



BROWN SHIPLEY
A QUINTET PRIVATE BANK

GUIDE TO INVESTING





Who are Brown Shipley?

We are Brown Shipley, a private bank authorised to provide financial services in the UK. We're part of Quintet Private Bank (Europe), a group of boutique private banks and Wealth Managers operating across more than 30 European cities.

We have been working with clients like you for over 200 years, offering a full range of Wealth Planning, Investment Management and Lending Services. As your wealth management partner, we support your ambitions and take on your financial goals as our own.

Three reasons to partner with us

Dedicated time with you

We believe in taking the time to get to know you, your family and your objectives so we can ensure your financial plan is aligned to your aspirations.

Closer to you

We have offices across the UK, maintaining our legacy of closeness with our clients and helping us build a strong, trusting relationship with you.

Heritage combined with a global outlook

We combine a rich heritage with a high level of expertise in an ever-changing landscape. As part of the Quintet family we have greater scale and security benefiting from a truly global outlook to our already strong foundations.

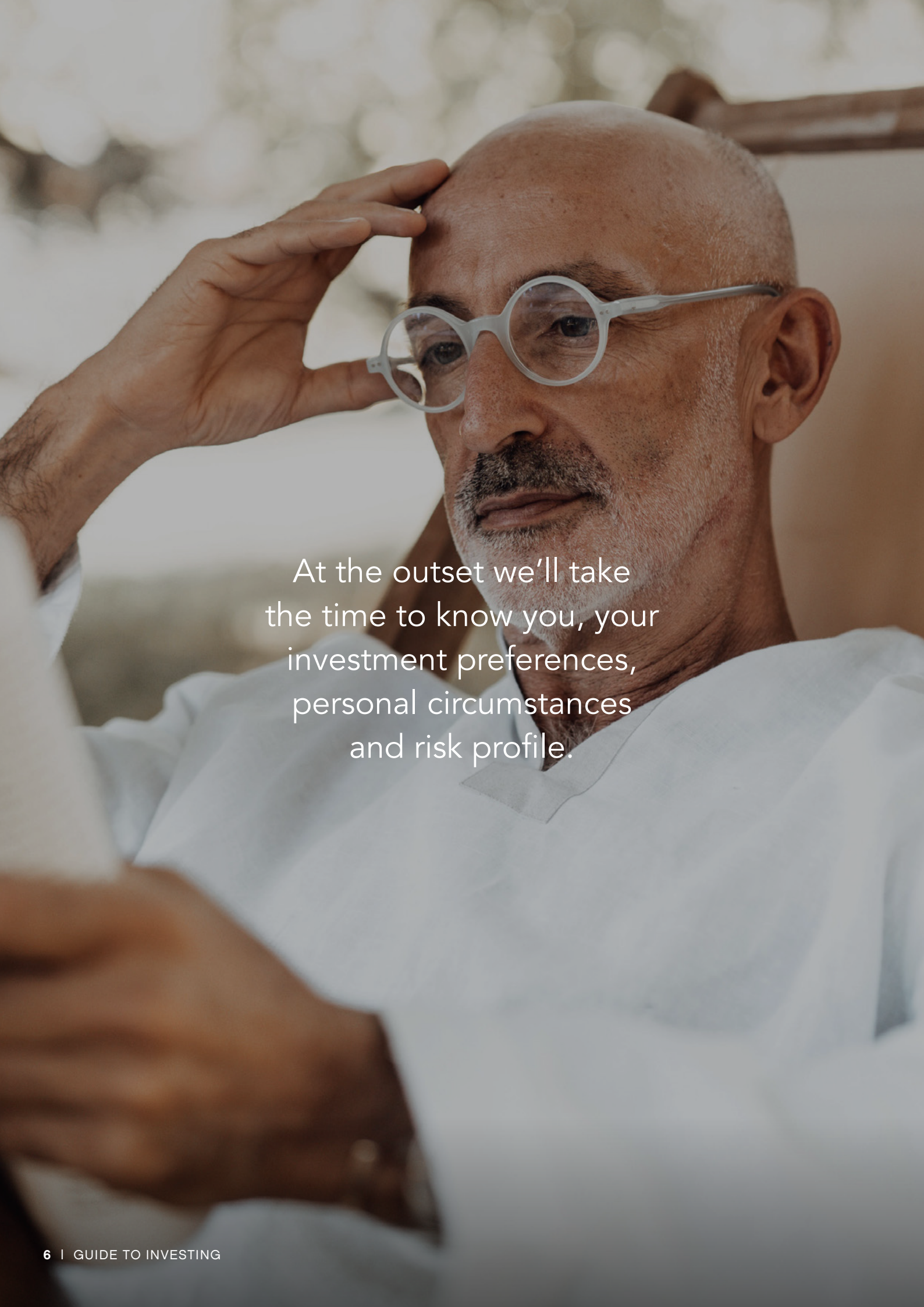
To become a client of Brown Shipley, our services start from a combined investment amount of £1 million.

