29th July 2015

Our Ref: MK/RD/Q215

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Dear xxxxxxxxx

Re: MPL Portfolio Valuation – xxxxxx.xxxx

Findings

In the period from 1st April 2015 to 30th June 2015, the portfolio has fallen x.xx% in comparison to a decrease in the FTSE 100 Index* of 3.72% and a fall in the UK Gilt All Stocks Index* of 3.75%.

In the period from 1st July 2014 to the 30th June 2015, the portfolio has risen x.xx% in comparison to a fall in the FTSE 100 Index* of 3.29% and an increase in the UK Gilt All Stocks Index* of 8.55%.

Your current risk profile is xxxxxxx. Please contact your adviser if this is required to be amended to reflect your current circumstances.

Market review

The past year has seen extreme volatility in global financial markets swing violently between gains and losses.

Between September and November 2014, concerns over the reduction/taper of the US Federal Reserve quantitative easing (QE) program, coupled with an Ebola scare in the United States, led to acute falls in global equity markets before they recovered quickly from these lows.

In the case of the FTSE All Share Total Return Index in the United Kingdom, between 4th September and 16th October 2014 this equity market index fell by 9.67%, before subsequently increasing 9.14% by the end of November 2014, when the question of tapering of the US QE program was moved forward to 2015, and the Ebola scare had passed.

In December 2014 the call for a snap general election in Greece caused global equity markets to contract once again, the FTSE All Share Total Return falling 7.61% in a 10 day period from the 5th December 2014, before recovering 6.91% by 29th December 2014.

In September 2014, the MPL investment team had taken some profits on equity holdings in the UK and the USA, as they felt the market valuations (in relation to expected company earnings to the year ended Dec 2014) were fully priced.

By early October, we had to reverse this view and redeploy profits raised back into these areas, as the sharp fall in global equity markets at this point (which in our opinion had nothing to do with the individual companies within these indices), enhanced the value of these companies once again.

In January 2015, the European Central Bank announced its own QE package, which gave global equity markets a further boost.

By March, the MPL investment team once again felt that equity markets had become over valued in certain areas (such as the FTSE 250 in the UK). Political risk in the UK had also risen with the anticipation of a hung parliament in the forthcoming UK General Election, while the prospect of Greece not meeting the repayment terms of the International Monetary Fund (IMF) loan at the end of June was a cause for a concern. As a result, the MPL team again increased cash levels in order to reduce exposure to the higher levels of volatility which we expected to occur in May and June.

The anticipated levels of volatility materialised in May and June as the Conservative Party stormed to a widely unexpected majority in the UK General Election, and Greece, as expected, failed to repay the IMF.

We have again taken this opportunity to redeploy some of the profit which was taken again in March, into the UK and US equity markets, which were impacted by this Greek anomaly.

As we look forward to earnings in 2016, we believe that upside remains to be seen in particular areas of global financial markets which will be of benefit to the portfolios, however this will continue to be a rocky road.

For now the prospect of Greece exiting the Euro has somewhat diminished, with their agreement to the terms proposed by European finance ministers and national leaders. In the short term, the micro focus now turns to second quarter company earnings in the United States and whether these earnings will be negative? The macro focus is now viewing a possible interest rate rise in the United States by the US Federal Reserve.

We are now in a seasonally weak period of the year, with low levels of liquidity in markets a symptom of market participants' taking their summer breaks. Prospects for many of the global companies and economies reflected by securities quoted on financial markets, remain positive as we now focus upon the second half of 2015 and beyond.

Volatility will continue to be caused by macro factors within the next six months (as evidenced by slowing Chinese economic growth numbers over the last few days), however any weakness should be viewed as an opportunity to gain exposure to financial markets in general.

With kind regards

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*figures courtesy of Bloomberg

enc: A copy of the recent MPL Pension Changes Bulletin and Budget 2015 update.