

For professional advisers only

**Brooks Macdonald
Asset Management Limited**

Due diligence information



BROOKS MACDONALD

Introduction

This document is intended to provide UK financial advisers with comprehensive information to assist with their due diligence reviews of Brooks Macdonald Asset Management Limited, and its investment products and services.

The document is split into three headline sections:

The '**1. Background Company Information**' section contains information on our company structure, culture and personnel.

The '**2. Investment Philosophy and Approach**' section contains detailed information about our core investment research process, which is leveraged by our investment products and services.

The '**3. Investment Products and Services**' section contains information summarising the way in which this investment process is applied, however the two sections should be read in conjunction when reviewing any investment product/service.

We recommend that users make use of the dynamic '**Contents**' table on page 3 when navigating the document. Clicking on the relevant heading automatically takes the user to that section of the document - alternatively, '**CTRL-F**' opens a dynamic search box.

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Section 1

Background company information

1.1 Basic details

This section contains information on our company structure, culture and personnel.

Company name	Brooks Macdonald Asset Management Limited, a subsidiary of Brooks Macdonald Group plc. Brooks Macdonald is a trading name of Brooks Macdonald Group plc used by various companies in the Brooks Macdonald group of companies.
Head office address	21 Lombard Street, London, EC3V 9AH
Primary contact	Gary Stirrup (Director, Head of UK Distribution)
Telephone	020 7499 6424
Website	www.brooksmacdonald.com
Email	info@brooksmacdonald.com
Custodian	Aegon & BNP Paribas
Company secretary	Philip Naylor
FCA Number	184918

Office locations

London - head office

London

21 Lombard Street
London, EC3V 9AH

South East

Southampton

Mountbatten House
1 Grosvenor Square
Southampton, SO15 2JU

Tunbridge Wells

2 Mount Ephraim Road
Tunbridge Wells
Kent, TN11EE

East Anglia

Suite 2, Beacon House
4 Kempson Way
Bury St. Edmunds, IP32 7AR

Wales and West

Birmingham

Somerset House
37 Temple St
Birmingham, B2 5DP

Wales

3 Ty Nant Court
Morganstown
Cardiff, CF15 8LW

Exeter

Broadwalk House
Southernhay West
Exeter, EX1 1TS

Nuneaton

Eliot Park Innovation Centre,
4 Barling Way
Nuneaton, CV10 7RH

North

Leeds

Yorkshire House,
Clockwise Greek Street
Leeds, LS1 5SH

Manchester

24 Mount Street
Manchester, M2 3NX

Scotland

Edinburgh

2nd Floor Suite, Hobart House
80 Hanover Street
Edinburgh, EH2 1EL

Channel Islands

Guernsey

Block C, Hirzel Court
St Peter Port,
Guernsey, GY1 2NN

Jersey

No1 Grenville Street
St Helier
Jersey, JE2 4UF

Isle of Man

Isle of Man

Third Floor
Exchange House
54-64 Athol Street
Douglas, IM1 1JD

Company description and history

Brooks Macdonald Group plc, through its various subsidiaries, provides leading investment management services in the UK and internationally. The Group, which was founded in 1991 and began trading on AIM in 2005, had Discretionary Funds Under Management of £17.6 billion as at 31 December 2023.

Brooks Macdonald offers a range of investment management services to private high net worth individuals, pension funds, institutions, and trusts. The Group also provides financial planning as well as offshore investment management, and acts as fund manager of two ranges of multi-asset funds and a specialised absolute return fund.

The Group has 14 offices across the UK and the Channel Islands including London, Birmingham, East Anglia, Exeter, Leeds, Manchester, Nuneaton, Southampton, Tunbridge Wells, Scotland, Wales, Jersey and Guernsey and Isle of Man.

Our ethos

Brooks Macdonald was originally formed with the desire to do things differently – an ethos that continues to influence the way we do business today. It is our mission to build long-term, personal relationships that allow us to provide a high level of service to all of our partners and clients, both in the UK and internationally.

We are dedicated to the highest professional standards and believe in acting with honesty, fairness and clarity in everything we do. Collectively, we endeavour to create solutions that will consistently meet our clients' needs in an increasingly complex and ever-changing world.

Ownership

Our major shareholders include our directors and staff, and a number of institutional fund management companies, through various investment vehicles:

Number of Securities in Issue: 16,440,630 ordinary shares of £0.01 each.

Securities not in public hands: The percentage of Company AIM securities not in public hands is 40.03%.

Details of any restrictions on the transfer of the Company's AIM securities: There are no restrictions of transfers of the Company's shares. The following shareholders held over 3% of the Company's shares as at 21 November 2023.

Shareholder name	Amount	(%) Holding
Liontrust Asset Management	3,097,455	18.84
Octopus Investments	2,563,081	15.59
Gresham House Asset Management	1,567,023	9.53
Brooks Macdonald Asset Management	897,596	5.46
Invesco	855,741	5.21
Amati Global Investors	805,240	4.90
Canaccord Genuity Wealth Management (Retail)	745,185	4.53
Charles Stanley	635,735	3.87
Brooks Macdonald Employee Benefit Trust	580,190	3.53
Chelverton Asset Management	578,500	3.52

This information is being disclosed for the purposes of AIM Rule 26 and was last updated on 9 January 2024.

Corporate activity

Brooks Macdonald Asset Management Limited is a subsidiary of Brooks Macdonald Group plc.

Information relating to the Group's corporate activity can be found here:

www.brooksmacdonald.com/investor-relations/rns

Significant recent changes to the Group structure include:



No material new activity in 2023.

Funds under management

We manage client assets of approximately £176 billion (as of 31 December 2023). Our total funds under management (FUM) over the past five years is shown below:

Historical FUM

	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23
Total FUM (£bn)	13.4	15.5	17.3	16.2	176
12-month FUM growth (%)	15.3%	15.7%	11.6%	-6.4%	8.6%

We have dealt with professional advisers since we were established in 1991. Around 90% of our FUM has been introduced by professional advisers. Over the past 12 months, around 90% of our new business was introduced by professional advisers.

Key personnel



Andrew Shepherd

Group Chief Executive Officer

Andrew joined Brooks Macdonald in 2002 and was appointed CEO in May 2021. He has held numerous roles across the Group, including Group Deputy CEO since 2015, and most recently CEO of the International business since 2019. Andrew has worked in investment management and financial services since 1994. Prior to joining Brooks Macdonald, Andrew worked at Shepherd Associates Financial Management, holding the position of investment director. Andrew is also a Member of the Board of the Personal Investment Management & Financial Advice Association (PIMFA).



Andrea Montague

Chief Financial Officer Designate

Andrea joined Brooks Macdonald in August 2023 as Chief Financial Officer, bringing an impressive track record and experience of operating at Board and Executive level across the UK long-term savings and asset management sector. Most recently, Andrea was Group Chief Risk Officer at Aviva, where she had previously been Group Chief Financial Controller. Prior to that, Andrea has held senior leadership roles including Deputy Group CFO at Royal London and Group Chief Internal Auditor at Standard Life plc. Her formative years were spent at PricewaterhouseCoopers, where she qualified as a chartered accountant before taking her first industry role with Scottish & Newcastle plc.



Caroline Abbondanza

Chief Operating Officer

Caroline Abbondanza is the Chief Operating Officer of the Brooks Macdonald Group and a member of the Executive Committee. Caroline is responsible for advancing how the Group serves its advisors and clients and leads the Group's investment in technology, systems and processes. Caroline joined Brooks Macdonald in 2019. Prior to her current role, she was Brooks Macdonald's Chief Technology Officer, where she owned all areas of the technology, digital and cyber strategy and delivery agenda. Caroline has 25 years' experience working in technology in financial services, previously holding group executive committee positions at FNZ and Travelex. She also chairs the Investment Association Technology Forum. Caroline has a degree in social anthropology and politics and has completed the executive leadership programme at the University of Cambridge.



Sarah Ackland

Global Head of Distribution

Sarah Ackland is Global Head of Distribution for the Brooks Macdonald Group, and a member of the Executive Committee. Joining Brooks Macdonald in 2022, Sarah leads the distribution and marketing teams across the UK and International markets. Sarah has spent more than 25 years in investment management and has a deep knowledge and understanding of distribution and marketing in the sector. She joins Brooks Macdonald from Liontrust where she was Head of Multi-Asset Business. She was previously Head of UK Funds at the Architas UK Investment Business, prior to its purchase by Liontrust. Sarah has a BA in Psychology and Art from Liverpool University and is IMC qualified.



Simon Broomfield

General Counsel & Chief People Officer

Simon Broomfield joined Brooks Macdonald in 2008 and he is the Group's General Counsel and Chief People Officer. As CPO, Simon is responsible for building and leading our people strategy, and is responsible for all aspects of HR, including talent recruitment and development. In his General Counsel role, Simon advises the Group directors and employees on all legal matters affecting the group in all jurisdictions. He is also responsible for managing the group legal team and acts as the company's data protection officer. Simon was called to the Bar of England & Wales in 2002 and admitted as a Solicitor of the Senior Courts of England & Wales in 2009. He has significant experience in civil litigation, corporate and commercial law, banking and financial services law, M&A, consumer credit, and data protection. Simon has an MBA from Imperial College and is Vice President and former Chair of the Bar Association for Commerce, Finance and Industry. He is also a Chartered Member of the Chartered Institute of Securities and Investments.



Robin Eggar

Chief Commercial Officer, Head of UK Investment Management (UKIM)

Robin joined Brooks Macdonald in 2001 and holds the position of Managing Director, Head of UK Investment Management. He is responsible for the day-to-day management of the investment management arm of the business. Robin holds the Certificate in Private Client Investment Advice & Management (PCIAM), the Investment Management Certificate (IMC) and the Advanced Financial Planning Certificate (AFPC). He is also a Chartered Member of the Chartered Institute of Securities & Investment (Chartered MCSI).



Alick Mackay

Strategy and Corporate Development Director

Alick Mackay is the Strategy & Corporate Development Director of the Brooks Macdonald Group, and a member of the Executive Committee. Joining Brooks Macdonald in 2017, Alick owns all areas of the strategy and corporate development agenda, including the Group's approach to potential acquisitions and disposals. Alick has over 30 years working in financial services, principally in wealth management and banking, in roles covering strategy, consulting, COO and technology. Immediately prior to joining Brooks Macdonald, Alick worked at Royal Bank of Scotland for ten years, leading the strategy team in the investment bank and playing a COO role in the capital markets business. He has also worked for ABN AMRO and McKinsey. Alick has a degree in Mathematics & Natural Philosophy from the University of Aberdeen, an MSc in Mathematics from the Open University and an MBA from Columbia Business School, New York.



Richard Larner
Co-Chief Investment Officer

Richard joined Brooks Macdonald in 2012 and is Co-Chief Investment Officer. He is responsible for the construction and implementation of our investment process through oversight of the investment buylist, our investment rules and the firm's asset allocation positioning. He is a member of our Asset Allocation, Asset Selection and Investment Committees.

Formerly, Richard was Head of Research. Prior to joining Brooks Macdonald, he was Head of Fund Research at Collins Stewart where he was instrumental in developing the multi-manager fund research function and responsible for monitoring the effectiveness of investment policy.

Richard has over 30 years' experience in investment management and financial services.



Michael Toolan
Co-Chief Investment Officer

Michael joined Brooks Macdonald in 1999 and is Co-Chief Investment Officer. He is responsible for the construction and implementation of our investment process through oversight of the investment buylist, our investment rules and the firm's asset allocation positioning. He is a member of our Asset Allocation, Asset Selection and Investment Committees.

Previously, Michael was Head of the UK funds research team and Senior Portfolio Director where he managed bespoke discretionary portfolios on behalf of a range of clients.

Michael holds the Certificate in Private Client Investment Advice & Management (PCIAM) and the Investment Management Certificate (IMC). He is also a Member of the Chartered Institute for Securities & Investment (MCSI).



Louis Petherick
Group Chief Risk Officer

Louis joined Brooks Macdonald in 2023. Louis has spent 30 years in financial services, with the last twenty specifically focused on risk management and he has developed a deep knowledge and understanding of the discipline. He joins Brooks Macdonald from FNZ UK, where he is Chief Risk Officer. Prior to this, he was Chief Risk Officer for AJ Bell, having also held senior risk positions at M&S Bank, Co-operative Bank, Lloyds Banking Group, ING Direct, St James's Place and Resolution. He started his career at Zurich Financial Services.

