For clients

Investment management

Professional
investment partners

Introduction to investment management

For many people, keeping spare cash on deposit at a bank or building society is sufficient to meet their needs, even though inflation may erode the spending power of their savings over time.

But you may already have enough funds on deposit, and now wish to invest money to try and target higher returns. Of course, the potential for higher returns attracts higher risk, and you should be aware that investments, unlike money placed on deposit, are not guaranteed. You may not get back the amount you invest.

However, having decided that investing in financial markets might be suitable for you, you will need to think carefully before deciding what to do next.

Things to consider before investing

There are many factors that may affect your decisions about investing. These are just some of the different issues you should consider.

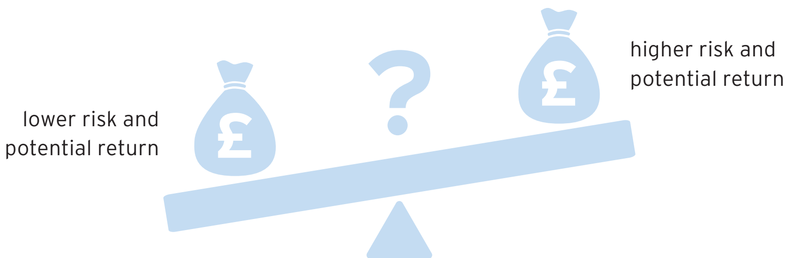
Time horizon
We believe that you should take a medium to long term view of your investment: that is, you should expect to stay invested for five years or more. This means that short term changes in financial markets should have less impact on the long term value of your investment portfolio.

Growth or income
Most investments aim to deliver either growth over the longer term, a flow of income or a combination of both. Your own circumstances will dictate what is suitable for you and your needs may change over time.

Uncertain returns
You should be aware that the value of investments can fall as well as rise. This is particularly important if you are investing with a view to funding a specific event, because you might want to liquidate your investments at a time when the market has fallen. Your investments may not then be able to fund your plans as you had hoped.

Risk tolerance
Some investors can tolerate risk more than others, remaining unperturbed when their investments fall, even to levels below their original value. Such investors are confident that their investments are likely to rise in value before they decide to liquidate them.

Other investors are more cautious, and would rather forego the prospect of higher returns in exchange for a lower chance of capital loss (although all investments carry the risk of loss of capital to some degree).



Help from an adviser

We recommend that you take advice from an authorised professional adviser. Thesis can provide you with 'restricted advice', which means that we assess your needs in respect of investment management and investment advice services only. We will consider a wide range of assets when recommending suitable investments, although our advice is restricted to products and services that have been carefully selected and approved by Thesis.

If you have other financial planning needs such as retirement or inheritance tax planning, for example, we will not advise you. We can make introductions to financial adviser firms that may be able to help, or you can find one by contacting the Personal Finance Society (www.thepfs.org).

Is investing right for you?

If, after considering all the relevant ideas and issues, you decide that investment in financial markets is appropriate for you, you will need to think about how and where to invest your money. There is a huge variety of assets available for investment, each carrying a different degree of risk and potential return. They include equities (stocks and shares), fixed income (government securities and corporate bonds), commodities, property and alternative investment strategies (for example, hedge funds).

Typically, the higher the potential return from an asset, the more risk associated with it (although this is not always the case). You should be confident that the portfolio of assets into which your money is invested appropriately represents your tolerance of risk and your anticipation of the potential returns.

The portfolio should be reviewed periodically, to ensure that it still broadly matches your expectations and has not become too concentrated in any particular area or type of asset.

You should also decide whether to manage your portfolio yourself, with or without advice, or to appoint a professional investment manager to run the portfolio on your behalf.

Responsibility for the portfolio

Managing investments can be daunting. It may be that one or more collective investment funds, such as unit trusts or investment trusts, are sufficient for your needs. Alternatively, you may decide that you want an approach more tailored to your personal investment goals.

Some investors are happy to build their own portfolio, appropriately diversified across geographical regions and asset classes, and suited to their tolerance of risk. They also have the time and resources to research and monitor investments, and review their holdings to ensure that their portfolio is kept in line with their longer term objectives.

Others would rather delegate these responsibilities to a professional. The advantages of this route can include peace of mind, knowing that an investment manager is dedicated to managing the portfolio, assisted by specialist researchers and analysts to help with investment selection. The portfolio is reviewed frequently and managed to ensure that it adheres to its stated investment objective.

