Smith & Williamson

Managed Portfolio Service

Active portfolio management, ensuring diversification and risk management

Capital at risk. The value of investments and the income from them can fall as well as rise and you may not receive back the original amount invested. Please read the important information page.

Our Managed Portfolio Service

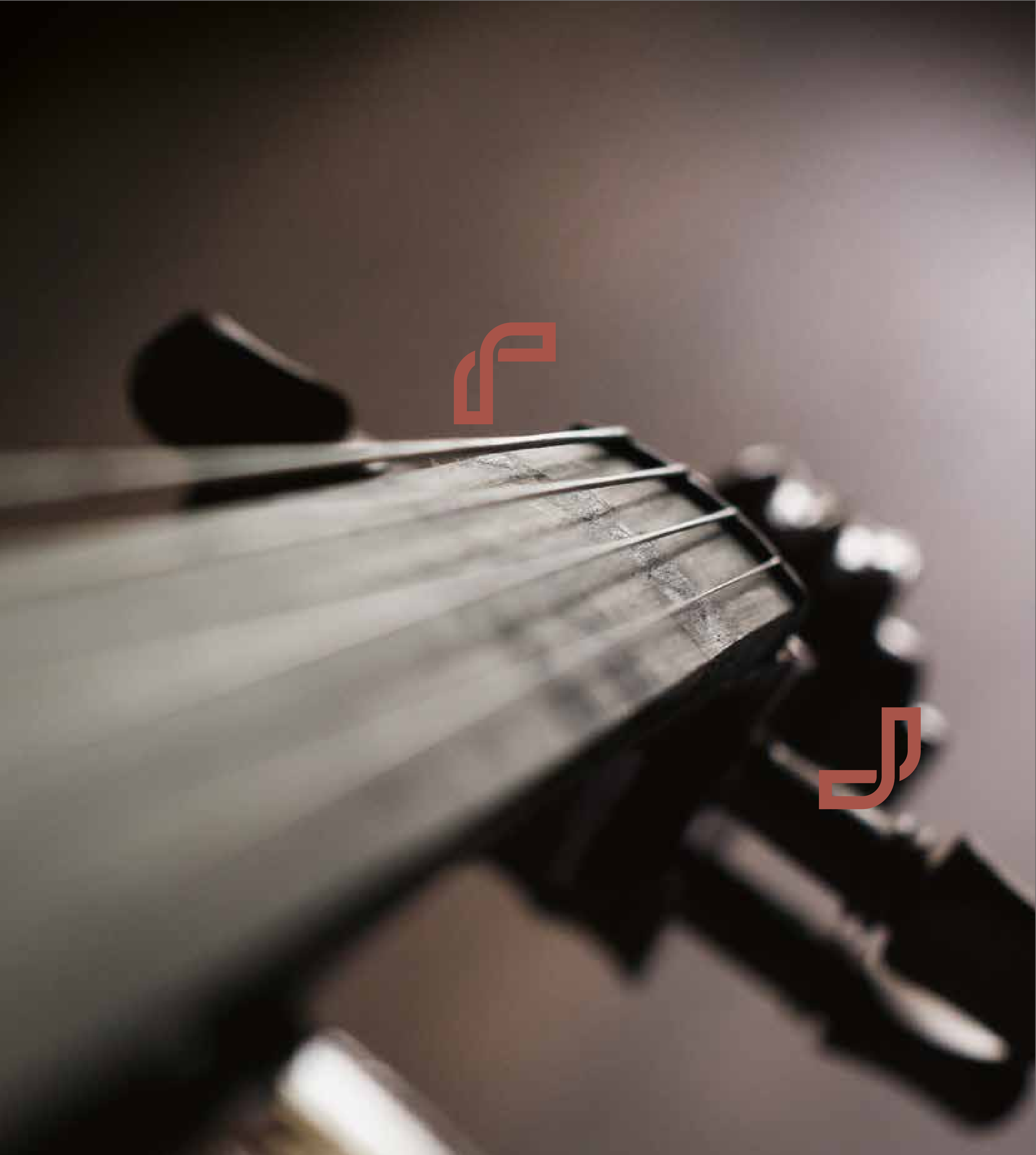
Managing an investment portfolio is a complex challenge, requiring continuous monitoring and research. Our Managed Portfolio Service (MPS) is designed to address these issues and to provide high-quality investment management for your clients' portfolios.

