



**NEXT GENERATION MORNINGSTAR
GLOBAL FUND STRATEGIES**

ABOUT FORTH CAPITAL

- Independent Investment and Tax Planning Advisers
- Specialising with Expatriates and International Investors
- Founded 2006, Geneva
- Offices in Switzerland, Hong Kong, Dubai, Dublin, London
- Clients in every corner of the globe



Our mission has always been to bring top tier, professional, transparent financial services to the expatriate market.

WHAT DO WE DO FOR OUR CLIENTS?

- UK Pension Transfers
- Retirement Planning
- Assurance Vie
- Offshore Investments
- Inheritance Tax Planning
- Managing Currency Risk
- Planning for Children's Education Fees
- Expat Tax Planning

We Help Our Clients Achieve Financial Independence

WHO ARE OUR CLIENTS?

- Professional Expatriates
- Expat Retirees
- Those Planning to Retire Abroad
- Clients With Assets, or Tax Planning Issues Across Multiple Countries



We Know Expatriates Because We ARE Expatriates Ourselves

THE FORTH CAPITAL INVESTMENT APPROACH

We Conducted a Major Review in the wake of UK RDR

- Deliver on Lower Cost
- Deliver on Transparency
- Deliver on Service Level



“We want to create investment strategies for our clients that we ourselves can and do invest in”

THE FORTH CAPITAL INVESTMENT APPROACH

We create Investment Portfolios for Our Clients which are always:

- Aligned to Our Client's Attitude to Risk
- Meeting the Client's Currency Requirements
- Offering a Global Investment Strategy



We want to create investment strategies for our clients that we ourselves can and do invest in

FORTH CAPITAL'S NEXT GENERATION FUND STRATEGIES

With 80% of active funds underperforming the markets over any 10-year period Forth Capital took the decision to simply give our clients the market, the result is the Next Generation Morningstar Global Fund Strategies.

Forth Capital has designed and developed the strategies on *3 core principles*

- Passive Management
- Reduced Cost
- World Leading Asset Selection and Modelling

“We have delivered on our intentions by creating strategies that we can, and do, invest in ourselves”

ABOUT MORNINGSTAR

- Provider of Bespoke Retirement and Investment Advisory Solutions
- Founded in 1984
- Credible and Trustworthy Provider of Investment Information
- World's Premier Fund Ratings Agency



“Morningstar Inc. has approximately \$170bn in assets under advisement and management”

WHY ARE WE WORKING WITH MORNINGSTAR ?

We identified and approached Morningstar, and appointed them to build these strategies for us.

- World Class Investment Research
- Reputation for 'Investors First' Approach
- Investment Skill and Expertise
- Depth and Quality of Data
- Independent Perspective
- Product Neutral



INTRODUCING IBBOTSON ASSOCIATES

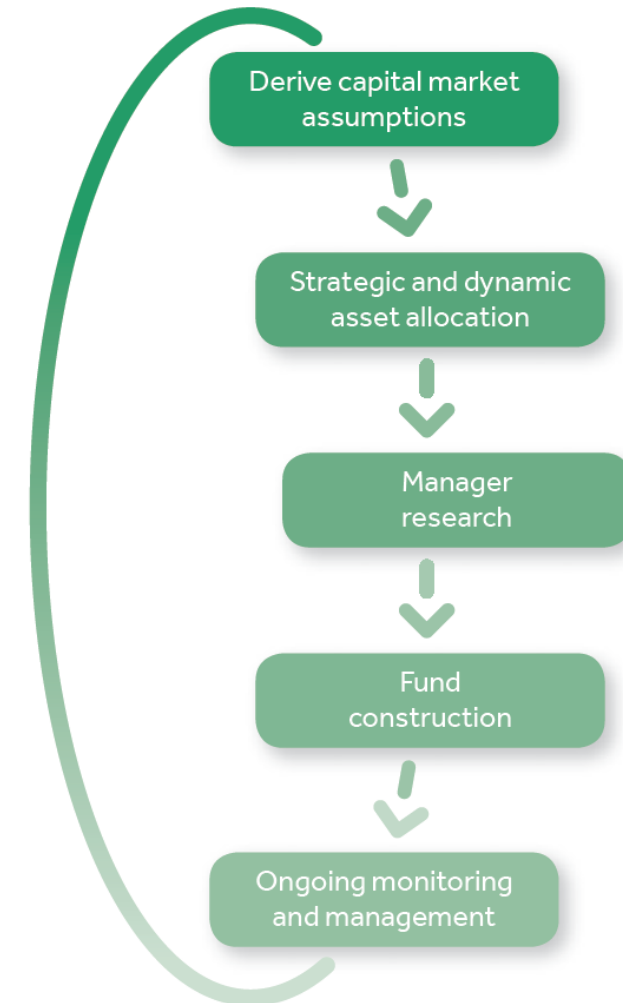
We appointed Ibbotson Associates, an affiliate of Morningstar, to provide the modelling for the underlying funds and the risk rated portfolios.

Ibbotson are widely regarded as the world's leading authority on Portfolio modelling and assets allocation.

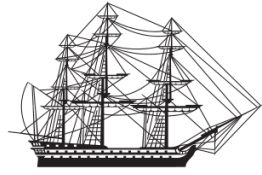
The Ibbotson logo, featuring the word "ibbotson." in a blue, lowercase, serif font, enclosed within a thin blue rectangular border.

HOLISTIC INVESTMENT PROCESS

A Five-Step Process is designed to help the portfolios stay well positioned through market ups and downs



INSTITUTIONAL INVESTMENT ACCESS



Vanguard[®]



STATE STREET[®]



The assets are passive and low cost, and have all been selected by Morningstar.

We want our clients to have access to the very best Institutional investment offerings

CONSTANT RE-BALANCING

As global markets ebb and flow, the value of your individual investments will change and your overall portfolio may become unbalanced and out of sync with your initial goals and objectives.

We believe that rebalancing portfolios is the key to de-risking and our portfolio strategies are constantly rebalanced.



LOWER COSTS

1.5% vs 4%

AMC (Annual Management Charge) is 0.2%

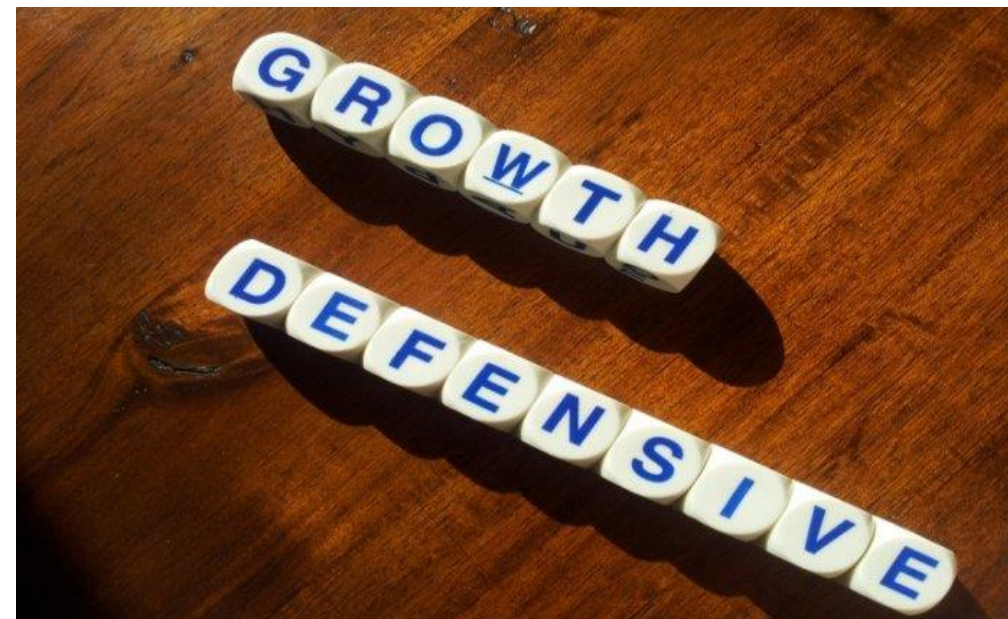
OCF (Ongoing Charges Figure) is capped at 1.5%

