

# Quarterly Investment Review

Q4 / 2016



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# Important Notes

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## 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 31 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.

Performance figures assume that units sales and purchases instructed for rebalancing and fund switches will be made on the same day. However, in the context of client portfolios at least a 24 hour delay may be imposed between sales and purchases, to ensure settlement proceeds have been received before purchases are made. This is to protect the client money pooled account and ensures another clients money is not used to fund purchases from within the pool.

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 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)

OCF means Ongoing Charge Figure, 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, or 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 contents of their Adviser's suitability report before proceeding with any proposed investment.

## Regulatory

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. 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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# Parmenion Investment Management

Parmenion Investment Management (PIM) is a leading provider of discretionary management services to Financial Advisers. Renowned for its investment expertise, service excellence and unique risk management framework PIM provides Advisers with an extensive range of market leading investment solutions to assist in creating customised offerings to best meet the specific requirements of their individual clients.

Our aim is to be the investment manager of choice for Financial Advisers looking to profitably grow their business. We pledge to undertake the investment research, fund selection and monitoring allowing you to focus more closely on ensuring the on-going suitability of the selected investment solution to best align with the risk mandate agreed between you and your clients. This ensures that the client and Adviser can have complete confidence in their investments and their risk adjusted returns regardless of market conditions, strategy or investment style, whilst also providing Advisers with greater opportunity to expand new business prospects.

The enhanced client and Adviser confidence stems from the unique approach PIM takes towards investing. With a firm belief that risk and return are inextricably linked, our focus at all times is on managing the expectations of clients and Financial Advisers in relation to their investment outcomes – a fundamental premise being that returns are always commensurate with the level of risk taken.

In contrast, many Investment Managers focus on benchmark investment performance, which we believe only leads to disappointment. Instead, we place the emphasis on managing risk so that clients understand the inherent volatilities they are taking with their investments and consequently the outcome they can expect.

We believe the management of risk within an investment portfolio is critical. To assist in this process Modern Portfolio Theory (MPT) is used to substantiate and underpin our investment solutions with the objective of reducing overall risk whilst maximising returns for any given level of risk taken. This is done by varying the exposure to risky and defensive asset classes and back testing using 20 years of historical data to help determine an optimised weighting to each asset class for any given level of risk. PIM then overlays this with our experience and a variety of techniques, including stress testing, that takes into account a range of potential scenarios to ensure that each and every portfolio is suitably protected and diversified.

The comprehensive PIM investment range encompasses a Strategic Multi-Option solution, with a mix of Active and Passive options, plus Tactical, Income, de-accumulation and Ethical solutions. Each of the PIM solutions are built using asset classes (Equities, Fixed Interest and Property) that can be dynamically combined to match the risk tolerance of each client.

PIM undertakes rigorous research for each fund included in its portfolios. The objective is to select funds that will provide favourable risk adjusted returns over the long term. The research of these funds is divided into two stages: qualitative and quantitative. The qualitative element involves meeting the fund manager face to face to understand their investment philosophy, process and methodology and how it has generated the favourable risk adjusted performance that PIM has identified. The quantitative analysis measures raw data including the risk/return performance of the collective fund, downside risk management and fund manager skill.

# 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 the above 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 the new President, 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? Next year may be a challenge, but it will not be dull.

# Featured Article

## US Grand Slam in Market Euphoria



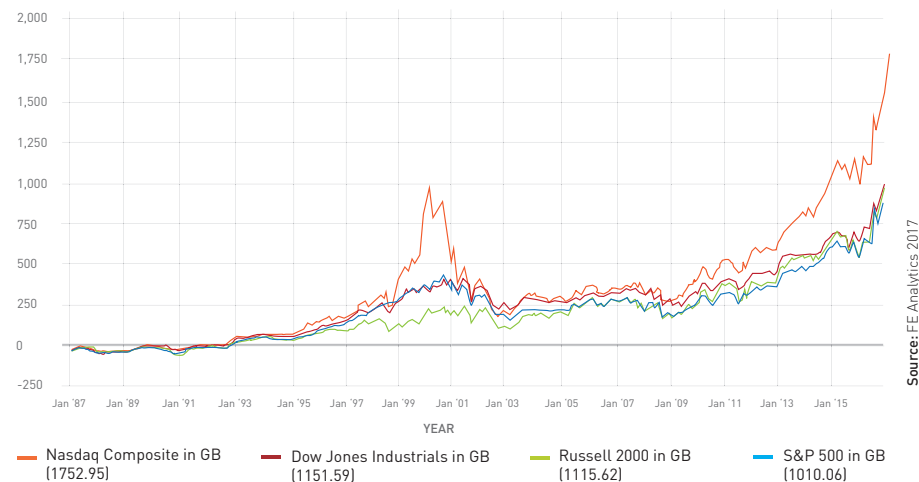
**Andrew Gilbert**  
Investment Manager  
Parmenion Investment Management

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.

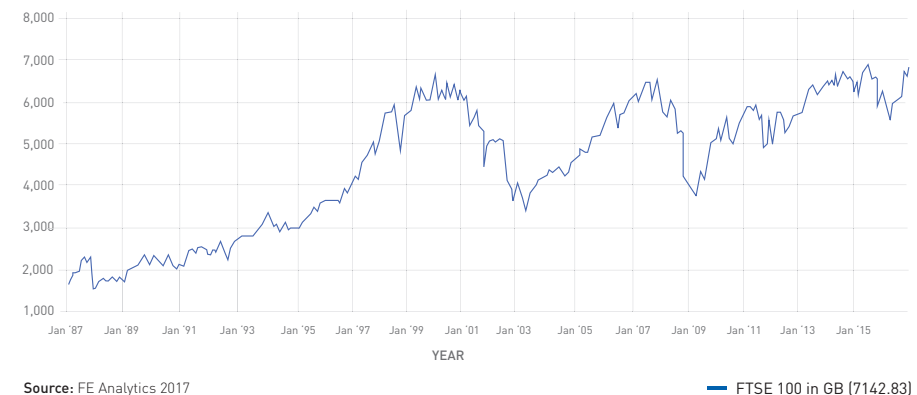
Almost overnight however, the baton has passed to governments, as concerns increase over the effectiveness and inequality of monetary policy and politicians have responded with a wave of fiscal stimulus to boost economic growth and lower unemployment. Whilst it's undeniable that there are clear efficiency 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!

# M PIM Strategic Multi-Option Active and Passive Portfolios

The Multi-Option 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 Multi-Option 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. The Multi-Option offering allows a choice of either Active or Passive investment for each asset class.

The PIM Strategic Passive solution, is identical in structure to the PIM Strategic Multi-Option Passive solution and as such is excluded from the QIR. Strategic Multi-Option gives Advisers the flexibility to choose between Active or Passive for each asset class, whilst PIM Strategic Passive has a passive fund selection across all available asset classes. Whilst the DFM fee differs slightly for PIM Strategic Multi-Option (proportional to the Active exposure) this would not affect the performance figures as they are gross of fees from Parmenion or the Adviser.

## PIM Strategic Multi-Option - Asset Allocation Table

	MANAGED LIQUIDITY	FIXED INTEREST	PROPERTY	UK VALUE AND INCOME	UK GROWTH	DEVELOPED MARKETS	EMERGING MARKETS	TOTAL
<b>Risk Grade</b>								
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

The fund OCF and historic yield for each asset class 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.

### PIM Strategic Multi-Option Active

	MANAGED LIQUIDITY	FIXED INTEREST	PROPERTY	UK VALUE AND INCOME	UK GROWTH	DEVELOPED MARKETS	EMERGING MARKETS
Fund OCF	0.12%	0.65%	0.76%	0.87%	0.77%	0.97%	1.14%
Historic Yield	0.59%	2.22%	2.82%	3.73%	2.19%	1.02%	1.25%

Fund OCF and historic yield data is correct as at 03 January 2017.

### PIM Strategic Multi-Option Passive

	MANAGED LIQUIDITY	FIXED INTEREST	PROPERTY	UK VALUE AND INCOME	UK GROWTH	DEVELOPED MARKETS	EMERGING MARKETS
Fund OCF	0.12%	0.08%	0.76%	0.15%	0.05%	0.08%	0.22%
Historic Yield	0.59%	1.95%	2.82%	4.48%	3.45%	1.86%	2.07%

Fund OCF and historic yield data is correct as at 03 January 2017.



## Portfolio Holdings as of 31 December 2016

The current portfolio holdings for PIM Strategic Multi-Option are shown in the tables below, as at 31 December 2016. Please refer to page 57 for details on fund changes over the period. If you have any further queries, please refer to your relationship manager.

### PIM Strategic Multi-Option Active

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

### PIM Strategic Multi-Option Passive

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

### PIM Strategic Multi-Option Active - Portfolio Returns to period end 31 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.

	<i>3 MONTH RETURN</i>	<i>6 MONTH RETURN</i>	<i>1 YEAR RETURN</i>	<i>2 YEAR RETURN</i>	<i>3 YEAR RETURN</i>	<i>5 YEAR RETURN</i>
<b>Active</b>						
1	-0.38%	0.85%	2.15%	2.50%	5.51%	9.06%
2	-0.74%	3.22%	5.86%	7.80%	14.71%	25.59%
3	-0.33%	4.44%	7.41%	10.32%	18.31%	33.45%
4	0.78%	6.13%	8.33%	13.15%	21.20%	43.94%
5	1.68%	8.10%	11.12%	17.43%	27.10%	56.96%
6	2.25%	9.31%	12.69%	19.97%	30.41%	65.27%
7	2.58%	9.68%	13.11%	20.49%	30.97%	66.59%
8	3.42%	11.28%	16.49%	23.82%	35.03%	74.19%
9	3.19%	11.80%	19.34%	24.74%	35.16%	73.26%
10	3.17%	12.94%	23.69%	27.07%	36.89%	76.05%

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

### PIM Strategic Multi-Option Passive - Portfolio Returns to period end 31 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 6 over 3 years and 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.

	<i>3 MONTH RETURN</i>	<i>6 MONTH RETURN</i>	<i>1 YEAR RETURN</i>	<i>2 YEAR RETURN</i>	<i>3 YEAR RETURN</i>	<i>5 YEAR RETURN</i>
<b>Passive</b>						
1	-0.56%	0.38%	2.21%	2.67%	6.44%	9.58%
2	-1.17%	1.85%	6.36%	7.81%	16.67%	26.04%
3	-0.68%	3.11%	8.37%	10.14%	19.78%	33.57%
4	0.80%	5.31%	10.03%	12.10%	20.26%	41.66%
5	1.87%	7.51%	13.28%	16.03%	25.09%	53.78%
6	2.58%	8.90%	15.10%	18.22%	27.45%	61.01%
7	2.94%	9.50%	15.47%	18.50%	27.41%	61.28%
8	3.79%	11.58%	19.16%	21.58%	30.53%	67.89%
9	3.37%	12.05%	21.71%	22.38%	30.96%	66.25%
10	3.20%	13.19%	25.97%	24.51%	32.72%	68.22%

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

**PIM Strategic Multi-Option - Asset Class Returns to period end 31 December 2016**

The PIM Strategic Multi-Option 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.

**PIM Strategic Multi-Option 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%	17.36%	26.69%
Property	2.23%	1.81%	-3.31%	5.67%	19.65%	28.58%
UK Value and Income	2.03%	9.94%	7.09%	16.87%	22.59%	73.40%
UK Growth	2.66%	12.34%	15.57%	23.07%	27.71%	79.92%
Developed Markets	6.57%	15.35%	25.46%	37.21%	57.64%	108.48%
Emerging Markets	-0.13%	11.24%	29.97%	19.85%	22.08%	41.57%

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

**PIM Strategic Multi-Option 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%	-3.31%	5.67%	19.65%	28.58%
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%	29.70%	37.15%	53.87%	112.90%
Emerging Markets	-1.57%	10.36%	29.30%	16.37%	20.45%	29.26%

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

# PIM Strategic Conviction Portfolios

PIM Strategic Conviction was launched in August 2015. The solution combines both active and passive funds within each asset class in order to achieve attractive long term risk adjusted returns, a unique feature within the PIM investment solutions. By combining both types of fund, the PIM Conviction Solution overcomes the difficulty of choosing one approach over the other. PIM uses its experience to decide the split between active/passive by examining monthly, a range of quantitative and qualitative factors. Thus the split between active and passive in each asset class is likely to vary over time depending on PIM's analysis and interpretation of market conditions. The current allocations can be seen on page 13.

The PIM Strategic Conviction solution is built around seven broad asset classes; Managed Liquidity, Fixed Interest, Property, UK Value and Income, UK Growth, Developed Markets and Emerging Markets. Fixed Interest is then split into four sub asset classes: UK Gilts, Index Linked Gilts, Corporate Bonds and Strategic Bonds. Developed Markets is also split into four sub asset classes; European Equity, US Equity, Japanese Equity and Asia Pacific ex Japan Equity. An investor in the PIM Strategic Conviction 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.

## PIM Strategic Conviction Portfolios - Asset Allocation Table

Asset Group	1	2	3	4	5	6	7	8	9	10
Managed Liquidity	80.00%	25.00%	15.00%	15.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gilts	3.00%	8.25%	8.25%	5.25%	4.50%	3.75%	2.25%	0.00%	0.00%	0.00%
Index Linked Gilts	2.00%	5.50%	5.50%	3.50%	3.00%	2.50%	1.50%	0.00%	0.00%	0.00%
Corporate Bonds	7.00%	19.25%	19.25%	12.25%	10.50%	8.75%	5.25%	0.00%	0.00%	0.00%
Global Bonds	8.00%	22.00%	22.00%	14.00%	12.00%	10.00%	6.00%	0.00%	0.00%	0.00%
Property	0.00%	10.00%	10.00%	10.00%	10.00%	10.00%	15.00%	15.00%	10.00%	0.00%
UK Equity Income	0.00%	5.00%	10.00%	20.00%	20.00%	20.00%	20.00%	20.00%	15.00%	10.00%
UK Equity Growth	0.00%	5.00%	5.00%	10.00%	15.00%	20.00%	20.00%	15.00%	15.00%	15.00%
European Equity	0.00%	0.00%	1.00%	2.00%	4.00%	5.00%	5.00%	7.00%	7.00%	8.00%
US Equity	0.00%	0.00%	3.00%	6.00%	12.00%	15.00%	15.00%	21.00%	21.00%	24.00%
Japanese Equity	0.00%	0.00%	0.50%	1.00%	2.00%	2.50%	2.50%	3.50%	3.50%	4.00%
Asia Pacific ex Japan Equity	0.00%	0.00%	0.50%	1.00%	2.00%	2.50%	2.50%	3.50%	3.50%	4.00%
Emerging Market Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.00%	15.00%	25.00%	35.00%

\*Portfolios are rebalanced to their asset allocation on a quarterly basis or when a change is made between the active/passive allocations.

