



Adviser Guide to our
Bespoke
Portfolio Service

A safe pair of hands for your client's investment

Advising clients and helping them achieve their financial objectives takes considerable time and resources. Which means you need an investment manager with the right expertise. Someone who can work with you to understand your client's specific needs and goals. Something that we at City Asset Management have been doing for 35 years.

Our Bespoke Portfolio Service gives you and your clients access to our experienced investment management team, and a unique investment strategy tailored specifically for your client's personal circumstances. This allows you to free up your time to focus on financial planning and building relationships, with the peace of mind that your client's investment is in safe and capable hands.

Proud of our heritage

As an independent, family and staff-owned business, we understand the importance of a personalised approach.

We are proud to be unencumbered by external shareholders and any potential conflicts of interest that might arise. Instead, we maintain our focus on your clients and their longer-term needs, and are free to choose the right investments from the enormous range available.



“Our strength is our history and our people. The continuity of staff, together with our openness and effective communication, are the key drivers to the successful relationships we build with advisers and clients.”

NICK COGHILL, CHIEF EXECUTIVE

Why use a bespoke portfolio service?

Outsourcing the management of your client's portfolio to a discretionary manager like ourselves delivers a number of benefits:

For you

- ◆ Reduced operational and business risk.
- ◆ Less time spent on monitoring, managing and reporting on your client's investments.
- ◆ More time for you to focus on nurturing relationships and understanding your client's needs.
- ◆ You have increased capacity to take on more clients.

For your client

- ◆ The portfolio is managed by a dedicated, experienced member of our investment management team, along with the backing of our research team.
- ◆ The portfolio is created bespoke to your client's aims and objectives, and reviewed regularly to ensure that continues to be the case.
- ◆ We have access to a much wider pool of financial products, and often at a lower cost.
- ◆ The portfolio will be structured to consider your client's ISA and other allowances, and to be as tax efficient as possible.



Why City Asset Management's Bespoke Portfolio Service?

Our award-winning bespoke portfolio service incorporates your client's specific needs, objectives and tax considerations in an appropriate investment strategy, giving you the greatest confidence in generating the returns needed to deliver their financial plans.

The personal touch

Your client will enjoy the benefits of a dedicated, professional investment manager who works to achieve their specific financial goals. All the time with you, the adviser, at the heart of the service, keeping us up-to-date as your client's needs change.

Outsource to an expert team

Navigating through challenging markets requires expertise, experience and resources, a combination that we at City Asset Management have offered for over 35 years. Leave the portfolio management in our safe hands while you focus on financial planning and relationship building.

An award-winning service

Our powerful combination of a long track record, low all-inclusive fees and access to regular research and performance analysis has attracted industry recognition – Defaqto has awarded us the maximum 5* rating in each of the last 11 years.

Our Bespoke Portfolio Service is designed for clients with at least £250,000 to invest. We also offer a range of complementary Managed Portfolios for clients with smaller sums to invest – please visit www.city-asset.co.uk/mps to find out more.

Working together

While your client will enjoy direct access to a CAM investment manager, you remain at the centre of the relationship.

Your role is crucial, as you will advocate on behalf of your client, monitor our performance and keep us up-to-date with any changes in your client's circumstances that might have an impact on the portfolio.

	You, as adviser	Us, as investment manager
Who owns the client relationship?	Y	N
Who is responsible for suitability?	Y	N
Who treats the client as a 'retail client' with FOS protection and eligible for the FSCS?	Y	Y
Who maintains and communicates the client's pertinent details?	Y	N
Who monitors trades and transactions in the portfolio?	N	Y
Who is responsible for valuation reports and tax packs	N	Y

We will treat you as agent for your clients, an easy and convenient way to legally tie in each individual client in one contract, avoiding the need for lengthy paperwork for each account opening. This means we will have no direct contact with your clients without your express permission.

Under our agreement with you, you will not be legally or financially responsible for any failures of your clients. For example, we will have no recourse to you if your client fails to deliver investments or pay our fees. You are purely responsible for assessing the suitability of our service and for making sure the service remains suitable for the lifetime of your client's relationship with us.

We will be responsible for managing your client's portfolio in line with the mandate supplied by you. Failure to comply with this is clearly our responsibility. As part of our obligations, we will monitor the portfolio regularly, provide valuation reports and achieve good standards of execution on trades completed on behalf of your clients. We will also make sure that the FCA rules on Client Money, custody of client assets and complaints are adhered to at all times.

