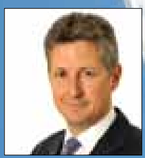
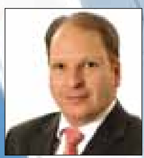
ISSUE 13 | SPRING 2014

F&C Multi-Manager Solutions

INFORMED INVESTOR

Keeping you up to date on your F&C multi-manager investment





Rob Burdett and Gary Potter
F&C multi-manager team co-heads

TALKING MONEY – WHEN SMALL CAN BE BEAUTIFUL

Investing in a large fund is no guarantee of big performance or indeed future stability

- SIX MONTH REVIEW OF WORLD MARKETS
- THE MULTI-MANAGER TEAM'S APPROACH TO INVESTING
- INVESTMENT ACTIVITY AND PERFORMANCE

F&C Investments

ECONOMIC AND STOCK MARKET REVIEW AND OUTLOOK

1 SEPTEMBER 2013 – 28 FEBRUARY 2014

Here we discuss some of the key events and themes affecting global equity and bond markets over the statement period and explain where things are likely to head from here.

Anthony Willis
Associate, F&C multi-manager team

UK

- Growth looking more sustainable
- Consumer confidence has improved
- UK shares still look relatively attractive

THE ECONOMY IMPROVES BUT SHARES ARE VOLATILE

The economy posted three consecutive quarters of encouraging economic growth, supporting speculation that a sustainable recovery was under way. A notable feature of the period was a resurgence of manufacturing. There were also clear indications of consumer confidence returning. In market terms, however, worries about the possible reduction in central bank support in the US weighed on investor sentiment. There were also fears that company earnings, which struggled to accelerate in 2012, were not improving strongly enough to justify the higher share prices. The overall market was held back by the weakness of mining stocks given the slowdown in global demand for resources.

ON THE ROAD TO RECOVERY

The UK economy looks set for a decent year and rising stock markets reflect the more upbeat mood among investors. We expect interest rates to remain low as the Bank of England will be wary of implementing any policy changes that could threaten the strengthening recovery.

NORTH AMERICA

- Economic recovery progressing well
- Withdrawal of monetary stimulus creates some uncertainty
- We remain positive overall

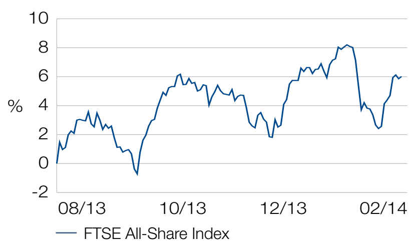
SHARES REACH ALL TIME HIGHS BEFORE GIVING UP GROUND

Worries about support for the economy being withdrawn weighed on sentiment at the start of the period and shares were volatile as a result. The Federal Reserve's September announcement that it was postponing the tapering boosted the market, although the relief was short-lived as political wrangling in Congress about raising the debt ceiling dominated headlines. The subsequent partial shutdown of the federal government led to further volatility until a deal was brokered at the beginning of October. US shares fell from all-time highs as the tapering of economic support began in early 2014 and investors became increasingly concerned about a slowdown in the emerging markets.

IS ALL THE GOOD NEWS PRICED IN?

We're positive on the prospects for the US economy and believe that growth will accelerate in 2014. Much of the good news appears already to be priced in however, and there are likely to be periods of uncertainty as the Federal Reserve gradually looks to reduce the assistance it is providing through its policy of asset purchases.

UK



Percentage growth, total return 30.8.13 to 14.2.14, in Sterling, source: Lipper.

US

Percentage growth, total return 30.8.13 to 14.2.14, in Sterling, source: Lipper.

EUROPE

- Europe moving out of recession
- But strong growth not anticipated
- Shares appear a little ahead of reality

EMERGING FROM RECESSION

There were some encouraging signs for investors as the eurozone economy finally emerged from a long recession. There were even some improvements in the distressed southern European states as exports picked up. This helped shares in Greece, Ireland, Spain and Italy to rebound strongly. Ireland and Spain also announced that they would be exiting the eurozone's bailout programmes. Investors were cheered by news that business activity was growing faster than expected and that inflation had fallen to its lowest level in three years on the back of sliding energy costs. There was some stress in the region's biggest economies however, and France appears to be teetering on the brink of recession.

HAVE INVESTORS BECOME TOO OPTIMISTIC?

Signs of economic improvement and a firmer approach by the authorities helped European shares rise strongly in 2013. Whilst the situation has undoubtedly improved we question whether share prices have got a little ahead of the economic reality. We're also mindful that politics still has a big role to play. With these issues in mind we're cautious on the outlook for European equities.

ASIA AND EMERGING MARKETS

- Growth has been slowing particularly in China
- Japan pauses after strong gains
- Value now beginning to emerge

EMERGING MARKETS HURT BY OUTFLOWS

Asian and emerging markets have faced a number of challenges. Political tensions have risen and economic data continues to suggest a slow down in growth.
There are also fears that they will be hit disproportionately hard when central banks start to ease back on their monetary largesse. The worries have triggered a significant withdrawal of investment from the region – a trend that has further weakened share prices. Japanese equities were the standout performer for much of the period but they gave back much of their gains later on as economic data disappointed.

STILL CAUTIOUS ON THE EMERGING MARKETS

Having endured a difficult 2013, shares in Asia are beginning to look good value once more. The economic backdrop is showing signs of improvement in some areas and we think there's scope for outperformance in 2014. In Japan we believe that the government's efforts to stimulate growth will begin to bear fruit and it remains one of our favoured markets. The prospects for the emerging markets are bright on a long-term view but are much less clear in the immediate future. For now at least there are better prospects elsewhere.