### Net Ongoing Charge Figure (OCF) and Historic Yield

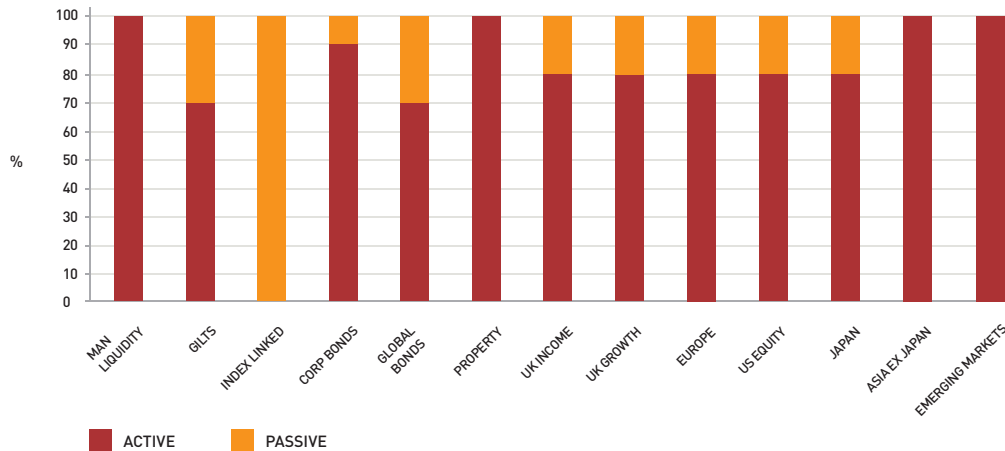
The fund OCF and historic yield for each asset class are shown below. The data included will vary from month to month, depending on the fund selection of the investment manager and the expenses of the underlying funds themselves. These figures are therefore only included for the purposes of transparency.

	MANAGED LIQUIDITY	GILTS	INDEX LINKED GILTS	CORPORATE BONDS	STRATEGIC BONDS	PROPERTY	UK EQUITY INCOME	UK EQUITY GROWTH	EUROPEAN EQUITY	US EQUITY	JAPANESE EQUITY	ASIA PACIFIC EX JAPAN EQUITY	EMERGING MARKET EQUITY
Fund OCF	0.12%	0.25%	0.10%	0.61%	0.60%	0.58%	0.76%	0.63%	0.76%	0.76%	0.97%	0.90%	1.17%
Historic Yield	0.59%	1.37%	0.17%	2.74%	2.37%	2.82%	3.86%	2.48%	1.03%	0.55%	2.29%	1.11%	1.30%

Fund OCF and historic yield data is correct as at 03 January 2017.

### Active/Passive Allocation as at 31 December 2016

The chart below displays the current active/passive weights within each asset class as at 31 December 2016.



## Portfolio Holdings as of 31 December 2016

The current portfolio holdings for PIM Strategic Conviction are shown in the tables below, as at 31 December 2016. Please refer to page 57 for details on fund changes over the period. If you have any further queries, please refer to your relationship manager.

### PIM Strategic Conviction Active and Passive Funds

MANAGED LIQUIDITY	GILTS	INDEX LINKED GILTS	CORPORATE BONDS	GLOBAL STRATEGIC BONDS	PROPERTY	UK EQUITY INCOME	UK EQUITY GROWTH	EUROPEAN EQUITY	US EQUITY	JAPANESE EQUITY	ASIA PACIFIC EX JAPAN EQUITY	EMERGING MARKET EQUITY
Federated Short-Term Sterling Prime	Vanguard UK Government Bond Index	L&G All Stocks Index Linked Gilt Index	Fidelity Moneybuilder Income	Jupiter Strategic Bond	Threadneedle UK Property Authorised Trust Feeder	Unicorn UK Income	JOHCM UK Opportunities	Jupiter European	Fidelity American Special Situations	CF Morant Wright Nippon Yield	Stewart Investors Asia Pacific Leaders	MI Somerset Emerging Markets Dividend Growth
BlackRock ICS Institutional Sterling Liquidity Heritage	Allianz Gilt Yield		Kames Investment Grade Bond	M&G Optimal Income	L&G UK Property Feeder	Trojan Income	CF Lindsell Train UK Equity	Threadneedle European Select	Pioneer US Fundamental Growth	L&G Japan Index		Fidelity Emerging Markets
			Vanguard UK Investment Grade Bond Index	Goldman Sachs Global Fixed Income Plus Portfolio	Standard Life Investments UK Real Estate Income Feeder	Rathbone Income	Liontrust Special Situations	Vanguard FTSE Developed Europe ex UK Equity Index	CF Miton US Opportunities			
				Vanguard Global Bond Index GBP Hedged		Invesco Perpetual Income	Vanguard FTSE UK All Share Index		Vanguard US Equity Index			
						Vanguard FTSE UK Equity Income Index						

**PIM Strategic Conviction - Portfolio Returns to period end 31 December 2016**

Returns from all portfolios continue to increase sequentially with risk for all periods beyond 3 months, owing to the strong relative performance of US, Japan and Emerging Markets Equity (over 1 year and since inception). 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	FROM INCEPTION (31.08.2015)
<b>Risk Grade</b>				
1	-0.51%	0.64%	1.99%	1.88%
2	-1.10%	2.56%	5.42%	5.92%
3	-0.62%	3.87%	7.05%	8.17%
4	0.60%	5.72%	8.15%	10.54%
5	1.49%	7.72%	11.00%	14.64%
6	2.03%	8.91%	12.57%	17.05%
7	2.38%	9.41%	13.06%	17.95%
8	3.35%	11.42%	16.82%	22.82%
9	3.05%	11.97%	19.56%	25.58%
10	2.98%	13.13%	23.77%	30.11%

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

**PIM Strategic Conviction - Asset Class Returns to period end 31 December 2016**

The PIM Strategic Conviction portfolios are built through a weighted exposure to seven underlying asset classes. For transparency purposes the returns of each sub-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	FROM INCEPTION (31.08.2015)
<b>Asset Class</b>				
Managed Liquidity	0.08%	0.19%	0.43%	0.45%
Gilts	-5.12%	-0.97%	11.28%	10.93%
Index Linked Gilts	-5.60%	7.58%	24.01%	19.47%
Corporate Bonds	-3.10%	2.25%	7.06%	7.34%
Global Strategic Bonds	0.41%	2.42%	4.62%	4.40%
Property	2.23%	1.81%	-3.31%	-0.08%
UK Equity Income	2.35%	9.99%	7.38%	11.47%
UK Equity Growth	1.56%	10.17%	14.20%	20.74%
European Equity	2.12%	9.71%	13.40%	20.45%
US Equity	8.90%	17.23%	29.95%	41.17%
Japanese Equity	8.62%	25.73%	28.58%	35.45%
Asia Pacific ex Japan Equity	-1.86%	9.53%	24.46%	32.11%
Emerging Market Equity	-0.14%	12.06%	30.06%	33.24%

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

# PIM Strategic Guardian Portfolios

The PIM Strategic Guardian solution enables clients to invest in one of ten carefully constructed Strategic portfolios, according to the client's requirement for yield, total return, attitude to risk and capacity for loss. The amount invested into each portfolio is dependent upon the clients' risk profile and, once agreed, is kept constant with periodic rebalancing. This solution has been specifically designed to be used within a drawdown environment whether that be via pension drawdown or otherwise.

## PIM Strategic Guardian Portfolios - Asset Allocation Table

Asset Group	1	2	3	4	5	6	7	8	9	10
Managed Liquidity	55.00%	30.00%	15.00%	7.00%	5.00%	2.00%	0.00%	0.00%	0.00%	0.00%
UK Gilts	5.00%	10.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
UK Index Linked Gilts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%
UK Corporate Bonds	10.00%	16.00%	25.00%	27.00%	17.00%	12.00%	6.00%	0.00%	0.00%	0.00%
Global Strategic Bonds	15.00%	20.00%	15.00%	13.00%	10.00%	10.00%	9.00%	5.00%	0.00%	0.00%
Global High Yield Bonds	0.00%	0.00%	2.00%	4.00%	5.00%	5.00%	6.00%	9.00%	9.00%	7.00%
UK Property	5.00%	5.00%	5.00%	6.00%	6.00%	6.00%	7.00%	8.00%	7.00%	2.00%
UK Equity Income	0.00%	5.00%	15.00%	15.00%	23.00%	20.00%	14.00%	0.00%	0.00%	0.00%
UK Mid Cap Equity	0.00%	0.00%	0.00%	2.00%	3.00%	3.00%	3.00%	3.00%	4.00%	5.00%
UK Small Cap Equity	0.00%	0.00%	0.00%	4.00%	5.00%	7.00%	7.00%	8.00%	9.00%	10.00%
US Equity	0.00%	0.00%	0.00%	3.00%	6.00%	12.00%	13.00%	15.00%	16.00%	18.00%
US Equity Small Cap	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.00%	8.00%	10.00%	11.00%
Europe ex UK Equity	0.00%	0.00%	0.00%	4.00%	5.00%	6.00%	8.00%	8.00%	10.00%	10.00%
Pacific ex Japan Equity	0.00%	0.00%	0.00%	2.00%	3.00%	5.00%	6.00%	8.00%	9.00%	10.00%
Emerging Markets Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.00%	15.00%	15.00%	20.00%
Targeted Return	10.00%	14.00%	13.00%	13.00%	12.00%	12.00%	11.00%	11.00%	9.00%	5.00%

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



### Net Ongoing Charge Figure (OCF) and Historic Yield

The fund OCF and historic yield for each asset class 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.

	MANAGED LIQUIDITY	UK GILTS	UK INDEX LINKED GILTS	UK CORPORATE BONDS	GLOBAL STRATEGIC BONDS	GLOBAL HIGH YIELD BONDS	UK PROPERTY	UK EQUITY INCOME	UK MID CAP EQUITY	UK SMALL CAP EQUITY	US EQUITY	US EQUITY SMALL CAP	EUROPE EX UK EQUITY	PACIFIC EX JAPAN EQUITY	EMERGING MARKETS EQUITY	TARGETED RETURN
Fund OCF	0.12%	0.06%	0.10%	0.62%	0.78%	0.64%	0.72%	0.91%	0.81%	1.38%	0.51%	0.44%	1.03%	0.55%	1.33%	0.86%
Historic Yield	0.59%	1.70%	0.17%	2.92%	2.66%	4.91%	3.05%	3.48%	3.20%	0.27%	1.09%	0.47%	0.54%	4.71%	2.78%	2.79%

Fund OCF and historic yield data is correct as at 03 January 2017

## Portfolio Holdings as at 31 December 2016

The current portfolio holdings for PIM Strategic Guardian are shown in the table below, as at 31 December 2016. Please refer to page 57 for further details on fund changes over the period. If you have any further queries, please refer to your relationship manager.

MANAGED LIQUIDITY	UK GILTS	UK INDEX LINKED GILTS	UK CORPORATE BONDS	GLOBAL STRATEGIC BONDS	GLOBAL HIGH YIELD BONDS	UK PROPERTY	UK EQUITY INCOME	UK MID CAP EQUITY	UK SMALL CAP EQUITY	US EQUITY	US EQUITY SMALL CAP	EUROPE EX UK EQUITY	PACIFIC EX JAPAN EQUITY	EMERGING MARKETS EQUITY	TARGETED RETURN
BlackRock ICS Institutional Sterling Liquidity Heritage	Vanguard UK Government Bond Index	L&G All Stocks Index Linked Gilt Index	Fidelity Moneybuilder Income	Jupiter Strategic Bond	Pimco GIS Global High Yield Bond	Threadneedle UK Property Authorised Trust Feeder	Invesco Perpetual Income	Neptune UK Mid Cap	Liontrust UK Smaller Companies	Fidelity American Special Situations	Dimensional US Small Companies	Jupiter European	L&G Pacific Index	Charlemagne Magna Emerging Markets Dividend	Aviva Inv Multi Strategy Target Income
Federated Short-Term Sterling Prime			Kames Investment Grade Bond	M&G Optimal Income	Threadneedle High Yield Bond	L&G UK Property Feeder	Rathbone Income			Vanguard US Equity Index		Schroder Asian Income Maximiser	MI Somerset Emerging Markets Dividend Growth	Invesco Perpetual Global Targeted Returns	
			Royal London Sterling Credit	Goldman Sachs Global Fixed Income Plus Portfolio			Trojan Income								

**PIM Strategic Guardian - Portfolio Returns to period end 31 December 2016**

All portfolios returns increase sequentially with risk over 6 months and since inception, owing to the strong relative performance of US Equity, Asia Pacific Ex-Japan and Emerging Markets Equity. Performance has been slightly distorted over the short term by the negative returns within UK Gilts, Index Linked Gilts and Corporate Bonds, which has been balanced out by the positive returns in Property.

Risk Grade	<div style="display: flex; justify-content: space-around; text-align: center;"> <div style="transform: rotate(-45deg); font-size: small;">3 MONTH RETURN</div> <div style="transform: rotate(-45deg); font-size: small;">6 MONTH RETURN</div> <div style="transform: rotate(-45deg); font-size: small;">FROM INCEPTION (03.05.2016)</div> </div>		
1	-0.20%	1.10%	1.55%
2	-0.46%	1.78%	2.82%
3	-0.55%	2.67%	4.01%
4	0.31%	5.04%	5.99%
5	1.12%	6.45%	7.71%
6	1.95%	8.03%	9.94%
7	3.11%	9.84%	12.94%
8	3.75%	11.53%	16.47%
9	4.18%	12.52%	17.95%
10	4.40%	13.93%	20.71%

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

**PIM Strategic Guardian - Asset Class Returns to period end 31 December 2016**

The PIM Strategic Guardian portfolios are built through a weighted exposure to sixteen underlying asset classes. For transparency purposes the returns of each sub-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.

