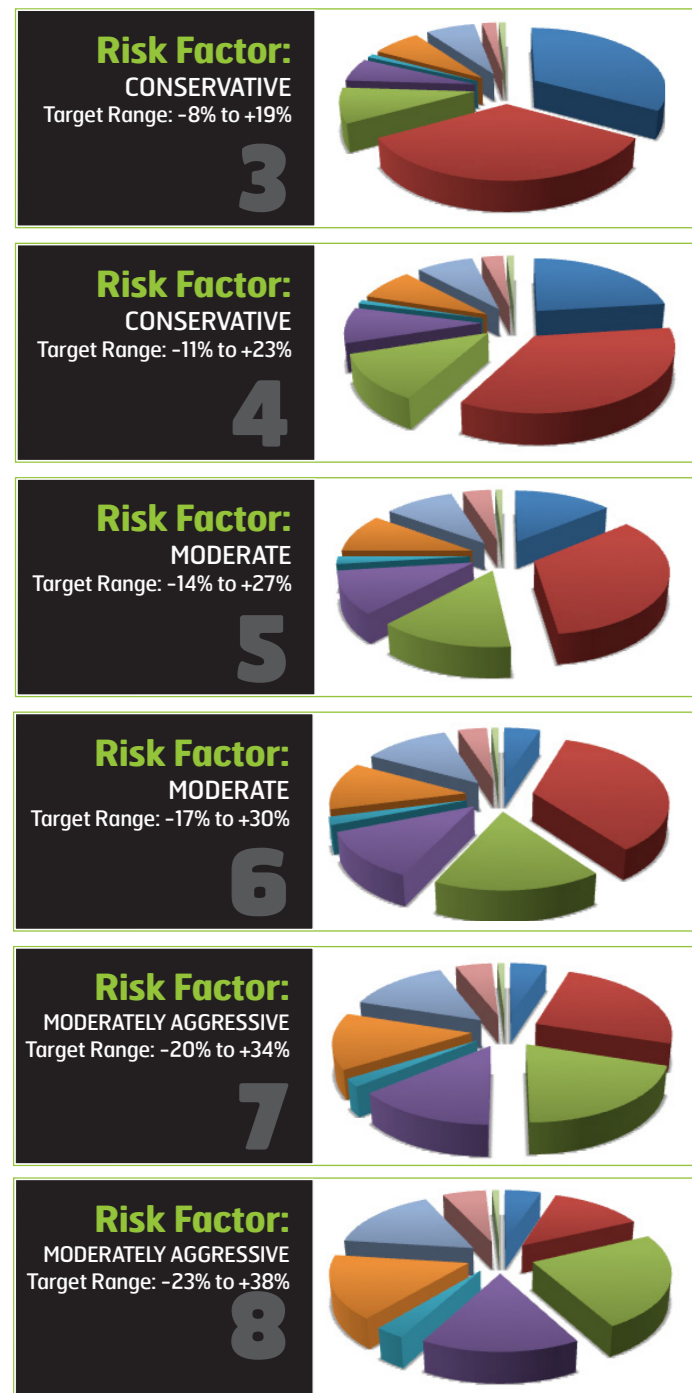


**ASSET ALLOCATION FOR UNIT TRUSTS, OEIC's & INVESTMENT TRUSTS: AUTUMN 2011**

I advise that you read our document "Our Approach To Investing" which will serve as a guide for many of the investment decisions that are made. The specific funds used within your portfolio will vary depending on the financial product/s that you hold. This is contained within a separate document. As a general guide, in 95% (two standard deviations) of occasions the returns for each portfolio will be within the expected range outlined. This assumes normal distribution of returns achieved around the average return. This is a guide not a prediction.



- Cash
- UK Fixed Interest
- Global Specialist
- UK Equity
- North American
- Emerging Markets Equity
- Far East Ex Japan
- European
- Japanese

You will notice that I have only shown portfolios 3-8 for the non pension holdings. This is because investments are long-term in nature and I would view the minimal amount of risk to accept when investing outside of a pension is reflected in Portfolio 3.

We currently have no clients using the highest risk portfolio 9.



