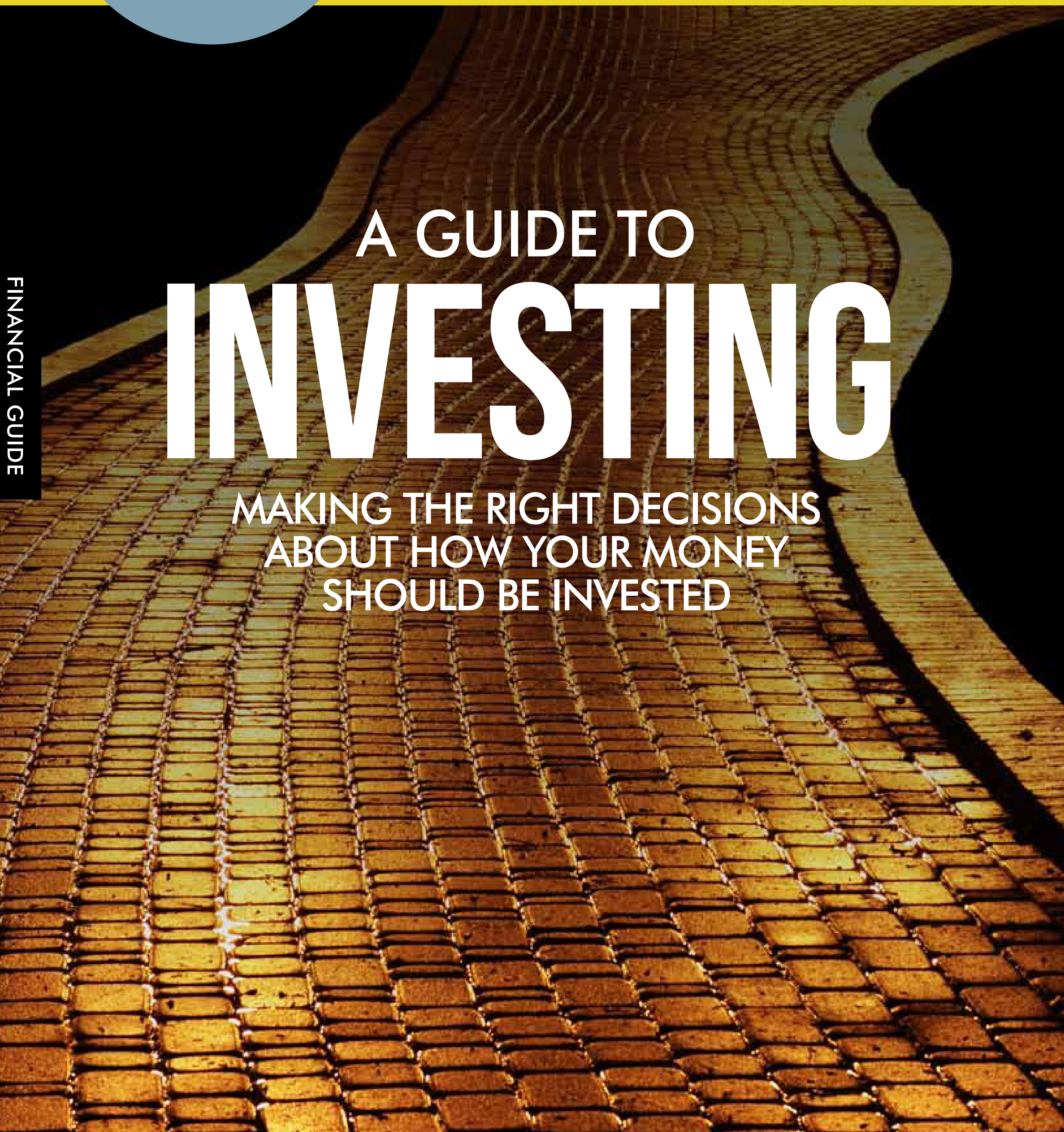
FINANCIAL GUIDE



A GUIDE TO INVESTING

MAKING THE RIGHT DECISIONS ABOUT HOW YOUR MONEY SHOULD BE INVESTED

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MAKING THE RIGHT DECISIONS ABOUT HOW YOUR MONEY SHOULD BE INVESTED

As wealth grows, so too can the complexity of its management. Our approach is to cut through complexity and offer you clear guidance to achieve your goals. Today's challenging economic and global conditions, coupled with uncertainty in Europe, North America and China, have combined to create a degree of cautiousness among many investors. A long-term investment strategy will provide you with a clear advantage during uncertain times.

When stock markets are going through one of their inevitable periods of turmoil, it can be reassuring to take a long-term perspective and remember that you are investing for years, rather than days or months. This may remind you that there is plenty of time for the markets to recover from any temporary setbacks.

Another benefit of taking a long-term perspective is the way it helps us see that the general trend in stock markets has been positive, even though there have been many times when share prices have fallen sharply. When you are devising a long-term strategy for your investments, it is important to tailor it to your specific needs. The most important aspect of the decision is likely to be the length of time you are investing for.

