# Investment Process

We have been successfully managing our clients' money for over 15 years as part of our financial planning service and we now have over £250m under management. This has been built on the back of truly understanding what our clients want from us and agreeing expectations.

Ours is a team approach, utilising the skills and expertise within the firm to deliver a high level of service, which has been honed through the combined experience of over 40 years and an evolved understanding of portfolio construction. We believe that we deliver an investment and on-going review service that meets the demands and rigour of modern portfolio management.

Before we can put together any investment portfolio, we need to gain a true understanding of your risk profile. This can only be ascertained through dialogue and ensuring you have sufficient knowledge of the nature of the investments that are likely to make up your portfolio. This would not only be in terms of how they work, but also ensuring you understand the potential gain, as well as loss and volatility, enabling you to make informed decisions about what you could potentially expect.

It is essential, therefore, that we listen and agree your objectives for the investment including your need for income or growth, the timescales, future capital requirements, inflation and of course your capacity for loss. All these factors will influence the likely investments that we would consider for you.

## The Process

*In practice this would generally run as follows:*

### Step 1

This involves you completing a Risk Assessment Questionnaire which is designed to measure your risk tolerance and provide an indication of your attitude to risk. The result is then translated into a risk rating and forms the basis for a discussion that will align this with your objectives.

### Step 2

We will then complete an Attitude to Risk proforma on the back of in depth discussions around your objectives and risk tolerance and then agree your risk profile using one of the five categories from 1 – 5 as follows:

*Risk level 1 – Low*

This means that you prefer not to invest in the stock market and are prepared to accept potentially lower returns from investments where your capital is exposed to minimal risks, principally inflation and currency risk. These investments can in certain circumstances fall in value.

*Examples: Savings Accounts, National Savings and Money Market Funds*

*Risk level 2 – Low to Medium*
This means that you are prepared to invest in assets which can fluctuate in value, but that have a relatively low level of risk to capital over the longer term, in order to achieve potentially higher returns.

*Examples: Gilts and funds investing in Fixed Interest and Corporate Bonds*

*Risk level 3 – Medium*
This means that you are prepared to accept fluctuations in the value of your investment in the hope of achieving better returns over the medium to longer term. These investments carry a risk of loss to your capital.

*Examples: Funds investing in UK Equities or Property*

*Risk level 4 – Medium to High*
This means that you are happy to invest predominantly in equity based assets, where the risk is spread across a variety of investments (some of which are "specialist" investments). The aim is to generate higher returns, whilst you accept the increased volatility and risk of a loss to your capital.

*Examples: Funds investing in other developed economies (i.e. America, Japan etc), and/or UK Smaller Companies*

*Risk Level 5 – High*
This means that you are happy to invest in more specialist and alternative assets classes with the aim of generating higher returns. These will typically be more volatile, illiquid and pose a greatly increased risk of loss to your capital, and in some cases all of your capital.

*Examples: Funds investing in Emerging Economies or Commodities, directly held shares and unquoted stock*

**Step 3**
Having established your overall risk profile, which you agree to by signing our Attitude to Risk proforma, we will then offer you a portfolio designed to replicate your agreed risk profile, using agreed and researched asset allocation models.

## Why do we use risk rated portfolios?

From our extensive research we have selected and approved a list of around 150 funds that consist of both growth and income mandates. Our in-depth fund analysis takes into account factors such as fund management tenure, performance, fund ratings and long term prospects.

We combine our experience with the latest in portfolio analysis technology, including Financial Express, which allows us to X-ray portfolios and understand the underlying allocation of holdings and assets in the funds and ensures that where you have funds in the same markets you do not end up overweight in any particular holding.

For more information we have produced a summary regarding the Blackstone Moregate Investment Philosophy and Methodology. Please ask for details.

## Ongoing Monitoring

All the funds on our buy list are monitored quarterly to ensure they retain their first or second quartile ranking relative to their peers. If a fund fails to stay in the first or second quartile then they move onto our watch list. If, after the fourth consecutive review, the fund is still on the watch list, a more in-depth analysis is carried out and the fund will either be retained for a further agreed period, or be removed and replaced with another more suitable fund. If you have exposure to the fund being removed, then we will contact you and offer to replace it with the new holding, but we will only switch with your permission and agreement. This ensures that your portfolio is being continually monitored.

## What you will find in your portfolio

At each risk level we have considered what constitutes suitable relevant asset classes for such a portfolio and what percentage should be allocated to each, and we have applied some of the leading portfolio asset allocation models to match each risk level and growth or income mandate. A typical portfolio will include any combination Government Gilts, Corporate Bonds, Property, UK Equities and Overseas Equities. We have considered that most portfolios will be investing for 5 years or more and therefore our recommendations reflect these timescales and beyond.

Of course, we do allow for bespoke portfolios and in some cases alternative funds and instruments will be used. Ultimately our process is there to assist in the long term success and effective management of your investments, and your individual requirements will always be discussed and agreed accordingly.




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