



HAWKSMOOR  
INVESTMENT MANAGEMENT



MODEL  
PORTFOLIO  
SERVICE



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# Hawksmoor's Model Portfolio Service

At Hawksmoor we specialise in providing discretionary investment management services to clients of Financial Advisers.

We are a pure investment company: **we do not offer wider financial advice or planning.**

We work to **complement advisers**, not compete with them.

Our Model Portfolio Service is part of our suite of outsourcing solutions offered to Financial Advisers and is specifically designed to dovetail with your suitability processes.

Model Portfolios are a cost-effective way of accessing a diversified and actively managed portfolio of investments. They are designed to make it easier for you to help your clients achieve their investment objectives, taking into consideration their risk profile.

Hawksmoor's twelve Model Portfolios are all run with a funds based approach. Our multi-manager investment process has been developed over many years to provide a robust, reliable

A range of risk-rated portfolios, managed in accordance with Hawksmoor's rigorous investment process and risk framework.

and repeatable approach, and is designed to deliver superior long-term results.

Our role is to bring together a portfolio of funds managed by experts drawn from a wide variety of providers. Importantly, we are unfettered, meaning we can select from a huge universe of fund providers.

Our portfolios are available on several leading platforms. There is no minimum investment, other than that stated by the platforms.



The Hawksmoor Model Portfolio Service has been awarded a 5★ rating by Defaqto.

Hawksmoor's Model Portfolios are available on a number of leading platforms, including:



Please contact us for further information.

# Why Choose Hawksmoor?

The Model Portfolio Service offers you a complete outsourced investment solution.



## Discretionary portfolio management:

We manage the portfolios on a day-to-day basis, make any changes we feel are necessary, and promptly communicate those changes to you.



## Transparency:

In addition to quarterly factsheets, you will be able to view the holdings and performance of our portfolios online through FE Transmission.



## Direct contact with the portfolio managers:

You will have ongoing access to our investment team by phone, email, in a face-to-face meeting or at our lively seminars. Our team is on hand to answer any day-to-day queries that arise.

**We can also offer a range of tools and services to help you to deliver the best possible service and outcomes for your clients:**

## Client-facing brochures:

We can supply a Hawksmoor information pack for your clients that can help explain their portfolio.

*Talk to us about adding your branding to these.*

## Joint client seminars:

We can co-ordinate our efforts on mutually beneficial client seminars with you and your clients.

## Risk-mapping tools:

We can assist in your assessment of client risk tolerance with a pro-forma risk questionnaire and a guide to mapping risk to Hawksmoor portfolios. Our portfolios are also risk-rated by Defaqto and Dynamic Planner.

