

Our Guide to Investing



SUCCESSION
WEALTH

Creating a plan for a brighter future

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SUCCESSION WEALTH

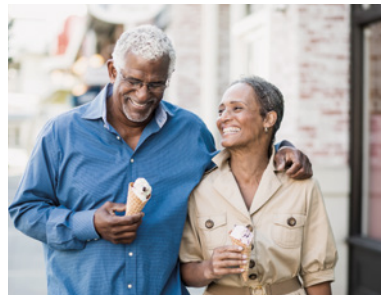
Since 2009, we've built a different kind of financial planning firm. One that's built its reputation on the expertise and personal service we offer nationwide.

We'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 investments that will underpin, support and ultimately help you achieve your dreams and aspirations. Of course, your needs may change over time, from growing your wealth, to planning for an income in your retirement. We offer a variety of flexible options to support you through that journey.

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

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. Our approach to asset allocation is focused on your journey, and we're able to support the growth of wealth through the accumulation phase of your financial journey, as well as your focus on income through retirement. This means 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

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, both before and, when appropriate, throughout your retirement.

3

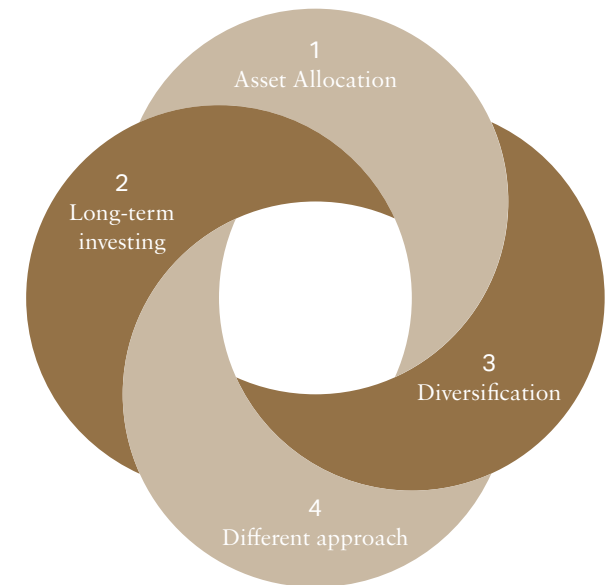
Diversification

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. This provides you with a truly diversified portfolio.

4

We don't believe in a one-size-fits-all approach

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, and 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 fuels, but they may also look to make a positive impact on the wider world, perhaps by specifically investing in cleaner energy.

In addition to our responsible solutions, we offer ethical solutions with a primary focus on bringing about positive outcomes, rather than just excluding controversial subjects. These solutions are designed to make a meaningful difference in the world, aligning your investments with your values and goals.

As well as growing and/or preserving your wealth, your investments can also have a beneficial influence on the wider world. That's why we've made sure there is a range of investments that incorporate these Environmental, Social and Governance (ESG) principles into their investment process, so we can meet your preferences with ease.

We'll help you find the right choice between responsible investments and the returns you're aiming for – all of the solutions in our Investment Matrix (which you'll see a little later) have been considered against responsible criteria. Your Wealth Planner will discuss your options, taking into account your personal preferences, before making recommendations.

Our approach is to present a responsible set of investment solutions that meet not only your financial goals, but also your wider ambitions. Within our Investment Matrix, we will be able to recommend specific solutions tailored to your individual needs.

We have solutions that eliminate certain industries such as alcohol, fossil fuels and tobacco, those that prioritise sustainable business practices, and those that invest to achieve a positive impact, perhaps through some climate or environmental action.

What does ESG stand for?

E

Environmental

Factors and risks that affect the natural world, e.g. 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, e.g. 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 whilst 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 explore whether this level of risk matches the financial objectives you've set and the time frames you want to achieve them in, along with your capacity for loss and your specific life stage. They will then create a plan that aims to deliver all of these 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 below, how risk and reward have been balanced for each of the attitude categories over five years.



Our risk profiles

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.

