BRI Wealth Management PLC

Investment Guidance Notes

The purpose of these notes is to provide you with guidance on the different portfolio strategies that BRI offers. Each portfolio strategy is based on a stepped exposure to diversified portfolios of equities and bonds. As the risk increases so does the equity exposure. Each is designed to broadly meet bands of risk-return requirements.

Introduction

To ensure that we make suitable investments for you, through a process of discussion with you and where applicable your other advisors, we identify your attitude to risk and create a portfolio that meets this level of risk. We also take account of any restrictions that may apply. These notes are designed to provide guidance in the consideration of those criteria and give our clients a reasonable understanding of how we approach this subject. All investment portfolios offered by BRI are suitable only for clients who can tolerate a degree of risk in terms of loss of capital and income, and liquidity risk. If you have any questions about this please do not hesitate to contact us.

Establishing and Changing Investment Objectives and Restrictions

When you establish a portfolio with BRI, we agree at the outset your attitude to risk, investment objectives, time horizon and any restrictions which will apply to the portfolio, and these are confirmed in writing. Thereafter, these will be reviewed and confirmed from time to time (at least annually). If after reviewing the available information BRI feels that it is advisable for you to change any of these criteria, we will advise you accordingly. Similarly, if you wish us to make any changes, or are aware of any material changes to your circumstances that might affect your investment criteria, you may instruct us at any time and we will confirm the new criteria to you in writing. We do recommend that where changes are required these are planned and implemented over a period of time to mitigate factors such as capital gains tax. If the portfolio criteria do change, future investments will be made accordingly. However, unless you specifically ask us to, we will not normally make immediate disposals of investments which fall outside the new criteria. Instead we would wait for suitable opportunities given our assessment of prevailing market conditions.

Time Horizon

The first thing we will need to establish is your investment time horizon. A BRI risk-based portfolio will normally only be suitable for investors who do not expect to encash their portfolio for at least five years.

Attitude to Risk

We will assess your attitude to risk by asking you about your personal and financial circumstances and goals, and will ask you to complete an ‘attitude to investment risk’ questionnaire. We will discuss your answers to this with you, and using this with other information you give us, we will agree your risk level. As you will see, BRI portfolios primarily address clients’ different attitudes to risk by varying the proportion of equities-based investments that they contain as these investments typically have a greater level of volatility than other asset classes such as fixed interest, alternatives and property.

Volatility

Volatility refers to the extent to which the value of investments and the income they generate may fluctuate over a period of time. Volatility is one of the most significant factors determining the risk of an investment or a portfolio. There is no precise way of predicting the volatility of a particular portfolio but it is important that you understand that higher risk portfolios will be more volatile than lower risk portfolios. A key factor in managing volatility is making sure that your portfolio has the right mix of different investment types. BRI’s various risk-based strategies provide diversification in order to boost returns over the long term, and can help to provide some protection against losses in periods of market turbulence.

Equities do carry a higher level of risk than fixed interest investments and cash, and you can expect greater levels of volatility. However, over the long term, equities have demonstrated their ability to grow capital and protect against the effects of inflation.

BRI’s general investment style is relatively conservative, and portfolios will generally contain a range of investments such as equity of large and medium size companies from the UK or their equivalent from overseas markets, collective investment schemes and suitable fixed interest investments.

The portfolio may also include some direct investment into smaller companies and less liquid investments.

It is however not possible to lay down precise guidelines for the measurement of risk or the potential impact upon an investment portfolio of market and geopolitical events.

It should be noted that from time to time your portfolio may contain some investments which fall outside these designations either for good investment management reasons or because of circumstances beyond BRI's control.