Investment personnel

Brooks Macdonald Group (UK based) as at 31 December 2023

	Firstname	Surname	Job title	Certified person*	At Brooks Macdonald since
1	David	Appleton	Senior Investment Director	Yes	2020
2	Francis	Atkins	Investment Director - Multi Asset Team Head	Yes	2010
3	Colin	Barrett	Senior Investment Director	Yes	2010
4	Pamela	Beith	Senior Investment Director - Head of East Anglia Office	Yes	2009
5	Andrew	Bennie	Senior Investment Director - Investment Team Head	Yes	2010
6	George	Bromfield	Senior Investment Director - Head of London	Yes	2007
7	Marcus	Brooks	Senior Investment Director, Direct Clients	Yes	2020
8	Robert	Brown	Investment Director	Yes	2009
9	Joseph	Capaldi	Investment Director	Yes	2022
10	Jennifer	Carter	Senior Investment Manager	Yes	2017
11	Edward	Channing	Senior Investment Director - London Team Head	Yes	2002
12	Alexander	Chittenden	Investment Manager	Yes	2011
13	Tautginas	Cijunelis	Investment Director	Yes	2021
14	Antony	Clark	Investment Director	Yes	2019
15	William	Clarkson	Investment Manager	Yes	2020
16	Nicholas	Craze	Investment Manager	Yes	2021
17	Nathan	Delaney	Senior Investment Director (35)	Yes	2006
18	Nicholas	Dunn	Investment Director	Yes	2019
19	Samuel	Durnell	Investment Director	Yes	2012
20	Alexander	Ford	Senior Investment Director	Yes	2016
21	Richard	Gadd	Senior Investment Director (35)	Yes	2007
22	Isobel	Gingell	Investment Director	Yes	2013
23	Mark	Godwin	Senior Investment Director	Yes	2012
24	Richard	Hathaway	Portfolio Director	Yes	2011
25	Paul	Heath	Portfolio Director	Yes	2019
26	Joshua	Herson	Portfolio Manager	Yes	2019
27	Tracey	Holmes	Portfolio Director	Yes	2007
28	Stuart	Hutchinson	Senior Investment Director - Investment Team Head	Yes	2017
29	Alexandra	Keep	Investment Director	Yes	2020
30	Hector	Kilpatrick	Senior Investment Director	Yes	2020
31	Daniel	King	Portfolio Manager	Yes	2023
32	Richard	Larner	Head of Research	Yes	2012
33	Andrew	Lewis	Senior Investment Director - Head of Wales and South West	Yes	2017
34	Philippa	Lyons	Portfolio Manager	Yes	2020
35	Rachael	Marsden	Senior Investment Director - Investment Team Head	Yes	2019
36	Daniel	Masters	Senior Investment Director	Yes	2009
37	Robin	McAdam	Senior Investment Director - Head of Scotland Office	Yes	2009
38	Michael	McKenzie	Investment Manager	Yes	2020

	Firstname	Surname	Job title	Certified person*	At Brooks Macdonald since
39	Thomas	Meredith	Senior Investment Director - Investment Team Head	Yes	2015
40	Tobias	Milfull	Investment Manager	Yes	2017
41	Ewan	Millar	Senior Investment Director, Head of AIM	Yes	2020
42	Niall	O'Connor	Fund Manager	Yes	2014
43	Liam	Pryce-Jones	Senior Investment Director - Head of South	Yes	2019
44	Stephen	Ritchie	Investment Director	Yes	2020
45	David	Rose	Senior Investment Director	Yes	2009
46	James	Rowbury	Portfolio Manager	Yes	2022
47	John	Sadgrove	Senior Investment Director - Investment Team Head	Yes	2011
48	Robert	Salter	Senior Investment Director (35)	Yes	2008
49	Stewart	Sanderson	Senior Investment Director - Head of PC Growth	Yes	2020
50	David	Scammell	Senior Investment Director	Yes	2021
51	Guy	Scott-Dalgleish	Investment Manager	Yes	2015
52	Mark	Shields	Investment Director - Multi Asset Investment Head	Yes	2007
53	James	Smith	Investment Director	Yes	2021
54	Richard	Spencer	Senior Adviser to the Investment Committee	Yes	1991
55	Richard	Stark	Portfolio Manager	Yes	2020
56	Mark	Stephens	Portfolio Director	Yes	2022
57	Adam	Temple	Senior Investment Director - Head of BPS	Yes	2007
58	Michael	Toolan	Senior Portfolio Director	Yes	1999
59	Matthias	Turner	Portfolio Manager	Yes	2023

*Certified person is a classification under the FCA's Senior Manager and Certified Regime, see more on this link: <https://www.fca.org.uk/firms/senior-managers-certification-regime>

Company culture

Our *Inclusive by Design* philosophy fosters an inclusive culture that inspires people to do their best work, build strong and valuable relationships, and achieve success for our clients, our partners and each other. We are proud of our culture, which is articulated through our guiding principles: We make a difference, We do the right thing, We are connected, and We care. We focus on making a difference for our clients and each other. We do the right thing and strive to achieve the best outcomes for our clients. We work together, collaborating with our clients, our business partners and each other.

We are respectful towards our colleagues, clients and partners, and support one another:



Our People Strategy is aligned to our Business Strategy and is focused on driving success for our clients, our partners and each other. The Board monitors our culture and staff engagement metrics through regular reports from our CEO and Chief People Officer. Our non-executive directors engage with our people through informal feedback sessions. We also engage our people through regular staff surveys, the output from which is also reviewed and discussed at Board meetings.

Recruitment and retention

Trainee recruitment

Since 2018, Brooks Macdonald has partnered with Investment 20/20 to bring a number of trainees into different parts of the business. Many of our trainees go on to secure permanent roles with us. Alongside trainees, we have several graduates working within the business. Graduates join the business and work through a structured two-year programme, gaining experience from on the job training as well as studying for the relevant qualifications. Across Brooks Macdonald we have a number of individuals studying for apprenticeships, ranging from individuals in finance and client facing roles to compliance and operations.

Experienced recruitment

We aim to recruit experienced talent who are aligned to our culture and values, and can help us achieve success for our clients, our partners and each other. We take a structured approach to hiring, focusing on culture and values, as well as technical excellence. We expect qualified investment managers to be able to demonstrate a track record of achieving success for their clients through their expertise in asset allocation and active portfolio management.

Existing employees

We provide a structured career path and an inclusive work environment where emphasis is placed on delivering service excellence for our clients. We pay for performance and financial progression is dependent on working hard to achieve objectives and striving to live and breathe our guiding principles.

Nurturing our employees to reach their full potential is central to our success as a business and a clear focus in our commitment to our people. Our performance management approach is focused on driving high performance and we regularly assess the potential of our people to identify their development needs. We invest in talent through apprenticeships, flagship development programmes, external professional programmes, coaching, mentoring and industry events.

We recognise that our business relies on the commitment of our people and we strive to be a responsible employer. We work with a number of external partners as we continue to focus on:

- **Diversity, equity and inclusion:** we are committed to our *Inclusive by Design philosophy*, through which we aim to provide an inclusive culture that values a balanced and diverse workforce.
- **Employee wellbeing:** we strive to be a responsible employer with a strong focus on employee wellbeing.
- **Learning and development:** we encourage employees to take ownership of their own career and professional development. We focus on driving leadership and management excellence so that our people managers have the tools they need to lead our people to success.

Remuneration

Brooks Macdonald Group is subject the MIFIDPRU remuneration code and operates a fully independent remuneration committee to oversee the design and implementation of its remuneration policy, ensuring:

- The composition of pay components is correctly balanced.
- Any conflicts of interests are identified and appropriately mitigated.
- The remuneration policy directly supports effective risk management and positive long-term customer and shareholder outcomes.

Currently, the regular components of pay offered to Investment Managers (IM) are base salary and discretionary bonus. In exceptional recognition or contribution circumstances, an IM may become eligible for an exceptional deferred share award. A competitive pension and insured benefits package is also offered.

Succession planning

The board has established a Nominations Committee to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions, and oversee the development of a diverse pipeline for succession.

1.2 Core investment products and services summary

Bespoke Portfolio Service

Our Bespoke Portfolio Service (BPS) is a discretionary portfolio management service. Individual investment portfolios are constructed according to each client's individual requirements. Three investment strategy options are available - Core, Responsible Investment (Advance) and Responsible Investment (Avoid).

Decumulation Service

Our Decumulation Service is available for clients who require a bespoke approach to generating and managing income withdrawals. It seeks to achieve this via a two-portfolio structure, where the exact portfolio construction will depend on each client's individual requirements. The longer term portfolio has three investment strategy options - Core, Responsible Investment (Advance), and Responsible Investment (Avoid).

AIM Portfolio Service

Our AIM Portfolio Service (APS) provides access to a carefully selected portfolio of companies that are members of the London Stock Exchange's Alternative Investment Market (AIM). It invests in companies that are judged to meet the current qualifying criteria for Business Relief, with preference given to companies that are judged to have attractive long-term investment potential.

Platform Managed Portfolio Service

Our Platform Managed Portfolio Service (PMPS) offers a choice of 22 discretionary model portfolios, available on third party platforms across five different risk levels and five investment strategies - Active, Passive, Responsible Investment Advance, Volatility Managed and Risk Controlled.

Direct Custody Managed Portfolio Service

Our Direct Custody Managed Portfolio Service (MPS) offers a choice of 17 discretionary model portfolios held in Brooks Macdonald's custody, across five risk levels and three investment strategies - Active, Passive and Responsible Investment Advance.

Blueprint Multi-Asset Fund Range

Our Blueprint Multi-Asset Fund (MAF) range consists of four multi asset funds. They are available to access via all major third party platforms and directly from the Authorised Corporate Director (ACD), Evelyn Partners.

Cornelian Risk Managed Fund Range

The Cornelian Risk Managed Fund Range (RMF) consists of 11 multi asset funds, across five risk levels and two investment styles - active, and passive. They are available to access via all major third party platforms and directly from the ACD, Evelyn Partners.

Defensive Capital Fund

The Defensive Capital Fund (DCF) is a specialist alternative fund. It is available to access via all major third party platforms and directly from the ACD, Evelyn Partners.

Awards and ratings

Brooks Macdonald services have achieved a Gold Service Rating for Discretionary Fund Management (DFM) and a 5 Star Rating for DFM Bespoke, DMF MPS Direct and DFM MPS on Platform produced by Defaqto. The 2024 Defaqto ratings were released 1 February 2024. All our Defaqto ratings can be found [on this page](#). Past performance is not a reliable indicator of future results.

1.3 Adviser support

We seek to build strong relationships with our supporting advisers to ensure that they can focus on adding value through financial planning services, and endeavour to create solutions that will consistently meet our clients' needs in an increasingly complex world. We aim to provide the highest level of service to all our partners and clients.

We produce a wide range of material to support advisers in their client discussions, including: performance and trading reporting and commentary, portfolio holdings and market commentaries. Dependent on the solution, bespoke meetings or small presentations with a member of the investment management team may be arranged. Advisers are also supported by the dedicated Business Development Manager within their geographic area.

For details of the information we provide to meet regulatory obligations such as Consumer Duty, please see section ['Regulatory'](#).

Throughout the year, we hold various events that generally involve education or training, both in-person and online. We also publish investment and regulatory insight and educational content via our website. Much of this is qualified under the Continuing Professional Development (CPD) Scheme.

In addition, we have various digital and technical capabilities that can be used to facilitate client service, such as InvestBM - our secure online portal for solutions in our custody, and CRM connectivity.

BM Investment Solutions

BM Investment Solutions (BMIS) is an in-house, specialist consulting team that can work in partnership with you to help meet your strategic business and investment goals, leveraging our investment expertise.

For more information, please see: www.brooksmacdonald.com/investment-management/services/bm-investment-solutions

Key strengths

Trusted partner - we have over 30 years' experience in managing portfolios for clients and work to build long term relationships underpinned by professionalism and shared values

Compelling investment proposition - we offer a comprehensive range of investment products and services that can support clients in achieving their financial goals throughout all stages of life. Our bespoke services are complemented by model-based and unitised (fund) solutions.

Expertise - our investment solutions leverage the full strength and depth of investment expertise across the entirety of Brooks Macdonald Group, in both their construction and ongoing active management.

Centralised investment process - our Centralised Investment Process is core to delivering our best ideas consistently to all our clients through collective asset allocation and asset selection processes, supported by a set of investment rules that guide our decision making

High quality service - we are passionate about doing the right thing for our clients and delivering the best outcomes for them

People - our people are our greatest strength, and we focus on attracting and retaining the best talent in the industry. We work to increase the capability of our people continuously across all levels of the organisation

Culture - our client-centric culture is driven by our Guiding Principles, defined by our people: we do the right thing, we are connected, we care and we make a difference. These principles underpin everything that we do.

Suitability

Professional advisers and DFMs have different, yet complementary, roles with regard to suitability. This is illustrated below:

Demarcation of suitability responsibilities:



1.4 Governance

Board and committee structure

The Brooks Macdonald Board is committed to maintaining a strong governance framework to support our mission to protect and enhance our clients' wealth. As such, the Board has responsibility for promoting the long-term strategy and success of the Group by providing leadership, shaping the Group's culture, and agreeing the risk appetite and the appropriate systems of control for risk management. The Board is also focused on ensuring that the risk and compliance framework is appropriately embedded within the Group's day-to-day activities.

The Board delegates the day-to-day management of the Group to the CEO, who is supported by an Executive Committee. As well as having operational oversight of the Group's day-to-day activities, the Executive Committee focuses on the formation and implementation of the Group's strategy and makes decisions that are not otherwise reserved for the Board. The Executive Committee meets regularly, with a mixture of formal and informal scheduled meetings, together with ad hoc meetings as required.

The Board delegates certain of its responsibilities to the Committees shown below:

Audit Committee

The Audit Committee assists the Board in meeting its responsibilities for the integrity of the Group's internal financial controls and its financial reporting. In particular, this involves reviewing and challenging the Group's accounting policies and significant judgement areas and the integrity of its financial reporting. It also provides oversight and monitoring of the internal and external audit functions and works in conjunction with the Risk and Compliance Committee to review the effectiveness of the Group's risk management framework and internal controls.

Risk and Compliance Committee

The Risk and Compliance Committee assists the Board in meeting its risk management, regulatory, compliance and internal control responsibilities. In discharging these governance responsibilities, the Committee Chair liaises closely with the Chair of the Audit Committee to ensure a clear allocation of responsibilities between the two Committees, ensuring governance completeness across the risk landscape.

Remuneration Committee

The Remuneration Committee exercises independent judgement in the determination, implementation and operation of the overall Remuneration Policy for the Group. It provides oversight of the design and application of the Remuneration Policy and makes recommendation to the Board of the overarching principles for all Group employees, it ensures the policy is consistent with the risk appetite of the Group and its strategic goals and it reviews and approves the remuneration policies and remuneration for the Executive Directors, members of the Executive Committee, Material Risk Takers and any other employees for whom enhanced oversight is either appropriate, or a regulatory requirement.

