

southam financial
PLANNING LTD



How we invest

Valuable investing

Whether we invest your money for the long or medium term, whether we take a safe or risky approach or somewhere in between, whether we take a safe or risky approach, whether we use cash based deposits or funds that invest in shares it is important that Southam Financial Planning Ltd maintain a strong robust method that is written down and that we follow. Our investment process is there to make sure:

- You have peace of mind
- We use our expertise and the expertise of others
- We use our awareness of financial markets
- We make sure we take care of your investments

We have designed an Investment Proposition to make sure we manage your money effectively and within expectations. We source and use industry experts who will provide returns comparable to the risks you are willing and able to take.

In addition we use respected industry software from FE Analytics which makes sure you do not take too much or too little risk. This means nothing if it is out of date, so we make sure that we regularly monitor our processes and the solutions and make adjustments when required.

Our investment ethos

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

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

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

- That we will invest your money to best meet your goals, not simply speculate on the latest trends
- We will find out what is important to you and build a plan to meet your goals.

Your financial plan

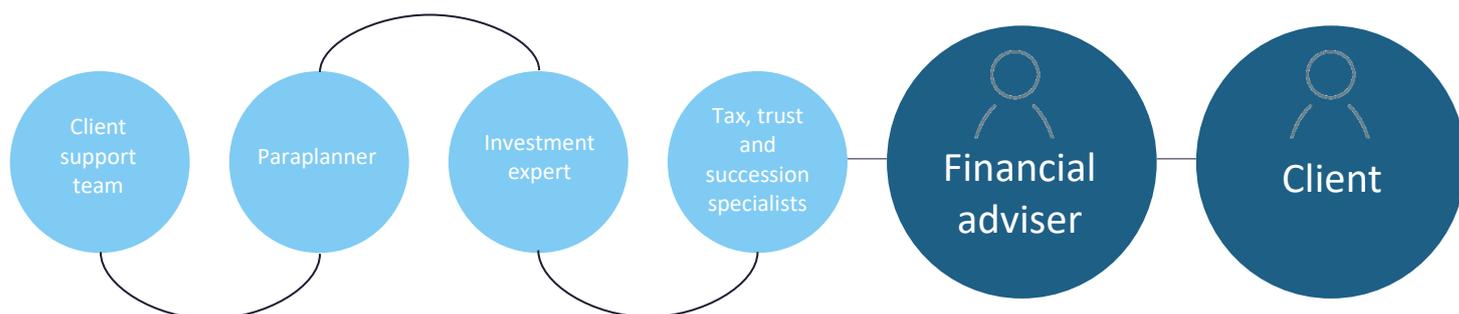
Just because something is a good idea today doesn't mean it will be tomorrow. Investing in just one idea can therefore potentially lead to big problems.

We aim to build a wide ranging investment solution for our clients, investing in a diversified portfolio – a broad selection of assets which meet your own attitude to risk and stated investment goals.

In other words, we won't put all your eggs in one basket.

The team we employ on your behalf

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



1

Our

2

Method

We take guidance from our regulator and other experts

The Financial Conduct Authority (FCA) has vast amounts of expertise and experience in setting out what make a good client outcome. We also use the services of professionals who understand this guidance in detail. We use the advice of both when building our investment process.

3

We write down our passions and beliefs and we follow them

Our collective experience in making financial plans and our knowledge puts Southam Financial Planning Ltd in a strong position, so we can design your solution based on what we believe in. These beliefs are based on professional and sound foundations.

4

We create a robust process to put our beliefs into practice

Successful plans are built on strong foundations. Southam Financial Planning Ltd has a documented robust repeatable process that works.

5

We create a way to make sure everyone understands

Our documentation makes it easy Southam Financial Planning Ltd to follow and maintain our investment solutions. It also means we can easily get opinions from industry experts to second check our processes as well as making documents that explain what we do in a manner that our customers can understand.

We review and revise

Plans need constant adjustment to keep them valid Southam Financial Planning Ltd have a process in place to make sure we do that.

Risk Profiling is a core element of the financial planning process

Before we can identify the best investment strategy for you we need to understand your goals and requirements. As a first step we'll work with you to identify the level of risk you feel comfortable taking when considering the potential for returns.

Our tried and tested Attitude to Risk process is designed to help you understand the implications, in terms of potential gains and losses that following a particular financial plan might involve.