FIXED INCOME

- Lacklustre returns from bonds
- Inflation not currently an issue
- Interest rates unlikely to rise soon

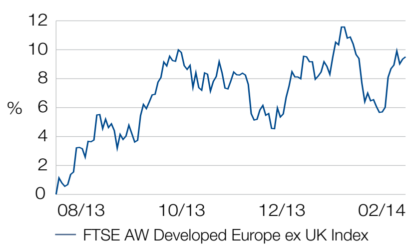
HIGH YIELD BONDS IN FAVOUR

It was another disappointing period for bond investors. Yields on government bonds became slightly more attractive but overall returns were in negative territory as prices fell. The fact that investors remain hungry for income in a low interest rate world helped high yield bonds outperform their investment grade counterparts.

STILL CAUTIOUS ON BONDS

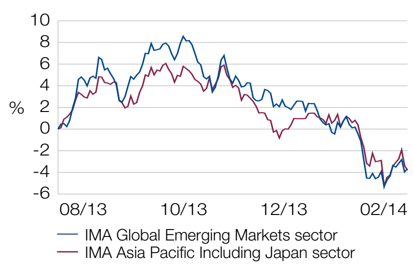
The attractions of investing in fixed income remain limited. Yields from government bonds are low and there is little prospect of any meaningful capital growth from high yield or investment grade corporate bonds. Any pick up in growth could raise the prospect of higher interest rates and inflation – both of which mean corporate bonds look vulnerable. As a result we continue to favour equities over bonds.

Europe



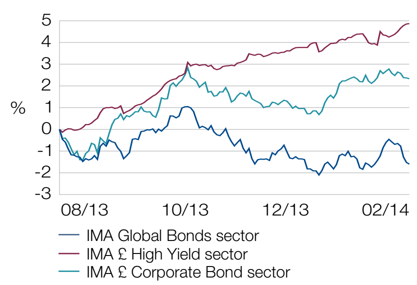
Percentage growth, total return 30.8.13 to 14.2.14, in Sterling, source: Lipper.

Asia and Emerging Markets



Percentage growth, total return 30.8.13 to 14.2.14, in Sterling, source: Lipper.

Fixed Income



Percentage growth, total return 30.8.13 to 14.2.14, in Sterling, source: Lipper.

TALKING MONEY – WHEN SMALL CAN BE BEAUTIFUL

With economic prospects somewhat brighter than they've been for a number of years and returns on cash deposits continuing to lag inflation, you may be considering increasing your exposure to equities. In fact this is something we've already done across a number of the portfolios we manage.

Deciding to invest is the first step – and arguably the easiest. From there things get more difficult, not least because there are literally thousands of funds to choose from. Some will invest globally whereas other funds will have a more defined geographic remit and/or be orientated towards specific themes like income, growth, small, mid or large-caps or even a specialist industry or sector. There's also huge divergence in terms of performance delivery. A relatively small number are excellent performers, others will be good whilst a sizeable portion will likely turn out to be downright disappointing. It soon becomes apparent that picking funds is no easy task and should not be undertaken without some sort of financial advice!

FOLLOWING THE HERD

It isn't surprising that once faced with this overwhelming choice many gravitate towards larger well-known offerings. After all a multi-billion pound portfolio run by a household name is surely a safe bet? Often however this isn't the case and investing in a large fund is no guarantee of big performance or indeed future stability.

In the F&C multi-manager team we've amassed over 80 combined years' experience in fund/manager selection and in that time have developed a strong preference for smaller boutique management companies and the funds they run. Why? For the simple fact that such organisations can provide exactly the right conditions in which talent can flourish.

- **Proven capabilities** – almost by default many boutique managers tend to be experienced, committed and boast impressive performance track records – how else would they secure funding for a start-up or have the confidence to go it alone?

- **Fewer distractions** – away from the larger asset managers and their inherent focus on growing assets under management, boutique managers can really concentrate on what they do best – running money well.

- **Less dilution** – with a clear emphasis on performance generation boutiques commonly enforce strict capacity constraints on the funds they manage, something that should be a key consideration for existing or prospective investors in a fund.

- **Aligned interests** – the boutique model provides true alignment of interests between fund managers and their investors. Boutique managers commonly invest some of their own money in the funds they run.

- **Real returns** – boutique managers tend to place greater emphasis on absolute performance and you'll find fewer proudly proclaiming outperformance because their fund has fallen by less than the market during a sell off. In seeking real returns rather than relative ones, they're likely to be more flexible and nimble in their approach.

"We always say however good a ship's captain might be, the bigger the ship he has, the harder it is to manoeuvre."

THE FINEST INVESTMENT TALENT

Launched in October 2007, the F&C MM Navigator Boutiques Fund offers access to the performance potential of some of the world's finest boutique managers through our insights, contacts and fund selection expertise. In 2013 the Boutiques Fund produced the best absolute return of any portfolio that we run, rising by 25.4%*.

- **Access granted** – we scour the world for the best investment talent with our size and contacts giving us access to individuals and funds that are out of reach for many other investors. Around 40% of the portfolio is invested in funds that are already closed to new investors.

- **Boutique focus** – invests primarily in asset management boutiques with manager selection driving portfolio performance.

- **Truly global in reach** – invests globally, achieving diversification and capitalising on compelling sources of return around the world, including the US, Asia and emerging markets.

WANT TO KNOW MORE?

You can find a full portfolio breakdown on page 9. Speak to your financial adviser if you would like more information on the fund.

*percentage growth, total return 31.12.12 to 31.12.13 source: Lipper.

FROM THE TOP

In the second in this series of articles focusing on the team's approach and the benefits it may bring to investors, Gary Potter discusses how and why they consider the big picture and how this influences the portfolios they manage.

