HAWKSMOOR
INVESTMENT MANAGEMENT

EXPLAINING YOUR PORTFOLIO

Why invest?

Investing can help you achieve financial goals, whether for retirement, buying a new home or generating additional income. Even if you are a cautious saver, you can benefit from investing, as it protects your wealth from inflation – which can erode your savings. Historically, diversified portfolios have delivered better long-term returns than holding cash, though there are no guarantees.

How to use this document

Our aim is to help you decide if our Discretionary Portfolio Management Service (DPMS) meets your needs and financial objectives.

We explain how we will tailor, construct and manage your portfolio. If you would like more detail on risks, assets and our approach, you can find it by following our signposts to further pages towards the back.

If you have any questions, please ask your adviser or a Hawksmoor Investment Manager.

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ABOUT US

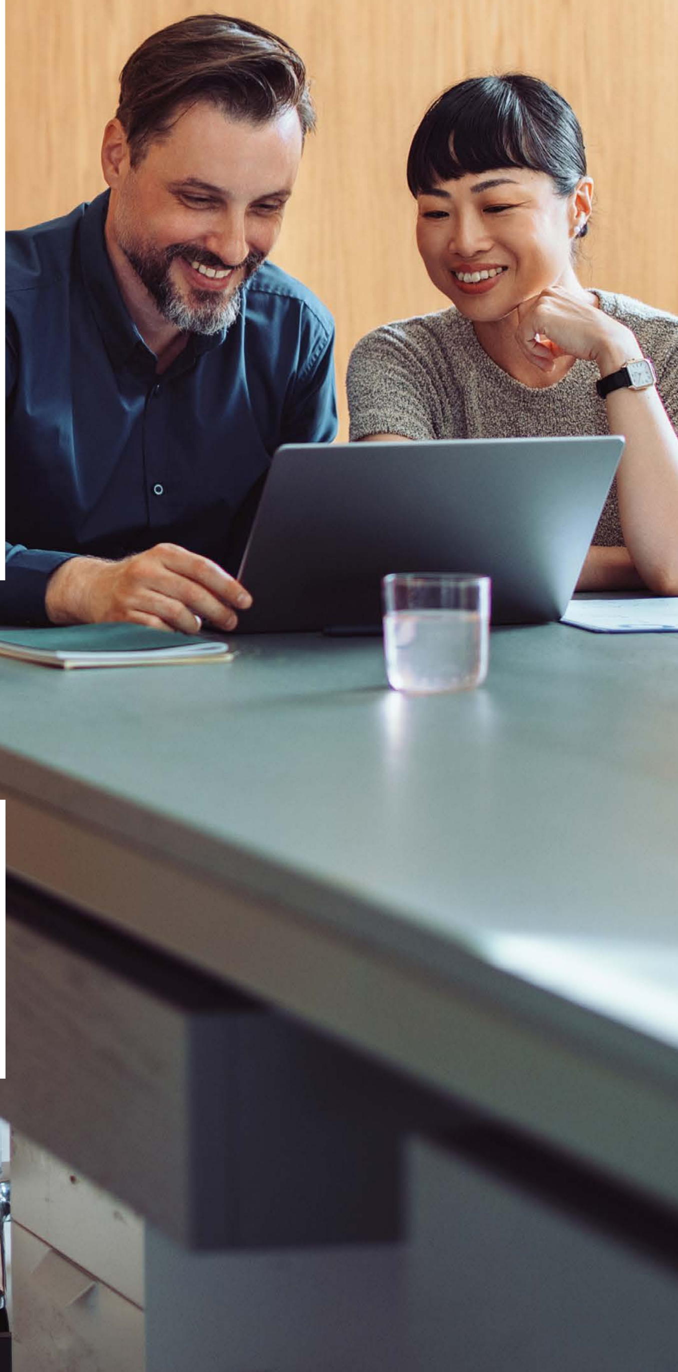
We offer a discretionary investment service, allowing our expert Investment Managers to make decisions on your behalf, without requiring your approval before each transaction. It works well for a range of people and organisations such as:

- New investors looking for professional management
- Experienced investors who do not want to manage their portfolio
- Trusts, charities and corporates

Our investment managers design and adjust portfolios based on your needs, comfort with risk and objectives.

