



# SUCCESSION WEALTH

Our Guide to Investing



Creating a plan for a brighter future

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. We've now grown to have 170 Wealth Planners and over 17,000 satisfied clients.

We're proud to have highly qualified experts within our team, as our Wealth Planners include Chartered Financial Planners and Fellows of the Personal Finance Society – so you know you're in good hands. And through them we're able to offer independent advice and recommend solutions and investments to you from the whole of the market, without having to compromise.



## IT STARTS WITH WHY

To begin our journey together, first we need to understand why you're looking to invest. This is the foundation of any solid financial plan.

It could be you're looking to invest for:



Financial freedom

The next generation  
(inheritance)

Your later life, so you can  
supplement your pension



Your family, which could be  
a wedding, home deposit  
or business investment

A special project, which  
might be a dream car  
or a holiday home

Peace of mind and  
securing your wealth  
against future inflation

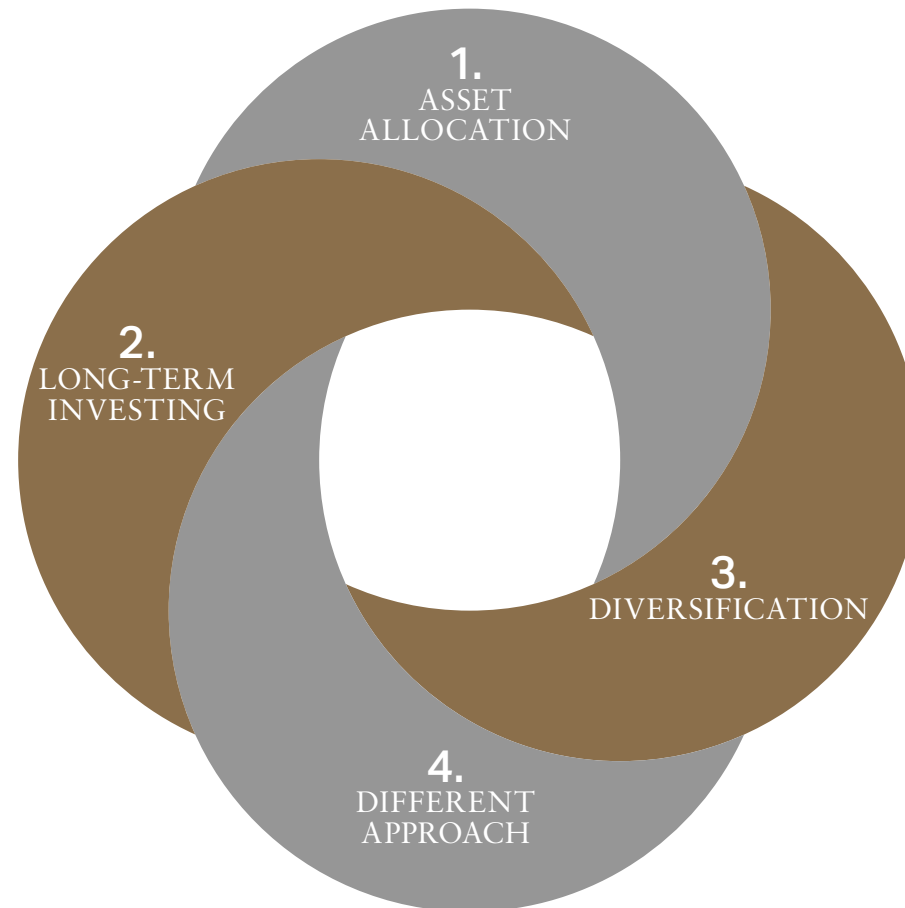
## OUR APPROACH

Once we understand your needs, it's our role to then carefully consider the types of investment that will underpin, support and ultimately help you achieve your dreams and aspirations. Of course, your needs may change over time, so it's important we offer a variety of flexible options.

And because life can change so quickly, we find that our clients value working closely with our Wealth Planners over time, so plans can be adapted easily.



## OUR PHILOSOPHY



## 1. ASSET ALLOCATION

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Embracing years of academic research, each of our chosen solutions invests in a broad range of assets, while offering a different balance between risk and reward. Meaning our chosen solutions progress from low-risk, low-reward ones that favour more cautious wealth preservation, to higher-risk, higher-reward solutions that offer the potential for greater levels of capital growth.

