

The NW Brown Model Portfolio Service



Successful investment involves striking the right balance between the amount of return that is required and the level of risk taken to achieve this. The balance will be different from one investor to another. The NW Brown Model Portfolio Service recognises this and offers a range of risk-adjusted model portfolios designed to suit the needs of the individual. Whether you take a cautious approach to investment, or are prepared to accept a greater level of risk in pursuit of higher returns, one of our portfolios is likely to be right for you.

How the service works

Once your attitude to risk has been assessed and it has been established that the service is suitable for you, we will agree an appropriate portfolio for you. You can invest into this portfolio through Pensions, ISAs, Investment Bonds or a straightforward portfolio structure. There may be occasions when we suggest that clients consider a bespoke discretionary portfolio management arrangement. This may be influenced by a number of factors including the amount of money available for investment, and is something your adviser will discuss with you if it is relevant. For ease of administration, all of your assets will be held on a single investment platform. Portfolios are reviewed on a quarterly basis by NW Brown's own investment managers, who will use their expertise to diversify your portfolio across a range of collective investments. The aim is to maximise returns whilst ensuring that the investment risk of each portfolio remains in line with the agreed level. You will be kept in touch with the progress of your portfolio by way of quarterly reports, and you will receive regular statements including tax reports (where applicable) from the investment platform used.

Understanding investment risk

Your wealth manager will discuss investment risk with you to ensure that you understand the effect it could have on your investment. As part of this discussion, they will ask you what you believe your attitude to risk is, and then compare this with the results of a specially designed risk questionnaire. This will help to determine where you sit on a risk scale of 1 to 10, with 1 being the most risk-averse and 10 being the most risk-seeking. If your profile falls within a range of 3 to 8, one of our risk-graded portfolios may be appropriate for you. Should you decide that our service is suitable for you, we will ask you to complete a management agreement giving us the necessary authority to manage a portfolio on your behalf.

Portfolio choices

Cautious Portfolio: Level 3/4

A cautious investor is looking for an investment which, while giving some potential for real returns, aims to produce returns that are at least as good as those from a high street deposit account. They would feel uncomfortable if their investments rose and fell in value rapidly, but accept there will be some fluctuations to the capital value during the term of the investment.

Medium/Balanced Portfolios: Levels 5 & 6

A medium/balanced investor is looking for a balance of risk and reward, and whilst seeking higher returns than might be obtained from a deposit account, recognises that this brings with it a higher level of risk and that there will be moderate fluctuations of their investment in the short term. They would feel uncomfortable if the overall value of their investments were to fall significantly over a short period and would not be happy to see their capital eroded in the long term.

Medium/Moderately Adventurous Portfolio: Level 7

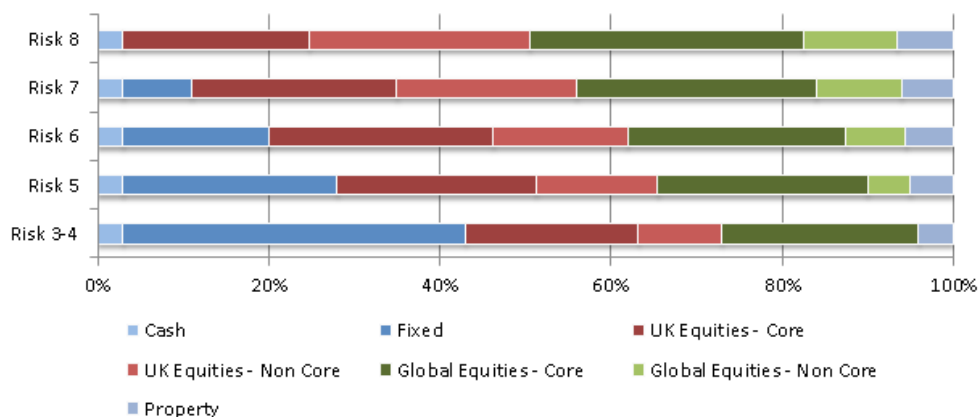
A medium/moderately adventurous investor is generally market aware and understands and is willing to accept a somewhat higher level of risk in return for the potential for higher returns in the longer term. They recognise that this may result in the value of their portfolio fluctuating, possibly significantly, in the short term.

Adventurous Portfolio: Level 8

An adventurous investor is generally market aware and understands and is willing to accept a higher level of risk in return for the potential for higher returns in the longer term. They recognise that this may result in the value of their portfolio fluctuating significantly in the short term.