Investors are given a choice of six models, risk-rated by Distribution Technology (DT), Synaptic and Defaqto Engage. The models are actively managed and built using a range of investment tools including open-ended funds, investment companies and exchange traded funds (ETFs). This structure offers diversification by asset class and product type, giving our investment managers additional flexibility to respond to changing market conditions. Our 'OE' (Open-Ended) range consists of four models, investing in open-ended funds only.

Our MPS is administered by external platform providers and structured to preserve the client / adviser relationship.

Benefits of the service

- Active portfolio management, ensuring diversification and risk management.
- A dedicated MPS investment team, supported by over 50 investment professionals, giving you access to our broad intellectual capital.
- Ongoing monitoring of our model portfolios by DT, Synaptic and Defaqto Engage ensuring our models stay within the permitted risk parameters.
- No set rebalancing dates, enabling our MPS managers to amend asset weightings as and when their views on markets and investment strategy change.
- Our MPS has been awarded a 5-star Defaqto rating in 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021.



defaqto 2016 ★★★★★ DFM Managed Portfolio

defaqto 2017 ★★★★★ DFM MPS on Platform

defaqto 2018 ★★★★★ DFM MPS on Platform

defaqto 2019 ★★★★★ DFM MPS on Platform

defaqto 2020 ★★★★★ DFM MPS on Platform

defaqto EXPERT RATED ★★★★★ DFM MPS on Platform 2021

RSMR R DFM

Defaqto is an independent financial research and software company specialising in rating, comparing and analysing financial products and funds.

RSMR is an independent financial services research company specialising in the analysis and rating of investment funds and services.

What portfolios are available?

These core strategies are managed to align the portfolios with models 3-8 of DT's ten levels.

Defensive (DT3)

The portfolio objective is to preserve the value of capital in real terms (ie, so that it is not eroded by inflation). The portfolio invests mainly in funds providing exposure to defensive assets such as government bonds, corporate bonds and property, but with up to 35% invested in funds providing exposure to UK and International equities. The portfolio does not focus on income, which will vary. The portfolio is likely to be relevant for investors comfortable with variable levels of investment income to prioritise maintaining a lower degree of investment risk.

Defensive Income (DT4)

The portfolio objective has a focus on providing higher income, whilst preserving the value of capital in real terms. The portfolio is diversified across funds providing exposure to relatively defensive asset classes such as government bonds, corporate bonds and property, but with between 30% and 60% also invested in funds providing exposure to UK and International equities. The portfolio is likely to be relevant for investors looking to receive a higher proportion of their total return as investment income and willing to accept a lower degree of investment risk.

Balanced Income (DT5)

The portfolio objective has a focus on generating income, whilst also aiming to grow the capital value by more than inflation. The portfolio is diversified across major asset classes and may have between 55% and 70% invested in funds providing exposure to UK and International equities, subject to market conditions. The portfolio is likely to be relevant for investors looking to receive a higher proportion of their total returns as investment income and willing to accept a medium degree of investment risk.

Balanced Growth (DT6)

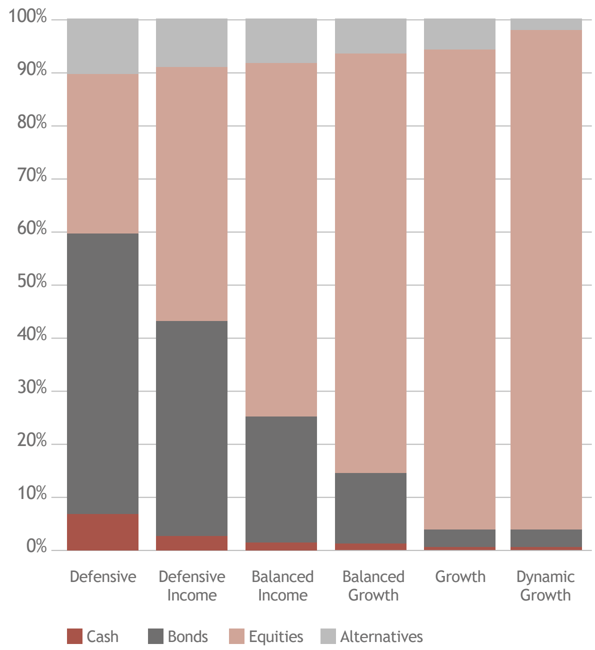
The portfolio objective has a focus on delivering capital growth in real terms, whilst still producing some income. The portfolio invests actively across all major asset classes and may have between 65% and 85% invested in funds providing exposure to UK and International equities, with the remainder diversified across defensive asset classes. The portfolio is likely to be relevant for investors for whom ongoing investment income is less important and who are willing to accept a medium degree of investment risk.