Asset Class	<div style="display: flex; justify-content: space-around; text-align: center;"> <div style="transform: rotate(-45deg); font-size: small;">3 MONTH RETURN</div> <div style="transform: rotate(-45deg); font-size: small;">6 MONTH RETURN</div> <div style="transform: rotate(-45deg); font-size: small;">FROM INCEPTION (03.05.2016)</div> </div>		
Managed Liquidity	0.08%	0.19%	0.26%
UK Gilts	-3.76%	-1.30%	5.81%
UK Index Linked Gilts	-5.60%	7.58%	19.64%
UK Corporate Bonds	-2.89%	2.67%	4.57%
Global Strategic Bonds	0.41%	4.23%	5.32%
Global High Yield Bonds	1.60%	5.87%	6.30%
UK Property	2.51%	1.22%	-3.99%
UK Equity Income	1.72%	7.83%	9.65%
UK Mid Cap Equity	1.65%	12.58%	8.93%
UK Small Cap Equity	2.77%	21.10%	13.09%
US Equity	9.98%	19.27%	31.84%
US Equity Small Cap	17.19%	29.33%	42.89%
Europe ex UK Equity	-1.10%	4.19%	9.18%
Pacific ex Japan Equity	1.68%	14.21%	24.46%
Emerging Markets Equity	0.37%	9.65%	21.78%
Targeted Return	0.84%	1.00%	0.57%

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

# S PIM Strategic Active Portfolios

The PIM Strategic Active portfolios are constructed using six asset classes each with their own distinctive risk and reward characteristics. By varying the percentage exposure to each asset class, ten Risk Graded portfolios are produced that can match the risk tolerance of a particular client. The current split between the asset classes for each of the ten Risk Graded portfolios is detailed in the table below. An investor in the PIM Strategic Active solution 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.

## PIM Strategic Active Portfolios - Asset Allocation Table

	MANAGED LIQUIDITY	FIXED INTEREST	PROPERTY	EQUITY INCOME	EQUITY GROWTH	GLOBAL ALPHA	TOTAL
<b>Risk Grade</b>							
1	80%	20%	0%	0%	0%	0%	100%
2	25%	55%	10%	5%	5%	0%	100%
3	15%	55%	10%	10%	10%	0%	100%
4	15%	35%	10%	25%	15%	0%	100%
5	5%	30%	15%	25%	25%	0%	100%
6	0%	25%	15%	25%	25%	10%	100%
7	0%	10%	15%	25%	35%	15%	100%
8	0%	0%	15%	20%	35%	30%	100%
9	0%	0%	10%	20%	30%	40%	100%
10	0%	0%	0%	0%	35%	65%	100%

## Net Ongoing Charge Figure (OCF) and Historic Yield

Fund OCF	0.12%	0.65%	0.76%	0.88%	0.92%	0.90%
Historic Yield	0.59%	2.22%	2.82%	3.69%	1.25%	0.68%

Fund OCF and historic yield data is correct as at 03 January 2017.

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

## PIM Strategic Active - Model Portfolio Holdings as of 31 December 2016

The current portfolio holdings for PIM Strategic Active are shown in the table below, as at 31 December 2016. Please refer to page 57 for further details on fund changes over the period. If you have any further queries, please refer to your relationship manager.

MANAGED LIQUIDITY	FIXED INTEREST	PROPERTY	EQUITY INCOME	EQUITY GROWTH	GLOBAL ALPHA
Federated - Short-Term Sterling Prime	Allianz Gilt Yield	Threadneedle UK Property Authorised Trust Feeder	MI Chelverton UK Equity Income	JOHCM UK Opportunities	Schroder Asian Alpha Plus
BlackRock ICS Institutional Sterling Liquidity Heritage	M&G Optimal Income	L&G UK Property Feeder	Unicorn UK Income	Stewart Investors Asia Pacific Leaders	Franklin UK Managers' Focus
	Fidelity Moneybuilder Income	Standard Life Investments UK Real Estate Income Feeder	Trojan Income	CF Morant Wright Nippon Yield	JOHCM Continental European
	Jupiter Strategic Bond		Artemis Global Income	CF Lindsell Train UK Equity	Old Mutual North American Equity
	Goldman Sachs Global Fixed Income Plus Portfolio		Rathbone Income	JPM US Equity Income	Baillie Gifford Japanese
	M&G Index Linked Bond		Threadneedle UK Equity Income	Liontrust Special Situations	Threadneedle Global Emerging Market Equity
	Kames Investment Grade Bond		Fidelity Global Dividend	Jupiter European	
			Invesco Perpetual Income	Jupiter UK Special Situations	
				Rathbone Global Opportunities	
				Fidelity American Special Situations	
				MI Somerset Emerging Markets Dividend Growth	
				Fidelity Emerging Markets	
				Threadneedle European Select	
				Pioneer US Fundamental Growth	

## PIM Strategic Active - Portfolio Returns to period end 31 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 Equity Income, Equity Growth and Global Alpha, (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
<b>Risk Grade</b>						
1	-0.38%	0.85%	2.15%	2.50%	5.51%	9.06%
2	-0.61%	3.40%	6.30%	8.27%	15.49%	26.06%
3	-0.25%	4.64%	7.83%	10.67%	18.64%	33.41%
4	0.88%	6.44%	8.58%	13.28%	20.94%	43.08%
5	1.53%	7.75%	10.11%	16.21%	25.30%	52.26%
6	2.34%	9.51%	12.07%	18.73%	27.81%	57.02%
7	3.47%	11.38%	14.13%	22.04%	31.30%	65.45%
8	4.59%	13.39%	16.40%	24.69%	33.48%	68.05%
9	4.98%	14.55%	17.93%	25.79%	33.60%	67.78%
10	6.10%	17.47%	23.69%	30.36%	37.24%	68.72%

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

## PIM Strategic Active - Asset Class Returns to period end 31 December 2016

The PIM Strategic Active Risk Graded portfolios are built through a weighted exposure to six 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	5 YEAR RETURN
<b>Asset Class</b>						
Managed Liquidity	0.08%	0.19%	0.43%	0.86%	2.64%	4.93%
Fixed Interest	-2.24%	3.27%	8.92%	8.94%	17.36%	26.69%
Property	2.23%	1.81%	-3.31%	5.67%	19.65%	28.58%
Equity Income	3.13%	12.09%	9.78%	19.14%	24.15%	73.87%
Equity Growth	4.30%	13.68%	22.10%	31.52%	44.13%	92.81%
Global Alpha	7.06%	19.54%	24.49%	29.67%	33.54%	56.72%

\*Prior to 16 February 2015 the returns shown as Global Alpha were synonymous with Specialist Equity.

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

# T PIM Tactical Active & Passive Portfolios

The Tactical offering is built around five asset classes; Managed Liquidity, Cautious, Balanced, Active and Global Alpha. The Managed Liquidity and Global Alpha portfolios are the same as PIM Strategic Active portfolios. The asset allocation between bonds, equities and other asset classes may vary within the Cautious, Balanced and Active portfolios, at the discretion of the investment manager (PIM). The aim is to minimise volatility whilst maximising risk adjusted returns.

These five asset class portfolios are blended to give ten Risk Graded portfolios, as shown below. The Tactical Passive investment solution seeks to replicate the asset allocation of Tactical Active via the use of passive funds. The exceptions are Managed Liquidity and Property where passive alternatives are unavailable. Global Alpha has the same sub-asset allocations for Active and Passive, however is labelled Active Plus in the latter.

## PIM Tactical Portfolios Active and Passive - Asset Allocation Table

	MANAGED LIQUIDITY	CAUTIOUS	BALANCED	ACTIVE	GLOBAL ALPHA	TOTAL
<b>Risk Grade</b>						
1	50%	50%	0%	0%	0%	100%
2	25%	75%	0%	0%	0%	100%
3	0%	100%	0%	0%	0%	100%
4	0%	75%	25%	0%	0%	100%
5	0%	25%	75%	0%	0%	100%
6	0%	0%	100%	0%	0%	100%
7	0%	0%	75%	25%	0%	100%
8	0%	0%	25%	75%	0%	100%
9	0%	0%	0%	100%	0%	100%
10	0%	0%	0%	75%	25%	100%

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

## Net Ongoing Charge Figure (OCF) and Historic Yield

The fund OCF and historic yield for each asset class 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.

### PIM Tactical Active

	MANAGED LIQUIDITY	CAUTIOUS	BALANCED	ACTIVE	GLOBAL ALPHA	INCOME
Fund OCF	0.12%	0.62%	0.79%	0.94%	0.90%	0.80%
Historic Yield	0.59%	1.98%	1.99%	1.60%	0.68%	3.76%

Fund OCF and historic yield data is correct as at 03 January 2017.

### PIM Tactical Passive

	MANAGED LIQUIDITY	CAUTIOUS	BALANCED	ACTIVE	ACTIVE PLUS
Fund OCF	0.12%	0.16%	0.15%	0.17%	0.09%
Historic Yield	0.59%	2.04%	2.56%	2.42%	1.95%

Fund OCF and historic yield data is correct as at 03 January 2017.

### PIM Tactical Active (Cautious, Balanced and Active) - Portfolio Holdings\*

ASSET CLASS	FUND	CAUTIOUS	BALANCED	ACTIVE	
Managed Liquidity	Federated Short-Term Sterling Prime	7.50%	0.00%	0.00%	
	BlackRock ICS Institutional Sterling Liquidity Heritage	7.50%	0.00%	0.00%	
Fixed Interest	M&G Optimal Income	7.34%	3.60%	0.00%	
	Jupiter Strategic Bond	7.33%	3.60%	0.00%	
	Fidelity Moneybuilder Income	9.62%	4.72%	0.00%	
	M&G Index Linked Bond	5.50%	2.70%	0.00%	
	Kames Investment Grade Bond	9.63%	4.73%	0.00%	
	Goldman Sachs Global Fixed Income Plus Portfolio	7.33%	3.60%	0.00%	
	Allianz Gilt Yield	8.25%	4.05%	0.00%	
	Property	L&G UK Property Feeder	4.00%	4.00%	3.34%
		Threadneedle UK Property Authorised Trust Feeder	4.00%	4.00%	3.33%
Standard Life Investments UK Real Estate Income Feeder		4.00%	4.00%	3.33%	
UK Equities	JOHCM UK Opportunities	3.25%	9.00%	6.75%	
	CF Lindsell Train UK Equity	3.25%	9.00%	6.75%	
	Jupiter UK Special Situations	3.25%	9.00%	6.75%	
	Liontrust Special Situations	3.25%	9.00%	6.75%	
	International Equities	Stewart Investors Asia Pacific Leaders	0.25%	1.25%	1.90%
Threadneedle European Select		0.50%	2.50%	3.80%	
Jupiter European		0.50%	2.50%	3.80%	
CF Morant Wright Nippon Yield		0.75%	3.75%	5.70%	
JPM US Equity Income		1.00%	5.00%	7.60%	
Fidelity American Special Situations		1.00%	5.00%	7.60%	
Pioneer SICAV US Fundamental Growth		1.00%	5.00%	7.60%	
Fidelity Emerging Markets		0.00%	0.00%	6.25%	
Schroder Global Emerging Markets		0.00%	0.00%	6.25%	
MI Somerset Emerging Markets Dividend Growth		0.00%	0.00%	6.25%	
Aberdeen Emerging Markets Equity	0.00%	0.00%	6.25%		
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	

### PIM Tactical Passive (Cautious, Balanced and Active) - Portfolio Holdings\*

ASSET CLASS	FUND	CAUTIOUS	BALANCED	ACTIVE	ACTIVE PLUS
Managed Liquidity	Federated Short-Term Sterling Prime	7.50%	0.00%	0.00%	0.00%
	BlackRock ICS Institutional Sterling Liquidity Heritage	7.50%	0.00%	0.00%	0.00%
Fixed Interest	Vanguard Global Bond Index Hedge GBP	22.00%	10.80%	0.00%	0.00%
	L&G All Stocks Index Linked Gilt Index	5.50%	2.70%	0.00%	0.00%
	Vanguard UK Investment Grade Bond Index	19.25%	9.45%	0.00%	0.00%
	Vanguard UK Government Bond Index	8.25%	4.05%	0.00%	0.00%
	Property	L&G UK Property Feeder	4.00%	4.00%	3.34%
Threadneedle UK Property Authorised Trust Feeder		4.00%	4.00%	3.33%	0.00%
Standard Life Investments UK Real Estate Income Feeder		4.00%	4.00%	3.33%	0.00%
UK Equities	Vanguard FTSE UK All Share Index	13.00%	36.00%	27.00%	7.90%
International Equities	Vanguard US Equity Index	3.00%	15.00%	22.80%	54.84%
	Vanguard FTSE Developed Europe ex UK Equity Index	1.00%	5.00%	7.60%	12.96%
	L&G Japan Index	0.75%	3.75%	5.70%	8.20%
	L&G Pacific Index	0.25%	1.25%	1.90%	8.75%
Emerging Markets	Vanguard Emerging Markets Stock Index	0.00%	0.00%	25.00%	7.35%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*The current portfolio holdings for PIM Tactical (Active and Passive) are shown in the tables above, as at 31 December 2016. Please refer to page 57 for details on fund changes over the period. If you have any further queries, please refer to your relationship manager.