# Benefits of Outsourcing

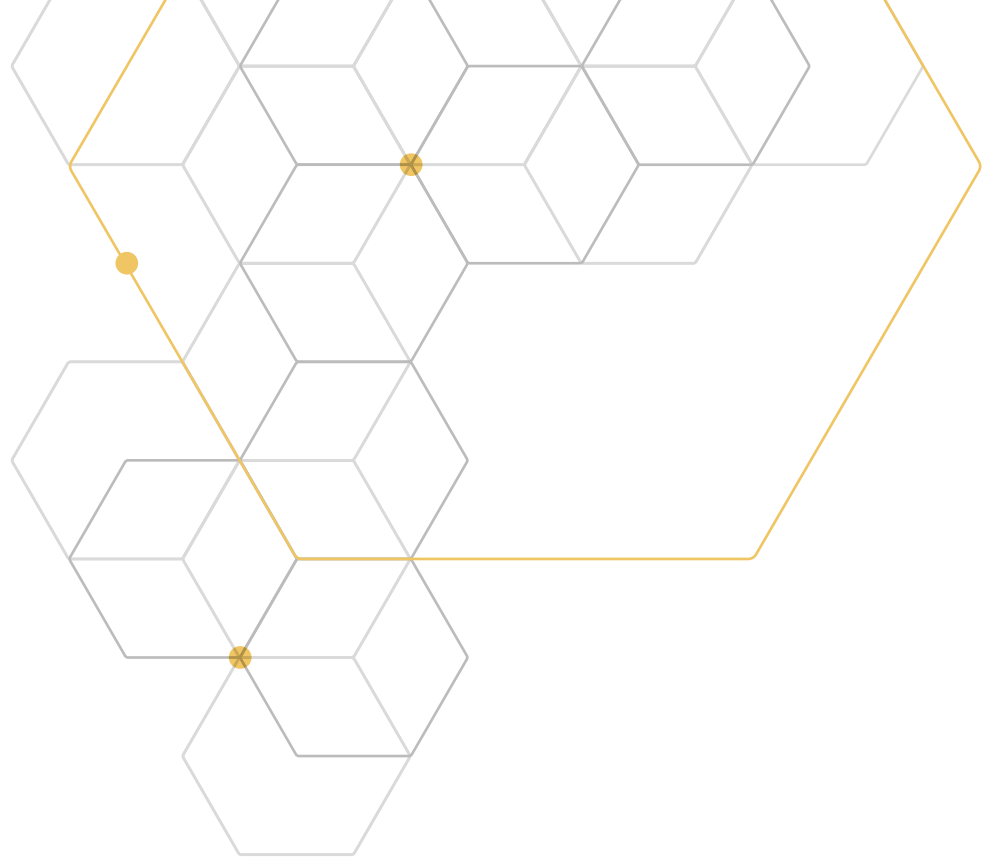


# Our Portfolio Range

*Twelve portfolios:  
a solution for  
every client*

Our range of Model Portfolios spans twelve options: four risk levels, each with three portfolio choices.

A fuller range of portfolio mandates means that you can be confident of finding the most appropriate portfolio for your clients' needs.



	Dynamic Planner rating	Defaqto rating	Core Seeks returns from a combination of capital growth and income	Higher Income Seeks returns primarily from income	Sustainable World Seeks returns from sustainable and positive impact investments
Cautious (0-40% Equity)	4	3	✓	✓	✓
Moderate (40-60% Equity)	5	5	✓	✓	✓
Adventurous (60-80% Equity)	6	6	✓	✓	✓
Equity Risk (80-100% Equity)	7	7	✓	✓	✓



## Core

Our Core range seeks a balance of growth and income through the best ideas within our fund universe.

Hawksmoor has been managing these Core portfolios since 2010 and has a track record to demonstrate the reliability of our investment process.

**See our factsheets for up-to-date performance information.**

## Higher Income

The Higher Income range is intended for clients seeking a greater level of income from their investments.

The funds selected in these portfolios will be tilted to those that produce above average levels of income.

The **Moderate (40-60% Equity) Higher Income** portfolio has a performance track record since 2010.

## Sustainable World

The Sustainable World range provides clients with the means to reflect and promote their commitment to environmental and sustainability issues through their investment choices. It is an ideal solution for Financial Advisers who wish to respond to this demand.

The Sustainable World range benefits from our award-winning in-house Research team's rigorous approach to investment selection, which supports the aims of the [United Nations Sustainable Development Goals](#), and uses the following categories:

### Impact

Funds which invest in companies that aim to make a positive impact on the environment and/or society

e.g.  
- water management  
- social inclusion

### Integration

Funds which invest in companies that embrace the best practices of sustainability, including ESG issues

e.g.  
- energy efficiencies  
- sustainable supply chains

### Exclusion

Funds which exclude investment in companies that are involved in contentious or harmful issues

e.g.  
- armaments  
- gambling





# Investment Philosophy and Process

Our investment philosophy is based on what we believe to be every investor's basic objective: that they should expect to receive a net return in excess of inflation, taxes and charges over the longer term. Underlying this deceptively simple ambition is our rigorous and highly disciplined process, defining our asset allocation and fund selection procedures.

## Thematic

We seek to identify and position portfolios to benefit from the major trends and themes affecting the world economy and its financial markets. We employ a dynamic approach to asset allocation and take full advantage of our ability as a boutique to invest in smaller, niche funds.

