



Our Investment Philosophy & Process

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Introduction

Whether you invest your money it is very important that your financial adviser has a robust investment process that is documented and followed.

Therefore, we have written down our investment process to make sure our customers:

- have peace of mind
- know about our expertise and the expertise of other professionals we use
- are aware that your risk tolerance is always considered
- know that we review your investments on a regular basis

We have designed our investment process and what we called our 'Centralised Investment Proposition' to ensure that we manage your money efficiently and with agreed expectations.

We use respected industry methods and practices to make sure you do not take too much, or too little, risk and that our recommendations are suitable.

Finally, to make sure our investment proposition is kept up to date we make sure that we regularly monitor our processes, practices and our investment solutions, making improvements if possible and adjustments when necessary.

Our Method

We take guidance from our regulator and industry experts

We consider guidance from the Financial Conduct Authority and use the services of professionals who understand this guidance in detail. In conjunction with their advice we put achieving positive client outcomes at the heart of our investment process.

We write down our philosophy and follow it

Our collective experience in financial planning and our investment knowledge and experience puts us in a very strong position to design investment solutions.

We have a robust process to put our philosophy into practice

Successful plans are built on strong foundations. That's why we have documented our investment process to ensure it is robust, scalable and repeatable.

We create documents to help you understand why and what we do

Our documentation is designed to make it easy for you to understand our investment processes and solutions. We also get opinions from industry experts to sense check these processes.

We review and adjust

Plans need constant adjustment to remain valid, so we have a process in place to make sure we do that.

Our Philosophy – step by step

1

**Knowledge &
Experience**

We use our knowledge and experience in conjunction with other experts to construct suitable investment solutions. With access to other professionals we have researched the options and use investment experts to help us to provide investment solutions that meet a range of client needs, circumstances, objectives and tolerance for risk.

2

Due Diligence

We use robust due diligence procedure before we decide which investment partners to use. We go into considerable detail in to how an investment manager operates, how they manage volatility, what the costs are and what assets make up a portfolio, to name a few.

3

Managing Risk

We manage risk. The most obvious risk is volatility and we will make sure you take neither too little nor too much risk when we invest your money. Other risks are also considered. As risk management forms a major part of ensuring good outcomes for clients that we provide an investment solution that is suitable for your level of risk.

4

Other Concerns

Other risks that are considered include the risk of having your investment in one geographical area, in one particular type of asset class, the financial strength of the fund managers, the platform on which it is being managed, and the risk of inflation eating away at your returns.

5

Investment Style

We believe here is a role for an active and passive approach to investing within a well-diversified portfolio. We are not evangelical towards one or the other because we appreciate that there are arguments for both approaches and both strategies may be used in our portfolios depending on your circumstances and needs.

Our Philosophy

Our job as financial planners is not to guarantee future returns or to try and second guess which investments will perform best – after all, we don't have a crystal ball and can't do that.

Our job is to use our knowledge, skill and experience to maximise the chances of you achieving your financial aims and objectives.

The guiding principles at the heart of our investment philosophy are:

- We will invest your money appropriately, not speculate on the latest trends
- We will find out what is important to you and construct a plan with you
- We will access the talents of other specialists when appropriate

Our Process

We use a robust, repeatable, scalable and proven investment process that makes use of a host of expertise from across the investment management profession. Simple though our process may appear, you can be sure that when we arrive at a recommended investment strategy for you a great deal of expertise and resources have been used.

We offer three main investment options:

1

Passive Models

We have identified a suite of passive portfolios that predominantly use index-tracking funds and are compatible with our risk ratings and asset allocation. These portfolios are managed by Parmenion Capital Partners.

2

Active Models

We also offer a suite of active portfolios using a blend of multi-asset funds and passive funds designed to be compatible with our risk ratings and asset allocation. These portfolios are managed by Brompton Asset Management.

3

Individual Portfolios

In circumstances when neither of the above meet your needs, circumstances or objectives we will create individually tailored portfolios. For example, taking over an existing portfolio or taking an ethical investment approach.

Investment Management Options

Our Passive Portfolios

Our passive portfolios are managed by Parmenion Capital Partners on their investment platform. These portfolios have been duplicated on other platforms when it is not possible to use the Parmenion investment platform. Customers who invested before August 2018 may be invested in a previous passive solution based on the AssetFirst standard asset class universe of funds. The portfolios are predominantly invested in low cost index-trackers but active funds may be selected where no tracker is available or the investment manager deems they add value to the proposition.

Our Active Portfolios

Our Active model portfolios are currently managed on a discretionary basis by Brompton Asset Management (Brompton).

Dynamic asset allocation is at the heart of the Brompton Asset Management multi-asset investment process because we believe this will be the principal driver of returns. Two major bear markets since 2000 have made investors aware of the importance of choosing an asset manager focused on determining whether the investment environment is one in which investors will be rewarded for taking risk rather than simply seeking to deliver a relative return.

Diversification is one of the most powerful concepts in asset management to reduce risk by investing in a range of different assets. Brompton seek to manage the risk in the fund portfolios by diversifying across a number of different asset classes, geographic regions, currencies and investment themes.

The output of Brompton's investment process is used to select investment funds that aim to deliver outperformance for our investors whilst catering for their attitudes towards risk. The portfolios are predominantly invested in Brompton's own actively managed funds with satellite holdings of index-tracking passive funds to help drive the overall costs down.

Our Individual Portfolios

Individual portfolios can use passive or active funds, or a blend of both.

You can have the best plans in the world, but if you choose the wrong funds to invest in then you could see those plans severely put back. You need to know that your investments are aligned to your risk and your goals because you don't want any nasty surprises.

When constructing individual portfolios we only select funds from leading fund managers to create tailored solutions that match the level of risk you are willing to take and within agreed investment guidelines. We will inform you of the possible implications of our fund selection and we will make it clear how these funds can help you achieve your financial objectives.

Risk Profiling is a key element of the Financial Planning Process.

Before we can identify the most appropriate investment strategy for you we need to understand your tolerance for risk and capacity to cope with losses. Therefore, at an early stage we work with you to identify the level of risk you feel comfortable taking. The risk questionnaire we use was designed by 'Oxford Risk' and is widely accepted as a leading and reliable method of assessing risk tolerance. At the same time we assess your capacity to manage losses.

Putting your Attitude to Risk in to context

As we are all different, measuring your attitude to risk needs to be done in a way which is independent, robust and above all makes it clear to you what the risk implications might be. That's why our process produces a risk score that acts as the basis for our recommendations and allows you to decide the level of risk you are willing to take and or that best suited to your needs and objectives.

Applying your Attitude to Risk to investing.

By following the steps below you can be confident that the risk profile we agree for you reflects the level of risk appropriate for the recommended investment strategy.



Regular reviews

We only work with investment managers who pass our rigorous selection criteria. Independent investment committees monitor the activity of selected funds to ensure they are appropriate.

We will ensure that your investments are rebalanced in conjunction with Parmenion Capital Partners and Brompton Asset Management so that over time your investments do not drift away from what we have agreed with you.

We will provide ongoing updates regarding the performance of your investments and will agree a schedule of regular reviews with you. This means that if your objectives and or priorities have changed, we can assess whether your financial plans need to change and with that whether we need to change your investment solution.

This is why we provide various levels of ongoing service to make sure we regularly review your circumstances, discuss your needs and objectives and keep you up to date on the performance of your plans and investment portfolio. Details of our ongoing services can be found in our Client Agreement.

The value of investments can fall as well as rise, past performance is not a guarantee or reliable indicator of future performance and you may not get back in full the amount you invest, especially if you pull out of your investment early.

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