Objective *- To achieve an above average level of Sterling income, while seeking a reasonable degree of capital security*

Investment Policy *- The manager will invest in a broad range of asset classes according to ongoing market conditions*

Strategy *- A wide universe of exchange traded funds, direct equities and bonds and other income producing vehicles are assessed on an ongoing basis, in order to provide a broad spread of exposure by way of asset class and income source. The manager will constantly attempt to provide Cash Plus levels of income and diversification of risk*

Increasing Risk					
Low Risk	Moderate Low Risk	Moderate Risk	Moderate Risk	Higher Risk	Aggressive Risk
3	4	5	6	7	8
Cautious	Moderately Cautious	Income	Balanced	Moderately Aggressive	Aggressive
		✓			
Long Term Capital Growth with high degree of capital protection	Long Capital Term Capital Growth with moderate degree of capital protection	Above Average Level of Income with fair level of capital security	Long Term Capital Growth with moderate degree of volatility of returns	Long Term Capital Growth with some constraint on volatility compared to Aggressive Strategy	Long Term Capital Growth with no constraint on volatility

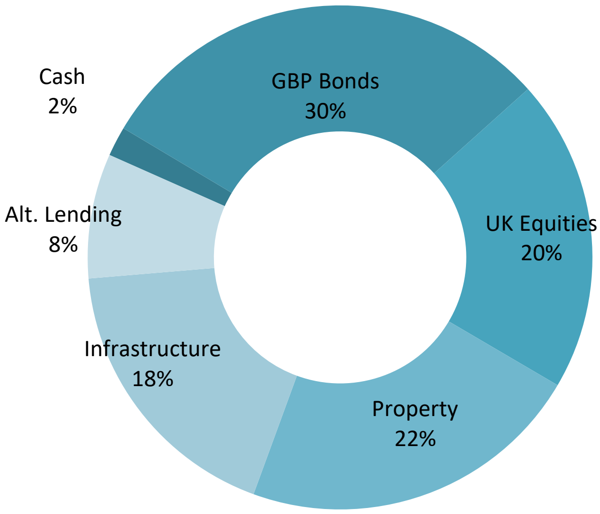
Launch Date:	May 2016
Minimum Cash Holding:	2%
Investment Management Charge:	0.35%
(Platform and Adviser Charges will apply)	

Available through on-line investment platforms

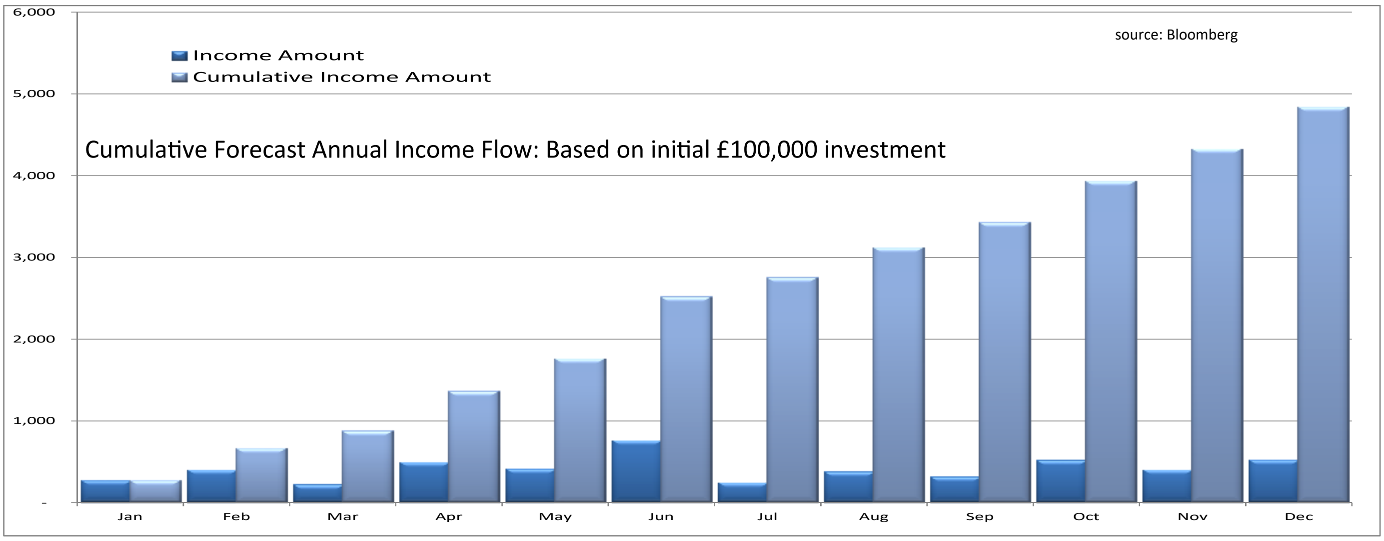
Dealing Dates:	According to platform provider
Benchmark:	Bond - Bbg GBP Inv Grade Corp Bnd Index
	Equity - FTSE 100

