

Copia Capital Management

The art of portfolio construction

Monthly Portfolio Update

December 2017

For professional investors only

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Market performance

ETF flows

Risk barometer

Portfolio realignments

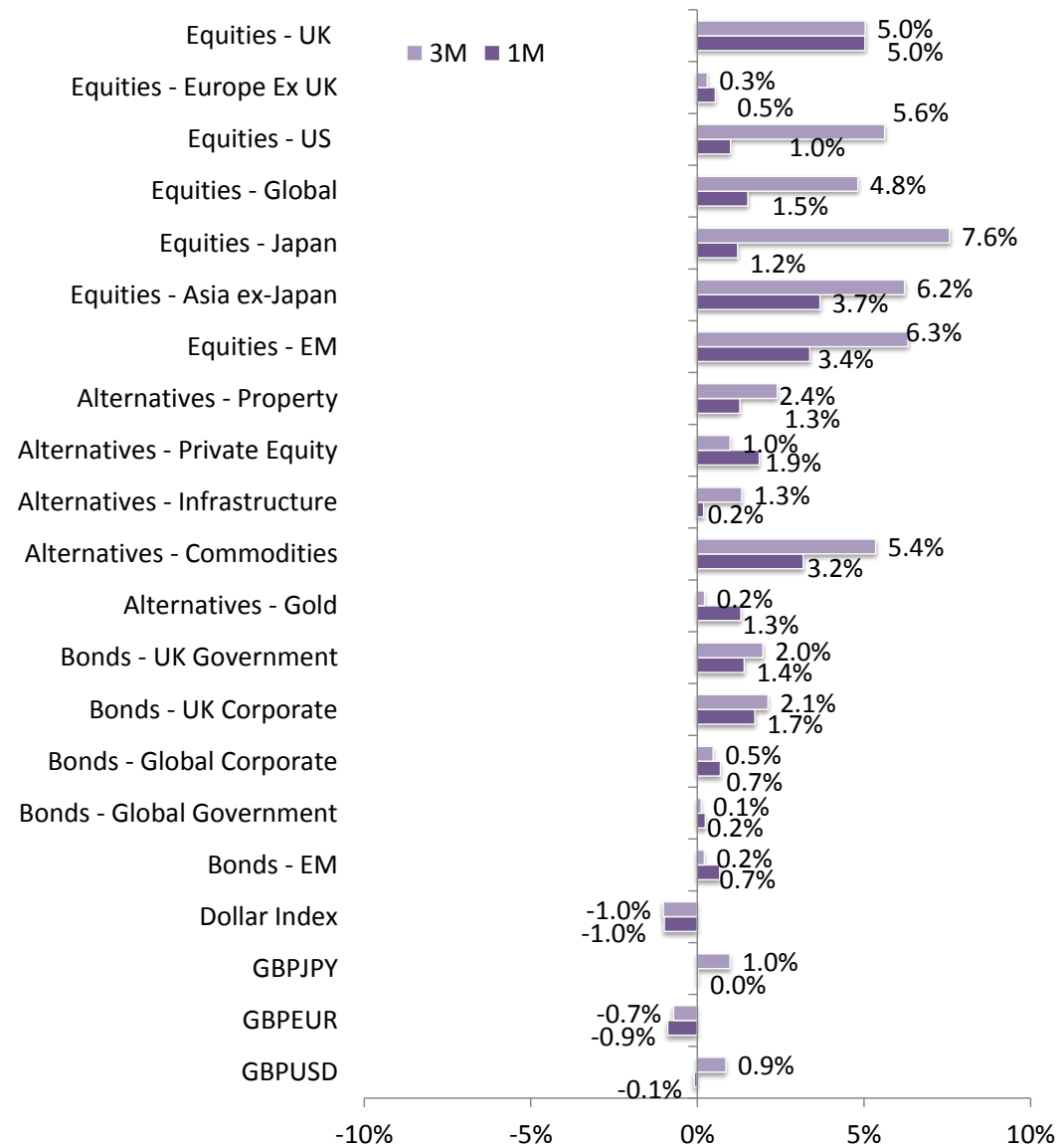
Portfolio performance

Outcome charts

Market performance

- December 2017 saw a continuation of strength in the global economy, primarily led by Commodities. Crude Oil moved above \$60 for the first time in over 3 years as OPEC production cuts start to show signs of taking effect.
- UK, Asia Ex-Japan and EM equity markets outperformed in December driven by the commodity rally.
- The US Fed raised interest rates by 0.25% taking the Fed Fund Rate to 1.5%. The Fed cited “the labour market has continued to strengthen and that economic activity has been rising at a solid rate.” The Fed also forecasts 3 rate hikes in 2018 in line with market expectations.
- Contrary to expectations, the US Senate passed the most awaited US tax reform, giving President Trump a major victory. US stock markets reached new highs on the back of this announcement.

