OMI BENTLEY
DOLLAR GROWTH FUND

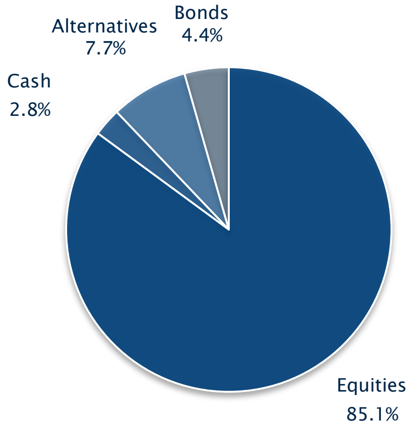
31ST DECEMBER 2018

BENTLEY REID

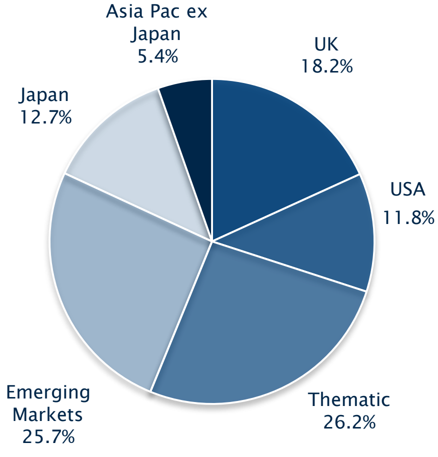
INVESTMENT OBJECTIVE

The fund seeks to achieve an average annual return of CPI + 4% over any 5-year period, after all fees. The mandate follows a risk tolerant approach that will be pre-disposed to remain fully invested in equities; it will accept short-term volatility and periods of value decline in the pursuit of its long-term return goals.

ASSET ALLOCATION



EQUITY BREAKDOWN



QUARTERLY INVESTMENT REPORT

The final quarter saw global stock markets witness their worst sell-off since the 2008/09 financial crisis with a 20% peak-to-trough slump in the S&P 500 index confirming that a global bear market is now underway; most European and Asian bourses had already fallen by 20% or more from their 2018 peaks. This is the second major market fracture during the past 5 years; the first being the 2015/16 sell-off, sparked by a sharp economic slowdown in China, that saw most headline stock markets suffer 10-20% losses in short order.

Unlike our more conservative portfolios, this fund's mandate is designed to embrace such volatility in pursuit of higher, longer-term returns. That said, its price fell by much less than the MSCI World equity index over the quarter. The fund fell by -7% versus compared to a -14% capital loss for the MSCI World index. In sterling terms, the fund was down -7.1% compared to a -12% loss for the World index. The larger declines in dollar terms highlight the headwind posed by the strengthening US dollar, which continued to limit the opportunities to generate positive USD returns from non-US assets.

The fund's recent relative outperformance can be attributed to three headline factors. Firstly, there remains a low exposure to US equities, which have been amongst the worst performers of late.

continued overleaf

EQUITIES	**85.1%**
UK	**15.5%**
LF Odey Absolute Ret $ Hedged	2.9%
LF Woodford Income Focus	2.3%
City Financial Absolute Equity	3.2%
iShares FTSE 100	2.4%
Jupiter UK Special Situations	4.7%
US	**10.0%**
iShares Core S&P 500	5.9%
iShares S&P 500 Financials	4.1%
Japan	**10.8%**
GLG Japan Core Alpha	5.3%
Vanguard FTSE Japan	5.5%
Asia Pac ex Japan	**4.6%**
Hermes Asia ex Japan	2.5%
Morgan Stanley Asia Opps	2.1%
Emerging Markets	**21.9%**
Stewart Latin America	5.0%
Kotak India Growth	3.3%
Investec All China	2.0%
iShares MSCI China A	2.9%
iShares MSCI EM	4.8%
Schroder EM Debt Abs Return	3.9%
Thematic	**22.3%**
Fundsmith Equity	2.9%
Guinness Global Equity Income	1.9%
Jupiter Global Abs Ret $ Hedged	2.8%
Kennox Strategic Value	5.2%
Merian Gold & Silver	1.9%
VanEck Gold Miners ETF	2.7%
Wellington Global Healthcare Long/Short	4.9%
BONDS	**4.4%**
iShares UK Index-Linked ETF	4.4%
ALTERNATIVES	**7.7%**
iShares Physical Gold	7.7%
CASH	**2.8%**

