Investment Solutions

A Guide to Our Investment Solutions

Chase Asset Management Ltd

Chase Asset Management Limited is authorised and regulated by The Financial Conduct Authority

Investment Objective

- Investment Objective
- Risk Assessment
- Asset Allocation
- Investment Strategy
- Fund Selection
- Regular Review

Our aim is to help you to identify the most appropriate way for you to achieve your financial goals.

We discuss with you your needs and expectations, assess and agree with you your attitude to investment risk, and then build and oversee an investment portfolio to match your requirements.

The Chase Investment Committee will then review the process in January and July of each year.

We will also review your risk profile and investment objectives on a regular basis.

Risk Assessment

To establish your tolerance for investment risk, we will ask you a series of questions.

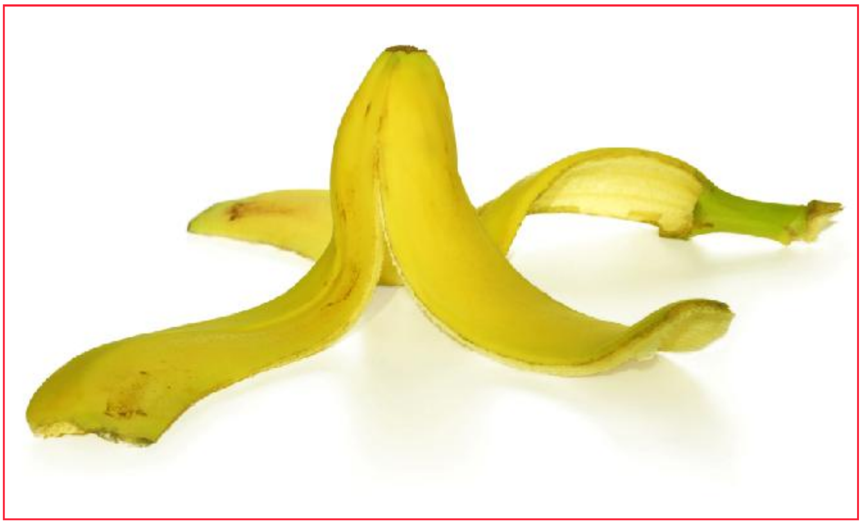
We use a risk profiling questionnaire which has been developed in line with the guidelines laid down by our regulatory body, the Financial Conduct Authority (FCA).

The results from the answers you give to the questionnaire will produce a risk profile score on a rising scale of risk of 1 to 10.

If your risk profile score is 1, then low volatility investments such as cash or bank deposits could be the resulting investment recommendation.

If your risk profile score is 10, then we might recommend an investment portfolio which includes investments in asset classes such as emerging markets, which may offer greater growth potential than other investments, but are also likely to experience severe highs and lows of investment performance, referred to as volatility.

However, before making any recommendations based on your risk profile score, it is important that you understand what its meaning is and possible implications.



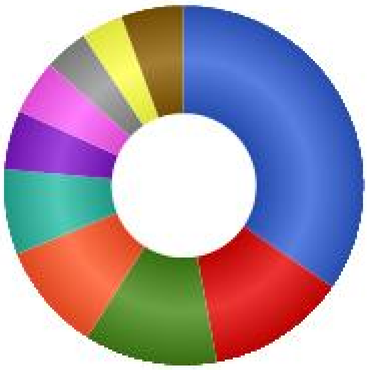
Asset Allocation

Creating an asset allocation in line with your risk profile score involves getting the correct balance of assets within the asset classes by selecting a mix of the appropriate collective funds.

Asset allocation is based on long-established and well-proven mathematical principles. For this part of the investment process we utilise Dynamic Planner from Distribution Technology (DT), in conjunction with the Risk Profile Questionnaire and FE Analytics software.

The chart below shows the possible asset allocation for an investor with a risk profile of 6

Asset Allocation



Name	Original %
UK Equities	35.00
UK Fixed Interest	17.00
Asia Pacific Equities	9.00
North American Equities	10.00
European Equities	7.00
Property	6.00
Japanese Equities	5.00
Global Fixed Interest	1.00
Money Market & Gilts	2.00
Global Emerging Market	8.00

Investment Strategy

Once we understand your risk profile and objectives, we need to decide on the investment strategy.

