



Financial Management

Chartered Financial Planners



Our investment process

MT Financial Management: Chartered Financial Planners and Independent Financial Advisers

This is our firm's investment process. It describes our approach to the provision of investment advice and outlines how we build investment portfolios for individual clients. It is based on our investment beliefs (as detailed in the Our Investment Philosophy document).

If you do not understand anything please ask us – there is no such thing as a silly question when it comes to looking after your money.

Our Principles

We use our investment philosophy to help us determine the most suitable portfolio for each client individually:

- Your understanding of investment risk is important
- Matching your risk profile to your portfolio is essential
- Asset allocation is the key to success
- Costs are important
- Diversification is a sound principle
- Funds are a cost-effective way to access investments for most clients
- Specialist investments may be appropriate for larger portfolios





Our Approach

Our Clients

- The assessment of your risk profile (your attitude to investment risk and your capacity for loss) and your individual needs are a key part of the investment process and we will spend time with you to discuss and understand these areas.

- We also aim to understand your need for capital growth and for income, as well as the balance between these two objectives.

- We need to be aware of any special requirements, particularly with regard to trust funds.

Our Portfolios

- We know which asset classes we will include in our portfolios. We also know which asset classes we will exclude (for example, hedge funds, pure commodities and unregulated investments) because of concerns about liquidity (your ability to easily access your funds), lower regulatory oversight and opacity (lack of information).
- We have a consistent process for building client portfolios and this is driven primarily by asset allocation, because we feel this is the biggest driver of return and risk.
- We have investigated how our portfolios are likely to behave and these have been tested historically using a number of research software tools.
- We can map our portfolios to the different risk profiles of our clients, including attitude to risk, capacity for loss and time horizon. This is a key element to ensuring that a portfolio is suitable for you.
- Our portfolios are selected to meet your needs and not the other way round – we are driven to find a suitable outcome for each client, not to fit you into a pre-determined investment solution.
- Although we know how our clients' portfolios have performed in the past, the future will be different and so we will regularly review all our clients' portfolios.
- Our process is designed to give a good outcome for every client in line with their tolerances and needs – the process is bespoke to each client.



Our Process

- We use expert external and internal resources to monitor and select investment managers who, in turn, research and select the investments for our portfolios from the wide range of funds and assets that are available in the market.
- Our investment process is designed to avoid poor investment funds. We believe that asset allocation and costs are the best predictors of future returns and this is where we focus our efforts.
- We use a range of specialist managers to provide both active and passive portfolios.
- We use expert discretionary managers to construct bespoke portfolios where we believe this adds value in larger investment portfolios, although the fee structure of these portfolios usually make them uneconomic for investments of less than £500,000 in our opinion.
- Independent expertise and research software is used to enhance our portfolios.
- The portfolios that we recommend are aligned to the risk profile that is appropriate for each individual client and these are reviewed on an ongoing basis. We will allow a greater degree of divergence from the recommended asset allocation for larger portfolios, by allowing the individual managers additional discretion in the management of funds, but only where this remains broadly in line with each client's objectives and where the costs remain within our preferred limit.
- We use a specialist risk profiling tool to assess our clients' attitude to risk. This tool uses a good range of questions, is regularly updated and publishes regular asset allocation data.
- The risk profiling tool creates a range of 10 portfolios, however, for the higher risk rated outcomes (8, 9 and 10), further discussions will be needed to identify whether a more specialist and bespoke approach is beneficial.
- We will generally use a 'fund of funds' approach in our portfolios, giving you access to multiple asset classes, good diversification and reduced risk when compared to using an individual fund approach. The managers of the recommended fund of funds solutions have the resources, skills and expertise needed to create and manage these investment solutions.
- Where we have outsourced the management of the fund of funds, we will ensure that these are reviewed and monitored on a regular basis, at least six-monthly, to ensure these remain appropriate for our clients' portfolios. We will clearly identify how these are managed and ensure that they remain in line with the asset allocation or risk rating identified during the risk profiling process.
- Where we are using a model portfolio approach (similar to fund of funds, but where the model portfolio provider does not also manage any of the funds held in the portfolio) we will monitor and review this on the same basis as for fund of funds.
- Where we have recommended a bespoke portfolio through a discretionary manager, we will monitor the performance of each individual manager, but will not be able to advise you on the individual assets recommended in your portfolio.

Your Portfolio

- Your portfolio will need to be rebalanced regularly. For larger portfolios this may be done on a quarterly basis, although we aim to review portfolios at least annually.
- Fund of funds is a more efficient solution for smaller portfolios, or as a core holding in larger portfolios, because these solutions offer a pooled approach and regular rebalancing in a cost and tax efficient manner.
- You will be invested in the most tax efficient wrapper available, provided this does not compromise the agreed investment strategy.
- We offer both active and passive investment solutions and will normally combine both strategies within a client's portfolio.
- We believe that lower risk, smaller portfolios (less than £50,000) will benefit from the cost efficiencies of a purely passive portfolio using a fund of funds approach.
- We believe that moderate and larger portfolios (£50,000 to £500,000) will benefit from a mix of both active and passive investment strategies with a core (strategic) approach using mainly fund of funds, and a satellite (tactical) approach using a mixture of individual funds and fund of funds.
- We believe that very large portfolios (£500,000 and above) may benefit from a more bespoke approach, depending on your degree of risk tolerance.

