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a more dependable way to invest

This quarterly newsletter is designed to provide a brief pverview of what's been happening in *the global economy and* world markets.

Equities

The UK economy had a mixed performance in the second quarter, with general opinion being that economic growth rebounded after a soft first quarter, although by less than anticipated.

The Bank of England left interest rates unchanged due to the economy's sluggish performance in the first quarter along with the elevated uncertainty associated with Brexit, which has lead to considerable disagreement within the UK Cabinet about the future of the UK-EU relationship.

In Europe, export growth slowed during the quarter, in part due to the euro's appreciation, but also due to a slowdown in global trade. In the context of a resilient economy, the European Central Bank announced their quantitative easing programme would end in December 2018, however due to low levels of inflation, the ECB stated that it expects interest rates to remain at current levels at least through the summer of 2019.

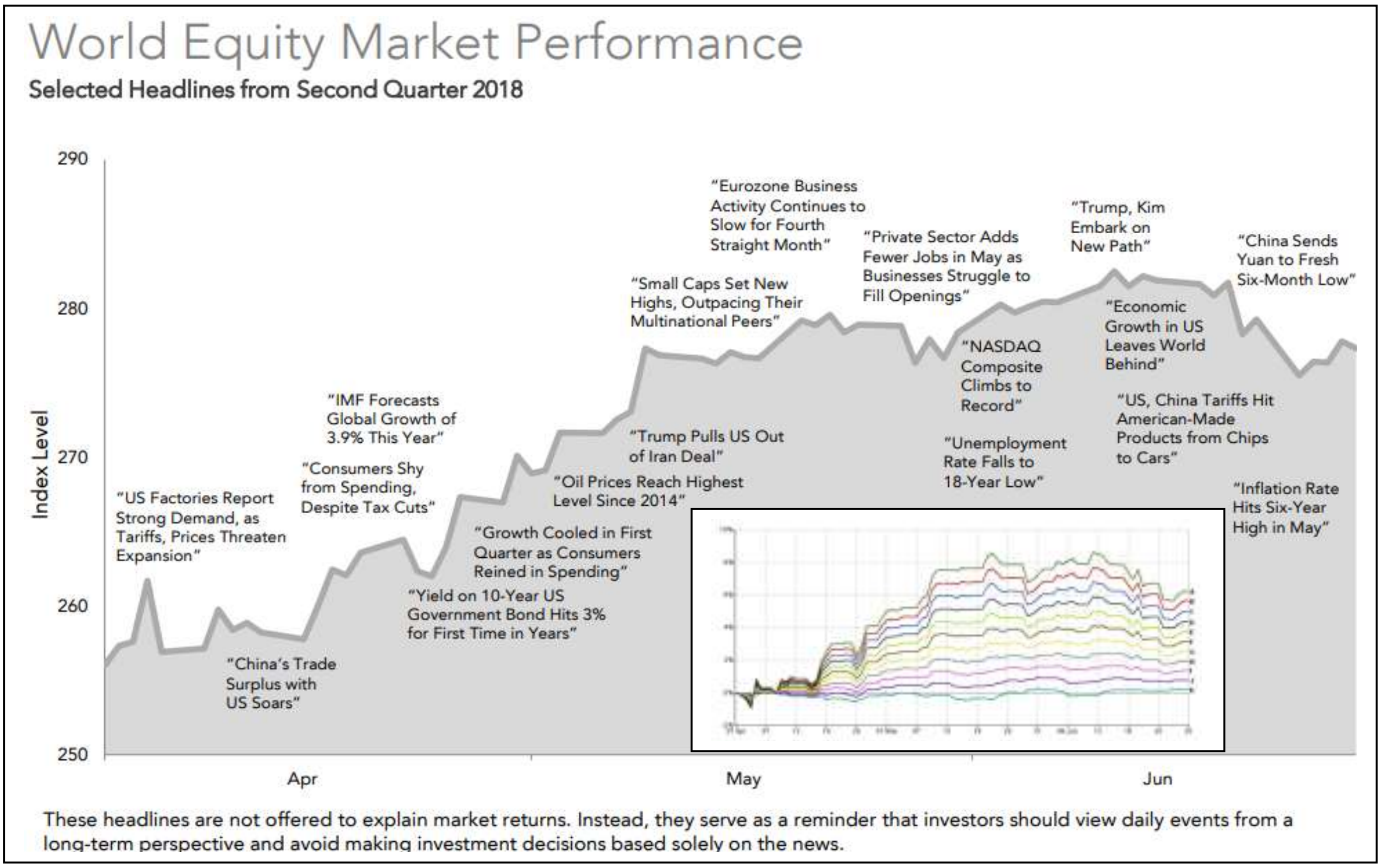
In the US, the economy continued to perform strongly in the second quarter. As a result, the Federal Reserve raised interest rates by another 0.25%, bringing the Fed funds rate to the range of 1.75% to 2%. The Fed also updated its interest rate projections, anticipating an additional two hikes during 2018. On the political front, the US government pursued a protectionist trade policy, imposing tariffs on China, the European Union and Mexico, prompting retaliatory tariffs from both China and the EU.

Such trade wars impact on sentiment across the globe, and the concern here is that the war of words could lead to increased volatility in markets.

This, combined with the strength of the dollar strength impacted on emerging markets as they often fall when companies struggle to repay debts denominated in dollars. As such, emerging markets' performance suffered.