Our portfolios are designed to perform as clients expect.

Our philosophy and process add value in four definable ways:

## Margin of safety

Investment can never be an exact science, given the unpredictability of the future, so we favour investment with an attractive 'margin of safety' as one means of limiting risk. Moreover, we constantly strive to identify the major risks in the prevailing market environment and include investments that guard against them.

## Active

We look at comparative values across asset classes, recognising that valuation at the time of purchase is the key determinant of future success. Simply put, we like to buy high quality investments as cheaply as possible.

## Rigorous

Once we have decided upon our favoured investment areas and themes, we carefully research the fund universe to establish the best funds to provide our desired exposure. This is a highly labour-intensive process, with frequent and regular engagement with fund managers and analysts. Hawksmoor holds over 500 manager meetings each year.

# Suitability Mapping

We understand that accurately mapping client to portfolio is of paramount importance.

With Hawksmoor's Model Portfolio Service you can be assured that your clients' portfolios are being managed in accordance with their risk appetite and objectives.

## Independent Risk Rating Agencies

Our portfolios are risk rated by both Defaqto and Distribution Technology.

## Robust Investment Process

Strict parameters on asset allocation, concentration, diversification, and risk management (see page 10 for full details of this process).

## Naming

We have stated the equity risk range within the name of each portfolio - such as the Moderate (40-60% Equity). We will aim to stay within this band.

We offer best-in-class suitability mapping through:

## Risk Questionnaire & Mapping

Our Risk Mapping Guide seeks to align your risk assessment to the appropriate Hawksmoor risk categories. We also offer a risk questionnaire that can be used as part of your risk and suitability assessment process.

This is an online based 20-question form that uses a proprietary algorithm to assess an investor's willingness and ability to assume investment risk to calculate an indicative risk score.

## Range

Our twelve portfolios are designed to offer a suitable portfolio for a broader range of client requirements.

Across four distinct risk levels, there is an option for those seeking higher income, for those seeking a return from both capital and income, and for those seeking to invest in a responsible and sustainable manner.

# Risk Management

Our Model Portfolio Service has been built for the robust management of risk and the easy mapping of client to portfolio. In this way, you can be confident that the selected portfolio is suitable for your client. In addition to strict rules on concentration and diversification, we use two core tools to achieve this: **asset allocation** and **security risk ratings**.

## Asset Allocation

For each major asset class, we set a minimum and maximum level dependent upon the portfolio's objective and level of risk. These levels are set to ensure that the management of the portfolio remains disciplined at all times and adheres to the risk mandate. For clarity, the equity content range is in the name of the portfolio. The table below states the allocation range for each risk level:

Risk Level	Cash	Bonds	Equities	Alternatives
Cautious (0-40% Equity)	2%	45-65%	0-40%	15-35%
Moderate (40-60% Equity)	2%	30-50%	40-60%	0-20%
Adventurous (60-80% Equity)	2%	10-30%	60-80%	0-20%
Equity Risk (80-100% Equity)	2%	0-10%	80-100%	0-10%

## Risk Scoring

We assign a 'risk score' to every asset. This is a complex process that considers the past and expected behaviour of each, but also takes account of liquidity, transparency, correlation, creditworthiness, and many other factors. These risk scores range from 1-10.

It is important to emphasize that this is not a one-size-fits-all exercise. While we may give, for example, larger UK equities a risk score of 5, there will be individual funds that merit a higher (or lower) score than this because of their unique nature and stratagem.

By blending the risk scores of each asset we arrive at a risk score for the overall portfolio.

It is this risk score that primarily determines how we expect each portfolio to behave in terms of both risk and performance.

As well as managing the overall risk of the portfolio, we believe that each individual component should also be appropriate to the portfolio's required level of risk. To achieve this, we maintain a maximum risk score for each individual holding. While this maximum is higher than the average risk score for the relevant mandate, this discipline ensures that the portfolio will not include investments that are likely to be too risky to be compatible with your clients' needs and circumstances.