By working together, we will aim to deliver the investment returns needed to achieve your client's financial plan that supports their lifestyle and objectives. This will give you and your client greater control of the bigger issues, such as the overall strategy and the amount of risk to take with their money. More importantly, it allows you to focus on looking after more clients and growing your business.

Our Mandates

Our role is to create a bespoke portfolio for your client according to the investment mandate you provide. We offer a range of services to help us achieve this, with a time horizon for investment of at least seven years.

OUR REAL MANDATES

Our core portfolios focus on achieving *real* returns (returns above inflation), while carefully managing risk and avoiding permanent loss of capital.




There can be long periods of time when the stock market performs poorly, and many clients will need their portfolios to support their lifestyles. We believe our ‘inflation plus’ benchmarks can be aligned with your client’s expectations, rather than just chasing the value of stock markets. We are very aware that these benchmarks have never fallen in value, meaning we make sure all of our skill and expertise is put to use to outperform these very demanding measures of success.


OUR GROWTH MANDATES

We appreciate that some of your clients may need higher long-term returns and are willing to take greater risks to achieve them. Therefore we also offer selective investment mandates which seek to outperform equity benchmarks.

OUR SUSTAINABLE MANDATES

Some clients may prioritise their sustainable investment needs, which is why we offer sustainable versions of our core real mandates.

Mandate		Objective over the investment cycle	Risk as a percent of global equities
Real2		To outperform CPI + 2% p.a. net of portfolio costs, over the investment cycle	35% - 50%
Real3		To outperform CPI + 3% p.a. net of portfolio costs, over the investment cycle	50% - 65%
Real4		To outperform CPI + 4% p.a. net of portfolio costs, over the investment cycle	65% - 80%
Growth		To outperform the MSCI PIMFA Growth Index, over the investment cycle	70% - 90%
Global Equity		To outperform the MSCI PIMFA Global Growth Index, over the investment cycle	100%

 This icon means a sustainable portfolio is also available for the service. Please visit www.city-asset.co.uk/sustainable to find out more.

Other services

OUR ALTERNATIVE INVESTMENT MARKET (AIM) PORTFOLIO SERVICE

Our AIM Portfolio Service was launched in 2004 and has a long track record of success. It was designed to help your client take advantage of the generous tax breaks that are available to qualifying small businesses, and could help your clients pass on more of their wealth after death.

Our conservative and disciplined approach aims to mitigate risk and generate capital growth. We think about investments as long-term owners of businesses and this, together with our size, allows us a more diverse investment universe than larger peers. With 20 years of experience, we continue to deliver strong performance and excellent value to investors, all supported by a personalised service with a named designated administrative support.

OUR DIRECT EQUITY PORTFOLIO SERVICE

Through this service, we aim to add value with a focused portfolio. We are resolutely long-term conservative investors and try to think like business owners when we invest your client's capital. We look for high-quality, profitable businesses and seek to identify companies that offer long-term growth prospects that are undervalued by the current market.

To find out more about these services, please contact **Chris Gillam** or **Mark Palmer**, or visit www.city-asset.co.uk/financial-advisers.

Our multi-asset approach

The primary tool at our disposal when investing your client's money is diversification. Spreading your client's money across different asset classes should reduce the portfolio's risk and help to achieve a steadier return. We are not wedded to a traditional benchmark but rather seek to achieve a real return target over an investment cycle through a multi asset approach. So, what do we mean by multi-asset?

In its simplest form, we use the opportunity of all asset classes that are available to us to create a diversified risk-controlled portfolio with a stated objective/outcome. This differs from a traditional simple equity/bond split, although these asset classes form part of the mix. Examples of the asset classes we employ where appropriate follow below. Asset allocation is core to what we do, with fund selection providing the vehicle for us to put our investment decisions into practice.

Third party best of breed managers are used to implement our views. We are comfortable using active managers but also accept that some markets are efficient so will use a passive approach if appropriate. Open ended funds dominate but where an asset class can only be accessed through a closed end fund this route will be used. Our research team is skilled in assessing both fund types and always has an eye on value for money. Closed end investing requires an additional level of insight. This includes assessments such as liquidity, pricing and of course trading opportunities.

