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# Discretionary Management Service (DMS)

Discretionary managed multi asset class portfolios invested across different geographies, available in four risk strategies.

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DMS is a discretionary, actively managed service for private clients. Our portfolios are well-diversified in terms of number of holdings, geography, asset and sector allocation.

The portfolios are designed as a long term investment and may not be suitable if you plan to withdraw your money within five years.

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## Risks

The value of investments and the income from them can go down as well as up. Investors may get back less than the full amount originally invested. If you are unsure about any information contained within this document, or the suitability of this investment to meet your needs, you should speak to your financial adviser.

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## Investment philosophy

Our investment philosophy is guided by four core principles:

- A focus on prudent management of capital.
- A diversified approach.
- Active investment management.
- Institutional discipline within a collegiate culture.

## Prudent management of capital

We invest according to today's market conditions but also within the context of a long-term strategic framework. Our asset allocation, security and fund selection decisions focus on delivering an optimal combination of income and growth, as well as achieving a return greater than inflation, within an agreed tolerance for risk.

## A diversified approach

We believe that the best way to deliver optimal risk adjusted returns is through diversification: investing across asset classes, global regions and types of investments. We invest in liquid securities, funds and alternatives because it allows us to respond to changing market conditions quickly and enables us to meet the growth, income and drawdown needs of clients.

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## Active investment management

The foundation of our investment approach is strategic asset allocation – the practice of identifying and assembling the optimal mix of asset classes to maximise returns at a given level of risk over the long-term.

We complement this longer-term framework by anticipating and acting on short-term market swings or disconnects between and within asset classes. This is called tactical asset allocation.

The purpose of tactical asset allocation is not to alter, fundamentally, a portfolio's long-term risk profile but to enhance returns and reduce losses by making adjustments to the portfolio's framework to reflect the market environment as we see it today.

## Institutional discipline

We have a team of over 50 investment professionals. More than two-thirds have 15 years' or more investment experience. We encourage open debate within a structured framework of daily, weekly, monthly and quarterly meetings. This ensures all our investment holdings are rigorously reviewed and new investment opportunities are shared and discussed.

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## Research process

A rigorous and robust research programme greatly increases the likelihood of identifying investments that can outperform over the medium to long term.

The key building blocks for a well-diversified, actively managed client portfolio are:

- Strategic asset allocation framework aligned to a client's agreed risk profile.
- Tactical asset allocation ranges for each asset class to allow scope for added value from active management.
- Rigorous stock and fund selection.

DMS also invests in collective investment vehicles for access to bonds or sectors of the market such as Asian equities, where the use of a pooled fund is more efficient or appropriate. The collective investment vehicles we select will be reviewed and monitored by the Manager Research Team. Exposure to fixed income securities is provided through the Close Select Fixed Income fund, 'wrapped' specifically to give clients greater diversification.

Investment in alternative type assets, including property, infrastructure and absolute return vehicles serve to dampen portfolio volatility by behaving in a different way to bonds and equities over the long term. Inclusion of alternative assets increases diversification and many have the added benefit of an attractive dividend yield.

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## Typical investor

DMS is intended for clients:

- Who require a multi-asset separately managed investment portfolio
- Who have more than £100k available for investment, across different investment wrappers (Investment Account, ISA and/or SIPP)
- Whose appetite for risk matches one of the four available strategies

## Performance and reporting

We believe in clarity and transparency of reporting, delivered in a timely way and tailored to reflect our investment services. We offer a range of comprehensive portfolio tools. They include detailed portfolio breakdowns analytics that demonstrate alignment with individual risk profiles. Investors also receive tailored reporting including access to our Online portal, which provides detailed and up-to-date portfolio valuation information including transaction details.

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## Investment strategies

We have four risk mandated strategies.

### Income plus Portfolio

To provide you with a steady income stream with some capital growth through investment in bonds, shares, both UK and international, and income-focused alternative type assets which help spread risk. This is for investors with an income objective.

### Conservative Portfolio

To deliver moderate capital growth with some income through investment in bonds, shares, both UK and international and alternative type assets which help spread risk. This is for lower-risk investors.

### Balanced Portfolio

To grow the capital value with some income through investment in stocks and shares, both UK and international, with some exposure to alternative type assets to spread risk. This is for medium-risk investors.

### Growth Portfolio

To grow the capital value mainly through investment in stocks and shares, both UK and international, with some exposure to alternative type assets to spread risk. This is for higher-risk investors.

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