

CAUTIOUS RETURN PORTFOLIO, MAY 2017

INVESTMENT OBJECTIVE

The main objective of the Cautious Return Portfolio is to achieve capital growth over the medium to long term of between 6-8% per annum before fees and charges. It is targeted at investors who want to achieve capital growth from a low risk portfolio offering a degree of capital protection over the medium to long term.

CUBE INVESTING COMMENT

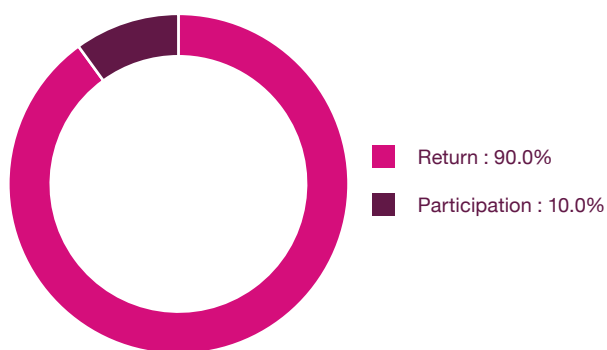
The portfolio contains 10 notes from 7 issuers giving exposure to UK, European, and US equity indices. The portfolio is evenly split between Autocalls (60%), Digitals (30%) and Supertrackers (10%) which offer the potential for capital gains. The portfolio has no income. Cube calculate that there is a 95% chance of a positive return if all the products are held to maturity. The expected volatility is 7% per annum. The average protection barrier is 59%, the highest protection barrier is 65.7% of the current index levels. On average, there a 3% chance that the barrier level will be breached. The portfolio has 70% exposure to falling markets and 53% exposure to rising markets.

INVESTMENT MANDATE

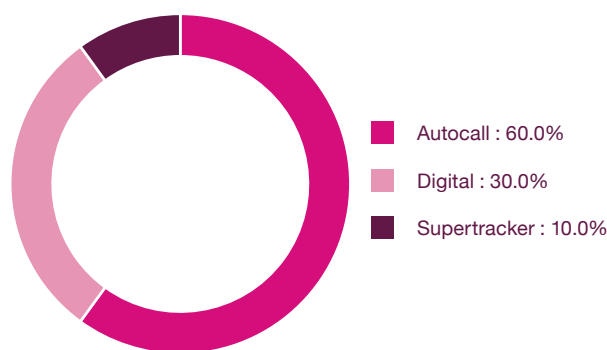
Target Return	6% to 8% Capital growth
Income	None
Underlying Assets	Major equity markets
Target Portfolio Volatility	Less than 10%
Maximum Individual Product Volatility	Less than 20%
Number of Holdings	6 to 12 notes
Maximum Exposure to any one Issuer	30%
Minimum Credit Rating	Investment Grade (BBB-)
Maximum Issuer CDS	200bps

WHAT IS THE ASSET ALLOCATION?

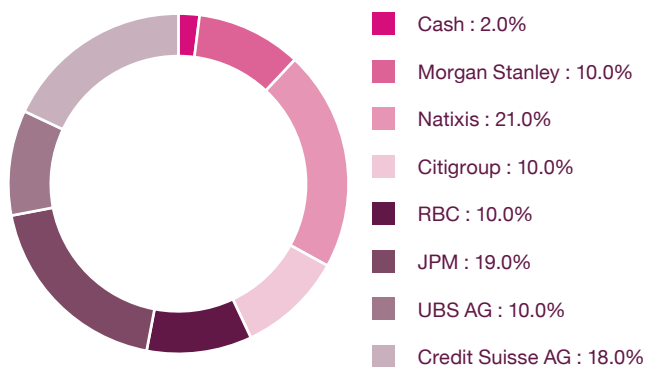
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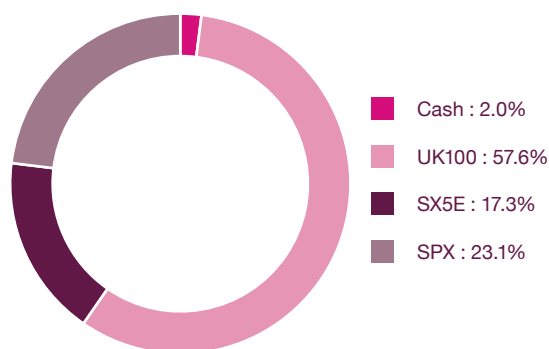
SHAPE



ISSUER EXPOSURE



UNDERLYING MARKET EXPOSURE



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EXPECTED RISK AND RETURN

In order to estimate the return that investors may receive Cube stress tests each product. The Stress Test is based on simulations of how markets may perform in the future using real historic performance data over the last 25 years. The outcomes from these scenarios are collated and used to calculate the returns that investors may receive from each product, and the risks that they face. The Stress Test results values for the portfolio are an average of the Stress Test results values for each product weighted by the holding of each product in the portfolio.

