



SUCCESSION  
WEALTH

# Model Portfolio Service (MPS)



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Since 2009, we've built a different kind of financial planning firm. One that's built its reputation on the expertise and personal service we offer nationwide.

We are proud to have highly qualified experts within our team. Our Wealth Planners include Chartered Financial Planners and Fellows of the Personal Finance Society, so you know you are in good hands. We offer independent advice and recommend solutions and investments from the whole of the market, without compromise.

This document outlines our Model Portfolio Service (MPS). An MPS is an excellent way of accessing investment expertise from across the market and is a truly diversified investment.



# Introduction

**Our Model Portfolio Service (MPS) has been developed in partnership with our sister company, Succession Advisory Services, giving you access to professional portfolio management from our most trusted, long-standing partners.**

These exclusive portfolios, available only to our clients, encompass a range of portfolio options, including traditional, sustainable, ethical, and retirement portfolios. Each is designed to offer a truly diversified investment strategy based on your investment objectives and tailored to the assumptions that support your financial plan.

We've made sure the recommended Investment Managers meet our high standards for robust research, clear investment aims and comprehensive process-driven solutions.





When it comes to investing, we believe there are just four simple truths.

### 1. Asset selection

Research has shown over 90% of returns are explained by one thing, your long-term mix of assets.<sup>1</sup>

### 2. How you feel about risk

Your Wealth Planner's focus will be to recommend the most appropriate investment solution for you, matching your risk profile with the risk rating of the solution.

### 3. Diversification

Diversification of and within asset classes is key to reduce risk when markets fluctuate. By holding a well-diversified portfolio with a range of different asset classes, the risk of negative market movements and underperformance of single asset classes can be mitigated.

### 4. Composure

The best returns often come unevenly, and when least expected. Investors often fare badly by reacting too quickly in a market downturn.

We understand that personal finance should be individual, and your Wealth Planner's role is to help you create and then adjust your financial plan as your needs evolve. Our ambition is always to use our scale and expertise to bring you a range of flexible and competitively priced solutions to best meet your needs.

[1] 1986/ Determinants of Portfolio Performance. Financial Analysts Journal /Brinson, G., Hood, L. and Beebower, G.



The range of investment solutions we offer have been developed by our sister company Succession Advisory Services, in conjunction with our most trusted Investment Managers to address the needs of our clients based on three principles. Simplicity, Transparency, and Trust.

1



## SIMPLICITY

At Succession Wealth we understand the value of financial planning. Model Portfolios allow us to design and mandate solutions to fit our clients' requirements and around our four simple investing truths.

2



## TRANSPARENCY

Our portfolios offer complete transparency, so you can easily and clearly see your holdings and trades as they take place. Our governance is completely transparent, with monthly and quarterly updates available so that your Wealth Planner can keep you informed about your investments.

3



## TRUST

Working with Succession Advisory Services, we control the framework for managing the assets and ensuring our chosen outsourced Investment Managers perform in line with our expectations. We have control to appoint and remove Investment Managers should the need arise. We also only use the most trusted Investment Managers that we've worked with over time - they have a clear track record and are subject to constant review and monitoring.

# MPS Benefits

**Investment portfolios typically include a selection of different funds which hold a range of asset classes like equities, bonds, and property. The challenge can be selecting the right fund, or combination of funds, to meet your needs and specific life stage when there are thousands of investment solutions available.**

It's important to consider the level of risk you want to take, the risk rating of the fund and how the fund mix changes over time based on performance. Assets and fund performance will also vary over time, so it's essential to ensure that this is monitored.

It's also valuable to think about how different assets are combined in a portfolio and how well it's diversified – you don't want all your investment eggs in one basket. Ultimately, managing a portfolio like this requires constant monitoring and will mean buying and selling funds; this will be done automatically for you, should you decide to use an MPS.

## Why use an MPS?

### Exclusivity

Most MPSs are not available to the public, and can only be accessed with advice from a regulated financial planner. They are designed to meet the specific needs of certain groups of clients.