You can expect:

- Regular monitoring to ensure your portfolio is aligned with your evolving requirements
- Long-term returns that at least match inflation after costs, though short-term volatility is expected
- Tailored portfolios – built according to your risk tolerance and catering for your goals
- Your experienced Investment Manager supported by dedicated teams – will be your point of contact
- A disciplined, research-driven investment strategy



Important Considerations:
Our service is not right for everybody. Please note you may get back less than you invested, and you must have the financial capacity to withstand losses. Furthermore, if you are looking to invest for less than three years, this service would be unsuitable for you.

What is our investment philosophy?

It is guided by three core principles:

1. Expert-Driven Investment Process

We identify the best investment opportunities in dynamic and evolving markets using insights and comprehensive research.

2. Robust Risk Management

We make sure you are taking the right amount of risk to achieve your goals, using advanced monitoring systems.

3. Personalised Portfolio Focus

Your Investment Manager has the flexibility to construct a portfolio that reflects your preferences and objectives, providing a truly tailored service.

What is our investment process?

Should you become a client, you will benefit from the following complementary approaches:

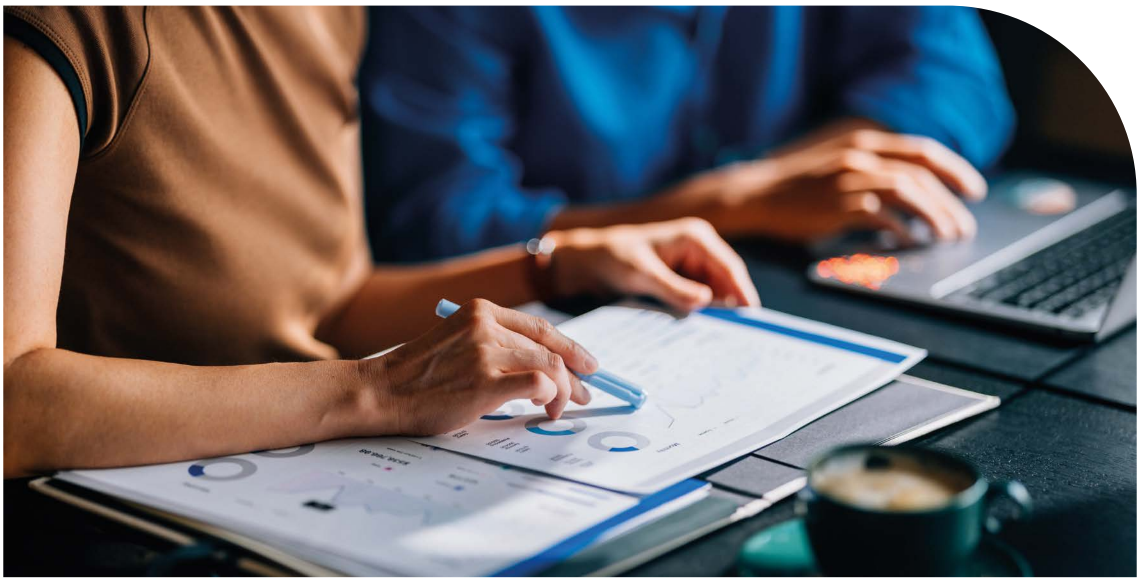
1. Asset Allocation

We balance risk and reward within your investment portfolio by determining how much to hold in different types of investments, which we refer to as asset classes - such as shares, bonds and cash. More on this on the following page. Each asset class has different characteristics, advantages and disadvantages and we have listed them on pages 12-15.

2. Investment Selection

Using a rigorously vetted 'buy list,' we identify and assesses high-quality investment opportunities for you. This is regularly reviewed to ensure its ongoing quality.

We use both of these strategies to build and maintain your portfolios – regularly adjusting them based on market conditions and your evolving needs.



What do we invest in?

We invest in the following asset classes:

Equities

Bonds & Fixed Income

Cash

Alternatives

Equities (also known as stocks and shares) are generally the riskiest asset, potentially offering the higher returns in the medium to long term, but also are more volatile than other asset classes.

Bonds & Fixed Income are often considered less risky, delivering smaller returns in exchange for more stability.

Cash is thought to be the most stable allocation but with the least likelihood of growth and poor protection against inflation.

Alternatives such as property, Absolute Return, infrastructure, commodities or structured products.

As a general rule, assets with higher levels of risk are also likely to have potential for higher anticipated returns. The more risk averse you are, the more you'll want to be invested in "safer" assets like high-quality bonds and cash.