**INVESTMENT PORTFOLIOS: AUTUMN 2011**

# ASSET ALLOCATION

This document shows my current advice for your investments. You need to read this and then take action so that your portfolio can be brought up to date. Ideally, read the updated document "Our Guide to Investing" found within the resources section of the website.

The global economies are currently seeking leadership that they lack, so it makes sense to take a cautious position for the short-term. The portfolios reflect this. I do not wish to be alarmist, but this is important so you need to respond. I have made it harder to ignore this message by having this document printed rather than emailed.

*Dominic*  
Dominic Thomas  
Solomons IFA



## SKANDIA PORTFOLIO ALTERATIONS

Once again I have reviewed portfolios and made some changes to some of the asset allocations. In essence I still remain very concerned about the fragile state of the global economy and much like in the Spring, have taken an even more cautious position for the time being. The most significant change is probably the decision to reduce holdings in the UK and increase holdings in the Emerging Markets, Far East Excluding Japan and Fixed Interest. This is primarily due to the sad reality that European and US economies are still very fragile as we await decisive leadership to implement action to reduce debt and stimulate growth.

China and generally the Emerging economies (or markets) continue to perform better, albeit that eventually as demand in the West dries up for goods produced there an impact will be felt. That said, China and India are both seeing a continuing increase in the middle classes as their own populations increase their own standard of living.

I have blogged about the global situation and some of the economic data that lies behind some of the assumptions. Key issues are the size and age of populations along with their GDP levels. We have now passed over 10,000 hits on the blog, so I'm assuming that you may be reading it on occasion.

In essence then, I am advising further caution and reduction of exposure to UK and US equities in general with an increase in lower risk holdings.

### WHAT YOU NEED TO DO

In essence, you simply need to confirm the portfolio that you would like to use. Please note that there are no additional charges for doing so, switches within the Skandia platform are free. I would ask that you do this as soon as possible.

Ideally your portfolio will reflect your attitude towards investment risk, the graphics overleaf merely show our portfolios by asset allocation (1-9) where portfolio 1 is low risk and 9 is high risk. I would encourage you to read or re-read the guide "Our Approach To Investing" which has recently been updated and is held within the resources section of the website. If you have not done so, please complete our online questionnaire so that we can measure your attitude toward investment risk and loss. This is a world-leading tool provided by FinaMetrica. This is important.