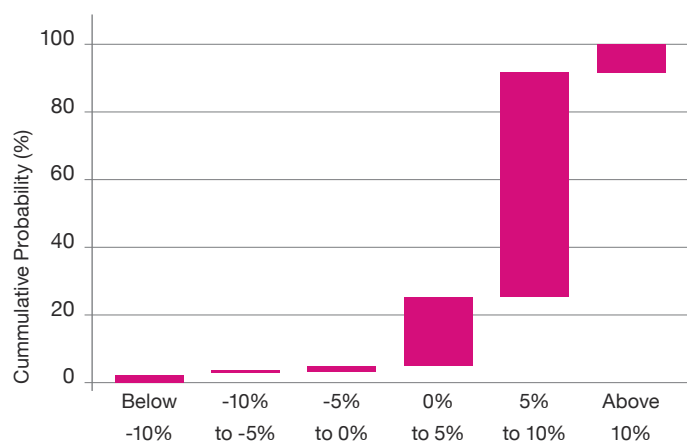
Full details can be found at:

<http://cubeinvesting.com/Article/4141/IPR-A-description-of-calculations>

The Stress Test results do not include the chance that an issuer may default. If an issuer defaults, the investor will lose some or all of the money invested in the Structured Products from that Issuer. Including the chance that an issuer defaults will increase the risks, and reduce the returns that investors may receive.

WHAT RETURN MAY BE RECEIVED?

EXPECTED ANNUAL RETURN CUMULATIVE PROBABILITY



EXPECTED ANNUAL RETURN

PROBABILITY

Less than -10% per annum	2.2%
Between -10% and -5% per annum	0.8%
Between -5% and 0% per annum	1.7%
Between 0% and 5% per annum	20.4%
Between 5% and 10% per annum	66.4%
More than 10% per annum	8.5%

WHAT INCOME MAY BE RECEIVED?

Any coupons paid by notes held in the portfolio will be retained by the Investment Manager and will either be reinvested or distributed quarterly. The coupon payment dates are the 15th of January, April, July and October. The Headline Coupon is the weighted average of the maximum coupon that each note can pay divided by the price of each note. The Headline Coupon will reflect the weight of each note in the portfolio, the coupon payment dates and the maturity date of each

note. The Expected Coupon is the coupon that Cube expect to be paid based on the stress test. The Expected Coupon takes into account the fact that some coupons are conditional (and so may not be paid) while others are variable, and so may be less than the full amount. The coupon amounts shown below assume that an investor has been fully invested for the whole period.

COUPON PAYMENTS



PERIOD

EXPECTED COUPON

HEADLINE COUPON

0 - 3m	0.00%	0.00%
3m - 6m	0.00%	0.00%
6m - 9m	0.00%	0.00%
9m - 12m	0.00%	0.00%
Annual Coupon	0.00%	0.00%

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WHAT ARE THE INVESTMENT RISKS?

An investment in the portfolio will entail a degree of risk. The performance of the portfolio is linked to the performance of the underlying assets. If the level of the underlying assets falls the value of the portfolio can be expected to fall. In order to help determine if the portfolio is suitable and appropriate for the investors attitude to risk and capacity for loss Cube calculate the average risk of the notes held in the portfolio.



The Summary Risk Indicator is a guide to the level of risk of this portfolio as a whole compared to other products. The summary risk indicator for the portfolio is an average of the risk indicator of each product held in the portfolio. The risk indicator for each product shows how likely it is that the product will lose money because of movements in the markets or because the issuer of one of the Structured Products held in the portfolio experiences difficulties resulting in their inability to fully meet their financial obligations.

We have classified the portfolio as 4 out of 7, which is a medium-low risk class.

Although the products in the portfolio offer a degree of protection, none of the products in the portfolio includes any protection from future market performance so an investor could lose some or all of their investment if the level of the underlying assets were to fall significantly.

What is the expected Volatility of annualised returns?	6.9%
What is the chance of loss?	4.7%
What is the expected Return in a negative scenario?	-1.1% per annum
What is the average Protection Barrier?	59.2%
What is the highest Protection Barrier?	65.7%

This means that under normal market conditions there is a low chance of a loss over a one-year period. The investor should be aware though that if the level of the underlying assets were to fall significantly, the value of the notes held in the portfolio may also fall significantly. The risk indicator reflects the fact that for most of the time there is a low chance of a loss, but that there is a small chance of a large loss.