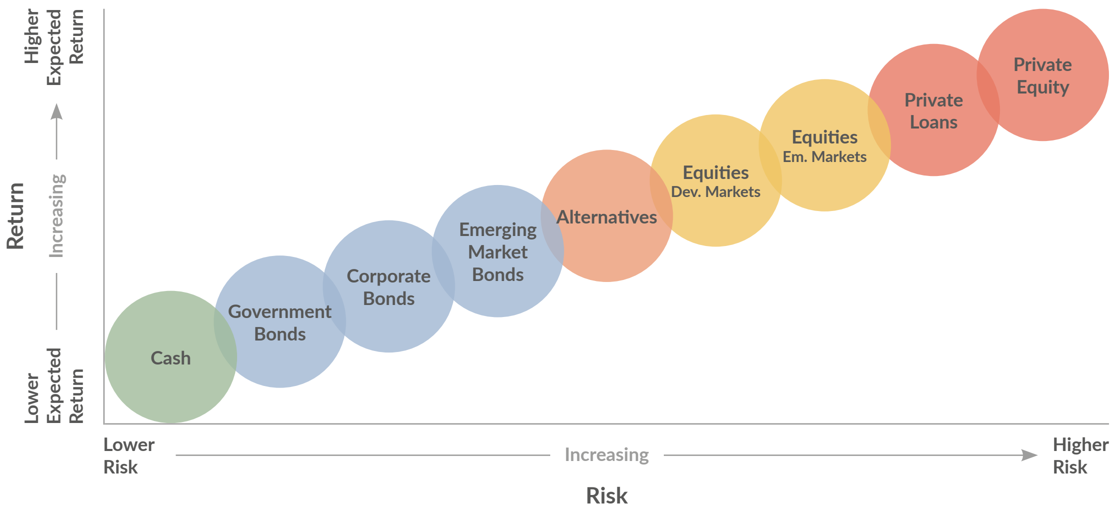
We further divide these into smaller categories with different opportunities for risk and return. This allows us to build a well-rounded portfolio tailored to your goals. We can also make exclusions based on your preferences.

For more details on the types of investments we use, including their benefits and risks, please refer to pages 12-17.

Choosing the right investments for you

We maintain a central 'buy list' of high-quality investments that have passed our strict approval process. Each investment undergoes thorough research and ongoing reviews to ensure it remains suitable. While most investments come from this list, we sometimes include other options in special cases, but only after extra checks.

How risky are your investments?



Building your portfolio and managing risk

Our goal is to reduce unnecessary risks while still aiming for strong long-term returns.

The biggest risk in investing is market volatility — when prices go up and down in the short term. We measure and monitor this carefully. We also consider other risks, such as:

- **Liquidity Risk** – How easily can we sell an investment if needed?
- **Transparency Risk** – Do we fully understand what we're investing in?
- **Diversification Risk** – Is your money spread across different investments to reduce risk?

Our sophisticated investment oversight process ensures that risks associated with your portfolio are identified, monitored and managed effectively to deliver good outcomes over the medium to long term.

- **Asset Allocation**: Risk is assessed at the portfolio level through strategic asset allocation, which balances exposure to different investment types.
- **Investment Selection**: Risk is further considered during the selection of individual investments

How do we keep your portfolio stable and aligned with your financial goals?

To keep your portfolio balanced, we have policies in place such as:

- Limits on how much we invest in any one asset class
- Controls to manage overall portfolio fluctuations
- Restrictions on large individual investments
- Caps on investments outside our approved list

Our team continuously monitors the market and adjusts your investments to keep you on track.

ABOUT YOU

Your decision to invest

It's important to think about three key factors as these define your 'investment profile' which is what we use to build and manage your portfolio:

1. What do you want to achieve?

Common goals include preserving your money, growing your wealth, or generating income

2. How much risk are you comfortable with?

Higher risk can lead to bigger rewards but also increases the chance of losses. Lower risk may not generate enough returns to meet your goals and keep ahead of inflation.

3. How long do you plan to invest?

Your time scales affects your risk tolerance and strategy. If you need the money soon (e.g., for a home purchase in 12–24 months), investing may not be ideal.

How comfortable are you with risk?

Every investment involves some level of risk. Generally, higher potential returns come with greater risks. It's important to choose a risk level that matches your financial situation and comfort level.

Your risk profile influences the structure of your investment portfolio. Key factors to consider include:

- Your investment goals
- Your financial situation and ability to handle losses
- Your age
- How long you plan to invest

Hawksmoor DPMS portfolios typically include a mix of:

- UK & International Bonds
- UK & International Equities
- Collective Investments (Funds)
- Investment Trusts
- Cash

Higher-risk portfolios often have more exposure to stocks, overseas investments, and emerging markets. However, most portfolios will have a mix of these asset types, regardless of risk level. Please see the diagram which illustrates this on page 6.