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We believe investors can make better investment decisions when they take into account environmental, social, and governance factors.



At the outset we'll take the time to know you, your investment preferences, personal circumstances and risk profile.

Brown Shipley investing in you

At Brown Shipley our Investment Management service is designed completely around you, your immediate and long-term goals, your risk profile and how comfortable you are with making investment decisions.

Understanding your needs

The first meeting with your Client Advisor is all about getting to know you, and you getting to know how we work on your behalf. We take the time to understand you so that we can properly assess the kind of investment strategy that will fit your needs and lifestyle.

Investment ideas

Our investment process begins with developing a global view. We look at economic data, government policy, and societal trends to formulate views on the economic outlook, interest rates and exchange rates. Next, we analyse financial markets to identify asset classes, sectors or regions that may offer investment opportunities.

We select individual securities, such as funds or shares, to obtain exposure to the areas we believe have potential.

Your goals

Together we will make an assessment of your risk profile and the effect it may have on your lifestyle, under different circumstances. At this stage, we will also look to understand any investment preferences you may have. For example, investing with a particularly sustainable or socially responsible bias.

SCAN TO WATCH



Watch the video to hear our approach to managing your investments, and how we work with you every step of the way to help you achieve your financial objectives.

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YOUR TRUSTED PARTNER



Your trusted partner

How your investments are managed on an ongoing basis is up to you. We will take the time to understand your level of expertise so we can recommend an investment service that fits with how much interaction you require with your Client Advisor. We offer a Discretionary Service, Advisory Service and Execution Only Service.

Working together

It's up to you how involved you are

You can choose to let your experienced Client Advisor take care of your portfolio, through our Discretionary Management Service, or you can opt for our Advisory Service, where you can be more involved in making decisions, by having each recommendation referred to you before being executed. Alternatively, you could opt for Execution only, where we just carry out trades on your instruction.

Risk

When individual securities and asset classes are combined effectively in a portfolio, the volatility of the overall portfolio is likely to be lower than the individual holdings within it. A portfolio's characteristics can be tailored to an investor's willingness and ability to take on risk. By way of example, for a longer-term 'growth' investor with a 10-year time horizon, the fluctuations of an investment portfolio in the short term may be less important than an investor who has a stronger preference for access to their capital in the near-term.

Understanding your risk profile

This is the most important assessment that we need to make. For us, it's key that we identify and address any differences in your risk profile and your capacity for loss.

Your capacity for loss is the amount of risk you can take without it having a negative effect on your standard of living.

Investing Professionally

During rising markets investors can overestimate their risk profile. That's where we come in. We will advise you to consider all the consequences of adverse market movements, sudden falls in value or even loss of income.

We will discuss this with you in detail, but here's just a sample of the questions we may ask you to think about:

- How much would your investments have to fall before you start to feel concerned?
- Could you afford the loss of a proportion of your investment or the income derived from it?
- Should you be exposing some of your investment to less risk and less growth potential because it will be part of your retirement fund?
- Have you factored in the risk of not investing, and the effect inflation will have on your capital?
- To spread your risk, how do you feel about diversifying across different asset classes, or different markets or regions?

Once we've gone through all of the relevant questions, we will then discuss the specific risks to your circumstances to help you understand your risk profile and capacity for loss. At every stage we will also assess and document how your risk profile translates into a practical Investment Profile. This can range from being 'cautious' through to 'dynamic'.