Gary Potter
co-head F&C multi-manager team

Even the most casual of observers can't fail to notice the impact that economic events can have on investment markets. The credit crunch, global recession and more recently the European sovereign debt crisis have all made themselves keenly felt. But it's not just negative shocks that need to be considered as economic trends can be significant drivers of profit too. The rise of emerging markets like China and India has been one of the defining themes of the last decade and missing out could have been painful for your investment portfolio. Shorter term economic trends can also drive returns. In 2013 for example, signs of economic improvement globally provided the impetus for a sharp rise in share prices.

ASSESSING THE OUTLOOK

Of course identifying such triggers with the benefit of hindsight is easy enough, but predicting economic trends and their impact is notoriously difficult. Within the F&C multi-manager team we don't claim to have a crystal ball, but we do make efforts to best position the portfolios we manage from a macro economic perspective.

Talking markets – each morning we review economic and market events within the team – discussions that help evolve our views on the outlook and/or influence the day's investment activity. It might be that we expect markets that open later in the day (like the US) to trend higher meaning that the morning could be a good time to invest any cashflows we have.

Strategic thinking – every month we sit down on a more formal basis with our 'asset allocation' meeting providing a forum in which we carefully consider the big picture. As well as assessing economic conditions around the world we discuss the relative merits of individual asset classes (such as equities and bonds) and decide how our portfolios should be positioned from a geographic perspective. As 2013 progressed, for example, we trimmed back our US equity exposure as shares began to look like they'd more adequately priced in the progress that was being made in the economy. Towards the end of 2013 we began to be a little more positive on Asia, having been underweight versus our peers and taking into account the region produced very modest gains compared with the US where the market was up almost 30%.

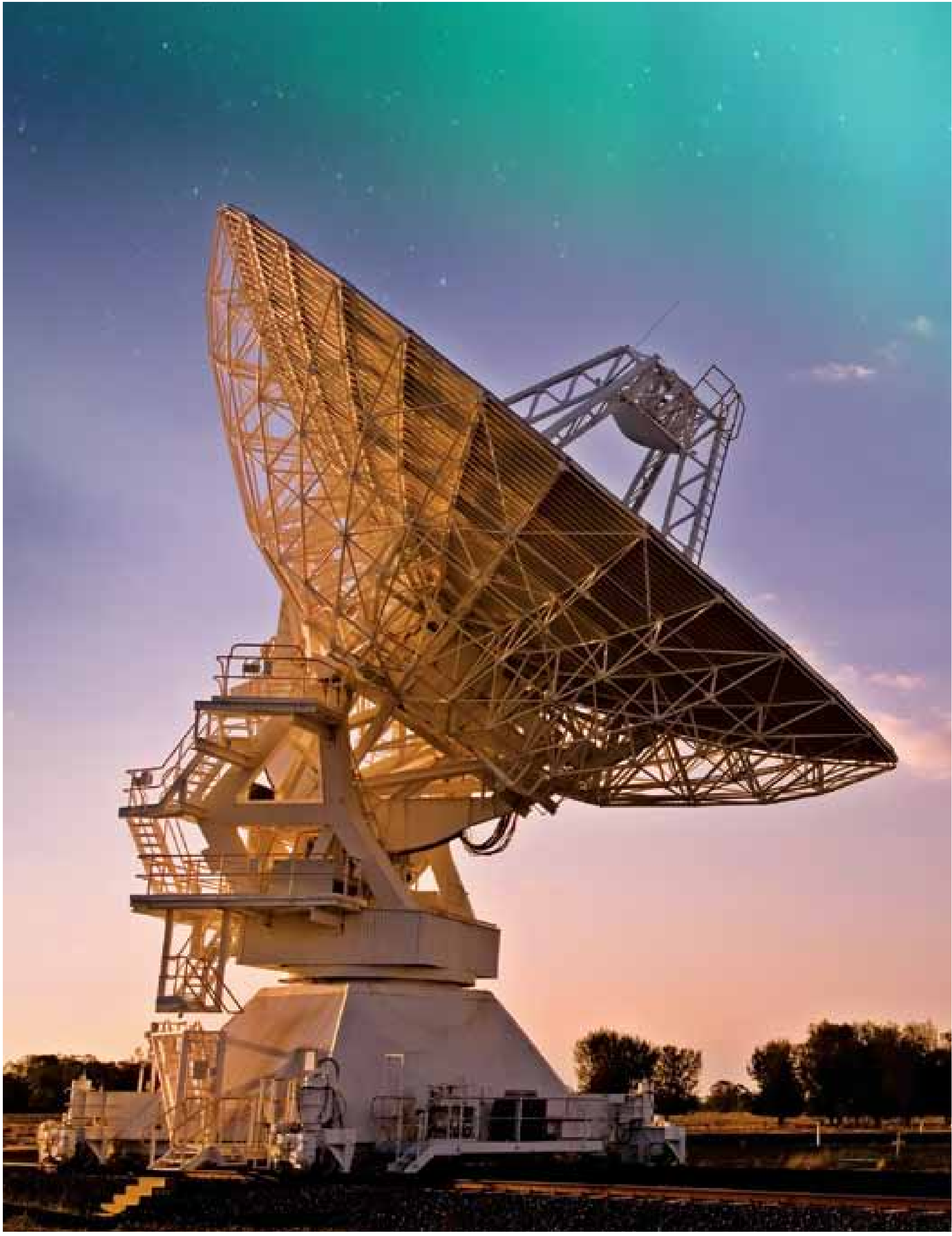
Expert views – in the numerous meetings we have with fund managers we get a real feel for how things are on the ground whilst input from respected strategists and economists provides comprehensive analysis of the broader backdrop. Within the team we also monitor a range of factors ourselves, including: sentiment, valuations, inflation, monetary policy and economic growth. These are then scored on a 'heat map' which allows us to readily assess how conditions are changing.

