


SAUNDERSON HOUSE

Part of Rathbones Group Plc

Our investment proposition

An introduction to how we look after your investments





"I value the very good steady return achieved, the prudence shown and that they 'stick to their guns'. In my professional capacity I have met a lot of investment managers and Saunderson House are the best in terms of communication in their reports, providing a clear concise summary on each sector of the market. I believe that Saunderson House is the best place to have my money."

Former Partner – KPMG

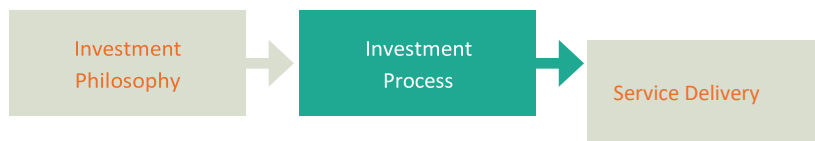
Your wealth matters

Saunderson House is a leading firm of wealth managers providing award-winning financial planning and investment services to high net worth individuals, trusts, and other institutional clients.

Our investment aim is simple; to understand your portfolio objectives, time horizon and risk appetite and seek to maximise returns after fees in accordance with these considerations.

Overview

Our investment proposition is composed of three key elements:



- Our investment philosophy: This details the underlying beliefs that drive our investment approach
- Our investment process: This ensures repeatability, consistency and robustness in the implementation of our investment philosophy and defines how we add value to portfolios
- Service delivery: Our investment service can be delivered on an advisory or discretionary basis

Through our investment proposition, we believe that we can construct a portfolio that is well placed to meet your investment goals.

Our investment philosophy is based on a set of core beliefs:

Transparency

We believe that portfolios should only hold investments where the source of return is clearly identifiable. By investing in assets where we can develop a detailed understanding of the underlying drivers of value, we believe that we can protect your portfolio from hidden risks and costs.

Analysis

We believe that analysing how financial markets are influenced by macroeconomic trends and changes is key to making good investment decisions. Thorough analysis of every prospective investment is also important for ensuring we select appropriate instruments for your portfolio.

Diversification

We seek to diversify your portfolio across and within asset classes to reduce volatility. Our focus on just four major asset classes (equities, commercial property, fixed interest and cash) allows us to proactively rotate portfolios towards those that we believe offer the best prospective returns at any point in time.

Specialist investment management

Investing predominantly via collective funds gives us access to those fund managers who have demonstrated their ability to add value.

We build long-term, trusted relationships with our selected fund managers. This gives us deeper insights into a manager's likely performance at different points in the business cycle.

Active investing

We believe that investment markets offer opportunities within asset allocation and

fund selection and we actively rotate portfolios to enable you to capitalise on these. We believe that carefully selected active funds can add considerable value.

Value investing

We analyse asset classes and individual investments with a view to ensuring your portfolio is weighted towards assets that are attractively valued and away from those that we believe are fully valued. By not being tied to an index, we are afforded the opportunity to generate superior returns for our clients.

Minimising the impact of fund management charges

We recognise that charges and costs impact your investment returns. We ensure that all fund charges are made clear to you and we negotiate with our providers to minimise them. Our aim is to deliver value for money by ensuring fund management charges are justified by performance.

“Saunderson House has taken endless pains to understand my profile and build an investment strategy to fit it. I have the highest regard for their professionalism and would happily recommend them to any potential client, however exacting.”

Partner – City law firm

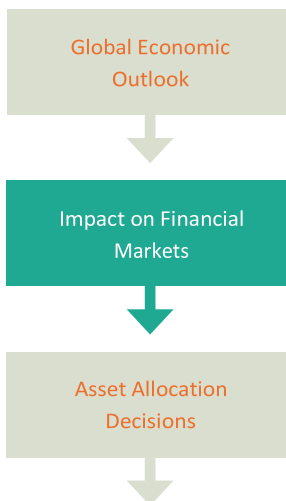
Our investment process

Saunderson House's investment process starts by developing an in-depth understanding of the macroeconomic environment and how changes to it can affect financial markets. We also pay close attention to asset valuations, noting that over the long run, the price you pay for an investment is the key determinant of its future returns.