Market performance



Source: Bloomberg, Copia Capital Management
All numbers expressed in GBP

Asset class overview: performance table

%mm Performance													Return Characteristics							Risk Characteristics			
	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	3M	6M	12M	36M	2015	2016	YTD	Annualised Volatility 1Y	Annualised Volatility 3Y	Maximum Return Drawdown* 1Y	Maximum Return Drawdown* 3Y
Equities - UK	-0.6%	3.1%	1.1%	-1.3%	4.9%	-2.5%	0.9%	1.7%	-0.7%	1.8%	-1.8%	5.0%	5.0%	6.9%	12.0%	31.6%	-1.4%	19.2%	12.0%	8.6%	10.1%	4.0%	20.0%
Equities - Europe Ex UK	0.4%	2.2%	4.3%	1.1%	5.4%	-1.5%	1.9%	2.4%	-0.6%	1.5%	-1.7%	0.5%	0.3%	4.0%	16.7%	47.9%	5.9%	19.6%	16.7%	7.4%	10.6%	4.4%	18.6%
Equities - US	0.1%	5.3%	-0.9%	-2.2%	1.9%	-0.3%	0.6%	2.6%	-1.8%	3.3%	1.3%	1.0%	5.6%	7.2%	11.2%	59.3%	7.2%	33.6%	11.2%	7.4%	9.9%	6.6%	16.4%
Equities - Global	0.9%	4.1%	0.3%	-1.6%	2.8%	-0.4%	1.4%	2.7%	-1.8%	3.0%	0.2%	1.5%	4.8%	7.2%	13.8%	53.0%	3.8%	29.5%	13.8%	6.5%	9.7%	5.1%	17.5%
Equities - Japan	1.5%	2.7%	-1.0%	-2.2%	3.3%	0.3%	0.7%	2.1%	-1.7%	5.6%	0.7%	1.2%	7.6%	8.7%	13.6%	61.1%	14.7%	23.7%	13.6%	7.6%	12.0%	6.0%	19.7%
Equities - Asia ex-Japan	3.8%	4.5%	1.7%	-2.7%	-0.3%	1.2%	2.9%	2.8%	-4.5%	2.3%	0.1%	3.7%	6.2%	7.3%	16.1%	47.9%	-2.1%	30.1%	16.1%	9.4%	14.0%	6.1%	25.4%
Equities - EM	3.6%	4.3%	1.5%	-1.0%	3.5%	0.2%	4.6%	4.6%	-4.1%	4.5%	-1.5%	3.4%	6.3%	11.5%	25.5%	50.9%	-9.7%	33.1%	25.5%	10.1%	15.8%	5.8%	30.1%
Alternatives - Property	-1.9%	4.4%	-2.6%	-2.6%	0.5%	0.2%	0.4%	2.1%	-4.0%	-0.2%	1.3%	1.3%	2.4%	0.7%	-1.4%	33.3%	6.4%	27.1%	-1.4%	8.1%	15.0%	7.4%	17.6%
Alternatives - Private Equity	2.0%	3.9%	0.5%	1.3%	1.9%	1.1%	1.5%	0.6%	0.3%	0.6%	-1.5%	1.9%	1.0%	3.5%	14.9%	63.8%	3.7%	37.3%	14.9%	4.4%	10.2%	4.7%	21.4%
Alternatives - Infrastructure	-0.2%	3.1%	-0.2%	-1.6%	3.1%	-0.6%	0.3%	3.9%	-3.9%	1.5%	-0.3%	0.2%	1.3%	1.4%	5.0%	32.4%	-2.3%	29.1%	5.0%	7.6%	10.3%	5.0%	11.9%
Alternatives - Commodities	-0.2%	1.8%	-3.9%	-4.7%	-0.9%	-0.7%	2.1%	3.4%	-3.4%	3.8%	-1.6%	3.2%	5.4%	7.5%	-1.6%	9.8%	-19.4%	38.5%	-1.6%	10.3%	13.8%	12.8%	25.4%
Alternatives - Gold	2.9%	4.8%	-1.8%	-1.5%	0.4%	-2.8%	0.6%	5.9%	-5.8%	-0.1%	-1.0%	1.3%	0.2%	0.5%	2.4%	23.8%	-7.8%	31.1%	2.4%	11.3%	19.5%	9.8%	19.4%
Bonds - UK Government	-1.7%	3.1%	0.3%	0.2%	0.5%	-2.0%	0.3%	1.9%	-2.6%	0.3%	0.3%	1.4%	2.0%	1.5%	1.8%	12.7%	0.6%	10.1%	1.8%	5.6%	7.6%	3.5%	8.7%
Bonds - UK Corporate	-1.3%	2.8%	0.1%	0.6%	1.5%	-1.4%	0.8%	1.4%	-2.1%	0.6%	-0.2%	1.7%	2.1%	2.2%	4.5%	18.5%	0.1%	13.3%	4.5%	5.0%	8.1%	2.7%	8.4%
Bonds - Global Corporate	-0.9%	2.0%	-1.0%	-1.8%	2.1%	-0.5%	0.3%	3.1%	-4.0%	1.0%	-1.2%	0.7%	0.5%	-0.2%	-0.4%	26.4%	2.0%	24.4%	-0.4%	6.8%	10.0%	5.5%	8.7%
Bonds - Global Government	-0.7%	1.7%	-0.8%	-2.1%	2.0%	-1.0%	0.3%	3.3%	-4.6%	0.5%	-0.7%	0.2%	0.1%	-1.1%	-2.0%	22.3%	2.4%	21.8%	-2.0%	7.1%	11.0%	6.0%	9.4%
Bonds - EM	-0.3%	3.3%	-0.7%	-1.6%	1.3%	-1.1%	-0.5%	4.2%	-3.8%	1.3%	-1.7%	0.7%	0.2%	-0.1%	0.8%	41.3%	6.6%	31.5%	0.8%	7.7%	11.5%	5.2%	11.2%
GBPUSD	1.9%	-1.6%	1.4%	3.2%	-0.5%	1.0%	1.5%	-2.2%	3.6%	-0.9%	1.8%	-0.1%	0.9%	3.7%	9.5%	-13.3%	-5.4%	-16.3%	9.5%	6.3%	9.2%	4.0%	24.2%
GBPEUR	-0.7%	0.5%	0.6%	0.9%	-3.5%	-0.6%	-2.1%	-2.7%	4.5%	0.6%	-0.4%	-0.9%	-0.7%	-1.2%	-4.0%	-12.6%	5.4%	-13.6%	-4.0%	7.1%	9.6%	9.8%	25.2%
GBPJPY	-1.8%	-1.6%	0.1%	3.3%	-1.1%	2.5%	-0.5%	-2.4%	6.0%	0.1%	0.8%	0.0%	1.0%	4.0%	5.3%	-18.4%	-5.0%	-18.4%	5.3%	8.4%	15.2%	5.9%	35.8%
Dollar Index	-2.6%	1.6%	-0.8%	-1.3%	-2.1%	-1.3%	-2.9%	-0.2%	0.4%	1.6%	-1.6%	-1.0%	-1.0%	-3.7%	-9.9%	2.1%	9.3%	3.6%	-9.9%	5.1%	7.4%	11.5%	11.6%

Source: Bloomberg, Copia Capital Management.