Compared to typical offshore fund OCFs, which will range between 2% and 4%

FUND CLASSES

We believe that there is a strategy here to suit each and every one of our clients' objectives and risk ratings

- There are **five model portfolios** to choose from
- Range from Cautious to Adventurous
- Each portfolio is a blend of **two managed funds**, our **Growth** and **Defensive** class funds.
- All strategies have a base currency of GBP, and hedged versions for EUR, USD & CHF.

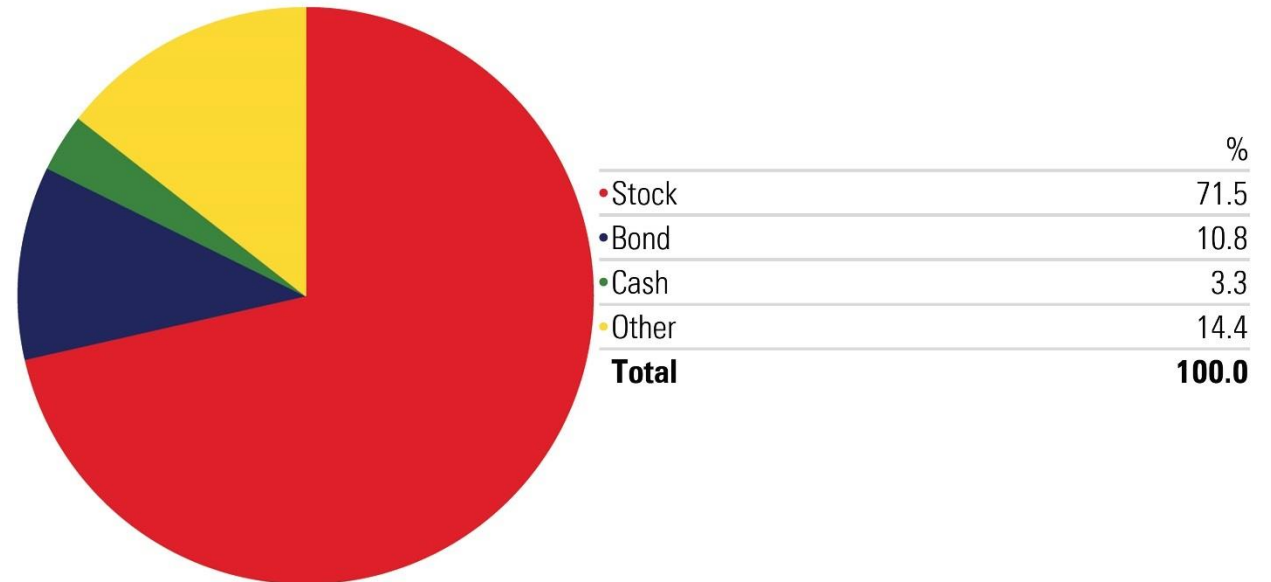


INVESTMENT OBJECTIVES - GROWTH

- Achieve Capital Growth in Excess of Cash over a Long Term Investment Horizon
- Exhibit a Risk Level Commensurate With Global Equity Markets

Asset Allocation

Portfolio Date: 31/07/2016

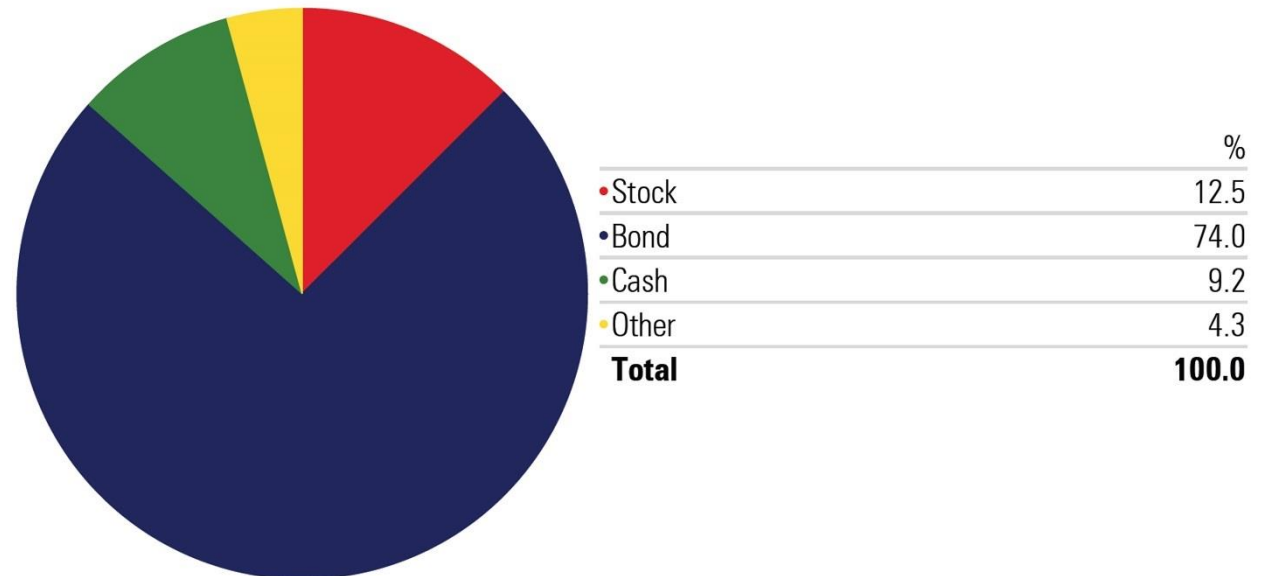


INVESTMENT OBJECTIVES - DEFENSIVE

- Preserve Capital
- Minimise the Level of Risk
- Modest Level of Capital Growth over the Long Term