At Chase Asset Management we offer three investment strategies for you to choose from and we will work with you to decide which is the most suitable strategy to meet your objectives.

Governed

- Provider Multi Managed portfolio solutions
- Choose from a panel of multi managed portfolios risk assessed by Dynamic Planner
- Auto Rebalanced
- Risk rated to suit your risk profile
- Provider governance

Strategic

- Chase Asset Management portfolio solutions
- Access to Chase Asset Management recommended fund list
- Risk rated to suit your risk profile
- DT Dynamic Planner researched asset allocation
- Fund research by FE Analytics

Tactical

- Bespoke portfolio Solutions
- Tailored solution to meet individual client needs
- Access to Chase Asset Management recommended fund list
- Fund research by FE Analytics

Fund Selection

For the majority of asset classes, the Chase Investment Committee will confine it's selection to funds which have:-

- An OBSR rating of - Bronze and above (see page 11)
- A FE Crown rating of – 3 crowns and above (see page 10)
- 3 year performance of - quartile 2 and above

A quartile measure shows how a fund compares in investment performance to others in its asset class. The top 25% of funds are in the first quartile, the next 25% are in the second quartile etc. Quartile performance is always relative to a time period such as 1 year or 3 years.

However, where this criteria selection results in insufficient funds, particularly property and gilts, the Chase Investment Committee will consider other criteria such as the FE Risk Score in selecting the funds for client portfolios.

Also, if a fund loses its rating in the future, the Chase Investment Committee will review its viability and may decide to replace it.

Regular Reviews

Our Chase Investment Committee will meet on a six monthly basis to review the asset allocation for each risk profile and the Chase Asset Management fund list across each asset class.

Even the simplest portfolio will go out of shape over time. Some sectors and funds do better than others. Consequently, one may need to 'prune back' a sector if it has performed well, and reinvest in other sectors. This mechanism, called 'rebalancing', is a vitally important service, because failure to counteract portfolio drift in this way, may increase the investment portfolio's exposure to volatility and inadvertently change your original risk strategy.

You may choose to have your investment portfolio automatically rebalanced by the platform provider and we recommend that you select this option if it is available.

We will also contact you on an agreed basis to review your attitude to investment risk and your investment portfolio generally.

If the Chase Investment Committee feels it necessary to change a fund within your portfolio or to alter/rebalance your asset allocation before our next normal review meeting, we will contact you and ask you to authorise these changes.

Investment Risk

In simple terms, investment risk means losing money, whether this is realised or unrealised.

For example, you could invest your money in a fund which guarantees that your original investment will never lose its cash value, but if inflation is running at a higher rate than the growth on that fund, then you will still be losing money in real terms.

Whatever your goals, we aim to ensure that the investment strategy we recommend for you is in line with your attitude to investment risk. To achieve this we need to consider a number of factors, including the following:-

- The anticipated length of time you want your investment to last.
- The effects of inflation.
- Cash reserves you require to meet unexpected circumstances.
- The amount you have to invest.
- Your existing long term savings.
- Your debts, if any.
- The impact of possible short-term falls in investment values.

RISK WARNING
Values of investments and income can fall as well as rise, and it may not be possible to get back the full amount invested. Past performance is not necessarily a guide to future performance.

Diversification

How much you choose to put in (allocate to) each of the four primary asset classes will depend on a number of factors, of which probably the three most important ones are:-

1. Whether you only need your investment to grow, or whether you need it to provide you a with a regular income.
2. How much risk you are ultimately prepared to take with your money, bearing in mind that "risk" means possibly losing some of it.
3. How long you can invest for, without having to encash your investment.

Asset Classes

The risk profile score will indicate an asset allocation in different investment categories (or asset classes), of which there are four primary ones, as follows:-

- Shares
- Debt
- Property
- Cash

Shares: Often referred to as "stocks" in the USA or "equities" in the UK; are shares in UK or overseas companies. Historically, this asset class has produced the highest returns, and offers the best chance of beating inflation over the long term. However, it also carries the greatest risk, and particularly over the short term (0-5 years), the value of this asset class can go up and down significantly. This feature is known as volatility. Shares should only be viewed as a long term investment (5 years +).