Notes:

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

The performance of each asset class is represented by relevant indices and expressed in GBP terms, which are selected by Copia Capital Management.

Reference to a particular asset class does not represent a recommendation to seek exposure to that asset class. *Maximum Return Drawdown is defined as the largest single drop from peak to trough of the value of an asset class or portfolio over any timeframe within the stated period. This information is included for comparison purposes for the period stated, but is not an indicator of potential maximum loss for other periods or in the future.

Market performance

ETF flows

Risk barometer

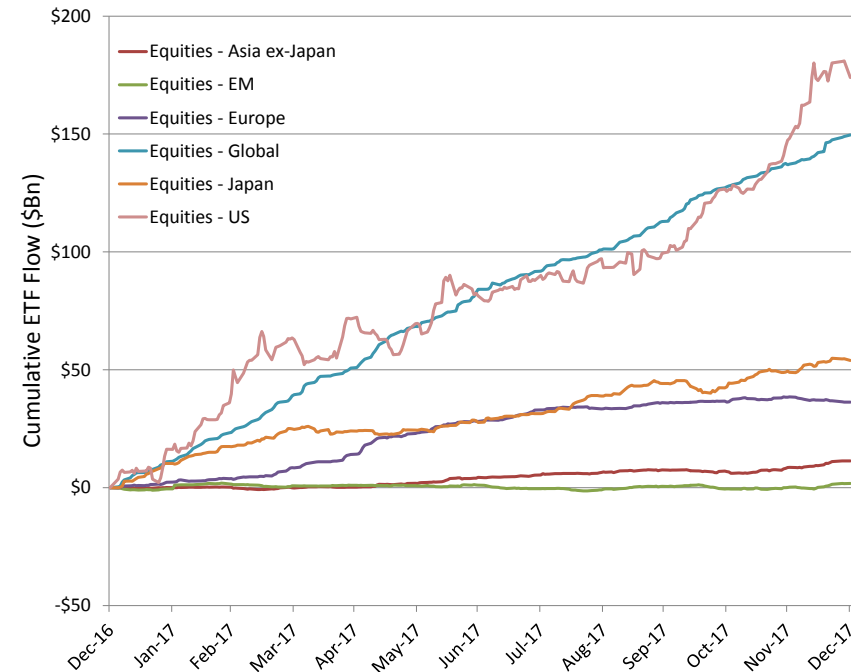
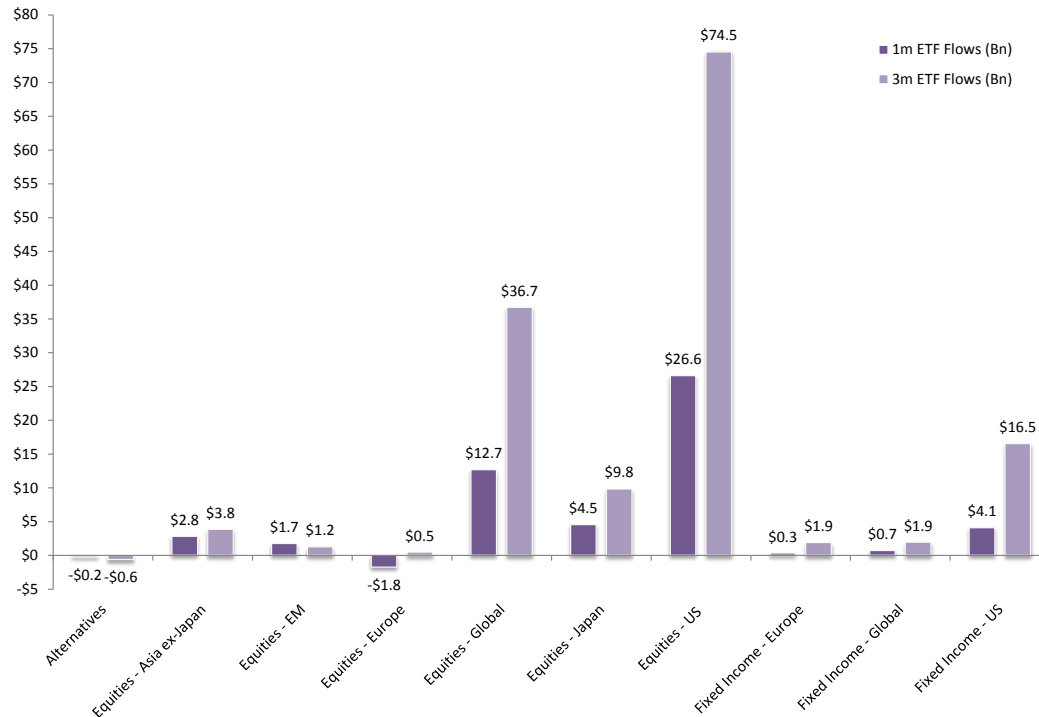
Portfolio realignments

Portfolio performance

Outcome charts

Net ETF fund flows by asset class

- US Equity ETFs continued to attract new money as it took in \$26.6 Bn in December 2017 followed by Global equities and Japanese Equities on the back of strong global growth story.
- 2017 was a record year in ETF flows as over \$550 Bn of net new money moved into securities held by ETFs. Assets invested in ETFs was over \$4.8 Trillion at the end of 2017, but only represents around 6% of market cap of the global stock markets.