### Monitoring

The Investment Manager oversees the MPS to meet agreed parameters (the mandate) to give you the best chance of meeting your investment goals.

### Rebalancing

All portfolios are regularly monitored to ensure that they perform within defined parameters. If, following a review or upon certain triggers (for example an asset class moving 5% over tolerance), a portfolio needs to be 'rebalanced', then underlying assets will be bought or sold to bring them back in line with the mandate and your risk tolerance.

### Discretion

Because it's a discretionary arrangement changes to the portfolio can be made quickly and without the need for you to complete additional paperwork or instructions. This also means that the Investment Manager can act to reduce risk, or take advantage of opportunities, when the macro-economic landscape changes.

### Cost Savings

Their scale means the Investment Manager can often reduce underlying costs by accessing cheaper share classes.

# How Succession MPS works for you

## Your Wealth Planner

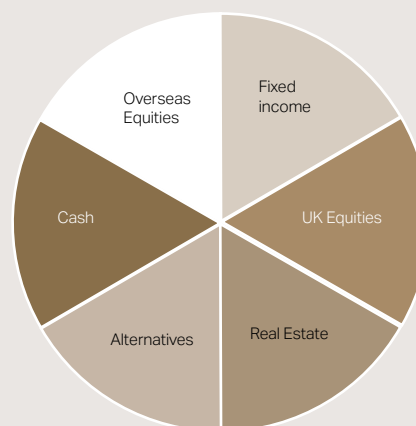
- Works with you to establish your investment objectives.
- Considers your attitude to risk.
- Identifies the investment style which best meets your needs.
- Recommends the appropriate solution.

## Succession Model Portfolio Service

- Working with our sister company, Succession Advisory Services, we have defined objectives for each of our model portfolios to ensure we can meet our client's investment needs. For example, to achieve a set level of growth or a sustainable retirement income, based on a defined level of volatility.
- Our portfolios have a range of investment styles, such as active, passive, blended, traditional, sustainable, ethical or decumulation.
- We've selected our most trusted partners to take on the role of Investment Manager.
- If the Investment Manager performance is not in line with our expectations, we can choose another from across the market and this can be done quickly if needed.

## Asset Allocation

- The Investment Manager builds the portfolio with a range of different asset types depending on the objective of the fund and their investment philosophy.
- These assets are the basis for long term growth.
- The amount of the assets in each portfolio reflects the level of risk being taken, so the level of each component will vary.



## Selection

- Within each asset class the Investment Manager will use their expertise to select a basket of funds to best meet the objectives of the portfolio:
  - Performance
  - Volatility
  - Maximum loss
- Each fund is managed to meet its individual aim by expert fund managers.
- The Investment Manager oversees the whole portfolio and will add and remove funds to meet the portfolio objectives.
- The discretionary arrangement means they can do this quickly and efficiently.
- The Investment Manager can leverage their scale to reduce the fund costs.



# Investment Parameters

Our MPS range gives you access to professional and proven investment teams and processes. These trusted, long-standing investment specialists will manage your investment to the parameters we set out, aiming to deliver the returns you are expecting in line with the level of risk you are taking.

## Indicative targeted returns

Based on historical data, this table illustrates the range of annualised volatility and returns you might expect over a typical five-year period for each level of portfolio risk, assuming inflation is at an average rate of 2% per annum.

The parameters in the table take into account Investment manager fees but do not include advisory or platform fees.

The Annualised Volatility column is an indication of the additional variations from the average return (shown in the Annualised Return column) that you might reasonably expect to experience over a five-year period, for each level of risk.

The Largest Potential Decline over an Annual Period column indicates typical worst-case losses that you might reasonably expect for your agreed risk level over an annual period.

However, it is impossible to predict future investment returns and market conditions; there is always the possibility that the maximum decline could be exceeded.

The potential level of volatility, return and decline all increase in line with the level of risk an investor is prepared to accept.