Asset Allocation

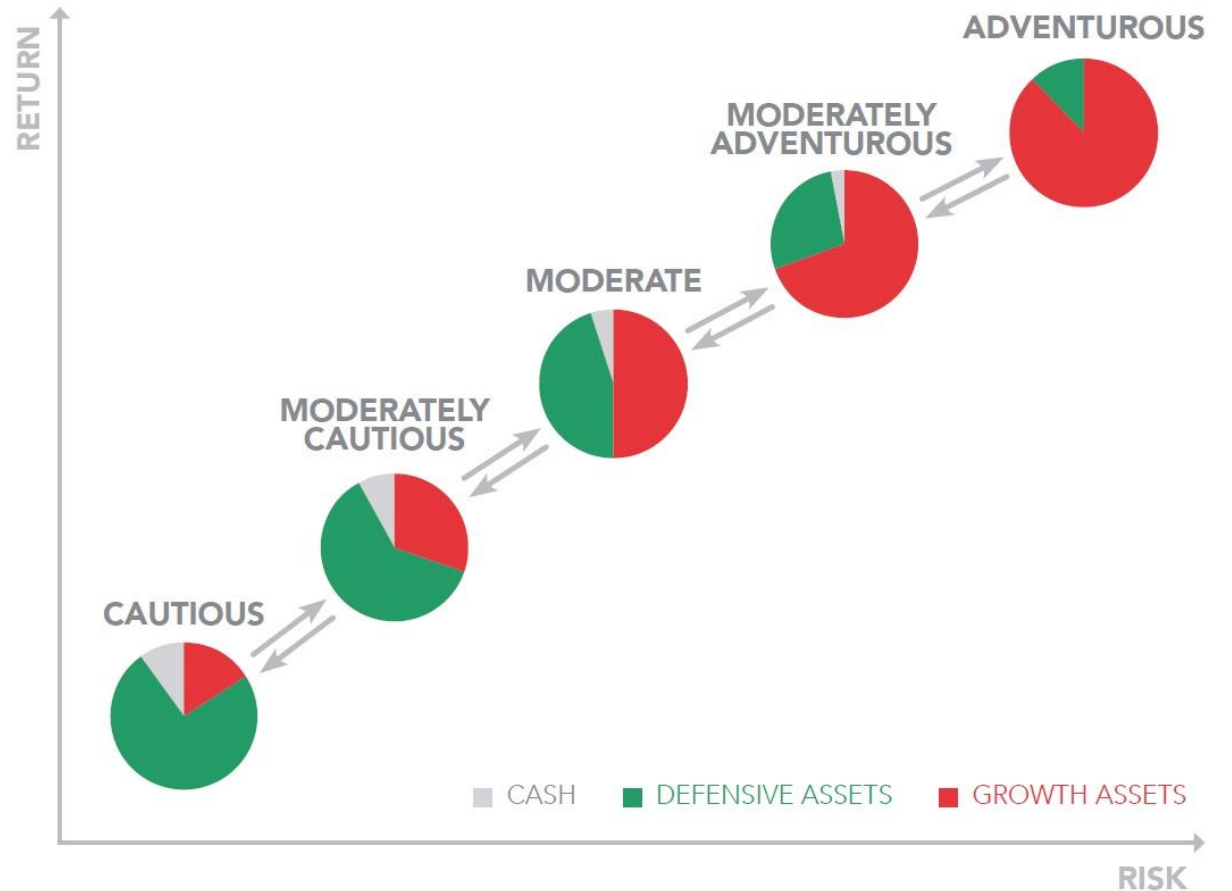
Portfolio Date: 31/07/2016



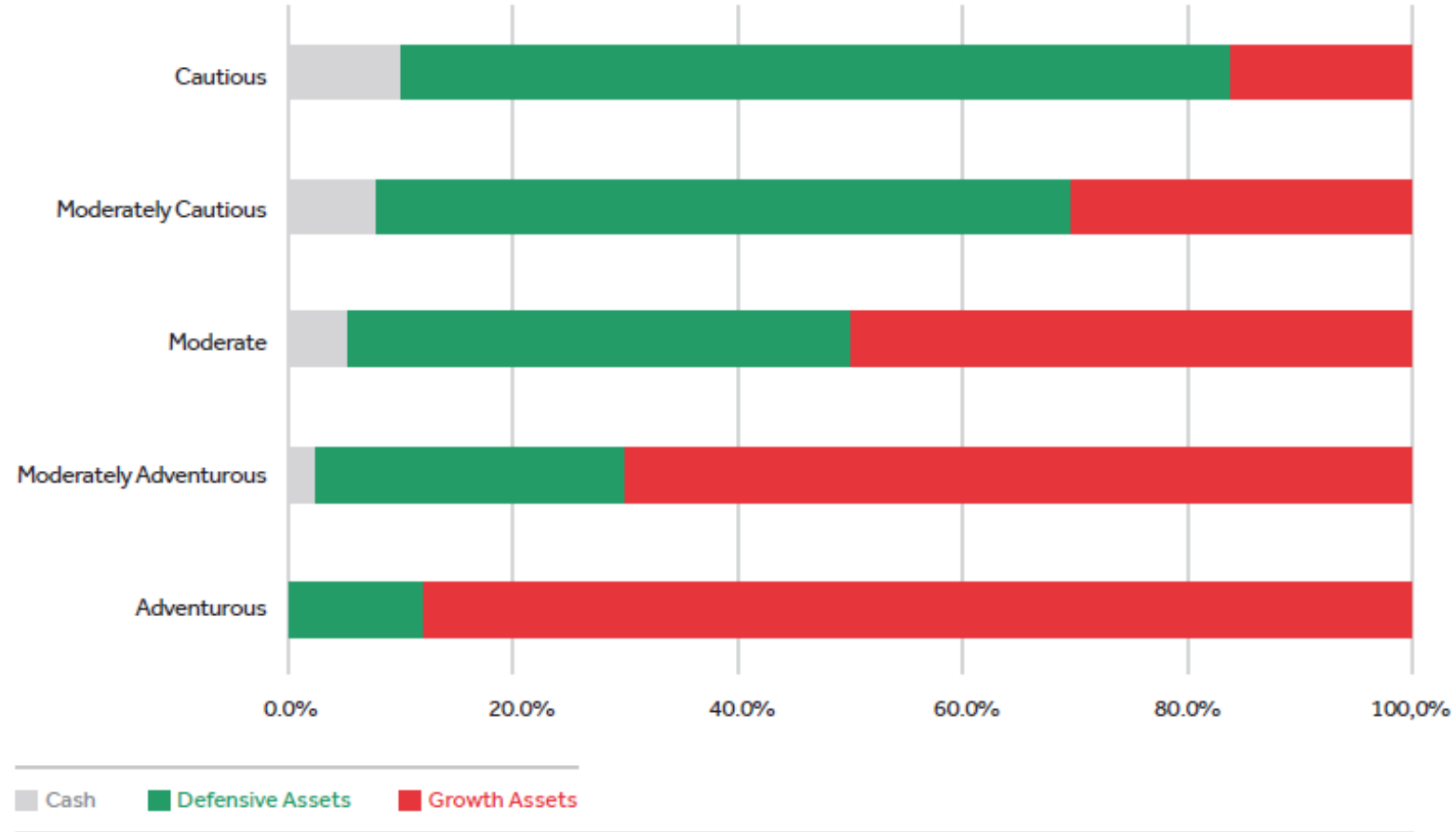
FIVE RISK RATED MODEL PORTFOLIOS

- Volatility Simulated Over 5 & 10 Year Periods
- Risk Ratings Based on ESMA Methodology

ESMA (the European Securities and Markets Authority) regulates ratings agencies and continuously works to improve financial market functionality and investor protection.