Whilst many investors change their portfolios in a bid to take advantage of the latest news we believe that shifting your portfolio in response to short-term events may lead to little more than increased trading costs. Investors will usually be better served by identifying the appropriate asset allocation to suit their goals, then sticking with it and tuning out short-term noise.

As demonstrated by the inset chart, our range of portfolios have followed the course of the market, albeit lower risk strategies show flatter paths based upon their level of exposure to defensive asset class holdings.



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

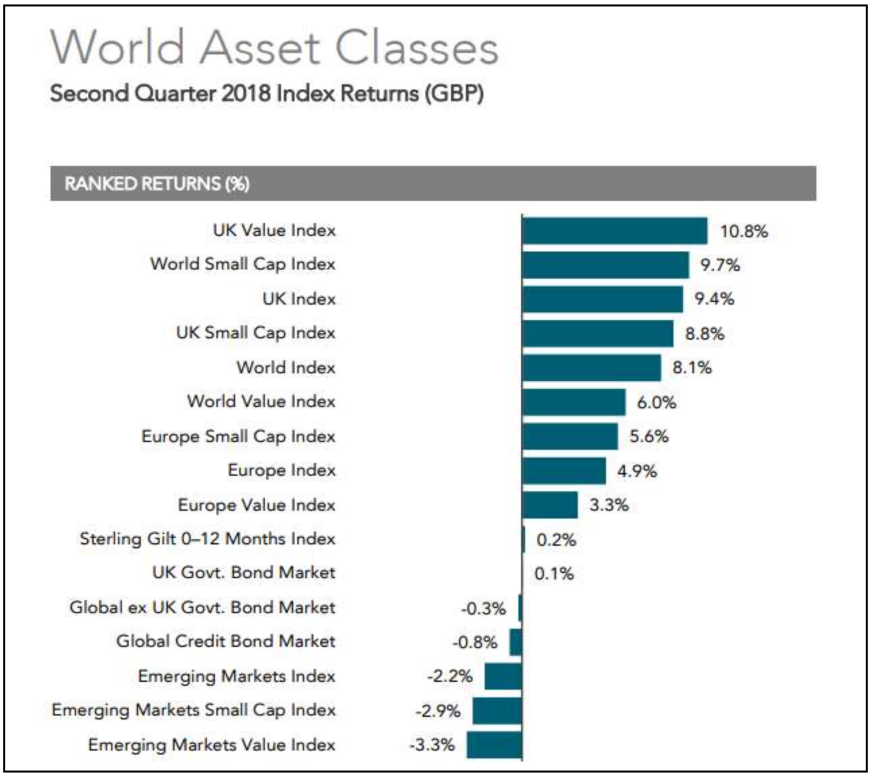
Fixed Interest

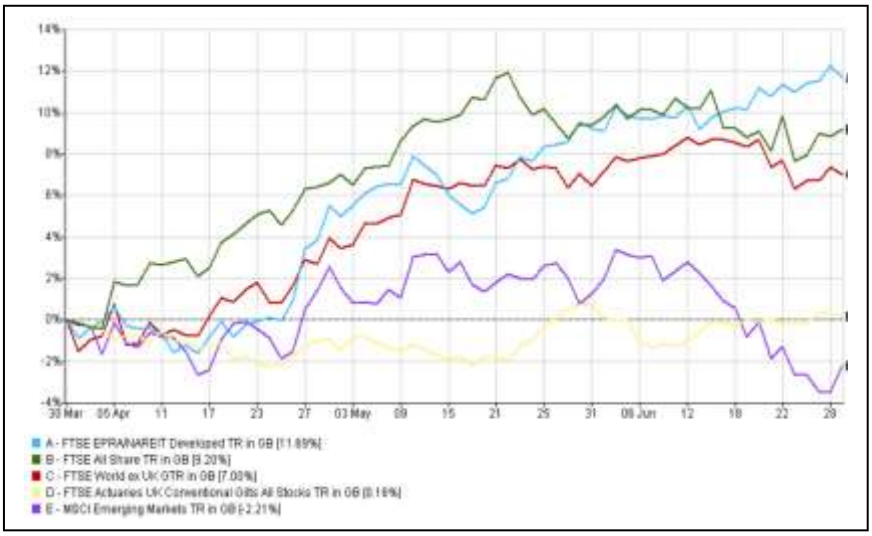
The shock victory for the Five Star Movement and the League…and the resulting decision by the President of Italy to veto their proposed candidate for Economic Minister (who is anti-Euro and advocates leaving the common currency) lead to a surge in Italian bond yields… which saw an epic shift; the biggest monthly rise in 2 year yields seen in 7 years, and the biggest rise in 10 year yields ever.

However, effects were less dramatic across the rest of the developed world with UK Gilts and German Bunds up just under 2% and Spanish bonds down by a similar percentage, and even the interest rate rise in the US having a minimal impact on bond markets.

Emerging Markets were hard hit with country specific concerns, particularly in Turkey and Argentina dragging yields down.

The charts across illustrate the variations across the different underlying sectors and the volatility associated with each.





Property

The sector that made the largest positive contribution was specialist property, where we saw strong performance from student accommodation, healthcare properties and distribution warehouses.

At a time when UK retailers are challenged by higher staff costs and consumers are doing a greater amount of shopping online, the high street sector of the property market has struggled, however what has harmed the high street has unsurprisingly benefited the industrial warehouse sector. The real estate investment trust sector (REIT) has benefited from this trend (Line A above), reflected in our position of investing to track it.