Target Yield: **4%**

Current Yield: **5.10%**



Top Ten Holdings:	%
TWENTYFOUR INCOME FUND LTD	8
INVESCO PERP GL FIN CAP-I NT	7
ISHARES GLB HY CORP GBP-H	7
HICL INFRASTRUCTURE CO LTD	6
INTERNATIONAL PUBLIC PARTNER	6
TRITAX BIG BOX REIT PLC	6
GCP STUDENT LIVING PLC	6
GREENCOAT UK WIND PLC	6
SHARES UK PROPERTY	6
EMPIRIC STUDENT PROPERTY PLC	6



Commentary

There were no changes to the Income Model In December. The new investments added in November have "settled in" very well, with **HSBC** and **Lloyds** providing acceptable returns of approximately 2% since their inclusion. The **Invesco Financials Fund** also provided some good performance with a 1% rise in NAV, whilst declaring a 4.07p dividend (equivalent to 2.47% for the 6 month period, payable Dec 31st) - "net, net" a 3.5% gain for this fund.

Major portfolio news for the month was based around the holding of **Empiric Student Property**. We mentioned this last month as being an Investment Trust with a logistical problem and a rent repricing issue on two out of it's 84 accommodation properties. Early in the month, Empiric advised that it's CEO was departing with immediate effect, following hot in the footsteps of its CFO. This news has been positively received by the market, evidenced by a 12% rise in the share price to the end of December. Even after this move, the stock exhibits a tremendous level of value, trading at a discount to Nav of some 18%.

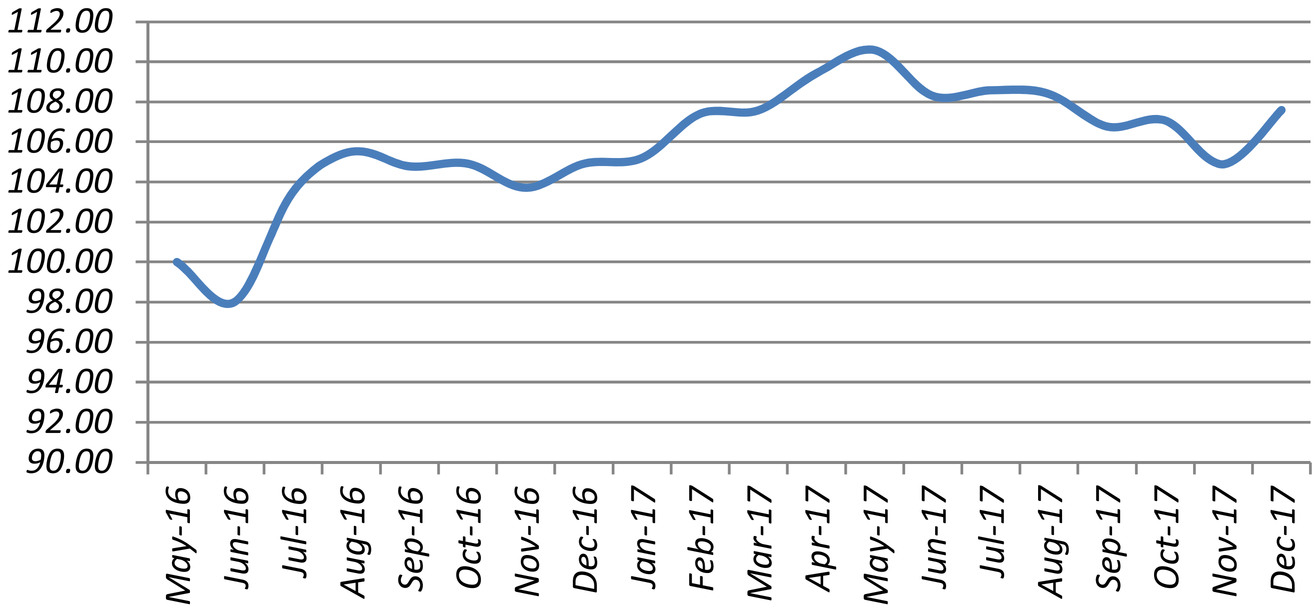
There was no "new, news" in relation to **SQN**, Although the stock had held in at a price which equates to a yield of 7.9%. We await an announcement on the US Solar Panels affair, which is expected to be positive and which should serve as a catalyst to move the stock back in line with it's NAV. Currently SQN trades at a 7% discount.

