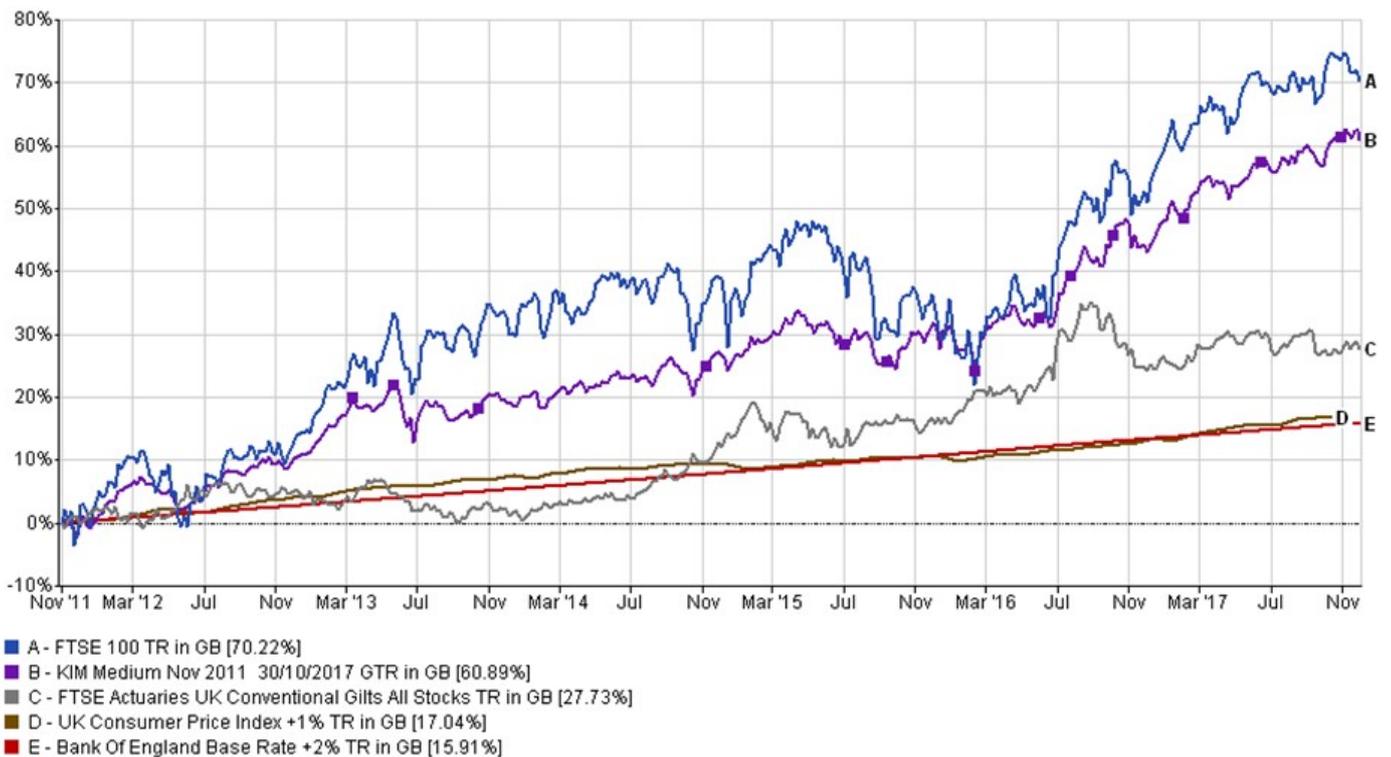


Forward Glance

Strategy Report - Medium Portfolio December 2017

1st November 2011— 30th November 2017 — gross return (since inception)



01/11/2011 - 30/11/2017 Data from FE 2017

The information contained in this document is an average return for our strategies over various time periods. Because of personal variations including timing of rebalancing, contributions, withdrawals or other individual circumstances, your portfolio performance may be slightly different to the general strategy and performance. Past performance is no guarantee of future success.

Strategy — December 2017

The Investment committee met on the 5th December to review the global economy and our performance.

Uncertainty continues

The Brexit deal has stalled again thanks to the Democratic Unionist Party refusing to accept concessions on the Irish border issue. Some believe that there is an increasing chance of another referendum or a General Election whilst others believe that Brexit will happen, perhaps in name only, but nothing will change in reality. GDP growth post Brexit is only 0.01% behind where it was pre-referendum so things aren't perhaps as bad as have been suggested.