Risk Profile		Expected Parameters		
		Annualised Volatility (%)*	Annualised Returns (%)*	Largest Potential Decline Over An Annual Period (%)*
1	Defensive	2.00 to 5.75	2.00 to 4.50	-5.00
2	Cautious	4.00 to 8.00	3.50 to 6.00	-8.00
3	Balanced	5.00 to 10.00	4.20 to 7.50	-12.00
4	Moderately Adventurous	8.00 to 13.00	5.00 to 8.00	-15.00
5	Adventurous	10.00 to 16.00	6.00 to 10.00	-18.00

\* Source: RSMR - Paramaters corrects as at April 2024

# Risk Profiles (level of risk)

## 1. Defensive

You have a low appetite for risk and aim to avoid large fluctuations, even if it means relatively low levels of capital growth.

## 2. Cautious

You are willing to risk some fluctuations, but your portfolio is still mostly defensive. You have the potential for real growth but limited compared to a higher-risk approach.

## 3. Balanced

You are seeking a balance between risk and reward. You aim to avoid significant fluctuations but are willing to hold some higher-risk assets.

## 4. Moderately Adventurous

You are confident investing in a broad range of assets to pursue higher returns. You are prepared for short-term fluctuations to access assets with a greater potential for growth.

## 5. Adventurous

You are an experienced investor with a greater propensity for risk. You are prepared to invest most assets in higher-risk asset classes that are more volatile, but with much higher potential for losses or gains.



# Oversight and Governance

In conjunction with our third-party research partner Rayner Spencer Mills Research (RSMR), we designed the expectations detailed on page 9 of portfolio performance in terms of both risk and reward. To do this, we analysed over 100 years of equity and bonds data and compared it with the asset allocations from various risk profiling tools used across the industry, as well as factoring in the forward-looking views of various major institutions. These expectations are annualised over a five-year period, and whilst clients may not see these levels of performance year on year, we expect performance over five years to sit within these parameters. We also conduct a review of our parameters every year to ensure portfolio objectives remain sensible.

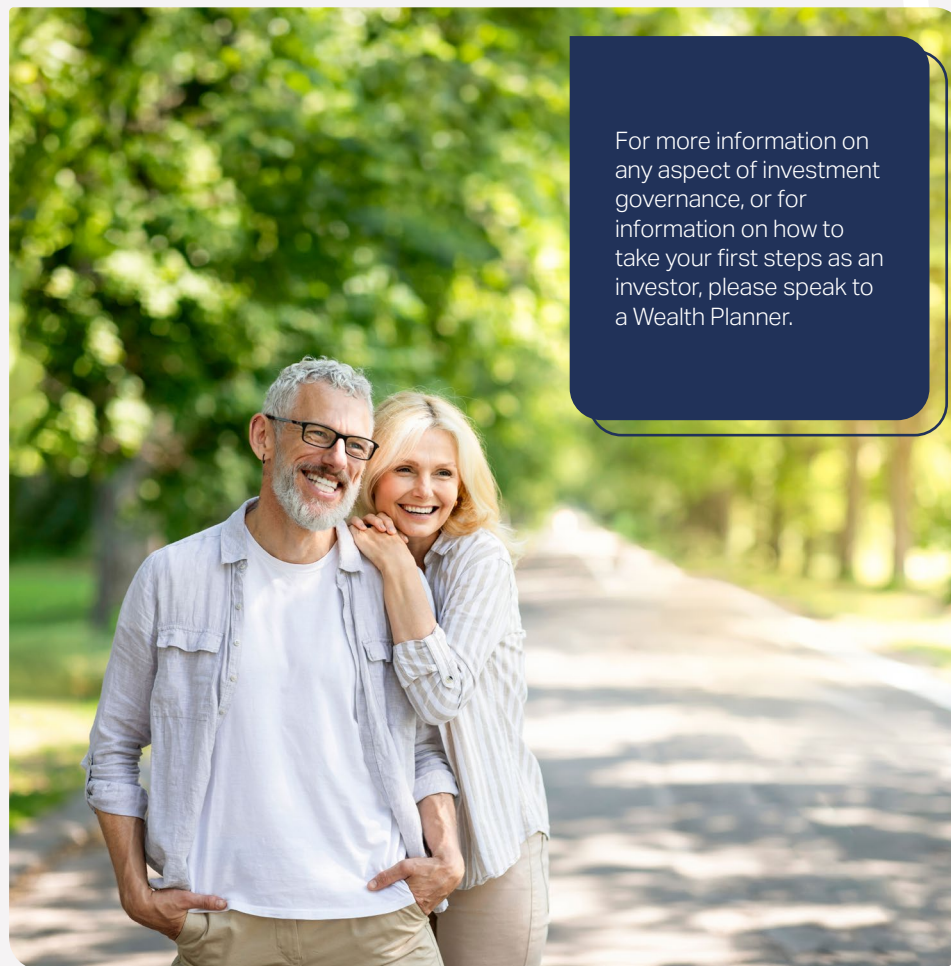
MPSs are monitored and rebalanced regularly to make sure that the underlying holdings keep your portfolio in line with set risk and return parameters.