## 2. LONG-TERM INVESTING

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This has many benefits. It gives your money more time to grow, and means you're better positioned to ride out the inevitable fluctuations that come with investing.

## 3. DIVERSIFICATION

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Simply put, this means investing your money in a way that reduces the impact of any market ups and downs, by spreading your risk across asset classes, geography, sector and even fund management style. Providing you with a truly diversified portfolio.

## 4. WE DON'T BELIEVE IN A ONE-SIZE-FITS-ALL APPROACH

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At Succession Wealth, we remain adaptable, and will recommend the most appropriate solution for you based on what we know about you.



## MAKING SURE INVESTMENTS WORK FOR YOU – AND FOR THE WORLD WE LIVE IN

You wouldn't spend your money on something that clashes with your values. We understand you also may not wish to invest that way. Many people now feel it's important to know exactly where their money is invested, and the effect it's having on the wider world.

Considering both financial and non-financial factors, our responsible solutions may look to exclude or mitigate exposure to specific controversial assets, such as those with exposure to alcohol, tobacco or fossil fuel, but may also look to provide a positive impact for the wider world, perhaps by specifically investing in cleaner energy.







## WHAT DOES ESG STAND FOR?

# E

### ENVIRONMENTAL

Factors and risks that affect the natural world, eg climate change, carbon emissions, pollution and biodiversity

# S

### SOCIAL

Factors and risks that affect people and relationships – for example human rights and community, gender and diversity, and labour standards

# G

### GOVERNANCE

Factors and risks that affect the standards for running a company, eg bribery and corruption, tax transparency and risk management

### BUILDING A CONSCIENTIOUS PORTFOLIO WITH RESPONSIBLE SOLUTIONS

We believe that the range of responsible investment solutions we recommend are an ideal way to build a portfolio that perfectly reflects people's ambitions and values in terms of responsible investing. Whether you want to invest in clean energy or sustainable infrastructure, while maximising your returns, responsible solutions provide an efficient way to automatically balance your investments while keeping your long-term goals at the heart.

## RISK PROFILE

Once we understand your personal situation and what you're aiming to achieve, the next important step is to identify your risk profile.

As a rule of thumb, the greater the risk, the greater the potential for return. But with higher risk, comes the potential for volatility over time, when the value of your investments can rise and fall more. That's why your Wealth Planner will work closely with you, to match the right level of risk to your needs. They'll use tools to understand your attitude to risk, but also take into account your knowledge and experience of investing.

In assessing your risk profile, your Planner will consider the level of risk with which you are comfortable. They'll also explore whether the level of risk you're comfortable with matches the financial objectives you've set – and the time frames you want to achieve them in, along with your capacity for loss. And create a plan that aims to deliver on all factors for you.

To help make everything easier to understand, we've defined five risk profiles, and you'll be assigned the one closest to you. They are: Defensive, Cautious, Balanced, Moderately Adventurous and Adventurous.

And you'll see in the bar chart on page 13, how risk and reward have been balanced for each of the attitude categories over five years.

#### 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 above-average returns, while still balancing risk and reward. You aim to avoid significant fluctuations, but are willing to hold some higher-risk assets.