Volatility

Investments that offer the potential for higher returns over the longer term also tend to be subject to larger variations in value, both positive and negative – a phenomenon known in the financial markets as 'volatility'. For example, this may be caused by greater uncertainty about the outlook for a company's future earnings.

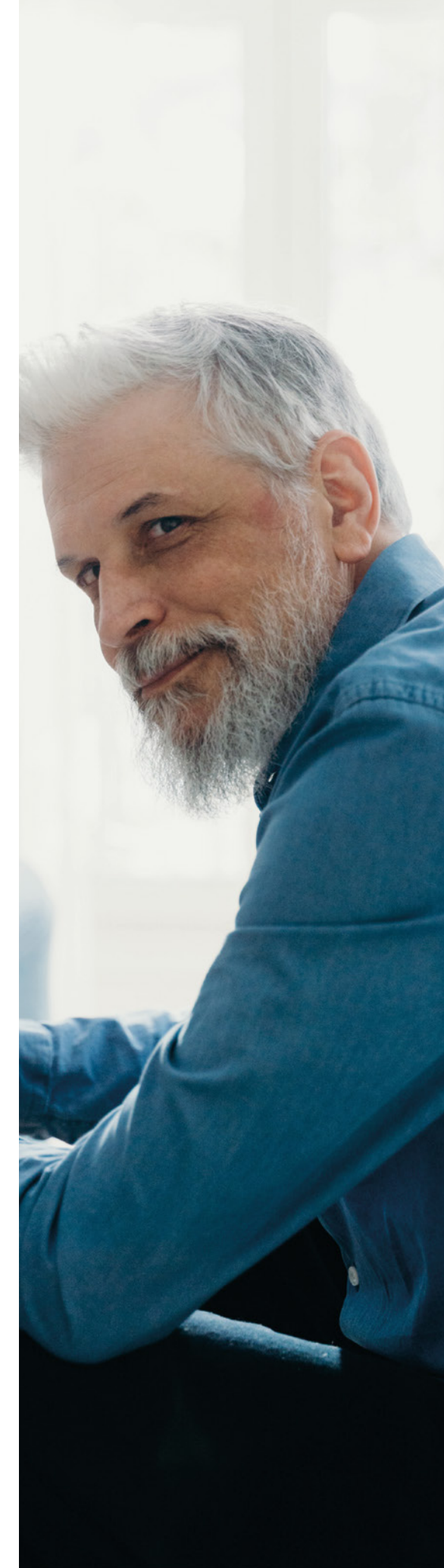
As a general rule, investments with higher levels of risk typically offer the potential for a higher return to compensate for this uncertainty and potential loss.

Environmental, Social and Governance investing

We believe investors can make better investment decisions when they take into account environmental, social and governance factors. These factors are integrated in our processes for selecting investment ideas.

When investing in single line securities, we exclude instruments of companies that have violated the UN Global Compact for three years running, are involved in controversial weapons and companies that derive more than 10% of their revenue from thermal coal. We aim to avoid companies that are involved in activities such as tobacco, gambling, alcohol, adult entertainment or genetically modified organisms.

When investing in third-party funds, we take into consideration the EU Sustainable Finance Disclosure Regulation (SFDR) product disclosure categorisation, UK Sustainability Disclosure Requirements (SDR) and Anti Greenwashing Rules (AGR) and our internal fund sustainability assessment.





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OUR INVESTMENT APPROACH



Our investment approach

Your Client Advisor’s first job is to make sure they gain a true understanding of your needs. Their next responsibility is to translate this into a comprehensive wealth management plan. Investment markets are always evolving and it is crucial that we adapt to prevailing market condition.