## Oversight and Governance

Succession Advisory Services have developed a robust governance structure with repeatable processes and constant monitoring to ensure the investment solutions we offer work for you and that they meet the agreed mandate.

Succession Advisory Services continuously monitor processes and challenge the information gathered from each Investment Manager, as well as comparing our range to a dynamic secondary benchmark, the Private Client Indices by Asset Risk Consultants. This is an index containing circa 100+ Discretionary Fund Managers across the industry and ensures our MPS range remains competitive.

We believe that continuous monitoring is crucial, to ensure the investment solutions we use in your financial plan help you achieve your dreams and aspirations. The Succession Matrix Governance Committee and Succession Wealth Investment Committee oversee the governance and oversight processes to ensure the solutions meet the needs of our clients, upholding independence through a two-pronged approach.



For more information on any aspect of investment governance, or for information on how to take your first steps as an investor, please speak to a Wealth Planner.



# Succession Model Portfolio Service

**An MPS is an excellent way of accessing investment expertise from across the market and is a truly diversified investment.**

We've worked with Succession Advisory Services and chosen Investment Managers to design solutions which support a range of investment objectives. The chosen Investment Managers target investment objectives that are differentiated by their own investment philosophies and processes to achieve the mandate.








Determining a set of guiding rules and beliefs, that will provide the basis for making astute investment decisions, should be a first step before making any investment. These rules form your own personal investment philosophy. This will become the central perspective from which you evaluate all investment options and help focus on what is truly important to you.

The MPS Investment Managers have their own philosophies, and your Wealth Planner will be able to guide you through the different MPS options to determine the most appropriate solution for your own investment philosophy.