A HIGHLY SUCCESSFUL INVESTOR

Warren Buffett is one of the world's richest people and is a highly successful investor. He's achieved this partly by identifying companies that he believed were worth more than their market value, investing in them and, crucially, holding that investment for the long term. It sounds remarkably simple, but given the ups and downs of the global markets, it takes a high level of discipline, nerve and conviction in your decisions.

KEEP FOCUSED ON YOUR END GOALS

It's important to have in place a sound investment strategy to keep you focused on your end goals and not to let market noise sway you. If appropriate, consider investing at regular intervals over the long term. Keep on investing through market lows when share prices are undervalued, so that you gain more wealth when markets rise again. This can help smooth some of the stock market ups and downs, and you avoid investing all of your money when the market is at a peak.

YOUR ATTITUDE TOWARDS INVESTMENT RISK

Understand your time horizon and your attitude towards risk. They affect how you invest. We're all different, and our personal risk attitude can change with our circumstances and age. The nearer you approach retirement, the more cautious you're likely to become and the keener

you're likely to be to protect the fund you have already built. Note that the value of your fund may fluctuate and you may not get back your original investment.

SPREAD RISK THROUGH DIVERSIFICATION

Diversify your portfolio so that when one part of the market does not perform it is balanced out by another part of the market that does. View your investment portfolio as a whole. Asset allocation is the process of dividing your investment among different assets, such as cash, bonds, equities (shares in companies) and property. The idea behind allocating your money among different assets is to spread risk through diversification – the concept of not putting all your eggs in one basket.

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ASSETS THAT BEHAVE DIFFERENTLY

Balance your portfolio and maintain a sensible balance between different types of investments. To benefit from diversification, you need to invest in assets that behave differently from each other. Each asset type has a relationship with others – some have very little or no relation to each other (known as a 'low correlation'), whereas others are inversely connected, meaning that they move in opposite ways to each other (called a 'negative correlation').

MIRRORING THE PERFORMANCE OF A PARTICULAR SHARE INDEX

There will always be times when one asset class outperforms another. Generally, cash and bonds provide stability while shares

and property provide growth. Funds are either actively managed, where managers make decisions about the investments, or passively managed (typically called a 'tracker'), where the fund is set up to mirror the performance of a particular share index rather than beat it.

BENEFIT FROM COMPOUND GROWTH

Think long term. It is time in the market that counts – not timing the market. The longer you are invested in the market, the greater the likelihood of making up for any losses. What's more, the sooner you start investing, the more you will benefit from compound growth.

INVESTING AS TAX-EFFICIENTLY AS POSSIBLE

Different investments have different tax treatments. Tax is consequential to many wealth management decisions. Our understanding and experience can help you manage and protect your wealth, whatever form it takes. We can advise you about the tax treatment of your current investments, and of any investments you are considering, to ensure that you are investing tax-efficiently. It's important to remember that your requirements are unique to

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you. What's a good investment for one individual is not automatically a good investment choice for you, so don't follow the latest investment trends unless they fit with your plan.

REVIEW YOUR PORTFOLIO

As the years go by, it is important to review your portfolio regularly to make sure that it still suits your long-term strategy. If an investment has done particularly well, you may find that it now accounts for a disproportionate share of your overall portfolio and you need to do some rebalancing.

In addition, you will probably need to adjust the weightings of your investments from time to time – for example, to reduce the amount of risk you are exposed to as you get nearer to retirement. ■

A DIVERSIFIED SELECTION OF INVESTMENTS

Many investors may prefer to have a diversified selection of investments in their portfolio. This can ensure they are not too exposed to problems in a particular market. At the same time, it means they are more likely to benefit if a market does well.

- Cash is good for an emergency fund or short-term savings, but you may find the returns are disappointing over the long term, and you need to remember that their value will be eroded by inflation
- Bonds (or loans issued by governments and large companies) can provide better returns than deposit accounts but cannot offer the same level of security. Although bond funds do not have as much growth potential as stock market investments, they tend to be less volatile. Investors often opt for bonds when they need to reduce risk – perhaps in the years leading up to their retirement
- Shares, or equities, offer the most growth potential over the long term, but you need to accept that there may be periods when the value of your investment falls sharply
- Property can offer significant potential for long-term growth, but the market moves in cycles and may go through periods when prices fall sharply
- Commodities, such as oil, steel and gold, are now more readily available to private investors, thanks to an increasing range of mutual funds and exchange-traded funds (ETFs). In the short term, commodity prices can be very volatile but they can produce significant gains over the long term

WE'RE HERE TO HELP

We are able to offer you solutions at every stage of your wealth cycle. Whatever your needs for investment advice, we can help. You may wish to entrust the entire wealth management process to us, or, if you wish to make the investment decisions yourself, you can still leverage our services and expertise. We know that your family, business and financial situation will evolve over time. Therefore, this process will be repeated regularly to ensure that your investment solution always meets your needs. To discuss your requirements please contact us.

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