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

## PIM Tactical Active and Passive Portfolio Returns to period end 31 December 2016

### PIM Tactical Active - Portfolio Returns

All portfolios continue to perform in line over all periods beyond the last 3 months, owing to the continued strong relative performance in Tactical Balanced, Active and Global Alpha, (with the exception of Risk Grade 10 over 5 years). Performance has been slightly distorted over the short term by the negative returns within Fixed Interest, which has been partially 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
<b>Risk Grade</b>						
1	-0.08%	2.37%	3.98%	6.03%	10.02%	19.44%
2	-0.17%	3.44%	5.77%	8.66%	13.85%	27.32%
3	-0.26%	4.50%	7.56%	11.32%	17.76%	35.63%
4	0.41%	5.78%	9.09%	13.60%	20.81%	41.40%
5	1.74%	8.36%	12.19%	18.22%	27.05%	53.52%
6	2.40%	9.66%	13.76%	20.57%	30.25%	59.86%
7	2.71%	10.43%	15.46%	21.64%	31.11%	61.74%
8	3.31%	11.96%	18.88%	23.74%	32.75%	65.38%
9	3.61%	12.72%	20.62%	24.76%	33.54%	67.14%
10	4.52%	14.47%	21.67%	26.07%	33.66%	64.66%

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

### PIM Tactical Passive - Portfolio Returns

All portfolios continue to perform in line over all periods beyond the last 3 months, owing to the continued strong relative performance in Tactical Balanced, Active and Active Plus. Performance has been slightly distorted over the short term by the negative returns within Fixed Interest, which has been partially 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
<b>Risk Grade</b>						
1	-0.25%	1.71%	4.12%	5.60%	10.03%	18.66%
2	-0.42%	2.44%	5.98%	8.00%	13.86%	26.07%
3	-0.60%	3.16%	7.84%	10.42%	17.77%	33.87%
4	0.21%	4.60%	9.54%	12.31%	19.81%	38.90%
5	1.83%	7.52%	12.99%	16.10%	23.92%	49.30%
6	2.64%	8.99%	14.74%	18.01%	25.97%	54.66%
7	2.90%	9.90%	16.54%	18.96%	26.83%	56.56%
8	3.42%	11.72%	20.18%	20.78%	28.43%	60.20%
9	3.67%	12.62%	22.01%	21.65%	29.16%	61.93%
10	5.08%	14.37%	25.43%	27.87%	34.99%	67.93%

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



**PIM Tactical Active & Passive - Asset Class Returns to period end 31 December 2016**

The PIM Tactical Risk Graded portfolios are built through a weighted exposure to the five 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.

**PIM Tactical Active**

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
<b>Managed Liquidity</b>	0.08%	0.19%	0.43%	0.86%	2.64%	4.93%
<b>PIM Tactical Active: Cautious</b>	-0.26%	4.50%	7.56%	11.32%	17.76%	35.63%
IA Mixed Investment 20-60% Shares	1.32%	7.39%	10.32%	11.66%	17.08%	38.09%
<b>PIM Tactical Active: Balanced</b>	2.40%	9.66%	13.76%	20.57%	30.25%	59.86%
IA Mixed Investment 40-85% Shares	2.52%	10.17%	12.87%	15.88%	21.52%	52.97%
<b>PIM Tactical Active: Active</b>	3.61%	12.72%	20.62%	24.76%	33.54%	67.14%
IA Flexible Investment	2.99%	11.09%	13.82%	16.08%	21.75%	53.58%
<b>PIM Tactical Active: Global Alpha</b>	7.06%	19.54%	24.49%	29.67%	33.54%	56.72%
FTSE World	6.90%	15.75%	29.59%	35.22%	50.49%	105.91%

\*Prior to 16 February 2015 the returns shown as Global Alpha were synonymous with Specialist Equity.

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

**PIM Tactical Passive**

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
<b>Managed Liquidity</b>	0.08%	0.19%	0.43%	0.86%	2.64%	4.93%
<b>PIM Tactical Passive: Cautious</b>	-0.60%	3.16%	7.84%	10.42%	17.77%	33.87%
IA Mixed Investment 20-60% Shares	1.32%	7.39%	10.32%	11.66%	17.08%	38.09%
<b>PIM Tactical Passive: Balanced</b>	2.64%	8.99%	14.74%	18.01%	25.97%	54.66%
IA Mixed Investment 40-85% Shares	2.52%	10.17%	12.87%	15.88%	21.52%	52.97%
<b>PIM Tactical Passive: Active</b>	3.67%	12.62%	22.01%	21.65%	29.16%	61.93%
IA Flexible Investment	2.99%	11.09%	13.82%	16.08%	21.75%	53.58%
<b>PIM Tactical Passive: Active Plus</b>	6.51%	16.12%	28.92%	34.35%	41.01%	74.00%
FTSE World	6.90%	15.75%	29.59%	35.22%	50.49%	105.91%

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

### PIM Tactical Active & Passive - Portfolio Volatility Against Comparable Indices

Tactical Cautious (Active and Passive) has delivered a lower relative volatility over 1 year, with a higher performance, lower volatility and a higher return/risk ratio over 3 years. Tactical Balanced has delivered a higher than peer group performance and a lower volatility over all periods, whilst Active has also delivered a higher return and return/risk ratio over all periods. As such, the PIM Tactical Active and Passive portfolios compare favourably against the IA Multi Asset peer group.

	1 YEAR RETURN	1 YEAR VOLATILITY	1 YEAR RETURN/RISK RATIO	3 YEAR ANNUALISED RETURN	3 YEAR ANNUALISED VOLATILITY	3 YEAR ANNUALISED RETURN/RISK RATIO
PIM Tactical Active: Cautious	7.56%	3.95%	1.91x	5.60%	3.87%	1.45x
PIM Tactical Passive: Cautious	7.84%	3.98%	1.97x	5.60%	4.06%	1.38x
IA Mixed Investment 20-60% Shares	10.32%	5.80%	1.78x	5.40%	5.34%	1.01x
PIM Tactical Active: Balanced	13.76%	6.07%	2.27x	9.21%	6.36%	1.45x
PIM Tactical Passive: Balanced	14.74%	5.72%	2.58x	8.00%	6.51%	1.23x
IA Mixed Investment 40-85% Shares	12.87%	7.60%	1.69x	6.71%	7.15%	0.94x
PIM Tactical Active: Active	20.62%	9.57%	2.15x	10.12%	8.95%	1.13x
PIM Tactical Passive: Active	22.01%	9.62%	2.29x	8.90%	9.29%	0.96x
IA Flexible Investment	13.82%	8.44%	1.64x	6.78%	7.80%	0.87x

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

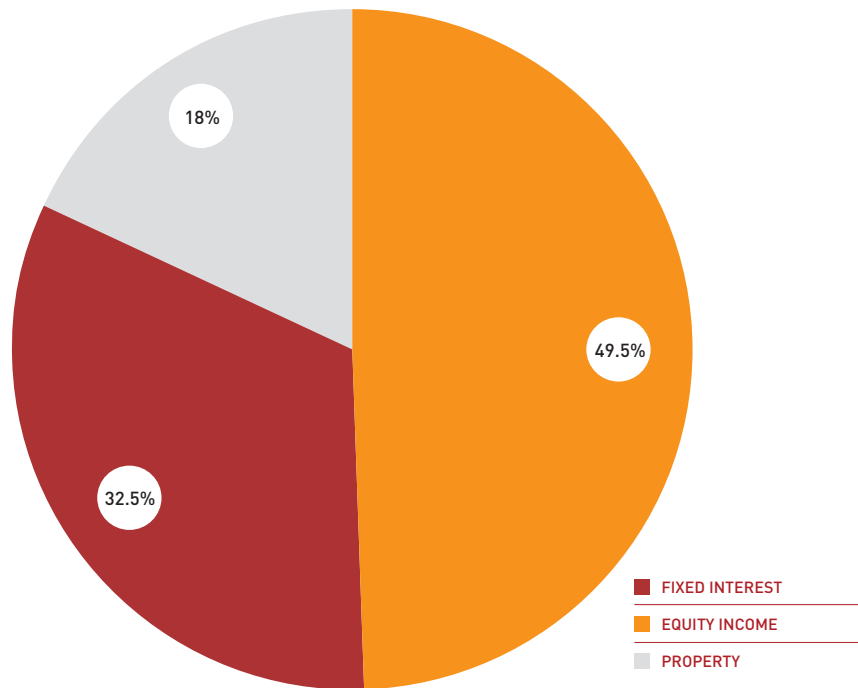
### PIM Tactical Active Income - Portfolio Returns to period end 31 December 2016

The Tactical Active Income portfolio invests in a combination of Managed Liquidity, Fixed Interest, Property and Equity Income collectives with the aim of providing a yield between 10% and 20% greater than that of the broad UK stock market, which is currently 3.47%. The mix of asset classes will be varied by the investment manager (PIM) depending upon their risk and return characteristics. Given the unique character of the portfolio, Tactical Income does not easily fit within any of the IA sector definitions and there is no natural benchmark for performance comparisons. However, in the table below are some of the common benchmarks for reference purposes.

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
PIM Tactical Active Income	1.66%	7.78%	6.45%	12.52%	20.29%	46.71%
Citi UK Government Bond Index	-5.61%	-3.23%	8.74%	9.23%	25.54%	23.68%
IA Sterling Corporate Bond Sector	-2.48%	3.43%	9.08%	8.79%	19.48%	35.89%
IA UK Equity Income Sector	2.36%	11.76%	8.84%	15.59%	19.24%	70.20%

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

PIM Tactical Active Income % Asset Allocation as of 31 December 2016



The PIM Tactical Active Income portfolios have a target yield of between 10% and 20% above the UK Equity Market.

PIM Tactical Active Income Portfolio Holdings as of 31 December 2016

The current portfolio holdings for PIM Tactical Active Income are shown in the table below, as at 31 December 2016. Please refer to page 57 for details on fund changes over the period. If you have any further queries, please refer to your relationship manager.

ASSET CLASS	FUND	TACTICAL INCOME
Fixed Interest	M&G Optimal Income	6.67%
	M&G Index Linked Bond	2.50%
	Invesco Perpetual Corporate Bond	10.00%
	PIMCO Global Bond	6.66%
	Jupiter Strategic Bond	6.67%
Property	L&G UK Property Feeder	6.00%
	Threadneedle UK Property Authorised Trust Feeder	6.00%
	Standard Life Investments UK Real Estate Income Feeder	6.00%
Equity Income	MI Chelverton UK Equity Income	7.28%
	Unicorn UK Income	7.28%
	Trojan Income	7.28%
	Rathbone Income	7.28%
	Schroder Income Maximiser	7.29%
	Fidelity Enhanced Income	7.29%
	Fidelity Global Dividend	3.20%
Artemis Global Income	2.60%	
<b>Total</b>		<b>100%</b>

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

# PIM Tactical Income Solution

The PIM 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 both achieve the target yields and to keep portfolio volatility within the constraints identified for each risk grade.

The PIM 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.

## What are Maximiser Funds?

Up to 35% of a PIM Tactical Income portfolio may be invested in Maximiser Funds to help ensure an attractive level of income. It is important that clients understand this. 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 PIM 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 PIM 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.

## PIM Tactical Income Portfolios - Historic Yield, Fund OCF and Return Data

	TARGET YIELD	HISTORIC YIELD (LAST 12 MONTHS)	ANNUALISED RETURN	ANNUALISED STANDARD DEVIATION	MAXIMUM 12 MONTH LOSS	MAXIMUM 12 MONTH GAIN	FUND OCF
<b>Risk Grade</b>							
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%

Fund OCF and historic yield data is correct as at 03 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 31 December 2016

The current fund holdings for PIM Tactical Income portfolios are shown in the table below, as at 31 December 2016. Please refer to page 57 for details on fund changes over the period. If you have any further queries, please refer to your relationship manager.

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 Feeder	3.09%	4.13%	3.09%	3.09%	3.09%	2.06%	2.06%	2.06%	2.06%	0.00%
	L&G UK Property Feeder	3.09%	4.13%	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	L&G Pacific Index	0.00%	0.00%	0.00%	0.67%	1.67%	2.67%	3.33%	4.33%	5.67%	6.67%
	Henderson Asian Dividend Income	0.00%	0.00%	0.00%	0.66%	1.66%	2.66%	3.33%	4.33%	5.66%	6.66%
	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%	4.11%	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%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### PIM Tactical Income - Portfolio Returns to period end 31 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)
<b>Risk Grade</b>					
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%

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

### PIM Tactical Income - Asset Class Returns to period end 31 December 2016

The PIM 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)
<b>Asset Class</b>					
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 4 for how performance figures are calculated. Performance data is correct as of 31 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.

# SE PIM 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 PIM 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

ETHICAL CRITERIA	ETHICAL PROFILE A (LIMITS EXPOSURE <sup>1</sup> )	ETHICAL PROFILE B (LIMITS EXPOSURE <sup>1</sup> )	ETHICAL PROFILE C (AIMS TO AVOID <sup>2</sup> )	ETHICAL PROFILE D (AIMS TO AVOID <sup>2</sup> )
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)				✓

<sup>1</sup>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.

<sup>2</sup>Ethical Profiles C and D only invest in funds which include the specified ethical criteria, as defined by the Ethical Oversight Committee.

**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.



## PIM Strategic Ethical Active - Asset Class Weightings as of 31 December 2016

The PIM 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.

### PIM 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 Government Bonds	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%

### PIM 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%

### PIM 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%

### PIM 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 in all profiles are rebalanced to their asset allocation on a periodic basis.

### Ongoing Charge Figure (OCF) Net of Rebates and Historic Yield

The fund OCF and historic yield for each asset class 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.

#### PIM Strategic Ethical Active - Profile A

	MANAGED LIQUIDITY	UK ETHICAL CORPORATE BONDS	UK GOVERNMENT BONDS	UK PROPERTY	UK ETHICAL EQUITY GROWTH	UK ETHICAL EQUITY INCOME	INTERNATIONAL ETHICAL EQUITY	ETHICAL EMERGING MARKETS EQUITY
Fund OCF	0.12%	0.50%	0.45%	0.76%	0.76%	0.83%	0.65%	1.01%
Historic Yield	0.59%	3.35%	0.62%	2.89%	2.21%	3.96%	1.09%	0.75%

Fund OCF and historic yield data is correct as at 03 January 2017.