Nominations Committee

The Nominations Committee is responsible for recommending Board and Committee appointments and reviewing the composition of the Board and the Board Committees to ensure they are suitably constituted, with an appropriate balance of skills, experience, knowledge and diversity. This includes conducting the annual Board effectiveness review. The Committee also monitors succession planning at the Group's leadership levels to ensure the Group's continued ability to implement its strategy and operate effectively. The Committee is also responsible for reviewing and recommending to the Board any material changes to the structure, size and composition of the Group's regulated subsidiary company boards.

Board independence

The Board, on the recommendation of the Nominations Committee, considers that all of the Non-Executive Directors are independent. While it can vary through the year, typically, the Company would expect each Non-Executive Director to devote around two days per month to the Group's business. All Board members are required to disclose any external positions or interests, which might conflict with their directorship of Brooks Macdonald, prior to their appointment and thereafter on a continuous basis so that any potential conflict can be properly assessed. If any conflicts of interest do arise, then they can generally be managed by due process.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) has always been an important value at Brooks Macdonald. We take very seriously our responsibility to our clients, employees and shareholders to build a strong, profitable and sustainable business. We also believe that we hold a wider responsibility towards each other and towards the natural environment.

Our vision

We want to make a positive difference through the services we provide, the way we provide them and the way we run the Group as a whole. We aspire to go above and beyond to create a sustainable future that will benefit employees, clients, shareholders and the wider environment for current and future generations.

Our business

The importance we place on CSR shapes how we run our business. We implement various policies, procedures and processes to ensure that we act as a responsible business.

For more information, please see our Corporate Social Responsibility Report: www.brooksmacdonald.com/about-us/corporate-social-responsibility#

The Group follows the UK Corporate Governance Code (the Code). A copy of the Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

Brooks Macdonald is proud to be a signatory to the United Nations PRI. Adhering to the PRI is an important and positive step forward in our company wide ESG efforts. As a PRI signatory, we include ESG criteria within our investment processes, supporting our ambitions to further promote responsible investment practices.

Financial strength

The latest AKG Assessment is available here: www.brooksmacdonald.com/about-us/governance/due-diligence

Insurance

We have in place a comprehensive program of insurance which has been approved by the Group Board and which the Group Board has determined is adequate having regard to the size and complexity of our business, and to meet our regulatory requirements.

Brooks Macdonald Group holds Professional Indemnity Insurance, which includes Brooks Macdonald Asset Management Ltd. Further details are available on request.

Investor protection

Bespoke portfolio services and Direct Custody MPS

Retail Clients are covered by the Financial Services Compensation Scheme (FSCS) in the event of insolvency of Brooks Macdonald.

Financial Conduct Authority (FCA) Rules require us to ensure our assets are kept entirely separately from those of our clients. As such, clients' investments are typically registered either in the name of the client or else Brooks Macdonald Nominees Ltd (or a third-party nominee company, as permitted by FCA Rules). Brooks Macdonald Nominees Limited is a wholly owned subsidiary that exists for the sole purpose of holding client investments.

Likewise, client money received by Brooks Macdonald is segregated from its own funds and is safeguarded in accordance with the FCA's Client Money Rules. Client money is held with Approved Banks (as defined under FCA Rules).

The above means that clients' investments would be safeguarded, and kept entirely separate, from Brooks Macdonald's own assets in the event of the insolvency of Brooks Macdonald.

Brooks Macdonald is subject to annual external audits and performs daily calculations to ensure compliance with the FCA Rules pertaining to client assets and money are rigorously adhered to.

Platform MPS

To the extent that clients access Brooks Macdonald's Model Portfolio Services via a Platform, then we will not hold client investments or client money at all. Rather, assets and money will be held on behalf of clients by the relevant Platform Provider. This means that, in the event of Brooks Macdonald's insolvency, clients' investments and money will be unaffected. Advisers should review terms of business in place between themselves and Platform Providers to understand the steps taken by Platform Providers to ensure the safekeeping of assets.

Funds

With regard to funds, the Authorised Corporate Director (ACD) is covered by the FSCS. The FSCS may pay compensation if the ACD is unable to meet its financial obligations.

Group risk management framework

Risk management starts with oversight through appropriate governance; an efficient board and committee structure, with individual and collective roles and delegated authorities and a set of core policies to provide guidance to staff.

Effective risk management relies on insight through robust and timely management information. We manage our risks by learning lessons from past events, such as, errors, breaches, near misses and complaints, by conducting point-in-time risk assessments and attempting to predict what the future risk landscape might look like through our suite of key indicators.

The risk management methodology within the Group's risk management framework consists of the following six interlinked steps:

Risk identification. This takes place through regular business monitoring and periodic reviews, including risk mapping exercises and the risks arising from change or new products and services.

Risk appetite. Once we have identified risks, we set an appetite for each material risk. This defines the amount of risk that the Board is prepared to accept in order to deliver its business objectives. Risk appetite reflects culture, strategic goals and the existing operating and control environment.

Risk analysis. Having set the risk appetite, we can assess the impact and probability of each material risk against the agreed risk appetite. This can include the quantification of capital risk as part of the Internal Capital Adequacy and Risk Assessment (ICARA).

Controls assessment. We also assess the effectiveness of controls in reducing the probability of a risk occurring or, should it materialise, in mitigating its impact.

Additional actions. Where differences exist between our risk appetite and the current residual risk profile, we take action to either accept, avoid or transfer part or all of those risks that are outside our risk appetite, or to reconsider the risk appetite.

Reporting. Ongoing reporting of risks to senior management provides insight to inform risk-based decision-making and allocation of resources to achieve business objectives.

Information security

GDPR

Full details of our Privacy Notice, which sets out the basis on which we process personal data, is available here: www.brooksmacdonald.com/privacy

Brooks Macdonald is committed to protecting the privacy of the people that we receive information about. This means that we take steps to lawfully, fairly and transparently process any personal data that is made available to us, in accordance with the General Data Protection Regulation (Regulation (EU) 2016/679), the Data Protection (Bailiwick of Guernsey) Law 2017, Data Protection (Jersey) Law 2018 and any other applicable domestic legislation (the Data Protection Laws).

Cyber security

At Brooks Macdonald we take security seriously. We do our utmost to protect our systems, employees and clients.

We have invested in market leading security products from the most established and respected security services in the world to ensure our websites, email domains, endpoints (servers, PCs and mobile phones) and data receive the best protection available.

To demonstrate our commitment to protecting our clients, we have worked hard to gain certification in the National Cyber Security Centre's 'Cyber Essentials Plus' accreditation. This involves an on-site technical assessment by a licenced auditor. This government program is designed to help organisations achieve a high level of cyber and data protection against a wide range of cyber threats.

Email and web security - our cloud security platform actively protects against advanced threats, such as business email compromise and credential phishing. We employ multiple layers of email protection against malware, ransomware and phishing. All email transport channels are encrypted. All staff use multi-factor authentication. We employ various threat intelligence tools and services which monitor and protect our estate against current threats.

Endpoint security - all servers are monitored closely and adhere to strict patching processes to ensure vulnerabilities are quickly remediated. All desktops, laptops and servers are monitored and protected 24/7 by our cloud security tools. All staff laptops are encrypted. We use enhanced security policies and threat data to stop unusual or high risk access attempts on devices and accounts. Data protection policies limit data access outside of corporate devices.

Third party security management - we perform a detailed security risk assessment on every third-party vendor we work with to ensure their security standards are consistent with ours. We dynamically monitor the security for our key third parties on an ongoing basis.

Staff training - all of our staff undertake annual cyber security training courses as well as at induction. Monthly security simulations are also conducted, again with mandatory training.

Data security - all data is stored in secure data centres with full multi-site resilience. Annual tests are scheduled, and data integrity checked. Our servers are hosted across mirrored data centres at geographically separate locations, and are regularly backed up by our hosting suppliers.

Continuity - desktop and laptop PCs have no contingency for disaster recovery, however, we stress to users to save data to allocated network drive space that is backed up and can easily be restored to a point in time at the individual file level. However, if a PC is unrecoverable, we can rebuild a new machine with the required software within 4 hours.

Business continuity

Business continuity plans exist by office location and centrally and are tested on an annual basis. A Group-wide crisis management plan (CMP) also exists and overarches all the respective business continuity plans detailing the necessary processes and responsibilities to invoke business continuity and manage incidents impacting the Firm's ability to deliver its services to its clients, as well as managing disruptions end-to-end with the primary goals of limiting harm to our clients and to the firm.

Operational resilience

Brooks Macdonald have an established Operational Resilience framework, oversighted by Operational Governance. The Framework is supported by bespoke Operational Resilience software built to meet the FCA's requirement, of limiting harm to our clients, firm and the market as a whole.

We have identified important business services and agreed impact tolerances, which have been approved by our Executive and the Board and a detailed plan to fully implement our Operational Resilience BAU model is being worked through in line with regulatory timeframes. Important Business Service Impact tolerance has been tested and validated in line with regulatory guidance, this includes working with our key third party suppliers (for example SS&C) to validate their Operational Resilience capability in supporting our defined impact tolerances and their future direct involvement in scenario testing.

Major service providers to the company

Operations

SS&C provides operations technology support. This includes the provision of middle and back office activities, in addition to IT support for a number of technology platforms that support the Brooks Macdonald infrastructure. Brooks Macdonald has an in-house client services team, data management team and an oversight team, who's role is to provide oversight of SS&C activities and controls over client money and client asset allocation (CASS).

Cash

We are not a bank or licensed deposit taker. Unlike a bank, we are not permitted to use our clients' money to run our operations and we are not permitted to lend our clients' money to other clients. FCA rules require that we keep our assets entirely separate to those of our clients and we make daily calculations to ensure that this is rigorously enforced. In the event of our liquidation, assets belonging to our clients cannot be used to satisfy our own creditors.

Cash belonging to our clients is pooled and held in trust in accounts in our name at large banking institutions. As required, we obtain written confirmation from each bank that the money belongs to our clients. Our treasury committee carefully considers which banks to place client money with, taking into account each bank's size, reputation and credit rating. The overriding priority in choosing banks is security and we place money with several banks to ensure that it is not concentrated in one place. We continually review the banks that we use to ensure their ongoing suitability.

Major business relationships

We maintain strong links with many third-party product providers, including offshore bond providers, SIPP providers and investment platforms. Most of these are able to facilitate the provision of our investment management services. We also maintain key relationships with our wide network of intermediaries who introduce around 90% of our new business each year.

Major service provider/key supplier due diligence

We conduct regular reviews of our suppliers and key relationships. We follow a selection process and ensure that suppliers comply with our agreed standards and external audit controls. This will differ depending on the service provided. All key suppliers follow our Supplier Management framework. We meet regularly for service reviews. We carry out regular due diligence on our main service providers and custodians. This will differ depending on the service provided.

1.5 Regulatory

Brooks Macdonald Asset Management Limited is regulated by the Financial Conduct Authority and meets the regulatory obligations required to operate as a Discretionary Investment Manager in the UK.

Brooks Macdonald Asset Management is an 'enhanced' SMCR firm. We have implemented all the requirements of the Senior Managers Regime including the allocation of Senior Management Functions, Prescribed Responsibilities, Overall Business Responsibilities, Responsibilities Maps and handover procedures.

Brooks Macdonald's MiFID II status is a MIFIDPRU firm.

Compliance and financial crime

We have a dedicated compliance and financial crime team, which consisted of nine people as of 15 March 2024.

The department advises the business on regulatory, financial crime and other compliance matters. It also conducts monitoring of key business areas to ensure regulatory compliance with our own in-house policies.

The business operates a 'three lines of defence' model in regard to risk management. The Business Assurance team conducts first-line oversight and reports to the managing director of investment management.

Operational risk, investment risk, financial crime and compliance operate as four separate units, providing a second line of defence, and external advisers and auditors are used to provide independent assurance that our controls are functioning robustly, providing a third line of defence.

We have a compliance manual underpinned by a set of policies that sets out the minimum standards and requirements expected of all employees. These include policies that cover personal account dealing, gifts and hospitality, conflicts of interest, market abuse, fraud, AML and Sanctions, financial promotions, and risk management. All staff are required to attest to having read, understood, and will follow the policies and we undertake ongoing web-based and face to face training to complement this activity.

Our dedicated compliance department conducts monitoring of key areas of the business to ensure regulatory compliance and compliance with our in-house policies. This is achieved through a risk-based compliance monitoring plan, incorporating a range of thematic reviews and undertaking regular surveillance monitoring including anti-money laundering and market abuse. Our Group risk team conducts periodic risk assessments to help identify and quantify risks.

The Compliance team also completes horizon scanning on regulatory developments and implements and embeds new regulations.

External compliance assessments

The latest three-sixty assessment report is available here: www.brooksmacdonald.com/about-us/governance/due-diligence

Know Your Client

Having sufficient Know Your Client (KYC) information on clients minimises the risk of Brooks Macdonald being used for illicit activities and protects against fraud. It also enables suspicious activity to be recognised.

Our Customer Due Diligence (CDD) process ensures Brooks Macdonald is reasonably satisfied that clients are who they say they are, to know whether they are acting on behalf of another, and that there is no legal barrier (e.g. government sanctions) to providing them with the product or service requested. The CDD process also enables Brooks Macdonald to assist law enforcement, by providing available information on clients or activities being investigated.