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Copia Risk Barometer

Based on our proprietary Prediction Algorithm the Copia Risk Barometer is now reading +0.67 as of 31-Dec-2017, lower compared to +0.78 on 30-Nov-2017. The global economic outlook continues to be positive.



The Risk Barometer is a measure of economic outlook across asset classes.

-1.0

A score of -1.0 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. The Risk Barometer tilts our portfolios away from equities during such periods.

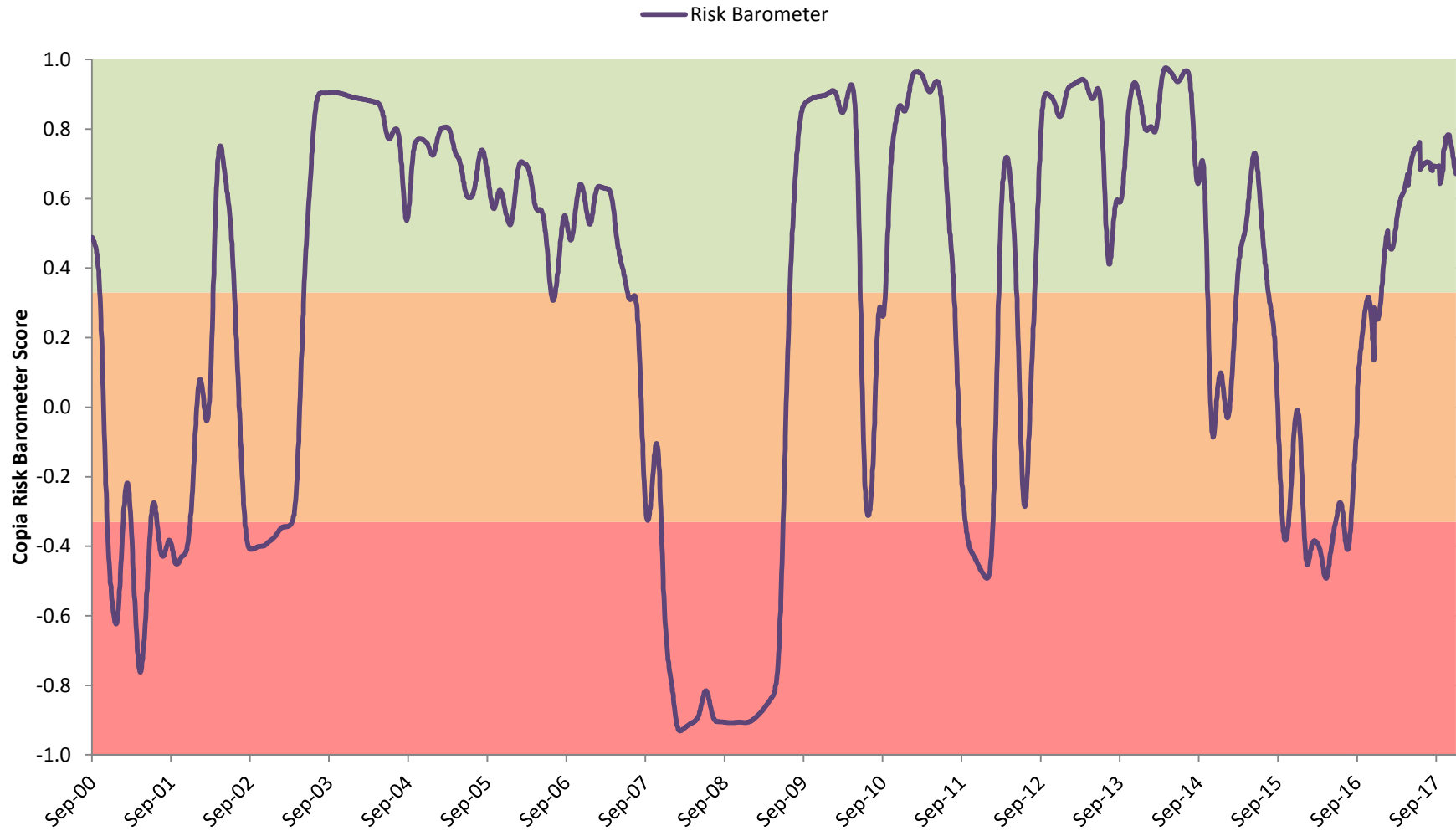
0.0

A score of 0 indicates a neutral economic outlook with almost equal probability of positive and negative returns in risky asset classes like equities. The Risk Barometer maintains a balance between equities and other asset classes during such periods.