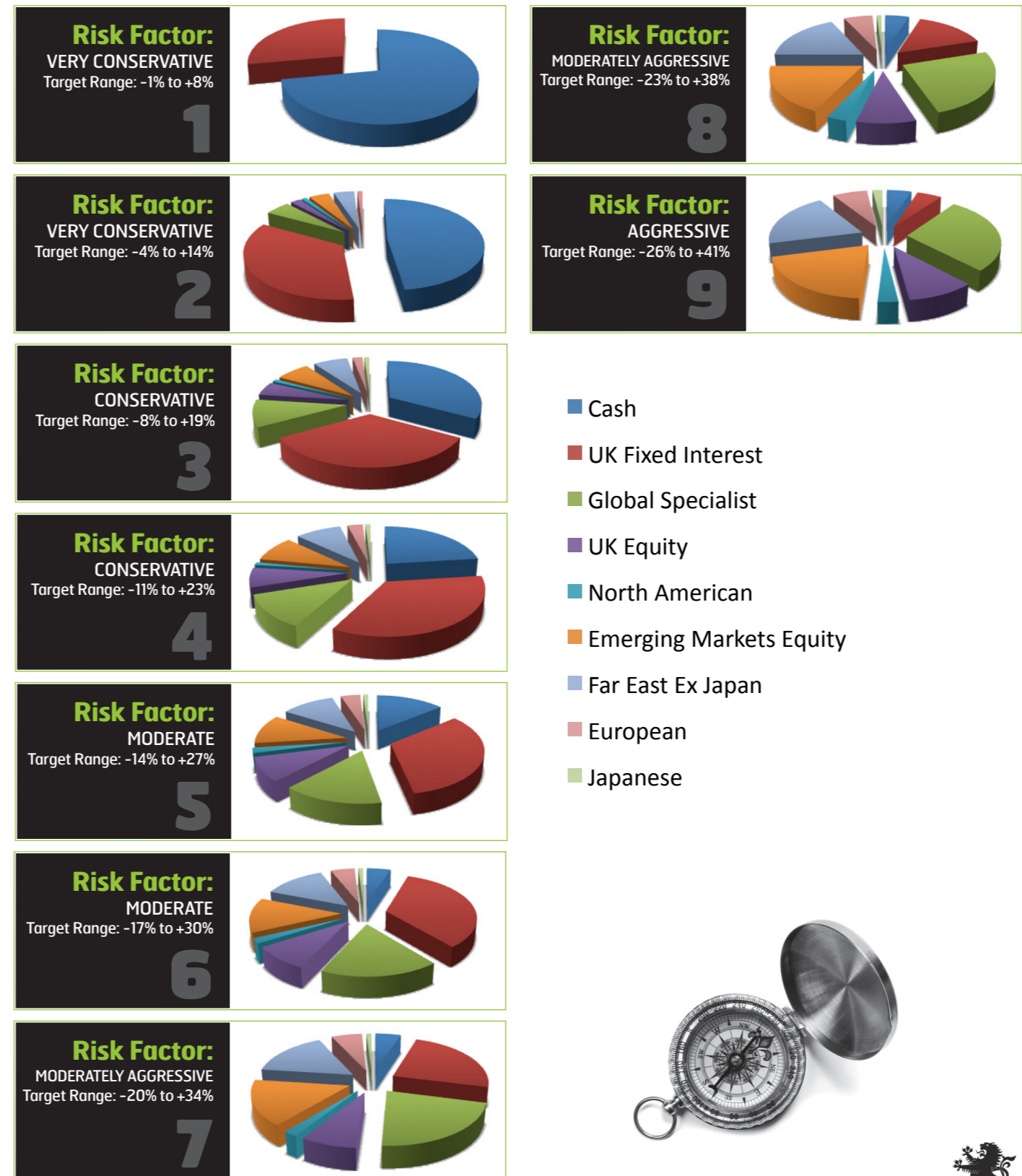
If you are not sure which portfolio you have please just send me an email or give me a call and I can confirm this easily for you. You will of course receive notification directly from Skandia about changes that are made.

Valuations from investment companies are generally dated 5th April and 5th October and tend to arrive 3-4 weeks after these dates. I am not expecting valuations to be good news in October. You can obtain a valuation from us with a quick call or email and we can now provide this with a secure website for you to review as well.

You will note that there are rather a lot of pie charts. These do not reflect the Purity portfolios which are not available across all financial products and we have different portfolios (sometimes very small differences) for ISAs, Unit Trusts, Pensions and Bonds. This is due to the tax treatment of each product type, for example cash cannot be held within a stocks and shares ISA.