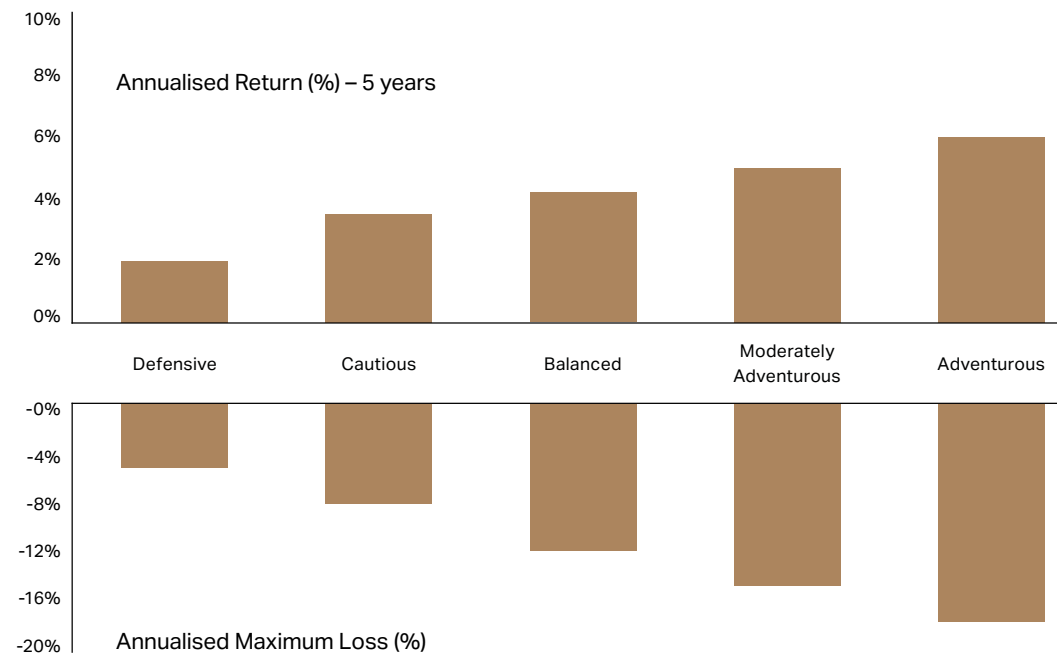
4. Moderately Adventurous:

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, September 2021

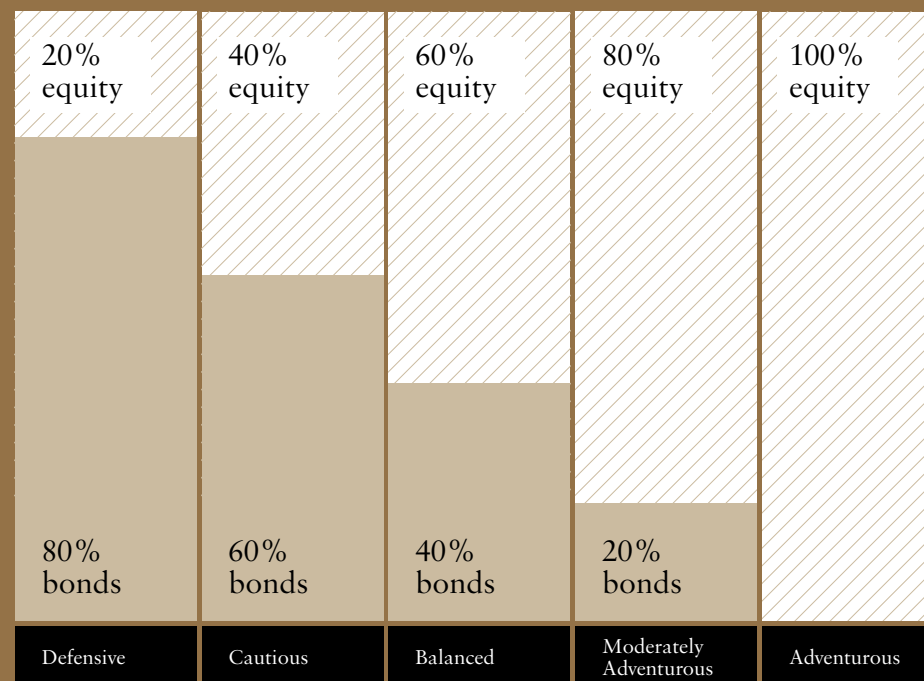
The annual data is based on a five-year view. Maximum loss is viewed over an annual period, as it indicates the maximum potential, continuous loss of capital for each risk profile in a falling market, so you should be aware that in any specified annual period, loss may exceed these parameters, but should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

Matching your risk profile with investment solutions

Having established your aspirations and goals, and risk profile, your Wealth Planner will then work out the most appropriate and effective way for you to invest.