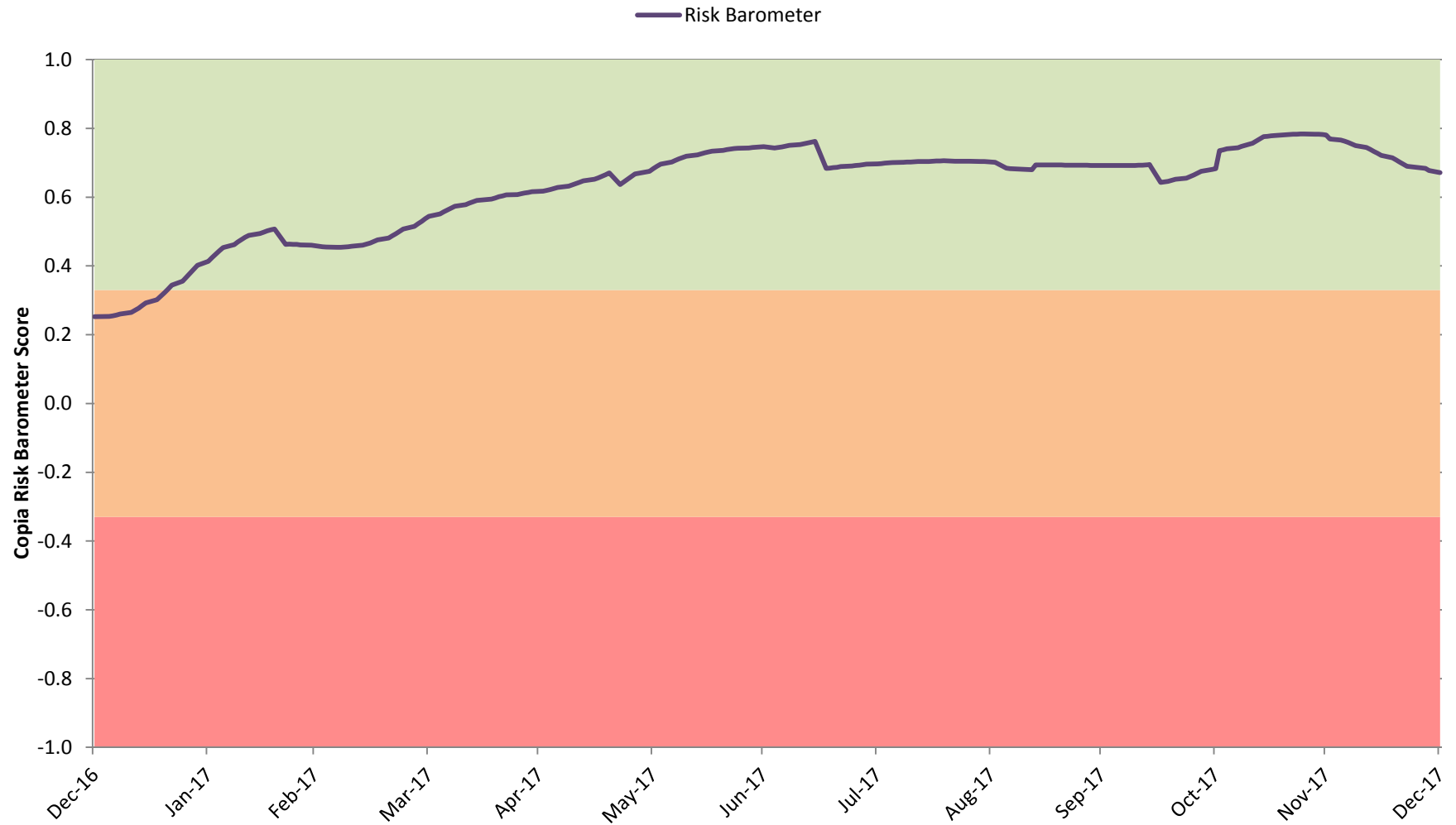
+1.0

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. The Risk Barometer tilts our portfolios towards equities during such periods.

Copia Risk Barometer (Long-term)



Copia Risk Barometer (last 12m)



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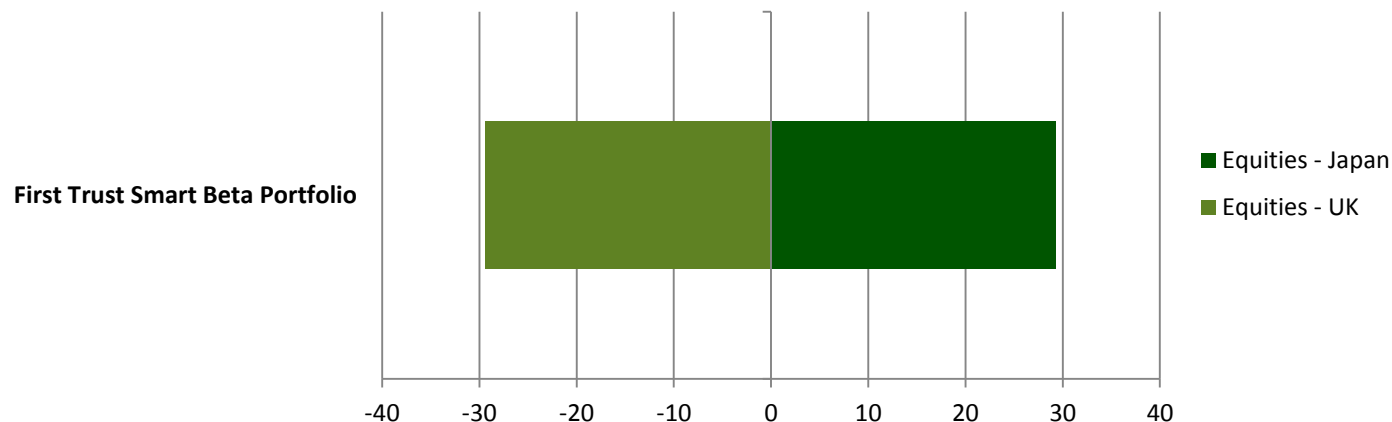
Portfolio realignments in December 2017

Copia Smart Beta range

The Copia First Trust Smart Beta portfolio was realigned on 15 December 2017 as per its monthly realignment schedule.

Asset class changes:

The First Trust Smart Beta portfolio rotated out of UK Equities and moved into Japanese Equities as shown below.