The investment manager will usually provide statements, valuations and other relevant information, such as a commentary on recent portfolio activity and sales and purchases of the relevant holdings.

Choosing an investment manager

You should be confident that your investment manager understands your attitude to risk and your investment objectives before you appoint them to invest on your behalf. There are many investment managers to choose from, and it's important that you choose one that is right for you.

You should also understand how much contact you will have with your investment manager, what information they will provide to you and how you can find out more.

All managers charge a fee for their services, although fees can vary greatly and can change according to how much money you invest or how your portfolio is structured. You should be clear about how much you will pay in charges and what you will receive in exchange.

If you already have a financial adviser, you should expect your investment manager to work closely alongside them. With regards to your investments, either your adviser or your investment manager will be responsible for assessing your attitude to risk and deciding which investments are suitable for you.

Why choose Thesis?

Long established
At Thesis we have been investing on behalf of clients for decades. We have built strong, lasting relationships with our clients and with their existing professional advisers, including lawyers, financial advisers and accountants. We pride ourselves on our ability to invest for the long term and to stay focused on our clients, regardless of occasional economic upheavals and short term market turbulence.

Focused on people
We take the time to understand our clients' needs and circumstances, even as they change. We value a close working relationship with our investors, so as well as benefiting from our years of experience and expertise, you'll also find us approachable and accessible.

Accommodating approach
We believe that professional investment services should be available to a wide range of people, not just the very wealthy. So we invest on behalf of all our clients using the same underlying process, whether it's one person's annual ISA allowance, or the money accumulated through generations in a family trust. And all our clients receive the same warm welcome, professional service and regular progress updates that keep so many of them invested with us for the long term.

Tax efficient investing
Our experienced investment managers can help you invest to make your tax planning as efficient as possible. Investing through tax 'wrappers' such as ISAs, SIPPs and investment bonds, for example, can often help to shelter investment gains from income and capital gains tax or enable you to plan your future tax liabilities to fit with your longer term financial goals. Please note that Thesis does not offer specialist tax advice.

Keeping you informed
We stay in close contact with our clients, ensuring that you have as much information as you need to stay in touch with your investments. We send portfolio statements every six months, showing the transactions made on your investment account and the change in value over the period. We also produce factsheets for the funds we manage, and a monthly market commentary to give you insight into the wider investment picture.

You can find more information on our website, www.thesis-plc.com.

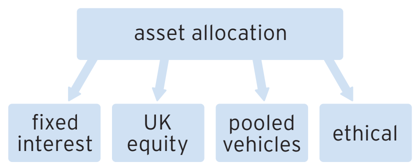
Consistent investment process
Our investment process has been designed by senior investment managers to be applied methodically over time. We aim to deliver a consistent, steady return for our clients, whether they are looking for growth or income, or a mixture of both. However, investments can fall in value as well as rise, and you may not get back the amount you invest.

Our investment process: a simplified view

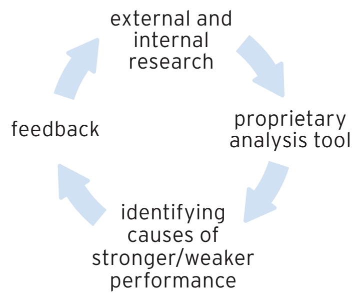
The diagram shows how our investment process works, albeit in a simplified fashion. Initially, our experts pick the investment areas that they think are most likely to perform well (or not). Then they decide which particular investments should be bought (or sold) in order to implement their ideas within client portfolios.

A world of different investment opportunities...

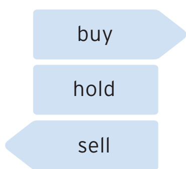
...is reviewed by our asset allocation and selection committees...



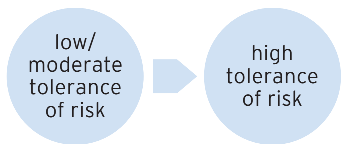
...and subjected to a rigorous research and selection process...



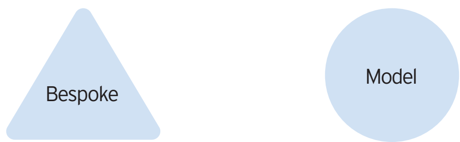
...until we establish which investment areas best represent our current views...