What determines your risk level?

Your risk level is based on:

- **Your attitude to risk** – How much risk you are comfortable taking.
- **Your capacity for loss** – How much loss you can handle financially and emotionally without affecting your lifestyle.

We offer/can cater for five risk levels:

- **Cautious**
- **Moderately Cautious**
- **Moderate**
- **Moderately Adventurous**
- **Adventurous**

If you work directly with Hawksmoor, we will help you complete a risk questionnaire. This generates a score that matches a risk level, which will be explained in your Suitability Report.

If you work with a financial adviser, they will determine your risk level and communicate it to us. We will reflect this in your Suitability Report, ensuring you and your adviser agree on your risk approach.

Your risk level may change over time due to personal or financial changes. As part of our regular review process, we'll check in to make sure your portfolio still matches your needs and financial objectives.

We know risk is a personal perception. That's why we clearly define what we mean by 'risk' — helping you make informed decisions with confidence.

What are your time scales?

We recommend:

- A minimum of **three years** for low-risk portfolios
- At least **five years** for all other risk levels

If you plan to sell investments sooner, our service may not be the right fit. A longer time frame doesn't guarantee success, but it improves the chances of meeting your investment goals.

Building your portfolio

We carefully design your investment portfolio based on your financial goals and risk level. This process involves two key approaches:

1. Strategic Asset Allocation (SAA)

This is our long-term plan for dividing your money across different types of investments (such as shares, bonds, and cash). It ensures your portfolio is structured to match your goals and risk tolerance. We review this plan at least once a year.

2. Tactical Asset Allocation (TAA)

This allows us to make short-to-medium-term adjustments to your investments based on current market conditions. Our team continuously monitors opportunities and risks to ensure your portfolio stays on track.

If you would like more detail about our current SAA, you'll find it on page 16.

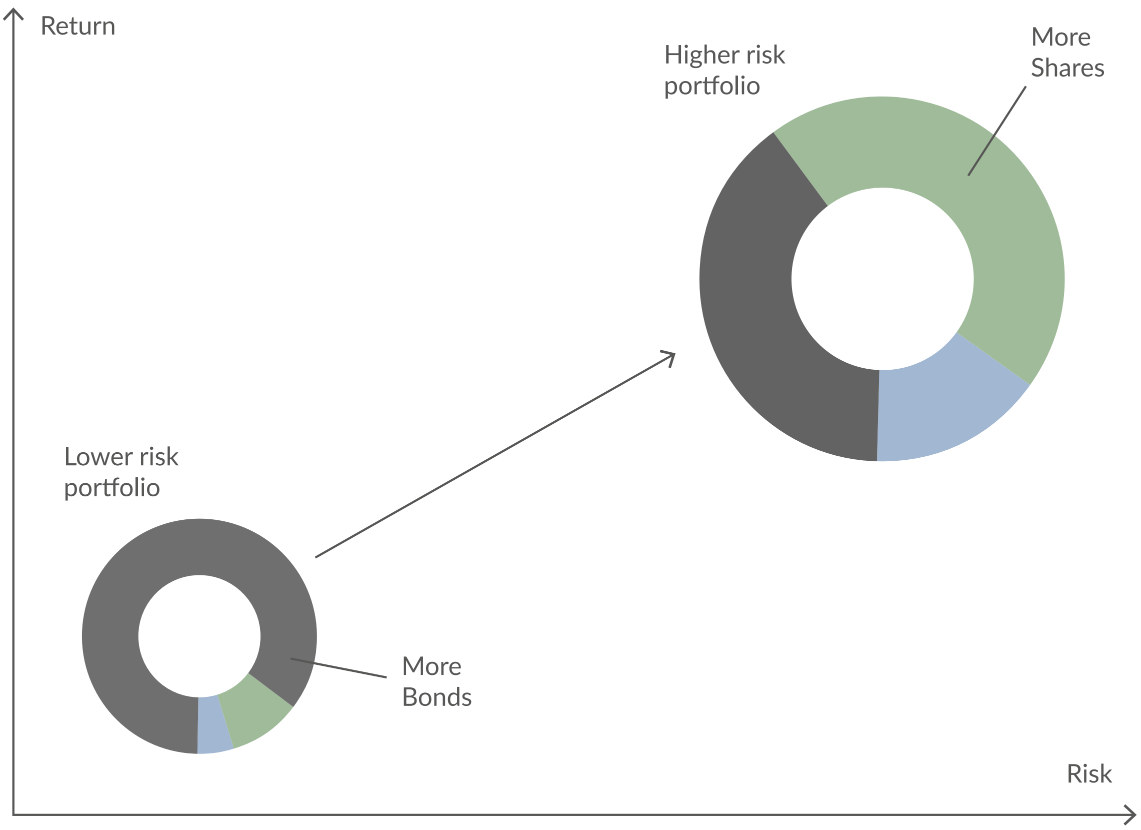
Or, for more information on our TAA, please speak to your adviser or investment manager.

