NW BROWN
WEALTH MANAGEMENT

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 asessed 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

Moderately Cautious Portfolio: Level 3/4

You do not feel comfortable with excessive volatility. However, you would like to protect your capital against inflation over the long term and understand that you need to accept a moderate level of short-term volatility in order to achieve this. As a result, your investments will typically have a bias to equity assets compared to cash and fixed return assets.

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Medium Portfolios: Levels 5 & 6

Your priority is to grow your capital ahead of inflation over the long term and you are prepared to accept slightly greater than moderate levels of short-term volatility in order to achieve this. As a result, your investments will typically have a significant majority in equity assets compared to cash and fixed return assets.

Moderately Adventurous Portfolio: Level 7

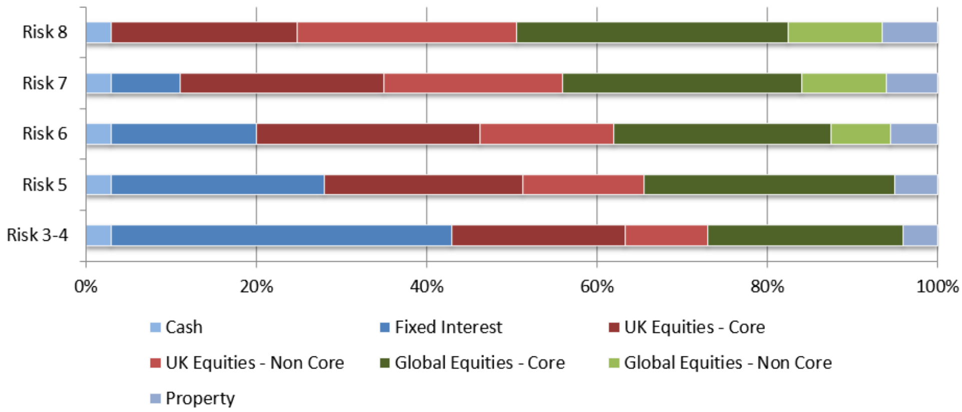
Your priority is to grow your capital ahead of inflation over the long term and you are prepared to accept moderately high short-term volatility in order to achieve this. As a result, your investments will typically be dominated by exposure to equity assets and include only a small element of cash and fixed return assets.

Adventurous Portfolio: Level 8

Your priority is to grow your capital comfortably ahead of inflation over the long term and you are prepared to accept high short-term volatility in order to achieve this. As a result, your investments will typically consist almost exclusively of equity assets.

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 December 2018).

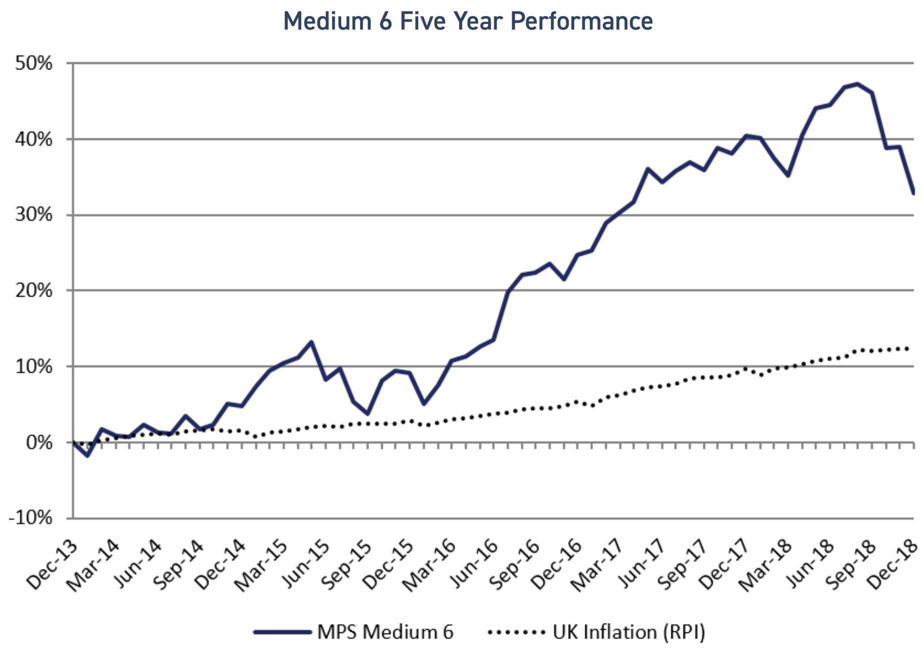


Active management

Active management is where the manager aims to outperform the market by virtue of his or her skills in asset allocation and stock selection. 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 lead to underperformance. Our strategy is to invest in a range of actively managed unit trusts to provide wide diversification in your portfolio. The diversification will be both in terms of investments held and strategies adopted by the various investment managers.

When our discretionary management team conducts research to select suitable funds to fulfil the asset allocation models of your MPS portfolio, they consider more than just the historical returns those funds have generated. The strength and quality of the fund management team and their investment process are analysed, as ultimately their decisions drive the fund's performance. Also taken into consideration is the construction of the fund's underlying portfolio and quantitative factors such the size of the fund, its yield, charges and many other factors.

We also offer a range of managed portfolios which invest in passive funds which seek to track market returns at a lower cost than actively managed funds. If you would like to hear more about these please contact your Wealth Manager.



Source: FE Analytics.

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.

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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.
- Inflation will reduce the real value of the capital invested if returns do not match or exceed the rate of inflation.
- An investment should be considered over a medium to long-term time frame and should not be entered into if the capital is required for other needs.
- The value of the investment is determined by units or shares, the price of which can fall as well as rise. The value could be less than what was originally invested, especially in the early years or if withdrawals are greater than the underlying returns.
- Please bear in mind that the outlook for asset classes and market sectors can change and as a result the asset allocation could become unbalanced.
- A certain fund or funds may have a higher risk rating than the agreed attitude to risk, but the overall risk applied of the combined funds or portfolio is designed to meet the agreed risk profile.
- Equities can significantly fall in value and in difficult times dividends may reduce or stop.
- Property fund investments may take significantly longer to sell. If market conditions are volatile prices may fall, exit fees could be applied or even a fund dealing suspension be imposed. This would delay any withdrawals and affect the rebalancing of a portfolio.
- Corporate bonds are not risk free as the bond issuer could default, interest rate rises could reduce the capital values and in adverse market conditions the fund could become illiquid making it difficult to sell.

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- Where a fund invests in overseas markets, domestic upheaval and changes in currency exchange rates mean that the value of the investment can go up or down.
- Specialist funds which invest in emerging markets, niche industries, smaller companies or unquoted securities are likely to be more volatile and therefore carry greater investment risk.
- It is important to periodically review the value of an investment against expectations and the underlying investment strategy, particularly in the event of a change in your circumstances or in advance of a significant life event.
- The higher the charges applied to an investment the greater the effect of those charges on the performance.
- Any sale of investments held, including switching may give rise to a capital gains tax liability and any income generated will normally be subject to income tax.

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.