#### PIM Strategic Ethical Active - Profile B

	MANAGED LIQUIDITY	UK ETHICAL CORPORATE BONDS	UK PROPERTY	UK ETHICAL EQUITY GROWTH	UK ETHICAL EQUITY INCOME	INTERNATIONAL ETHICAL EQUITY	ETHICAL EMERGING MARKETS EQUITY
Fund OCF	0.12%	0.50%	0.76%	0.76%	0.83%	0.65%	1.01%
Historic Yield	0.59%	3.35%	2.89%	2.21%	3.96%	1.09%	0.75%

Fund OCF and historic yield data is correct as at 03 January 2017.

#### PIM Strategic Ethical Active - Profile C

	MANAGED LIQUIDITY	UK ETHICAL CORPORATE BONDS	UK ETHICAL EQUITY GROWTH	UK ETHICAL EQUITY INCOME	INTERNATIONAL ETHICAL EQUITY	ETHICAL EMERGING MARKETS EQUITY
Fund OCF	0.12%	0.50%	0.76%	0.83%	0.65%	1.01%
Historic Yield	0.59%	3.35%	2.21%	3.96%	1.09%	0.75%

Fund OCF and historic yield data is correct as at 03 January 2017.

#### PIM Strategic Ethical Active - Profile D

	MANAGED LIQUIDITY	UK ETHICAL CORPORATE BONDS	UK ETHICAL EQUITY GROWTH	UK ETHICAL EQUITY INCOME	INTERNATIONAL ETHICAL EQUITY	ETHICAL EMERGING MARKETS EQUITY
Fund OCF	0.12%	0.53%	0.67%	0.83%	0.65%	1.01%
Historic Yield	0.59%	3.36%	2.24%	3.96%	1.09%	0.75%

Fund OCF and historic yield data is correct as at 03 January 2017.

### PIM Strategic Ethical Active (A-D): Portfolio Holdings as of 31 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 32 of the QIR. 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 (PIM). Details of any fund changes over the period, are available on page 57 of this document.

### Illustration of the Impact of Ethical Screening on Portfolio Holdings as of 31 December 2016

FUND	PROFILE A	PROFILE B	PROFILE C	PROFILE D
<b>Asset Class</b>				
Managed Liquidity (unscreened)	Federated Short-Term Sterling Prime			
	BlackRock ICS Institutional Sterling Liquidity Heritage			
UK 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			
UK Responsible Property	Henderson UK Property Feeder			
	L&G UK Property Feeder			
	Threadneedle UK Property Authorised Trust Feeder			
UK Ethical Equity Growth	Standard Life Investments UK Ethical			
	Kames Ethical Equity			
	EdenTree Amity UK			
	Alliance Trust Sustainable Future UK Growth			
	Premier Ethical			
	Alliance Trust UK Ethical			

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

\*Fund weightings are excluded, as it would depend upon the Risk Grade selected. For further information please contact your relationship manager.

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

Please refer to the Ethical Portfolio Selector and supporting documents for further information.

**PIM Strategic Ethical Active (Profile A-D): Portfolio Returns to period end 31 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.

**PIM 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)
<b>Risk Grade</b>						
1	-0.77%	1.44%	3.52%	3.91%	9.10%	16.61%
2	-0.39%	3.09%	4.85%	7.14%	14.21%	25.39%
3	-0.42%	5.03%	7.36%	11.20%	21.23%	36.17%
4	-0.16%	6.28%	8.48%	13.31%	23.47%	43.05%
5	0.22%	7.48%	8.94%	15.05%	25.22%	48.92%
6	0.61%	8.68%	10.32%	17.03%	26.82%	53.95%
7	1.26%	9.81%	11.04%	18.83%	28.30%	59.26%
8	1.70%	10.55%	12.10%	20.43%	29.75%	58.88%
9	1.74%	11.25%	13.05%	21.59%	30.81%	61.80%
10	1.55%	11.55%	14.35%	22.54%	32.11%	63.00%

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

**PIM 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)
<b>Risk Grade</b>						
1	-0.57%	1.44%	3.00%	3.50%	8.36%	16.56%
2	-0.15%	3.09%	4.24%	6.65%	13.31%	25.79%
3	-0.08%	5.05%	6.48%	10.47%	20.10%	38.21%
4	0.19%	6.32%	7.60%	12.57%	22.25%	45.11%
5	0.50%	7.51%	8.23%	14.45%	24.55%	51.98%
6	0.81%	8.70%	9.78%	16.58%	26.67%	57.71%
7	1.37%	9.83%	10.77%	18.59%	28.88%	63.88%
8	1.74%	10.55%	12.01%	20.35%	30.91%	67.53%
9	1.74%	11.25%	13.05%	21.59%	32.45%	72.44%
10	1.55%	11.55%	14.35%	22.54%	34.11%	75.58%

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

PIM Strategic Ethical Active (Grade A-D): Portfolio Returns to period end 31 December 2016

PIM 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)
<b>Risk Grade</b>						
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%

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

PIM 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)
<b>Risk Grade</b>						
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 4 for how performance figures are calculated. Performance data is correct as of 31 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.

**PIM Strategic Ethical Active (Profile A-D): Asset Class Returns to period end 31 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.

**PIM 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)
<b>Asset Class</b>						
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%
UK Property	2.66%	1.96%	-2.83%	6.59%	20.30%	29.29%
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%

**PIM 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)
<b>Asset Class</b>						
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 Property	2.66%	1.96%	-2.83%	6.59%	20.33%	34.18%
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%

**PIM 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)
<b>Asset Class</b>						
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%

**PIM 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)
<b>Asset Class</b>						
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%

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



# PIM Tactical Ethical Active Portfolios

The Tactical Ethical Active offering is built around five asset classes; Managed Liquidity, Cautious, Balanced, Active and Global Alpha. The Managed Liquidity portfolio is the same as PIM Strategic Active portfolios given the difficulties in sourcing an appropriate ethical fund in this area. The asset allocation between bonds, equities and other asset classes may vary within the Cautious, Balanced and Active portfolios, at the discretion of the investment manager (PIM). The aim is to minimise volatility whilst maximising risk adjusted returns. Funds are selected from the Ethical Investment Research Services (EIRIS) fund universe, after applying PIM's due diligence process. Passive investments are not available within this solution.

## PIM Tactical Ethical Active Portfolios - Asset Allocation Table

	MANAGED LIQUIDITY	CAUTIOUS	BALANCED	ACTIVE	GLOBAL ALPHA	TOTAL
<b>Risk Grade</b>						
1	50%	50%	0%	0%	0%	100%
2	25%	75%	0%	0%	0%	100%
3	0%	100%	0%	0%	0%	100%
4	0%	75%	25%	0%	0%	100%
5	0%	25%	75%	0%	0%	100%
6	0%	0%	100%	0%	0%	100%
7	0%	0%	75%	25%	0%	100%
8	0%	0%	25%	75%	0%	100%
9	0%	0%	0%	100%	0%	100%
10	0%	0%	0%	75%	25%	100%

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

## Net Ongoing Charge Figure (OCF) and Historic Yield

Fund OCF	0.12%	0.51%	0.68%	0.80%	0.85%	0.72%
Historic Yield	0.59%	2.43%	2.45%	1.69%	0.80%	3.68%

Fund OCF and historic yield data is correct as at 03 January 2017.

## Portfolio Holdings as of 31 December 2016

The current portfolio holdings for the PIM Tactical Ethical Active portfolios are shown in the table below, as at 31 December 2016. Please refer to page 57 for details on fund changes over the period. If you have any further queries, please refer to your relationship manager.

HOLDINGS		CAUTIOUS	BALANCED	ACTIVE
Managed Liquidity	Federated Short-Term Sterling Prime	7.50%	0.00%	0.00%
	BlackRock ICS Institutional Sterling Liquidity Heritage	7.50%	0.00%	0.00%
Fixed Interest	F&C Responsible Sterling Bond	9.62%	4.72%	0.00%
	Rathbone Ethical Bond	11.00%	5.40%	0.00%
	Royal London Ethical Bond	11.00%	5.40%	0.00%
	M&G Index Linked Bond	5.50%	2.70%	0.00%
	Allianz Gilt Yield	8.25%	4.05%	0.00%
	Alliance Trust Sustainable Future Corporate Bond	9.63%	4.73%	0.00%
Property	L&G UK Property Feeder	4.00%	4.00%	3.34%
	Threadneedle UK Property Authorised Trust Feeder	4.00%	4.00%	3.33%
	Standard Life Investments UK Real Estate Income Feeder	4.00%	4.00%	3.33%
UK Equity	Premier Ethical	2.60%	7.20%	5.40%
	EdenTree Amity UK	2.60%	7.20%	5.40%
	Kames Ethical Equity	2.60%	7.20%	5.40%
	F&C Responsible UK Income	2.60%	7.20%	5.40%
	Henderson Global Care UK Income	2.60%	7.20%	5.40%
International Equity	Alliance Trust Sustainable Future Global Growth	1.25%	6.25%	9.50%
	Henderson Global Care Growth	1.25%	6.25%	9.50%
	F&C Responsible Global Equity	1.25%	6.25%	9.50%
	Alliance Trust Sustainable Future European Growth	1.25%	6.25%	9.50%
	Stewart Investors Asia Pacific Sustainability	0.00%	0.00%	25.00%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>



### PIM Tactical Ethical Active - Portfolio Returns to period end 31 December 2016

All portfolios have performed in line with their relative risk, for all periods beyond the last 3 months, owing to the strong relative returns in Ethical Balanced, Active and Global Alpha. Portfolio returns are distorted over the last quarter, by the negative returns in Fixed Interest and therefore Ethical Cautious, which has been partially balanced out by the positive returns within Property.

	<i>3 MONTH RETURN</i>	<i>6 MONTH RETURN</i>	<i>1 YEAR RETURN</i>	<i>2 YEAR RETURN</i>	<i>3 YEAR RETURN</i>	<i>5 YEAR RETURN</i>
<b>Risk Grade</b>						
1	-0.41%	2.49%	3.46%	5.65%	10.22%	21.58%
2	-0.67%	3.61%	4.96%	8.07%	14.14%	30.72%
3	-0.93%	4.72%	6.45%	10.49%	18.14%	40.42%
4	-0.43%	5.79%	6.90%	11.83%	19.68%	46.15%
5	0.57%	7.97%	7.81%	14.52%	22.78%	58.13%
6	1.07%	9.07%	8.26%	15.87%	24.33%	64.39%
7	1.29%	9.52%	9.55%	17.02%	25.38%	66.42%
8	1.74%	10.42%	12.15%	20.08%	28.46%	71.16%
9	1.96%	10.87%	13.47%	20.46%	28.47%	72.44%
10	2.62%	11.88%	15.52%	21.99%	30.82%	77.34%

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

### PIM Tactical Ethical Active - Asset Class Returns to period end 31 December 2016

The PIM Tactical Ethical Risk Graded portfolios are built through a weighted exposure to the five 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.

	<i>3 MONTH RETURN</i>	<i>6 MONTH RETURN</i>	<i>1 YEAR RETURN</i>	<i>2 YEAR RETURN</i>	<i>3 YEAR RETURN</i>	<i>5 YEAR RETURN</i>
<b>Portfolio</b>						
PIM Tactical Ethical Active Cautious	-0.93%	4.72%	6.45%	10.49%	18.14%	40.42%
IA Mixed Investment 20-60% Shares	1.32%	7.39%	10.32%	11.66%	17.08%	38.09%
PIM Tactical Ethical Active Balanced	1.07%	9.07%	8.26%	15.87%	24.33%	64.39%
IA Mixed Investment 40-85% Shares	2.52%	10.17%	12.87%	15.88%	21.52%	52.97%
PIM Tactical Ethical Active: Active	1.96%	10.87%	13.47%	20.46%	28.47%	72.44%
IA Flexible Investment	2.99%	11.09%	13.82%	16.08%	21.75%	53.58%
PIM Tactical Ethical Active Global Alpha	4.61%	14.90%	21.78%	26.52%	37.71%	92.12%
FTSE World	6.90%	15.75%	29.59%	35.22%	50.49%	105.91%

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

## PIM Tactical Ethical Active Income

The Tactical Ethical Active Income portfolio invests in a combination of Bonds, Property and Equity collectives with the aim of providing a yield between 10% and 20% greater than that of the broad UK stock market, which is currently 3.47%. The mix of asset classes will be varied by the investment manager (PIM) depending upon their risk and return characteristics. Funds will be selected from the Ethical Investment Research Services (EIRiS) fund universe within Fixed Interest and Equity Income in line with the Ethical mandate.

### PIM Tactical Ethical Active Income - Portfolio Returns to period end 31 December 2016

Given the unique character of the portfolio, Tactical Ethical Active Income does not easily fit within any of the IA sector definitions and there is no natural benchmark for performance comparisons. However, in the table below are some of the common benchmarks for reference purposes.