FIXED INCOME



Fixed Income, more commonly known as bond investing, falls into two camps within our asset allocation. The first is “core fixed” interest which represents what we would describe as the ballast within the portfolio or the “hide under the bed” component. Essentially government debt that is issued to markets with a high credit rating (as in low chance of default) provides a stable and predictable return profile. This asset class has historically been pedestrian but will move up and down with prevailing interest rates. The second element is “specialist fixed” interest. This represents debt issued by companies and has differing credit qualities depending on the credit rating of the underlying company. As the credit reduces, when compared to the relatively safe haven of government debt, the return or coupon (yield) will increase. We use different specialist fixed strategies, but what they have in common is an attractive yield and, in some cases, the possibility for capital accumulation. They offer good diversifying characteristics within a multi-asset approach to investing.

GLOBAL EQUITIES



Equity investing tends to take the limelight as it is considered to be at the fashionable end of the spectrum. There is always a story with equities and the asset class tends to dominate the news headlines. The risk return profile is skewed to what we could consider to be the riskier end, whilst potentially providing the greatest degree of upside. Therefore, the use of a skilled third-party manager provides diversification, as does using several funds for the exposure. We can invest across all geographic regions and utilise different styles and themes. By its nature this is a substantial asset class and can be dominant within mandates. Our approach is to match different styles of equity investing to provide an attractive outcome. Examples range from region specific funds to those with a particular bias, including style or market cap preference. In our view, some equity asset classes are more efficient than others and, whilst our preference would be to use an active manager, there are occasions where a passive approach is prudent and cost effective.

PROPERTY



One can be forgiven for asking why property would be considered as an asset class within diversified portfolios when, in most cases, a client's most valuable asset is most likely their home. It comes down to the different type of property investing that is available. The listed REIT market offers many different strategies. We should also note that residential property does not feature prominently. We are attracted to specialist managers seeking returns from specific opportunities. Examples include long lease assets and logistics. As with other less readily tradable assets, we use closed end vehicles to gain exposure. These also tend to favour the specialist manager.

Investing in property funds is beneficial for several reasons. Income derived from tenants is relatively high compared to bonds and offers some protection against inflation as rental income typically increases over time. Funds which invest in attractive property sectors can also benefit from capital growth as they have desirable buildings in good locations. Our approach is to use specific strategies that are managed by specialists in their sector. Our recent focus has been on out of town logistics centres; a core resource for major online retailers, as opposed to high street retail or office space.

ALTERNATIVE INCOME



Alternative Income is a catch all heading for those assets not included within the traditional labels of equity or fixed income investing. What they have in common is that they are not traded on a recognised exchange but usually involves putting a buyer and seller together of individual assets. Commonality within the assets is linked to their return profile. These tend to be long term cash flows, usually index linked, and are asset backed. In effect the asset, whilst having a degree of capital uplift potential, is purchased for its income producing qualities. The income return usually has limited correlation to economic sensitivity. In other words payments are not dependent upon a positive economic environment. Further explanation of the assets is best achieved through the use of examples.

There are several recognised sub sectors within alternative income. These include traditional infrastructure such as roads, schools, hospitals etc and digital infrastructure (fibre cables and data centres as examples). Renewable infrastructure not only provides a social positive but are attractive investments through long term government backed cash flows. These include, but are not exclusively, wind and solar energy, as well as anaerobic digestion, energy efficiency and battery storage.

The common feature across all these funds is that they buy tangible assets with long, sustainable income streams and inflation protection. As 'real return' investors, these characteristics are ideal for us.

DEFINED RETURN



Structured notes are issued by Investment Banks and offer investors a set (defined) return and capital protection. The return will vary depending on the issuing bank, the underlying market index and the risk the investor wants to take. At CAM we typically invest in products that have a defensive shape which allows us to make a defined return even when the underlying market is flat or falling.

Keeping Your Client's Investments Secure

The Financial Conduct Authority aims to promote competition and therefore all discretionary managers adhere to the same standard when it comes to safeguarding your client's assets.