No change to allocations for the Copia Select, Volatility Focus and Retirement Income range in December 2017

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Copia Volatility Focus range

	%mm Performance												Return Characteristics								Risk Characteristics			
	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	3M	6M	12M	36M	2015	2016	YTD	Since Inception (28 Oct 13)	Annualised Volatility 1Y	Annualised Volatility 3Y	Maximum Return Drawdown* 1Y	Maximum Return Drawdown* 3Y
1	-0.3%	0.6%	0.0%	0.2%	0.2%	-0.5%	0.4%	0.3%	-0.9%	0.2%	-0.1%	0.4%	0.6%	0.3%	0.6%	4.0%	-0.2%	3.6%	0.6%	6.9%	1.5%	2.1%	1.1%	2.3%
2	-0.3%	0.7%	0.0%	0.2%	0.3%	-0.4%	0.4%	0.3%	-0.9%	0.2%	-0.1%	0.4%	0.6%	0.3%	0.7%	3.9%	-1.1%	4.4%	0.7%	6.3%	1.6%	2.6%	1.1%	3.3%
3	-0.3%	0.6%	0.7%	0.2%	0.8%	-0.6%	0.8%	0.5%	-0.8%	0.7%	-0.2%	0.9%	1.4%	1.9%	3.4%	7.4%	1.5%	2.3%	3.4%	13.9%	2.1%	4.9%	1.3%	7.6%
4	-0.5%	1.2%	0.7%	0.0%	1.0%	-0.6%	0.8%	0.8%	-1.0%	0.8%	-0.4%	1.1%	1.6%	2.2%	4.0%	10.3%	2.3%	3.7%	4.0%	18.2%	2.7%	6.1%	1.5%	10.9%
5	-0.5%	1.7%	0.8%	-0.4%	1.8%	-0.7%	1.0%	1.2%	-1.1%	1.3%	-0.4%	1.6%	2.5%	3.6%	6.4%	12.7%	3.5%	2.4%	6.4%	20.0%	3.7%	7.4%	2.3%	13.1%
6	-0.5%	2.0%	0.9%	-0.4%	1.9%	-0.6%	1.1%	1.2%	-1.2%	1.3%	-0.2%	1.8%	2.9%	4.0%	7.2%	14.0%	4.0%	2.3%	7.2%	20.9%	3.9%	8.0%	2.5%	15.1%
7	-0.7%	2.2%	0.8%	-0.6%	2.0%	-0.7%	1.2%	1.3%	-1.1%	1.7%	-0.1%	1.9%	3.6%	5.0%	8.2%	16.3%	3.6%	3.8%	8.2%	23.9%	4.2%	8.4%	2.9%	17.7%
8	-0.8%	2.2%	0.9%	-0.8%	2.2%	-0.7%	1.3%	1.5%	-0.9%	1.8%	-0.1%	1.9%	3.7%	5.5%	8.7%	18.0%	4.0%	4.4%	8.7%	25.0%	4.5%	9.0%	3.5%	18.9%
9	-1.0%	2.7%	0.9%	-1.0%	2.5%	-0.6%	1.6%	1.6%	-1.4%	1.8%	-0.2%	2.2%	3.9%	5.7%	9.3%	20.7%	4.2%	5.9%	9.3%	28.0%	5.2%	9.3%	4.0%	19.0%
10	-1.0%	2.8%	0.9%	-1.1%	2.6%	-0.6%	1.6%	1.6%	-1.4%	1.9%	-0.1%	2.2%	4.0%	5.9%	9.6%	20.2%	3.9%	5.6%	9.6%	27.6%	5.3%	9.6%	4.2%	19.5%

Source: Copia Capital Management

Notes: Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.

Copia Select range

	%mm Performance												Return Characteristics								Risk Characteristics			
	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	3M	6M	12M	36M	2015	2016	YTD	Since Inception (31 Oct 16)	Annualised Volatility 1Y	Annualised Volatility 3Y	Maximum Return Drawdown* 1Y	Maximum Return Drawdown* 3Y
Cautious	-0.9%	2.6%	0.1%	-0.7%	1.1%	-1.2%	0.2%	2.4%	-2.7%	1.0%	-0.3%	1.4%	2.2%	2.0%	3.1%	#N/A	#N/A	#N/A	3.1%	2.6%	5.4%	#N/A	3.3%	#N/A
Moderate	-0.7%	3.4%	0.1%	-1.1%	1.7%	-0.8%	0.7%	2.4%	-2.7%	1.6%	-0.1%	1.6%	3.1%	3.5%	6.1%	#N/A	#N/A	#N/A	6.1%	6.5%	6.0%	#N/A	3.6%	#N/A
Balanced	-0.4%	3.8%	0.2%	-1.3%	1.8%	-0.5%	0.9%	2.5%	-2.3%	2.2%	0.1%	1.9%	4.2%	5.2%	9.0%	#N/A	#N/A	#N/A	9.0%	10.4%	6.1%	#N/A	3.6%	#N/A
Growth	-0.3%	4.1%	0.3%	-1.5%	1.9%	-0.3%	1.0%	2.4%	-2.2%	2.5%	0.1%	1.8%	4.5%	5.7%	10.1%	#N/A	#N/A	#N/A	10.1%	12.1%	6.3%	#N/A	3.6%	#N/A
Equity	0.1%	4.2%	0.4%	-1.6%	2.0%	0.0%	1.1%	2.4%	-2.0%	3.0%	0.1%	1.9%	5.0%	6.6%	12.1%	#N/A	#N/A	#N/A	12.1%	14.4%	6.3%	#N/A	4.1%	#N/A

Source: Copia Capital Management

Copia Smart Beta range

													Return Characteristics								Risk Characteristics			
	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	3M	6M	12M	36M	2015	2016	YTD	Since Inception (14 Mar 16)	Annualised Volatility 1Y	Annualised Volatility 3Y	Maximum Return Drawdown* 1Y	Maximum Return Drawdown* 3Y
Copia First Trust	0.0%	3.3%	1.8%	-1.9%	3.1%	-0.3%	2.5%	3.2%	-1.3%	2.5%	-0.2%	1.9%	4.2%	8.7%	15.4%	#N/A	#N/A	#N/A	15.4%	39.1%	6.4%	#N/A	5.1%	#N/A
Copia Dorsey Wright	2.5%	3.2%	1.7%	-2.2%	3.3%	0.3%	2.3%	3.0%	-1.9%	1.9%	-0.1%	1.8%	3.6%	7.2%	16.8%	#N/A	#N/A	#N/A	16.8%	39.9%	6.5%	#N/A	5.0%	#N/A

