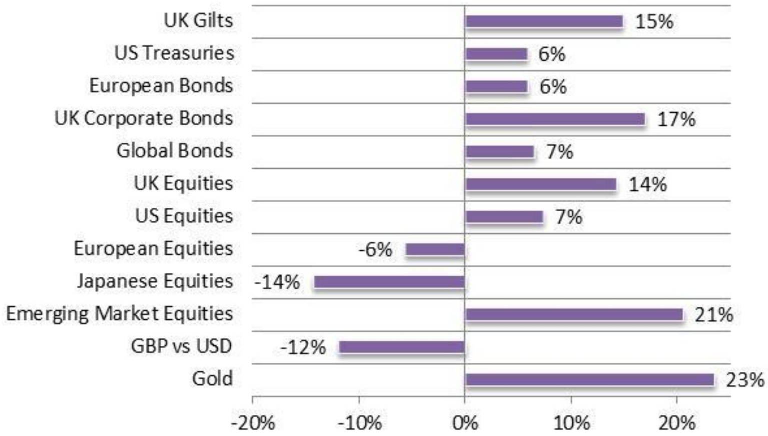
Quarterly performance update

30 September 2016

The third quarter of 2016 was good for risk assets as equities rallied across the board on slower than expected rate hikes from the Fed. The Brexit shock continues to be digested as the Pound traded to fresh lows. Global Bond yields continued to remain near zero while commodities continued its recovery. All Copia model portfolios posted positive returns but lagged its comparators in Q3 of 2016.

1. Market recap Quarter 3, 2016

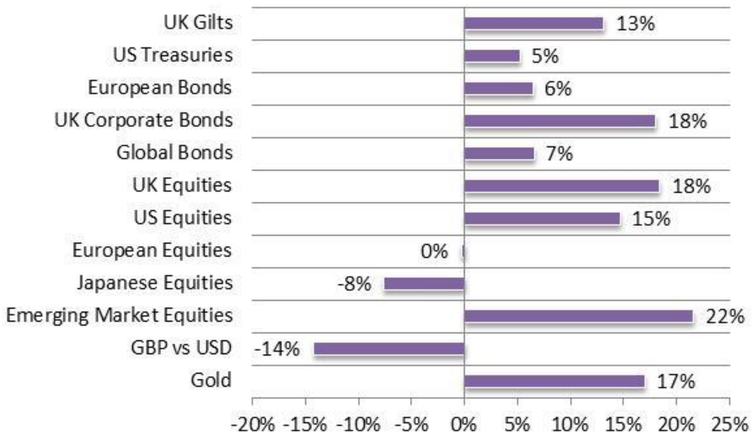
Figure 1: Year to Date asset class performance - Source: Bloomberg



Overview

Since our last realignment in mid-July, news flow has been uneventful as equity markets moved higher. Macroeconomic data across the globe continues to be mixed as Central Banks continue with their existing monetary policies. The Fed did not raise rates in September but continues to indicate that a rate hike is probable at the end of this year. The initial impact of the Brexit vote has not been as detrimental as thought and the Bank of England slashing rates by 25 bps has helped maintain optimism in the UK economy.

Figure 2: Trailing 12 month asset class performance - Source: Bloomberg



UK & EU

Post the referendum vote to leave the EU; UK equities have been one of the best performing markets contrary to consensus expectations. To stave off a recession and boost business confidence the BOE cut rates by 25 bps to a multi-decade low of 25bps in August. Macro data post the vote showed the preliminary impact of the Brexit vote was much less severe than most anticipated. But until the final separation deal comes through, uncertainty will persist in UK markets. Brexit has so far had no macro-economic impact on the EU, but a number of nationalist parties are pushing to gain centre stage, following the British exit. Political risk has substantially increased in the Eurozone as elections are due to take place in Germany next year as well as the Italian constitutional referendum in November 2016. German 10yr bond yields continued to hover in negative territory as holding safe haven continues to be the theme for European investors.

US

Profits from US Equities continued to decline for 8 straight quarters but the accommodative monetary policy from the Fed has kept the markets buoyant. Although the Fed revised its GDP growth forecast from 2% to 1.8%, it cited strengthening US economy with inflation still below its 2% target. The most watched event will be the US Presidential election set to take place in November. This will set the tone for global equity, bond, commodity and currency markets for next year.

Japan

Facing a strengthening currency and a sluggish economy with effects of monetary easing diminishing, the Bank of Japan announced a tweak in its monetary policy. It has continued to maintain its asset purchase program and in doing so, make it more flexible to target specific maturities and help to steepen the yield curve. The overall objective being to try to boost lending.