Portfolio / Benchmark	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
PIM Tactical Ethical Active Income	0.13%	6.18%	4.62%	11.99%	21.70%	49.86%
Citi UK Government Bond Index	-5.61%	-3.23%	8.74%	9.23%	25.54%	23.68%
IA Sterling Corporate Bond Sector	-2.48%	3.43%	9.08%	8.79%	19.48%	35.89%
IA UK Equity Income Sector	2.36%	11.76%	8.84%	15.59%	19.24%	70.20%

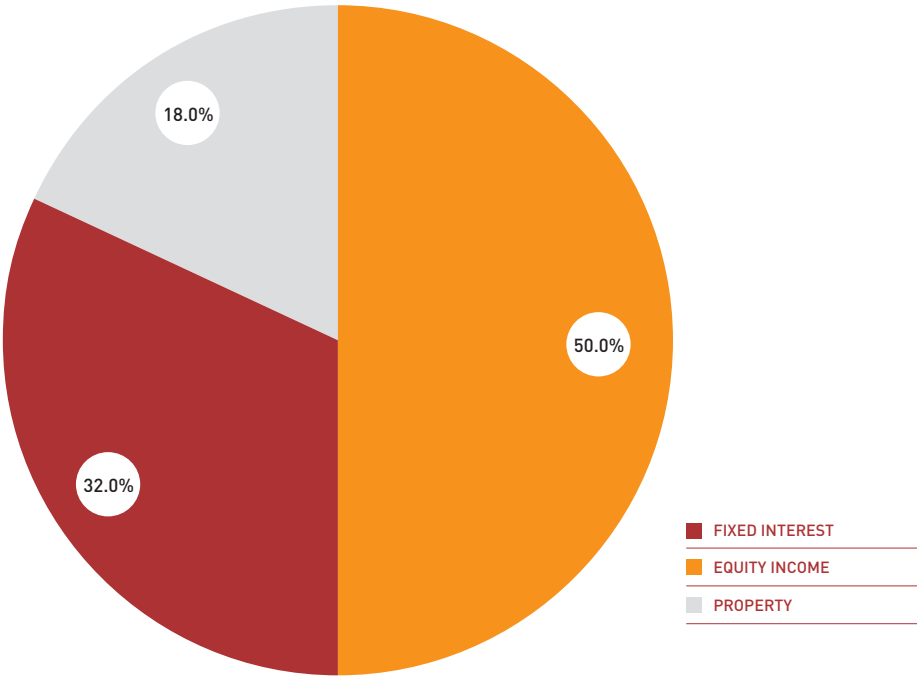
Please refer to Important Notes on page 4 for how performance figures are calculated. Performance data is correct as of 31 December 2016. Past performance is not an indication of future returns. The value of investments and any income from them is not guaranteed and can go down as well as up.

### Portfolio Holdings as of 31 December 2016

The current portfolio holdings for PIM Tactical Ethical Active Income are shown in the table below, as at 31 December 2016. Please refer to page 57 for details on fund changes over the period. If you have any further queries, please refer to your relationship manager.

	HOLDINGS	INCOME
Fixed Interest	F&C Responsible Sterling Bond	10.00%
	Rathbone Ethical Bond	11.00%
	Royal London Ethical Bond	11.00%
Property	L&G UK Property Feeder	6.00%
	Threadneedle UK Property Authorised Trust Feeder	6.00%
	Standard Life Investments UK Real Estate Income Feeder	6.00%
Equity Income	Henderson Global Care UK Income	25.00%
	F&C Responsible UK Income	25.00%
<b>Total</b>		<b>100%</b>

PIM Tactical Ethical Active Income % Asset Allocation as of 31 December 2016



The PIM Tactical Ethical Active (Income) Portfolios have a target yield greater than 10% than that of the UK Equity Market.

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

# DU DFA Multi-Option: UK Perspective

The Dimensional Fund Advisers (DFA) Multi-Option: UK Perspective Solution enables clients to allocate monies across multiple asset classes within a Risk Graded framework. The Multi-Option profile provides the client with additional flexibility to accommodate both pure, passive and (where appropriate) active exposure within each asset class, and to vary the value and small cap tilt as appropriate. The amount to invest into each asset group is dependent upon the clients' risk profile and, once agreed, is kept constant by the investment manager (PIM) by periodic rebalancing. PIM only have the authority to make infrequent changes to asset weightings, as identified by a structural change.

## DFA Multi-Option: UK Perspective - Asset Allocation Table

	MANAGED LIQUIDITY	FIXED INTEREST	PROPERTY	UK EQUITY GROWTH	UK EQUITY INCOME	UK VALUE & SMALL CAP EQUITY	WORLD EX-UK EQUITY	WORLD EX-UK VALUE & SMALL CAP EQUITY	EMERGING MARKETS EQUITY	EMERGING MARKET VALUE & SMALL CAP EQUITY	TOTAL
<b>Risk Grade</b>											
1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
2	45%	40%	5%	1%	1%	3%	2%	3%	0%	0%	100%
3	25%	45%	10%	2%	1%	7%	2%	3%	3%	2%	100%
4	10%	50%	10%	3%	2%	10%	4%	6%	3%	2%	100%
5	0%	50%	10%	3%	3%	14%	4%	6%	5%	5%	100%
6	0%	45%	5%	4%	4%	17%	6%	9%	5%	5%	100%
7	0%	35%	5%	5%	4%	21%	6%	9%	8%	7%	100%
8	0%	25%	5%	6%	5%	24%	6%	9%	10%	10%	100%
9	0%	20%	0%	6%	6%	28%	8%	12%	10%	10%	100%
10	0%	10%	0%	7%	7%	31%	8%	12%	13%	12%	100%

Portfolios are rebalanced to their asset allocation on a semi annual basis.

## Ongoing Charge Figure (OCF) Net of Rebates and Historic Yield

The fund OCF and historic yield for each asset class 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.

### DFA Multi-Option: UK Perspective Pure

	MANAGED LIQUIDITY	FIXED INTEREST	PROPERTY	UK EQUITY GROWTH	UK EQUITY INCOME	UK VALUE & SMALL CAP	WORLD EX-UK EQUITY	WORLD EX-UK VALUE & SMALL CAP	EMERGING MARKETS EQUITY	EMERGING MARKETS VALUE & SMALL CAP EQUITY
Fund OCF	0.20%	0.28%	0.22%	0.25%	0.15%	0.52%	0.36%	0.58%	0.69%	1.10%
Historic Yield	0.82%	0.96%	2.06%	3.02%	4.48%	3.07%	1.59%	1.15%	1.80%	1.53%

Fund OCF and historic yield data is correct as at 03 January 2017.

### DFA Multi-Option: UK Perspective Passive

	MANAGED LIQUIDITY	FIXED INTEREST	PROPERTY	UK EQUITY GROWTH	UK EQUITY INCOME	UK VALUE & SMALL CAP	WORLD EX-UK EQUITY	WORLD EX-UK VALUE & SMALL CAP	EMERGING MARKETS EQUITY	EMERGING MARKETS VALUE & SMALL CAP EQUITY
Fund OCF	0.20%	0.08%	0.22%	0.05%	0.15%	0.52%	0.08%	0.58%	0.22%	1.10%
Historic Yield	0.82%	1.95%	2.06%	3.45%	4.48%	3.07%	1.86%	1.15%	2.07%	1.53%

Fund OCF and historic yield data is correct as at 03 January 2017.

## Portfolio Holdings as of 31 December 2016

The current portfolio holdings for DFA Multi-Option: UK Perspective (Pure and Passive) are shown in the tables below, as at 31 December 2016. For the purposes of on-going suitability due diligence is conducted on DFA and underlying passive fund providers on a 6 monthly basis.

### DFA Multi-Option: UK Perspective Pure

<i>MANAGED LIQUIDITY</i>	<i>FIXED INTEREST</i>	<i>GLOBAL PROPERTY</i>	<i>UK EQUITY GROWTH</i>	<i>UK EQUITY INCOME</i>	<i>UK VALUE &amp; SMALL CAP</i>	<i>WORLD EX-UK EQUITY</i>	<i>WORLD EX-UK VALUE &amp; SMALL CAP EQUITY</i>	<i>EMERGING MARKETS EQUITY</i>	<i>EMERGING MARKETS VALUE &amp; SMALL CAP EQUITY</i>
Dimensional Global Ultra Short Fixed Income	Dimensional Global Short Dated Bond	BlackRock Global Property Securities Equity Tracker	Dimensional UK Core Equity	Vanguard FTSE UK Equity Income Index	Dimensional UK Value	Dimensional International Core Equity	Dimensional Global Targeted Value	Dimensional Emerging Markets Core Equity	Dimensional Emerging Markets Targeted Value
	Dimensional Sterling Inflation Linked Intermediate Duration Fixed Income				Dimensional UK Small Companies				

### DFA Multi-Option: UK Perspective Passive

Dimensional Global Ultra Short Fixed Income	L&G All Stocks Index Linked Gilt Index	BlackRock Global Property Securities Equity Tracker	Vanguard FTSE UK All Share Index	Vanguard FTSE UK Equity Income Index	Dimensional UK Value	Vanguard US Equity Index	Dimensional Global Targeted Value	Vanguard Emerging Markets Stock Index	Dimensional Emerging Markets Targeted Value
	Vanguard UK Investment Grade Bond Index				Dimensional UK Small Companies	Vanguard FTSE Developed Europe ex UK Equity Index			
	Vanguard Global Bond Index Hedge					L&G Pacific Index			
	Vanguard UK Government Bond Index					L&G Japan Index			

### DFA Multi-Option: UK Perspective - Portfolio Returns to period end 31 December 2016

All DFA UK Pure portfolios continue to perform in line with their relative risk, over all periods, with the exception of Risk Grades 6 and 9 over 3 years. All DFA UK Passive portfolios also continue to perform in line over 6 months, 1, 2 years and since inception. Over 3 months and 3 years, performance is distorted by negative returns within Fixed Interest (for the former) and the underperformance of Emerging Markets Core Equity (for the latter).

#### DFA Multi-Option: UK Perspective Pure

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.01.2013)
<b>Risk Grade</b>						
1	-0.19%	-0.19%	0.52%	1.02%	1.58%	2.05%
2	0.03%	2.09%	5.69%	6.51%	10.45%	13.23%
3	0.17%	3.83%	9.34%	9.97%	15.65%	19.87%
4	0.95%	5.76%	11.98%	12.84%	19.20%	26.57%
5	1.20%	7.17%	14.28%	14.67%	21.34%	30.19%
6	2.17%	8.86%	15.33%	15.74%	21.24%	33.30%
7	2.57%	10.33%	17.23%	17.17%	22.37%	36.16%
8	2.92%	11.68%	19.13%	18.52%	23.47%	38.92%
9	3.90%	13.45%	20.16%	19.55%	23.25%	42.13%
10	4.26%	14.84%	22.08%	20.86%	24.28%	44.88%

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

#### DFA Multi-Option: UK Perspective Passive

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.01.2013)
<b>Risk Grade</b>						
1	-0.19%	-0.19%	0.52%	1.02%	1.58%	2.05%
2	-0.70%	2.30%	7.42%	8.44%	15.22%	18.23%
3	-0.68%	3.97%	11.22%	12.08%	21.04%	25.56%
4	-0.01%	5.85%	14.09%	15.22%	25.41%	33.24%
5	0.21%	7.20%	16.33%	16.99%	27.50%	36.86%
6	1.21%	8.77%	17.11%	17.80%	26.79%	39.38%
7	1.71%	10.05%	18.42%	18.61%	26.47%	40.62%
8	2.18%	11.26%	19.77%	19.38%	26.17%	41.78%
9	3.19%	12.92%	20.51%	20.13%	25.33%	44.29%
10	3.65%	14.13%	21.81%	20.81%	24.90%	45.28%

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

**DFA Multi-Option: UK Perspective - Asset Class Returns to period end 31 December 2016**

World Ex UK and World Ex-UK Value and Small Cap Equity, continue to relatively outperform over all periods (except over 1 year). Global Property has also delivered strong relative returns for beyond period 2 years and Emerging Markets Equity has performed particularly well in 2016.

**DFA Multi-Option: UK Perspective Pure**

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.01.2013)
<b>Asset Class</b>						
Managed Liquidity	-0.19%	-0.19%	0.52%	1.02%	1.58%	2.05%
Fixed Interest	-1.58%	0.09%	4.77%	4.89%	10.36%	9.05%
Global Property	-1.35%	4.69%	23.84%	29.16%	58.62%	61.92%
UK Equity Growth	3.76%	13.46%	15.30%	17.31%	17.91%	43.77%
UK Equity Income	2.80%	9.60%	12.48%	12.25%	14.34%	38.37%
UK Value and Small Cap	5.73%	18.02%	12.48%	15.95%	13.40%	48.01%
World Ex-UK Equity	9.33%	20.11%	32.67%	37.84%	52.30%	92.27%
World Ex-UK Value & Small Cap Equity	12.68%	25.46%	39.88%	41.87%	47.92%	93.63%
Emerging Markets Equity	0.69%	13.51%	34.59%	20.72%	27.37%	21.89%
Emerging Markets Value & Small Cap Equity	-1.06%	10.67%	33.73%	19.31%	26.82%	22.11%

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

**DFA Multi-Option: UK Perspective Passive**

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.01.2013)
<b>Asset Class</b>						
Managed Liquidity	-0.19%	-0.19%	0.52%	1.02%	1.58%	2.05%
Fixed Interest	-3.20%	0.81%	9.22%	9.76%	22.51%	21.48%
Global Property	-1.35%	4.69%	23.84%	29.16%	58.62%	61.92%
UK Equity Growth	3.84%	11.89%	16.62%	17.69%	18.96%	43.63%
UK Equity Income	2.80%	9.60%	12.48%	12.25%	14.34%	38.37%
UK Value and Small Cap	5.73%	18.02%	12.48%	15.95%	13.40%	48.01%
World Ex-UK Equity	7.30%	16.86%	29.76%	37.23%	54.07%	91.38%
World Ex-UK Value & Small Cap Equity	12.68%	25.46%	39.88%	41.87%	47.92%	93.63%
Emerging Markets Equity	-1.57%	10.36%	29.30%	16.37%	20.45%	14.87%
Emerging Markets Value & Small Cap Equity	-1.06%	10.67%	33.73%	19.31%	26.82%	22.11%

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

# DG DFA Multi-Option: Global Perspective

The DFA Multi-Option: Global Perspective Solution enables clients to allocate monies across multiple asset classes within a Risk Graded framework that uses a global approach to asset weightings. The Multi-Option profile provides the client with additional flexibility to accommodate both pure, passive and (where appropriate) active exposure within each asset class, and to vary the value and small cap tilt as appropriate. The amount to invest into each asset group is dependent upon the client's risk profile and, once agreed, is kept constant by the investment manager (PIM) by periodic rebalancing. PIM only has the authority to make infrequent changes to asset weightings, as identified by a structural change.

