

Our Investment Advice Process



Our investment advice process is outlined below in the following steps, each of which can be explained in more detail if required.

- **FACTFIND**
 - Establishing full details of your existing investment holdings and keying onto our computer systems
 - Establishing your objectives, timescales and needs, for example income, growth or combination of both

- **ATTITUDE TO RISK ***
 - Completion of risk profiling questionnaires to assist us in assessing your attitude towards investment risk; the amount of risk you are prepared to take for the amount of return you require
 - Establish your risk profile using technology solutions
 - Confirm the resulting risk profile

- **ASSET ALLOCATION / PORTFOLIO CONSTRUCTION ***
 - Broadly speaking assets can be broken down into:
 - Equities or shares, overseas and UK, bigger and smaller companies
 - Property – bricks and mortar, UK and overseas
 - Fixed interest such as Government bonds (GILTS) and Corporate bonds
 - Cash – including bank & building society deposits and National Savings
 - Using computerised 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. 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
 - Overlay your retained holdings on the model portfolio
 - Establish which gaps, elements or categories need 'filling'
 - Determine changes required to inappropriate or poorly performing funds for others that better suit your appropriate asset mix

- **FUND RESEARCH ***
 - Having determined the composition of your model portfolio at a generic level, we then select suitable funds and managers
 - We research funds on a number of risk metrics, including:
 - Performance
 - Volatility
 - Alpha ratio
 - Beta ratio
 - Sortino ratio
 - Information ratio
 - These risk metrics are used to establish which funds have and possibly will perform consistently well and for the right reasons – not just a '*flash in the pan*'
 - Our fund research is ongoing, with six monthly formal reviews

- **TAXATION**

- We confine our 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
- Another advantage of funds over direct holdings is that they come in different “tax-wrappers” for example Unit trusts & OEICs, ISAs, Investment Trusts, Pensions and Investment Bonds each having their own taxation characteristics
- Our selection of tax-wrappers is based on your individual tax status

- **CLIENT REPORT**

- Confirm tax-wrappers and funds recommended and provide factsheets
- Confirm overall average weighted risk rating of proposed portfolio is aligned to your risk profile
- Show 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
- Switching funds as appropriate
- Regularly update records with current valuations, both electronically and manually as appropriate

- **REVIEWS, where agreed**

- Update our records of your current financial and personal details
- Provide updated portfolio valuations
- Review 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 products or tax-wrappers
- Keep abreast of taxation and other changes which affect portfolios and their investments
- Maintain an awareness of relevant industry, Government, regulatory, economic and legislative issues

* Detailed Process Documents available on these subjects

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