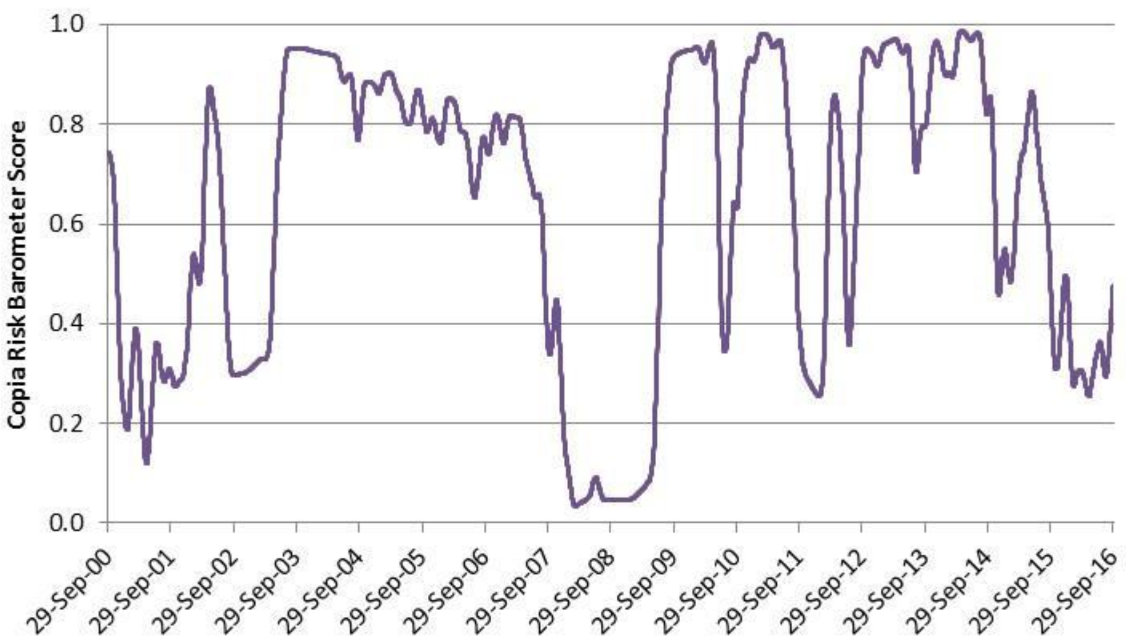
Commodities

Oil markets continued to stabilize as OPEC and other nations are trying to reach a deal to control production and reduce the oil glut build up. Gold also remained range bound as global uncertainty abated and Central Banks remained accommodative during the quarter.

Copia's Risk Barometer

One of the outputs from our Prediction Algorithm is what we now call the Copia Risk Barometer. We have decided to start publishing this for Advisers' information.

It represents a predictive risk score for the overall markets, generated by all the market and economic data points that are fed into Copia's Prediction Algorithm that is at the heart of Copia's Quantitative Model.
As of 30 September, 2016, the Copia Risk Barometer is at 0.48. This means that economic outlook is currently neither very optimistic nor very pessimistic. Our portfolios are currently not tilted towards or away from higher risk-return assets. This translates to Equity allocations being well balanced across all risk levels.



Quarterly performance update continued

How to read the Copia Risk Barometer: The Risk Barometer is a measure of economic outlook across asset classes.

0.0

- A score of 0.0 indicates an extremely poor economic outlook, which is accompanied by a high probability of negative returns in risky asset classes like equities. These periods are typically recessionary periods in the business cycle. Our portfolios are tilted away from equities.

0.5

- A score of 0.5 indicates an average economic outlook, with positive and negative indicators broadly in balance. Our portfolios are therefore at their 'neutral' weighting for equities.

1.0

- A score of 1.0 indicates an extremely positive economic outlook, which is accompanied by a high probability of positive returns in risky asset classes like equities. These periods are typically expansionary periods in the business cycle. Our portfolios are tilted toward equities during such phases.

