Our Guide to Investing

SUCCESSION WEALTH

Creating a plan for a brighter future

Contents

Click on the items below to jump to that page

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 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.

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, such as for a wedding, home deposit or business investment

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

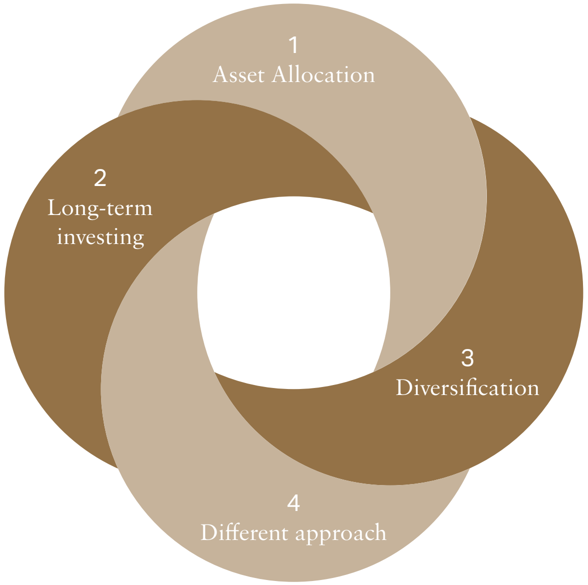
Peace of mind and securing your wealth against future inflation

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 specific aims. We can support the growth of wealth through the accumulation phase of your journey, or the need for income throughout your 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.

* We explain the main asset classes later in this guide.

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 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.

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 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.

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 at an average rate of 2% per annum.

The figures quoted are net of fund management fees, which differ between managers, but are gross of advisory and platform fees, which are fixed.

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.

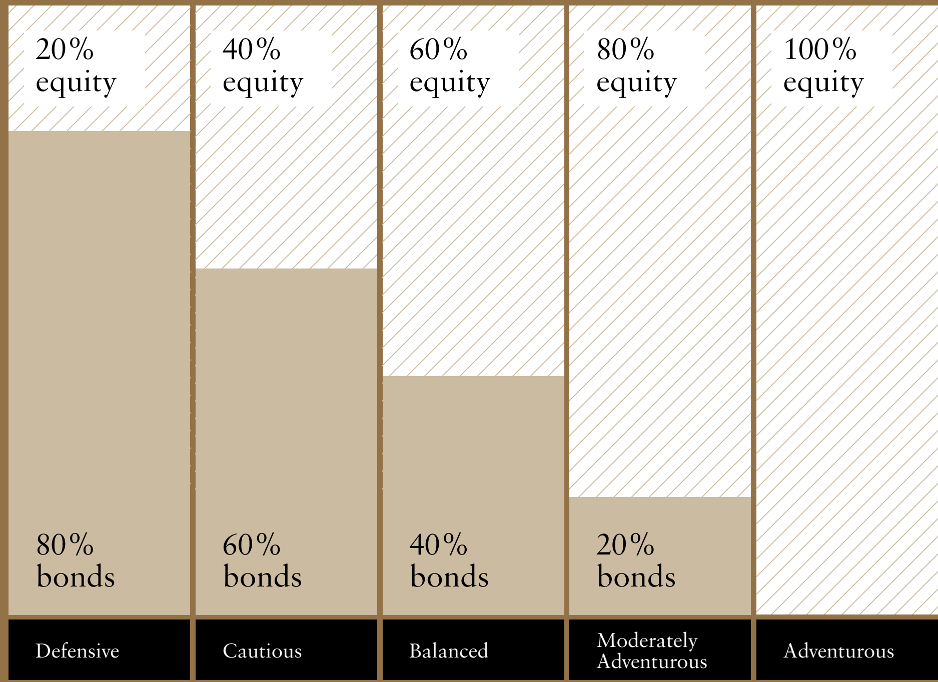
Portfolio Objective		Expected Parameters		
		Annualised Volatility (%)	Annualised Returns (%)	Largest Potential Decline Over An Annual Period (%)
1	Defensive	2.00 to 5.75	2.00 to 4.50	-5.00
2	Cautious	4.00 to 8.00	3.50 to 6.00	-8.00
3	Balanced	5.00 to 10.00	4.20 to 7.50	-12.00
4	Moderately Adventurous	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

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 the highest risk asset class, 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.

Asset Classes

Assets of a similar type can be grouped together into asset classes. Each asset class has different features, as well as potential advantages, disadvantages, risks and returns. An investment fund can invest in one or more asset classes.