Your Wealth Planner will match your risk profile with a risk-rated solution that suits your needs. For example, equities are typically higher risk than other assets, and offer the potential for higher returns over time; they can be seen as the driver of returns within your investments. Bonds are generally lower-risk, lower-return, with their role to dampen the risk from your equity exposure.

Part of our process is making sure that your portfolio is in line with your risk profile and specific life stage, so our general chosen solutions for each profile tend to look like this:



These are an approximation and can be above or below.

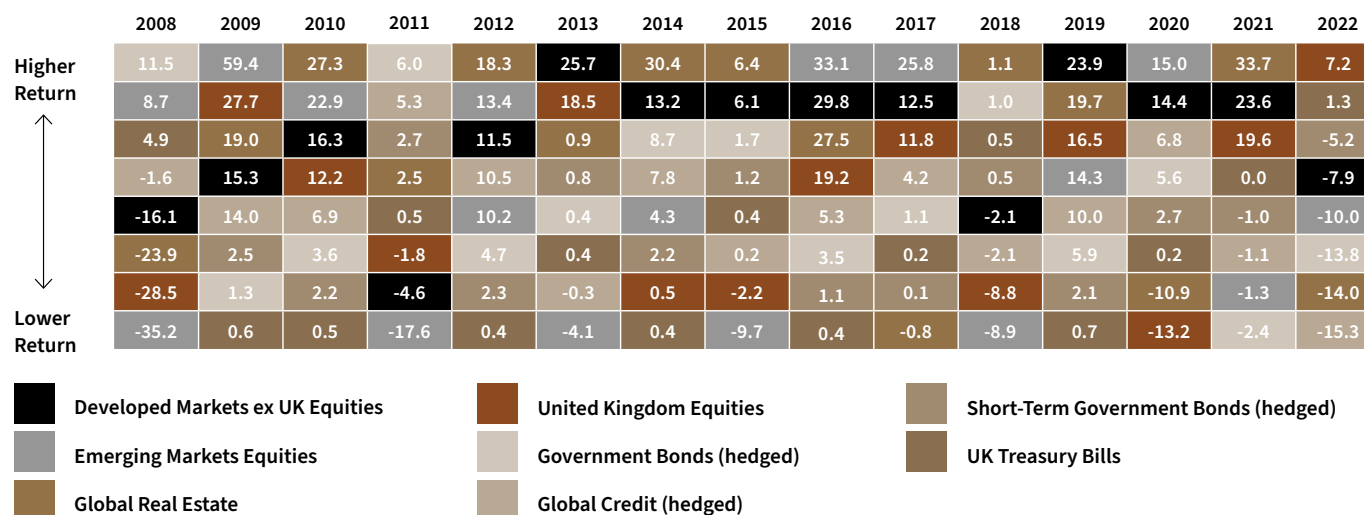
Importance of diversification

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 opposite:



Source: Dimensional. Annual returns (%): 2008–2022

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 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 2023, all rights reserved. S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. FTSE fixed income indices © 2023 FTSE Fixed Income LLC. All rights reserved. Bloomberg data provided by Bloomberg. UK One-Month Treasury Bills provided by the Financial Times. 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, both throughout their working life and during their retirement, whilst ensuring solutions are matched with their 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.

Complexity made simple

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.