Your Investment Breakdown

Your portfolio will include a mix of investments, with the proportions adjusted based on your risk level. Generally:

- **Lower-risk portfolios** hold more stable investments like bonds.
- **Higher-risk portfolios** have more shares, which offer higher potential returns but also more ups and downs.

Before you invest, we provide an easy-to-read illustration of how your portfolio will be structured.



Ongoing Monitoring & Reporting

You will be updated and reassured your portfolio stays aligned with your goals through:

- **Quarterly Reports** – A breakdown of your investments, their performance, and any changes.
- **Annual Review** – A detailed summary of costs, charges, and tax-related information.
- **Continuous Monitoring** – We track your portfolio to ensure it remains within your agreed risk level.

We also compare your portfolio's performance to inflation (to ensure your money maintains its value over time) and to industry benchmarks for similar investment strategies.

For more detailed information about our benchmarking methods please see page 17.

Ensuring the Right Fit for You

Before we recommend an investment approach, we assess your financial situation, goals, and risk tolerance. This helps ensure the investment strategy suits your needs. Key factors we consider include:

- Your financial situation and ability to handle potential losses.
- Your investment knowledge and experience.
- Your ability to access cash for emergencies.
- Your future income expectations.

If you're working with a financial adviser, they will guide you through this process and help determine the best approach for you.

ASSET CLASSES AND TYPES

LOW RISK

Cash and deposits

Cash deposits are generally considered to be safe investments. You may receive interest on cash held in your portfolio. Within a Hawksmoor DPMS, cash is held by Pershing Securities Limited (PSL), one of the most established UK custodian and settlement companies. PSL is a subsidiary of BNY which is the largest provider of custody services in the world.

Advantages	Disadvantages
• There is very little risk in holding cash (although cash is not risk free due to inflation) • Cash deposits are readily accessible • For most private investors, smaller cash deposits in the UK are protected by the Financial Services Compensation Scheme (FSCS).	• Cash deposits only provide a real investment return if the interest rate paid on deposits exceeds inflation. • There is limited opportunity for growth. • You can be exposed to the risk that the financial institution holding your cash goes into liquidation.

LOW TO MEDIUM RISK

Fixed Income

Bonds, often referred to as fixed-interest or fixed-income securities, are financial instruments issued by companies, governments, and other entities to raise capital.

When you purchase a bond, you are effectively lending money to the issuer. In exchange, the issuer commits to paying a predetermined amount of interest to you, typically once or twice a year, and to repaying the original amount invested (the principal) when the bond reaches its maturity date.

Bond prices are closely influenced by changes in interest rates. When interest rates increase, bond prices typically decrease, making their fixed interest payments relatively more attractive. Conversely, when interest rates decline, bond prices generally rise. This is known as sensitivity.

Independent agencies evaluate issuers' ability to meet their bond payment obligations and assign credit ratings. Bonds classified as "investment grade" are issued by entities with strong credit ratings and usually offer lower interest rates.

In contrast, bonds issued by entities with lower credit ratings are referred to as "high-yield" bonds. These bonds provide higher interest rates to compensate for the increased risk associated with the issuer's lower creditworthiness.

Advantages	Disadvantages
• Bonds typically offer higher returns than cash deposits. • They are appealing to investors seeking capital preservation with a predictable income stream. • Most bonds are structured to be repaid at a specific time and price, providing investors with certainty. • Generally, bonds tend to be less volatile in performance compared to equities. • Bonds with high credit ratings are usually easier to buy or sell.	• If the issuer is unable to repay the bond at maturity, the holder could lose part or all of their investment. • Bond prices are influenced by both market interest rates and the issuer's ability to repay the bond at maturity. • The longer the time to maturity, the more sensitive the bond is to price fluctuations. • Most corporate bonds are not traded on exchanges, and if a bond has low trading volume, its current market value may be difficult to assess. • Bond investors also face reinvestment risk, as they may not be able to reinvest their funds at the same rate of return when bonds mature.