In practice – we are firm believers in the importance of balance within our portfolios and work to ensure each of them remains well diversified across a range of individual funds and asset types. Within relatively defined parameters, however, we work to best position them from a top-down perspective too. This may mean participating in long-term themes like emerging market growth, taking advantage of shorter-term tactical opportunities or avoiding areas where we perceive the risks to be high, relative to the price you pay to acquire the asset.

You can find more detail on how we have been adjusting the portfolios in the last six months on pages 6 and 7.

FUND STRATEGY AND PORTFOLIO REVIEWS

Here we take a closer look at portfolio positioning, investment activity and performance.



ON THE UP

We are relatively optimistic on the prospects from here and remain comfortable with our bias towards equities – an asset class that should do relatively well given the broadly positive economic environment. The US economy is recovering well – so much so that the Federal Reserve has been able to slightly 'taper' the assistance it was providing through monetary stimulus called quantitative easing. Closer to home, things also appear to be on the up. Europe is out of recession and although government debt remains an issue, countries like Ireland have made meaningful progress in improving their financial health.

In the UK the economy appears to have gained real traction – a situation that contrasts with the likes of China and India where growth is still slowing (albeit from higher levels). There are still some risks around however. If growth picks up very quickly for example, authorities might quickly raise rates – this in turn would worry investors, but this is not our central case.

ON THE DEFENCE

Whilst we remain optimistic on the improving economic outlook we are also mindful that markets may endure periods of volatility – especially when many investors seem overly complacent and taking into account the strong returns of 2013. From time to time therefore we've been active in taking some 'risk off the table' – primarily by tactically reducing equity exposure. Towards the end of January for example we trimmed back holdings in a number of our equity funds – moves that allowed us to increase positions in funds like Majedie Tortoise that have a track record of delivering positive returns even in difficult conditions.

HOME ATTRACTIONS

With real signs of improvement in the domestic economy and higher house prices giving a boost to consumer sentiment we have increased exposure to UK equities. Across a number of our portfolios this was achieved by adding to funds investing in smaller companies as they tend to do well when economic growth is picking up pace. To date this has been a profitable move.

KEY THEMES IN OUR PORTFOLIOS

- We remain broadly positive on the economic and market outlook
- The prospects for equities are brighter than for fixed income
- Increasing exposure to the UK as recovery continues
- Taking some profits in the US and Europe
- Remaining cautious on the emerging markets, but looking for an opportunity to add
- Property becoming a more attractive location
- Challenges in fixed income

"We are relatively upbeat on the prospects from here and remain comfortable with our bias towards equities"

IN CONTEXT

In this section we discuss some of the key investment themes within our Navigator and Lifestyle Funds with the aim of giving you an insight into how our views on the world are reflected in the portfolios we manage.

The asset allocation of each Lifestyle Fund is determined by Distribution Technology (DT) who create a blend of equities, fixed income, property and cash that is appropriate to defined risk profiles. Around these neutral asset allocations we then have the flexibility to adjust weightings in accordance with our assessment of economies, markets and the relative merits of individual asset classes and geographies. The extent of any adjustments (or tilts) away from DT's recommendations are tightly controlled (within +/-5%) to ensure that portfolios remain aligned with their specific risk profile. We have a greater degree of flexibility within the Navigator Funds but always remain mindful of our long-term aims and the broader composition of comparable products run by other companies.

SHARES IN US AND EUROPE – UP WITH EVENTS?

In our last update we mentioned how we'd been increasing exposure to US shares as the economic backdrop became brighter. Since then house prices have risen, unemployment fallen and both consumer and corporate sentiment improved. All these factors helped lift US share prices and we subsequently decided to reduce exposure within our portfolios to realise some gains.

Europe's equity markets have also benefited from an upturn in economic news – a trend we've participated in by increasing our positions in 2013. As in the US, we've recently been trimming back weightings – a move that recognises the gains shares have made in 2013 but takes account of the economic difficulties that undoubtedly still lie ahead.

On a longer-term view the case for the emerging markets is still a strong one. Just now however countries like China are negotiating a tricky balancing act as they look to transition their economies away from being so heavily dependent on exports towards domestic consumption. As a result their growth rates continue to fall. For our portfolios this means we're still comfortable with reduced weightings in this area, but our next move will likely be to add to the region. We have a preference for Asian markets over other countries like Brazil and Russia for the time being.

AN ATTRACTIVE LOCATION

In a number of our portfolios, whether it's a result of an income requirement or a defined asset allocation we maintain some exposure to UK commercial property assets. Whilst we've been cautious on the prospects for more traditional commercial property funds for some time we have recently become more positive – a transition that reflects the stronger economy and increasingly upbeat assessments offered by many of the property managers we meet.

LIMITED SCOPE WITHIN FIXED INTEREST

Given that we are broadly optimistic with regards to the economic outlook and prospects for equities it isn't surprising that, overall, we remain cautious on the total return (income and capital gains) capability for fixed income investment. Our portfolios reflect this view. Within fixed income we continue to favour strategically managed funds that give their managers the flexibility they need in order to tap into the select areas of value that do exist, but we remain concerned by the sheer amount of money that has chased ever dwindling fixed income returns.

PERFORMANCE TRENDS

From the end of August 2013 to the close of February 2014 we are pleased to report that all the portfolios we manage have delivered positive returns. We're also encouraged by the performance of our funds relative to our benchmarks and many of our competitors. Being relatively optimistic on the outlook and our resulting positioning proved positive as equities outperformed other asset classes, such as fixed income. The strong performance of many of our underlying fund managers was also very helpful.