The following table shows how clients' different attitudes to risk correspond to BRI's different risk-based portfolio types:

Level of Risk	Your Attitude to Risk and Volatility	Corresponding BRI Portfolio
LOWER RISK	You are unwilling to accept any risk of capital loss	A BRI portfolio is not suitable
	You are prepared to accept volatility to enhance your portfolio's longer-term income and growth potential and are aware that small fluctuations in capital and income are likely. Cautious portfolios will have a higher proportion of lower risk assets such as cash, fixed interest, and alternatives, relative to the higher risk asset class of equities. Equity exposure is likely to range between 20-40%. This portfolio can be suitable for investors with a 5-year time horizon.	Cautious
	You are prepared to accept volatility to enhance your portfolio's longer-term income and growth potential and are aware that modest fluctuations in capital and income are likely. Cautious to Moderate portfolios will be more evenly balanced between equities and lower risks assets such as cash, fixed interest, and alternatives. Equity exposure is likely to range between 30-60%. This portfolio can be suitable for investors with a 5-year time horizon.	Cautious to Moderate
	You are prepared to accept volatility to enhance your portfolio's longer-term income and growth potential and are aware that moderate fluctuations in capital and income are likely. Moderate portfolios will have a higher proportion of higher risk assets such as equity, relative to lower risk assets such as cash, fixed interest, and alternatives. Equity exposure is likely to range between 45%-75%. This portfolio can be suitable for investors with 5–10-year time horizon.	Moderate
	You are prepared to accept volatility to enhance the portfolio's longer-term income and growth potential and are aware that moderate to high fluctuations in capital and income are likely. Moderate to Adventurous portfolios with have a higher proportion of higher risk assets such as equity relative to lower risk assets such as cash, fixed interest, and alternatives. Equity exposure is likely to range between 55-85%. This portfolio can be suitable for investors with a 5–10-year time horizon.	Moderate to Adventurous
	You are prepared to accept volatility to enhance your portfolio's longer-term income and growth potential and are aware that significant fluctuations in capital and income are likely. Adventurous portfolios will have a high proportion of higher risk assets such as equity, with limited exposure to lower risk assets such as cash, fixed interest, and alternatives. Equity exposure is likely to range between 60-100%. This portfolio can be suitable for investors with a 5–10-year time horizon.	Adventurous
HIGHER RISK	You are prepared to accept significant volatility to enhance your portfolio's longer-term income and growth potential and are aware that significant fluctuations in capital and income are likely. Speculative portfolios will be almost entirely invested in equities. Equity exposure is likely to range between 70-100%. This portfolio can be suitable for investors with a 5 –10-year time horizon.	Speculative

To help you decide what level of risk you are prepared to take with your investment we have produced some historical statistics and charts which demonstrate annual returns from different risk-based strategies. These are only indicative and provide no guarantee of future returns but should help you decide the level of risk you are prepared to take.

