

Our Investment Proposition

Our Client Charter & General Advice Principles [1] confirm that the advice we provide will be:

Affordable	Sustainable	Free from Bias
Suitable	Client Focused	Delivers against TCF Outcomes [2]

These principles are developed further with a set of beliefs and principles relating specifically to our investment proposition.

For further detailed information please refer to our Guide to Investing [3].

Our Investment Beliefs

- Emergency Funds** are set aside with a target equivalent to a minimum 3 to 6 month's earned income.
- Outstanding Liabilities** should be considered for repayment before investing (i.e. credit cards & loans).
- Risk Averse** clients will be advised to 'invest' in appropriate 'no risk' products (with due regard to both their tax status and the protection provided by the Financial Services Compensation Scheme).
- Tax Efficiency** is fundamental to our advice with consideration given to any unused allowances & reliefs.
- Time!**
 - The term of client investment objectives is important (particularly any early access requirements);
 - 'Investments' should be considered medium to long term (10 years +); and
 - It is time in the market that counts, not attempting to time the market!
- Investing for Income** may include setting aside money 'on deposit' for the first year's income.
- An **Active, or Passive Investment** preference is assessed during fact finding and is important as the fund selection process (and resultant 'matrix'— see below) includes funds using both approaches.

Our Investment Principles

- Our aim is to achieve above average growth for below average risk and volatility for clients.
- Our core approach is to invest in multi asset class funds aligned to the client's attitude to risk. Spreading risk (we refer to as 'diversification') is one of the most important principles of investing.
- Appropriate asset allocation, fund selection and rebalancing require a high level of professional expertise.
- With our advice, clients' portfolios should be regularly rebalanced to their asset allocation model.
- Active management should only be accessed where there is evidence of added value through qualitative and quantitative research, and the potential for outperformance using alternative investment strategies.
- Portfolio manager(s) should have discretionary powers to select funds within each portfolio based on clear fund mandates.
- Where this core approach is inappropriate for a client, alternatives will be researched and offered.

Investor Risk Profile

When recommending investment funds for a client the starting point is their Investor Risk Profile which is based on the client's:

- Attitude, or tolerance to risk;
- Capacity to take risk, and suffer a loss; and
- Need, or desire to take risk.

An Investor Risk Profile is established using a risk profiling technique developed by Intrinsic Financial Planning Ltd [4] and Moody’s Analytics [5]. The outcome is based on one of six profiles ranging from level 1 ‘Risk Averse’ through to level 6 ‘Adventurous’ – please see our Guide to Investing for a detailed explanation.

Our Fund Selection Process

As above, our fund selection process is based on the principle that asset allocation, fund selection and subsequent rebalancing require a high level of professional expertise. We therefore outsource this process to the Management Investment Committee operated by Intrinsic Financial Planning Ltd who bring together the investment expertise required to ensure we offer a fully integrated, Centralised Investment Proposition.

Risk Rated Funds

Moody’s Analytics are mandated by the Management Investment Committee to create and maintain a range of ‘model’ portfolios with assets diversified and allocated such that they are consistent with the six Investor Risk Profiles above. The Management Investment Committee is then able to identify and select funds holding assets which are consistent with the model portfolios created.

Investment Research

Morningstar [6] are then appointed to complete independent research of the market place to create a ‘matrix’ of funds using the following selection criteria set by the Management Investment Committee:

Risk categorisation & strategic asset allocation	Fund house objectives	Fund house stability	Fund house personnel & resources	Internal investment processes
Portfolio construction	Internal risk and controls	Strong consistent performance	Regular reviews	Fund manager interviews

As Advisers we are then able to select and recommend ‘matrix’ funds which are consistent with the Client’s agreed Investor Risk Profile.

On-Going Reviews & On-Going Service

Fund Changes on the ‘matrix’ are made following quarterly meetings of the Management Investment Committee when the quality and risk level of the funds are reviewed based on Morningstar reports. Changes and any necessary follow up action are communicated to clients who have engaged with us to provide on-going service.

‘Off Matrix’ Recommendations

Based on our experience, we believe ‘matrix’ funds will be appropriate for the majority of our clients’ investment needs. And where it is not possible to meet client needs, then investment products and providers from the whole of the market are researched using leading, independent research data.

‘Platform’ Technology

Our Guide to Products & Platforms [7] explains how we will consider technology based solutions or ‘platforms’ as a means to hold and administer our clients’ investments with the potential to provide more choices, flexibility and above all, control.

[1] See our guide – Client Charter & Advice Principles

[2] Treating Customers Fairly - part of Financial Conduct Authority objective to protect & enhance confidence in UK financial system.

[3] See our Guide to Investing

[4] Intrinsic Financial Planning Ltd is one of the UK’s largest providers of financial adviser support. ‘Intrinsic’ are part of Old Mutual Wealth, part of Old Mutual plc, a FTSE 100 group with more than 16 million customers worldwide and a total of £319.4bn assets under management (as at 30.09.15).

[5] Moody’s Analytics is a worldwide leader in providing investment research and risk management systems and data.

[6] Morningstar is an independent investment research and consultancy business with one of the largest and most experienced fund research teams in the UK market.

[7] See our Guide to Products & Platforms.