Other news of note is that related to **Tritax Big Box REIT**. An operator of logistical storage centres, leased by data centre and delivery companies. Customers include Amazon, B&Q and DHL and demand for this type of facility has provided to be very high. In an innovative move for the Investment Trust Sector (although not for Real Estate Businesses) Tritax has funded future expansion with an institutionally targeted Fixed Interest Bond. This provides a level of insight into several key areas of the company. Particularly, it reveals that management is aware of funding in the most cost effective manner - a bond issued in the current low yield environment provides good funding economy. The issue is a nine year maturity in Sterling. It is not secured by any of the Company's assets, although it is "Senior" in terms of it's ranking. The coupon is very low at 2.625% and the bond is rated Baa1 (investment grade). It was well received and stands at a premium to it's issue price. For equity investors, the confidence evinced by bond investors is a strong vote in favour of the market, the management and the company. However, for us, the equity with a dividend yield of 4.3% provides a pick-up over the bond of 2.10%, plus the opportunity for inflation beating capital gains as these properties are increasingly re-rated.

News flow in this sector has been positive. "**Aberdeen Standard Investments**" raised £187mn for a new logistics trust. Targeting a yield of 5.5% once fully invested, this represents an attractive proposition for the income model and it is now high on our list of suitable opportunities. Diversifying investment within this area, our only concern is the time it will take for the ASI to fully invest and pay dividends. This concern however needs to be balanced against the likelihood of capital gain. The underlying stock price should anticipate dividend flows and move to a premium. This new trust invests in European centres and the appeal of a non-UK centric REIT is very strong. The expected yield of 5.5% will be 1.20% higher than that currently paid by Tritax.

Investment Profile List (November 2017)	Industry	Dividend Yield
SQN ASSET FINANCE INCOME FUN	UK Inv Trust - Lease Finance	7.7
NATIONAL GRID PLC	UK Equity - Utility (Electricity)	7.6
EMPIRIC STUDENT PROPERTY PLC	UK Inv Trust - Property	6.25
ROYAL DUTCH SHELL PLC-A SHS	Equity - Global Oil	6.23
GLAXOSMITHKLINE PLC	UK Equity-Pharma	6.15
P2P GLOBAL INVESTMENTS PLC	UK Inv Trust - Loans	5.9
LEGAL & GENERAL GROUP PLC	UK Equity - Financial (Insurance)	5.5
GREENCOAT UK WIND PLC	UK Inv Trust - Infrastructure	5.45
HSBC HOLDINGS PLC	UK Equity - Financial (Global Bank)	5.3
ISHARES LISTED PRIVATE EQY	ETF - Private Equity	5.2
TWENTYFOUR INCOME FUND LTD	Asset Backed Bond Fund	5
HICL INFRASTRUCTURE CO LTD	UK Inv Trust - Infrastructure	4.95
LLOYDS BANKING GROUP PLC	UK Equity - Financial (UK Domestic Bank)	4.9
INVESCO PERP GL FIN CAP-ACC	Financials Bond Fund	4.8
ISHARES GLB HY CORP GBP-H	High Yield Bond ETF	4.6
TRITAX BIG BOX REIT PLC	UK Inv Trust - Property	4.3
INTERNATIONAL PUBLIC PARTNER	UK Inv Trust - Infrastructure	4.2
GCP STUDENT LIVING PLC	UK Inv Trust - Property	4.15
ASSURA PLC	UK Equity - Property (Care Homes)	4.12
ISHARES UK PROPERTY	ETF - UK Property	3.3

Portfolio Statistics: Performance and Volatility.