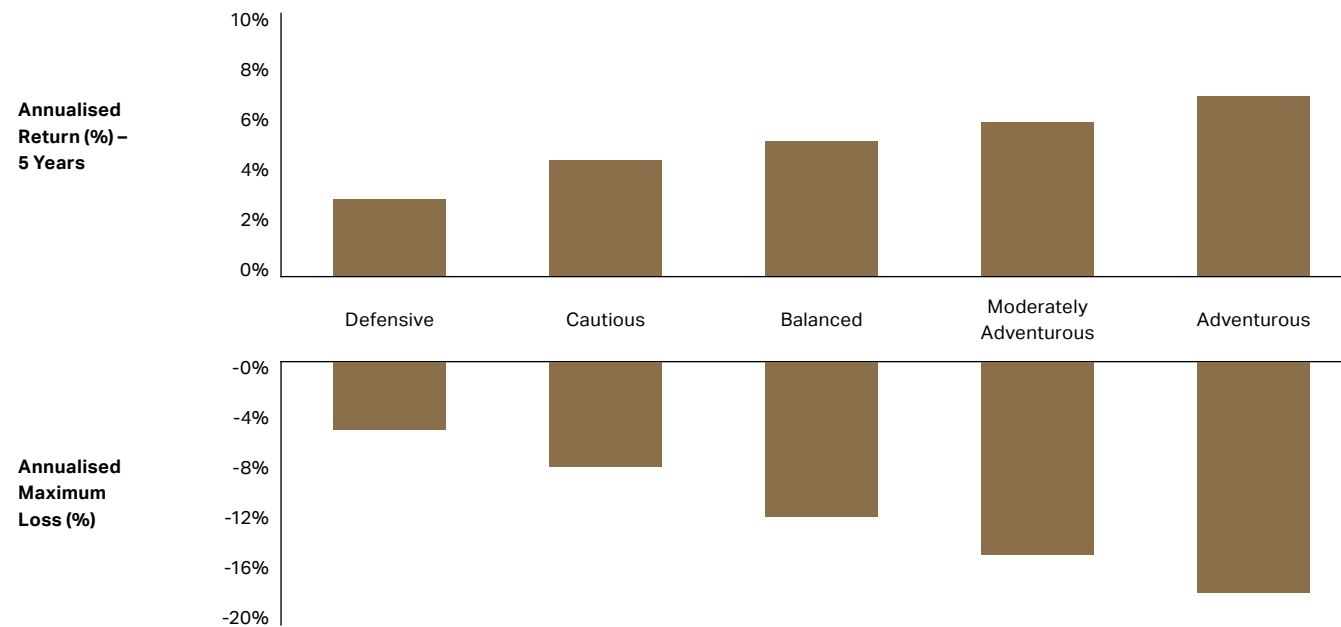
#### 4. Moderately Adventurous:

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

## Succession Portfolio vs Expected Parameters

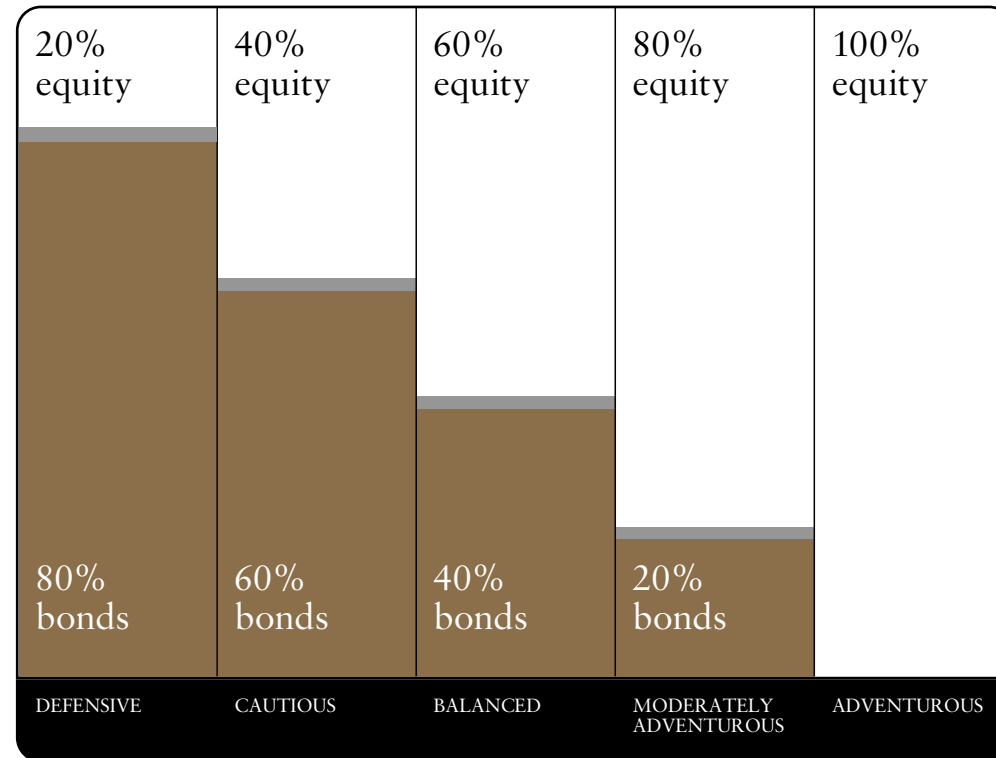


Source: RSMR, April 2020

The annual data is based on a five-year view, so you should be aware that in any specified annual period, return may exceed these parameters, but should fall within the parameters over the longer term. Maximum loss is viewed over an annual period, as it indicates the maximum potential, continuous loss of capital for each risk profile in a falling market.