The process

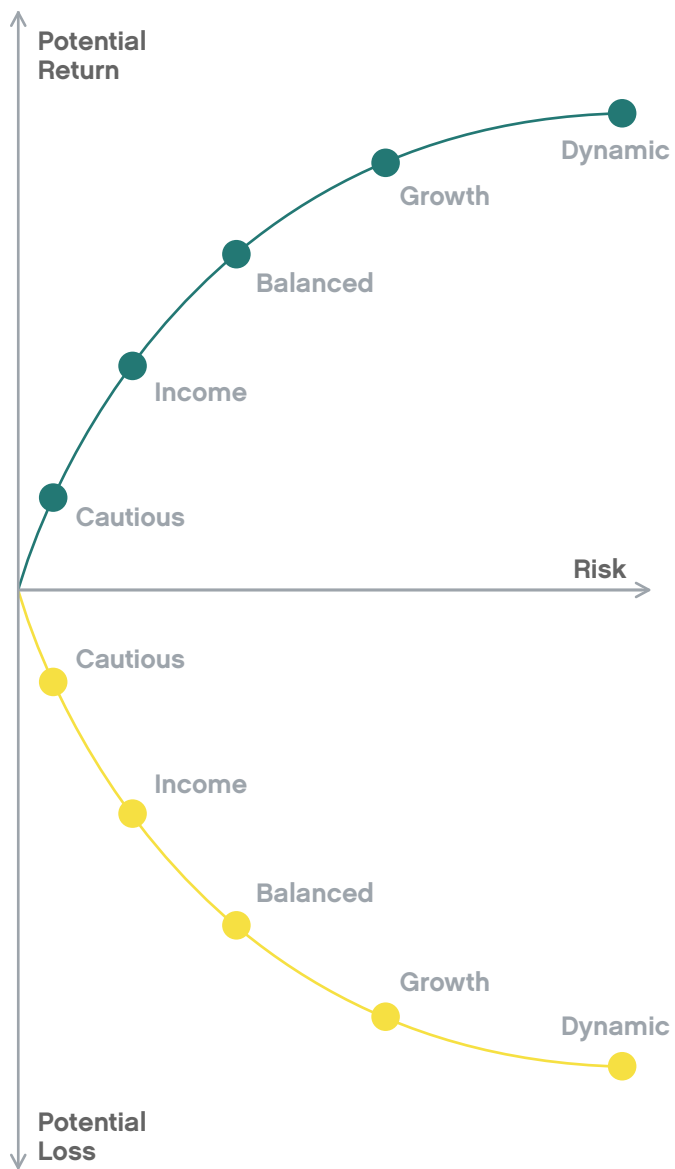
We go through an assessment of your investment preferences, personal circumstances, short-term and longer-term objectives, your capacity for loss and your appetite for taking risk. Once complete we will identify the Investment Profile which is most suitable for you. The Investment Profile enables us to provide recommendations tailored to your objectives, taking account of everything we have learned about you, your aspirations and your risk profile.

You will see from the graph (right) the potential for total return (income and capital gains) increases with the level of risk taken and therefore so do the potential losses.

Once your Investment Profile has been agreed and the application process has been completed, we can then open your account.

When you transfer the investment monies (or assets), you will be able to do so in complete confidence that your investments will be managed in line with everything that has been agreed.

Our Investment Profiles



A person stands on a dark, silhouetted rocky outcrop at sunset. The person's reflection is clearly visible in the calm water in the foreground. The sky is a gradient of orange and blue, and the water reflects the colors of the sky and the silhouette of the person.

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DOING THE RESEARCH

Doing the research

To make sure all our recommendations and investment decisions are made in a sound and consistent way, our Investment and Client Solutions team handles all economic data, research and analysis.

Being part of Quintet

Your investments are researched by our experienced and well-resourced Investment and Client Solutions team, who are responsible for all aspects of research, ranging from asset allocation and portfolio construction to fund and stock selection and structured solutions. In essence the research team is evaluating which assets, countries, regions or sectors look attractive and which individual companies and funds we believe are likely to outperform. Brown Shipley is part of Quintet Private Bank (Europe), a group of boutique private banks and Wealth Managers operating across over 30 European cities. As part of the Quintet family, we have access to greater scale and security, benefiting from a truly global outlook to our already strong foundations.

We will also work with carefully selected third parties where we believe they add value to our investment approach. The next steps are to put the constituent parts and individual selections within a portfolio, which is aligned to your objectives and risk profile.

Keeping you up to date

We need to keep the information you have given us completely up to date. Therefore it's important that you tell us of any changes in circumstances that might affect your investment choices, particularly in relation to your financial circumstances, your risk profile, time horizon or income/ capital priorities.