Portfolio Statistics (source: Bloomberg)	**3 Months**	**6 Months**	**YTD**	**1 Year**
Total Return	0.82	-0.59	2.65	2.65
Maximum Return	2.58	2.58	2.58	2.58
Minimum Return	-2.04	-2.07	-2.07	-2.07
Mean Return (Annualized)	3.28	-1.18	2.65	2.65
Risk				
Standard Deviation (Annualized)	4.57	4.37	4.13	4.13
Downside Risk (Annualized)	3.24	3.16	3.00	3.00
Sharpe Ratio	1.41	0.82	1.65	1.65
Total Underlying Fund (Funds / Investment Company / ETF) Charges 0.255% (where quoted)				

Sector Comment: Inflation Beating Potential of Real Estate Investment Trusts

Last month we spoke of our concerns regarding inflation, concluding it will be "a slow train coming". It seems we are not the only ones. At a recent Seminar, well respected Total Return Manager, "Ruffer" gave their coincidental view on the subject; "Inflation will be the "did not see that coming" surprise". They have positioned into long dated Index Linked Gilts. If we do see very high levels of inflation, with RPi at 5% or more, Index Linked Gilts will provide protection. However, long dated index linked bonds are exceptionally volatile, do not pay any significant income and are currently expensive. Other inflation protection investments such as Commodities also require high levels of outright inflation to provide a protective position and if high inflation does not occur Commodity stocks can fare badly.

Over a longer term cycle, going back to the 1970's, we can see that in high inflation periods (inflation indices doubled in the '70's) Commodities can provide excellent returns. They would have easily outperformed Linked bonds, had they been available. However, in normal periods of low inflation, Commodities tend to provide negative returns, whilst Index Linked bonds just about cover costs. There are other investment sectors that work in both environments such as Equities (based on broad based indices) and Real Estate, as measured by Real Estate Investment Trusts or "REITs".

REITs are closed ended collective investment vehicles or companies. They tend specialise in specific property markets. Close ended funds do not have to react to investor sentiment, through buying or selling underlying assets. Property is an illiquid asset and is difficult to buy and sell. So a close ended REIT won't be an irrational buyer at times where investor enthusiasm is high, nor a distressed seller, when investor sentiment wanes.

REITs produce strong levels of income, paid to investors in the form of dividends. Although cashflows derive from two key areas, the first being portfolio repositioning, or the realisation of property assets. These capital amounts are either re-invested, creating potential for capital growth, or sometimes paid as special dividends. The second and for us most important cashflow comes from rent. In a REIT these must be passed on to investors in the form of dividends. REITs must pay at least 90% of income to investors. This income is not taxed at source and investors therefore only pay tax according to personal circumstance. For investors using tax efficient vehicles, the advantages are plain to see.

Rent is subject to annual reviews and uplifts, where property lease language, generally, allows for annual upward only, inflation + increases. Whilst a property portfolio may "generally" fluctuate in terms of capital, rental income flows tend to be well anchored. This income flow serves to provide investors with good returns in all but the most testing of market conditions.

REITS are popular in America and became established in the 1960's, now boasting an estimated 70 million investors. They form a bedrock of savings plans, providing income and moderate capital growth which has been proven to keep up with and overcome the effects of inflation.

REITs are becoming more established in Britain since introduction of foundation rules contained in the Finance Act of 2006. REIT status is now part of mainstream property company policy. The Finance Act has seen the growth of REIT's with an emphasis on "ownership and management" rather than "development and sales". The former are used in the Income Model.