F&C MM NAVIGATOR FUNDS

Our range of traditional multi-manager funds are actively managed portfolios of what we believe to be the best available funds blended to achieve defined investment objectives, with a flexible approach to asset allocation.

F&C MM NAVIGATOR DISTRIBUTION FUND

Buys
Artemis Global Income Fund
GCP Sovereign Infrastructure Debt Limited

Sells
Invesco Sterling Bond Fund
International Public Partnerships
Celsius Asian Real Estate Income Fund
Somerset Emerging Markets Dividend Growth Fund

Portfolio breakdown	%
UK	**22.52**
Schroder Income Maximiser	4.11
J O Hambro Capital Management UK Equity Income Fund	5.95
PFS Chelverton UK Equity Income Fund	3.42
RWC Enhanced Income Fund	4.14
Ardevora UK Income Fund	4.90
Fixed Income	**35.65**
Artemis High Income Fund	4.95
Cazenove Strategic Bond Fund	4.77
GCP Infrastructure Investments Limited	1.11
GCP Infrastructure Fund Limited	1.43
Kames High Yield Global Bond Fund	3.77
Neuberger Berman High Yield Bond Fund	3.11
PFS TwentyFour Investment Funds – Dynamic Bond Fund	3.78
Starwood European Real Estate Finance Limited	1.19
Carador Income Fund plc	2.56
NB Global Floating Rate Income Fund Limited	0.37
TwentyFour Income Fund Limited	2.93
Legg Mason Income Optimiser Fund	3.84
GCP Sovereign Infrastructure Debt Ltd	1.83
Europe	**4.97**
IM Argonaut European Enhanced Income Fund	2.54
Standard Life Investments European Equity Income Fund	2.43
Japan	**2.15**
CC Japan Income & Growth Fund	0.77
Jupiter Japan Income Fund I-H Class	1.38
North America	**3.44**
IFSL Harewood US Enhanced Income Fund	3.44
Asia	**4.11**
Schroder Asian Income Maximiser	2.32
Prusik Asian Equity Income Fund	1.79
Specialist	**13.83**
Veritas Global Equity Income Fund	3.45
Lazard Global Equity Income Fund	2.38
Artemis Global Income Fund	3.61
Polar Capital Financials Income Fund	2.47
Schroder Global Property Income Maximiser	1.92
Alternatives	**2.05**
3i Infrastructure plc	2.05
Non-correlated assets	**5.34**
Darwin Leisure Property Fund	3.45
MedicX Fund Limited	1.89
Cash	**5.93**
Total	**100.00**

F&C MM NAVIGATOR MODERATE FUND

Buys
Carador Income Fund plc
Majedie Asset Management Tortoise Fund

Portfolio breakdown	%
UK	**23.01**
River and Mercantile UK Equity Income Fund	4.18
Old Mutual UK Dynamic Equity Fund	3.67
J O Hambro Capital Management UK Growth Fund	3.19
Majedie UK Equity Fund	4.46
Standard Life Investments UK Equity Income Unconstrained Fund	4.49
BlackRock UK Focus Fund	3.02
Fixed Income	**32.38**
F&C Macro Global Bond Fund	3.00
Henderson Strategic Bond Fund	3.05
Invesco Perpetual Tactical Bond Fund	4.02
Old Mutual Global Strategic Bond Fund	3.81
Kames High Yield Global Bond Fund	2.54
Fidelity Strategic Bond Fund	4.04
PFS TwentyFour Investment Funds – Dynamic Bond Fund	5.02
Legg Mason Income Optimiser Fund	3.00
GCP Infrastructure Fund Limited	1.95
Carador Income Fund plc	1.96
Europe	**6.91**
IVI European Fund	3.48
J O Hambro Capital Management Continental European Fund	3.42
Japan	**3.00**
Jupiter Japan Income Fund I-H Class	1.22
CC Japan Alpha Fund	1.78
North America	**6.40**
Findlay Park American Fund	2.93
Brown Advisory American Fund	3.46
Asia	**4.06**
Schroder International Selection Fund Asian Total Return	1.97
Prusik Asian Equity Income Fund	2.09
Specialist	**8.38**
JPM Global Consumer Trends Fund	1.93
Artemis Strategic Assets Fund	2.10
Majedie Tortoise Fund	4.35
Alternatives	**6.15**
3i Infrastructure plc	3.07
Blue Capital Global Reinsurance Fund Limited	3.08
Global Macro	**7.60**
CF Odey Absolute Return Fund	2.54
Odey Odyssey Fund	2.55
Morgan Stanley Investment Funds Diversified Alpha Plus Fund	2.52
Cash	**2.11**
Total	**100.00**

Data as at 31.1.14

F&C MM NAVIGATOR PROGRESSIVE FUND

Buys
Legg Mason Royce US Small Cap Opportunity Fund
Carador Income Fund plc
Majedie Asset Management Tortoise Fund