Prior to entering into any business relationship with a client, Brooks Macdonald will ensure that it has obtained sufficient information on the client, i.e. there is evidence on file to confirm that, firstly, the client's identity has been verified and, secondly, that the nature of the business the client is expected to undertake has been recorded, including the expected or predictable pattern of transactions. This will enable Brooks Macdonald to identify suspicious clients and transactions and for these suspicions to be reported to the appropriate authorities.

For the purposes of Brooks Macdonald's anti-money laundering/counter terrorist financing (AML/CTF) procedures, a client is any person or entity who is engaged in, or who has contact with Brooks Macdonald with a view to engaging in, any transaction (which includes giving investment advice, managing investments and any other business or service undertaken in the course of carrying on a regulated activity) with Brooks Macdonald.

Brooks Macdonald must carry out an electronic identity verification check on all UK resident clients before any investment advice is given or investment management services are provided. This check will attempt to confirm the client's full name, residential address and date of birth against various electronic data sources such as the electoral roll, telephone records, UK Passports etc. In addition, the client's information is cross referenced against a number of other national and international databases to identify those individuals considered to be Politically Exposed Persons (PEP) or subject to sanctions to ensure that Brooks Macdonald is not providing financial services to persons that it should not be doing business with.

For all non-UK resident individuals, alongside electronic PEP/SAN/SIP screening, certified ID documents must be provided in order to verify identity.

Brooks Macdonald's CDD procedures are applied using a risk-based approach, based on the essential features of the client. Our clients fall into three categories - High Risk, Medium Risk and Low Risk. Which follows a one year, three year and trigger based periodic review process.

High risk clients are subject to Enhanced Due Diligence and approval by Senior Management via our Client Approval Forum.

Product governance approach

As a manufacturer of investment products and services, appropriate governance arrangements have been put in place to ensure products and services are designed to meet the needs and objectives of customers in the target market.

Our Governance Committees provide effective management and oversight of matters relating to the initiation, development and regular reviews of products, services, and distribution channels. The products and services that we manufacture and distribute undergo periodic reviews. These reviews consider risks that could materially affect the identified target market and also ensure that the product or service remains consistent with the needs of its target market.

We produce a Target Market Document, containing information that is intended to aid professional advisers in completing target market assessments. However, professional advisers should ensure their own target markets assessments are conducted and all their regulatory obligations, including those related to MiFID II, PROD and Consumer Duty, are adhered to.

In line with the new Consumer Duty requirements, we publish value assessment reports for each of our discretionary investment services. Value assessment reports for the UCITS funds we manage are published on the Authorised Corporate Director (ACD) website.

Vulnerable clients

Across all our products and services, we have processes in place to ensure clients with characteristics of vulnerability are not disadvantaged.

We have policies in place to ensure:

- the needs of vulnerable clients are taken into account, and that they receive fair outcomes;
- a consistent approach to consumer vulnerability is understood and embedded across all areas of the business; and
- staff receive the required training, guidance and support to identify vulnerable clients and provide them with the additional levels of care required.

We appreciate that vulnerable clients may have needs that are more challenging and complex than the average client. Where vulnerabilities are identified, our staff will respond in a considered and tailored way and facilitate the necessary arrangements to assist them. For example:

- Flexibility in the applications of our policies and procedures where appropriate.
- Flexibility around appointment locations (for example, a client's home), times of day and meeting duration. We also consider accessibility of the Group office for those clients with health conditions/ disabilities.
- Providing clients with a choice of ways of communicating. This could relate to the method of communication (e.g. audio/ face-to-face/ digital) or the service delivery (e.g. agreement to talk at a particular time of day depending on carers and medication /providing information in advance of meetings).
- Providing clients with accessible and simple communications to support the client to understand product and services.
- Offering clients, the option of having a third party to support them at a meeting

We also have provided resources on our website to help advisers tackle the issues behind client vulnerability.

Financial advisers are equally responsible for identifying, recording and supporting client vulnerability and we proactively ask for information on client vulnerability to ensure we can support clients facing difficult circumstances alongside their advisers.

Court of Protection

We have a dedicated Court of Protection service which is specifically focussed on the administration and investment management of these accounts. All contact will take place with the Court Appointed Attorney or Deputy and the Investment Management team will manage the accounts in line with their understanding of the specific needs and requirements for the protected individual. We will treat all our cases in the same manner from an administrative perspective, but clearly our service is tailored to each individual client and this applies whether that individual has newly appointed Brooks Macdonald, or if they are an existing client who were to find themselves in a position of requiring an LPA or COP order.

We have managed assets on behalf of injured clients and their legal representatives for over 15 years. The service is underpinned by our Vulnerable Client Policy.

Section 2

Investment philosophy and approach

2.1 Investment philosophy

Our investment philosophy and approach is founded on three key investment principles.

Utilise a proven active investment process

Our well-established, centralised investment process combines strategic and tactical approaches to asset allocation with individual security selection. It allows us to leverage the broad expertise of our asset allocation, asset selection and investment committees, as well as the in-depth knowledge of our specialist sector research teams. It is designed to identify the best investments amid the ever-changing investment environment and has been proven to add long-term value for our clients.

Integrate effective risk management

Risk management is central to our investment philosophy. We seek to produce strong risk-adjusted returns; this means that we do not only seek to generate profits, but simultaneously endeavour to limit the potential for losses. To accomplish this, we have embedded qualitative and quantitative risk controls into our investment process, while ensuring that adequate portfolio diversification is achieved by investing in a wide range of traditional and alternative asset classes.

Maintain portfolio focus

To enable us to implement suitable and effective investment strategies for all of our clients, we grant our individual investment managers a level of discretion in managing client portfolios to their individual mandates. This discretion is limited within defined tolerance limits established by our investment and asset allocation committees, thereby ensuring that the influence of our centralised investment process is maintained. As our sector research teams are comprised of investment managers, we ensure that the managers of client portfolios are at the centre of our investment process.

2.2 Investment process

Diversification

Diversification is the process of investing in different assets to reduce risk. Each individual asset has its own properties, which cause it to react in certain ways to changes in economic and market conditions.

A portfolio may be diversified in several ways:

- **Asset class diversification:** a portfolio that owns investments in different asset classes is less likely to be affected by price declines in any single asset class.
- **Geographic diversification:** investing in assets in, or with exposure to, different parts of the world may reduce exposure to risk surrounding specific currencies, regional economic differences and geopolitical issues.
- **Industry diversification:** different types of businesses react to economic circumstances in different ways. For example, lower oil prices will be detrimental to oil producers but may benefit oil consumers, such as airlines and manufacturers.

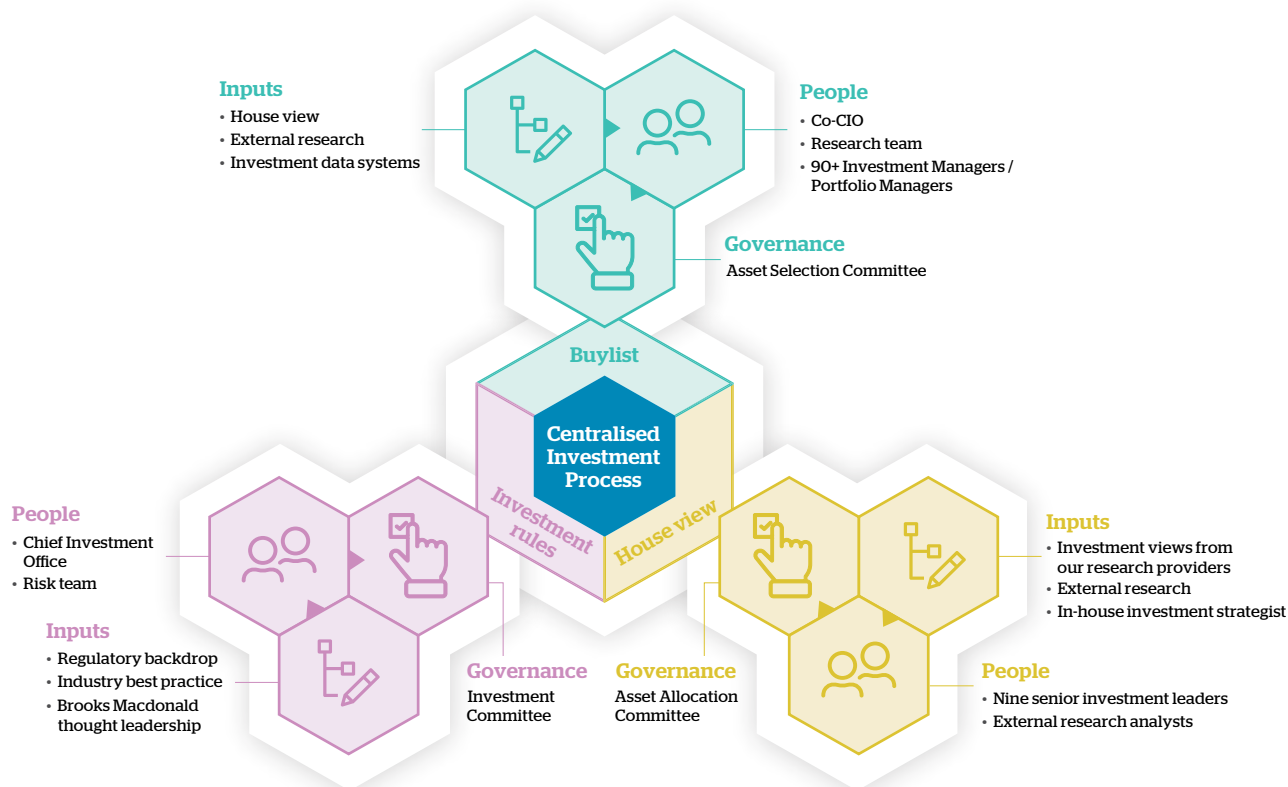
Brooks Macdonald's investment service offers a centralised investment approach based around a buylist and guidance portfolios which is implemented, on a bespoke or model basis, by an investment manager. Our approach is to create balanced portfolios, composed of the best investments from all investment media, across all asset classes, in order to provide strong and consistent long-term risk-adjusted returns. Brooks Macdonald has established specific investment parameters, yet offers a degree of flexibility within the framework that enables an investment manager to exercise a degree of discretion and, within the bespoke services, have the capability to tailor the portfolio to a client's unique needs.

Centralised investment process

Our centralised investment process is designed to ensure that our investment solutions leverage the broad and varied expertise of our asset allocation committee, asset selection committee, investment committee and specialist sector research teams.

The process combines an asset allocation strategy (or a 'top-down' approach), with individual security selection (or a 'bottom-up' approach). It incorporates a number of processes designed to ensure that investment portfolios are adequately diversified and that investment risk is appropriately managed.

All core investment solutions leverage this centralised investment process. The SVS Brooks Macdonald Defensive Capital Fund takes a different approach – further details in section ['UCITS Funds'](#).



Investment process governance

Investment Committee

The Investment Committee supports the Co-CIOs in delivering effective management and oversight of the Brooks Macdonald Investment Process. This includes responsibility for establishing and monitoring a framework for research, investment management and risk management. The investment committee meet as frequently as necessary to fulfil its duties and responsibilities, but no less than six times a year.

Asset Allocation Committee

The Asset Allocation Committee (AAC) reviews and sets the house view and asset allocation for guidance portfolios. The AAC is chaired by the Co-CIOs and typically meets monthly but can do so on an ad hoc basis if needed.

Asset Selection Committee

The Asset Selection Committee (ASC) provides a buylist of assets which is used, alongside asset allocation guidance, to build investment portfolios. The ASC reviews buy, hold and sell recommendations brought to it by the head of each sector team. The ASC is chaired by one of the Co-CIOs, and typically meets weekly but can do so on an ad hoc basis if needed.

Asset allocation

Our asset allocation strategy is established and managed by our Asset Allocation Committee, which consists of a number of highly experienced investment professionals. In setting asset allocation strategy, the committee evaluates investment research to make short-term (tactical) and longer-term (strategic) assessments of the prevailing global economic and financial conditions. The research used by the committee is both generated internally and sourced from external research providers. The committee quantifies its assessments and communicates asset allocation strategy through a number of 'guidance portfolios'. These provide a framework for the construction of investment portfolios, each of which have a specific risk profile. Each guidance portfolio consists of recommended allocations to various asset classes.

Although guidance portfolios provide explicit asset allocations to various asset classes, the committee has also established tolerance ranges around these levels. Individual investment managers hold discretion to allocate the assets of client portfolios within these tolerance ranges. This provides each investment manager with flexibility in constructing their portfolios, thereby ensuring that they can be effectively managed to their individual mandates.

The common asset classes in which we invest include equities, bonds, property, structured notes, alternatives (commodities, private equity, hedge funds etc.), and cash and deposits.

While we have considered optimisation tools that are designed to provide optimal asset allocations along a theoretical efficient frontier, these are backward looking, and we believe they are unduly influenced by market volatility. By considering a wide range of economic indicators and using multiple sources of research, we feel our asset allocation committee is able to provide a superior approach.

Investment selection

Our investment managers are organised into sector research teams, each of which specialises in a particular area of the market. This structure allows investment managers to pool their knowledge and experience. We have sector research teams covering the following areas.

- UK direct equity
- International direct equity
- UK equity funds
- North American equity funds
- Europe ex UK equity funds
- Japanese equity funds
- Far East and Emerging Markets funds
- International funds
- Thematic funds
- International direct bonds
- Fixed Income funds
- Alternatives
- Structured or defined return assets
- Property
- Responsible Investment

It is the responsibility of each sector team to produce a list of recommended investments pertaining to their area of specialisation. The Asset Selection Committee reviews the firm's research output and formally approves buy, hold and sell recommendations. When combined, these lists form a central Buy List that consists of a range of different types of investments.

The table below provides details surrounding our sectoral research capabilities.