Platforms

- Platforms (also known as wraps and fund supermarkets) offer a cost-efficient way to access the various product and tax wrappers needed for a diversified portfolio, as well as significantly reducing the amount of paperwork.
- This approach allows you to hold investments from multiple fund managers and allows you to switch between these more easily and quickly.
- You are able to see the overall value of your portfolio, rather than receiving individual statements for each component of your portfolio.
- Your investments are held by an independent custodian for greater security.
- We select the most suitable platform for your needs from a shortlist of those available in the whole of the market.
- Our selection of your platform will be partly driven by cost and partly by the availability of our preferred investment solutions.
- Where we recommend a discretionary manager they are likely to use their own platform, although we will include the availability of information on your portfolio within our selection criteria.

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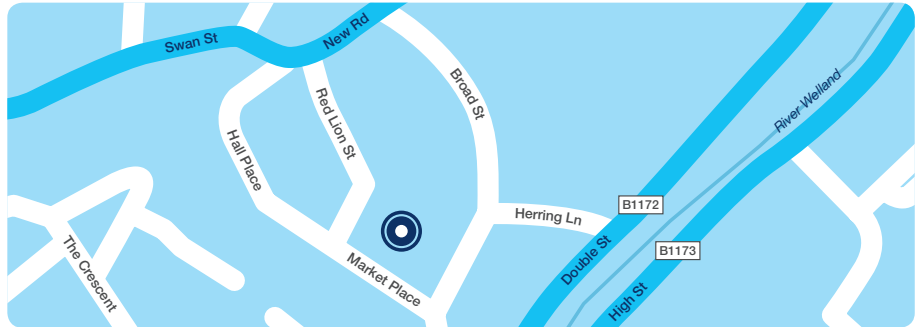
Our offices...

MT Financial Management

The Merchants House
The White Hart
Market Place
Spalding
Lincolnshire
PE11 1SU

☎ 01775 717220

📠 01775 717225

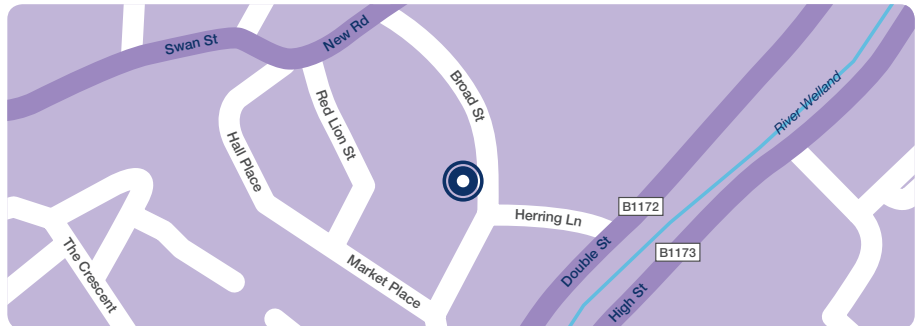


Moore Thompson

Bank House
Broad Street
Spalding
Lincolnshire
PE11 1TB

☎ 01775 711333

📠 01775 711307

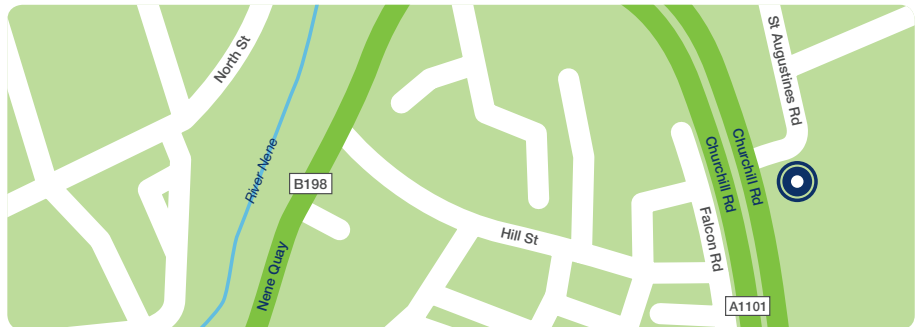


Moore Thompson

Monica House
St Augustines Road
Wisbech
Cambridgeshire
PE13 3AD

☎ 01945 465767

📠 01945 476692

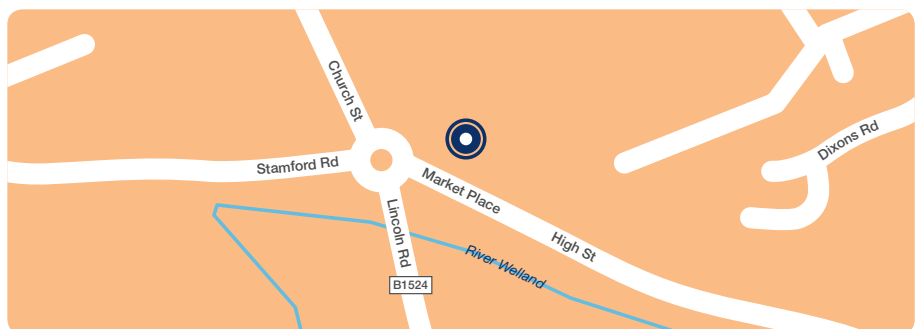


Moore Thompson

Bank Chambers
27A Market Place
Market Deeping
Peterborough
Cambridgeshire
PE6 8EA

☎ 01778 380850

📠 01778 380757



www.mtfinman.co.uk • mtfm@mooret.co.uk