Debt: This asset class is generally referred to as "fixed interest securities" or "bonds", which are effectively IOUs issued by governments and companies in order to raise capital, often for specific projects. Those issued by the UK Government are called Gilts, and those issued by companies are known as Corporate Bonds. Historically, this asset class has produced better returns than cash, but lower returns than property or equities. Although it is known as fixed interest, prices can still go up and down, but it is generally not as volatile as shares.

Property: This refers to commercial and industrial as opposed to domestic property, and historically this asset class has provided lower returns than Shares but higher returns than Debt or Cash. It can produce spectacular long term profits, but Property is a volatile asset. There is also a risk that your money could be frozen for a period by a fund manager, until a market recovers.

Cash: Investing in cash means putting your money on deposit (for example in a bank or building society account) where it earns interest. This asset class offers greater security than the other three asset classes, but has less potential for growth or protection against inflation. Cash accounts are normally accessible, simple, and generally have no specific product charges. On the other hand, interest rates vary hugely, and are subject to frequent changes. One can also invest in cash through money market funds.

Fund Selection

As part of the fund selection process, we use the data from a number of independent rating agencies.

FE Crown Fund Ratings

For general fund characteristics and performance we use FE Crown Fund Ratings

These are quantitative ratings ranging from one to five, designed to help investors and their advisers to identify funds which have displayed superior performance in terms of stockpicking, consistency and risk control.

A single FE Crown Fund Rating reflects the lowest tier, while a five FE Crown Fund Rating reflects the highest tier and identifies a fund which FE thinks is of superior quality.

The Ratings identify funds that have, over recent times, displayed superior performance in terms of:-
- stock picking.
- consistency of outperformance against a credible benchmark achievement of results at a relatively low risk.

This is not the same as simply identifying the best performers. Funds can also achieve good performance as a result of:-
- making significant bets on market movements.
- sudden bursts of performance, with other periods being indifferent or poor.
  taking very high risks.

FE's view is that certain types of performance are more valuable than others. The drivers behind performance recognised by an FE Crown Fund Rating are those that FE believes are intrinsically more valuable to investors in nature, because of their solidity.

FE Crown Fund Ratings are not individual fund recommendations, and should not be seen as specific advice, but a quantitative rating like this provides the starting point for refining and monitoring a list of funds that would be suitable for consideration. Whereas tracker-type funds are rated, but, unless they are poor at tracking the index, their ratings will be of little value.

So as not to restrict our choice too much, we consider for our clients' portfolios, any fund that has a FE Crown rating of 3 Crowns or above. If the fund loses that rating in the future however, the Investment Committee will review its viability and may decide to replace it.

Morningstar OBSR Analyst Rating

For a different style of fund analysis we use the Morningstar OBSR Analyst Ratings.

A Morningstar OBSR Analyst Rating for funds is the summary expression of Morningstar's forward looking analysis of a fund. A Morningstar OBSR Rating of Gold, Silver or Bronze indicates that Morningstar's analysis think highly of the fund and have an expectation that they will beat their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

Morningstar OBSR Analyst Ratings are assessed against 'five pillars', with Morningstar looking for funds that have:

- a seasoned, talented, and successful manager or management team
- a sound, thoughtful process that has been executed skilfully and consistently
- a portfolio that's in harmony with the stated process and that's capable of delivering a reward that compensates investors for the risks it taken
- reasonable expenses
- a strong parent organisation that is focused on responsible stewardship of investor assets

All funds that can be rated will, on a monthly basis, be awarded a rating as follows:

- Gold - is awarded to funds which are Morningstar's highest convictions and in their opinion represent 'best of breed' for their investment mandates.
- Silver - is awarded to funds that are high-conviction recommendations. They have notable advantages across several, but perhaps not all, of the five pillars.
- Bronze - is given to funds which have advantages that clearly outweigh any disadvantages across the pillars, giving Morningstar the conviction to award them a positive rating.