Statistics in the digital age

Is it still possible to have confidence in any economic data?

It's always been relatively simple to count how many pairs of socks have been sold in M&S or the number of bottles of perfume bought in Selfridges (especially at this time of year) but the proportion of sales being made in the High Street or Shopping Mall is reducing quickly. As businesses move online many are worried that government statisticians may not be able to track activity in cyberspace as accurately as in the real world.

Decoding the role of Artificial Intelligence in Financial Services

The connect between Artificial Intelligence and financial services may be traced back to Charles Babbage in the 19th Century and Alan Turing 100 years later. Whilst systems exist that may predict market movements based on historical data, or defeat human opponents at games like Chess, the human institutions which are global financial markets, with their ever-changing characteristics, provide a far harder challenge for computers to solve.

Taxing the mind

There needs to be a massive change in the taxation system to enable it to deal with intangible assets and to facilitate Universal Credit, which seems inevitable in some form, but how do we do this when we don't know what tomorrow is going to look like? So much is happening quickly and subliminally around us all the time without our understanding the consequences. The expert predictions are diverse. Perhaps the continual evolution of things, nothing new just continuous developments, and a sprinkling of regulation will help in achieving tax revenue from technology.

The current status quo, however, reconfirms our conviction in holding equity over debt or cash.

It's all about Tech, right?

Well one may think so, given that technology and Bitcoin are the main topics, when attending economic lectures these days and fund managers may be tempted to throw money at them at the expense of diversification. One should bear in mind the Technology boom and bust of the late nineties, a stark warning against complacency in this area, to which end we are remaining vigilant when rebalancing our portfolios.

Seasons Greetings and a Happy New Year from all of us at KMG.