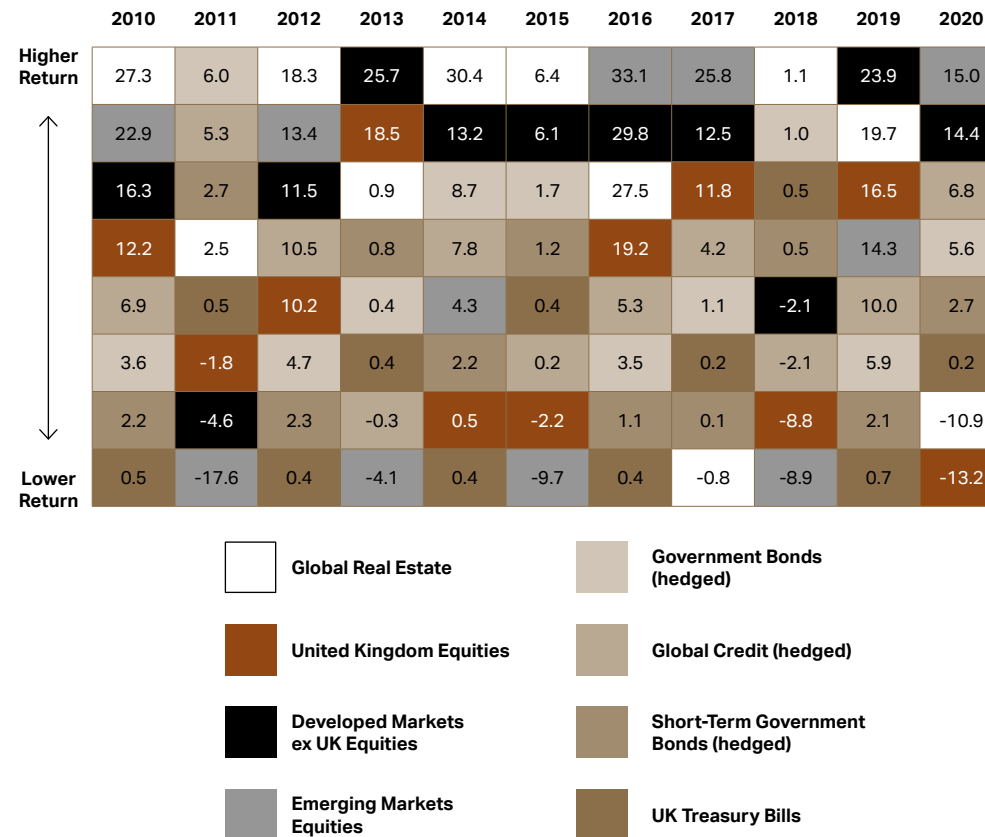


## IMPORTANCE OF DIVERSIFICATION

It's important to make sure your plan is diversified too, as having all your eggs in one basket increases risk. That's where our Wealth Planners can help. It's impossible to predict which asset classes will deliver better returns, but the solutions we recommend will seek to diversify your plan across asset classes, geographies and sectors, to provide you with more balanced returns over time.

Your Wealth Planner will tailor your financial plan for you, choosing from a range of solutions that are highly diversified. And we're proud to say that the diversified multi-asset investments presented by Succession Wealth, are intended to give you a more stable stream of returns.

**You'll also see how a selection of asset classes have historically performed, in the graphic on the following page.**



Source: Dimensional. Annual Returns % 2010-2020

Diversification neither assures a profit nor guarantees against loss in a declining market. Past performance is no guarantee of future results.