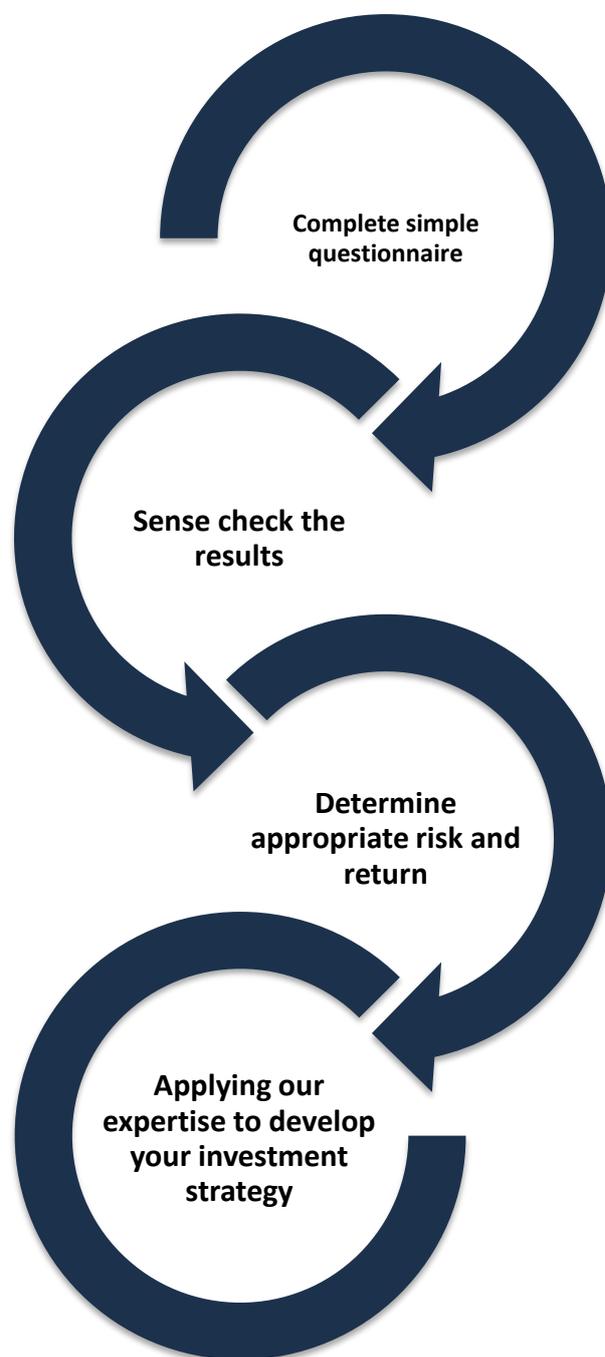
Putting your attitude to risk in to context

As individuals we're all very different so measuring your attitude to risk compared to another person needs to be done in a way which is independent, scientific and robust – but above all in a way that makes it crystal clear to you what the implications would be for your financial plan. That's why our process produces a risk score from cautious (least risk) to adventurous (most risk) which acts as the basis for discussions which will allow us to determine the risk level best suited to your needs.

Identifying your attitude to risk

Our process has been developed by leading experts and has proved to be simple yet effective.

By following the steps below, you can be confident that the risk profile we agree upon for you is accurate and reflective of what we believe you will want to achieve from your investment strategy.



How we select investment funds

We use a robust, repeatable and proven investment process that makes use of a host of expertise from across the information that is available.

Simple though our process may appear, you can be sure that when we arrive at a recommended investment strategy for you a great deal of expert resource has been used to formulate that recommendation.

Our filtering process incorporates two stages of Quantitative and Qualitative analysis to determine potential short listed funds.

We would inspect the fund's investment strategy, understand the fund-specific risks involved and evaluate other such factors as fund manager track record, in order to make an informed decision as to whether the fund warrants a place on the shortlist.