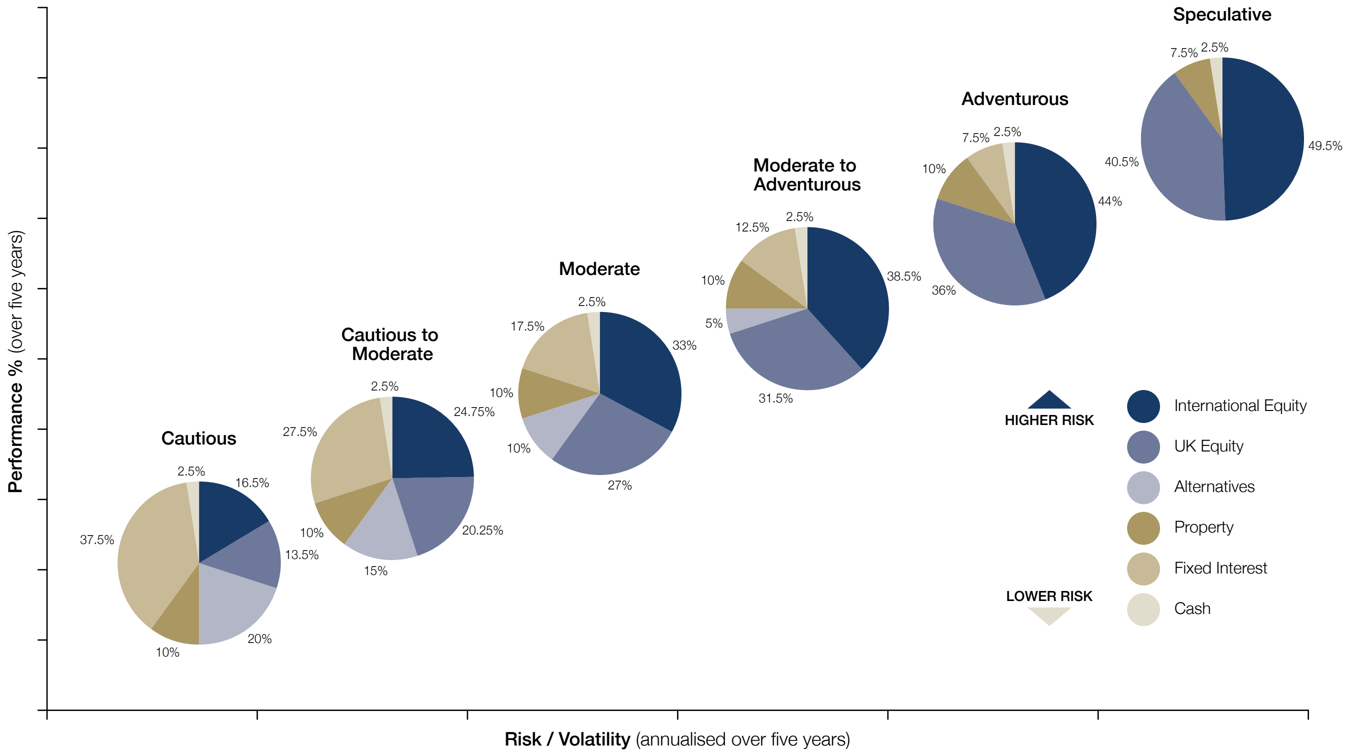
BRI Composite Benchmark	Cautious	Cautious to Moderate	Moderate	Moderate to Adventurous	Adventurous	Speculative
2008	**-16.63%**	**-19.73%**	**-22.61%**	**-24.54%**	**-27.04%**	**-28.00%**
2013	9.83%	13.17%	16.39%	18.38%	20.72%	22.66%
2014	6.45%	5.89%	5.39%	5.17%	4.83%	4.32%
2015	2.17%	2.65%	3.09%	3.32%	3.67%	3.87%
2016	10.58%	12.37%	14.01%	15.12%	15.94%	16.58%
2017	8.42%	9.94%	11.28%	12.10%	12.97%	13.58%
2018	**-4.81%**	**-5.72%**	**-6.50%**	**-6.96%**	**-7.59%**	**-7.99%**
2019	14.42%	16.65%	18.60%	19.82%	21.14%	21.84%
2020	4.99%	5.13%	5.25%	5.37%	4.80%	4.79%
2021	9.26%	12.00%	14.3%	15.56%	16.86%	17.69%
2022	**-12.89%**	**-14.17%**	**-15.54%**	**-16.58%**	**-17.73%**	**-18.17%**
Greatest rise within *1 year	30.14%	36.14%	42.41%	47.14%	53.37%	56.51%
Greatest fall within *1 year	**-19.46%**	**-29.51%**	**-34.09%**	**-37.10%**	**-40.90%**	**-42.25%**

Source: FE Analytics as at 01/05/23 *Based on a rolling 12-month basis since 01/01/08 from the highest point to the lowest point or vice versa.

We have displayed the annual returns for 2008 to show you how severe portfolio falls can be. In 2007/08 the global economy was hit by the banking crisis which at the time was the most severe global recession since the Great Depression.

BRI's Risk Based Strategies

Each portfolio strategy is based on a stepped exposure to diversified portfolios of equities and bonds. As the risk increases so does the equity exposure. The weightings listed below demonstrate approximate asset allocation weightings only.



The above graph is for illustration purposes only.

A higher volatility figure indicates greater uncertainty about future returns, though this can lead to greater returns as shown above.
If you would like further details on our current investment strategy please feel free to contact your usual advisor.