Portfolio breakdown	%
UK	**34.06**
Cazenove UK Smaller Companies Fund	3.61
Old Mutual UK Dynamic Equity Fund	5.99
Majedie UK Equity Fund	6.06
J O Hambro Capital Management UK Growth Fund	4.25
Schroder UK Alpha Plus Fund	4.70
BlackRock UK Focus Fund	3.91
J O Hambro Capital Management UK Equity Income Fund	5.53
Fixed Income	**14.06**
PFS TwentyFour Investment Funds – Dynamic Bond Fund	3.14
Henderson Strategic Bond Fund	2.62
Old Mutual Global Strategic Bond Fund	3.03
Kames High Yield Global Bond Fund	1.81
GCP Infrastructure Fund Limited	1.95
Carador Income Fund plc	1.51
Europe	**10.63**
Edinburgh Partners European Opportunities Fund	2.97
J O Hambro Capital Management Continental European Fund	3.01
BlackRock European Dynamic Fund	3.78
ETFS 3x Short EUR Long USD	0.87
Japan	**5.48**
Nomura Funds Ireland – Japan Strategic Value Fund	1.76
CC Japan Alpha Fund	3.72
North America	**11.63**
Findlay Park American Fund	3.00
Brown Advisory American Fund	3.29
Conventum – Lyrical Fund	3.04
Legg Mason Royce US Small Cap Opportunity Fund	2.31
Asia	**6.07**
Schroder International Selection Fund Asian Total Return	1.93
Prusik Asian Equity Income Fund	1.93
BGF Asian Growth Leaders Fund	2.21
Emerging Markets	**2.29**
JPM Emerging Markets Opportunities Fund	2.29
Specialist	**9.22**
JPM Global Consumer Trends Fund	2.58
Artemis Strategic Assets Fund	2.19
Majedie Tortoise Fund	4.45
Alternatives	**2.20**
Blue Capital Global Reinsurance Fund Limited	2.20
Global Macro	**2.88**
Odey Odyssey Fund	2.88
Cash	**1.50**
Total	**100.00**

F&C MM NAVIGATOR SELECT FUND

Buys
Legg Mason Royce US Small Cap Opportunity Fund
Majedie Asset Management Tortoise Fund
Sells
Melchior North American Opportunities Fund

Portfolio breakdown	%
UK	**30.88**
Cazenove UK Smaller Companies Fund	3.59
J O Hambro Capital Management UK Growth Fund	3.73
Old Mutual UK Dynamic Equity Fund	5.46
Majedie UK Equity Fund	5.76
Cazenove UK Equity Income Fund	5.51
The Heronbridge United Kingdom Equity Fund	6.83
Fixed Income	**2.05**
GCP Infrastructure Fund Limited	2.05
Europe	**11.00**
IVI European Fund	3.25
J O Hambro Capital Management Continental European Fund	3.21
BlackRock European Dynamic Fund	3.47
ETFS 3x Short EUR Long USD	1.07
Japan	**8.47**
Nomura Funds Ireland – Japan Strategic Value Fund	2.94
CC Japan Alpha Fund	5.52
North America	**17.76**
Findlay Park American Fund	3.47
Polar Capital Funds plc – North American Fund	3.73
Legg Mason Royce US Small Cap Opportunity Fund	2.81
Brown Advisory American Fund	4.50
Conventum – Lyrical Fund	3.26
Asia	**10.61**
CC Asia Alpha Fund	2.21
Schroder International Selection Fund Asian Total Return	3.40
BGF Asian Growth Leaders Fund	5.00
Emerging Markets	**2.78**
JPM Emerging Markets Opportunities Fund	2.78
Specialist	**11.20**
JPM Global Consumer Trends Fund	2.02
Artemis Strategic Assets Fund	2.50
Real Estate Credit Investments PCC Limited	2.31
Majedie Tortoise Fund	4.38
Global Macro	**5.36**
Odey Odyssey Fund	3.07
Morgan Stanley Investment Funds Diversified Alpha Plus Fund	2.30
Cash	**-0.11**
Total	**100.00**

F&C MM NAVIGATOR BOUTIQUES FUND

Buys
Hermes Asia ex-Japan Equity Fund
Majedie Asset Management Tortoise Fund
Sells
First State Asia Pacific Leaders Fund

Portfolio breakdown	%
UK	**13.04**
Majedie UK Focus Fund	2.71
Old Mutual UK Dynamic Equity Fund	4.19
Cazenove UK Smaller Companies Fund	2.55
The Heronbridge United Kingdom Equity Fund	3.58
Europe	**18.03**
IVI European Fund	3.50
Edinburgh Partners European Opportunities Fund	4.35
Henderson European Special Situations Fund	4.76
J O Hambro Capital Management Continental European Fund	4.38
ETFS 3x Short EUR Long USD	1.05
Japan	**9.63**
Hermes Japan Equity Fund	2.80
CF Morant Wright Nippon Yield Fund	2.18
CC Japan Alpha Fund	4.65
North America	**36.36**
Findlay Park American Fund	6.17
Conventum – Lyrical Fund	6.01
Polar Capital Funds plc – North American Fund	6.68
Melchior North American Opportunities Fund	4.83
Brown Advisory American Fund	6.96
Legg Mason Royce US Small Cap Opportunity Fund	5.72
Asia	**9.03**
Hermes Asia Ex Japan Equity Fund	3.77
Prusik Asian Equity Income Fund	3.03
CC Asia Alpha Fund	2.23
Emerging Markets	**2.28**
First State Global Emerging Markets Leaders Fund	2.28
Specialist	**6.08**
Rathbone Global Opportunities Fund	2.21
Majedie Tortoise Fund	3.87
Global Macro	**4.11**
CF Odey Absolute Return Fund	2.05
Odey Odyssey Fund	2.06
Cash	**1.45**
Total	**100.00**

Data as at 31.1.14

F&C MM LIFESTYLE FUNDS

Our range of multi-manager funds with strategic asset allocations designed to deliver returns appropriate to five specific attitudes to risk. The funds are rebalanced on a regular basis to ensure they match your attitude to risk at the time you invest and on an ongoing basis.