Risk Level	Weighted average risk score	Maximum individual risk score
Cautious (0-40% Equity)	2-4	5
Moderate (40-60% Equity)	3-5	7
Adventurous (60-80% Equity)	4-6	8
Equity Risk (80-100% Equity)	5-8	10

### Summary

This Portfolio is intended for clients where a degree of equity risk is appropriate through an investment cycle, but where the longer-term preservation of capital is of primary importance.

### Timescale

Your client should be looking to invest for at least 3 years.

### Diversification

The Portfolio will be comprised of at least 10 holdings, all of which will be collective funds.

### Concentration

No individual holding will be more than 15% of the Portfolio.

### Performance Benchmark

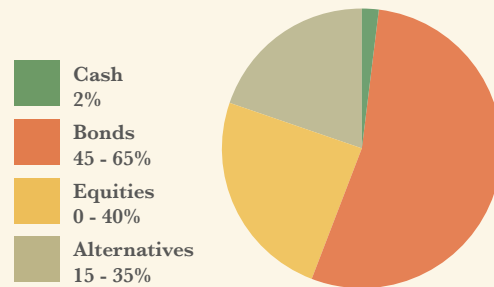
ARC Sterling Cautious

### Portfolio Choices

- Core: this Portfolio seeks to provide returns from a combination of income and capital growth.
- Higher Income: this Portfolio seeks to provide returns primarily by income.
- Sustainable World: this Portfolio invests into funds with a sustainable mandate and seeks to provide returns from a combination of income and capital growth.

### Risks

The equity content of the Portfolio will typically range from 10%-30%, dependent on market conditions, and is capped at 40%. There is no minimum equity requirement. The high bond weighting will mean that the Portfolio's value is relatively susceptible to changes in expectations for inflation and interest rates. The weighted average risk score of the assets will be 2-4. The maximum allowable risk score for any individual asset is 5, equivalent to large UK equities. The Portfolio will be managed with an asset allocation and risk profile consistent with a Dynamic Planner Fund Risk Profile of 4.



## Moderate (40-60% Equity)

### Summary

This Portfolio is intended for clients seeking returns in excess of inflation, typically with an equity content of close to 50%. These returns are not to the exclusion of the longer-term preservation of capital. The Portfolio value will tend to rise and fall with equity markets, but to a lesser degree. The Portfolio will be sensitive to changes in expectations for inflation and interest rates.

### Timescale

Your client should be looking to invest for at least 5 years.

### Diversification

The Portfolio will be comprised of at least 10 holdings, all of which will be collective funds.

### Concentration

No individual holding will be more than 15% of the Portfolio.

### Performance Benchmark

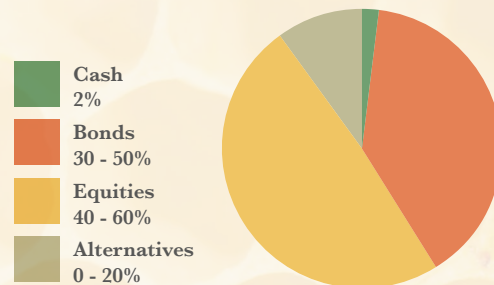
ARC Sterling Balanced

### Portfolio Choices

- Core: this Portfolio seeks to provide returns from a combination of income and capital growth.
- Higher Income: this Portfolio seeks to provide returns primarily by income.
- Sustainable World: this Portfolio invests into funds with a sustainable mandate and seeks to provide returns from a combination of income and capital growth.

### Risks

The equity content of the Portfolio will typically range from 40%-60%, dependent on market conditions. The bond weighting will mean that the Portfolio's value is susceptible to changes in expectations for inflation and interest rates. The weighted average risk score of the assets will be 3-5. The maximum allowable risk score for any individual asset is 7, equivalent to Emerging Market equities. The Portfolio will be managed with an asset allocation and risk profile consistent with a Dynamic Planner Fund Risk Profile of 5.



**Summary**

This Portfolio is intended for clients seeking returns similar to global equity markets, though not to the exclusion of capital preservation. The Portfolio value will tend to rise and fall with equity markets.