## DFA Multi-Option: Global Perspective - Asset Allocation Table

	MANAGED LIQUIDITY	FIXED INTEREST	GLOBAL PROPERTY	GLOBAL EQUITY	GLOBAL VALUE & SMALL CAP EQUITY	EMERGING MARKETS EQUITY	EMERGING MARKET VALUE & SMALL CAP EQUITY	TOTAL
<b>Risk Grade</b>								
1	100%	0%	0%	0%	0%	0%	0%	100%
2	45%	40%	5%	4%	6%	0%	0%	100%
3	25%	45%	10%	6%	9%	3%	2%	100%
4	10%	50%	10%	10%	15%	3%	2%	100%
5	0%	50%	10%	12%	18%	5%	5%	100%
6	0%	45%	5%	14%	21%	8%	7%	100%
7	0%	35%	5%	16%	24%	10%	10%	100%
8	0%	25%	5%	18%	27%	13%	12%	100%
9	0%	20%	0%	20%	30%	15%	15%	100%
10	0%	10%	0%	22%	33%	18%	17%	100%

Portfolios are rebalanced to their asset allocation on a semi annual basis.

## Net Ongoing Charge Figure (OCF) and Historic Yield

The fund OCF and historic yield for each asset class 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.

### DFA Multi-Option: Global Perspective Pure

	MANAGED LIQUIDITY	FIXED INTEREST	GLOBAL PROPERTY	GLOBAL EQUITY	GLOBAL VALUE & SMALL CAP	EMERGING MARKETS EQUITY	EMERGING MARKETS VALUE & SMALL CAP EQUITY
Fund OCF	0.20%	0.29%	0.22%	0.38%	0.58%	0.69%	1.10%
Historic Yield	0.82%	1.15%	2.06%	1.66%	1.15%	1.80%	1.53%

Fund OCF and historic yield data is correct as at 03 January 2017.

### DFA Multi-Option: Global Perspective Passive

	MANAGED LIQUIDITY	FIXED INTEREST	GLOBAL PROPERTY	GLOBAL EQUITY	GLOBAL VALUE & SMALL CAP	EMERGING MARKETS EQUITY	EMERGING MARKETS VALUE & SMALL CAP EQUITY
Fund OCF	0.20%	0.10%	0.22%	0.08%	0.58%	0.22%	1.10%
Historic Yield	0.82%	1.55%	2.06%	2.17%	1.15%	2.07%	1.53%

Fund OCF and historic yield data is correct as at 03 January 2017.



## Portfolio Holdings as of 31 December 2016

The current portfolio holdings for DFA Multi-Option: Global Perspective Pure and Passive are shown in the tables below, as at 31 December 2016. Due diligence is conducted on Dimensional Fund Advisers (DFA) and underlying passive fund providers on a 6 monthly basis, for the purposes of on-going suitability.

### DFA Multi-Option: Global Perspective Pure

<i>MANAGED LIQUIDITY</i>	<i>FIXED INTEREST</i>	<i>GLOBAL PROPERTY</i>	<i>GLOBAL EQUITY</i>	<i>GLOBAL VALUE AND SMALL CAP</i>	<i>EMERGING MARKETS EQUITY</i>	<i>EMERGING MARKETS VALUE &amp; SMALL CAP EQUITY</i>
Dimensional Global Ultra Short Fixed Income	Dimensional Global Short Dated Bond	BlackRock Global Property Securities Equity Tracker	Dimensional Global Core Equity	Dimensional Global Targeted Value	Dimensional Emerging Markets Core Equity	Dimensional Emerging Markets Targeted Value
	Dimensional Sterling Inflation Linked Intermediate Duration Fixed Income					

### DFA Multi-Option: Global Perspective Passive

Dimensional Global Ultra Short Fixed Income	L&G All Stocks Index Linked Gilt Index	BlackRock Global Property Securities Equity Tracker	Vanguard FTSE UK All Share Index	Dimensional Global Targeted Value	Vanguard Emerging Markets Stock Index	Dimensional Emerging Markets Targeted Value
	Vanguard Global Bond Index Hedged		Vanguard US Equity Index			
			Vanguard FTSE Developed Europe ex UK Equity Index			
			Vanguard FTSE UK Equity Income Index			
			L&G Pacific Index			
			L&G Japan Index			

### DFA Multi-Option: Global Perspective - Portfolio Returns to period end 31 December 2016

All DFA Global Pure portfolios continue to perform in line with their relative risk over all periods. All DFA Global Passive portfolios also continue to perform in line over 6 months, 1, 2 years and since inception. Over 3 months and 3 years, performance is distorted by negative returns within Fixed Interest (for the former) and the underperformance of Emerging Markets Core Equity (for the latter).

#### DFA Multi-Option: Global Perspective Pure

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.01.2013)
<b>Risk Grade</b>						
1	-0.19%	-0.19%	0.52%	1.02%	1.58%	2.05%
2	0.28%	2.01%	6.03%	7.15%	10.84%	13.93%
3	0.69%	3.99%	10.70%	11.62%	17.48%	22.13%
4	1.74%	6.13%	14.34%	15.54%	22.49%	30.54%
5	2.26%	7.83%	17.82%	18.52%	26.35%	36.06%
6	2.94%	9.36%	19.99%	19.92%	27.04%	38.17%
7	3.58%	11.11%	23.25%	22.55%	30.15%	43.17%
8	4.23%	12.86%	26.53%	25.17%	33.25%	48.23%
9	4.86%	14.34%	28.74%	26.48%	33.82%	50.33%
10	5.49%	16.07%	32.08%	29.06%	36.87%	55.45%

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

#### DFA Multi-Option: Global Perspective Passive

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.01.2013)
<b>Risk Grade</b>						
1	-0.19%	-0.19%	0.52%	1.02%	1.58%	2.05%
2	-0.36%	1.80%	6.95%	8.20%	14.27%	17.68%
3	-0.08%	3.65%	11.58%	12.70%	21.32%	26.36%
4	0.86%	5.75%	15.26%	16.73%	26.90%	35.48%
5	1.34%	7.38%	18.60%	19.61%	30.72%	40.97%
6	2.00%	8.83%	20.43%	20.71%	30.72%	42.29%
7	2.73%	10.55%	23.24%	22.92%	32.73%	46.02%
8	3.44%	12.25%	26.01%	25.07%	34.64%	49.65%
9	4.08%	13.67%	27.90%	26.10%	34.54%	50.94%
10	4.76%	15.35%	30.68%	28.18%	36.34%	54.52%

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

**DFA Multi-Option: Global Perspective - Asset Class Returns to period end 31 December 2016**

Global Equity and Global Value and Small Cap Equity continue to relatively outperform over all periods (except over 1 year). Global Property has also delivered strong relative returns for beyond period 6 months and Emerging Markets Equity has performed particularly well in 2016.

**DFA Multi-Option: Global Perspective Pure**

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.01.2013)
<b>Asset Class</b>						
Managed Liquidity	-0.19%	-0.19%	0.52%	1.02%	1.58%	2.05%
Fixed Interest	-1.69%	-0.85%	3.03%	3.93%	7.75%	7.02%
Global Property	-1.35%	4.69%	23.84%	29.16%	58.62%	61.92%
Global Equity	7.59%	16.46%	30.96%	35.66%	49.22%	86.38%
Global Value & Small Cap	12.68%	25.46%	39.88%	41.87%	47.92%	93.63%
Emerging Markets Equity	0.69%	13.51%	34.59%	20.72%	27.37%	21.89%
Emerging Markets Value & Small Cap Equity	-1.06%	10.67%	33.73%	19.31%	26.82%	22.11%

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

**DFA Multi-Option: Global Perspective Passive**

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.01.2013)
<b>Asset Class</b>						
Managed Liquidity	-0.19%	-0.19%	0.52%	1.02%	1.58%	2.05%
Fixed Interest	-3.17%	-1.29%	5.57%	6.68%	16.34%	16.25%
Global Property	-1.35%	4.69%	23.84%	29.16%	58.62%	61.92%
Global Equity	6.77%	16.02%	27.49%	33.78%	47.99%	83.09%
Global Value & Small Cap	12.68%	25.46%	39.88%	41.87%	47.92%	93.63%
Emerging Markets Equity	-1.57%	10.36%	29.30%	16.37%	20.45%	14.87%
Emerging Markets Value & Small Cap Equity	-1.06%	10.67%	33.73%	19.31%	26.82%	22.11%

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

# DT Distribution Technology Multi-Option

The Distribution Technology (DT) Multi-Option Solution incorporates ten risk graded model portfolios constructed by Parmenion Investment Management (PIM). The asset weightings of these portfolios exactly match those specified by Distribution Technology in their quarterly investment report. This solution allows the Adviser to choose between active and/or passive fund exposure, within each asset class, as appropriate for the underlying client. These portfolios were modified on 07 October 2016 to match the Strategic Asset Allocation (SAA) as per the Q2 2016 DT report.

## Distribution Technology Multi-Option: Asset Allocation Table

	UK CASH	UK CORP BONDS	UK I/L BONDS	INTERNATIONAL BONDS	UK GILTS	GLOBAL HIGH YIELD	UK EQUITY	EUROPEAN EQUITY	US EQUITY	JAPAN EQUITY	PACIFIC EX-JAPAN EQUITY	EMERGING MARKETS EQUITY	UK PROPERTY	TOTAL
<b>Risk Grade</b>														
1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
2	41%	13%	5%	6%	13%	5%	12%	0%	0%	0%	0%	0%	5%	100%
3	10%	23%	7%	7%	16%	5%	15%	0%	9%	0%	0%	0%	8%	100%
4	5%	27%	5%	0%	8%	6%	22%	5%	9%	5%	0%	0%	8%	100%
5	0%	24%	0%	0%	5%	6%	28%	5%	14%	5%	6%	0%	7%	100%
6	0%	19%	0%	0%	0%	5%	31%	5%	9%	5%	10%	11%	5%	100%
7	0%	5%	0%	0%	0%	5%	35%	5%	7%	5%	16%	17%	5%	100%
8	0%	0%	0%	0%	0%	5%	23%	5%	5%	5%	22%	30%	5%	100%
9	0%	0%	0%	0%	0%	0%	16%	5%	5%	5%	26%	43%	0%	100%
10	0%	0%	0%	0%	0%	0%	5%	0%	5%	0%	27%	63%	0%	100%

These are the asset weightings that were in effect as at 31 December 2016. Since then, asset weightings have changed as per the DT Dynamic Planner August 2016 Strategic Asset Allocation document. Please refer to solution factsheet for details of current asset weightings.

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

## Net Ongoing Charge Figure (OCF) and Historic Yield

The fund OCF and historic yield for each asset class 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.

### Distribution Technology Multi-Option Active

	UK CASH	UK CORP BONDS	UK V/L GILTS	INTERNATIONAL BONDS	UK GILTS	GLOBAL HIGH YIELD	UK EQUITY	EUROPEAN EQUITY	US EQUITY	JAPAN EQUITY	PACIFIC EX-JAPAN EQUITY	EMERGING MARKETS EQUITY	UK PROPERTY
Fund OCF	0.12%	0.68%	0.56%	0.82%	0.33%	0.73%	0.82%	0.93%	0.96%	1.19%	0.88%	1.14%	0.76%
Historic Yield	0.59%	2.73%	0.00%	2.61%	1.23%	4.41%	2.79%	0.63%	0.89%	2.42%	2.50%	1.25%	2.82%

Fund OCF and historic yield data is correct as at 03 January 2017.

### Distribution Technology Multi-Option Passive

	UK CASH	UK CORP BONDS	UK V/L GILTS	INTERNATIONAL BONDS	UK GILTS	GLOBAL HIGH YIELD	UK EQUITY	EUROPEAN EQUITY	US EQUITY	JAPAN EQUITY	PACIFIC EX-JAPAN EQUITY	EMERGING MARKETS EQUITY	UK PROPERTY
Fund OCF	0.12%	0.06%	0.10%	0.10%	0.06%	0.73%	0.10%	0.09%	0.06%	0.10%	0.14%	0.22%	0.76%
Historic Yield	0.59%	2.84%	0.17%	1.70%	1.70%	4.41%	3.97%	2.65%	1.44%	1.76%	2.86%	2.07%	2.82%

Fund OCF and historic yield data is correct as at 03 January 2017.

## Portfolio Holdings as of 31 December 2016

The current portfolio holdings for DT Multi Option are shown in the tables below, as at 31st December 2016. Please refer to page 57 for details on fund changes over the period. If you have any further queries, please refer to your relationship manager.

### Distribution Technology Multi-Option Active and Passive

UK CASH	UK CORP BONDS	UK V/L GILTS	INTERNATIONAL BONDS	UK GILTS	GLOBAL HIGH YIELD	UK EQUITY	EUROPEAN EQUITY	US EQUITY	JAPAN EQUITY	PACIFIC EX-JAPAN EQUITY	EMERGING MARKETS EQUITY	UK PROPERTY
<b>Active</b>												
Federated Short-Term Sterling Prime	Fidelity Moneybuilder Income	M&G Index Linked Bond	M&G Optimal Income	Allianz Gilt Yield	Threadneedle High Yield Bond	JOHCM UK Opportunities	Jupiter European	JPM US Equity Income	CF Morant Wright Nippon Yield	Stewart Investors Asia Pacific Leaders	Aberdeen Emerging Markets Equity	Threadneedle UK Property Authorised Trust Feeder
BlackRock ICS Institutional Sterling Liquidity Heritage	Kames Investment Grade Bond		Jupiter Strategic Bond			Jupiter UK Special Situations	Threadneedle European Select	Fidelity American Special Situations		Schroder Asian Income	Schroder Global Emerging Markets	Standard Life Investments UK Real Estate Income Feeder
			Goldman Sachs Global Fixed Income Plus Portfolio			CF Lindsell Train UK Equity		Pioneer US Fundamental Growth			MI Somerset Emerging Markets Dividend Growth	L&G UK Property Feeder
						Unicorn UK Income					Fidelity Emerging Markets	
						Liontrust Special Situations						
						Trojan Income						
<b>Passive</b>												
BlackRock ICS Institutional Sterling Liquidity Heritage	Vanguard UK Investment Grade Bond Index	L&G All Stocks Index Linked Gilt Index	Vanguard Global Bond Index GBP Hedged	Vanguard UK Government Bond Index	Threadneedle High Yield Bond	Vanguard FTSE UK All Share Index	Vanguard FTSE Developed Europe ex UK Equity Index	Vanguard US Equity Index	L&G Japan Index	L&G Pacific Index	Vanguard Emerging Markets Stock Index	Threadneedle UK Property Authorised Trust Feeder
Federated Short-Term Sterling Prime						Vanguard FTSE UK Equity Income Index						L&G UK Property Feeder
												Standard Life Investments UK Real Estate Income Feeder

### Distribution Technology Multi-Option - Portfolio Returns to period end 31 December 2016

All portfolios within DT Active and Passive have performed in line over the last year and up until Risk Grade 9 over 6 months and 2 years. Performance over 3 months is distorted by the negative performance of Fixed Interest and the high asset weightings to Asia Pacific and Emerging Markets over 3 years and since inception.