Growth (DT7)

The portfolio objective is to deliver long-term capital growth. The portfolio will normally invest more than 90% in funds providing exposure to UK and International equities across a wide range of geographical regions, but may include up to 15% exposure to defensive asset classes. The portfolio is likely to be relevant for investors willing to accept a higher degree of investment risk.

Dynamic Growth (DT8)

The portfolio objective is to deliver long-term capital growth and will usually be fully invested in stock markets. The portfolio will usually retain a strong emphasis on developing markets with the flexibility to be as much as 50% invested in Asia and Emerging markets. The portfolio is likely to be relevant for investors willing to accept a higher degree of investment risk.



Source: Smith & Williamson Investment Management as at 31 March 2021

Portfolio holdings and asset allocations will be subject to change over time as the managers look to reflect Smith & Williamson's evolving views regarding the relative attractiveness of the various asset classes.

These open-ended (OE) strategies are managed to align the portfolios with models 4-7 of DT's ten levels.

Defensive Income (DT4)

The portfolio objective has a focus on providing higher income, whilst preserving the value of capital in real terms. The portfolio is diversified across funds providing exposure to relatively defensive asset classes such as government bonds, corporate bonds and property, but with between 30% and 60% also invested in funds providing exposure to UK and International equities. The portfolio is likely to be relevant for investors looking to receive a higher proportion of their total return as investment income and willing to accept a lower degree of investment risk.

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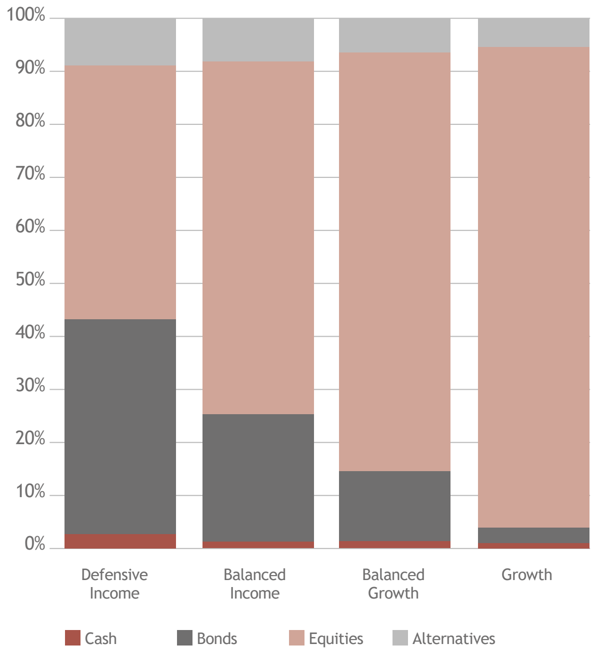
Growth (DT7)

The portfolio objective is to deliver long-term capital growth. The portfolio will normally invest more than 90% in funds providing exposure to UK and International equities across a wide range of geographical regions, but may include up to 15% exposure to defensive asset classes. The portfolio is likely to be relevant for investors willing to accept a higher degree of investment risk.

JAMES HAY
PARTNERSHIP



Source: Smith & Williamson Investment Management as at 31 March 2021

How much does the service cost?

The annual management charge for the MPS is 0.3%

Please note that, in addition, there will be underlying fund charges for each model portfolio that will vary over time as the underlying holdings within the portfolio change. Please refer to our individual factsheets for details on the estimated underlying holding charges for each portfolio.

