

Minutes of the
Solomon's IFA

Investment Committee Meeting

24 May 2018

Date and venue

The Investment Committee met via telephone conference call on 24 May 2018. The Chair called the meeting to order at 15:00.

A. Investment Policy Statement

1. The Committee voted to maintain the Investment Policy Statement dated 17-April-2014.

B. Review of investment strategies

2. Solomon's IFA (SIFA) has adopted a passive approach to investment management in keeping with our view that, for all intents and purposes, the capital markets are 'efficient'. Competition between rational, diligent investors means that the quoted prices of equities and bonds very quickly reflect all publically available information. If this is the case, it follows that it is not possible for 'active' investment management to consistently provide profits which are over and above the costs involved in trying to do so. (References: Samuelson 1965, Fama 1970).
3. Having reviewed the structure of the capital markets, new academic research releases and the requirements of SIFA's clients, the Committee could identify no compelling reason to alter this approach.
4. The Committee highlighted its view that the 'default' investment strategy (and in particular, the target asset allocation templates detailed in the Investment Policy Statement) would not be suitable for all of SIFA's clients.

C. Performance

Description	1m %	3ms %	6ms %	12ms %	3yrs %	5yrs %	10yrs %
Solomons 20	0.9	1.0	0.6	1.3	12.6	21.0	58.9
Solomons 35	1.5	1.7	1.3	3.0	16.7	28.0	73.0
IA Mixed Invest 0-35 Shares	1.1	1.3	0.2	1.3	10.5	17.7	48.4
Solomons 50	2.2	2.4	2.1	4.7	20.9	34.7	83.1
Solomons 65	2.8	3.1	2.9	6.4	24.7	40.8	89.2
IA Mixed Invest 20-60 Shares	1.9	2.2	1.2	3.0	16.6	26.3	57.4
Solomons 80	3.6	4.0	3.8	8.1	28.4	47.4	95.1
IA Mixed Invest 40-85 Shares	3.4	3.6	2.4	5.7	21.2	37.9	74.4

D. The global economy

5. The UK economy is growing at a slowing pace with high inflation and low unemployment
6. The US economy is growing at a moderate pace with moderate inflation and low unemployment
7. The euro zone economy is growing at a moderate pace with moderate inflation and high unemployment
8. The Japanese economy is growing at a slow pace with near zero inflation and low unemployment

9. The Chinese economy is growing at target rate with moderate inflation and low unemployment

E. Evaluation of asset classes

10. The Committee reviewed the current breadth of asset class exposure, judging it, for the moment, to be optimal.

F. Asset class weightings

11. The Committee reviewed the current breadth of asset class exposure and judged it appropriate to make two changes.
12. The Committee voted to remove exposure to the M&G Global Themes fund – a fund which has transformed from a single-themed commodity fund to a multi-themed global fund - in favour of further emerging market exposure in a bid to maintain exposure to risk and to further reduce aggregated ongoing charges.
13. The Committee voted to remove exposure to the Aberdeen Short Dated Gilt fund in favour of exposure to the Vanguard Short Term Investment Grade Bond Index fund, a shift motivated by a judgement that gilts may underperform in the long term as interest rates drift higher.
14. The Committee determined that these changes should be instituted over the coming 12 months or so.

G. Asset allocation brochure

15. The Committee reviewed and approved the asset allocation factsheet brochure dated June 2018.

H. Appropriate securities

16. The Committee reviewed the securities contained in Cormorant's latest Security Selection report (Volume 18). The report takes a whole of market approach to identifying suitable securities (OEICs, ETFs and Investment Trusts).
17. The Committee noted that the report's focus on mandate first was well suited to the implementation of SIFA's philosophy as set out in the Investment Policy Statement.
18. The Committee endorsed the current selection.

I. Conflicts of Interest

19. The Committee confirmed members' activities did not give rise to any conflicts of interest.

Other Business

20. The Committee set a date of 2 August 2018 at 15:00 for the next meeting.

J. Attendees

Present at the meeting were: Dominic Thomas (Chair) and Steve Williams (external appointee from Cormorant Capital Strategies Limited).