

Minutes of the
Solomon's IFA
Investment Committee Meeting
29 August 2017

Date and venue

The Investment Committee met via telephone conference call on 29 August 2017. The Chair called the meeting to order at 14.00.

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 | 1.0 | 0.3 | 1.6 | 3.6 | 16.4 | 28.9 | 60.8 |
| Solomons 35 | 1.0 | 0.6 | 2.3 | 6.7 | 20.4 | 39.1 | 72.2 |
| IA Mixed Invest 0-35 Shares | 0.8 | 0.7 | 2.5 | 4.2 | 14.8 | 25.9 | 45.8 |
| Solomons 50 | 1.2 | 1.1 | 3.0 | 9.8 | 24.3 | 49.0 | 78.9 |
| Solomons 65 | 1.3 | 1.5 | 3.6 | 12.8 | 27.6 | 58.1 | 82.0 |
| IA Mixed Invest 20-60 Shares | 0.8 | 0.9 | 3.4 | 7.5 | 19.2 | 38.3 | 53.9 |
| Solomons 80 | 1.3 | 1.8 | 4.1 | 15.6 | 30.7 | 68.0 | 83.7 |
| IA Mixed Invest 40-85 Shares | 1.1 | 1.4 | 4.6 | 11.0 | 26.6 | 54.7 | 70.6 |

D. The global economy

5. The redemption yield on the 10-year gilt averaged 1.1 percent in August
6. A typical basket of investment grade corporate bonds yields 3.1 percent
7. GDP is estimated to have increased by 0.3 percent in Q2 2017
8. The median of independent forecasts sees output across the British economy as a whole increase by 1.6 percent in 2017
9. Consumer prices are rising at a year-on-year rate of 2.9 percent
10. The Bank of England expects inflation to reach 3.0 percent by year end

11. Unemployment stands at 4.3 percent
12. Average weekly earnings are rising at a year-on-year rate of 2.1 percent
13. The average home costs £210,116
14. The international economy
15. Both the European Central Bank and the Bank of Japan have augmented their asset purchase programmes with negative rates
16. The upper limit on the main rate of interest in the US is 1.00 percent and is likely to move higher as 2017 progresses
17. The redemption yield on the 10-year US government bond stands at 2.2 percent
18. The redemption yield on the 10-year German government bond stands at 0.4 percent
19. The redemption yield on the 10-year Japanese government bond stands at 0.0 percent
20. A typical basket of global government bonds has a distribution yield of 1.0 percent
21. The US economy is expanding at a moderate pace with moderate inflation and low unemployment
22. The Euro Area economy is expanding at a slow pace with moderate inflation and high unemployment
23. The Japanese economy is expanding at a slow pace with low inflation and low unemployment
24. The Chinese economy is expanding at a target pace with moderate inflation and low unemployment
25. Economic output across the global economy is widely projected to edge higher 2017

E. Evaluation of asset classes

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

F. Asset class weightings

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

G. Asset allocation brochure

28. The Committee reviewed and approved the asset allocation factsheet brochure dated September 2017.

H. Appropriate securities

29. The Committee reviewed the securities contained in Cormorant's latest Security Selection report (Volume 17). The report takes a whole of market approach to identifying suitable securities (OEICs, ETFs and Investment Trusts).

30. 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.

31. The Committee endorsed the current selection.

I. Conflicts of Interest

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

Other Business

33. The Committee set a date of 06 November 2017 at 13:30 for the next meeting.

J. Attendees

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