The four main asset classes are cash, fixed income, alternatives (e.g. property and gold), and equities (shares). Because each asset class carries a different level of risk, we've listed them in order of potential risk, from lowest to highest. It's important to remember the returns you get could reflect the risk involved. For example, shares have the potential to provide better returns than cash, but there's also more risk of losing money if you invest in them.

Cash

This is money invested with financial institutions and other organisations – often in the short term – which produces interest for the investor. Cash may also be held within a portfolio to pay fees.

Although generally accepted as the lowest risk asset class, your cash could lose value over time if the interest paid on it does not keep up with the rate of inflation. Inflation is an increase in the cost of goods and services which can reduce the buying power of money over time.

Fixed income – corporate bonds and government bonds

These are loans that are agreed over a set period of time and repaid at the end of the term.

Loans to the UK government are called gilts and loans to companies are called corporate bonds.

Bonds offer a rate of return, either in the form of a fixed rate of interest throughout their term or interest that's linked to inflation.

Bonds issued by companies are generally not as secure as government bonds. That's because companies can be at risk of going out of business and may not be able to pay back the loan or interest to the investor. As a result, corporate bonds may pay a higher rate of return than government bonds to take account of this increased risk. The interest rate paid by a corporate bond will vary from company to company. Generally, the more likely it is a company won't be able to pay back the loan, the higher the interest rate offered by the company for the bond.

Asset Classes

Alternatives

The 'alternatives' asset class covers a range of investments. The main parts are commodities (such as oil), hedge funds, absolute return funds (an absolute return fund aims to make positive returns by using investment management techniques and asset classes that differ from traditional funds), infrastructure (such as communication and transport), property, and derivatives (a financial agreement that can take many forms. Generally, it's an arrangement to buy or sell a particular asset at a set price on or before a date in the future).

These investments use unique strategies to offer potential returns that differ from more conventional assets (Equity/ Fixed Income), providing diversification and potential risk mitigation within a broader investment portfolio.

Equities

Equities are also known as shares. Owning shares in a company means owning part of a company.

The investment returns from shares normally come in two ways:

1. **A dividend, which is a payment made by the company to the shareholders from its profits. However, the company doesn't have to pay it every year.**
2. **A change in the price at which you can buy or sell a share.**

Shares generally perform better than other asset classes over the long term (more than 10 years). They can also help investments to keep pace with the rate of inflation. It's worth bearing in mind that how a share has performed in the past isn't a guide to how it will perform in the future.

Shares are generally considered higher risk investments than other asset classes. Some shares are riskier than others and even those with lower levels of risk offer no guarantees.

Other investments

There are a wide range of other investments and assets a fund could invest in such as:

- Structured products, where returns depend on the performance of something else such as a stock market index.
- Exchange rates, where gains can be made if the value of one currency increases relative to another.
- Collectibles, such as art and antiques, where gains can be made through buying and selling them.

Different assets bring different benefits and risks to a fund. They may offer varying potential for returns and losses in different market conditions.

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:

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Higher Return	11.5	59.4	27.3	6.0	18.3	25.7	30.4	6.4	33.1	25.8	1.1	23.9	15.0	33.7	7.2	17.8
	8.7	27.7	22.9	5.3	13.4	18.5	13.2	6.1	29.8	12.5	1.0	19.7	14.4	23.6	1.3	7.7
	4.9	19.0	16.3	2.7	11.5	0.9	8.7	1.7	27.5	11.8	0.5	16.5	6.8	19.6	-5.2	7.6
	-1.6	15.3	12.2	2.5	10.5	0.8	7.8	1.2	19.2	4.2	0.5	14.3	5.6	0.0	-7.9	5.5
	-16.1	14.0	6.9	0.5	10.2	0.4	4.3	0.4	5.3	1.1	-2.1	10.0	2.7	-1.0	-10.0	5.2
	-23.9	2.5	3.6	-1.8	4.7	0.4	2.2	0.2	3.5	0.2	-2.1	5.9	0.2	-1.1	-13.8	4.7
	-28.5	1.3	2.2	-4.6	2.3	-0.3	0.5	-2.2	1.1	0.1	-8.8	2.1	-10.9	-1.3	-14.0	4.6
Lower Return	-35.2	0.6	0.5	-17.6	0.4	-4.1	0.4	-9.7	0.4	-0.8	-8.9	0.7	-13.2	-2.4	-15.3	4.0

- Developed Markets ex UK Equities
- Emerging Markets Equities
- Global Real Estate
- United Kingdom Equities
- Government Bonds
- Global Credit
- Short-Term Government Bonds
- UK Treasury Bills

Source: Dimensional. Annual returns (%): 2008–2023

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

In GPB. 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. 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.