The sub-asset classes we use for Fixed Income are:

- UK Government Bonds (often known as Gilts)
- Developed Markets (ex UK) Government Bonds (hedged)
- UK Investment Grade
- Developed Markets excluding UK Investment Grade (hedged)
- Global High Yield (hedged) / Emerging Markets (hedged)

MEDIUM TO HIGH RISK

Shares

Shares (also known as Equities or Stocks) represent ownership in a company.

The shares we invest in directly are publicly traded on a stock exchange. In the long term, the value of a company's shares is driven by the success of its business. However, in the short term, share prices and their value can be influenced by the overall economic conditions and world events, industry views of the company and its performance, general supply and demand and correlation to the performance of other companies within the same industry.

Most common shares offer periodic cash payments, known as dividends, to their owners. Well-established, profitable companies often pay dividends, which are decided by the company's board of directors and typically distributed every three or six months.

On the other hand, less-established companies focused on growth may not pay dividends. These companies usually reinvest their profits to finance expansion, aiming to increase the company's value and, consequently, the value of their shares.

Shares can be purchased in companies of varying sizes and industries. Generally, shares of well-established, profitable companies tend to be less risky than those of newer companies seeking growth.

Advantages	Disadvantages
• Shares offer the potential to increase the value of an investment portfolio and have the potential generate good returns over time when compared to other asset classes. • Historically, shares have outperformed bonds and cash as long-term investments (though past performance is not always indicative of future results). • By purchasing shares in companies with a strong history of paying dividends, investors can own assets that may provide income and appreciate in value. • Shares traded on stock exchanges are typically easy to buy and sell, often with low transaction costs.	• Shares are generally riskier than bonds or cash, as their prices are volatile and can experience significant declines. Share prices may remain depressed for extended periods, and if a company goes into liquidation, its shares could become worthless. • There are various factors that can cause a share price to drop, and predicting future share prices is extremely challenging. • Shares in smaller companies are often more volatile and can undergo large price fluctuations. Additionally, it may be harder to sell shares in these companies, increasing their risk. • Dividends are not guaranteed and may not be maintained or increased.

We have defined the sub-asset classes for Shares as:

- UK Equities (Large cap)
- UK Equities (Small and Mid-cap)
- North American Equities (Large cap)
- North American Equities (Small and Mid-cap)
- European excluding UK Equities
- Developed Asia ex-Japan Equities
- Japanese Equities
- Emerging Market Equities

LOW TO HIGH RISK

Alternatives Investments (including Structured Products)

Alternative investments are those that fall outside traditional asset classes like shares, bonds, and cash. They encompass areas such as property, infrastructure, absolute return funds, commodities and structured products. While alternative investments are often viewed as risky, they come in many forms, each with its own level of risk. Investors can use these alternatives to diversify their portfolios, helping to reduce overall risk.

Here at Hawksmoor, we usually access alternative investments through funds, listed vehicles such as investment trusts to mitigate liquidity risks or structured products.

Advantages	Disadvantages
• Alternative investments can offer profit opportunities when other asset classes are underperforming. • Some alternative investments are not correlated with shares and bonds, making them valuable for reducing risk and enhancing diversification in a portfolio. • Collective alternative investments provide access to expert investment managers that might be otherwise out of reach for individual investors.	• Many alternative investments are not traded on stock exchanges, making it challenging to determine their price. • Selling alternative investments can be difficult, especially when holding direct assets rather than through a more liquid investment vehicle. • Alternative investments may be complex products, requiring a higher level of investment knowledge to accurately assess their associated risks.

The sub-asset classes for Alternative Investments at Hawksmoor are:

- Absolute Return
- Real Assets – (including Private Equity, Property, Infrastructure)
- Commodities (including commodity equities)
- Structured Products