Asset allocation:

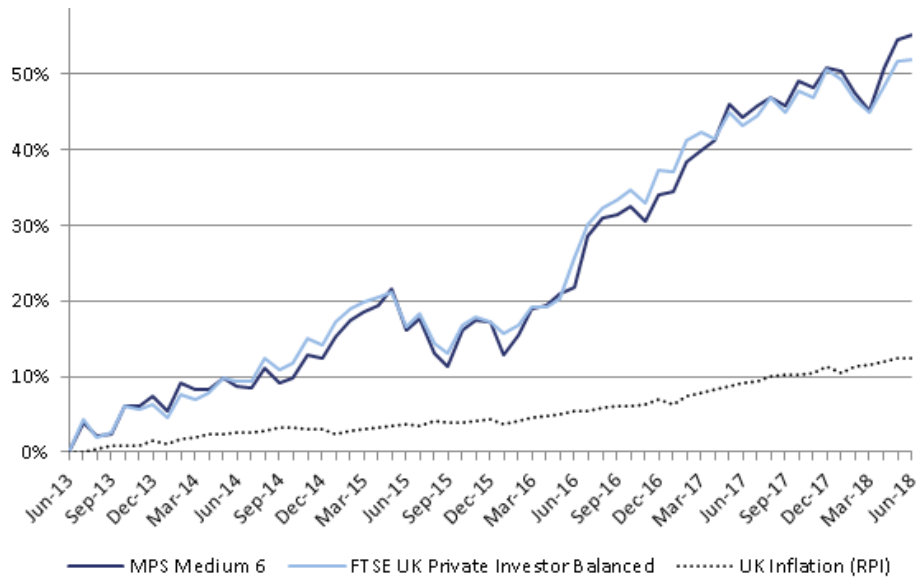
NW Brown's investment managers will use their expertise to diversify your portfolio across a range of investments which will vary by asset class and geographical region. The aim is to maximise returns whilst ensuring that the investment risk level of your portfolio remains appropriate. The table below gives examples of how asset allocation varies across our range of active portfolios (as at June 2018).



Active or Passive management

Active management is where the manager aims to outperform the market by virtue of his or her skills in asset allocation and stock selection. Passive management is where the performance of the fund is tied to that of an index representing the market as a whole, and can be expected to have a close correlation with the movements of that index. The main advantage of active management is the possibility that the manager will outperform the fund's benchmark index, although it should be noted that active management can on occasion lead to underperformance. A disadvantage is that attempting to beat the market is more costly than merely replicating it, as whole teams of managers and analysts have to be employed in the process. Passive funds do not have this extra layer of cost but may not deliver the same degree of performance as their actively managed counterparts. At NW Brown, we believe that both strategies have advantages, and offer passive and actively managed portfolios across all risk levels.

Medium 6 Five Year Performance



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Portfolio management charges

The costs of the Model Portfolio Service comprise our own charges for management, administrative charges and the charges of the underlying fund managers. . We have compared our charges against those of our competitors and are confident that our service represents good value. The exact cost will depend on the type of portfolio used and your wealth manager will be pleased to provide you with a quote.

Management Strategy

The portfolios are managed directly by our Investment Managers based in Cambridge. They run an investment committee in conjunction with financial advisers in both Norwich and Cambridge in order to bring together our experience in both investment management and financial planning. The aim of the committee is to constantly review the portfolios with a view to making changes, where necessary, in respect of general market conditions and individual fund performance. We do not try to second guess market movements, but rather to adapt our portfolios to work with prevailing market conditions and the NW Brown view of the economy. Any changes will typically take place on a quarterly basis although our remit allows us to make fund changes at any time if deemed necessary. Typically our portfolios hold 10-20 funds which we believe will be strong performers within their sectors over the medium to longer term. Our portfolios are well diversified in order to cope with a range of market conditions and you may recognise a number of the underlying funds from some of the UK's leading fund groups.

The benefits of the NW Brown Model Portfolio Service

- Discretionary investment management in accordance to your attitude to risk
- Regular portfolio reports and reviews
- Competitively priced
- Simple and secure administration with online access

About NW Brown

NW Brown Wealth Management are a leading, independently-owned financial services company offering bespoke wealth management to individuals, trusts and not-for-profit organisations. For over 40 years we have worked with clients from all over the UK, based from our offices in Cambridge and Norwich. We pride ourselves on our ability to provide sensible, clearly articulated and timely wealth management services. We understand that every client we look after is different. We take time to understand every individual and tailor our services accordingly. We look to build long term, close working relationships with our clients in order to provide them, and often their children and grandchildren, with support through every aspect of their financial lives.

Our commitment to ongoing service

At NW Brown we are committed to ensuring that our investment portfolios continue to meet your objectives and aspirations. As well as providing you with regular reviews and updates of your portfolio in line with our service agreement, we will be working closely with our platform providers and selected fund managers to ensure you are getting the most out of our investment portfolios.

The next step

If you would like more information about the Model Portfolio Service, please contact us for a no cost, no obligation initial discussion.

Risk warnings

- Past performance is no guarantee of future returns
- If investing in a fund with overseas holdings, changes in currency exchange rates may reduce the value of the investment
- The value of your investments and the income from it will rise and fall as the value of the underlying investments in which your money is invested changes
- The value of your investment is not guaranteed and on encashment you may not get back the full amount invested
- To obtain the benefit of equity investing, a long term view (five years or more) is advised
- External factors can cause an entire asset class to decline in value. Prices and values of all shares or all bonds could decline at the same time. This is called Market Risk
- Inflation will affect the future buying power of your investment. If the returns on your investment have not beaten the rate of inflation, it will have less buying power

Please note, this document does not constitute financial advice. For advice or more information please contact your wealth manager, or alternatively call us on 01223 720 208.