Quintet and BlackRock – the partnership

To further enhance our investment capabilities our parent company, Quintet, has partnered with BlackRock. The partnership supports our ability to deliver robust client outcomes, superior client experience and ongoing investment innovation, including:

- **Outcomes** – Access to an expanded set of investment tools, products, and solutions that will enhance the global reach of our investment capabilities.
- **Experience** – Enhanced client experience and client service – with increased reach, efficiency and flexibility – as we strive to deliver consistent risk-adjusted returns.
- **Innovation** – Fully controlling our investment strategy and decision-making, leveraging BlackRock's expertise and technology to ensure we are on the front foot of product and portfolio innovation.





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UNDERSTANDING YOUR INVESTMENTS



Understanding your investments

Portfolios are constructed using a range of different investment types or asset classes. Each one will have its own risk and reward potential. Here's a brief guide to the principal investment options.

Cash

Putting your money on deposit or in a money market account gives liquidity to a portfolio.

- Returns broadly reflect the prevailing level of interest rates.
- Cash is regarded as a low risk asset.

Equities

Equities are shares in companies listed on a recognised and/or regulated stock exchange. For example, London, New York, Tokyo, Hong Kong. Emerging markets are less developed economies (e.g. Latin American countries).

- These can be bought in the secondary market via a stock exchange or through an Initial Public Offering (IPO).
- Returns can come from an increase in the share price (capital growth) as well as dividends paid (income).

Generally, greater allocation to equities in a portfolio can increase both the investment risk and the potential for higher return.

Fixed Income

Bonds are investments in the debt of either companies or countries who are known as 'issuers'. It's also worth noting that Bonds are regarded as less risky than shares as they are given higher priority to be repaid in the event of bankruptcy.

- Returns can arise from an increase in the market price of the Bond, from interest payments (known as the coupons), and from the return of capital at maturity.
- Bonds can also be traded on a secondary market, although there is no formal exchange as there is for company shares.
- Prices are influenced by the general level of interest rates, perceptions of credit quality of the issuer, and also inflation expectations.

Alternatives

The term ‘alternatives’ can mean a wide spectrum of investment types. Where used appropriately within a portfolio, they can be used to decrease risk, increase diversification and increase returns. They can be broadly categorised as follows:

Structured products

Structured products allow for defined risk and return objectives over a fixed number of years. This means that different varieties of structured products can be designed to have different risk vs reward profiles. All however, base their returns on the performance of a specifically chosen benchmark or security. Your Client Advisor can explain the workings of structured products and how they could be used as part of your portfolio.

Absolute return

These are investment strategies that invest in multiple asset classes and may use more complex investments which the industry refers to as ‘derivatives’. They typically have a specified return target.

Commodities

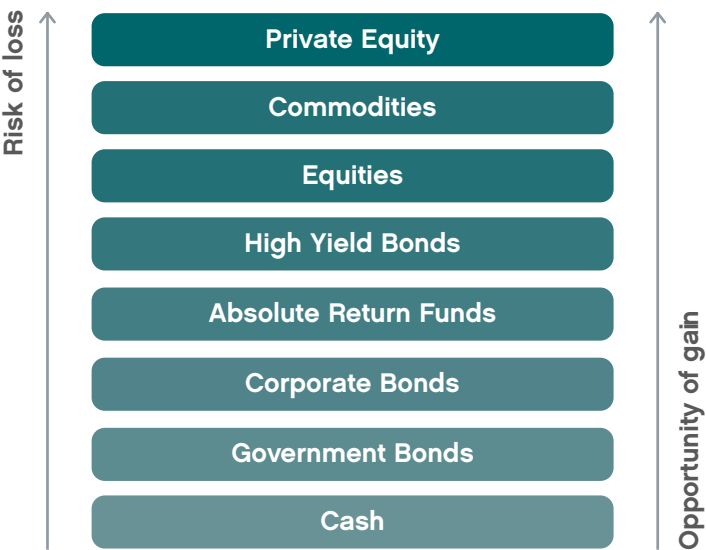
Commodities usually encompass investments in energy, industrial or precious metals and agricultural materials. Exposure can come from physical commodities or indirectly via contracts based on their future price.

Private equity

These investments take a highly influential or controlling interest in target companies with a view to creating a better, more profitable business and then selling at a profit. The risks tend to be amongst the highest with low liquidity, but returns from successful investments can be high.