Unacceptable Assets

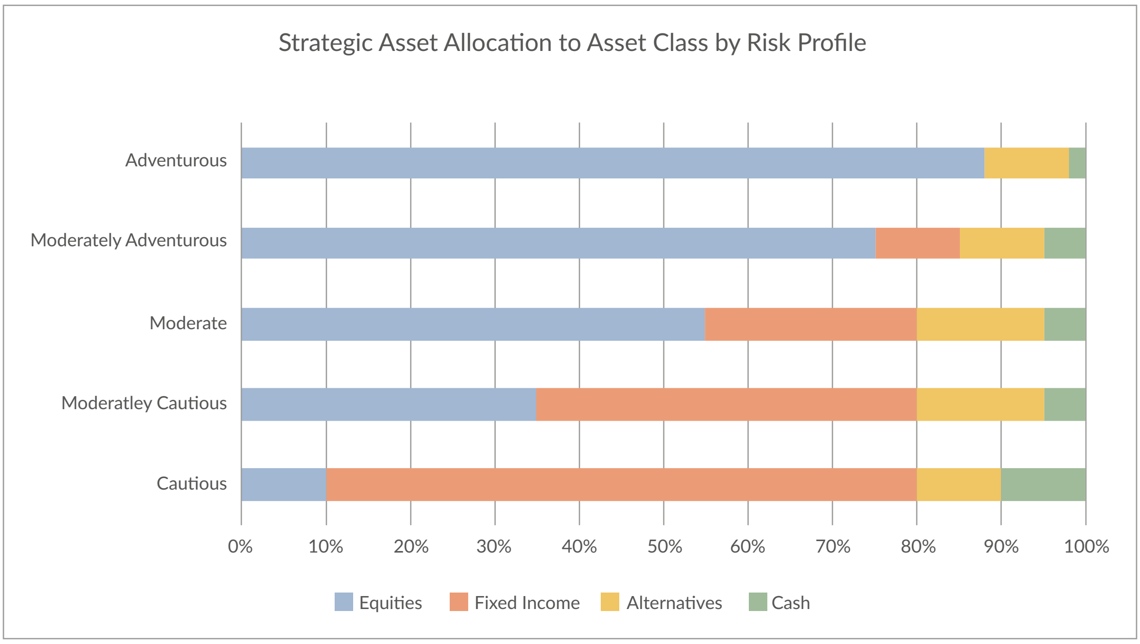
As per current guidance issued by our industry regulator, the Financial Conduct Authority (FCA), we will not buy, hold or execute trades in cryptocurrencies or assets that are based or valued on them.

We will not hold nor deal in unregulated securities under any circumstances and will not buy any securities which are involved with cannabis.

Strategic Asset Allocation (SAA)

The SAA is reviewed on a regular basis and currently is as follows (as at 1st January 2025):

	Risk Profile				
Asset Class	Cautious	Moderately Cautious	Moderate	Moderately Adventurous	Adventurous
Equities	10%	35%	55%	75%	88%
Fixed Income	70%	45%	25%	10%	0%
Alternatives	10%	15%	15%	10%	10%
Cash	10%	5%	5%	5%	2%
Total Portfolio	100%	100%	100%	100%	100%



Benchmarking

We make use of the Private Client Indices provided by Asset Risk Consultants, these are known as the ARC PCIs and are widely used across the industry. These indices are compiled by ARC using actual client portfolio performance, provided by over 70 investment management companies. The indices are defined by a range of risk (volatility) relative to global equities. These are defined as follows:

Hawksmoor risk level	ARC PCI Performance Comparator
Moderately Cautious	ARC Sterling Cautious
Moderate	ARC Sterling Balanced
Moderately Adventurous	ARC Sterling Steady Growth
Adventurous	ARC Sterling Equity Risk

Please note that none of the ARC PCI Comparators are relevant to our Cautious risk level, and we would use only the UK CPI Consumer Price Index as a measure of performance.

All investments carry some risk. Key risks to be aware of include:

Market Risk – Investments can lose value due to economic or political events. Markets fluctuate between **bear markets** (declining) and **bull markets** (rising).

Inflation Risk – If your investment growth is slower than inflation, your money loses purchasing power over time.

Liquidity Risk – Some investments are harder to sell quickly, which may lead to unfavourable prices.

Currency Risk – Investing in foreign assets means returns can be affected by exchange rate changes.

Interest Rate Risk – Rising interest rates can reduce the value of bonds, while falling rates can make older bonds more attractive.

Credit Risk – A bond issuer may fail to make payments, affecting returns. Higher-risk issuers must offer higher interest rates.

Business Risk – A company's success depends on competition, regulations, and economic conditions, which can impact investment returns.

Taxation Risk – Changes in tax laws may affect investment returns.

Reinvestment Risk – If interest rates fall, reinvesting bond earnings at similar returns may be difficult.

Trading Suspensions – In volatile markets, trading may be paused, making it difficult to sell investments.