So as not to restrict our choice too much, we consider for our clients' portfolios, any fund that has a Morningstar OBSR Analyst Rating of Bronze or above. If the fund loses that rating in the future however, the Investment Committee will review its viability and may decide to replace it.

FE Risk Scores

In addition to the FE Crown Ratings and the Morningstar OBSR Analyst Ratings, we also take account of the FE Risk Scores.

FE Risk Scores define risk as a measure of volatility relative to the FTSE 100 index, which has a risk rating of 100. Instruments more volatile than the FTSE 100 have a score above 100 and vice versa giving a reliable indication of relative risk. Most volatility measures are based on absolute risk.

Cash has a fixed reference score of zero.

The Risk Scores allow UK investors and their adviser to compare a fund, an equity, an entire portfolio or even an index on a single scale - so an investor and their adviser can see exactly where the risk exposure lies, helping in initial fund selection and in ongoing portfolio management.

Updated weekly, the scores are calculated using a minimum of 18 months and a maximum of 3 years of weekly total returns to measure the volatility of an instrument relative to the FTSE 100. All values are rebased to sterling. The scores are less weighted, but not excessively so, to older returns so the scores are more sensitive to recent events.

FE Risk Scores are unlikely to experience big changes week by week. That is because, even though more weight is given to recent events, returns going back up to 3 years contribute towards the score.

Collective Investments

Although all the four primary asset classes may be purchased individually, it is now more usual to invest in them through a collective fund. These are known as mutual funds in the USA, and in the UK are called Unit Trusts or OEICs (open ended investment companies). Investment trusts and exchange traded funds (ETFs) are other specialised versions of collective funds.

There is a huge variety of different funds on sale in the UK to choose from. To assist investors and their advisers select funds, the Investment Management Association (IMA) have classified around 2,500 of these funds into broad groups or sectors. To fall into an IMA Sector a fund must meet particular criteria. For example, for a fund to fall into the UK All Companies IMA Sector, it must invest at least 80% of it's assets in UK equities which have a primary objective of achieving capital growth.

Tax Wrappers & Platforms

A tax wrapper is a financial product, such as a personal pension plan, within which your investments are held and which generally offers certain tax benefits.

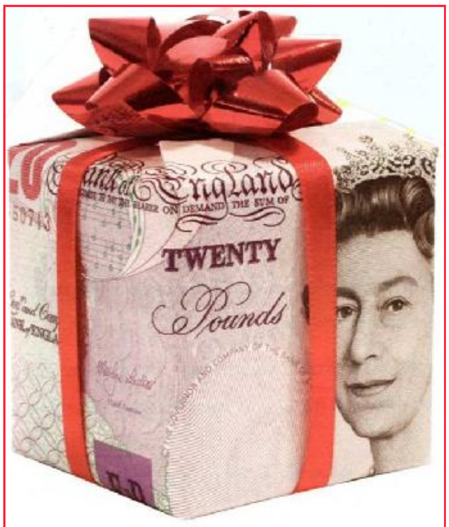
When we have established your financial goals and the fund mix with which to meet them, we will determine the most appropriate tax wrapper or wrappers to meet your needs.

An investment platform is a way to hold, monitor and manage all or most of one's investments in a single place.

As independent financial advisers we are not tied to any single investment wrapper or platform. We consider all providers, and recommend the most appropriate to meet your individual needs.

Platforms generally offer a full range of tax wrappers as follows:-

- Personal Pension Plan
- Self Invested Personal Pension (SIPP)
- Small Self-Administered Scheme (SSAS)
- Onshore Investment Bond
- Offshore Investment Bond
- Individual Savings Account (ISA)
- Unit trust Savings Plan



Links

Investment Managers Association	investmentuk.org/fund-sectors/sector-definitions/
Financial Conduct Authority	Fca.org.uk/
Distribution Technology	distribution-technology.com/
FE Analytics	financialexpress.net/uk/analytics/
Morningstar OBSR	morningstar.co.uk/uk/
FE Risk Scores	financialexpress.net/uk/products/rs.htm
FE Crown Ratings	financialexpress.net/uk/products/cr.htm
Financial Services Compensation Scheme	fscs.org

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