Sector	Number of analysts	Number of buy list assets	Number of 'hold' assets
Direct UK equities	12	75	0
Direct International equities	5	86	0
UK funds	7	26	12
European funds	5	16	0
North American funds	5	21	10
Japan funds	4	12	0
Far East & emerging market funds	6	17	3
Thematic funds	6	21	5
International funds	5	21	3
Fixed income	7	74	10
Alternatives	6	25	7
Structured products	6	69	51
Property	4	21	5
Responsible investment strategy funds	8	58	11
Total	86	542	117

Research capability across each sector, as of 31 December 2023.

Each sector team undertakes due diligence in relation to prospective investments. These procedures are specifically designed to consider the characteristics of the asset class that is being researched.

Whilst asset due diligence is undertaken by sector teams, Brooks Macdonald has a central research team that also contribute to the process and provide support to sector teams. They have access to several databases including Morningstar, Bloomberg, AssetQ, Door and Refinitiv Datastream that can be used in asset due diligence.

Collective investment schemes

For collective investment schemes, the first stage in the process is for our specialist sector research teams to use informational tools, such as Morningstar, Financial Express and Bloomberg, to screen the investment universe based on number of criteria, including, but not limited to:

- Liquidity assessments
- Relative performance
- Length of track record
- Type of fund
- Volatility
- ESG considerations (see section [Responsible Investment](#))
- Consumer Duty - value for money

The purpose of the screening process is to identify investments within our investable universe that are suitable for further qualitative research.

Once the screening process is complete, the investments that are deemed most attractive are subjected to further research. This involves assessments of a number of additional criteria. For example, our fund due diligence process typically involves assessment of the "Seven P's":

- The fund's investment **Philosophy**.
- Its investment **Process**.
- The **People**, and resources, involved in its management.
- Its **Performance** (understanding how it has generated returns in the past and what to expect in the future, in absolute terms and in its peer group context).

- Its current **Positioning** (understanding the risks it is undertaking and how the manager is positioned)
- Its **Price** (we aim to ensure that any costs we bear in relation to the investments we make are minimised).
- Our ability to **Partner** with them over time (by building strong relationships with fund managers we are able to leverage their resources and benefit our clients further).

Once complete, the information from these qualitative assessments, together with the quantitative results of the screening process, is formed into an initial assessment of the potential investment. In conducting this analysis, members of our investment team will always meet with the management of the collective investment scheme.

If the initial assessment deems the investment to be of sufficient quality, analysis of the investment is taken further. At this stage, wider discussion is undertaken involving additional members of the investment team. The information from these discussions is formed into a note, along with further in-depth analysis pertaining to characteristics such as the relative and absolute risk-adjusted performance achieved by the collective investment (if applicable), as well as factual elements such as its size and legal structure. The note is intended to fully document the independent thought and analysis undertaken in researching the investment, as well as providing an investment recommendation.

We seek to invest in the lowest cost share classes of collective investment schemes.

Direct UK equities

The UK direct equity investment process is designed to identify robust, profitable and growing companies which are trading on reasonable valuations. Our approach is conservative in nature, with decisions typically being made with a three to five year holding period in mind. We prioritise stable companies offering the prospect of long-term sales, earnings, and dividend growth, as we believe these characteristics to be key drivers of long-term returns. We also favour companies benefiting from long-term structural growth trends over those that are simply exposed to, and have little scope to defend themselves from, the 'ups and downs' of the economic cycle. We also consider ESG factors when making investment decisions, where issues are identified we may look to not invest, disinvest or engage with the company (see section [ESG Integration](#)).

Buylist approval

Investments are only added to the buylist after adequate due diligence by sector research teams has been carried out and approved by the Asset Selection Committee, who holds responsibility for approving the recommendations (alongside the relevant research) of the specialist sector research teams, as well as overall responsibility for all elements of the investment process. It is also comprised of a number of highly experienced investment professionals.

Ongoing review

Buylist investments are regularly reviewed and appraised. The formal review process evaluates whether investments are performing as expected, in consideration of the risk they represent. They also ensure that changes to the prospects of such investments are understood.

All investment managers are able to access the research that underpins each investment listed on the central buy list. Communication between our investment managers is considered a key facet of our centralised investment process. Sector teams are required to regularly update portfolio managers via presentations outlining the performance, positioning and outlook of buylist assets, while formal notes pertaining to buylist investments are also circulated regularly.

Non-buylist investments

Portfolios are able to invest in non-buylist investments under certain circumstances. Should investment managers wish to deviate from the buylist, they are required to submit a proposal to the asset selection committee detailing why such an investment should be included in a portfolio. The proposal should include a detailed due diligence report and an investment case. The investment manager is only able to purchase the investment if it is subsequently approved by the asset selection committee. The percentage of an investment portfolio that can be invested in non-buylist assets is restricted.

Currency hedging

In some instances, a request from the Asset Allocation Committee (AAC) may require that sector teams use currency hedged share classes for equity assets however the default recommendation is for fixed interest funds to be currency hedged and equity funds to be unhedged.

2.3 Responsible investment

To us, acting as a responsible investor means we act as responsible stewards of our clients' capital by integrating consideration of Environmental, Social and Governance (ESG) factors into our investment processes and active ownership practices. ESG integration is the explicit and systematic inclusion of ESG issues into investment analysis and decision making. We believe that an investment's ability to identify and effectively manage ESG risks and opportunities increases the likelihood of it delivering strong long term, risk adjusted returns. With increasing policy, regulatory and societal focus the potential materiality of ESG considerations is becoming more evident. Our approach therefore aims to assess the exposure to, and management of ESG factors, complementing our wider analysis and enabling us to make more informed investment decisions. We believe that by incorporating an assessment of ESG risk into our investment process we have a more holistic understanding of investment risk which, taken alongside our view of the investment opportunity, is designed to improve client outcomes.

Active ownership means we actively monitor for ESG risks throughout the life of a buylist investment, exercise ownership rights (including voting on company resolutions) and engage with companies and fund managers on ESG matters that can have a material impact on our client's investments.

We are continually looking to improve our approach and therefore incorporate any change as our investment research is periodically reviewed. Investment research that has not been updated since the latest changes to our approach may therefore reflect the framework used in an earlier iteration of our Responsible Investment Policy Statement.

Brooks Macdonald is a signatory of, and is committed to implementing, the six principles of the United Nations supported Principles for Responsible Investing (PRI) in our investment management activities.

We also understand the importance of reflecting these beliefs in how we manage our own business. For more information on our corporate sustainability agenda please refer to our Corporate Sustainability Report available on our [website](#).

Governance and oversight

Role	Responsibility
Chief Investment Officer (CIO)	Executive responsibility for responsible investment
Investment Committee	Chaired by the Co-CIOs and responsible for: <ul style="list-style-type: none">• Setting and reviewing firm level responsible investment, and stewardship policy statements• Providing advice to the CIO on responsible investment matters
Asset Selection Committee	Chaired by the Head of Research and responsible for: <ul style="list-style-type: none">• Monitoring and oversight of policy statement implementation and effectiveness• Assessing ESG analysis in investment research• Overseeing engagement and proxy-voting activities
Sector Team Heads and all Investment Managers	Responsibility for considering ESG factors in investment research and decisions.
Sector Team Heads and Fund Managers	Day-to-day implementation of engagement and proxy-voting activities.

ESG integration

Common principles and research disciplines are applied, to the greatest degree possible, across all research activities within a robust and transparent framework. However as global multi-asset investors, our approach to assessing ESG factors is tailored to each asset class and the vehicle used to invest in each asset class.

ESG issues can be broad and varied

- **Environmental** – the impact the company has on the environment. Areas of analysis may include carbon emissions, climate related risks, resource depletion (including water, waste management and recycling), pollution or biodiversity loss.
- **Social** – the impact the company has on society. Areas of analysis may include human rights, labour rights and standards, diversity & inclusion, supply chain management, community engagement, conflict, health and safety.
- **Governance** – the process by which a company is managed and overseen. Areas of analysis may include executive pay, board diversity and effectiveness, shareholder protections and rights, tax strategy, transparency, corporate culture.

Asset allocation

ESG factors are considered as part of our assessment of which themes and sectors we allocate our client assets to.

Third-party funds

Funds managed by third-party fund managers make up the majority of our clients' investment portfolios. We expect managers to integrate ESG analysis into their investment decisions and stewardship activities as we believe this enhances the chances of our clients benefitting from improved risk adjusted returns over the longer term.

Our client portfolios are highly diversified and invest in several asset classes. We have developed a core ESG integration framework which forms the basis of our approach; however we have tailored it where appropriate. This is to ensure our assessment of each asset class focuses on the most informative and material information available and acknowledges that ESG integration is less well developed in certain asset classes.

We use a structured questionnaire format to help us evaluate both the inputs and outputs of a funds process, which includes a focus on ESG. Alongside the qualitative responses to our questionnaire, our research incorporates ESG data from third party data providers and outputs from our meetings with fund managers. Our fund-level ESG dashboard incorporates quantitative ESG data to help sector research teams identify important areas of consideration. If certain metrics are below a defined threshold, then an amber light is triggered and there is a formal requirement to assess what is driving the data point, including reviewing company level ESG reports and engagement with the fund manager.

We do not rely on the data to determine alignment to our expectations. Instead, it is used to help highlight areas for further investigation and discussion. We expect fund managers to identify and effectively manage ESG related risks and opportunities and where our research identifies concerns that this might not be the case, we will engage with them, and if we are not satisfied with responses we will not invest. This approach has broad application across our equity and fixed interest sector teams, whilst also covering elements of our alternatives universe.

We are continuing to review and develop our approach to ESG integration across the asset classes and vehicles that we invest in to ensure we continue to consider the most relevant and material information that can help improve client outcomes.

Direct investments

Although the majority of our client's investment exposure is via third party funds, we also invest directly into several asset classes.

Equities

When investing in direct equities, we take a bottom up approach to considering ESG factors in our due diligence process. We undertake our own research to assess ESG risks and opportunities, in conjunction with utilising a range of external ESG data sources.

In alignment with our fund research approach, we consider third party data. Key metrics are incorporated into our direct equity ESG traffic light dashboard. Where these fall below a defined threshold an amber light is triggered highlighting an area for further investigation. This quantitative information is considered alongside a company report which provides greater context to the data, sector specific considerations, a review of the company reporting (annual/ sustainability reports), and a governance assessment provided by our proxy-voting service provider, Institutional Shareholder Services (ISS).

In addition, following the principles of our approach to asset research, a fundamental analysis of the investee company is undertaken, including its capital structure. We will also meet with companies where we have a significant holding so as to improve our understanding of their business, their strategy and their commitment and approach to ESG management. These inputs provide us with a holistic understanding of the material ESG related risks and opportunities attached to potential investments helping to inform our investment recommendations.

Bonds

We have an established partnership with an external research firm who provide our direct corporate bond research team with extensive due diligence information on the issuers that we either hold or that are under consideration. This includes data on ESG factors.

For direct government bonds, in alignment with our fund research approach, we consider the third-party country risk scores. If below a defined threshold an amber light is triggered and if the analyst wishes to propose the sovereign for buylist inclusion they must address the risk assessment and outline why they believe it is still suitable for inclusion.

Structured return products

We utilise third-party analysis of the banking counterparties that we have on panel for structured return products.

We are continuing to review and develop our approach to ESG integration across the asset classes and vehicles that we invest in to ensure we continue to consider the most relevant and material information that can help improve client outcomes.

Defensive Capital Fund (DCF)

Our DCF is a multi-asset fund that sits within the IA Targeted Absolute Return sector. In order to meet the specific objectives of the fund, and the broad range of asset types considered, the investment team have developed their own proprietary framework for assessing ESG risks and opportunities which differs to the approach outlined in this document. Additionally, the Defensive Capital Fund does not follow our centralised approach to voting but votes on all holdings and conducts in-house research in order to make voting decisions.

Our responsible investment strategies

Whilst we consider ESG factors across all our products and services, we also manage a Responsible Investment Service (RIS) where the two strategies have clearly defined responsible investment objectives alongside financial objectives.

Advance

The Advance strategy is designed for clients with the dual objectives of aligning their portfolio with a defined set of sustainability objectives and return generation. The strategy takes a broad approach to sustainability investing in funds which provide investment exposure to:

- **Responsible businesses:** businesses that take ownership of their environmental and social footprint and are taking steps to increase their positive impacts and minimise their negative impacts on the planet and society.
- **Solution providers:** businesses providing products and services that are positively contributing to addressing sustainability challenges. The strategy is framed in the context of eight core sustainability themes when analysing these businesses:

- Cleaner energy
- Resource efficiency
- Water and waste management
- Sustainable transport
- Health and wellbeing
- Safety
- Education
- Financial inclusion

We publish a biannual report which shows the alignment of the Advance strategies to the eight sustainability themes. The report also contains company case studies and insights into sustainability and responsible investment debates.

Avoid

The Avoid strategy is designed for clients with the dual objectives of formally excluding companies involved in the production of certain goods or services and return generation. The strategy has a formal exclusion policy on the following five product areas:

- Armaments
- Tobacco
- Alcohol
- Pornography
- Gambling

RIS invests in third party funds, and like our core ESG integration work, research is based around questionnaires, third party ESG data and fund manager engagements. However, there are meaningful differences to reflect that responsible investment characteristics, as defined by Advance and Avoid, are a formal part of strategy objectives, rather than purely an input into the risk assessment.

We see our RIS as a key growth area due to the increasing client demand. The Advance strategy can be accessed through our Bespoke and Managed Portfolio Services (platform and custody), and the Avoid strategy can be accessed through our Bespoke Portfolio Service. For more information on RIS please visit the [Responsible Investment Hub](#) on our website.