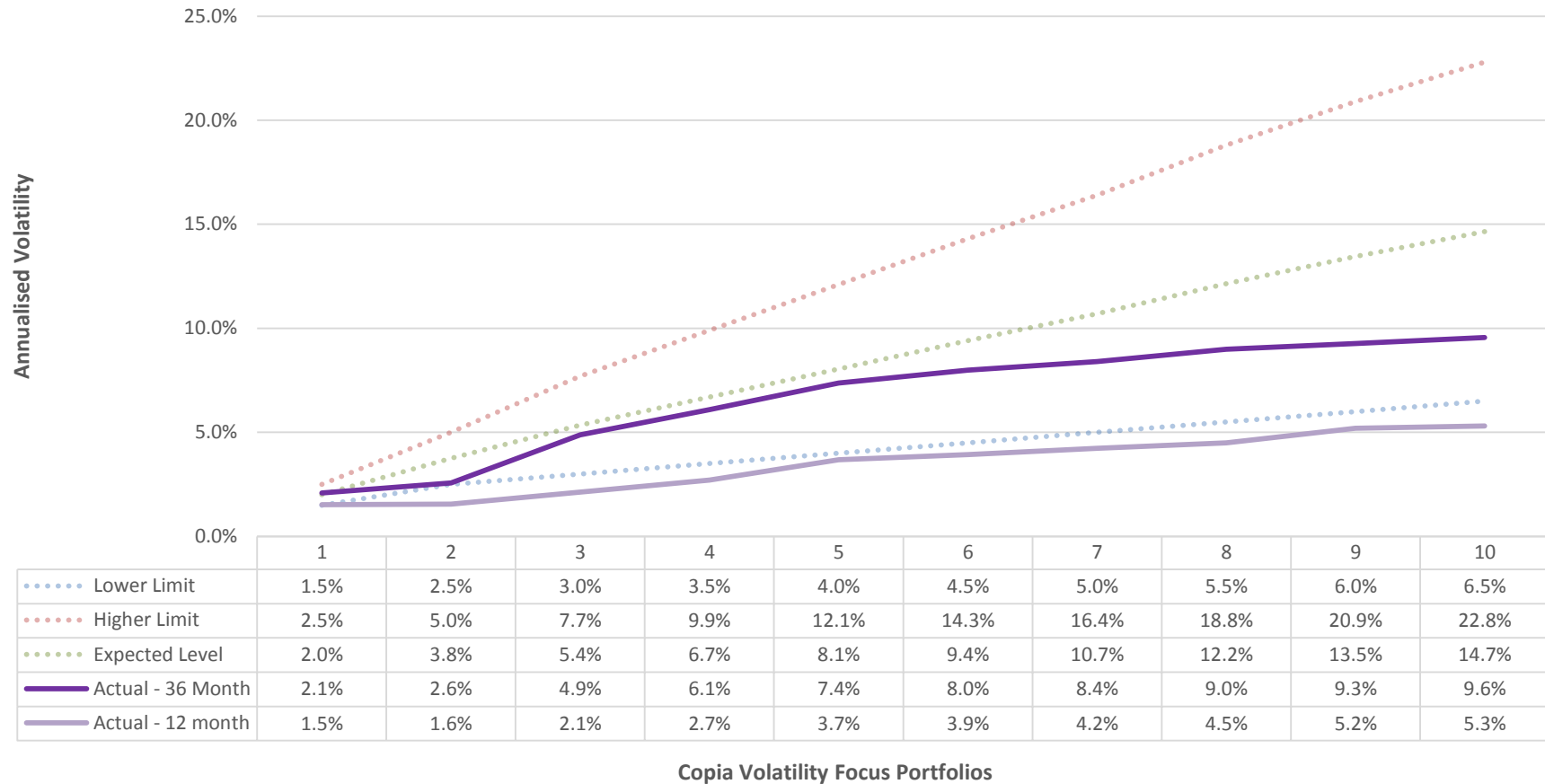
Source: Copia Capital Management

Notes: Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.

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Volatility Focus: outcome chart