Investors are also exposed to the risk that any of the issuers of the notes that are held in the portfolio may not be able to pay the investor the amounts that they are required to pay. If an issuer is unable to to pay the investor what is owed, they could lose their entire investment. The portfolio will only invest in notes issued by “investment grade” issuers, that also meet other minimum standards. This means that in they are very likely to be able to pay the amounts that they are required to pay.

When the Investment Manager buys and sells notes they will deal with the issuer. Each of the issuers has committed to buy and sell notes that they have issued under normal market conditions. In unusual market conditions issuers may be unable or unwilling to buy and sell notes that they have issued. This may impact their ability to buy and sell the investor’s investments, and may affect their value.

HOLDINGS

The table below shows all of the holdings in the portfolio. For more details about each note please click on the link to Cube’s website.

PORTFOLIO AS AT 28 APRIL 2017

Issuer	Name	Weight	Offer	Research
Morgan Stanley	FTSE100 (7264.68) Autocall 2023	10.0%	100.00	Link
Natixis Structured Issuance	STOXX50 (3305.23) / FTSE100 (7278.92) Defensive Autocall 2023	9.0%	101.36	Link
Citigroup Global Markets	S&P500 (2279.55) / FTSE100 (7107.65) Defensive Digital 2023	10.0%	104.46	Link
Natixis Structured Issuance	FTSE100 (7290.49) Digital 2023	12.0%	104.14	Link
RBC	S&P500 (2212.23) Defensive SuperIndex Tracker 2022	10.0%	104.96	Link
JPM	S&P500 (2198.18) / FTSE100 (6777.96) Defensive Autocall 2022	8.0%	105.33	Link
UBS AG	STOXX50 (3055.25) / FTSE100 (6954.22) Defensive Autocall 2022	10.0%	105.23	Link
Credit Suisse AG	FTSE100 (7013.55) Defensive Autocall 2022	10.0%	105.04	Link
JPM	STOXX50 (2993.73) / FTSE100 (6868.51) Defensive Autocall 2022	11.0%	104.48	Link
Credit Suisse AG	S&P500 (2164.25) / FTSE100 (6740.16) Defensive Digital 2022	8.0%	105.21	Link

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ISSUER RATINGS AS AT 28 APRIL 2016

Issuer	S&P	Moody	Fitch	CUBE Issuer Rating	Tier One Ratio	Chance of default*
Morgan Stanley	BBB+	A3	A	B+-	19.0	0.0%
Natixis Structured Issuance	A	A2	A	D++	12.3	0.4%
Citigroup Global Markets	A+	0	A	B+X	12.8	NA
RBC	AA-	Aa3	AA	BX-	12.3	0.0%
JPM	A-	A3	A+	A+-	14.2	0.0%
UBS AG	A+	A1	A+	A+X	21.0	NA
Credit Suisse AG	A	A1	A	C+-	18.0	0.1%

For more information see: www.cubeinvesting.com/Content/Issuers

ON-LINE INFORMATION

For detailed information on the individual notes held in each portfolio advisers can access the “dummy” accounts created for each portfolio on the James Brearley website. This has current pricing of each note and a link to the CUBE site for comprehensive analysis of each product.

Website	www.jbrearley.co.uk
<i>select</i>	Private Client Login
Username	<i>bre142391</i>
Password	<i>SPmodel</i>
<i>select</i>	“Client” from the options on the left
<i>select</i>	the “Portfolio” option for each portfolio

TAX WRAPPERS

The portfolios are available directly from James Brearley and Sons who offer a general investment account and ISA. The portfolios are available through most SIPP providers. For a full list of service providers see: www.cubeinvesting.com/products

DEFINITIONS

For a definition of Capitalised Terms please refer to: www.cubeinvesting.com/Content/Glossary

PORTFOLIO INFORMATION

Investment Manager	James Brearley and Sons
Eligibility	Direct investment, ISA, SIPP
Minimum Investment	£10,000
On-line Valuations	www.jbrearley.co.uk
Trading Frequency	Daily
Investment	Managed Portfolio
Administration and Custody	James Brearley and Sons
Management Fee	1% per annum (subject to a minimum of £200 p.a.)
Coupon Processing Fee	£2.00 per coupon payment
Initial Fee	0.5%
Dealing Fee	No charge

CONTACT DETAILS

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