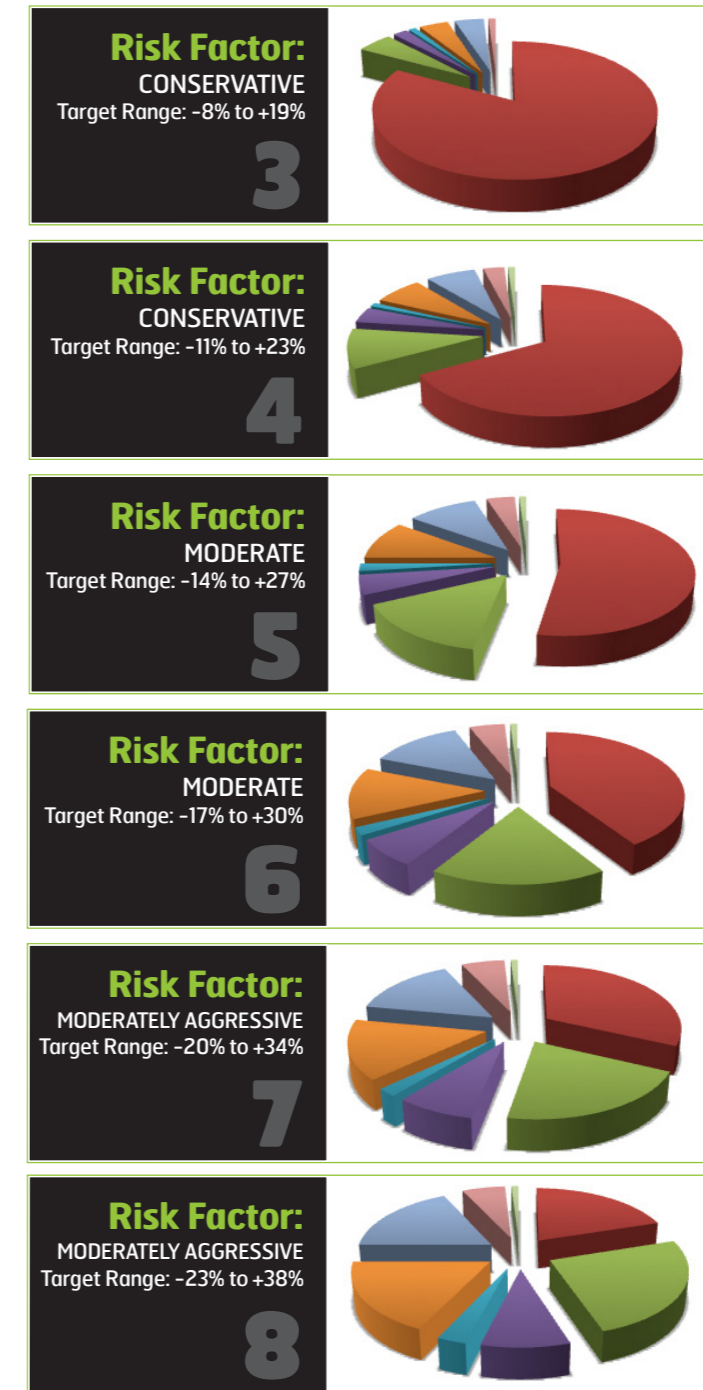
## ASSET ALLOCATION FOR PENSIONS & INVESTMENT BONDS: AUTUMN 2011

I advise that you read our document "Our Approach To Investing" which will serve as a guide for many of the investment decisions that are made. The specific funds used within your portfolio will vary depending on the financial product/s that you hold. This is contained within a separate document. As a general guide, in 95% (two standard deviations) of occasions the returns for each portfolio will be within the expected range outlined. This assumes normal distribution of returns achieved around the average return. This is a guide not a prediction.



## ASSET ALLOCATION FOR ISA's: AUTUMN 2011

Under HMRC rules, stocks and shares ISAs are not permitted to hold cash, hence there is no allocation towards cash, but an increased element of Fixed Interest holdings.



### PORTFOLIO 1

Very Conservative. This has a heavy weighting towards cash and UK Fixed Interest, suitable for a short-term holding position only. It is ideally suited to those that are expecting to withdraw the full fund value within 12 months.

### PORTFOLIO 2

Very Conservative. This portfolio has a very high holding of cash and fixed interest, so expected returns will be very low. This is not a suitable portfolio for a long-term investment and would be more appropriate for investors with less than 24 months before funds are required.

### PORTFOLIO 3

Conservative. This portfolio has a high proportion in low risk assets (cash and fixed interest) increased equity exposure, but not really suitable for a long term strategy unless your outlook is very pessimistic. This is normally a suitable strategy for investors with a 3-4 year outlook.

### PORTFOLIO 4

Conservative. We would regard this as a normally conservative portfolio. There is still a high content of low risk/low reward assets (fixed interest).

### PORTFOLIO 5

Moderate. This is suitable for investors seeking relatively stable growth over a medium to long-term perspective. The main objective is to achieve steady growth ideally with below average market fluctuations.

### PORTFOLIO 6

Moderate, suitable for those able to withstand a little more volatility in the hope of improved returns over the long-term.

### PORTFOLIO 7

Moderately Aggressive. This is for long-term investors seeking a good long-term market return. There will be reasonable fluctuation in the value of the portfolio each year. A long-term mindset is required.

### PORTFOLIO 8

Moderately Aggressive. This is a fairly volatile portfolio designed to provide a high degree of equity investment participation, ideal for a long-term investor with 10+ years.

### PORTFOLIO 9

Aggressive. This is a highly adventurous portfolio with a high degree of equity investment. It is suitable for those willing to see their capital fluctuate in value considerably in the pursuit of a long term higher average return.