GROWTH AND DEFENSIVE ASSET ALLOCATION

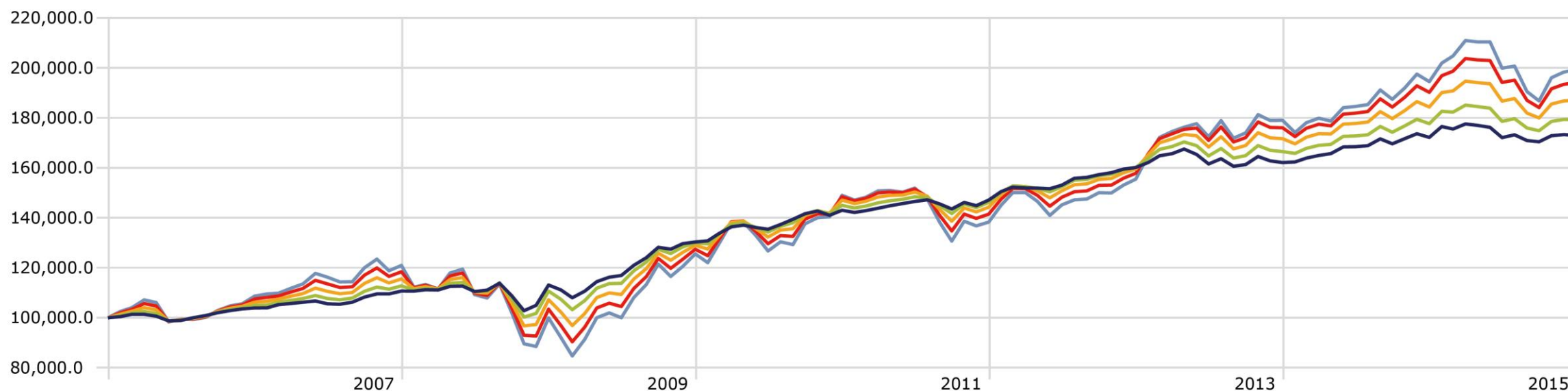


BACK TESTING OVER A 10 YEAR PERIOD

Investment Growth

Time Period: 01/01/2006 to 31/12/2015

Currency: Pound Sterling Source Data: Total Return



NextGen Cautious £172,937.9
Moderately Adventurous £193,970.5

NextGen Moderately Cautious £179,217.4
NextGen Adventurous £199,213.6

NextGen Moderate £186,965.8

BACK TESTING OVER A 10 YEAR PERIOD

Time Period: 01/01/2006 to 31/12/2015

Currency: Pound Sterling Source Data: Total, Monthly Return

	Cumulative Return	Annual Return	Annual Std Dev	Max Gain	Max Drawdown	Best Month	Worst Month	Best Quarter	Worst Quarter
Cautious	72.94	5.63	5.34	79.67	-9.66	7.73	-5.58	9.64	-3.08
Moderately Cautious	79.22	6.01	6.80	87.38	-12.15	8.76	-6.93	11.93	-4.51
Moderate	86.97	6.46	9.05	101.00	-16.62	10.16	-8.75	15.08	-7.77
Moderately Adventurous	93.97	6.85	11.53	125.15	-24.59	11.60	-10.64	18.41	-11.06
Adventurous	99.21	7.14	13.81	148.66	-31.34	12.89	-12.32	21.43	-13.94

PASSIVE vs ACTIVE INVESTING

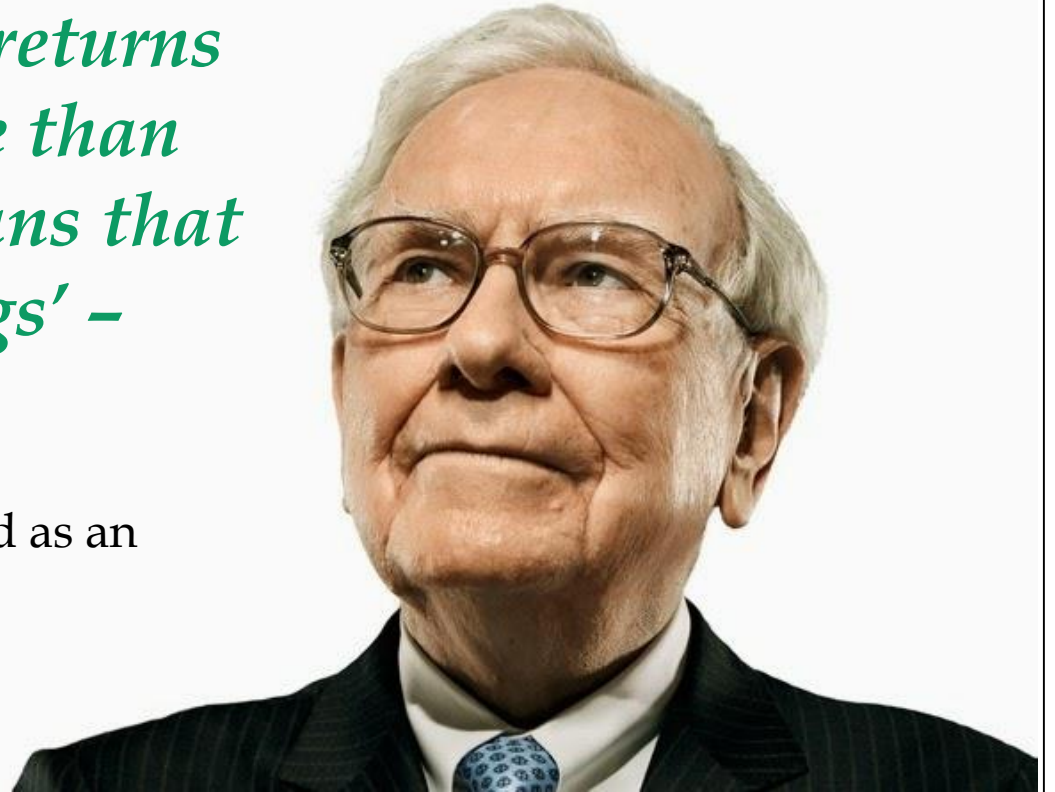
- Mutual funds pool money from customers and invest it across a selection of stocks, in return for a fee.
- Active funds are run by managers who try to pick stocks in an attempt to beat the markets
- These funds often charge higher fees.
- Passive funds simply attempt to mimic a broad stock market index, such as FTSE 100.
- One study found that passive investing outperformed 97.6% of all mutual funds.

PASSIVE vs ACTIVE INVESTING

“The Active investors will have their returns diminished by a far greater percentage than will their inactive brethren. That means that the passive group – the ‘know-nothings’ – must win!”

Investor and Business Magnate Warren Buffett is often cited as an example of someone who systematically beats the market.

Others just think he’s lucky.



About UCITS: High Level of Investor Protection

- Funds Regulated in Europe, Accessible for Clients Globally
- Globally Unified Investor Protection Requirements
- European Commission Regulatory Framework
- UCITS must be open ended, so that the investor can redeem his holdings at any time.
- The investment policy must also respect a number of rules relating to portfolio diversification, asset liquidity and the use of hedging.



