

Smith & Williamson Managed Portfolio Service (MPS)



Smith & Williamson was founded in 1881. Since then, we have managed the financial affairs of private clients and their business interests, combining an independent firm of chartered accountants with an investment management and private banking house. c.70% of equity is held by current and former employees (including partners). Within Investment Management, Smith & Williamson employs 600 staff and has £16bn under management and advice (as at 31.03.16). We are one of the larger privately-owned private client wealth managers in the UK. We have a strong balance sheet and long history of profitable trading. Smith & Williamson has been awarded a Defaqto 5 Star rating for our DFM (Managed Portfolio).

Managed Portfolio Service

The Smith & Williamson James Hay Managed Portfolio Service (MPS) is designed to offer investors options from a range of different investment objectives and risk profiles. Four strategies are available on the James Hay platform with stock market exposure ranging from 40% in Smith & Williamson JH Defensive Income model up to 90% in the Smith & Williamson JH Growth model. Portfolios are actively managed using a diversified selection of open-ended (OEICS, Unit Trusts), alternative and passive funds. This allows the MPS managers considerable flexibility to respond to changing market conditions. The four strategies are managed to align them with the middle four of Distribution Technology's (DT) ten risk levels (i.e. models 4-7).

We pride ourselves on seeking to deliver strong risk adjusted performance. The performance of our longest running DT aligned portfolios, since launch, has exceeded their benchmarks. This has been achieved with lower volatility than each of their equivalent DT asset allocations across the risk spectrum.

Portfolio profile	DT Risk score	6 months (%)	6 months Multi-Asset Composite Benchmark (%)	1 Year (%)	1 Year Multi-Asset Composite Benchmark (%)	Since launch (%)*	Since launch Multi-Asset Composite Benchmark (%)
Smith & Williamson Defensive Income	4	3.89	5.31	-0.03	0.42	35.39	30.61
Smith & Williamson Balanced Income	5	4.43	6.72	0.13	-0.49	36.49	30.87
Smith & Williamson Balanced Growth	6	4.41	7.57	-1.12	-1.96	40.18	30.05
Smith & Williamson Growth	7	5.15	8.47	-1.88	-3.21	41.87	27.65

Source: Smith & Williamson Investment Management as at 31.03.16. All figures total return only. * Launch date 30.09.12. Benchmark: Smith & Williamson Multi-Asset Composite Benchmark.

Smith & Williamson charge

0.3% + VAT

Please note: the performance of four portfolio profiles listed here include investments in investment companies and ETFs. The James Hay profiles with the same DT risk ratings will not include investment companies and ETFs, so the past performance shown is not a reliable indicator of the future performance of similar risk-rated James Hay profiles.

Smith and Williamson MPS models on the James Hay Platform:

The MPS models are constructed using Distribution Technology (DT) risk ratings but crucially with a 4% absolute and 20% relative variation to the DT asset allocation. The models are actively managed and have no set rebalancing date. Instead the models are rebalanced according to the manager's views on markets and investment opportunities, which are monitored daily. Models 4 and 5 have been designed with income drawdown in mind.



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Smith & Williamson JH Defensive Income

To deliver defensive total returns with an emphasis on offering above average* income. The portfolio may invest between 35% and 60% in global stock market investments subject to market conditions with the remainder in defensive asset classes.

*Average of FTSE All-Share and 10 year bond yields.



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Smith & Williamson JH Balanced Income

To deliver balanced returns through a combination of investment income and capital growth. The portfolio is diversified across major asset classes and may invest between 55% and 70% in global stock market investments subject to market conditions.



6

Smith & Williamson JH Balanced Growth

To deliver balanced growth through investing actively across defensive and riskier asset classes. The portfolio is biased towards global stock market investments and may invest between 65% and 85% in equities with the remainder diversified across defensive asset classes.



7

Smith & Williamson JH Growth

To deliver long-term growth by investing predominantly in stock market investments across a wide range of geographic regions. The portfolio will always retain an emphasis on developed markets, and in particular investments in UK company shares. The portfolio will normally be more than 90% invested in stock markets but may be up to 15% in defensive asset classes.

Smith & Williamson JH Investment Selection

We adopt a rigorous open-architecture approach to fund selection with research inputs shared across our multi-manager, private client and MPS teams. We assess a wide range of open-ended funds within each asset class. Our In-house sector specialists analyse sector performance and risk, using quantitative research. Qualitative assessment involves meetings with company management. Smith & Williamson typically hold over 500 meetings with management every year.

Experience

Our Managed Portfolio Service capability for advisers and relevant platforms has been born out of our 15 year-old multimanager unit. Using a centralised investment process often results in stifling talent. We believe our investment process nurtures and encourages talent to flourish. At Smith & Williamson we do not have a Chief Investment Officer, we have asset allocation and fund selection committees, which generate ideas and guidance that are used by our MPS managers.



Important information

Key risks

- The value of investments and the income from them may fall as well as rise and investors may not receive back the original amount invested.
- Past performance is not a guide to future performance.
- When investments are made in overseas securities, movements in exchange rates may have an effect on the value of that investment. The effect may be favourable or unfavourable.
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- Investments in smaller companies may involve a higher degree of risk as markets are usually more sensitive to price movements.

Disclaimer

Smith & Williamson Investment Management is unable to assess or provide advice on the suitability of these products for your clients. We have taken great care to ensure the accuracy of this publication. However, the publication is written in general terms and you are strongly recommended to seek specific advice before taking any action based on the information it contains. This is neither an offer nor a solicitation to buy or sell any investment referred to in this document. Appropriate advice should be taken before entering into transactions. No responsibility can be taken for any loss arising from action taken or refrained from on the basis of this publication.

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Ref: 53116db