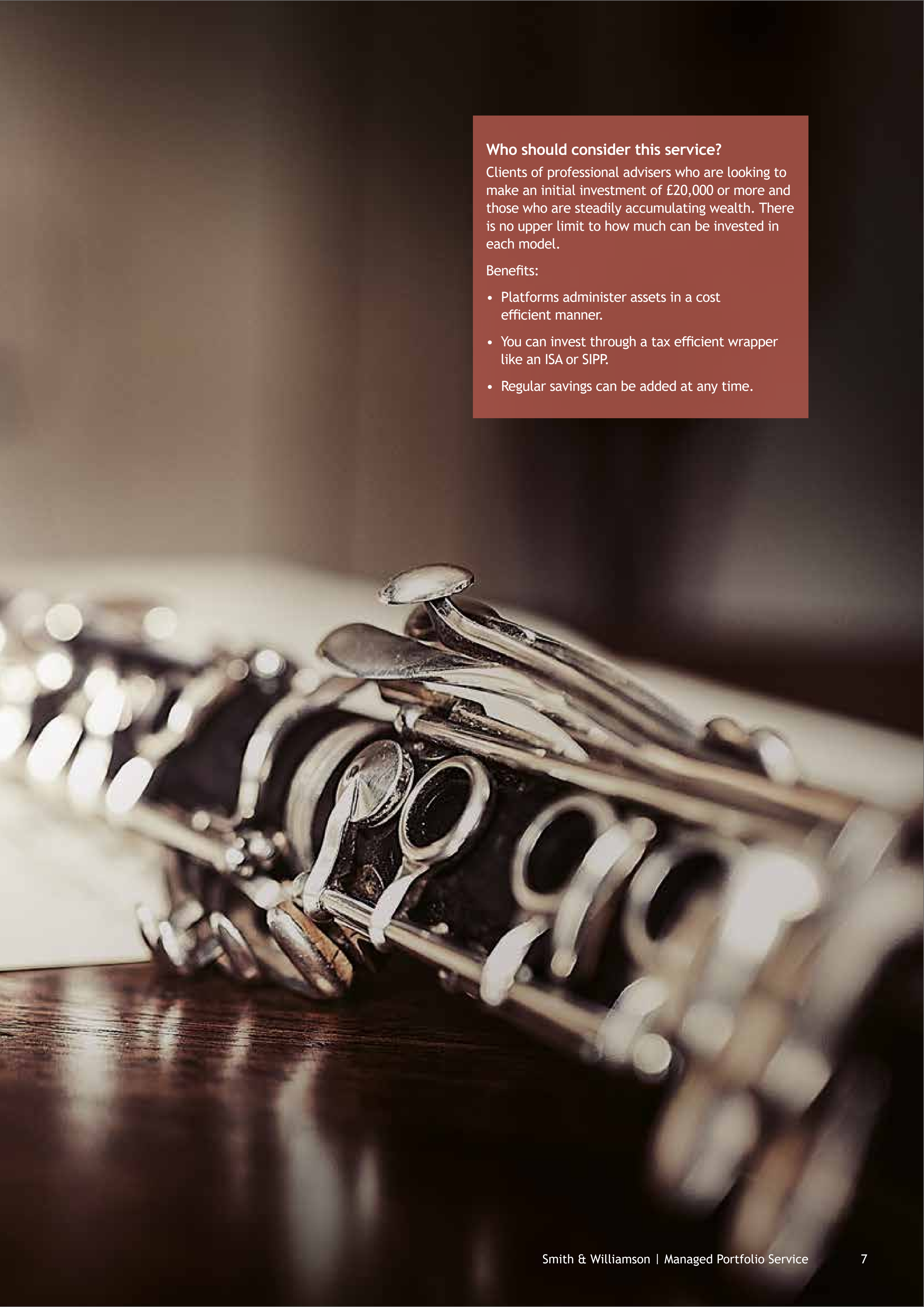
How to access our MPS?

Your clients can hold the MPS in a:

- general investment account
- self-invested personal pension (SIPP)
- small self-administered (pension) scheme (SSAS)
- individual savings account (ISA)
- offshore bond

The service is available through external platform providers Ascentric, Aviva, James Hay, Novia, Seven IM, Standard Life, Transact, Fusion Wealth and Quilter.

Please note all logos belong to the relevant companies.



Who should consider this service?

Clients of professional advisers who are looking to make an initial investment of £20,000 or more and those who are steadily accumulating wealth. There is no upper limit to how much can be invested in each model.

Benefits:

- Platforms administer assets in a cost efficient manner.
- You can invest through a tax efficient wrapper like an ISA or SIPP.
- Regular savings can be added at any time.