PROOF IN PERFORMANCE

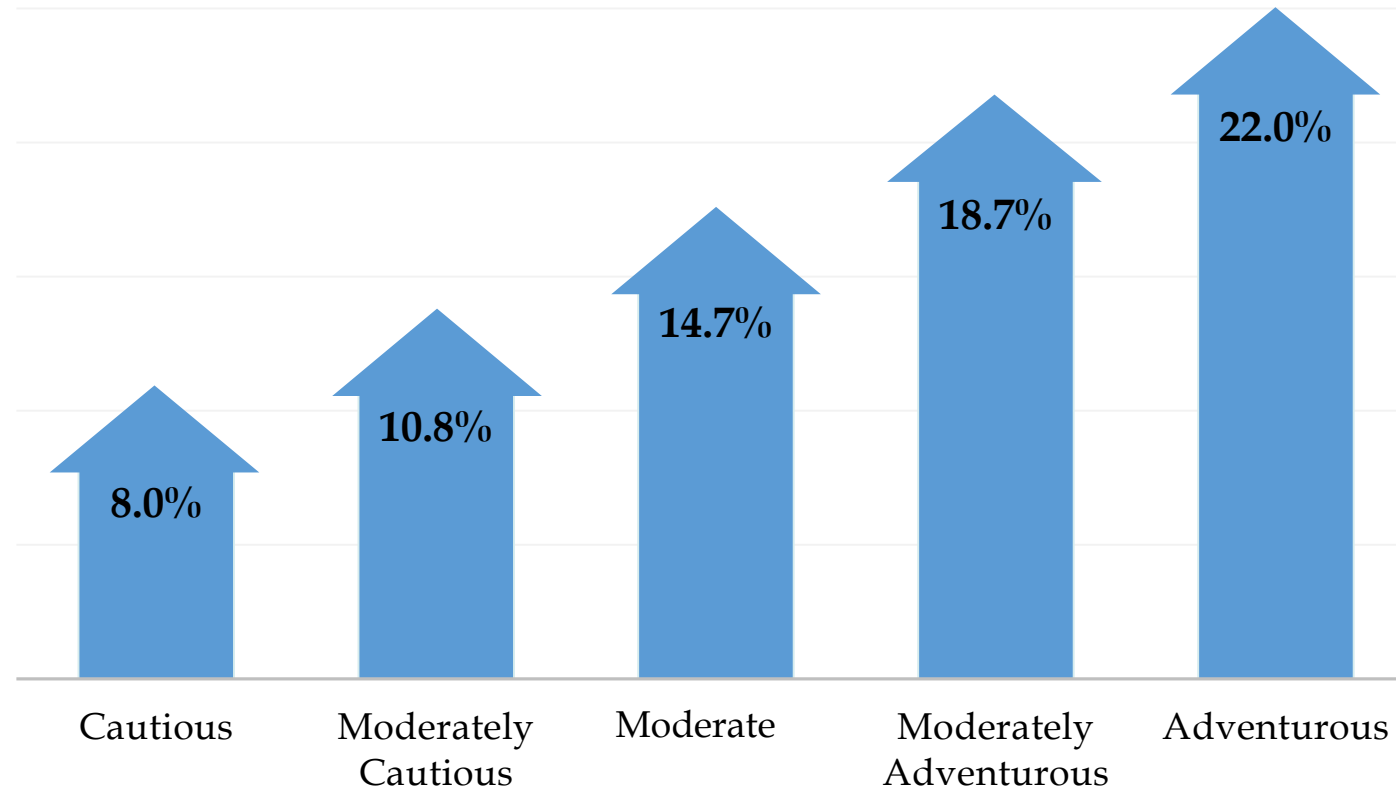
Since launch on Valentines day of this year, we have already placed almost **£70 million** into these strategies. And as at August 31st of this year, performance has been delivered.

The Defensive Class is up 8.0 %

The Growth Class is up 22.2 %



PROOF IN PERFORMANCE



POST BREXIT PERFORMANCE

This summer's market turmoil has given us a perfect opportunity to illustrate the power of these portfolios.

Placemarkers indicate fund value at close of business Monday 27th June.

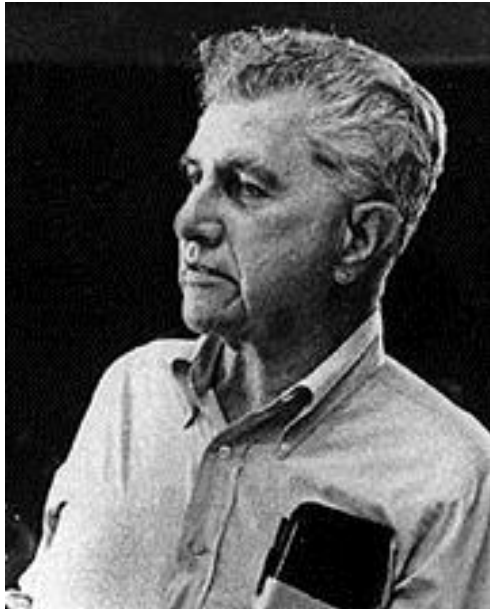
Defensive



Growth



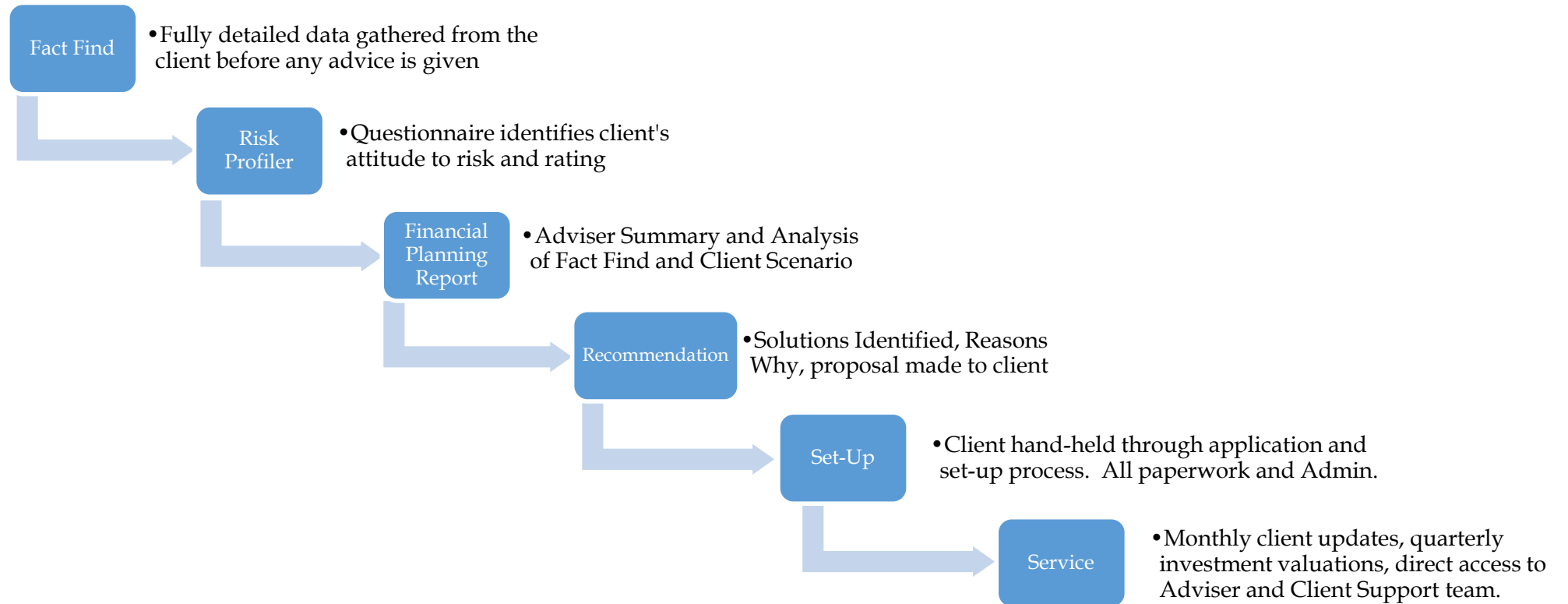
PASSIVE INVESTING



“Any pension fund manager who doesn’t have the vast majority of his or her portfolio in passive investments is guilty of malfeasance, nonfeasance or some other kind of bad feasance!”