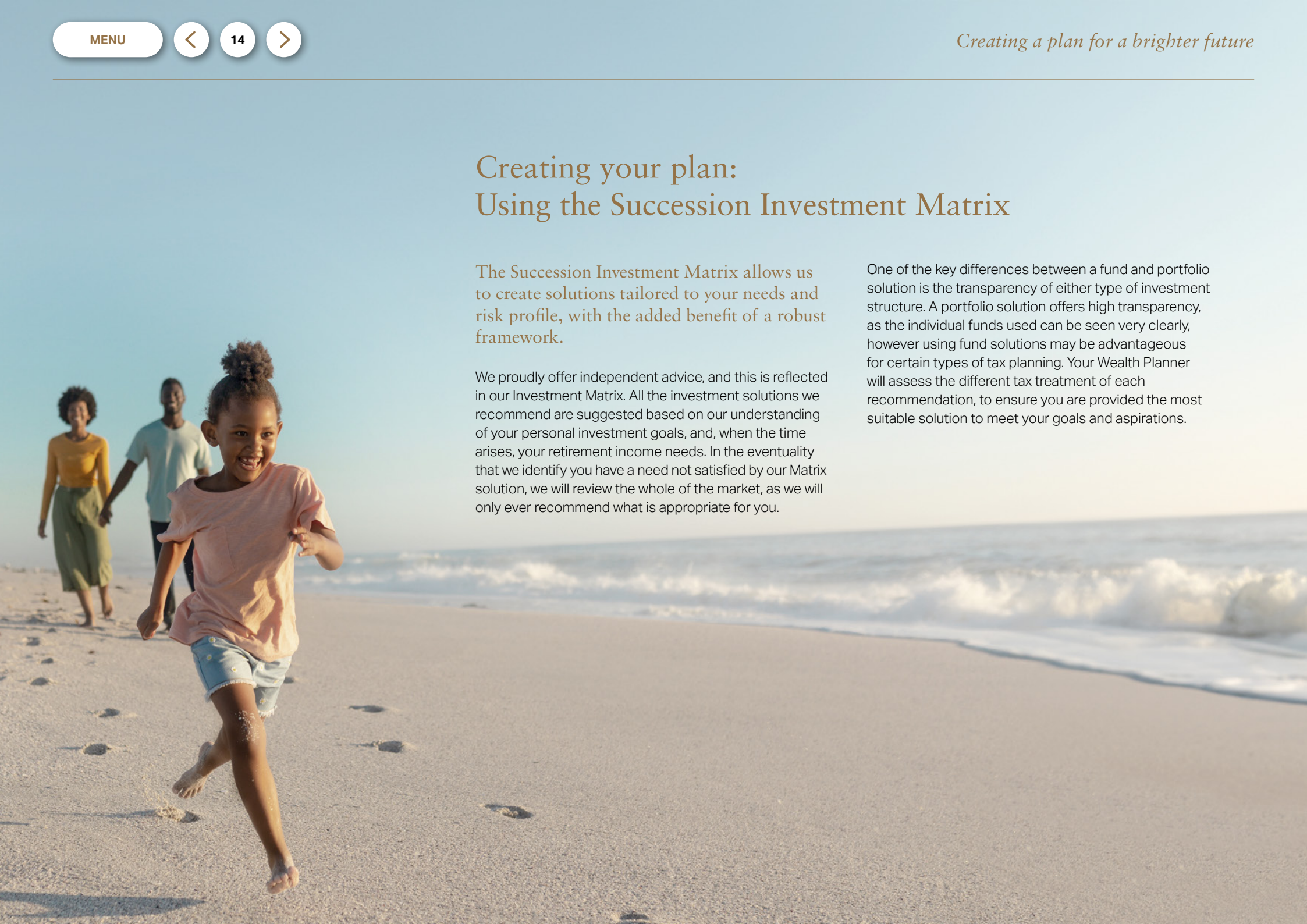


Creating your plan: Using the Succession Investment Matrix

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 proudly offer independent advice, and this is reflected in our Investment Matrix. All the investment solutions we recommend are suggested based on our understanding of your personal investment goals, and, when the time arises, your retirement income needs. 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 to meet your goals and aspirations.



Our investment partner solutions, available as part of the Investment Matrix:

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.

Both accumulation and decumulation fund solutions are available.

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.



Our investment partner solutions, available as part of the Investment Matrix:

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.

Both accumulation and decumulation fund solutions are available.

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.



Our Investment Matrix in action

To help you see exactly how our Investment Matrix works, we've outlined three scenarios, 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

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 David with two model portfolio alternatives, both of which would meet his needs well (Vestra and 7iM).



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.

Our Investment Matrix in action

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 Columbia Threadneedle Investments 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 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.



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 our 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, no matter what your life stage.



Contact us

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

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

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