- Dimensional
- Columbia Threadneedle Investments
- Legal & General Capital Appreciation
- Legal & General Income ◆ ◆
- Jupiter ◆
- SEI New ways. New answers.
- Royal London Asset Management
- Liontrust Courage · Power · Pride
- Vanguard

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.

- Succession Model Portfolios powered by LGT Wealth Management
- Succession Model Portfolios powered by 7IM
- Succession Model Portfolios powered by RSMR Portfolio Services
- Charles Stanley
- Quilter Cheviot Investment Management ◆

Options available for risk profiles 1 – 5: ◆ Not available on risk profile 1 ◆ Not available on risk profile 4 ◆ Not available on risk profile 5

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

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.

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.

Options available for risk profiles 1 – 5: ◆ Not available on risk profile 1 ◆ Not available on risk profile 4 ◆ Not available on risk profile 5

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 (Succession MPS powered by LGT Wealth Management and Succession MPS powered by 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 Succession Sustainable MPS powered by LGT Wealth Management 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

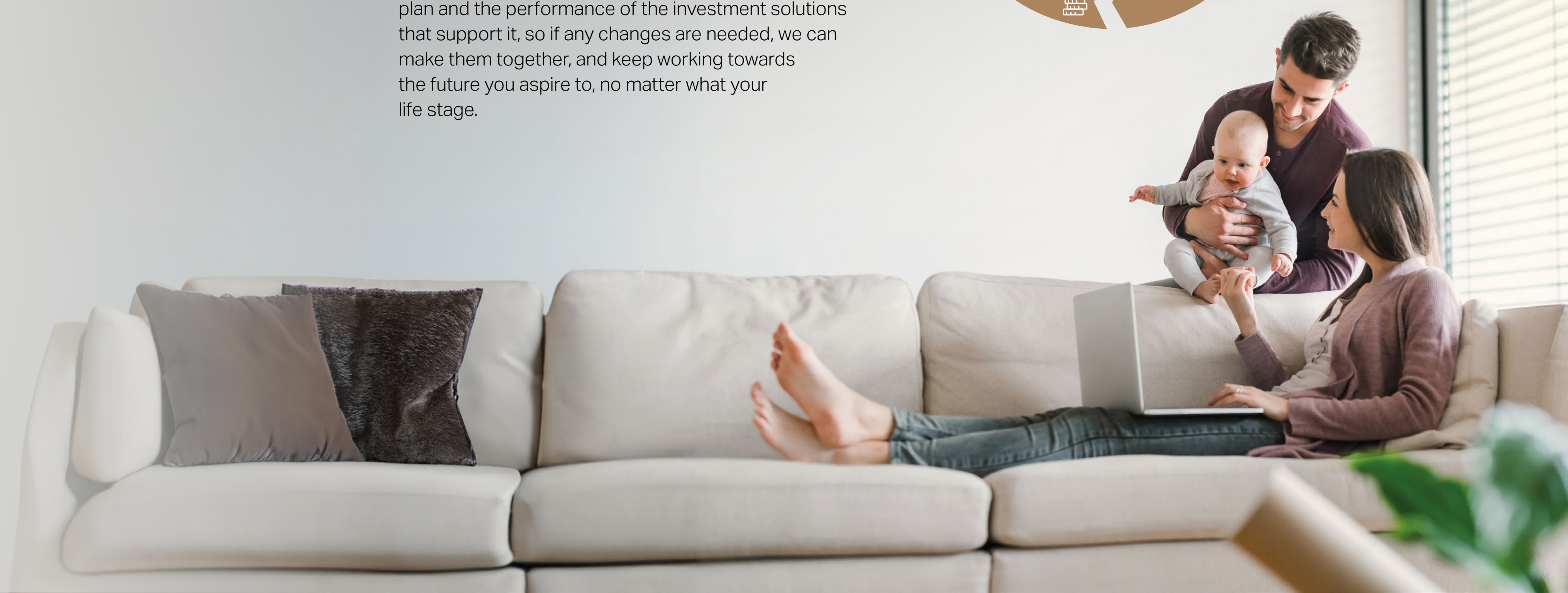
As the Investment Matrix is our foundation, we'll use that, along with all the elements discussed, to create a personalised financial plan for you.

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. 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:

0800 051 4659

hello@successionwealth.co.uk

www.successionwealth.co.uk

SUCCESSION WEALTH

FP2024-417 Last reviewed 09/24