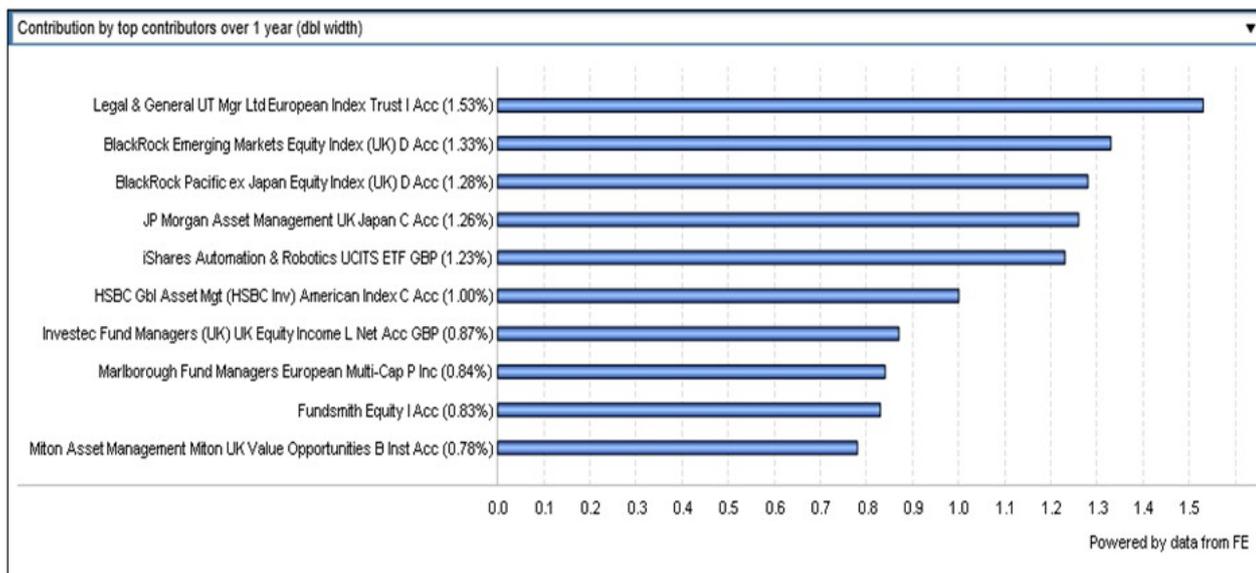
Portfolio analysis

Investment objective

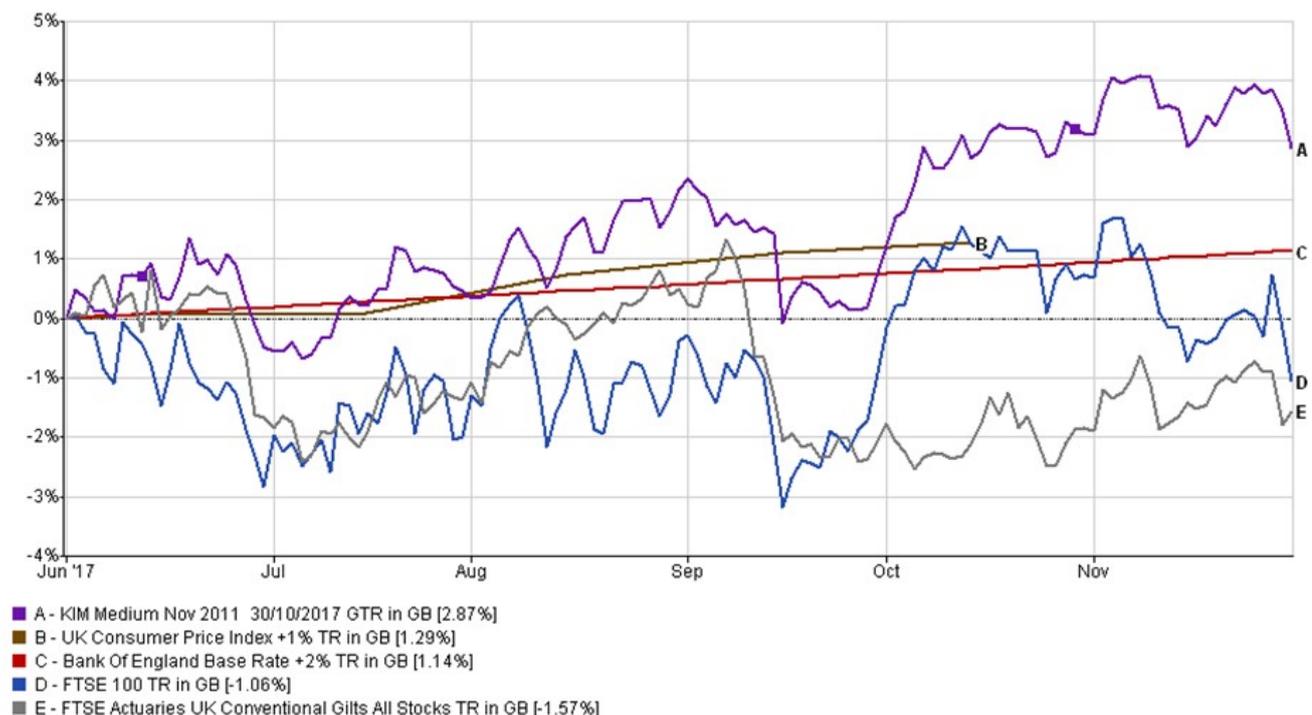
The medium portfolio offers a diverse fund range with the aim of achieving capital growth over the longer-term. The portfolio has the ability to invest in a broad range of investments on a wide geographical basis. Equity exposure within this portfolio will vary between 50% - 70%.

Portfolio details			
Inception date	1/11/2011	Number of holdings	27
Estimate yield	1.98%	Benchmark	BoE Base Rate +2%
Total expense ratio	0.51% (net—clean)	Volatility target range	6% - 10%
Minimum investment time horizon	Five years		

Contribution to performance by fund — 1 year



1st June 2017 — 30th November 2017 — gross return (six months)



Statistics (five years)

Gross

	1 st November 2011 – 30 th November 2017			Six-month performance	Average annual compound return
	Maximum fall in capital *	Performance	Volatility		
Index: FTSE 100	-17.21	70.22	13.33	-1.06	9.14
Index: FTSE UK Conventional Gilts All Stocks	-8.22	27.73	6.34	-1.57	4.11
Index: S&P 500	-11.64	191.67	13.10	4.87	19.24
Index: FTSE Eurofirst 300	-17.65	100.75	14.05	0.87	12.14
Index: AFI Balanced Index	-10.17	65.85	7.11	2.88	8.67
BM: BoE Base Rate +2%	0.00	15.91	0.02	1.14	2.46
Portfolio: KMG Medium-High Nov 2011	-10.56	71.21	8.26	3.43	9.24
Portfolio: KMG Medium Nov 2011	-7.94	60.89	6.78	2.87	8.13
Portfolio: KMG Medium-Low Nov 2011	-5.53	49.36	4.84	1.88	6.82

* The percentage between the highest and lowest values



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