Table 1: Performance of Copia portfolios in the last quarter from 30 June 2016 to 30 September 2016

Model Portfolios	Performance from 30-Jun-2016 to 30 Sep 2016		% Equity		
	Copia	IA	Copia	IA	IA Sector
Core Risk Level 1	1.26%	0.09%			Money Market
Core Risk Level 2	1.58%		0%		
Core Risk Level 3	2.18%	4.63%	11%	0-35%	Mixed Investment
Core Risk Level 4	2.87%		24%		
Core Risk Level 5	2.92%	6.00%	37%	20-60%	Mixed Investment
Core Risk Level 6	2.84%		47%		
Core Risk Level 7	3.26%	7.47%	58%	40-85%	Mixed Investment
Core Risk Level 8	3.12%		68%		
Core Risk Level 9	3.51%		83%		
Core Risk Level 10	3.52%	7.87%	83%	100%	Flexible Investment
Copia First Trust Smart Beta	6.77%		75%		
Dorsey Wright Smart Beta	6.84%		98%		

Returns based on Total return, assuming income is re-invested immediately and realigned on due dates

Quarterly performance update continued

Table 2: Performance of Copia portfolios in the trailing 12 months prior to 30 September 2016

	Performance from 30-Sep-2015 to 30-Sep-2016		% Equity		
	Copia GIA Gross	**IA**	**Copia**	**IA**	**IA Sector**
Core Risk Level 1	5.11%	0.27%			Money Market
Core Risk Level 2	6.31%		0%		
Core Risk Level 3	6.94%	10.52%	11%	0-35%	Mixed Investment
Core Risk Level 4	8.46%		24%		
Core Risk Level 5	8.35%	12.24%	37%	20-60%	Mixed Investment
Core Risk Level 6	7.24%		47%		
Core Risk Level 7	7.70%	15.46%	58%	40-85%	Mixed Investment
Core Risk Level 8	7.58%		68%		
Core Risk Level 9	8.51%		83%		
Core Risk Level 10	8.75%	16.49%	83%	100%	Flexible Investment

Returns based on Total return, assuming income is re-invested immediately and realigned on due dates

Table 3: Performance of Copia portfolios for year 1 – 30 September 2014 – 30 September 2015

	Performance from 30-Sep-2014 to 30-Sep-2015		% Equity		
	Copia GIA Gross	**IA**	**Copia**	**IA**	**IA Sector**
Core Risk Level 1	1.15%	0.10%			Money Market
Core Risk Level 2	0.44%		0%		
Core Risk Level 3	1.82%	1.09%	11%	0-35%	Mixed Investment
Core Risk Level 4	2.35%		24%		
Core Risk Level 5	2.10%	0.56%	37%	20-60%	Mixed Investment
Core Risk Level 6	2.77%		47%		
Core Risk Level 7	2.49%	0.70%	58%	40-85%	Mixed Investment
Core Risk Level 8	2.58%		68%		
Core Risk Level 9	2.47%		83%		
Core Risk Level 10	2.05%	-0.59%	83%	100%	Flexible Investment

Returns based on Total return, assuming income is re-invested immediately and realigned on due dates

Table 4: Performance of Copia portfolios since launch – 28 October 2013 – 30 September 2016

	Performance from 28-Oct-2013 to 30-Sep-2016		% Equity		
	Copia GIA Gross	**IA**	**Copia**	**IA**	**IA Sector**
Core Risk Level 1	7.44%	0.46%			Money Market
Core Risk Level 2	7.07%		0%		
Core Risk Level 3	12.04%	14.58%	11%	0-35%	Mixed Investment
Core Risk Level 4	14.81%		24%		
Core Risk Level 5	13.98%	16.45%	37%	20-60%	Mixed Investment
Core Risk Level 6	13.07%		47%		
Core Risk Level 7	13.59%	19.72%	58%	40-85%	Mixed Investment
Core Risk Level 8	13.02%		68%		
Core Risk Level 9	14.08%		83%		
Core Risk Level 10	13.89%	19.35%	83%	100%	Flexible Investment

Returns based on Total return, assuming income is re-invested immediately and realigned on due dates

Disclaimer

Exchange Traded Funds used in Copia models typically have high share prices. Small investments are unlikely to be able to invest into the asset allocation intended by the quantitative model due to the typically high share prices of ETFs and therefore a small investment may not achieve the investment returns expected.

The performance shown represents the results of the model portfolio managed by Copia Capital Management. Copia model performance and comparisons are shown gross and take no account of the Novia platform charge or Copia Capital Management charge. Individual investor performance will differ due to factors specific to the investors account, trading drag and charges and the effect of Platform, Investment management, Adviser charges and investment wrapper type.

This illustrative document is intended for investors where advice has been given by Advisers. The value of investments may go down as well as up, investors may not get back the amount invested, figures quoted relate to the past and past performance is not a reliable indicator of future. Models are prepared in accordance with tolerance to risk and not client circumstances and information is from given sources to be reliable and accurate, which Copia cannot warrant for accuracy or completeness.

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