F&C MM LIFESTYLE FOUNDATION FUND

Portfolio breakdown	%
UK	**13.28**
Cazenove UK Equity Income Fund	2.19
F&C FTSE All-Share Tracker Fund	2.89
Majedie UK Income Fund	1.94
Schroder UK Alpha Plus Fund	3.43
Majedie Tortoise Fund	2.84
Europe ex UK	**4.33**
BlackRock Continental European Equity Tracker Fund	2.60
F&C Portfolios Fund – F&C European SmallCap	1.73
Japan	**1.16**
iShares MSCI Japan GBP Hedged UCITS ETF	1.16
North America	**9.80**
Brown Advisory American Fund	2.96
HSBC S&P 500 UCITS ETF	6.84
Property	**7.88**
F&C UK Property Fund	3.58
GCP Student Living	1.26
SWIP Property Trust	3.04
UK Corporate Bonds	**23.45**
Fidelity Strategic Bond Fund	4.57
Henderson Strategic Bond Fund	4.25
Invesco Sterling Bond Fund	4.07
iShares £ Corporate Bond 1-5yr UCITS ETF	4.49
Royal London Sterling Credit Fund	4.95
Legg Mason Income Optimiser Fund	1.13
International Bonds	**12.06**
Liontrust GF Global Strategic Bond Fund	3.98
M&G Global Macro Bond Fund	4.09
Old Mutual Global Strategic Bond Fund	3.99
Gilts	**12.11**
iShares UK Gilts 0-5yr UCITS ETF	3.08
iShares UK Gilts UCITS ETF	9.03
UK Index Linked Bonds	**5.18**
M&G Index-Linked Bond Fund	4.16
M&G UK Inflation Linked Corporate Bond Fund	1.02
Cash	**10.74**
Total	100.00

F&C MM LIFESTYLE DEFENSIVE FUND

Key buys
Legg Mason Royce US Small Cap Opportunity Fund
F&C Portfolios Fund – F&C European SmallCap
Majedie Asset Management Tortoise Fund
Key sells
F&C US Smaller Companies Fund

Portfolio breakdown	%
UK	**22.50**
BlackRock UK Focus Fund	1.32
Cazenove UK Equity Income Fund	2.65
F&C FTSE All-Share Tracker Fund	3.84
Fidelity UK Smaller Companies Fund	2.22
Majedie UK Income Fund	2.24
River and Mercantile UK Equity Income Fund	2.43
Schroder UK Alpha Plus Fund	4.24
Majedie Tortoise Fund	3.56
Europe ex UK	**5.61**
BlackRock Continental European Equity Tracker Fund	1.43
BlackRock European Dynamic Fund	2.69
F&C Portfolios Fund – F&C European SmallCap	1.49
Japan	**5.58**
BlackRock Japan Equity Tracker Fund	1.38
iShares MSCI Japan GBP Hedged UCITS ETF	2.34
Nomura Funds Ireland – Japan Strategic Value Fund	1.86
North America	**12.79**
Brown Advisory American Fund	2.45
HSBC S&P 500 UCITS ETF	7.38
Melchior North American Opportunities Fund	1.45
Legg Mason Royce US Small Cap Opportunity Fund	1.51
Property	**6.96**
F&C UK Property Fund	3.97
GCP Student Living	1.03
SWIP Property Trust	1.95
UK Corporate Bonds	**33.13**
Baillie Gifford Corporate Bond Fund	3.80
Fidelity Strategic Bond Fund	5.34
Henderson Strategic Bond Fund	4.80
Invesco Sterling Bond Fund	4.56
iShares £ Corporate Bond 1-5yr UCITS ETF	5.54
Legg Mason Income Optimiser Fund	3.26
Royal London Sterling Credit Fund	5.83
International Bonds	**4.86**
Liontrust GF Global Strategic Bond Fund	2.98
Old Mutual Global Strategic Bond Fund	1.88
Cash	**8.58**
Total	100.00

Data as at 31.1.14

Foundation Fund launched Dec 13 so entire portfolio bought during reporting period.

F&C MM LIFESTYLE CAUTIOUS FUND

Key buys
Legg Mason Royce US Small Cap Opportunity Fund
F&C Portfolios Fund – F&C European SmallCap
Majedie Asset Management Tortoise Fund
BGF Asian Growth Leaders Fund
Hermes Asia ex-Japan Equity Fund
Key sells
F&C US Smaller Companies Fund

Portfolio breakdown	%
UK	**25.89**
BlackRock UK Focus Fund	1.71
Cazenove UK Equity Income Fund	3.40
F&C FTSE All-Share Tracker Fund	5.09
Fidelity UK Smaller Companies Fund	2.47
Majedie UK Income Fund	2.89
River and Mercantile UK Equity Income Fund	2.95
Schroder UK Alpha Plus Fund	4.83
Majedie Tortoise Fund	2.55
Europe ex UK	**5.65**
BlackRock Continental European Equity Tracker Fund	1.44
BlackRock European Dynamic Fund	2.72
F&C Portfolios Fund – F&C European SmallCap	1.49
Japan	**6.04**
BlackRock Japan Equity Tracker Fund	1.57
iShares MSCI Japan GBP Hedged UCITS ETF	2.34
Nomura Funds Ireland – Japan Strategic Value Fund	2.13
North America	**10.83**
Brown Advisory American Fund	1.97
HSBC S&P 500 UCITS ETF	6.16
Melchior North American Opportunities Fund	1.18
Legg Mason Royce US Small Cap Opportunity Fund	1.51
Property	**4.79**
F&C UK Property Fund	3.15
GCP Student Living	0.88
SWIP Property Trust	0.76
UK Corporate Bonds	**23.59**
Fidelity Strategic Bond Fund	4.31
Henderson Strategic Bond Fund	4.31
Invesco Sterling Bond Fund	4.06
iShares £ Corporate Bond 1-5yr UCITS ETF	5.32
Royal London Sterling Credit Fund	5.59
Pacific Ex Japan	**10.83**
BlackRock Pacific Ex Japan Equity Tracker Fund	1.90
BGF Asian Growth Leaders Fund	2.60
Hermes Asia ex-Japan Equity Fund	2.33
iShares MSCI AC Far East ex-Japan UCITS ETF	1.78
Schroder Asian Alpha Plus Fund	2.21
Emerging Markets	**3.34**
BlackRock Emerging Markets Equity Tracker Fund	1.05
JPM Emerging Markets Opportunities Fund	1.09
Standard Life Investments Global Emerging Markets Equity Fund	1.21
Cash	**9.04**
Total	100.00