We design portfolios that reflect a blend of views on potential economic outcomes and contain assets that we believe are undervalued based on those scenarios. We populate portfolios with funds whose managers follow clearly defined processes that we believe will work at different points in the market cycle.

This rigorous analysis gives us the opportunity to add value in two distinct areas: **asset allocation** and **fund selection**.

Decisions



Asset allocation

We consider only four primary asset classes: equities, commercial property, fixed interest and cash. This is because we can analyse the underlying drivers of their returns - enabling us to make meaningful asset allocation moves to add value to your portfolio.

We do not invest in alternative investments, such as currencies, commodities, structured products or hedge funds. In our view, the drivers of their returns can be opaque and in many cases they also carry high charges.

The size of allocations to each asset class reflects our tactical asset views, your time horizon and your ability and willingness to tolerate investment risk. We seek to achieve



superior returns by tilting your portfolio towards those asset classes that are either benefiting from economic tailwinds that are, in our view, not yet fully priced in, or deeply out of favour investments trading at attractive valuations.

The rigorous analysis driving our investment decisions gives us conviction to make meaningful changes to underlying asset allocations as our central view evolves.

Active fund selection

In addition to making decisions on tactical asset allocations, we also strive to add value to your portfolio through active fund selection. In our experience, traditional market capitalisation weighted indices are easily distorted by trends in new listings and 'herding' by investors. For example, defensive stocks tend to be in favour when the economic outlook is less certain, while cyclical stocks are often preferred when economic activity is accelerating. By investing in actively managed funds, rather than passive funds which track an index, we can help you take advantage of such distortions.

Fund managers employ different styles of investing, and these styles can add value at different stages of the business cycle. We take the time to understand each fund manager's investment process and are therefore able to identify those managers likely to excel in different stages of the market cycle.

Our fund selection process

We apply strict criteria to this process to form a view as to whether a fund manager is likely to be able to add value:



Philosophy

Understanding how a manager thinks about investing and the approach they employ to try to outperform benchmark indices in the long-term is key to our fund assessment process. Using our experience, we form a view as to whether their philosophy is likely to succeed.

Process

We scrutinise a manager's investment process, assessing whether the implementation of their investment philosophy is rigorous, disciplined and, importantly, repeatable.

People

We consider the resources at the manager's disposal, particularly their use of in-house analysts and systems but also their risk control and compliance processes.

Track record

A further step in the fund research process is to review past performance under different market conditions to confirm that this is what would be expected from the manager's investment style. We continue to monitor fund performance after making our initial assessment to confirm if our initial work is supported by the evidence.

Stability

We consider the financial strength of the fund management firm. Saunderson House will not invest in funds where the risks of key staff leaving the business and funds shrinking or closing appear substantial.

Terms

We focus very closely on fund charges, checking that all fees and expenses are reasonable. Where possible, we leverage our size and reputation to negotiate access to lower cost share classes of funds.

We also look out for hidden costs, such as trading commissions that may act as a drag on investment returns.

Managing risk

To help protect you from market volatility, we ensure that portfolios are appropriately diversified. We operate a range of model asset allocations, which reflect both investment time horizon and your ability and willingness to bear investment risk. In essence, if you are more risk-averse, your portfolio will contain lower allocations to equities and property, and higher allocations to fixed interest and cash. However, we never allocate to assets solely for diversification purposes – there must be a fundamental reason to believe that each holding can generate positive returns.

Service delivery

Our investment management service can be delivered on an **advisory** or **discretionary** basis.