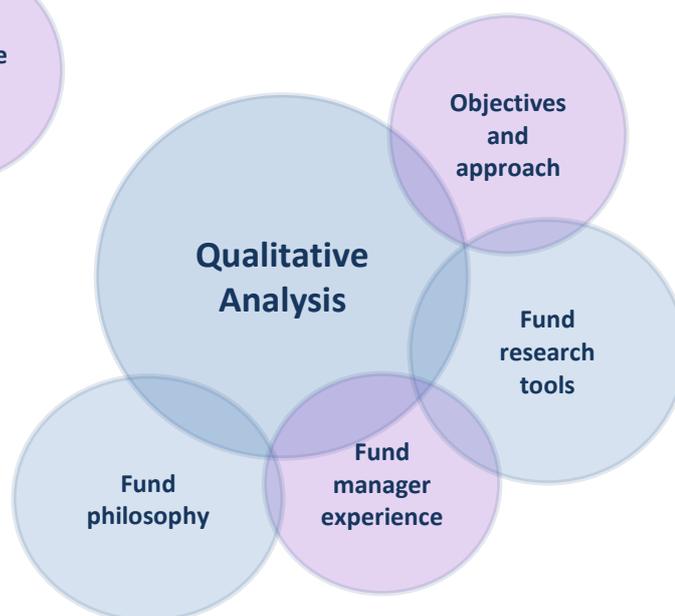
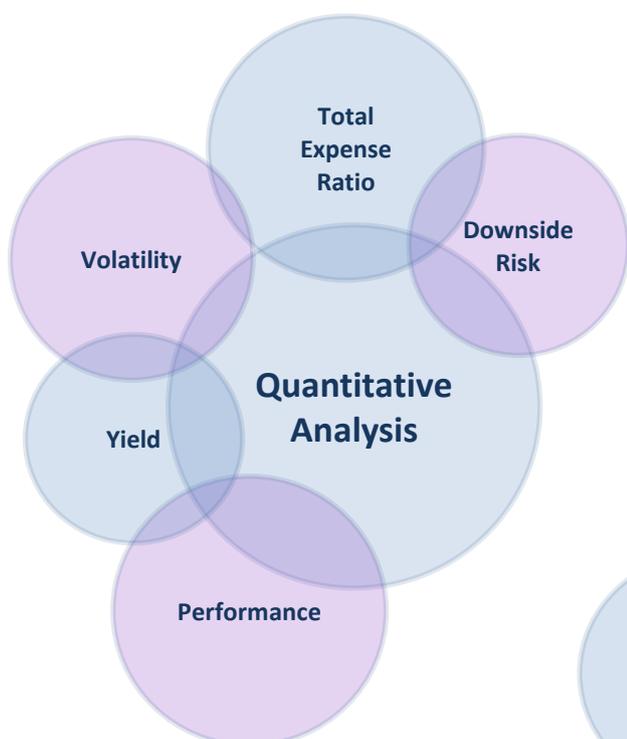
Analysis of your current investments

Seeing clearly in an ever changing investment environment can be challenging. It may well be that you already have some financial plans in place and it can be confusing to know whether or not you should stick with what you've got or update your investments when something new comes along.

We can analyse investments that you already have and show you whether or not your current investments are on course to meet your goals.

We can also examine how aligned they are with the attitude towards investment risk that we have identified as being appropriate for your circumstances.

