

# Working on your behalf

*Continuing to monitor and manage  
your investments in challenging times*

## *Remembering the purpose of your investment*

At times like these it is more important than ever to remain focused on your financial goals. One way to do this is by reminding yourself of the purpose of your investment. In the majority of cases, the purpose remains the same, but as humans we can get disturbed by global events, and short-term media reports of markets and other related data.

Investing always involves some element of risk which is heightened during periods of turbulence and economic uncertainty. However, through our rigorous research and governance, our investment process is designed to look after your wealth, regardless of how uncertain things become.

We invest in this process to give you peace of mind regarding the products and solutions you invest in. That said, all that is worthless if you are not kept informed and reassured. Hence the importance of your adviser helping with this.

Through regular communication between you and your adviser, you benefit from the peace of mind that comes from knowing there's always someone looking out for you. This ongoing service includes:

- ▶ A reminder and check-in on the purpose of your financial plan, what your personal financial goals are, and whether any significant life event or other change to your circumstances means they need to be reviewed.
- ▶ Ensuring you are not taking more investment risk than you are comfortable with.
- ▶ Investing your money in a way which meets your objectives by ensuring you do not miss out on getting a better level of return for the level of investment risk you are taking.
- ▶ Continuing to ensure that all your assets are optimised for tax savings and placed in the right ownership and tax shelter, so that both legally and ethically you do not pay more tax than you should.
- ▶ Taking action, but only when appropriate. In the majority of cases the best advice is to do nothing and stick to your plan. If the purpose behind investing has changed, then it may mean your investment solution is altered accordingly.

## *Protecting your Investments*

We take full time responsibility for your investments, so that:

- ▶ **You are not taking too much investment risk as markets and values change**
- ▶ **You do not miss out on investment opportunities as they arise**

## *How do we do this?*

Our investment process is built upon the foundation of 'diversification'. By diversifying between several different investment types (also known as asset classes), markets and companies we spread the risk. Spreading risk is one of the most important principles of investing. By taking this approach, even if a particular asset class or company goes through a bad patch, this minimises the impact to your overall investment.

Diversification across asset classes means using equities, fixed interest (bonds), commercial property, commodities, alternatives and cash. Then further diversity can be achieved across the different regions of the world, such as the United Kingdom, Europe, United States, Asia, Japan, and Emerging and Frontier markets. Finally, further spreading occurs across many different industrial sectors and sizes of company.

As one of the key reasons for diversification is to spread risk, you need to understand how much risk you're taking and why that's important.

Each of us is different and we all have a level of risk we are comfortable to take depending on the purpose of our investment. Your adviser is there to explain the level of risk associated with different types of investments and how that risk could translate in good, average or badly performing markets.

It's worth remembering the general rule that the amount of risk you take is linked to the reward that is possible. In other words, the more risk you take, the greater the potential for higher returns. Your adviser's job is to help you meet your financial goals by balancing the risk you need to take with the return required.

## Managing investment risk on your behalf

*Investment risk has a number of aspects, and ways of measuring each, which include:*

- ▶ **Volatility** – how much an investment rises and falls in value over time
- ▶ **Value at risk** – how much an investment could fall in extreme market events, and with what probability
- ▶ **Credit risk** – the risk that an individual company or government held within an investment, defaults on repaying a debt or loan for example
- ▶ **Liquidity risk** – the probability of an asset not being able to be sold when required, irrespective of its market value at the time
- ▶ **Currency risk** – the risk of the exchange rate affecting the value of an asset held in any currency other than UK Sterling

All these aspects of investment risk, and others, are understood, measured, monitored and managed within the Quilter Financial Planning investment process.

It's within this process that we continually draw upon a wealth of expertise and data, both internal and external, to rigorously vet each of the investment products we recommend. To ensure it provides continual oversight, in as robust and effective manner as possible, we take a three-stage approach:

### 1. Oversight by the Quilter Financial Planning Investment Oversight Committee (IOC)

The IOC normally meets quarterly, but can meet more frequently in exceptional times. The committee is responsible for ensuring that the panel of investments recommended by Quilter Financial Planning continues to provide good outcomes and fair treatment for our clients. All of this is enshrined in the Financial Conduct Authority's Treating Customers Fairly outcomes, to which all firms offering investments must adhere.

**The IOC currently consists of:**

#### **Ken Lambden (Chair)**

Ken is an Independent Non-executive Director, Chair of the Investment Oversight Committee and member of the Governance, Audit and Risk Committee. Ken has over 30 years of experience in financial services, particularly in Investment management, with his most recent experience as a Chief Executive Officer at J O Hambro Capital Management.

#### **Marianne Ismail (Member)**

As well as being a member of the Investment Oversight Committee, Marianne is an Independent Non-executive Director and Chair of the Governance, Audit and Risk Committee. Until 2019, Marianne was Group Chief Executive Officer of the financial planning and wealth management group, Kingswood.

#### **Chris Samuels (Member)**

Chris is Chair of the Quilter Financial Planning Board. He has considerable experience in financial services, particularly in the areas of investment and asset management. Chris was Chief Executive of Ignis Asset Management, a business with £65bn of assets under management, from 2009 to mid-2014.

#### **Andrew Claire (Attendee)**

Andrew is the Professor of Asset Management at Cass Business School and the Associate Dean for Corporate Engagement. He is an independent member of the Investment Oversight Committee.

### 2. Management by the Quilter Financial Planning Management Investment Group (MIG)

The investment panel is managed continually by the MIG which reports directly to the IOC.

The MIG consists of a number of senior Quilter Financial Planning executives, working closely with renowned industry experts including YouGov, A2Risk, Moody's Analytics, Defaqto, Morningstar and, Square Mile Investment Consulting and Research.

**Square Mile** - an independent investment research and consulting business that undertakes detailed qualitative research, supported by quantitative analysis, aiming to identify funds that are 'best in class'.

**Morningstar** - an independent investment research and consultancy business with one of the largest and most experienced fund research teams in the UK.

**Defaqto** - a provider of independent financial product, fund and ratings information that maintain's the UK's largest retail financial product and fund database.

**Moody's Analytics** - a world leading organisation providing stochastic information to help clients understand the trade-off between investment risk and potential return.

### 3. Monitoring

All the investments are continually electronically monitored on a variety of relevant indicators, and should any investment move outside its investment risk and other parameters, then the MIG is alerted and appropriate steps are taken to bring the investments back within range.

**So while we become accustomed to life in these unusual and difficult times you can rest assured that the Quilter Financial Planning investment research and governance process is there to look after you and your investments, no matter how uncertain things become.**

## 1. Investment Oversight Committee



*Ken  
Lambden*



*Marianne  
Ismail*



*Chris  
Samuels*



*Andrew  
Clare*

## 2. Management Investment Group



**Senior Quilter Financial Planning executives including our:**

Chief Executive Officer

Proposition Director

Investment Director

Lead Investment Analyst

Executive Consultant

Senior Risk Consultant

defaqto

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## 3. Monitoring & feedback

*Ongoing  
Monitoring*

Market information in real time.

*Peer groups,  
feedback and surveys*

The needs of clients regularly monitored including feedback from our adviser focus groups and surveys.