



## MM FINANCIAL MANAGEMENT

Financial Planning since 1990

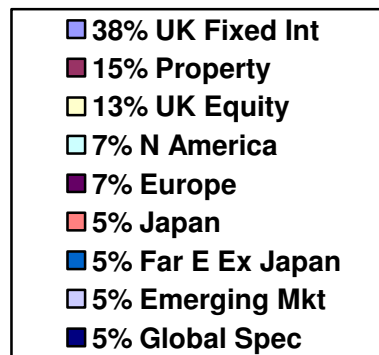
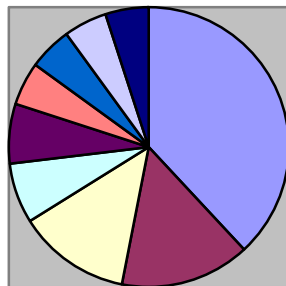
### Life Fund Balanced Portfolio – August 2011

This portfolio is based on Optimised Portfolio Modelling level 5 (Balanced). The Asset Allocator is based on Modern Portfolio Theory. This means that asset allocations are determined by a mathematical model that attempts to work out which combinations of asset classes are "efficient". Theoretically efficient portfolios are those where the highest level of expected return is achieved by combining assets in the specific proportions. The Asset Allocator uses a mathematical model supplied by Towers Watson, a leading firm of actuaries and investment consultants.

The asset allocation is determined by using a sophisticated financial model. The model attempts to determine an optimal combination of different asset classes to predict the maximum mathematically expected return for your chosen level of risk. Such an advanced approach to building portfolios is not normally possible for retail investors and would typically only be done by institutional investors and pension fund managers.

The financial model is dependent on a set of economic assumptions advised by Towers Watson. The assumptions are built using a combination of past experience and forecasts of future economic conditions. Whilst no guarantees can be attached to these, Towers Watson believe that they represent as good a forecast of future economic assumptions as there are available today.

#### Portfolio Asset Allocation:





# MM FINANCIAL MANAGEMENT

Financial Planning since 1990

## Asset Allocation Portfolio Contents:

<i>Sector</i>	<i>Investment Fund</i>	<i>Fund %</i>	<i>Sector %</i>
<b>UK Fixed Interest</b>			<b>38</b>
	Fidelity Moneybuilder Income	19	
	Invesco Perpetual Corporate Bond	19	
<b>Property</b>			<b>15</b>
	Ignis UK Property	15	
<b>UK Equity</b>			<b>13</b>
	M&G Recovery A	13	
<b>North American</b>			<b>7</b>
	Schroder US Mid Cap	7	
<b>European</b>			<b>7</b>
	Jupiter European	7	
<b>Japanese</b>			<b>5</b>
	GLG Japan Core Alpha	5	
<b>Far East ex Japan</b>			<b>5</b>
	Aberdeen Asia Pacific	5	
<b>Emerging Market Equity</b>			<b>5</b>
	Aberdeen Emerging Markets	5	
<b>Global Specialist</b>			<b>5</b>
	Jupiter Merlin Worldwide Portfolio	5	

## Notes

We select funds based on their Citywire and Forsyth OBSR ratings and their cumulative 3 year performance.

Citywire Fund Manager Ratings are based on the risk-adjusted track records of individual fund managers over three years. The Citywire Fund Manager Ratings are based on the performance of the fund manager across all the funds he or she has managed at any point during the last three years – not just the funds they are currently managing. More details at [www.citywire.co.uk](http://www.citywire.co.uk).

Forsyth OBSR provides independent fund ratings which aim to be predictive in nature. The ratings are determined following in-depth qualitative and quantitative analysis. Funds are reviewed regularly and ratings adjusted to reflect any changes in investment style or approach.

Both ratings range from unclassified to AAA.

Funds that match or exceed a Citywire and/or a Forsyth OBSR rating of AA will be included in our recommended portfolio subject to those funds being in the first quartile of cumulative 3 year performance. Where there are no funds meeting the selected criteria we will include the best available.

Past performance is no guarantee of future performance and the value of investments can fall as well as rise.



## MM FINANCIAL MANAGEMENT

Financial Planning since 1990

### Our Recommended Portfolio

The notes and data above relate to the theoretical asset allocation portfolio, However in view of the large weighting of the first few categories, our actual recommended portfolio is taken from the larger categories, ignoring the smaller ones, and adjusting the individual fund weightings accordingly. This ensures that the overall weighting of any one fund is not excessive, and we attempt to keep this weighting below 20% of the overall portfolio. In addition, because we recommend a suitable cash reserve as part of any investment portfolio, the cash sector has also not been included. Finally, we will usually restrict the number of funds to a maximum of ten.

Some investment companies impose a minimum investment into each individual fund – this may be £1,000 for example. Where this minimum applies, and for relatively small investments such as ISAs, we will simply recommend that the portfolio consists of the maximum number of funds commensurate with the relevant minimum, starting with the fund at the top of our list and working downwards.

The following table contains our recommended portfolio.

<i>Sector</i>	<i>Investment Fund</i>	<i>Fund %</i>	<i>Sector %</i>
<b>UK Fixed Interest</b>			<b>38</b>
	Fidelity Moneybuilder Income	19	
	Invesco Perpetual Corporate Bond	19	
<b>Property</b>			<b>15</b>
	Ignis UK Property	15	
<b>UK Equity</b>			<b>13</b>
	M&G Recovery A	13	
<b>North American</b>			<b>7</b>
	Schroder US Mid Cap	7	
<b>European</b>			<b>7</b>
	Jupiter European	7	
<b>Japanese</b>			<b>5</b>
	GLG Japan Core Alpha	5	
<b>Far East ex Japan</b>			<b>5</b>
	Aberdeen Asia Pacific	5	
<b>Emerging Market Equity</b>			<b>5</b>
	Aberdeen Emerging Markets	5	
<b>Global Specialist</b>			<b>5</b>
	Jupiter Merlin Worldwide Portfolio	5	

Detailed fund fact sheets for all the above funds are available on request.