F&C MM LIFESTYLE BALANCED FUND

Key buys
Legg Mason Royce US Small Cap Opportunity Fund
F&C Portfolios Fund – F&C European SmallCap
Majedie Asset Management Tortoise Fund
BGF Asian Growth Leaders Fund
Hermes Asia ex-Japan Equity Fund
Key sells
F&C US Smaller Companies Fund

Portfolio breakdown	%
UK	**38.17**
BlackRock UK Focus Fund	2.42
Cazenove UK Equity Income Fund	3.92
F&C FTSE All-Share Tracker Fund	7.86
Fidelity UK Smaller Companies Fund	3.08
Majedie UK Income Fund	3.77
River and Mercantile UK Equity Income Fund	4.23
Schroder UK Alpha Plus Fund	5.68
Standard Life Investments UK Equity Income Unconstrained Fund	3.82
Majedie Tortoise Fund	3.39
Europe ex UK	**4.98**
BlackRock Continental European Equity Tracker Fund	1.23
BlackRock European Dynamic Fund	2.49
F&C Portfolios Fund – F&C European SmallCap	1.26
Japan	**7.12**
BlackRock Japan Equity Tracker Fund	2.06
iShares MSCI Japan GBP Hedged UCITS ETF	2.76
Nomura Funds Ireland – Japan Strategic Value Fund	2.31
North America	**13.98**
Brown Advisory American Fund	2.69
HSBC S&P 500 UCITS ETF	7.96
Melchior North American Opportunities Fund	1.55
Legg Mason Royce US Small Cap Opportunity Fund	1.78
Property	**2.71**
F&C UK Property Fund	2.71
UK Corporate Bonds	**11.76**
Fidelity Strategic Bond Fund	2.33
Henderson Strategic Bond Fund	2.59
Invesco Sterling Bond Fund	2.33
iShares £ Corporate Bond 1-5yr UCITS ETF	2.07
Royal London Sterling Credit Fund	2.43
Pacific Ex Japan	**14.96**
BlackRock Pacific Ex Japan Equity Tracker Fund	2.68
BGF Asian Growth Leaders Fund	3.59
Hermes Asia ex-Japan Equity Fund	2.88
iShares MSCI AC Far East ex-Japan UCITS ETF	2.48
Schroder Asian Alpha Plus Fund	3.33
Emerging Markets	**3.33**
BlackRock Emerging Markets Equity Tracker Fund	1.06
JPM Emerging Markets Opportunities Fund	1.10
Standard Life Investments Global Emerging Markets Equity Fund	1.17
Cash	**2.99**
Total	100.00

F&C MM LIFESTYLE GROWTH FUND

Key buys
Legg Mason Royce US Small Cap Opportunity Fund
F&C Portfolios Fund – F&C European SmallCap
Majedie Asset Management Tortoise Fund
BGF Asian Growth Leaders Fund
Hermes Asia ex-Japan Equity Fund
Key sells
F&C US Smaller Companies Fund

Portfolio breakdown	%
UK	**43.51**
BlackRock UK Focus Fund	2.94
Cazenove UK Equity Income Fund	4.42
F&C FTSE All-Share Tracker Fund	9.51
Fidelity UK Smaller Companies Fund	3.38
Majedie UK Income Fund	4.02
River and Mercantile UK Equity Income Fund	4.44
Schroder UK Alpha Plus Fund	6.37
Standard Life Investments UK Equity Income Unconstrained Fund	4.30
Majedie Tortoise Fund	4.15
Europe ex UK	**5.96**
BlackRock Continental European Equity Tracker Fund	1.71
BlackRock European Dynamic Fund	2.75
F&C Portfolios Fund – F&C European SmallCap	1.50
Japan	**6.58**
BlackRock Japan Equity Tracker Fund	1.75
iShares MSCI Japan GBP Hedged UCITS ETF	2.37
Nomura Funds Ireland – Japan Strategic Value Fund	2.46
North America	**6.00**
Brown Advisory American Fund	1.00
HSBC S&P 500 UCITS ETF	2.75
Melchior North American Opportunities Fund	0.99
Legg Mason Royce US Small Cap Opportunity Fund	1.26
Property	**2.24**
F&C UK Property Fund	2.24
Pacific Ex Japan	**15.55**
BlackRock Pacific Ex Japan Equity Tracker Fund	2.60
BGF Asian Growth Leaders Fund	3.54
Hermes Asia ex-Japan Equity Fund	3.41
iShares MSCI AC Far East ex-Japan UCITS ETF	2.50
Schroder Asian Alpha Plus Fund	3.50
Emerging Markets	**15.21**
BlackRock Emerging Markets Equity Tracker Fund	5.17
JPM Emerging Markets Opportunities Fund	4.87
Standard Life Investments Global Emerging Markets Equity Fund	5.17
Cash	**4.96**
Total	100.00

Data as at 31.1.14

CONTACT US

If you have any queries about your investment please contact us.
Please remember to quote your account number on all communications to us.

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(weekdays 9am-5pm, calls may be recorded for training and monitoring purposes)

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