Climate change and the Task Force on Climate-Related Financial Disclosures (TCFD)

We recognise the serious risk climate change presents to the world and view it as a critical investment issue that can materially impact on the long-term value of investments if not managed properly.

We support a transition to a low-carbon economy and the Paris Agreement to limit global warming to well below 2 degrees Celsius above pre-industrial levels, and preferably to 1.5 degrees Celsius. The asset management industry has an important role to play in mobilising capital to finance the transition to a low-carbon economy and influencing companies to adopt sustainable practices. We believe the impacts of climate change create both risks and opportunities for the companies we invest in which is why it is an important element of our broader strategy and risk management to integrate ESG factors into our investment decisions.

We are committed to addressing and mitigating climate investment risks by:

- Assessing material risk and opportunities related to climate change when making investment decisions. Through our investment process we look to identify whether potential investments face material risks from the transition to a low-carbon economy, and are continually making enhancements to the quantitative and qualitative research inputs that enable this. Where we identify material climate related risks, we will conduct further analysis to understand how these are being mitigated.
- Encouraging proactive management of climate risks by both our investee companies and third-party fund managers. We support the recommendations of TCFD and expect fund managers and investee companies to be working towards reporting in line with the recommendations.

- Developing a net zero strategy for our investments, in alignment with the UK Government's target of net zero by 2050.

More information on our approach can be found in our inaugural TCFD report. Going forward, we will focus on enhancing our implementation of the TCFD recommendations in our investment process and reporting, in line with data and industry developments..

Engagement

How we identify companies for engagement

Engagement activities can be resource intensive and our ability to engage with companies can be limited, as the proportion of shares we hold in companies is generally lower than that of larger asset managers. In order to maximise effectiveness of any activity, we take a risk-based approach to engagement activity where we consider the:

- Magnitude of risk or the severity of the issue.
- Size of our holding - we are more likely to engage where we own a bigger percentage of the share capital such as the companies held in our AIM portfolio service.

Our engagement approach

For direct equities, Investment Trusts (ITs) and REITs our engagements are focused on improving the company's business practices and long-term performance. Areas where we may engage include but are not limited to situations where:

- We are concerned about the strategic direction or performance of the company is taking
- We have concerns around the financials of a company, including its capital structure.
- Through our research, we identify ESG concerns that could affect the long-term value of an investment.
- We are concerned about a company's remunerations practices.
- We require further information or clarification from the company when making proxy-voting decisions.
- We have decided to vote against management on an ESG issue
- There has been an ESG event or controversy at the company that could impact the value of the investment.

Our engagement activity is led by our sector research teams and can take several forms including informal dialogue, formal written correspondence and meetings with management.

Where a company proves unresponsive to these engagement methods, we may escalate engagement activity by voting against a resolution, the board of directors or the annual report. Where we deem it effective, we may also engage with a company on a collective basis with other investors to escalate any concerns we might have. Any such engagement would be on a case-by-case basis.

Finally, we may also consider divestment if it is appropriate.

Voting

Company shares usually carry voting rights, and as a responsible investor we use these rights to vote on items raised at general and extraordinary shareholders meetings.

We employ ISS, a leading proxy-voting service, to provide research on corporate governance issues and voting recommendations for our Cornelian Risk Managed Fund range and for our buy list discretionary clients' holdings in our nominee accounts. Whilst we use ISS voting recommendations, we retain complete discretion to vote against either ISS or management. We manage a variety of additional multi-asset funds, the majority of which have a very limited number of direct investments that carry voting rights. As a result, we do not apply our centralised voting approach to these funds, but each manager retains the discretion to vote where it is in our clients' best interest.

Reporting on our engagement and voting activities

We publish our voting activities on a quarterly basis on our website. We do not typically disclose the identities of the companies we have engaged with, although we may provide case study examples on an ad hoc basis.

Stewardship within third-party funds

We expect our third-party fund managers to establish and apply their own voting and engagement policies. As part of our due diligence process, we assess these policies, including their records regarding engagement, voting and the transparency of their stewardship activities. Where we identify that a fund manager's stewardship or ESG integration approach is not meeting our expectations we will communicate our views to them. And in instances where we do not see the required improvement, we may reduce exposure, or in more severe instances instruct a mandatory sell of the fund across the business. Our Asset Selection Committee is responsible for governing and overseeing this process.

2.4 Counterparty risk

We assess financial counterparties against four different categories, and our conclusion is guided by a qualitative scoring in each subsection:

- Regulatory outlook
- Business outlook
- Capital structure and spreads
- Balance sheet

We utilise analysis from a third party, Ambra Research, in our assessment analysis of counterparties. In addition, for client banking counterparties, ongoing review is performed by our outsourced due diligence provider 'Your Treasurer' as well as an annual firm assessment in line with CASS regulations. We use data from a third party research company in conducting this assessment. Overall, the most important point for us to consider is how banks are able to improve their capital outlook in the current, more stringent, regulatory regime. The four categories above provide a good impression of the ability of the bank to improve this outlook by any of the named methods and gives us a good grasp of the relative value of each financial counterparty across jurisdictions.

2.5 Concentration and liquidity

Within our concentration and liquidity monitoring the Asset Selection Committee (ASC) has determined two key areas. Firstly, how much can be owned of an asset at an aggregate firm level and secondly, how much of an asset can be owned within underlying portfolios.

The maximum firm wide holding weight for open ended funds is 20% for those funds which we believe have high levels of liquidity in the underlying portfolio. The ASC reserves the right to increase or decrease this limit in exceptional circumstances. For all open-ended funds on our Buy List the limit is initially set at a firm wide maximum of 10% of the fund. Unit Trust and OEIC holding weights are determined by daily liquidity and ability to liquidate total holdings without having an adverse impact on the individual client. All funds are subject to periodic review to check that total exposure does not exceed guidelines.

The maximum weighting for closed ended funds will normally be set at 5% however this can be increased to 10% at the ASC's discretion. Lower limits may be imposed for less liquid investments. The maximum holding of direct equities is set at 5% of market capitalisation.

With regard to limits on how much of an asset can be owned by an underlying portfolio, we have specific targets and tolerances in place for each asset type.

We consider liquidity an important issue and monitor and limit our exposure to funds that do not offer daily dealing or may have limited liquidity. Liquidity constraints are considered when we allocate weightings to different investment classes and client risk profiles.

However, in the case of individual investments such as Investment Trusts, equities and some Open Ended Property funds further consideration is undertaken and may result in an asset being given a restricted status. As liquidity can often be a qualitative decision, the Asset Selection Committee takes a variety of factors into account to conclude whether or not an investment is illiquid.

Non-mainstream pooled investments (NMPI)

We do not allow the purchase of non-mainstream pooled investments.

Use of in-house collectives

We have specific policies dealing with the issues surrounding ownership of in-house funds. These are designed to effectively manage any potential conflicts of interest that may arise, while ensuring clients' interests are kept as a priority. They also ensure that our clients' aggregated exposure to our in-house funds remain at acceptable levels.

The limits we have established regarding internal exposure to our in-house funds (excluding Multi Manager Funds) are:

- Total exposure across portfolios is limited to a maximum of 5% of assets under management. This rule is monitored by our investment committee and reported to the board and compliance department.
- As at 31 December 2023, the breakdown of portfolio investments between internal and external funds is approximately 1.0% internal, 99.0% external.

2.6 Order execution

Under the Markets in Financial Instruments Directive II (MiFID II) we are obliged to put in place a policy and to take all sufficient steps to obtain the best possible result for our clients when executing orders or receiving and transmitting orders for execution. Our Order Execution Policy is stated within the section titled 'Order Execution Policy' in our Terms & Conditions document, available to access here:

www.brooksmacdonald.com/about-us/governance/regulatory-information

Section 3

Investment products and services

The Target Market Guide for our investment product and services is available to access [on our website here](#).

3.1 Bespoke portfolio services

Our bespoke portfolio services are offered on a discretionary basis, which means that the dedicated investment manager will make investment decisions on the investor's behalf, using our expertise and knowledge.

The investor has a contractual relationship with Brooks Macdonald and so is treated as our 'client' for the purposes of the investment management services we provide to them.

Each client will have a separate agreement in place with their adviser under which the adviser will agree to provide independent financial advice to them.

Under this arrangement Brooks Macdonald may also make use of the 'Reliance on Others' provisions, meaning that we are able to rely on information provided to us by suitably regulated advisers who act as intermediaries between us and our shared clients.

A third agreement is also in place between each adviser and Brooks Macdonald. This documents each's respective duties and responsibilities in relation to investment management and advice (and mirrors the division of responsibilities, as explained to the client within their agreement with us).

Bespoke Portfolio Service (BPS)

Our Bespoke Portfolio Service is a discretionary portfolio management service for investors that require an individual investment portfolio constructed to meet their specific requirements. Individual portfolios are constructed to each client's personal investment profile, which considers factors including their investment objectives, investment horizon, attitude to risk and tax status. It provides a means for investors to access Brooks Macdonald's proven investment process, investing across the full spectrum of asset classes through a wide range of investment vehicles.

The service offers five risk levels for investors to choose from, based on their risk profile:

- Low
- Low to Medium
- Medium
- Medium to High
- High

Three investment strategy options are available:

- Core
- Responsible Investment (Advance)
- Responsible investment (Avoid)

The Bespoke Portfolio Service has a minimum initial investment amount of £250,000.

BPS portfolio construction

Our BPS portfolios are constructed and managed to meet the specific requirements of each client.

Investment managers are responsible for selecting the individual securities that are purchased for the portfolio from investments listed on our Central Buy List, choosing the mix of investments that best meet the portfolio's specific requirements whilst remaining within the asset allocation tolerance ranges providing by the Asset Allocation Committee (see 'Investment Process'). We consider, among other things, investments in equities, fixed income, structured products, property and other alternative assets both in the UK and internationally.

The tolerance ranges are dependent on the overall allocation to each asset class:

Guidance asset allocations as at 31 December 2023

0% - 19.99% total guidance exposure: +/- 3%

20%+ total guidance exposure: +/- 5%

	Low	Low-to-medium	Medium	Medium-to-high	High
UK fixed income	41	27	15	5	0
International fixed income	17	11	3	2	0
UK equities	8	15	20	22	26
North American equities	2	8	13	18	21
European equities	0	2	4	5	6
Japan, Far East & emerging equities	0	3	7	11	14
International/thematic equity	7	11	18	26	27
Alternatives	10	10	8	3	2
Property	2	2	2	2	2
Structured return	10	9	8	4	0
Cash	3	2	2	2	2

Once constructed, risk management tools are used to monitor and control the level of risk in a portfolio, the asset allocation and exposure to any single stock, fund or investment house to ensure a portfolio remains aligned to the agreed investment mandate (see [Monitoring and oversight](#) and [Investment risk management](#)).

Investment managers typically meet BPS clients (and/or their advisers) to review portfolios on a six monthly or annual basis (frequency dependent on client / professional adviser). The client's investment objectives and risk profile would be discussed at the meeting and amended if appropriate. Should the client's objectives change, the portfolio will be altered to ensure it is representative of the new agreed investment mandate.

Assets that fall outside of our investment parameters, for example some cherished holdings, may be held outside of the portfolio in an execution only account.

Decumulation Service

Our Decumulation Service is a specialist discretionary portfolio management service for investors that require a bespoke approach to generating and managing income withdrawals.

It is designed to help clients meet their long-term income requirements. It seeks to achieve this via a two-portfolio structure that aims to reduce the chance of portfolio failure.

The exact portfolio construction will depend on each client's individual requirements. The short-term portfolio seeks to mitigate sequencing risk by shielding the client from market downturns in the early years of their retirement. It accomplishes this by siphoning off near-term income requirements into cash, gilts and short-term structured return assets. A longer-term portfolio combats the negative wealth effects of inflation by investing in a diversified portfolio of growth assets following the BPS portfolio construction process.

The service offers four risk levels for investors to choose from, based on their risk profile:

- Low-Medium
- Medium
- Medium-High
- High.

Three investment strategy options are available for the longer term portfolio:

- Core
- Responsible Investment (Advance)
- Responsible Investment (Avoid).

The Decumulation Service has a minimum initial investment amount of £500,000.

Decumulation Service - portfolio construction

Our decumulation portfolios are constructed and managed to meet the specific requirements of each client. Investment managers are responsible for selecting the individual securities that are purchased for the portfolio from investments listed on our central buylist, choosing the mix of investments that best meet the portfolio's specific requirements.

The short-term portfolio in our Decumulation Service uses a combination of cash, gilts and structured products to cover potential income withdrawals for up to seven years¹. The term 'structured product' describes investments that are designed to provide predefined returns which are dependent on an underlying asset (often a market index), over a set period. They are typically issued by banks.

Within our Decumulation Service, we use a specific type of structured product, commonly known as a 'synthetic zero' or a 'defined return' product. They are designed to mature at a known date, subject to certain conditions being met.

We create a new structured product every six months. At the point of creation, this will mature in 6.5 years' time, subject to neither of the underlying indices being 40% lower than they were at the point of the product's creation. There may be a number of factors that influence the return, and these may be complex. Structured products may be difficult to compare to other assets. For structured products linked to market indices, market movements are likely to affect returns and may do so to a significant extent. Market movements cannot be forecast with accuracy, and may be affected by political, economic and other risks.

If the underlying index is not above the barrier at the point of maturity, the investor will not receive the full value of the contract. In this scenario they will receive a proportion of the value based on how much the underlying index has fallen. In our decumulation service, we use structured products with barriers that are at fairly conservative/defensive levels. Prior to maturity, the value of a structured product will be determined by market pricing which will be influenced by a variety of factors including current index levels and volatility.