The appropriate service will depend on factors relating to your circumstances, such as:

- your investment knowledge and the level of involvement you would like in investment decision making
- the time you have available to respond to investment advice



An award-winning team dedicated to investment research

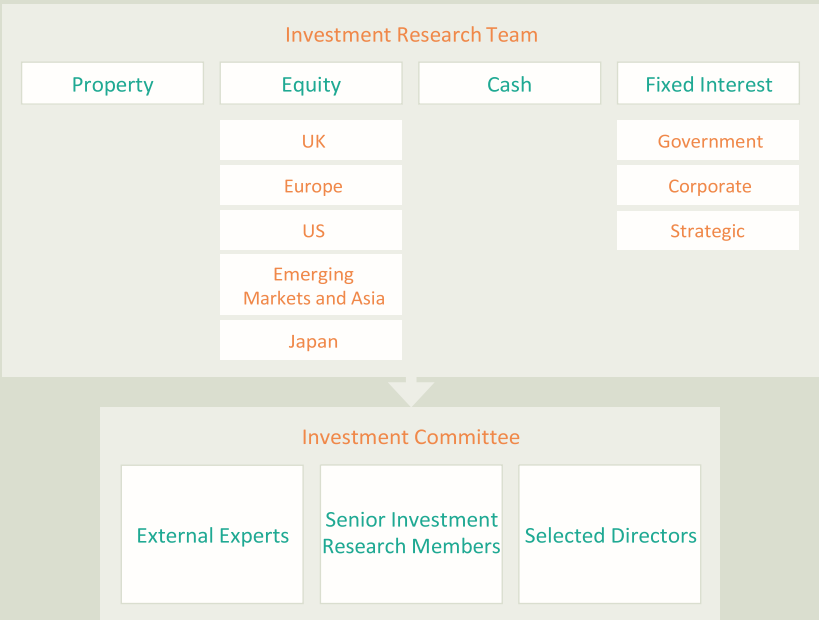
Our **Investment Research team** is responsible for the implementation of our philosophy. The team is comprised of investment specialists who are Chartered Financial Analysts (CFA), members of the Chartered Institute for Securities & Investment (CISI), Chartered Accountants, or are studying towards achieving these qualifications.

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To ensure rigour within our investment process, the team proposes asset allocation and fund recommendations, which are then scrutinised and challenged by our **Investment Committee**. The Committee meets at least monthly and comprises internal and external specialists.

We maintain the quality and depth of our research by ensuring that at least two analysts cover each market in which we invest. This allows knowledge to be passed between analysts and ensures that there is continuity of approach and information.



What others say

“One of the most thorough of firms researching the investment markets ... it feels like they have aligned their clients’ needs with the way I’m trying to manage money.”

Fund Manager – Investment Week Fund Manager of the Year Awards

“Behaviours and practices are professional to its core.”

“The investment process is detailed and based on sound investment principles.”

Judges – Gold Standard Awards 2015

“I have been a client for over 15 years and have been extremely satisfied with the management and performance of my personal pension investments and integration of the overall financial planning following my retirement.”

Former Director – FTSE 100 companies

“I was immediately impressed with their knowledge of the

particular issues faced by trustees. They provided wellresearched and comprehensive advice and followed this up with friendly and efficient administration.”

Partner – Dale & Newbury

Transparency and performance

Ensuring that you have a clear understanding of how your portfolio has performed against both your expectations and appropriate benchmarks is crucial. We are completely transparent in communicating our performance. Saunderson House is an Associate Member of the Asset Risk Consultants’ Private Client Indices – an independent compiler of returns generated by investment managers.

For details of the performance of our model portfolios over one, three, five and 10 year periods, please see our latest Performance Bulletin, which can be found at www.saundersonhouse.co.uk.



"I have found Saunderson House to be very responsive and well able to tailor their advice to my specific circumstances – I have complete confidence and trust in them."

Partner – City law firm

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How to instruct us

If you would like further information about our expertise, or about the way we work in general, or to arrange a meeting, please contact:

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We cannot assume legal liability for any errors or omissions and detailed advice should be taken before entering into any transaction. The value of investments and any income therefrom can go down as well as up and you may not get back the full amount you invest.



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