Merton Miller PhD, Nobel Memorial Prize in Economic Sciences

WHAT HAPPENS NEXT? OUR PROCESS



THE POLITICS OF PENSIONS

DAVID DENTON FPFS TEP IMC
Technical Sales Manager
Old Mutual International



PLANNING A RETIREMENT JOURNEY

NOTE

This presentation does not form a personal recommendation and any products mentioned or shown may not be suitable for you.

Independent advice should always be sought from your financial adviser to help identify the most appropriate products or contracts to meet your specific needs.



Old Mutual Founded 1845

33

Countries in which
we operate

19.4m

Customers

£342.7bn

Funds under
management

Source: Old Mutual as at 30 June 2016

YOU NEED TO KNOW TWO THINGS ABOUT PENSIONS

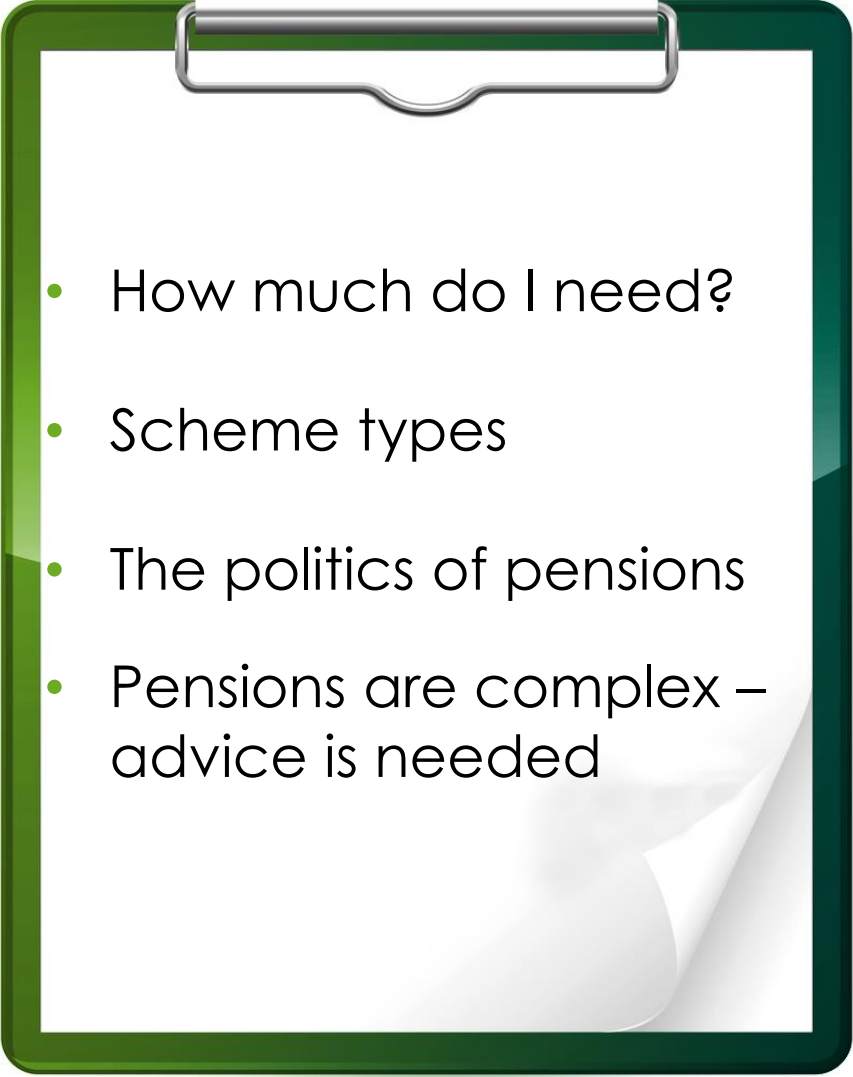
1. Start early, save more and don't rely on the state
2. They are complex – advice is needed

“I consider myself moderately financially literate, yet I confess to not being able to make the remotest sense of pensions.”

Andy Haldane

Chief Economist, Bank of England 2016

AGENDA

- 
- How much do I need?
 - Scheme types
 - The politics of pensions
 - Pensions are complex – advice is needed

HOW MUCH DO I NEED?

1. How long will my money need to last?
2. How much money will I need (income & capital)?
3. What will inflation be over the period?
4. What will investment returns be over the period?
5. How will I be taxed?



SCHEME TYPES

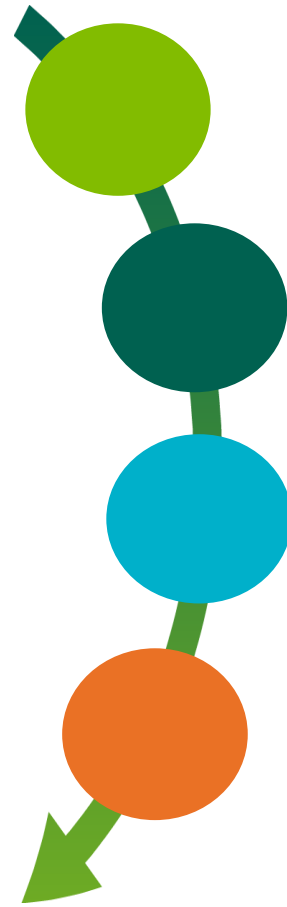
Defined contribution/ money purchase

- A savings plan
- Member carries the investment risk
- Flexible
- Simple
- The future

Defined benefit/ final salary

- A promise of future income
- The company bears the investment risk
- Inflexible
- Complex
- The past

SCHEME TYPES



State pension

Public sector (final salary) schemes

Private sector company

- Money purchase schemes
- Final salary schemes

Personal plans

- UK (e.g. Self Invested Personal Pension - SIPP)
- Overseas (e.g. Qualifying Recognised Overseas Pension Scheme - QROPS)

THE POLITICS OF PENSIONS?

2006

Pensions
simplification

2015

Freedom and
choice

2016

Strengthening the
incentive to save

PENSIONS - TAX RELIEF

	LIFETIME ALLOWANCE	ANNUAL ALLOWANCE
2006/07	£1,500,000	£215,000
2007/08	£1,600,000	£225,000
2008/09	£1,650,000	£235,000
2009/10	£1,750,000	£245,000
2010/11	£1,800,000	£255,000
2011/12	£1,800,000	£50,000
2012/13	£1,500,000	£50,000
2013/14	£1,500,000	£50,000
2014/15	£1,250,000	£40,000
2015/16	£1,250,000	£40,000
2016/17	£1,000,000	£40,000

Source – the Pensions Advisory Service

PENSIONS: PROTECTION 2016

FIXED PROTECTION

- Keep £1.25m.
- No further contributions allowed.

