corporate Bond

SELL Kames Investment Grade Bond

The Kames fund has a more risky profile than its peer group with a sizeable overweight position in financials and collateralised securities, plus a slightly longer duration. Given that we require a defensive exposure within this asset class we made the switch to Blackrock which offers a similarly attractive performance profile with lower risk positions. Although the investment mandate is flexible, the fund manager remains committed to risk controls to ensure returns are in line with expectations.

Portfolios affected: CAERUS Active

BUY Investec UK Alpha

REDUCE Liontrust Special Situations / Neptune UK Mid Cap / Schroder UK Smaller Companies / Jupiter UK Special Situations

Investec UK Alpha is a direct replacement for JOHCM UK Opportunities which was sold in August 2017. Through the interim period we increased the weight of other UK Growth funds. Investec is an ideal core holding within an asset class; it is style agnostic with a strong focus on risk. Risk is judged in the sense of individual business risk and ensuring the fund isn't over exposed to a given factor or theme.

Portfolios affected: CAERUS Strategic Ethical Active A&B

- BUY** Vontobel mtX Sustainable Emerging Markets Leaders
 - SELL** Stewart Investors Global Emerging Markets Sustainability
-

Stewart has struggled of late and with three year numbers being affected we looked to identify a replacement. Not dissimilar to Stewarts process, Vontobel focus on quality and growth but they incorporate a valuation element that means there is a constant adjustment to portfolios to capture excess returns as the market trades above and below their estimates of a fair value range. In addition, their downside protection has been very good so the Sortino ratios are excellent against the sector.

Portfolios affected: CAERUS Tactical Income

- BUY** Schroder Income Maximiser
 - SELL** Fidelity Enhanced Income
-

These funds are used within Tactical Income and use covered call option strategies to enhance the yield. This means they inevitably sell some upside in positive markets because the options will be called. Despite that, Fidelity has performed poorly of late while Schroder has performed very well given the stark difference in style. After extensive research we feel a blend of the two styles complement one another well so have halved our holding in Fidelity to buy Schroder.

Portfolios affected: CAERUS Strategic Ethical Active C&D

- INCREASE** Rathbone Ethical Bond / Royal London Ethical Bond / Liontrust Sustainable Future Corporate Bond / Kames Ethical Corporate Bond
 - SELL** F&C Responsible Sterling Bond
-

The performance of F&C has fallen behind peers over both 3 and 5 years. In the absence of superior alternatives (of a sufficient size), consolidating into the other existing funds is the most suitable alternative for C&D profiles.



INDEX AND PEER GROUP RETURNS

Index and peer group returns to period end 31st March 2018

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	-2.23%	-0.71%	0.37%	9.79%	7.87%	17.35%
IA Mixed Investment 20-60% Shares	-3.15%	-0.95%	0.83%	13.84%	11.05%	24.96%
IA Mixed Investment 40-85% Shares	-4.18%	-0.96%	1.54%	18.92%	15.43%	34.89%
IA Flexible Investment	-3.96%	-0.48%	2.36%	21.86%	16.64%	36.15%
<hr/>						
LIBOR GBP 12m	0.21%	0.40%	0.73%	1.56%	2.61%	4.55%
IBOXX Sterling Gilts All Maturities	0.20%	2.25%	0.49%	7.33%	10.87%	23.82%
Citi UK Inflation-Linked Securities Index	-2.25%	1.28%	-1.85%	18.09%	20.07%	36.54%
IBOXX Sterling Corporates All Maturities	-1.48%	0.53%	1.56%	12.38%	12.49%	30.76%
Barclays Global Aggregate GBP (H)	-0.46%	0.02%	1.22%	1.82%	4.53%	14.42%
PIM Property Index	0.85%	2.43%	5.04%	3.97%	10.36%	35.27%
<hr/>						
FTSE All Share	-6.87%	-2.25%	1.25%	23.48%	18.63%	37.57%
FTSE UK Equity Income	-7.06%	-2.94%	-1.35%	16.02%	9.23%	28.11%
FTSE North America	-4.54%	0.80%	1.33%	36.77%	41.72%	95.62%
FTSE Europe Ex UK	-4.42%	-3.98%	4.34%	34.04%	28.81%	59.12%
FTSE Asia Pacific Ex Japan	-4.44%	2.71%	5.98%	44.97%	33.66%	50.01%
FTSE Japan	-2.63%	5.10%	7.53%	42.79%	38.15%	72.90%
FTSE World ex UK	-4.23%	0.53%	2.73%	37.29%	37.83%	77.98%
FTSE Emerging	-2.15%	3.83%	8.75%	47.45%	34.39%	39.49%

Please refer to Important Notes on page 4 for how performance figures are calculated. Performance data is correct as of 31st March 2018. Past performance is not an indication of future returns. The value of Investments and any income from them are not guaranteed and can go down as well as up.



NOTES



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CAERUS Portfolio Management Limited

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