¹ In order to meet the client's income requirements in the early years of this service, the investment manager will purchase a number of "structured products" that are scheduled to pay out at varying dates. These products are not guaranteed and should any of these products not pay out in full or in the event of the financial failure of the bank (counterparty) issuing the structured product, the income needs would need to be met by realising monies from elsewhere within the portfolio.

Structured products also involve counterparty risk (the risk of the issuer not being able to pay back the capital as promised under the terms of the products). Credit ratings of issuers can be useful indicators of their level of risk, but other factors should also be taken into account. Credit ratings are assigned by independent bodies. Issuers' credit ratings and risk levels may change over the lifetime of the structured product and there is no guarantee that the issuer will be able to pay back the anticipated amount. We undertake in-depth counterparty due diligence to minimise counterparty risk and undertake proprietary analysis, which focuses on each counterparty's ability to repay its debts. We take a holistic view of a counterparty, considering multiple internal and external factors including balance sheet strength, capital structure and business/profitability outlook (see section '[Counterparty Risk](#)' for full details).

In the construction of the long-term portfolio we consider, among other things, investments in equities, fixed income, structured products, property and other alternative assets both in the UK and internationally.

Once constructed, risk management tools are used to monitor and control the level of risk in a portfolio, the asset allocation and exposure to any single stock, fund or investment house to ensure a portfolio remains aligned to the agreed investment mandate (see '[Monitoring and oversight](#)' and '[Investment risk management](#)').

Investment managers typically meet Decumulation clients (and/or their advisers) to review portfolios on a six monthly or annual basis (frequency dependent on client / professional adviser). The client's investment objectives and risk profile would be discussed at the meeting and amended if appropriate. Should the client's objectives change, the portfolio will be altered to ensure it is representative of the new agreed investment mandate.

Assets that fall outside of our investment parameters, for example some cherished holdings, may be held outside of the portfolio in an execution only account.

AIM Portfolio Service (APS)

Brooks Macdonald's AIM Portfolio Service (APS), which was launched in July 2011, is an actively managed discretionary portfolio that provides access to 30-40 carefully selected companies that are members of the London Stock Exchange's (LSE) Alternative Investment Market (AIM). It invests companies that are judged to meet the current qualifying criteria for Business Relief (BR), with preference given to companies that are judged to have attractive long-term investment potential.

As APS portfolios will typically be fully invested in a concentrated group of small to medium-sized UK companies, we consider the APS to be high risk.

The AIM Portfolio Service has a minimum investment threshold of £100,000.

Please note we are not tax specialists and cannot offer tax planning advice. Please seek independent tax advice and note tax treatment depends on individual circumstances and may be subject to change in the future.

Lead managers

Ewan Millar

Senior Investment Director, Head of AIM

Ewan joined Brooks Macdonald in 2020 and is the head of our Alternative Investment Market (AIM) Portfolio Service. Ewan sits on our Direct Equities research team. Previously, Ewan was a Senior Investment Manager at Cornelian Asset Managers before its acquisition by Brooks Macdonald. Prior to that Ewan spent ten years at Kempen Capital Management (UK), working in their Small Cap team where he was the co-lead manager of their flagship European Small Cap fund. Ewan is a Chartered Financial Analyst (CFA) Charterholder.

Joe Capaldi

Investment Director

Joe joined Brooks Macdonald in 2022 and is an Investment Director on our Alternative Investment Market (AIM) Portfolio Service and sits on our Direct Equities research team. Prior to joining Brooks Macdonald, Joe worked at CS Investment Managers (formerly known as Charlotte Square Investment Managers) in Edinburgh for eight years where he was an Investment Director and head of the AIM IHT Service. Joe managed a variety of private client mandates but specialised in tax efficient AIM portfolios. Joe attained a first-class honours degree in Management & Business Enterprise from the University of Strathclyde in 2011 and is a Chartered Financial Analyst (CFA) Charterholder.

Portfolio construction - investment selection

Each portfolio within the Service is comprised of 30 to 40 AIM listed companies, based on a guidance model portfolio.

Individual holdings that offer sound investment potential are selected using a conservative, long-term investment process.

Our investment process is fairly conservative in nature and as such we have a bias towards (but not a contractual obligation to restrict ourselves to) companies with strong balance sheets, robust cash flows and demonstrable track records of profitability. We are also attracted to companies with attractive but secure, sustainable and growing dividends. In terms of qualitative factors, we look for companies boasting high market shares in niche industries with defensible and sustainable competitive advantages and benefitting from structural (rather than cyclical) growth tailwinds. We believe that these qualities lead to attractive and sustainable profitability. Valuations are clearly also important.

All new investments also undergo a rigorous investment research process culminating in a detailed due diligence report which is reviewed for approval by the Asset Selection Committee (ASC) as per our investment process.

Changes to the portfolios are decided upon within the AIM team and approved by the head of AIM.

Risk management

We have a number of strategies in place to ensure that we appropriately manage the risk that investing in AIM companies presents. Whenever we add an investment to the portfolios, we always consider how much risk we are taking and whether the potential additional investment return adequately compensates the client for the risk being assumed.

The AIM market is associated with reduced liquidity. We will not own more than 3% company's share capital within the Service. This rule is in place to support liquidity considerations and our ability to buy and sell shares at our own discretion. In addition, at an individual portfolio level, our maximum individual holding size is 10% of the portfolio value with no more than 5% of the portfolio invested into a single holding at the outset. The investment managers must adhere to these specific policies, and are subject to regular formal oversight by Investment Risk in addition to standard monitoring (see section ['Bespoke portfolio services - investment risk management'](#)).

Business Relief (BR)

BR essentially allows a reduced value of an asset to be used when calculating how much Inheritance Tax (IHT) has to be paid on its transfer. Currently, after two years BR allows qualifying investments to fall outside the estate of the deceased for IHT purposes. Investments in qualifying AIM member companies are eligible for BR once they have been owned for a minimum of two years. To obtain this benefit, the shares need to have been held directly, rather than through an intermediate structure such as a collective fund. If the shares are sold before the two-year qualifying period has elapsed, any IHT relief accrued may be preserved if the sale proceeds are re-invested into other qualifying AIM member shares.

When selecting our holdings we refer to the tax statute governing BR. For example, stocks must be defined as 'trading companies' to qualify, therefore we will avoid certain businesses such as, property companies, cash shells and investment companies. However, we cannot be certain that each company will ultimately qualify for BR, as this remains at the discretion of HMRC on the death of the investor. We typically meet companies we invest in twice a year, sometimes more frequently as we are constantly monitoring our holding companies, which will normally flag any changes. We also use a leading accountancy practice to annually review and provide further independent oversight for BR qualification purposes.

The BR regime itself could be subject to change (or withdrawal) in the future. It is also important to note that BR qualification remains at the discretion of HMRC and is only tested upon the transfer of inheritance. Accordingly, BR is not guaranteed and as such there is a risk that a holding may not ultimately qualify. We do, however, endeavour to ensure that our investment universe is restricted to those companies that we believe qualify for BR.

Bespoke portfolio services - monitoring and oversight

We have implemented a sophisticated Risk Monitoring System (RMS) to assist in the monitoring of risk in client portfolios. The RMS is used to assist in the construction of portfolios and to monitor their ongoing rebalancing, ensuring that they remain compliant with their individual mandates. It also provides information to investment managers that enables them to ensure that portfolios abide by our investment policies.

Furthermore, the system provides information to enable the firm's Investment Risk and Business Assurance teams to ensure that investment portfolios are managed appropriately given our clients' investment profiles. Business Assurance, which performs a first line risk function, reports directly to the managing director, provides oversight of the first line and conducts various monitoring tasks, which are submitted in monthly management information reports.

All first and second-line teams are tasked with designing and implementing procedures and guidelines to provide the business with additional risk controls. As part of our risk monitoring strategy, the Compliance Monitoring team acts as an independent oversight department carrying out regular monitoring on both first and second-line controls, as well as undertaking thematic reviews of the business where appropriate.

Bespoke portfolio services - investment risk management

We consider risk management to be a key component of our investment philosophy. We have embedded a number of controls into our investment process that are designed to ensure sufficient diversification is built into client portfolios.

Specifically, our asset allocation strategy considers risk at the overall portfolio level, while investment managers consider it when selecting individual investments. Furthermore, our investment committee has established a number of policies that assist in ensuring that portfolios reflect the client's investment objectives and risk profile. Investment managers must abide by the investment policies established by the investment committee in regard to managing investment risk.

We have implemented BITA (Better Investment Through Analysis) Risk Management software to review our bespoke discretionary content holdings. BITA provides traffic light reports that enable investment managers to identify investment policy exceptions, and promptly bring flagging accounts into line. The second line Investment Risk team produce and distribute weekly BITA management information highlighting any non-compliance.

The BITA reporting covers:

- Asset allocation limits: portfolios must reflect the asset allocation guidance specified within the relevant guidance portfolio, within allowed tolerance limits. BPS portfolios are actively managed, as such trades are made as regularly as required to ensure that portfolios are well positioned and aligned with the client's overall investment profile and objective. Each portfolio is reviewed and amended individually.
- Volatility bands: volatility is a measure of the variation in an investment's performance over time. The volatility of an investment portfolio is reflective of the volatility of the individual investments within it. Our investment committee has assigned a volatility band for each risk profile. The band is based on allowable volatility deviation from the target guidance portfolio and Investment managers must ensure that portfolio volatility remains within the relevant band at all times.
- Unit size restrictions: there are limitations on the proportion of a portfolio's assets that can be invested in any single investment. These limits are partly dependent on the nature of the investment itself.
- Non-buylist requirements: investment managers are allowed to purchase investments that are not on the buylist under certain circumstances, although any such investments must be thoroughly researched and approved by the Asset Selection Committee prior to purchase. The percentage of an investment portfolio that can be invested in non-buy list assets is restricted.
- Concentration limit: as well as unit size restrictions, there are limits as to the maximum percentage of a particular security that can be held by our discretionary clients in aggregate (for example, maximum ownership of an individual company's outstanding shares). The investment committee reviews firm wide exposure to particular types of assets to ensure there is clarity on our overall holding. Once an agreed threshold is reached, investment managers can no longer purchase that asset for any discretionary client.

Bespoke portfolio services - administration and servicing

Initial investment

We accept adviser information to produce an initial investment proposal, but require the client to complete and sign our application form to open an account. The adviser is able to pre-populate the application forms, however the client must check all information given is correct and sign the declaration confirming so.

For all applications where a professional adviser is assessing suitability, they must also sign the completed application pack to confirm that they have undertaken this process.

We also require documents that help us to verify client identity, including proof of address, proof of identification, source of wealth and source of funds all in accordance with UK, Jersey and Guernsey regulatory standards (see section ['Know Your Client'](#)). The different types of documents we require are listed in the relevant application packs. Clients must read the application pack carefully and complete it with as much detail as possible. FCA rules mean that we will not be able to accept an application if the application form is incomplete or due diligence is not satisfied.

New portfolios will typically take two forms, either a new cash funded portfolio or a transferred in-specie portfolio.

When investment managers take on a new instruction for a bespoke portfolio, they have scope to phase its construction over a period of up to six months. This allows them to take market conditions into account. After six months, the portfolio will be fully invested within the tolerance ranges of the relevant guidance portfolio.

For clients in the AIM Portfolio Service, we would normally expect 50% of the portfolio to be invested fairly promptly and fully invested four weeks after the first investment is made. Under the terms of our AIM Service rules each new portfolio must be fully invested (i.e. less than 5% cash) within six weeks of the initial starting date.

Combined accounts

Clients are able to combine individual accounts by either completing a combined accounts form (in the event all portfolios being combined are all currently open) or combining a new account with an existing already established, this can be done via the new account forms. We can also accept an IFA instruction to combine portfolios as long as the IFA in question has control over suitability for that client.

Registered entity accounts, e.g. charities and trust accounts, are not able to be combined with any other accounts. The same applies for our AIM Portfolio service accounts.

All accounts that are being combined must have the same investment profile. Combined accounts forms can be used by spouses to combine their accounts, or individuals to combine different accounts such as individual investment accounts, ISAs and SIPPs.

ISAs will always be combined with the main individual investment account unless the client specifically chooses a different investment profile for it.

Portfolio closure

Upon receipt of instruction the investment manager will sell the holdings within the portfolio (for SIPP's and Offshore Bonds) and the client will be advised of the anticipated settlement dates. For investment accounts and ISAs the funds will be transferred to an account nominated by the client in their formal instruction. For SIPPs, SSAs and Offshore Bonds the funds will be returned to the provider, for them to either return to the client or transfer to a new product as applicable.

For clients leaving In Specie, we will need to receive instruction from the client confirming that they wish to transfer their entire portfolio away from Brooks Macdonald. This letter of instruction needs to:

- Be an original signed instruction
- Confirm that the holdings are to be transferred in specie and where they are to be transferred to
- Confirm the bank details that are to be used for the available cash in the portfolio

Once the instruction is received, a dealing block will be applied to the portfolio and Brooks Macdonald will send written confirmation to the client informing them that the instruction has been received.

The new Investment Manager should be in contact regarding this transfer out and Brooks Macdonald will send the new Investment Manager a current valuation of the portfolio. The new Investment Manager must confirm to Brooks Macdonald ASAP if there is a holding that cannot be transferred in specie and therefore it will need to be sold and transferred as cash.

Charges will be levied for in-specie transfers out, please refer to the [fees and charges](#) section.

All clients will receive a closing letter which will include a final valuation to confirm the balance of their portfolio as zero. The letter also confirms that the account will remain open for at least three months to allow for any residual dividends to be paid, which will be returned to the client or provider as appropriate.