Risk vs reward

The graphic below is a general guide to the relative positions of different types of investment on the risk-reward scale.





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INVESTMENT PROFILES

Investment profiles

Our five investment profiles are designed to meet the objectives of a range of different investors. Each profile is built around a combination of investment objectives and risk profile.

Risk Profiles

We will help you select the Risk Profile that is most suitable via the information you have provided us with and the discussions we have had. In theory, the risk to capital and short-term volatility increases through each of the profiles, as does the potential for capital appreciation over the investment time horizon.

Indicative asset allocation ranges

We will then be able to match your Risk Profile and recommend an appropriate portfolio, which will be made up of a combination of Asset Classes, via direct or collective investments.

If your portfolio moves outside the specified asset allocation for your chosen Risk Profile, your Client Advisor will adjust accordingly. With our Advisory service, you will make the final decision on whether you wish to go ahead with the adjustment.

Asset classes



Equities



Fixed income



Alternatives



Cash



The following pages give you an overview of the asset allocation ranges we use in relation to each of the Risk Profiles. We use these as a starting point when building a portfolio solution for our clients – the average long term strategic asset allocation of a portfolio is typically somewhere in the middle of the ranges shown. We have the flexibility to adjust the weightings of asset classes as we tailor our recommendations to your needs.

As an example, if you select a balanced risk profile, 50-75% of your portfolio should always be in shares (equities). However, we may recommend that you move your asset allocation to the upper or lower limits of the range if our view is that you should have more or less exposure to shares as an asset class. This can, for example, happen where advice from our analysts or strategists suggests a change in weightings is appropriate given market conditions. The same process applies across all of our Risk Profiles and for each asset class.

Cautious

Returns from a Cautious Portfolio will be sought primarily by way of income, with some opportunities for capital growth. This is greater risk to the capital over the investment time horizon.

The portfolio can be subject to fluctuations in capital value in the short term, but over the medium to long term, capital values are unlikely to fall substantially.

The potential for capital growth is limited and inflation could impact upon the real return. The portfolio will have significant exposure to fixed income investments.

In addition, the portfolio will include some equity exposure (International and UK) to provide the potential for some long-term capital and income growth. There may also be exposure to alternative assets and cash.

Asset Classes	Min	Max
Equities	0%	35%
Fixed Income	30%	100%
Alternatives	0%	30%
Cash	0%	30%

Income

Returns from an Income Portfolio will be sought through a combination of income and capital growth, but with a higher exposure than Balanced to fixed income exposure.

This Risk Profile has a below medium risk to capital over the investment time horizon, with fluctuations in capital value more likely in comparison to a 'Cautious' Portfolio.

The portfolio will mainly consist of both equity (International and UK) and fixed income exposure. There may also be exposure to alternative assets and cash.

In order to try and maintain the spending power of the investments in real terms, the portfolio may contain higher exposure to equities and a lower exposure to fixed income than for a 'Cautious' Portfolio.

Asset Classes	Min	Max
Equities	30%	55%
Fixed Income	15%	70%
Alternatives	0%	30%
Cash	0%	30%

Balanced

Returns from a Balanced Portfolio will be sought by way of a combination of capital appreciation and income.

There is a medium risk to capital, exceeding that for an 'Income' Portfolio, but with increased opportunities for above inflation returns over the investment time horizon.

There is a possibility that the investments will display larger and/ or more frequent fluctuations in capital value in comparison with an 'Income' Portfolio over the investment time horizon.

The portfolio will be biased towards equities (International and UK), with a lesser degree of fixed income exposure when compared to an 'Income' Portfolio. There may also be exposure to alternative assets and cash.

Asset Classes	Min	Max
Equities	50%	75%
Fixed Income	10%	50%
Alternatives	0%	30%
Cash	0%	30%

Growth

Returns from a Growth Portfolio will be sought primarily by way of capital appreciation. There is an above medium risk to capital, but with the potential for a corresponding improvement in capital growth over the investment time horizon, when compared to a 'Balanced' Portfolio.

There is a possibility of larger, and/or more frequent fluctuations in the capital value over the investment time horizon compared with a 'Balanced' Portfolio.

Consequently, there is a possibility that a significant proportion of the portfolio could be subject to a substantial decline in capital value.

