

INVESTMENT ADVICE

The steps outlined below set out at a high level our investment advice process. If needed, we are happy to provide a more thorough and detailed explanation.

FACT FIND

- Completion of an initial information gathering questionnaire alongside an income and expenditure questionnaire, to understand your current personal situation, existing assets and liabilities, income and outgoings.
- If necessary, obtain detailed plan information from your existing investment providers.
- Establish your investment objectives and timescale.

ATTITUDE TO INVESTMENT RISK:

- Completion of risk profiling questionnaires to assist us in assessing your attitude towards investment risk.
- Establish your risk profile using technology solutions and an assessment of your capacity for loss.
- Confirm and agree with you the resulting risk profile and investment horizon.

ASSET ALLOCATION / PORTFOLIO CONSTRUCTION:*

- Asset allocation reflects the assets or sectors into which your portfolio is invested and what percentage is invested in each asset or sector.
- Broadly speaking assets can be broken down into:
 - Equities or shares, overseas and UK, larger and smaller companies.
 - Property, predominantly bricks and mortar, UK and overseas.
 - Alternatives such as investments in UK and overseas infrastructure.
 - Fixed Interest such as Government Bonds (GILTS) and Corporate Bonds.
 - Cash – including Bank & Building Society Deposit Accounts and National Savings.
- We use tools to generate model asset allocation portfolios based on risk profiles, past returns and Efficient Frontier models. Efficient Frontier models aim to find the optimal set of asset mixes calculated to generate the highest rate of investment return for a given level of risk.
- Reviewing industry asset allocation models to generate a consensus asset mix adjusted to suit your requirements and constraints, e.g. taking account of any ethical or emotional bias.
- Confirm average weighted risk profile of proposed model portfolio matches your risk profile, or adjust to suit.

REVIEW EXISTING INVESTMENTS

- Analyse your existing investments and establish whether they should be retained.
- Where required, overlay your retained holdings on the model portfolio appropriate for your attitude to risk and investment horizon.
- Establish which gaps, elements or categories need ‘populating’.
- Determine changes required to any unsuitable or poorly performing funds for others that better match your attitude to risk and investment horizon.

FUND RESEARCH:*

- Having determined the composition of your model portfolio at a generic level, we then select appropriate funds and managers. We research funds using a number of risk metrics, including:
 - Performance.
 - Volatility.
 - Alpha ratio.
 - Beta ratio.
 - Sortino ratio.
 - Information ratio.
- These risk metrics are applied on a sector by sector basis to identify funds that have a consistent performance track record for the right reasons – not just a ‘flash in the pan’.
- Our fund research is ongoing, with six monthly formal reviews and ad-hoc reviews where there is a significant change to any individual fund.

TAXATION:

- We generally confine our mainstream recommendations to collective investment funds rather than direct holdings in shares or other securities. Collective investment funds spread risk by investing in a large number of Securities with the benefit of expert fund management.
- Our tax-wrapper recommendations are based on your individual tax status and these collective funds can fit within any of the core tax wrappers which we provide advice about; ISAs, Pensions, General Investment Accounts and Investment Bonds.
- Our tax-planning advice considers:
 - Utilisation of personal tax allowances.
 - Managing spouses and partner holdings effectively.
 - Capital gains tax
- Where appropriate we advise on sophisticated investments such as Venture Capital Trusts, Enterprise Investment Schemes and Business Relief Schemes.

CLIENT REPORT:

- Confirm tax wrapper, asset allocation and fund recommendations
- Confirm overall average weighted risk rating of proposed portfolio is aligned to your risk profile.
- Illustrate the effects of adopting our recommendations.
- Explain why we have made the recommendations.
- Confirm our charges.
- Agree course of action and financial plan.

ADMINISTRATION:

- Arrange new investments and/or amend existing arrangements.
- Switching and rebalancing investment funds as appropriate.
- Regularly update records with current valuations, electronically or manually as appropriate.

REVIEWS, where agreed:

- Update our records of your current financial and personal details.
- Provide updated portfolio valuations.
- Review underlying investments as some will have grown more than others changing the overall portfolio balance. This in turn alters the portfolio's risk profile which may need realigning to the agreed model.
- Discuss effects of and reasons for any recommended changes.
- Carry out any agreed changes to your portfolio.
- Reviews are typically annual, or more frequently by agreement.

CONTINUOUS CORE ACTIVITIES:

- Answering your ad-hoc calls and queries.
- Ongoing assessment of investment funds.
- Maintaining a Clairville York 'best buys' list of funds and investment products.
- Periodic reviews of asset allocation.
- Understanding and keeping abreast of ever evolving legislation and taxation issues.
- Maintain an awareness of other relevant industry, Government, regulatory, economic and legislative issues.

*** Detailed Process Documents available on these subjects.**

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