In GBP. Chart is for illustrative purposes only. Indices are not available for direct investment. Their performance does not reflect expenses associated with the management of an actual portfolio. Developed Markets ex UK Equities is the MSCI World ex UK Index (gross div. GBP). Emerging Markets Equities is the MSCI Emerging Markets Index (gross div. GBP). Global Real Estate is the S&P Global REIT Index (gross div. GBP). United Kingdom Equities is the MSCI United Kingdom Index (gross div. GBP). Government Bonds (hedged) is the FTSE World Government Bond Index (hedged to GBP). Global Credit (hedged) is the Bloomberg Barclays Global Aggregate Credit Bond Index (hedged to GBP). Short-Term Government Bonds (hedged) is the FTSE World Government Bond Index 1-5 Years (hedged to GBP). UK Treasury Bills are UK One-Month Treasury Bills. MSCI data © MSCI 2021, all rights reserved. S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. FTSE fixed income indices © 2021 FTSE Fixed Income LLC. All rights reserved. Bloomberg Barclays data provided by Bloomberg. UK One-Month Treasury Bills from 1975-present: provided by the Financial Times. Prior to 1975: UK Three-Month Treasury Bills provided by the London Share Price Database.

## CREATING YOUR PLAN: USING THE SUCCESSION INVESTMENT MATRIX

Our clients benefit from our Investment Matrix. Unique to Succession Wealth, it brings together a carefully selected range of investment solutions designed to give our clients the best opportunity to deliver on their goals and aspirations. Whilst ensuring solutions are matched with your personal risk profile.

We believe that better results will be achieved by selecting the most appropriate overall solution for you – not by selecting individual funds or trying to choose the best-performing fund manager.

Our Investment Matrix is constructed with solutions that meet demanding criteria for selection. For example:





**Solutions not individual funds:** The investment universe available has been filtered down to a manageable number of choices, focusing on investment solutions that have at their heart long-term wealth preservation and enhancement within a risk-controlled framework.

**Process driven, not star fund managers:** The investment solutions are based on robust and repeatable processes, and create a greater consistency in investment approach across similar types of client.

**Rebalancing strategy:** The core investment solutions are all monitored, with the majority having a formal strategy of rebalancing to ensure that the benefits of asset allocation (and the appropriate risk level) are adhered to. The traditional management styles do not automatically rebalance, focusing on achieving added-value returns from tactical decisions.

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## COMPLEXITY MADE SIMPLE

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The Investment Matrix isn't as simple as it looks. It was designed by our expert Investment Committee, using external data from highly respected independent fund research specialist, Rayner Spencer Mills Research (RSMR). Our sister company, Succession Advisory Services, continuously monitors processes and challenges the information gathered from both RSMR and each investment manager within the Investment Matrix. We believe continuous monitoring is crucial, to ensure the investment solutions we use in your plans help you achieve your dreams and aspirations.

The Succession Investment Matrix allows us to create solutions tailored to your needs and risk profile, with the added benefit of a robust framework.

We are proudly independent, and our Investment Matrix reflects this. All the investment solutions we recommend, are suggested based on our understanding of your personal investment goals. In the eventuality that we identify you have a need not satisfied by our matrix solution, we will review the whole of the market, as we will only ever recommend what is appropriate for you.

One of the key differences between a fund and portfolio solution, is the transparency of either type of investment structure. A portfolio solution offers high transparency, as the individual funds used can be seen very clearly, however using fund solutions may be advantageous for certain types of tax planning. Your Wealth Planner will assess the different tax treatment of each recommendation, to ensure you are provided the most suitable solution able to meet your goals and aspirations.

**Let's take a closer look at our Investment Matrix  
and how it works.**



## TRADITIONAL SOLUTIONS

Considering only financial metrics, our traditional solutions choose to invest in the entire investment universe and may include alcohol, tobacco and fossil fuel exposure.

## RESPONSIBLE SOLUTIONS

Considering both financial and non-financial factors, our responsible solutions may look to exclude specific controversial products, such as those with exposure to alcohol, tobacco or fossil fuel, but may also look to provide a positive impact for the wider world, perhaps by specifically investing in cleaner energy.

### FUND SOLUTIONS

Providing access to professional fund management from our chosen partners. The fund manager will decide how to invest, selecting and diversifying assets according to the target risk profile and investment objectives of the fund.