The Portfolio will be invested primarily in equities (International and UK) and may include some exposure to fixed income investments, alternative assets and cash.

Asset Classes	Min	Max
Equities	70%	90%
Fixed Income	0%	30%
Alternatives	0%	30%
Cash	0%	30%

Dynamic

The Dynamic Portfolio seeks to obtain high rates of return over the investment time horizon, primarily by way of capital appreciation.

There is a greater potential for larger or more frequent fluctuations in the capital value over the investment period compared to the preceding Investment Profiles. The investor accepts that to target higher returns, the portfolio is exposed to higher levels of investment risk and therefore the possibility of greater declines and capital loss.

The portfolio will be invested primarily in equities (International and UK) and may include some exposure to fixed income investments and alternative assets that offer growth potential. Cash may also be held within this portfolio.

Asset Classes	Min	Max
Equities	80%	100%
Fixed Income	0%	20%
Alternatives	0%	20%
Cash	0%	20%

Creating bespoke portfolios

Whenever your investment priorities or preferences are better addressed using a bespoke approach, we can agree a tailored Investment Policy Statement (subject to minimum investment amount). This includes objectives, risk profile, time horizon, asset allocation and more.

Investment profile options

	Profile	Investment Objective	Risk	Indicative Asset Allocations (%)			
				E	FI	A	C
Increasing risk of capital loss ↑	Dynamic	Seeking potential for greater capital growth	Higher Risk	Min 80 Max 100	0 20	0 20	0 20
	Growth	Seeking capital growth	Above Medium Risk	Min 70 Max 90	0 30	0 30	0 30
	Balanced	Balanced return from income and growth-seeking above inflation returns	Medium Risk	Min 50 Max 75	10 50	0 30	0 30
	Income	Income-seeking modest capital growth	Below Medium Risk	Min 30 Max 55	15 70	0 30	0 30
	Cautious	Income-seeking improved returns to cash deposits	Lower Risk	Min 0 Max 35	30 100	0 30	0 30
				↑ Increasing opportunity for capital growth			

This chart should be read in conjunction with the detailed explanations on pages 30-34.

Equities | Fixed Income | Alternative | Cash





Features

Reporting and review

We provide quarterly valuations and prepare the information needed for annual tax returns*.

You can view your portfolios at any time through our secure online facility called My Brown Shipley. We are happy to discuss your objectives and investments, your investment performance and any changes in your circumstances that might affect your future investments. As a minimum we will provide this on an annual basis for those who we agree to provide an ongoing review for. That might affect your future investments.

Investment administration

Comprehensive client accounting, documentation and portfolio valuations are an integral part of the service too.

Nominee services

All Brown Shipley investments are held by our approved Nominee company or Custodian, in strict accordance with FCA rules. This does not alter your status as legal owner. The purpose is to facilitate prompt settlement and smooth administration for all our investors.

The nominee service means all transactions can take place without delay because all paperwork including certificates is kept together in one place – we collect all dividend entitlements on your behalf, and prepare consolidated tax vouchers and, where appropriate, Capital Gains Tax (CGT) reports for you.

We will also receive all communication from the companies in which you are invested and thus be fully informed about corporate changes that might affect the investment.

Our Investment Management Services involves investing your capital that places it at risk. Investment risk means the value of your investments or any income can fluctuate and you may not get back some or all of the entire amount invested.

*We recommend you seek professional independent tax advice to understand your personal tax liabilities. This will depend on personal circumstances and the prevailing tax rules, which are subject to change.

Tax planning is not regulated by the Financial Conduct Authority or the Prudential Regulation Authority.

My Brown Shipley

Smart. Intuitive. Secure.

My Brown Shipley gives you instant access to keep track of your investments online. It provides a complete picture of your portfolio and access to key documents, along with the smart tools, resources and secure messaging you need to stay in touch with your Brown Shipley Client Advisor.

My Brown Shipley is a secure platform that uses multiple layers of the latest encryption technology to protect your data and ensure your financial information is completely safe.

My Brown Shipley is available on your desktop, tablet or mobile (through browser), or via a dedicated App.





Talk to us

This brochure is only intended to provide a brief description of our Investment services. Please contact us to discuss your particular requirements.

Visit brownshipley.com/contact.

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