#### Distribution Technology Multi-Option Active

	<i>3 MONTH RETURN</i>	<i>6 MONTH RETURN</i>	<i>1 YEAR RETURN</i>	<i>2 YEAR RETURN</i>	<i>3 YEAR RETURN</i>	<i>FROM INCEPTION (01.06.2013)</i>
<b>Risk Grade</b>						
1	0.08%	0.19%	0.43%	0.86%	2.64%	2.67%
2	-0.76%	2.86%	5.85%	7.64%	13.74%	14.01%
3	-0.52%	5.04%	10.08%	13.19%	23.10%	24.29%
4	0.49%	7.13%	11.40%	16.84%	27.29%	30.40%
5	1.37%	8.61%	13.14%	20.07%	31.60%	34.40%
6	1.69%	10.00%	15.81%	21.45%	33.85%	37.03%
7	2.00%	11.13%	18.07%	23.49%	33.80%	36.50%
8	1.48%	11.19%	20.86%	24.01%	33.79%	34.24%
9	1.23%	11.98%	24.88%	25.98%	36.83%	32.77%
10	0.45%	11.40%	27.80%	22.97%	31.89%	25.16%

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

#### Distribution Technology Multi-Option Passive

	<i>3 MONTH RETURN</i>	<i>6 MONTH RETURN</i>	<i>1 YEAR RETURN</i>	<i>2 YEAR RETURN</i>	<i>3 YEAR RETURN</i>	<i>FROM INCEPTION (01.06.2013)</i>
<b>Risk Grade</b>						
1	0.08%	0.19%	0.43%	0.86%	2.64%	2.67%
2	-0.66%	2.33%	6.46%	7.52%	14.44%	14.52%
3	-0.37%	4.42%	11.38%	13.45%	25.04%	26.00%
4	0.83%	7.06%	13.37%	16.46%	27.10%	29.52%
5	1.78%	8.69%	15.61%	19.03%	27.96%	29.90%
6	2.08%	10.31%	18.39%	19.83%	27.94%	30.20%
7	2.44%	11.55%	20.51%	20.79%	26.39%	27.69%
8	1.74%	11.87%	23.14%	21.05%	25.42%	24.92%
9	1.31%	12.78%	27.20%	22.58%	27.69%	23.49%
10	0.15%	12.10%	29.62%	20.07%	25.44%	18.23%

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

## Distribution Technology Multi-Option - Asset Class Returns to period end 31 December 2016

US and Japanese Equity continue to relatively outperform all other asset groups over all periods. UK Index Linked Gilts and Asia Pacific Ex Japan Equities have also performed strongly over 1 and 3 years, despite negative returns over the last quarter in the former. Emerging Markets has performed particularly well in 2016.

### Distribution Technology Multi-Option Active

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.06.2013)
<b>Asset Class</b>						
UK Cash	0.08%	0.19%	0.43%	0.86%	2.64%	2.67%
UK Corp Bonds	-3.01%	2.21%	6.70%	7.00%	16.55%	15.16%
UK I/L Gilts	-5.33%	7.97%	24.93%	24.11%	47.34%	38.65%
International Bonds	1.03%	4.93%	6.79%	7.36%	8.63%	7.99%
UK Gilts	-5.81%	-1.14%	9.85%	8.80%	21.31%	16.23%
Global High Yield*	1.65%	5.48%	8.05%	N/A	N/A	N/A
UK Equity	2.36%	11.65%	12.24%	21.53%	27.69%	38.15%
European Equity	-0.05%	6.01%	8.78%	27.17%	33.79%	39.59%
US Equity	9.66%	18.10%	31.22%	40.46%	66.42%	73.55%
Japan Equity	9.63%	27.51%	31.47%	52.87%	65.26%	62.63%
Pacific Ex-Japan Equity	-0.31%	10.35%	24.82%	25.69%	50.63%	39.80%
Emerging Markets Equity	-0.13%	11.24%	29.97%	19.87%	22.20%	14.84%
UK Property	2.23%	1.81%	-3.31%	5.67%	19.65%	25.95%

\*Distribution Technology introduced the Global High Yield asset class on 15 January 2015. Data is therefore unavailable over longer periods.

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

### Distribution Technology Multi-Option Passive

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	FROM INCEPTION (01.06.2013)
<b>Asset Class</b>						
UK Cash	0.08%	0.19%	0.43%	0.86%	2.64%	2.67%
UK Corp Bonds	-2.76%	3.10%	10.78%	11.25%	24.66%	21.46%
UK I/L Gilts	-5.60%	7.58%	24.01%	22.49%	45.67%	38.28%
International Bonds	-2.81%	-2.32%	3.58%	4.92%	13.31%	12.90%
UK Gilts	-3.76%	-1.30%	10.91%	11.27%	27.67%	23.38%
Global High Yield*	1.65%	5.48%	8.05%	N/A	N/A	N/A
UK Equity	3.33%	10.75%	14.55%	14.95%	16.65%	22.82%
European Equity	4.81%	14.32%	19.34%	26.17%	25.95%	36.17%
US Equity	9.40%	17.49%	33.92%	41.92%	69.51%	75.14%
Japan Equity	4.57%	18.72%	22.92%	42.27%	44.96%	47.79%
Pacific Ex-Japan Equity	1.87%	15.24%	32.07%	25.06%	30.50%	24.78%
Emerging Markets Equity	-1.57%	10.36%	29.30%	16.37%	20.45%	11.06%
UK Property	2.23%	1.81%	-3.31%	5.67%	19.65%	25.95%

\*Distribution Technology introduced the Global High Yield asset class on 15 January 2015. Data is therefore unavailable over longer periods.

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



# Portfolio Changes

## Portfolios Affected: PIM Strategic Active and PIM Tactical Active - Global Alpha

- BUY** Old Mutual North America
- SELL** Legg Mason Clearbridge US Aggressive

The performance of the Legg Mason fund has been disappointing of late given its growth style of investing and thus it was decided to sell the holding and invest the proceeds in the Old Mutual fund whose track record over the past 3 years has been superior. The fund uses a number of extensively researched methods of company selection that has led to an automated investment process. The result has been consistent outperformance versus the peer group albeit with greater volatility, thus meeting the criteria of this particular asset class.

## Portfolios Affected: PIM Tactical Active and Income, PIM Strategic Guardian and PIM Strategic Multi Option

- BUY** PIMCO GIS Global Bond and GS Global Fixed Income, and Jupiter Strategic Bond and M&G Optimal Income for the Tactical Income solutions
- SELL** Twenty Four Dynamic Bond

Having met with the fund manager of Twenty Four Dynamic Bond we had concerns over the fund's 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.

## Portfolios Affected: PIM Strategic Conviction

- BUY** Various Active funds
- SELL** Various Passive funds

During the quarter the "quant" signals that PIM follow to determine the split between Active and Passive funds for asset classes showed that for Corporate Bonds, Gilts, Asia Pacific and Emerging Markets, UK Equity Income and Europe active funds were preferred to their passive counterparts. For the latter two asset classes this result in a move to a 100% active position, whilst for the Corporate Bonds and Gilts the split was 70/30 and 90/10 in favour of active. An 80/20 split was implemented for both UK Equity Income and Europe.

# Solutions Index

## Investment Solution

NO. OF PORTFOLIOS/  
RISK GRADES

ASSET ALLOCATION  
METHODOLOGY

### Investment Solutions

At Parmenion we provide an extensive range of investment solutions across varying Risk Grades and investment styles, here is a summary:

#### Active

Active funds are selected for their potential to outperform their sector with lower volatility. Active funds have higher charges as a result of the increased cost of the management process and associated research relative to Passive funds.

#### Tactical

Tactical asset allocation takes its lead from the fixed asset weightings of a strategic portfolio, but then allows the investment manager a degree of flexibility to vary those weightings within a risk-controlled framework. By moving among the various asset classes the investment manager looks to create an additional source of investment return by taking advantage of short term market inefficiencies which can help to manage investors' exposure to risk.

#### Passive

Passive funds are selected for their ability to track the asset class benchmarks closely. As processes are largely technology driven, there is minimal human intervention and the associated cost is lower.

#### Strategic

Strategic portfolios define and fix the asset allocation weightings at the outset and are based on historical performance data. These are reviewed annually and are only changed when structural errors have been identified. Once the weightings of the portfolio are established, the emphasis is on maintaining the asset allocation through rebalancing to achieve performance over the long term.

#### PIM In-House Solutions

PIM Strategic Multi-Option	1-10	Strategic
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PIM Strategic Conviction	1-10	Strategic
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PIM Strategic Guardian	1-10	Strategic
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PIM Strategic Active	1-10	Strategic
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PIM Tactical Active	1-10	Tactical
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PIM Tactical Passive	1-10	Tactical
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PIM Tactical Income	1-10	Tactical
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PIM Strategic Ethical Active (A-D)	1-10	Strategic
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PIM Tactical Ethical Active	1-10	Tactical
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#### Fund Manager Focus Solutions

DFA Multi-Option: UK Perspective	1-10	Strategic
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DFA Multi-Option: Global Perspective	1-10	Strategic
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Distribution Technology Multi-Option	(DT) 1-10	Strategic
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ASSET WEIGHTINGS

PAGES

INVESTMENT STYLE

OPEN TO

SOLUTION DESCRIPTION

PIM Efficient Frontier	8-11	Active and/or Passive	All Users	This solution uses seven asset groups and allows for active or passive fund selection, within a Strategic Asset Allocation. The PIM Strategic Passive solution has an identical structure to PIM Multi-Option Passive and has therefore been excluded from the QIR.
PIM Efficient Frontier	12-15	Active and Passive	All users	The PIM Strategic Conviction solution enables clients to divide their investment across various different asset classes. The amount invested into each asset class is dependent upon the clients' risk profile and, once agreed, is kept constant with periodic rebalancing. A strategic asset allocation will be followed and periodically reviewed by the Investment Manager. Only in exceptional or unusual market conditions will the Strategic asset weightings be re-defined, as appropriate. The split between active and passive funds will be determined by PIM using both quantitative and qualitative measures and may vary by asset class as deemed appropriate by the investment managers.
PIM Efficient Frontier	16-19	Active and/or Passive	All users	This solution has been specifically designed to be used within a drawdown environment whether that be via pension drawdown or otherwise. Sixteen individual asset classes are blended to provide 10 Risk Graded portfolios that are dual optimised to provide both capital growth and a stable yield. The solution uses predominately active fund managers however some passive funds are also utilised with certain asset classes.
PIM Efficient Frontier	20-21	Active	All Users	This solution is based on a pure strategic asset allocation and active fund selection using six asset groups, including Equity Income, Equity Growth and Global Alpha.
PIM Asset Allocation Committee	22-27	Active	All Users	This solution is based on PIM's tactical asset allocation and a passive fund selection, investment philosophy and process.
PIM Asset Allocation Committee	22-27	Passive	All Users	This solution is based on PIM's tactical asset allocation and a passive fund selection, investment philosophy and process.
PIM Asset Allocation Committee	28-31	Active and/or Passive	All Users	This investment solution enables clients to invest in a range of carefully constructed Tactical portfolios, according to their requirement for yield, total return and capacity for loss. The amount invested into each portfolio is dependent upon the client's risk profile and, once agreed, is kept constant with periodic rebalancing. The investment managers have and will use a degree of flexibility to vary these weightings within a risk controlled framework, to maintain the portfolio's targeted yield, maximise total return and minimise losses in response to changing market conditions.
PIM Efficient Frontier	32-39	Active	All Users	This solution combines various styles of ethical investing with strategic asset allocations and an active fund selection. All funds are screened for positive and negative ethical criteria and monitored on an on-going basis by the Ethical Oversight Committee.
PIM Asset Allocation Committee	40-43	Active	All Users	This solution is based on PIM's tactical asset allocation and active fund selection, investment philosophy and process. Funds are selected from the EIRIS universe which are deemed to be broadly ethical in nature.
PIM Efficient Frontier	44-47	Pure/Passive	Approved Users	This solution provides the client with additional flexibility to accommodate both pure and passive exposure within each asset class, and to vary the value and small cap tilt as appropriate. The portfolio strategy incorporates a traditional domestic bias to UK equity in line with the Dimensional approach. This solution is strategic in nature; as such asset allocations are only changed on an infrequent basis, in response to structural issues.
PIM Efficient Frontier	48-51	Pure/Passive	Approved Users	This solution provides the client with additional flexibility to accommodate both pure and passive exposure within each asset class, and to vary the value and small cap tilt as appropriate. The portfolio strategy incorporates a global approach to asset allocations, in line with each country's market capitalisation relative to the global economy. This solution is strategic in nature; as such asset allocations are only changed on an infrequent basis, in response to structural issues.
Distribution Technology's Strategic Asset Allocation (SAA)	52-56	Active and/or Passive	All Users	This solution asset weightings match DT's Strategic Asset Allocation (SAA) and allows for active or passive fund selection.

# Index and Peer Group Returns

## Index and Peer Group Returns to period end 31 December 2016

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
<b>Comparative Indices</b>						
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%
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	-5.79%	3.84%	21.08%	19.71%	42.32%	44.07%
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	1.47%	0.73%	-1.95%	5.43%	18.26%	27.95%
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%

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

# Notes

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# Notes

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## Get in **touch**

To speak to one of the Parmenion Investment Management team, you can call 0345 519 0100 or email [invest@parmenion-im.co.uk](mailto:invest@parmenion-im.co.uk)



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