How are the model portfolios constructed?

The managers draw heavily upon Smith & Williamson's proprietary asset allocation framework and fund research processes. This involves more than 50 qualified investment personnel and strategists.

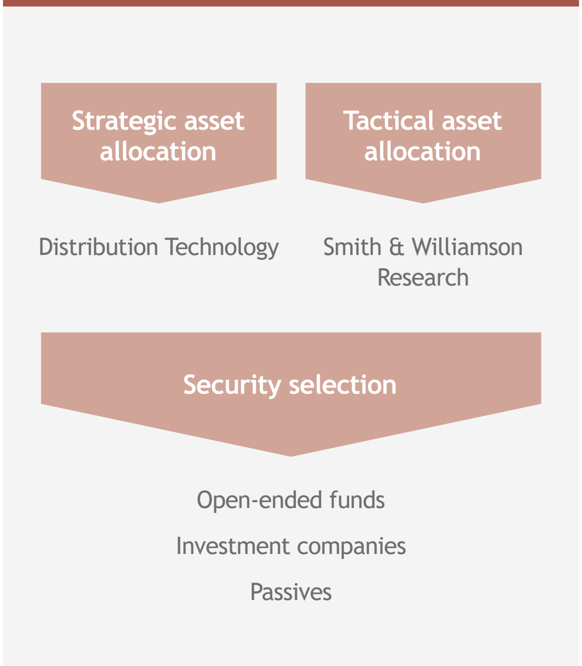
Rigorous asset allocation constraints are employed to ensure consistent levels of exposure to the underlying asset classes, but within this, the managers look to take an active approach.

The models have no set rebalancing dates, instead they are amended when required, to reflect the team's views on market and investment opportunities.

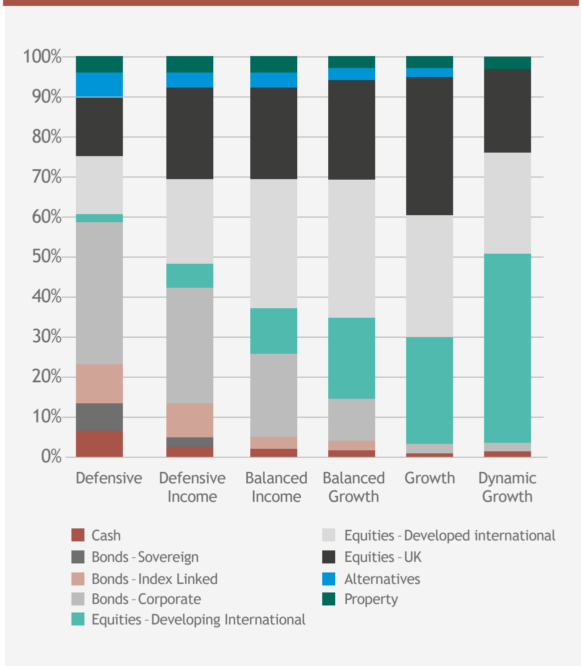
The portfolios are continually monitored to ensure the levels of volatility remain consistent with each strategy's risk profile.

Smith & Williamson MPS investment process

The Process



The Result



Source: Smith & Williamson Investment Management as at 31 March 2021.

About us

Tilney Smith & Williamson is the UK's leading integrated wealth management and professional services group, created by the merger of Tilney and Smith & Williamson on 1 September 2020.

With over £51 billion of assets under management, it ranks as the third largest UK wealth manager measured by revenues and the eighth largest professional services firm ranked by fee income.

The group has a network of more than 30 offices across the UK, as well as the Republic of Ireland and the Channel Islands.

Tilney Smith & Williamson's personal wealth management services include financial planning, investment management and advice, online execution-only investing and personal tax advice.

David Amphlett-Lewis - Partner

David co-manages the Smith & Williamson Managed Portfolio service, is a partner of Smith & Williamson Investment Management LLP and a member of the firm's Managed Portfolio Service Investment Committee. He also manages bespoke portfolios for clients of independent financial advisers. David joined Smith & Williamson in 2010 from Deutsche Bank, where he chaired Deutsche Private Wealth Management's Asset Allocation Review Committee. He is a member of the Chartered Institute of Securities & Investment and an economics graduate from the University of Birmingham.