...that can be implemented by our investment managers for different levels of risk tolerance...



...and managed in portfolios designed for all kinds of investors.



Personal and tailored portfolios that blend assets to suit an investor's individual profile

Model portfolios with a blend of assets that target different levels of risk to suit different types of investor

Of course, the actual process is much more complicated than this and involves a great deal of research and analysis, discussion and review, before any investment ideas are even put onto a shortlist.

Different levels of risk

We understand that investors all have different attitudes to risk: some calmly accept sharp rises and falls in the value of their investments, others are comfortable only if they are invested in assets which are traditionally considered to be much more stable, even though they are likely to generate only low returns.

At Thesis, we identified seven levels of attitude to investment risk, from a low/moderate tolerance to a relatively high tolerance. Of course, all investment in financial markets carries risk and you should remember that you may not get back the amount you invest.

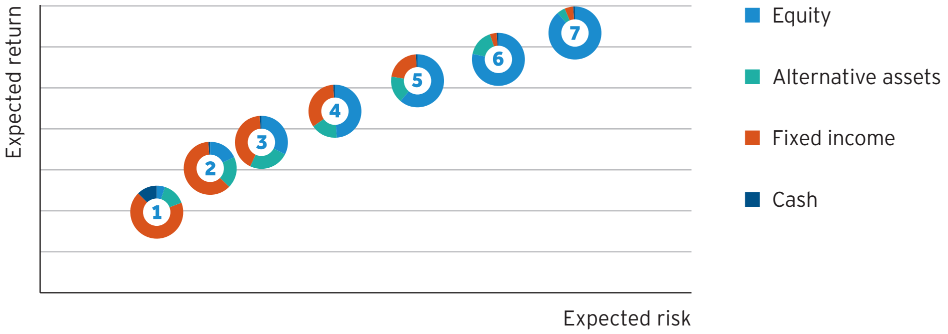
We apply our investment process to produce 'model' portfolios; that is, ones that most closely represent the seven different attitudes to risk that we have identified.

We use these models as the basis for constructing portfolios on behalf of the vast majority of our clients.

Illustrative risk rating of our portfolios

The diagram shows how each portfolio accommodates a different level of investor risk tolerance, from low/moderate to high. As the level of expected risk in the portfolios increases, so do the potential returns (although returns are not guaranteed). You should note that the portfolios shown here are illustrative only, and that the assets held within actual portfolios may differ in proportion and may change at any time.

Accommodating different levels of risk tolerance: illustrative portfolios



Aiming to reduce investment risk

Our asset allocation committee and our four specialist investment committees regularly meet to discuss and exchange investment ideas. They are updated daily with news and commentary from our team of researchers and analysts, and the investments that make it onto our 'shortlist' of ones to watch are closely scrutinised.

All the holdings in our portfolios are monitored, and any relevant market news or unexpected movements in price are highlighted. Our aim is to reduce risk in the portfolios wherever we can while still aiming to achieve their investment objectives.

Our risk and compliance teams monitor our investment process to ensure that clients' money is invested as they expect it to be and that appropriate safeguards are in place, in accordance with the requirements of our regulator, the Financial Conduct Authority.

Different ways to invest

Once we (or your professional adviser) have identified your investment objectives, your attitude to risk, how much you want to invest, and other important information, together we can decide which investment solution best suits you. We offer two main investment solutions, each suited to the needs of different investors, which use the same underlying investment process.

Personal and tailored portfolios that blend assets to suit an investor's individual profile

Model portfolios with a blend of assets that target different levels of risk to suit different types of investor

Bespoke portfolio service
Our bespoke portfolio service enables us to tailor your portfolio to your particular preferences, including an ethical investing option. Individual reporting and ongoing review meetings with your dedicated investment manager make this service a highly personal solution.

Model portfolio service
These portfolios are 'ready made' solutions designed to match the output from the risk questionnaire we explore with our clients. Professional advisers may recommend these portfolios after they have established their suitability for their clients. The mix of underlying assets of our models will be broadly fixed at the outset, although it can be tilted to reflect changing economic conditions. This is a very cost effective way of diversifying your capital across a blended portfolio of underlying assets and funds.

What to do next

If you would like to find out more about investing with Thesis, please contact your authorised professional adviser, or call us directly at the office nearest to you.

We look forward to hearing from you.

David Tyerman
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Thesis Asset Management plc

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Important information

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