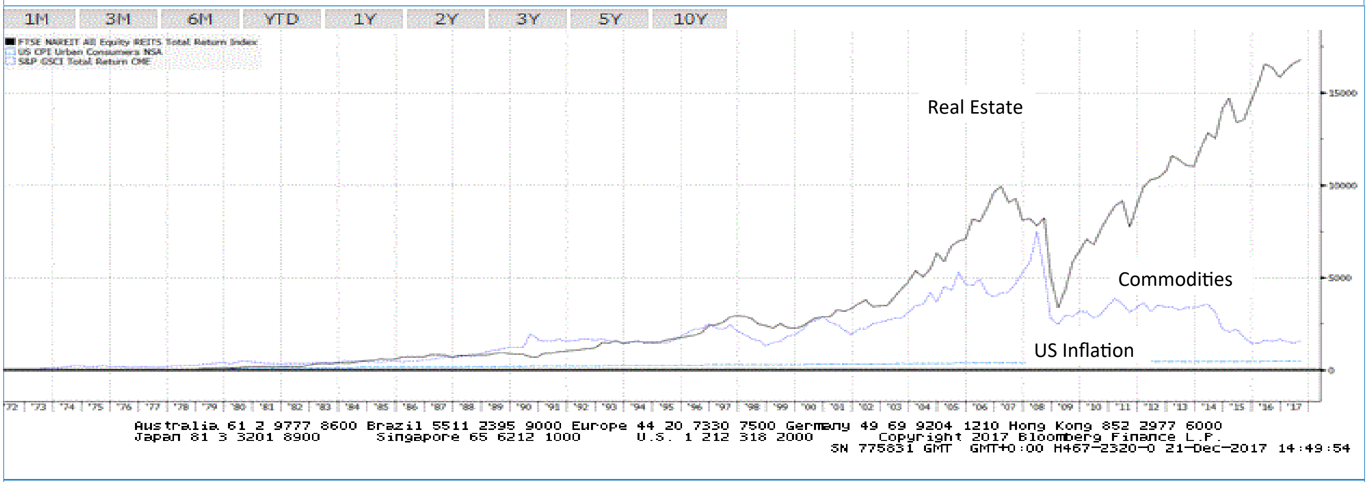
The last chart on the following page describes the performance of the asset class over several time frames - since the UK start date in 2006, (just before the start of the Great Financial Crisis) when the index was dominated by Commercial Real Estate and Housebuilders. Since this time the Investment Company sector has embraced REIT's, providing investors a diversified set of opportunities. The performance of the sector since the GFC has been exceptional, with a total return of +345%, compared to the FTSE of "just" +267% and with inflation indices of around +30%.

The rise of the index is driven not only by a recovery in property, but also by diversity of the asset class. REIT managers are adapting to available opportunities and investors can select REIT's with general or specific sector investment mandates.

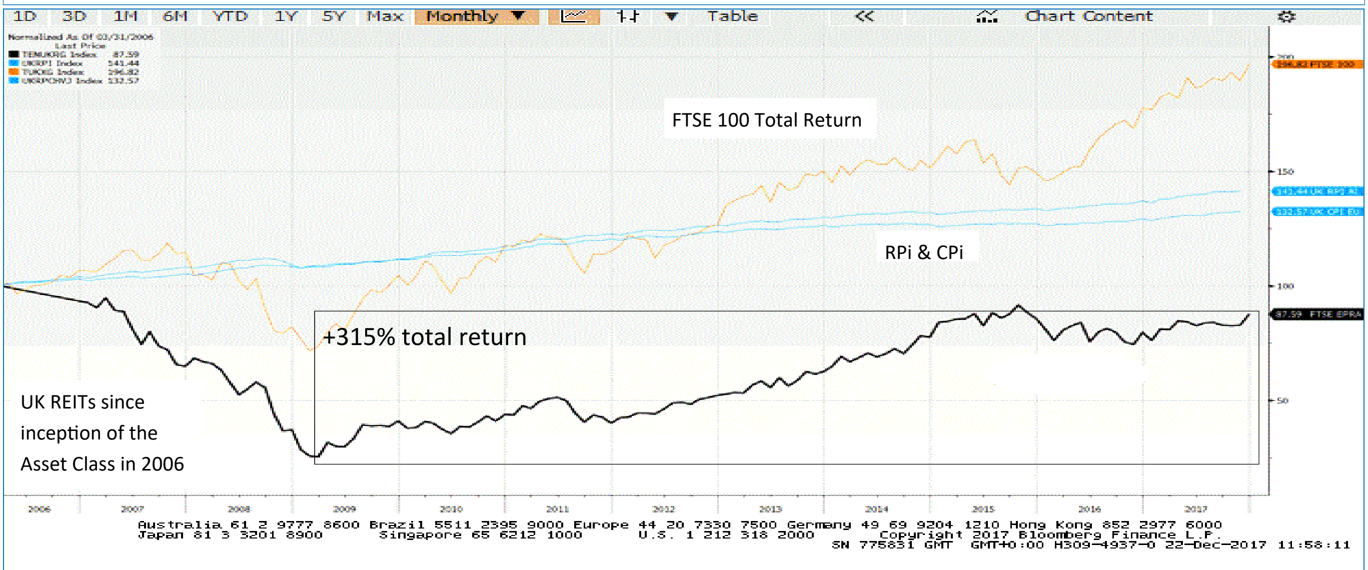
History, from the USA, shows us that REITs can provide inflation plus returns whilst delivering a strong flow of income in the form of regular dividends derived from rents.