# "Succession Powered By" Model Portfolios

Portfolio Manager	<b>SUCCESSION</b> <small>MODEL PORTFOLIOS</small> <small>powered by</small> 	<b>SUCCESSION</b> <small>MODEL PORTFOLIOS</small> <small>powered by</small> 	<b>SUCCESSION</b> <small>MODEL PORTFOLIOS</small> <small>powered by</small> 	<b>SUCCESSION</b> <small>MODEL PORTFOLIOS</small> <small>powered by</small> 	<b>SUCCESSION</b> <small>MODEL PORTFOLIOS</small> <small>powered by</small> 	<b>SUCCESSION</b> <small>MODEL PORTFOLIOS</small> <small>powered by</small> 	<b>SUCCESSION</b> <small>MODEL PORTFOLIOS</small> <small>powered by</small> 
	<p>A UK-based investment specialist, which is part of the private banking group LGT, owned by the Princely Family of Liechtenstein. Their aim is to offer a transparent service built around each client's needs with a fresh approach to wealth management.</p>	<p>Founded in 2002, 7iM have built their business around advice, and supporting advisory firms, offering innovative solutions and comprehensive client support.</p>	<p>With over 200 years of collective experience, the RSMR research team is one of the most accomplished in the country. Their rigorous research methodology and knowledge of our clients and processes makes them an ideal partner.</p>	<p>A UK-based investment specialist which is part of the private banking group LGT, owned by the Princely Family of Liechtenstein. Their aim is to offer a transparent service built around each client's needs with a fresh approach to wealth management.</p>	<p>Unique in the marketplace bringing together Succession's nationwide planning community with Dimensional's patented research.</p>	<p>King &amp; Shaxson Asset Management are a part of the wider Phillip Capital Group who have focused on managing ethical portfolios since 2002.</p>	<p>A global asset manager that combines its insurance heritage, investment capabilities and sustainability expertise to deliver wealth and retirement outcomes that matter most to investors.</p>
Portfolio Objective	Unconstrained and can select from whole investment market with sole focus on achieving investment objectives.	Risk focussed solution combining the benefits of active management using predominantly passive solutions to control cost.	Designed with a focus on predominantly lower cost instruments whilst meeting your investment objectives.	Unconstrained and can select from whole investment market, focused on achieving investment objectives whilst investing on the basis of driving real change within healthcare and societal wellbeing, education and training, resources and the circular economy, and climate and environmental action.	Uses Dimensional's own funds and evidence based investment philosophy backed by research to meet investment objectives at a low cost with a sustainable focus, primarily to reduce greenhouse gas emissions.	King & Shaxson's ethical portfolio focuses on driving impactful and positive change whilst managing any potential financial trade-offs.	Designed to meet the distinct challenges of clients in or moving into retirement who wish to use their investment to provide a sustainable level of income through their lifetime.
Investment Approach	Active	Blended	Passive	Active – Sustainable	Systematic – Sustainable	Active – Impact/Ethical	Active
Income Option	Yes	Yes	No	No	No	Yes	Yes
Risk Range	1-5	1-5	1-5	1-5	1-5	1-5	2-4

# Fund Styles

## Active

Attempt to outperform a benchmark or market by actively picking funds and strategically timing investments into funds. Asset allocation tends to select those assets expected to perform well and exclude those with potential headwinds and the Investment Manager may strategically time their investments to provide a greater return.

## Passive

Attempt to match a benchmark or market return by weighting the portfolio in the same way as the benchmark or market it is tracking. Activity is generally less than active managers with stock selection and market timing excluded from the Investment Manager's process. Asset allocation tends to be a broader representative of the benchmark, or market being tracked.

## Blended

A combination of both active and passive investment either favouring actively picking funds or strategically timing investments into funds.

## Sustainable

Investments based on responsible contribution and benefiting the global sustainable economy. We offer this through both active and systematic philosophies.

## Ethical

Investments made with the intention to generate positive, measurable, social and environmental impact alongside a financial return.

## Decumulation

Strategy which aims to deliver a sustainable level of income in retirement without depleting the value of your original investment.

An MPS is an incredible way to help you work towards your financial aspirations and we're confident that our portfolios can offer an investment solution to meet your needs.

Your Wealth Planner would be happy to talk you through the various options. And, as part of our ongoing financial planning service, we will be on hand to help if your circumstances change.



## Contact us

If you have any questions, or are seeking more information, please do get in touch with us

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- ✉️ [hello@successionwealth.co.uk](mailto:hello@successionwealth.co.uk)
- 🌐 [successionwealth.co.uk](https://successionwealth.co.uk)



# SUCCESSION WEALTH

The value of your investment(s) and the income derived from them can go down as well as up and you may not get back the full amount you invested.

Succession Wealth is a trading style of Succession Wealth Management Limited, which is authorised and regulated by the Financial Conduct Authority. Financial Services Register number 588378. Succession Advisory Services Limited is authorised and regulated by the Financial Conduct Authority. Financial Services Register number 510054.

The following companies are registered in England and Wales at The Apex, Brest Road, Derriford Business Park, Derriford, Plymouth PL6 5FL:

Succession Wealth Management Ltd – Registered number: 07882611

Succession Advisory Services Limited – Registered number: 06711051

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