Investment Objectives

Having decided which BRI risk-based portfolio is suitable for you, we will then need to agree the level of income you want from your portfolio. This will determine which individual investments we buy for your portfolio and what levels of income and capital growth you can expect from them. Portfolios will typically be constructed to provide an overall return through a combination of both income and capital growth. However, we can also place a greater focus on income generation if appropriate (at the possible expense of capital growth), depending upon your requirements as follows:

Income & Growth
The investments within your portfolio will provide returns through a combination of both income and capital growth.

Income Focus
The investments within your portfolio will be chosen with the primary aim of producing income and a secondary objective of providing some degree of capital growth. It should be noted that this additional income focus may come at the expense of some capital growth. Particular income requirements will be determined for individual clients and income will be reinvested or paid out according to individual requirements.

Asset Classes

Depending upon your attitude to risk and investment objectives, your portfolio will contain a combination of the asset classes shown below. For a more detailed review of the risk of each asset class, please refer to BRI's Terms and Conditions and Risk Disclosures Document.

Equities

Whilst history shows that equity investors enjoy higher returns in the medium to long term, equities are typically relatively volatile investments. Risk can be higher for equities as there may be no asset backing, and whilst BRI typically runs well-diversified portfolios of UK and global equities it is possible to lose all of your investment in an individual equity. In addition, there may be liquidity risk and the ability to sell equity investments cannot be guaranteed.

Fixed Interest Investments

Traditionally one of the primary ways of reducing risk in a client's portfolio is by investing in fixed interest investments because of their typically lower volatility. Investment in fixed interest will depend on your attitude to risk. Generally speaking the more risk averse you are the more your portfolio will be invested in fixed interest securities either directly or via collective investment schemes.

Alternatives Investments

Alternative investments encompass areas that are less correlated to traditional equity and fixed interest markets. Alternatives can include commodities, absolute return and hedge funds, and defined return funds or structured products. By including them in portfolios, overall portfolio volatility can be reduced. Generally speaking, the more risk averse you are the more your portfolio will be invested into alternative investments. Clients should be aware that although alternative investments can achieve favourable risk adjusted returns, some are relatively complex instruments containing derivatives.

Property

Investment in property can be a very useful method of diversifying a portfolio as it historically has a low correlation to equities and fixed interest. Investment can be made into multiple sectors including residential, commercial and infrastructure. Methods of investing in property include purchasing shares in open-ended investment companies and real estate investment trusts. The asset class is often chosen for its significant yield from rental income. However, property can be by its nature less liquid than equities.

Collective Investments

Collective investments include investment trusts, unit trusts and open-ended investment companies (OEICs). These investments provide a basket of individual underlying investments within a portfolio structure. Collective investment only portfolios invest solely into collective investments, suitable fixed interest investments and real estate investment trusts (REITS).

Restrictions

Sometimes clients wish to place specific restrictions on investments which may be held in their portfolio, or on investments which should not be sold without their prior agreement. Where clients exclude certain sectors or markets we will aim on a reasonable endeavours basis to avoid investments whose business derives a large proportion of their profits or turnover from these sectors or markets.

Similarly, some clients ask us to try and maximise the income yield from their portfolio which can constrain the investment universe in certain market conditions.

BRI will be happy to accommodate reasonable restrictions being placed on a portfolio but you should note that this may prevent a portfolio from being well balanced and may result in different growth and income levels to those which would otherwise have been achieved. Such restrictions may also affect the risk of the overall portfolio.

Risk Warnings

You should note that the value of investments and the income derived from them can go down as well as up. When investments are sold you may not receive the amount you originally invested. You should also note that if an investment or deposit is made for you in a currency other than Sterling, a movement of exchange rates may have a separate effect, either favourable or unfavourable, on the gain, loss or income otherwise experienced on the investment or deposit. You should not commit funds to the stock market which might be needed to meet short-term obligations. Stock market investment should be invested for the medium term (five to seven years at least).