Investment-Specific Risks:

- **Bonds –** Risks include default, changing interest rates, and early redemption by issuers.
- **Collective Investment Schemes –** Performance may not match benchmarks due to costs and market conditions.
- **Investment Trusts –** Share prices may trade above or below their actual value and can be volatile.

Every investment carries some level of risk, so it's important to choose wisely based on your financial goals and risk tolerance.

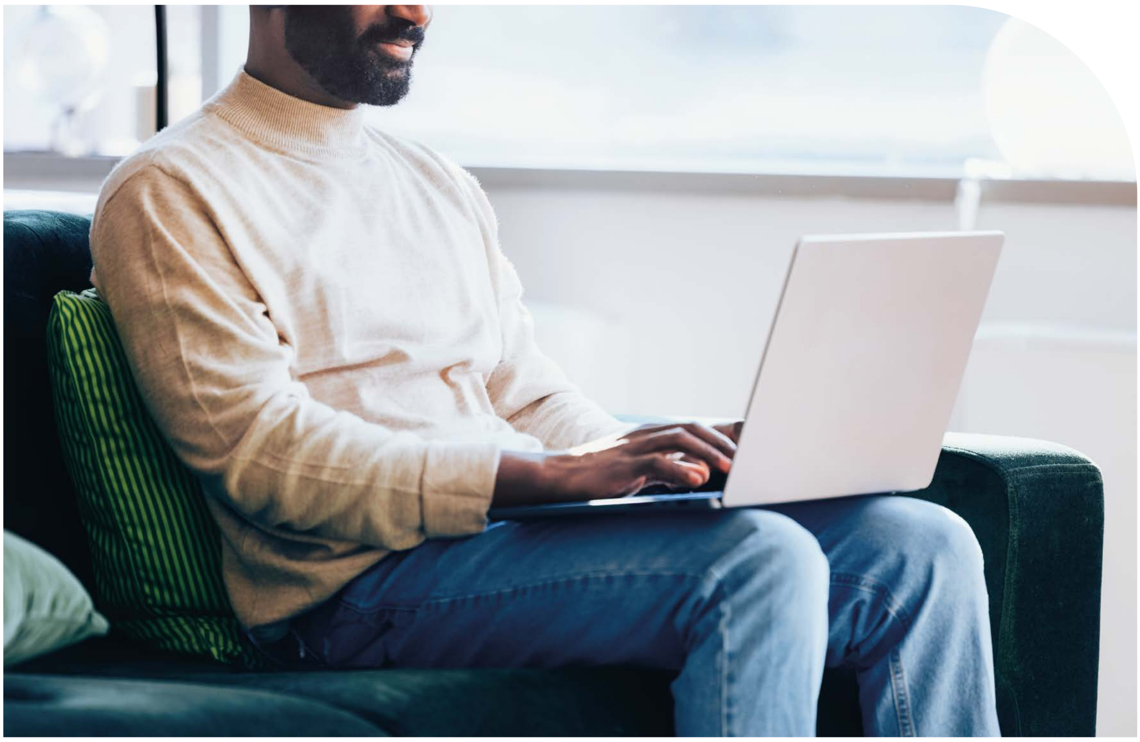
CONTACT US

Investing in our services
For more information or to arrange a meeting with an Investment Manager, please contact:
01392 410180 / info@hawksmoorim.co.uk

Hawksmoor's Portfolio Management solutions include:

- An Alternative Investment Market Portfolio Service
- A Discretionary Portfolio Management Service
- A Model Portfolio Service for Financial Advisers

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



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Important Information

It is important that you read and understand our Terms & Conditions, which are contained in the Hawksmoor Client Account Guide.

This document is issued by Hawksmoor Investment Management Limited (Hawksmoor), a company authorised and regulated by the Financial Conduct Authority. The Registered Number of Hawksmoor is 6307442 and its Registered Office is at 2nd Floor, Stratus House, Emperors Way, Exeter Business Park, Exeter EX1 3QS.

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Any opinion expressed in this document, whether in general or both on the performance of individual securities and in a wider economic context, represents the views of Hawksmoor at the time of preparation and may be subject to change.

Past performance is not a guide to future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations. You may not get back the amount you originally invested. Changes in exchange rates will also affect performance. Please read the prospectus and Key Investor Information Documents (KIID) of any funds mentioned before making an investment.

The information provided in this document does not constitute advice or a personal recommendation for which the duty of suitability would be owed by Hawksmoor, and you should seek your own advice as to the suitability of any investment matter mentioned in this document.

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