INDIVIDUAL PROTECTION

- Keep the value of your pensions on **5 April 2016** if between £1m - £1.25m.
- Further contributions allowed.
- Only to bring value back up to protected value on **5 April 2016**.

THE POLITICS OF PENSIONS?

2015

Freedom and
choice

- Flexi-access drawdown (amounts and timing)
- Removal of 'special lump sum death benefit charge'
- Restriction on transfers

DEFINED BENEFIT SCHEME TRANSFERS



UNFUNDED

FUNDED

FUNDED



PUBLIC SECTOR SCHEMES

PRIVATE SECTOR SCHEMES

THE POLITICS OF PENSIONS?


2016

Strengthening the
incentive to save



THE LIFETIME ISA (LISA)

A HYBRID PENSION/PROPERTY SAVINGS VEHICLE



HM Treasury

Lifetime ISA

Save up to £4,000 each year, and receive a government bonus of 25% – that's a bonus of up to £1,000 a year. You can use some or all of the money to buy your first home, or keep it until you're 60 – it's up to you.

open a Lifetime ISA account between the ages of 18 and 40, and any savings you put into it before your 50th birthday will receive an added 25% bonus from the government

accounts will be available from April 2017

there is no maximum monthly contribution – you can save as little or as much as you want each month, up to £4,000 a year

the total amount you can save each year into all ISAs will also be increased from £15,240 to £20,000 from April 2017

use it to save for a first home

your savings and the bonus can be used towards a deposit on a first home worth up to £450,000 across the country

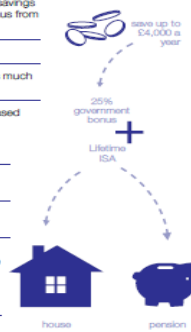
accounts are limited to one per person rather than one per home – so two first time buyers can both receive a bonus when buying together

if you have a Help to Buy: ISA you can transfer those savings into the Lifetime ISA in 2017, or continue saving into both – but you will only be able to use the bonus from one to buy a house

use it to save for retirement

after your 60th birthday you can take out all the savings tax-free

you can withdraw the money at any time before you turn 60, but you will lose the government bonus (and any interest or growth on this). You will also have to pay a 5% charge



save up to £4,000 a year

25% government bonus

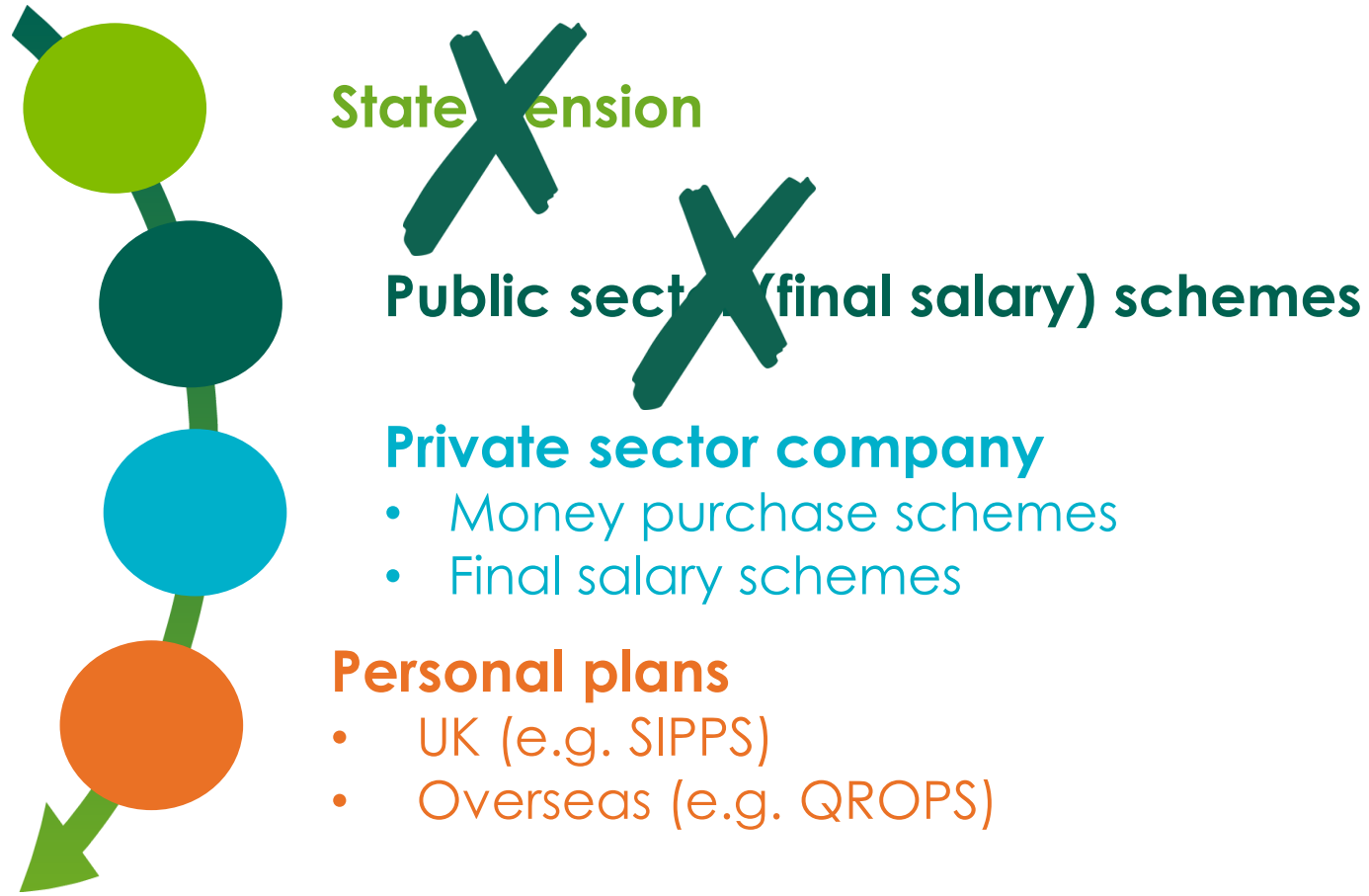
Lifetime ISA

house

pension

The shape of things to come?