PERFORMANCE (NET OF FEES)*

Cumulative	3 Months	YTD	1 Year	3 Year (Ann.)	5 Year (Ann.)
Fund	-7.1%	-12.1%	-12.1%	-2.4%	-2.6%
Inflation (US CPI)**	n/a	n/a	2.2%	2.0%	1.6%

12 Months to	31 Dec 18	31 Dec 17	31 Dec 16	31 Dec 15	31 Dec 14
Fund	-12.1%	12.4%	-6.1%	-3.1%	-2.6%

** the fund's return is calculated net of the Insurance Bond Wrapper cost*
*** the CPI figure is the actual inflation figure and is not adjusted to show the fund's target return. The 3 and 5-yr figures are annualised averages.*

This stance has hindered returns in recent years, but a degree of payback is now taking place. The fund owns two active long-short managers that are profiting from their short US positions; City Financial gained 10%, in USD terms, over the quarter and Jupiter Absolute added 3%. With US equity indices falling below key support levels and high-yield credit markets also weakening we retain our negative view on US assets, at least until valuations fall to healthier levels.

Our preference for emerging market (EM) assets over their developed market counterparts has also added value in recent months. Over the past 12 months we have been reducing the fund's exposure to domestically-focused UK and European stocks and took further steps last quarter by redeeming the GVQ UK and Invesco European holdings. We retain an 11% aggregate allocation to Japanese equities, which are cheaply valued across a broad range of metrics, but last quarter's 14% losses on the two dedicated positions illustrate that the country's stock market remains highly sensitive to global trends. The recent outperformance of many EM assets is an unusual, but interesting development during such an extreme bout of risk aversion. Given the extensive falls in US and European equity markets it was no surprise to see several EM's also suffer, particularly in parts of Asia with the Hermes Asia fund declining by 11%. However, the Stewart Latin America fund posted a 2% gain, buoyed by a strong bounce in Brazilian stocks. Indian equities are recovering well with the Kotak India fund rallying by 5%. The Schroders EM debt fund also appreciated by 2%.

We amplified the fund's exposure to Chinese equites during the quarter. The Shanghai Composite index was one of 2018's worst performers with a 27% loss. However, with valuations now looking cheap and policymakers boosting liquidity conditions, we believe now is a good entry point. We added a new ETF focused on domestic Chinese A shares. We acknowledge that we may be early, which is why the fund's aggregate exposure to HK & Chinese stocks remains limited to 10% for now, but buying into cheap assets after a period of weakness will be key to generating target returns for this risk-tolerant mandate going forward.

Finally, the gold positions proved to be effective diversifiers last quarter. The bullion price rose by 8% in dollar terms as investors sought safe haven assets and began to price in the end of the Federal Reserve's rate hike cycle. With global growth and inflation expectations trending lower, we believe gold's positive momentum can be sustained, particularly if the Fed is forced to revert to rate cuts to arrest the economic slowdown. Recent developments increase our conviction in the gold miners' exposure, which also posted positive returns over the quarter; the passive VanEck Gold Miners ETF rallied by 14%, whilst the actively-managed, Merian Gold & Silver fund gained 3%. The underperformance of silver miners was a drag on the latter.

The fund will not be immune to any further weakness in equity markets, but the performance across regions and sectors is starting to diverge (mostly in favour of EM and other "value" assets) and we believe we can take advantage of this to the benefit of long-term returns. Furthermore, if valuations of developed market "growth" stocks (particularly the US technology names) become more attractive, we are keen to re-establish dedicated exposures to these areas too.

PORTFOLIO ACTIVITY

DECREASE EQUITY EXPOSURE (87.0% to 85.0%):
Sell Invesco European Equity (-5.0%)
Buy iShares China A-Shares (+3.0%)

FUND SWITCHES:
Sell First State Asian Growth (-3.0%)
Buy Morgan Stanley Asia Opps (+2.0%)
Investec All China (+2.0%)
Sell GVQ UK Focus (-2.5%)
Buy iShares FTSE 100 (+2.5%)

KEY FACTS

Price	$0.961
Fund Size	$1.8m
Benchmark	US CPI +4%
Launch Date	31/03/1999
Fees	1.5% AMC

CONTACTS

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