**Timescale**

Your client should be looking to invest for at least 7 years.

**Diversification**

The Portfolio will be comprised of at least 10 holdings, all of which will be collective funds.

**Concentration**

No individual holding will be more than 15% of the Portfolio.

**Performance Benchmark**

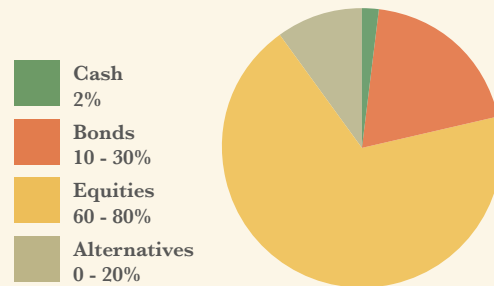
ARC Sterling Steady Growth

**Portfolio Choices**

- Core: this Portfolio seeks to provide returns from a combination of income and capital growth.
- Higher Income: this Portfolio seeks to provide returns primarily by income.
- Sustainable World: this Portfolio invests into funds with a sustainable mandate and seeks to provide returns from a combination of income and capital growth.

**Risks**

The equity content of the Portfolio will typically range from 60%-80%, dependent on market conditions. The weighted average risk score of the assets will be 4-6. The maximum allowable risk score for any individual asset is 8, excluding only the riskiest investments. The Portfolio will be managed with an asset allocation and risk profile consistent with a Dynamic Planner Fund Risk Profile of 6.



**Summary**

This Portfolio is intended for clients seeking returns similar to global equity markets. The Portfolio value will tend to rise and fall with equity markets.

**Timescale**

Your client should be looking to invest for at least 7 years.

**Diversification**

The Portfolio will be comprised of at least 10 holdings, all of which will be collective funds.

**Concentration**

No individual holding will be more than 15% of the Portfolio.

**Performance Benchmark**

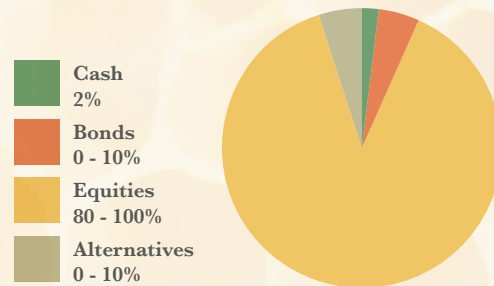
ARC Sterling Equity Risk

**Portfolio Choices**

- Core: this Portfolio seeks to provide returns from a combination of income and capital growth.
- Higher Income: this Portfolio seeks to provide returns primarily by income.
- Sustainable World: this Portfolio invests into funds with a sustainable mandate and seeks to provide returns from a combination of income and capital growth.

**Risks**

The equity content of the Portfolio will typically range from 80%-100%, dependent on market conditions. The weighted average risk score of the assets will be 5-8. The maximum allowable risk score for any individual asset is 10, including all assets. The Portfolio will be managed with an asset allocation and risk profile consistent with a Dynamic Planner Fund Risk Profile of 7.





For more information or to arrange a meeting with the Model Portfolio Service managers, please contact our Business Development team:

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Hawksmoor's other outsourcing solutions include:

- a Discretionary Portfolio Management Service
- an AIM Portfolio Service utilising Business Property Relief to assist with estate planning
- a Sustainable World service, offering investment into sustainable portfolios.

Hawksmoor also manages a range of award-winning multi asset funds.

More information about Hawksmoor and our services is available at [www.hawksmoorim.co.uk](http://www.hawksmoorim.co.uk)



Head Office: 17 Dix's Field, Exeter EX1 1QA

Offices also in: London, Taunton, Dorchester, Bury St Edmunds

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## **IMPORTANT INFORMATION**

Hawksmoor Investment Management Limited is authorised and regulated by the Financial Conduct Authority. Registered Address: 2nd Floor Stratus House, Emperor Way, Exeter Business Park, Exeter EX1 3QS. Company Number 6307442

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