SCHEME TYPES



PRIVATE SECTOR COMPANY **ALTERNATIVES**

Onshore – SIPP

(Self Invested Personal Pension)

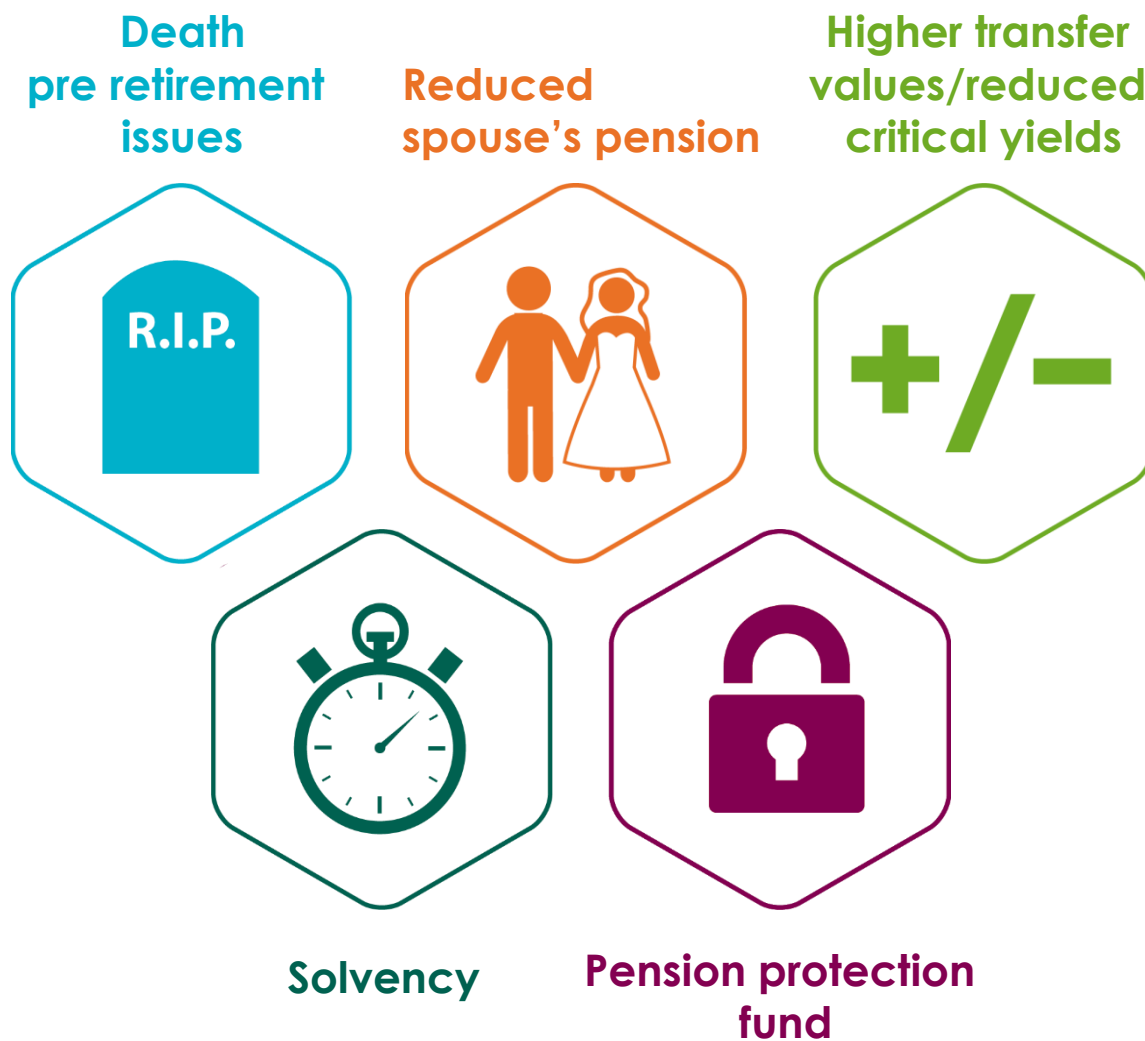
- ✓ Consolidation
- ✓ Investment choice
- ✓ Flexi-access drawdown

Offshore – QROPS

(Qualifying Recognised Overseas Pension Scheme)

- ✓ Consolidation
- ✓ Investment choice
- ✓ Flexi-access drawdown*
- ✓ Currency choice
- ✓ Outside lifetime allowance restrictions
- ✓ A tie cut for UK domiciles
- ✓ Death benefits
- ✓ Paid gross**
- ✓ 10% tax advantage for UK residents
- ✓ Can be transferred back to UK
- ✓ Outside of quickly changing UK rules

FURTHER CONSIDERATIONS FOR DEFINED BENEFIT SCHEMES



DEFINED BENEFIT SCHEME **CONSIDERATIONS**

- The **PURPLE Book** is published annually (usually in December) by the PPF and the Pensions Regulator.
- It provides comprehensive data and analysis on the defined benefit pensions' landscape.
- The **PURPLE Book** – a decade of trends to 2015
 - **13%** schemes open to new members (**43%** in 2006)
 - Active members **1.75m** (**3.6m** in 2006)
 - Reduction in equity content **33.0%** (**61.1%** in 2006)

DEFINED BENEFIT SCHEME **CONSIDERATIONS**

- Lower investment returns
- Lower gilt yields
- Mortality creep
- Over optimism

DEFINED BENEFIT SCHEME **CONSIDERATIONS**

- What funding is realistically required?
- 2009 24% of salary needed to fund a typical 1/60 scheme
- 2016 50% of salary needed to fund a typical 1/60 scheme
- Redefine benefits
(TATA)
- Redistribute profits
(BHS)
- Take a leaf from the Public Sector
(Public Services Pensions Act 2013)

DEFINED BENEFIT SCHEME CONSIDERATIONS

The Pension Protection Fund (PPF)

The PPF's main function is to provide compensation to members of eligible defined benefit pension schemes:

- when there is a qualifying insolvency event in relation to the employer, and
- where there are insufficient assets in the pension scheme to cover the Pension Protection Fund level of compensation.
- From 1 April 2016, the cap at age 65 is **£37,420.42**
- This equates to **£33,678.38** when the **90%** compensation level is applied per year.

Member statistics at end of March 2016

- The number of PPF members transferred is **225,534**.
- The number of members receiving compensation is **120,043**.
- Average annual compensation is **£4,225** per year.
- Total compensation paid = **£2.3 billion**.

Source – The Pension Protection Fund

LARGEST LIABILITIES COMPARED TO MARKET VALUE

	2015 MARKET VALUE £m	2015 COMPANY PENSION LIABILITY £m
BAE SYSTEMS	15,802	29,236
RSA INSURANCE	4,332	7,126
INTERNATIONAL AIRLINES GROUP	12,430	20,199
SAINSBURY	4,946	7,696
BT GROUP	36,657	51,210
ROLLS-ROYCE	10,572	11,564
RBS	34,954	35,152
SMITHS GROUP	4,426	4,106
M&S GROUP	8,803	8,137
BABCOCK INTERNATIONAL	4,944	4,107

Source - Lane Clark Peacock 2016

PRESS COMMENTARY



'There is perpetual and non-zero risk of a large PPF deficit occurring as a result of significant claims.'

PURPLE Book
2012

'Breath-taking sums on offer for cashing in final salary pensions.'

www.ft.com
August 2016

'Speculation over DB transfer ban could lead to a rush for the door.'

www.professionalpensions.com
August 2016

'The £1 trillion pension crisis facing 11m (and they're the lucky ones)'

Telegraph
August 2016



Pensions are complex – advice is needed

**“Tax complexity itself
is a kind of tax”**

Max Baucus

Chairman – US Senate Committee
on Finance



ANY QUESTIONS?



COMPANY DETAILS

This presentation is based on Old Mutual International's interpretation of the law and tax practice as at August 2016. While this interpretation is believed to be correct, Old Mutual International can give no guarantee in this respect or that tax reliefs and the tax treatment of investment funds will remain the same in the future. The value of any tax reliefs will depend on individual financial circumstances.

Past performance is not an indication of future performance. The value of your investment can go down as well as up and you may get back less than you invested.

www.oldmutualinternational.com

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