Outcome analysis as at 31 December 2017

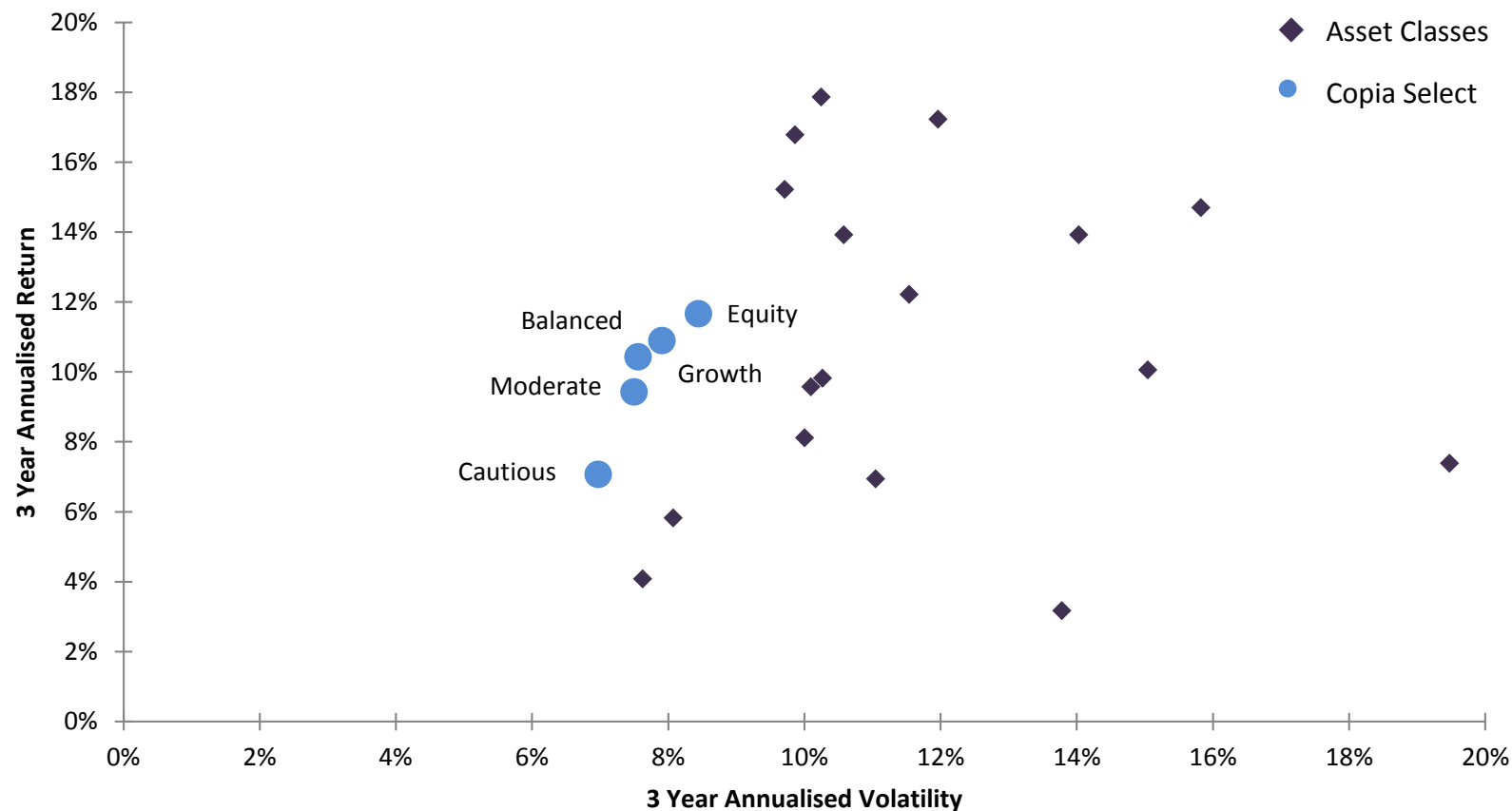


For illustration only:

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

Select: outcome chart

Outcome analysis as at 31 December 2017



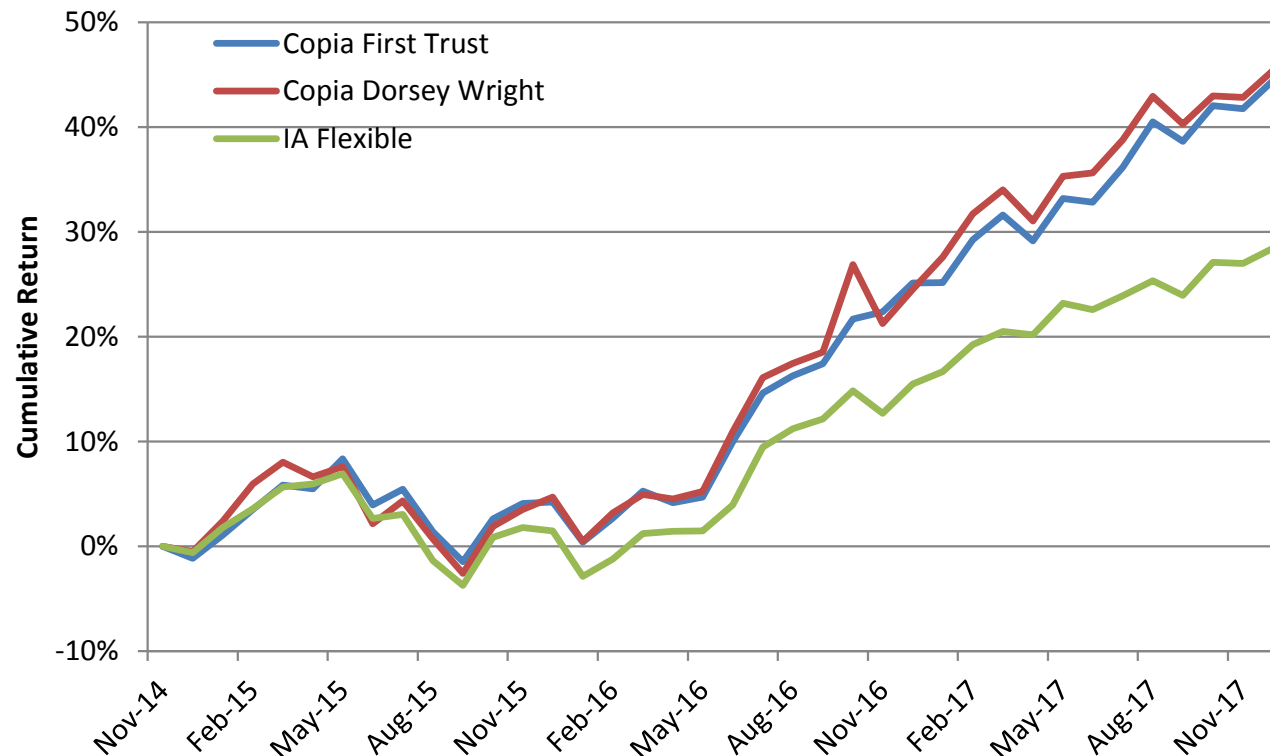
For illustration only:

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

Performance includes simulated performance from 31-Oct-2014 to launch date (31-Oct-2016). Live data is used from 1-Nov-2016 to Present

Outcome analysis as at 31 December 2017

Copia Smart Beta Performance Analysis



For illustration only:

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

Performance includes simulated performance from 31-Oct-2014 to launch date (13-Mar-2016). Live data is used from 14-Mar-2016 to Present



Copia Capital Management

The art of portfolio construction

Disclaimer

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 and Adviser charges.

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.

MPU-1217

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Capital Management