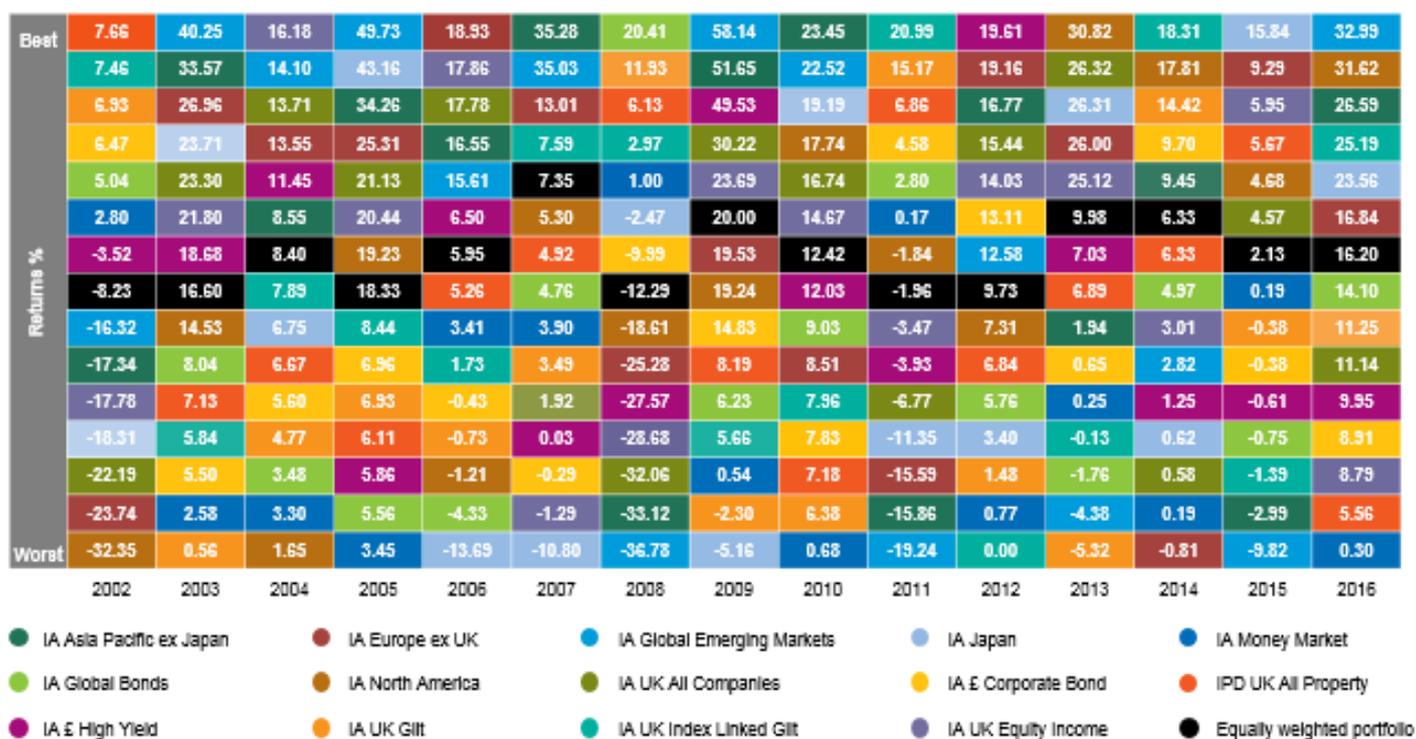
Our simple yet powerful tools will be able to show you the make-up of your overall current investment portfolio, analysing the underlying holdings of individual funds to provide a full picture.



Benefits of Diversification

The chart below shows that when it comes to picking asset classes (the different types of investments you could put your money into) it is almost impossible to predict a winner. You can see how no individual asset class consistently outperforms the others.

The black boxes on this chart represent a diversified portfolio that invests equally in all the other asset classes – in other words, spreads the eggs across many baskets. We will build a diversified portfolio that is designed to meet your investment goals whilst working within your risk profile.



Source: Lipper as at 31.12.2016. Over 15 years. IA = Investment Association.

Past performance is not a guarantee of future returns. The value of your investment is not guaranteed and on encashment you may not get back the full amount invested.

Keeping you on track

It is human nature to buy an investment that is 'doing well' and not buy an investment that is 'doing badly'; of course past performance really is no guide to future returns.

This may lead you to want to buy at the market peak when prices are high and sell during market lows at a loss.

This emotional response can be highly detrimental to your investment portfolio.

This is why we put in place a clear plan to ensure your investments stay within your risk profile and tolerance to loss, focusing on your long term goals.

Choosing the right investment

What you don't want when it comes to investing is any nasty surprises. You can have the best plans in the world, but if you choose the wrong funds to invest in then you could see those plans disappear in front of your eyes. You need to know that your investments are aligned to your goals.

We don't try to find funds to meet your goals and just accept the best fit available.

We work with leading fund managers to create bespoke fund solutions that match exactly the risk parameters you are willing to accept.

You will always know the possible implications of your fund selection and we will make it clear how these funds can help you achieve your financial goals.

Keeping an eye on moving parts

We only work with leading fund managers who pass our rigorous selection criteria. An independent investment committee monitors the activity of our selected fund management partners to ensure that they are investing your money as they have said they will.

We will ensure that your investments are rebalanced – so that over time your investments do not drift away from what we have agreed with you if required.

We can provide ongoing updates regarding the performance of your investments and can agree a schedule of regular reviews with you. This means that if your goals and priorities have changed we can assess if your financial plans need to change too.

Our fund solution

Agreed level of risk

cautious

cautious to
moderate

moderate

moderate to
adventurous

adventurous

A selection of risk rated model portfolios, depending upon risk rating and longevity of investment

Investment solutions will be delivered by a number of active and passive investment funds and will consider:

- Fund Manager objectives, style and methodology
- Performance against benchmarks
- Asset allocation model
- Active / passive philosophy and investment instruments used
- Fund selection process
- Approach to new fund launches / markets / sectors
- FE Analytics risk score
- Term of investment

Recommend risk rated funds, those that have a mandate to maintain a certain risk level.