The MPS Managers

James Burns - Partner

James co-manages Smith & Williamson's Managed Portfolio Service and its MultiManager team. He sits on the firm's Asset Allocation Policy Committee and co-ordinates the investment trust recommended list for our private client department. James joined Smith & Williamson in September 1999 and began working on the investment trust desk in January 2001. He is a chartered member of the Chartered Institute of Securities & Investment and has a MA (Hons) from the University of St. Andrews.

Genevra Banszky von Ambroz - Partner

Genevra is co-manager of Smith & Williamson's Managed Portfolio Service, Smith & Williamson Defensive Growth Fund, Smith & Williamson MM Global Investment Fund and Smith & Williamson MM Endurance Balanced Fund. Additionally, she is Chair of the Collective Investments Group which oversees the research process relating to the collectives (closed and open-ended funds) held by Smith & Williamson on behalf of its clients. Genevra holds a BA (Hons) degree in Politics from Durham University, is a Chartered Fellow of the CISI and a CAIA Charterholder.

Definitions

Exchange Traded Funds (ETFs)

An exchange traded fund (ETF) is a way of buying a collection of investments, providing diversification without having to buy each one individually. ETFs are defined as passive instruments because they track the performance of a collection of securities or an index. Costs are generally low versus actively managed investments. ETFs are traded on recognised stock exchanges, such as the London Stock Exchange, and track a variety of asset indices including equities, bonds and commodities.

Open-ended investment companies and unit trusts (OEICs and UTs)

The most commonly used investments within the Smith & Williamson Managed Portfolio Service are open-ended investment companies (OEICs) and unit trusts (UTs). These, like ETFs, invest in a collection of securities, but they usually employ active management in an attempt to outperform their relevant indices. Among other advantages, investors benefit from the potential for outperformance due to fund managers differentiating between underlying securities, and sizing exposure according to their confidence in a security performing better than its peers. There is, however, the possibility that the fund managers choose securities which perform badly, in which case the fund will underperform the index. OEICs and UTs are defined as 'open-ended' vehicles as units or shares are created or cancelled in reaction to demand. The prices of these funds are based on the value of the underlying investments (the net asset value or NAV).

Closed-Ended Investment Vehicle Investment Trusts (ITs)/ Investment Companies (ICs)

ICs also invest in a collection of securities and, on the whole, are actively managed. The key differentiator between ICs, OEICs and UTs, is that the structure is 'closed-ended', meaning that the number of shares in the company remains constant, irrespective of market demand, resulting in the capital being permanent in nature. Permanent capital allows fund managers to deliver their strategies without having to be concerned with managing the increase or decrease in capital available for investment associated with fund subscriptions and redemptions. ICs are listed on recognised stock exchanges, such as the London Stock Exchange. Given the closed-ended nature of these funds, they price differently to their open-ended counterparts. Companies produce regular NAVs which reflect the value of the underlying investments, but the market demand dictates the price paid, with popular shares trading at a premium to the NAV, and more unpopular shares trading at a discount.

Key risks

- The value of investments can go down as well as up, and investors may not receive back the original amount invested.
- Past performance is not a guide to future performance.
- There can be no assurance that any portfolio will achieve its investment objective, the target return or any volatility target. Any target return or volatility target shown is neither guaranteed nor binding on the Manager.
- 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.
- Investing in alternative assets involves higher risks than traditional investments and may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain.
- Investments in emerging markets may involve a higher element of risk due to political and economic instability and underdeveloped markets and systems.
- Please note that bond funds may not behave like direct investments in the underlying bonds themselves. By investing in bond funds the certainty of a fixed income for a fixed period with a fixed return of capital are lost.
- Investments in smaller companies may involve a higher degree of risk as markets are usually more sensitive to price movements.

MPS profiles are tailored to the output of a Distribution Technology risk profiling process which is complex and not for use without assistance from a financial adviser. Performance outcomes will depend on the rebalancing and timing of entry and exit to the strategy on the platform.

Important information

Smith & Williamson Investment Management (SWIM) is unable to assess or provide advice on the suitability of any profile for individual circumstances. No consideration has been given to the suitability of any investment profile for the particular needs of any recipient. SWIM or it's affiliates will not be responsible to any other person for providing the protections afforded to retail investors or for advising on any investment, as a result of using this information.

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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