Real Estate Represents 22% of the income Portfolio.

During the highly inflationary period of the 1970's, Commodities really performed - led by Oil. However, the fully established US Real Estate market (REITs) almost doubled the rise in US inflation



Over the long term, with declining inflation, Commodities provided erratic returns led by supply and demand, whilst US REIT's provided solid l/t growth, despite the 2007/2009 correction caused by the GFC



In the UK, REIT's are only just becoming an established and growing asset class. However the return since 2009 is +315% as the sector has become more diverse

Successful Investing for Income

We are now in an economic age which suffers from low income returns. Low interest rates have been the norm since 2009 and it would seem to be the case that the low interest rate age will continue for the fore-seeable future.

Since rates began to fall in 2009, returns generated by bonds have held up surprisingly well, buoyed by fixed rates on bonds issued before the crash and capital gains . However, we have seen that the lower for longer interest rate environment has the effect of substantially reducing returns to bond investors as the bonds issued from 2009 and before come to maturity and the maturity proceeds are re-invested back into the market at very much lower rates.

This decline in rates has pushed bond investors to new and higher yielding markets and extremes of maturity in an effort to maintain returns. Bond investing is now a complex and difficult market with raised of underlying risk. Annual income returns can be overwhelmed by a market move over a few hours.

Historically, bonds have always attracted investors and savers looking for safe and secure income. Whilst "safe and secure" is arguably still a feature for most of the bond market, the type of income returns we had been accustomed to over the last 30 years are difficult to achieve.

The low interest rate environment however provides opportunities in equity markets, where the outlook for companies, because of cheap funding, is looking promising. Dividend yields often exceed bond yields issued by the same company and it makes sense to consider a combined Bond and Equity market approach when investing for income.

Understanding the difference between Bond and Equity investing is vital. Investors could be excused for believing that, in the end, the outcome is the same. The two asset classes react differently to the varying economic pulses and themes that mark the ebb and flow of markets. Rising interest rates, which combat potentially strong inflation, caused by a pick-up in growth, may occur in a supportive environment for markets as investors anticipate greater profitability as the economy picks up. Bonds in this environment generally struggle as fears of inflation and being locked into a lower rate of interest become the main concern.

We provide an investment approach that combines investment into Equity, Bond markets and investment into Real Assets. Our aim is to provide a regular income to our clients without relying on either market.

bridport is, by its origins and nature, a specialist in bond markets. However, our long term investment experience provides a unique ability to add to this specialisation with careful and insightful analytics within the sphere of income investing.

Bond investors are mostly concerned with retaining portfolio value, in real (inflation protected) and nominal terms. We work to meet specific income targets by investing in key value sectors of the bond market with target portfolio of equities, funds and Investment Companies that pay relatively good levels of dividend income.

Generally, our approach will feature bonds to a greater extent than equities, although we will not be doggedly bound to this relationship and the approach will change over time as market conditions evolve.