### PORTFOLIO SOLUTIONS

Providing access to professional portfolio management from our chosen partners. The portfolio manager will select a range of funds, and monitor their performance according to the objectives of the overall portfolio. The portfolio manager will adjust or rebalance the portfolio periodically, to maintain the target risk profile of the portfolio.

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### OPTIONS AVAILABLE FOR RISK PROFILES 1 – 5



Not available on risk level 1



Not available on risk level 5

## OUR INVESTMENT MATRIX IN ACTION

To help you see exactly how our Investment Matrix works, we've outlined three scenarios below, that show how age, situation and challenges affect how we create tailored solutions from our framework.

This content is for general information only and does not constitute advice.



DAVID, 65

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David is retiring this year, having built up his personal pension and ISAs over the years to fund his life after retirement.

Sara, his Succession Wealth Planner, makes recommendations that will enable him to draw the income he needs from his pension and ISAs tax-efficiently.

It's important for David to have consistency across all his investments, so it's easier for him to monitor performance, and he has a Balanced risk profile. He's also interested in how his investments are diversified, and ideally would have a spread of fund management styles.

Sara recommends a portfolio solution aligned to David's Balanced risk profile. The matrix provides Sara and David with two model portfolio alternatives, both of which would meet his needs well (Vestra and 7im).

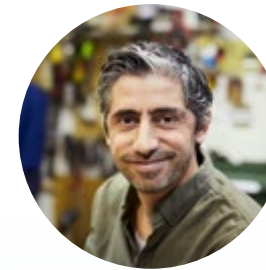


LAURA, 48

Laura (risk profile: Moderately Adventurous) has regularly saved to build up funds that will enable her to retire early. Her Succession Wealth Planner, Peter, recommended a financial plan that includes using tax-free ISA allowances, as well as an investment account that will enable her to make the most of her Capital Gains allowances in the years to come.

On a personal level, it's important for Laura that her money is invested in sectors that align with her principles on sustainability. She asks Peter to ensure that these beliefs are adopted across both investments.

Peter recommends the BMO fund as a responsible solution, which is also aligned to her Moderately Adventurous risk profile. The fund can be used for both her ISA and general investment account. And as a single fund solution, it is well suited to keeping Laura's capital gains levels more than manageable in the future.



ALI, 57

Ali has just inherited £240,000 from his father. Through his ownership of a business, however, he has already built up sufficient funds for his own retirement needs. He would like to use some of this inheritance to benefit his grandchildren. Natalie, his Succession Wealth Planner, recommends the use of a trust for the benefit of his grandchildren. This will enable funds to pass directly from his father's estate to his grandchildren, by placing the monies into trust for the future. And minimise the amount that would otherwise pass to HMRC.

In recommending the trust, Natalie presents Ali with a tax-efficient solution, where gains can be assessed against the grandchildren's tax allowances. Ali would like a reliable, low-cost investment solution that is overseen and adjusted to make sure, as far as possible, that the returns match his expectations and the needs of his grandchildren. Natalie recommends using a balanced profile fund from Vanguard to invest Ali's gift into the trust.





## YOUR FINANCIAL PLAN



As our Investment Matrix is our foundation, we'll use that, along with all the elements discussed, to create a personalised financial plan for you. Your Wealth Planner will do all they can to craft a plan that suits your needs, and they'll explain each of their recommendations, so you can understand exactly what is being proposed.

Once your plan is agreed, we'll then implement it on your behalf and keep you fully informed when everything is invested.

Of course, we can't control the markets, but we'll do everything we can to make sure your financial plan performs as expected. That's why ongoing service is our clients' preferred way of working with us. That way we can monitor your plan and the solutions within it over time, to make sure they're still aligned to your needs. As part of our ongoing services, we will review your plan and the performance of the investment solutions that support it, so if any changes are needed, we can make them together, and keep working towards the future you aspire to.



# SUCCESSION WEALTH

[successionwealth.co.uk](https://successionwealth.co.uk)

If you have any questions, or are seeking more information, please do get in touch with us, via email at **[hello@successionwealth.co.uk](mailto:hello@successionwealth.co.uk)**,  
by visiting **[successionwealth.co.uk](https://successionwealth.co.uk)** or call us on **0800 051 4659**

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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.

Please note, the Financial Conduct Authority does not regulate advice on taxation, trusts, estate planning and cashflow planning.

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