City Asset Management, in common with many of our industry peers, use a specialised provider to hold client money and assets. Platform Securities LLP is an award-winning custodian, owned by a large US parent company. Platform Securities are currently responsible for around £20 billion of assets in the UK and provide the very highest levels of services to us to support custody of assets, client money protection and administration. There are 4 key elements that apply to the wealth management sector and to our relationship with Platform Securities that are designed to keep your client's assets secure:

SEPARATING CLIENT ASSETS

Platform Securities are not allowed to mix or use your client's assets in their business activities. Platform Securities hold your client's assets on trust in separate accounts segregated at all times from their own assets. This means that, in the unlikely event that Platform Securities have become insolvent, their creditors would have no legal right to your client's assets.

NOMINEE ACCOUNTS & CLIENT ASSETS

Holding and running client money has become increasingly complex and partnering with a major custodian, Platform Securities, means that your client benefits from greater resources, excellent technology and enormous experience in this field. Furthermore, Platform Securities have the infrastructure to ensure outstanding coverage during difficult situations, when business continuity may be threatened, such as power cuts and cyber-attacks. Every year, Platform Securities are audited for financial strength, as well as compliance with the client money and asset rules. In addition, Platform Securities go through a further annual audit of their systems and controls, resulting in an assurance report on internal controls. Both external audits are independently conducted by major accountancy firms and reports on Platform Securities' controls and resources are regularly submitted to the FCA. Investments will be registered in the name of a nominee company controlled by Platform Securities or in the name of a third party custodian selected by Platform Securities in accordance with FCA rules.

In holding your client's assets, Platform Securities must comply with a detailed and stringent regime of rules imposed by the FCA and your client's assets will, at all times, be segregated from those belonging to Platform Securities.

Oversight of Platform Securities is a key function for us. We have in place a detailed system of review, including regular meetings and visits to ensure that we always fully understand Platform Securities' operations. This will enable us to be completely satisfied that client money and assets are segregated and fully accounted for and that administrative functions are running smoothly. Your client's assets are protected by the Financial Services Compensation Scheme in the same way as if your client held them in their own name.

CLIENT MONEY

To keep your client's cash outside of City Asset Management, Platform Securities will hold this on behalf of your client. Client money is actively managed through a network of banks carefully chosen by Platform Securities and cash is always held fully segregated from Platform Securities' own funds. Interest, where applicable, is calculated daily and credited to your client's accounts on a monthly basis. We closely monitor the banks that Platform Securities select to hold your client's money and, in selecting and monitoring these banks, Platform Securities must always act in accordance with the stringent FCA rules in this area.

REGULATORY CAPITAL

The Financial Conduct Authority recognises that businesses can fail and so they require firms to always have enough capital to hold so that, in the event of failure, there are sufficient funds to pay for the administrator to transfer your clients' assets and cash to a new firm. Generally, firms hold more regulatory capital than the minimum requirement. At City Asset Management, our policy is to hold at least 350% of the minimum capital adequacy requirement. Platform Securities must also follow stringent capital adequacy requirements and we will continually monitor their financial health as part of our regular oversight. CAM and Platform Securities participate in the UK Financial Services Compensation Scheme which provides a measure of protection where an investment firm is unable to meet its obligations to its client currently up to an amount of £85,000 (or currency equivalent). More information about this scheme and your eligibility to benefit from the protection provided by the scheme is available on request or from the Financial Services Compensation Scheme – www.fscs.org.uk.

A group of pink flamingos in a pond. One flamingo in the foreground is drinking water, with its head and neck curved down into the water. The water is dark and reflects the flamingo's neck and head. Other flamingos are visible in the background, some standing and some drinking. The overall scene is a natural, serene setting.

Interested to know more?

For more information on City Asset Management or any of our services, please contact our Business Development Team on sales@city-asset.co.uk or visit us at www.city-asset.co.uk/financial-advisers.

The information contained in the document is provided for professional investors and advisers for information purposes only and should not be communicated to any other person.

The value of investments can fall and investors may not get back the amount invested. Past performance is not a guide to future performance.

This notice cannot disclose all the risks associated with investments and investment services. Please see our website for more information and more detailed risk warnings.

The information within this document does not consider the specific investment needs or financial situation of any person. It is not a personal recommendation and should not be regarded as a solicitation or invitation to buy or sell any securities or instruments mentioned within it.

Investments may not exactly replicate the relevant portfolio due to the difference in timing of the initial investment or rebalancing differences resulting from minimum transaction size limits.

While we believe the information within this document to be correct, we cannot assume liability for any errors or omissions, except insofar as liability under any law cannot be excluded.

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Authorised & Regulated by the Financial Conduct Authority
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