Client interaction and servicing

The level of client communication we undertake is at the discretion of the client and their adviser. Investment managers will typically meet with each client's professional adviser at least annually and the adviser will then report back to the client with an update letter, having received input from the investment manager. Additional review meetings can be arranged if required.

We understand that there may be a need for a higher level of contact with the client at outset to ensure their portfolio is established to their exact specifications. The investment manager will contact both the adviser and client on an ad hoc basis should there be any developments which are of consequence or interest.

To ensure continuity of service, all Brooks Macdonald investment managers work in teams, ensuring that there is always an investment manager available to meet with the client and / or their professional adviser.

The client and their professional adviser will have direct access to the investment manager and their team, which will include other investment managers and their executive support staff. BPS and Decumulation clients are allocated two investment managers and an administrator. This team will deal with the portfolio's management and will be responsible for communicating all developments pertaining to the account. Your investment manager will be available to discuss the portfolio, although all of the members of their team will also be able to assist if required.

Since a team of managers will be involved in the management of the portfolio, there will always be cover in place should the dedicated investment manager be absent.

Ratio of clients to investment managers

As of 31 December 2023 the ratio of clients to investment managers was approximately 240:1.

Our investment managers are organised into teams, ensuring that there is always an investment manager available to meet with the client and / or their professional adviser. We have not established limits surrounding the maximum number of clients or assets a team or individual can manage. Portfolio complexity and size are the main factors considered when determining each investment manager's workload.

Adviser back office integration

We offer back-office integration through several third-party systems. Examples of systems that we support are Intelliflo, Sammedia (moneyinfo), Enable and Plum Software. Other system providers can be set up on request. This will provide daily valuation feeds for client portfolios, for further details please contact our Business Development Support team at BusinessDevelopmentSupport@brooksmacdonald.com.

Bespoke portfolio services – tax planning

We do not provide tax advice, and independent professional advice should be sought. Tax treatment depends on each individual's circumstances and may be subject to change in the future.

We are able to consolidate assets held across multiple wrappers into one portfolio managed on a combined basis if the client and their adviser wish (excluding the AIM Service). Wherever possible, we will hold assets in the most appropriate tax wrapper to utilise available tax efficiencies, e.g. income-producing assets in an ISA. We are able to automatically use the client's annual ISA allowance (if available), if the client has given consent to do so via the ISA application form. The client can specify whether they would like us to utilise their maximum allowable ISA subscription or a specified amount.

As well as Investment Accounts and ISAs clients can have Offshore Bonds (in or outside of trust) and SIPPs. Third party trustees are used for bond and SIPP/SSAS wrappers - these would be selected by the adviser for the client.

As part of our BPS and Decumulation services, we are able to take into account the client's Capital Gains Tax (CGT) position when considering the sale of assets held in the portfolio, and minimise CGT liabilities where appropriate. We work closely with adviser and client, and are able to consider existing CGT arrangements (outside of the portfolio we manage on the client's behalf) and take these into account.

Our priority is to ensure that the portfolios of our clients meet their investment requirements. As a result, it is not always possible to utilise a client's entire CGT allowance.

Tax treatment depends on your individual circumstances and may be subject to change in the future. There is no guarantee that the tax efficient nature of any investment will remain. Brooks Macdonald does not provide tax advice and independent professional advice should be sought. Investors should be aware of the additional risks associated with funds investing in smaller companies.

Bespoke portfolio services - reporting

Our secure online client portal (InvestBM), accessed via our website at www.brooksmacdonald.com, provides clients and their advisers with an account summary that lists their Brooks Macdonald portfolios. Each portfolio valuation is priced on a daily basis and provides cash balance and transaction details for all investments.

Clients receive valuation reports on a quarterly basis in January, April, July and October. Reports include a formal custody statement. Ad hoc valuation reports are provided at all review meetings and on request.

A comprehensive year-end tax report is also sent out annually at the end of the tax year.

An annual costs and charges statement is also provided.

Performance benchmarks

Our client valuations state a range of industry standard benchmarks relevant to the client portfolio's risk profile. The accepted industry standard benchmarks that we use are those provided by the Personal Investment Management & Financial Advice Association (PIMFA):

Benchmarks used with Brooks Macdonald portfolios

Risk mandate	Benchmark
Low risk	Composite: 50% MSCI PIMFA Private Investor Income TR and 50% UK Base Rate
Low-to-Medium risk	MSCI PIMFA Private Investor Income TR
Medium risk	MSCI PIMFA Private Investor Balanced TR
Medium-to-High risk	MSCI PIMFA Private Investor Growth TR
High Risk	MSCI PIMFA Private Investor Growth TR

TR: Total Returns

MSCI - Please see 'Important Information'

Peer group benchmarks

We are one of the 14 founding contributors to the Asset Risk Consultants' Private Client Indices (ARC PCI). There are now over 70 contributors who provide real client portfolio performance and asset allocation data to ARC anonymously.

ARC categorise individual portfolios into one of four risk categories, based on equity exposure, and assess their performance. ARC then publish the average performance of the portfolios in each risk category over discrete time periods. These averages allow us to assess our performance relative to that of our peers.

The Brooks Macdonald quarterly ARC summary statistics shows how the actual aggregated performance of our clients' BPS portfolios (after our fees but before any fees professional advisers may charge) compares to the relevant ARC indices over various discrete periods (blue highlights represent outperformance).

Peer group benchmarks - AIM Portfolio Service

Performance is monitored by the Investment Risk team and measured by our Investment Performance Analysis team. The overall AIM Portfolio Service performance figures are based on the average (mean) monthly performance of all fully invested discretionary portfolios included in the service.

Performance available here:

www.brooksmacdonald.com/investment-management/services/aim-portfolio-service

Performance vs the ARC IHT peer group available on request.

Bespoke portfolio services - fees and charges

Figure 3.1a: BPS fee option 1: AMC with additional dealing charge

Charge type	Typical fee	Plus VAT
Initial charge	Negotiable	✓
AMC		
Up to £500k	0.75%	✓
£500k to £750k	0.70%	✓
£750k to £1m	0.65%	✓
£1m to £2m	0.60%	✓
£2m +	0.50%	✓
Dealing charges (UK)		
First £10,000	1.00%	
£10,000 – £250,000	0.15%	
Thereafter	0.11%	
Dealing charges (overseas)		
First £10,000	1.00%	
Thereafter	0.15%	
Administration charge per transaction		
Charged on assets held in our nominee	£15	
Level of interest paid on cash		
Onshore	Please refer to our website	
Offshore	Please refer to our website	
ISA charges		
First £30,000	0.50%	✓
Thereafter	0.10%	✓

For our investment product costs including ongoing fund charges, please see figures 3.2b and 3.2c.

Our ISA charges, which are in addition to the AMC, are calculated on a six-monthly basis and taken against the value of the client's ISA portfolio as at the end of June and December. Ancillary charges may apply. Details of our ancillary charges are provided in figure 3.1c.

Figure 3.1b: BPS fee option 2: Increased AMC with no additional dealing charge

Charge type	Typical fee	Plus VAT
Initial charge	Negotiable	✓
AMC		
From £250k to £500k	0.95%	✓
£500k to £750k	0.85%	✓
£750k to £1m	0.80%	✓
From £1m	0.75%	✓
£2m+	0.65%	✓
Administration charge per transaction		
Charged on assets held in our nominee	£15	
Level of interest paid on cash		
Onshore	Please refer to our website	
Offshore	Please refer to our website	

For our investment product costs including ongoing fund charges, please see figures 3.2b and 3.2c. Ancillary charges may apply. Details of our ancillary charges are provided in figure 3.1c.

Figure 3.1c: Ancillary charges

Charge type	Typical fee	Plus VAT
Transfer of holdings to another institution (by CREST, electronically or into a paper share certificate) (per stock)	£25	✓
Foreign exchange (per transaction)		
• below £1000	Current banker's prevailing rate	
• over £1000	£40	
CHAPS payments (per transaction)	£10	
Same day faster payments (per transaction)	£2.75	
Historic valuation and probate services	0.20% of the value of the portfolio (minimum £100/ maximum £250)	✓

Total Expense Ratio (TER)

Due to the bespoke nature of our BPS it is difficult to estimate a general TER. **For illustrative purposes**, figures 3.2a, 3.2b, 3.2c, 3.2d and 3.2e provide an estimate of charges for year two and beyond based on various assumptions and averages. Correct as at 31 December 2023.

Figure 3.2a: Assumptions

Description	Amount	Notes
Portfolio size	£1,000,000	
Average turnover	20%	(40% gross turnover)
Portfolio risk level	Medium	

Figure 3.2b – Investment product costs

Description	Amount	Notes
Ongoing fund charges	0.50%	See figure 3.2c
Transaction charges	0.02%	Fund charges for buying and selling assets in it
Incidental costs	0.01%	Fees that apply if certain performance levels are achieved within a set time period
Total	0.53%	

Figure 3.2c: Ongoing fund charges

Asset Allocation	Average AMC	Contribution to AMC
15% Institutional fixed interest funds	0.44%	0.07%
49% Institutional unit trusts	0.72%	0.35%
3% Equity investment trusts	0.32%	0.01%
10% Structured products	0.00%	0.00%
10% Hedge funds / property	0.65%	0.06%
9% ETF tracker	0.09%	0.01%
4% Cash	0.00%	0.00%
Total		0.50%

Figure 3.2d: BPS overview of charges, fee option 1

Option 1: AMC with additional dealing charge	Charge	Notes
Our AMC	0.60%	plus VAT
Investment product costs	0.53%	See figures 3.2b and 3.2c
Transaction costs	0.18%	See figure 3.2a
Overview of charges	1.31%	plus VAT on AMC

Figure 3.2e: BPS overview of charges, fee option 2

Option 2: AMC with no additional dealing charge	Charge	Notes
Our AMC	0.75%	plus VAT
Investment product costs	0.53%	See figure 3.2b and 3.2c
Average annual dealing charge (incl. administration charge)	0.00%	allows for buying and selling
Transaction costs including admin charge	0.02%	See figure 3.2a
Overview of charges	1.30%	plus VAT on AMC

AIM portfolio service

The AMC on AIM portfolios is 1.25% plus VAT with dealing charges applied, or 1.75% plus VAT without dealing and ISA charges. There is no initial charge, and no administration charge for transactions.

Adviser fee payments

A professional adviser may charge fees in addition to those we charge. We can, if instructed to do so in the application pack, facilitate the payment of such fees from the client's portfolio. Any fees paid to the professional adviser from the client's portfolio will appear in their transaction statement.

Cash holdings

Where client money is held in a Client Money Bank Account and interest is received on such money, Brooks Macdonald will pay interest on the balance to the client's Account. Any interest exceeding £10 will be credited to your Account within 10 business days of each quarter end date. Quarter end dates are the last working day of each of March, June, September and December. Rates of interest paid will be published on the client section of our website and can be confirmed on request.

Uninvested money (which may include cash pending investment and other money not immediately required for settlement) may attract interest at different rates depending on the service. Interest rates payable on accounts may be below interest rates which clients may be able to achieve in deposit accounts and below the Bank of England base rate then in force. Brooks Macdonald may be able to obtain better interest rates but the interest rate payable to clients may be lower than such rates. Brooks Macdonald is entitled to retain any resulting benefit. Equally, in certain circumstances, it is possible that Brooks Macdonald may need to apply negative credit interest resulting in a debit being applied to money held on behalf of clients. In some cases, the debit applied may be higher than the debit charged to Brooks Macdonald.

3.2 Managed portfolio services

Platform Managed Portfolio Service

Our Platform Managed Portfolio Service (PMPS) is a discretionary portfolio management service, available to access on third party platforms. Our PMPS offers a choice of 22 discretionary managed portfolios across five different risk levels and four different ranges – Active, Passive, Responsible Investment Advance and Volatility Managed.

Our PMPS is operated under the agent-as-client arrangement. We do not have a direct relationship with the underlying investor. Instead, the underlying investor has a direct contractual relationship with their adviser rather than Brooks Macdonald. The adviser, in turn, has a direct contract with Brooks Macdonald and so is treated as being our 'client'.

In order to facilitate the Managed Portfolio Service via a platform, we also have separate agreements in place with each platform provider. These set out the dealing functions, custody of assets and client monies, etc, that the platform provider shall provide.

Advisers enter into a direct agreement with the provider of each platform, too, and this sets out the platform provider's duties to them.

Availability and minimum investment amounts vary by platform provider.

Platform availability here: www.brooksmacdonald.com/-/media/Files/B/Brooks-Macdonald-V6/MPS/MPS-Platform-availability.pdf

Active range

The range of seven portfolios is an actively managed multi asset solution that is predominantly constructed from actively managed funds and is available across a range of five different risk profiles. Each portfolio is managed to remain within its Brooks Macdonald equity risk band:

Portfolio	Equity risk band
Low Risk	0% - 30%
Low to Medium Risk - Income	30% - 55%
Low to Medium Risk - Income & Growth	30% - 55%
Medium Risk - Income	55% - 75%
Medium Risk - Income & Growth	55% - 75%
Medium to High Risk - Growth	75% - 95%
High Risk - Growth	90% - 100%

Passive range

The range of five portfolios is an actively managed multi asset solution that is predominantly constructed from passive underlying investments and is available across a range of five different risk profiles. Each portfolio is managed to remain within its Brooks Macdonald equity risk band:

Portfolio	Equity risk band
Low Risk	0% - 30%
Low to Medium Risk - Income & Growth	30% - 55%
Medium Risk - Income & Growth	55% - 75%
Medium to High Risk - Growth	75% - 95%
High Risk - Growth	90% - 100%

Responsible Investment Advance range

The range of five portfolios is an actively managed multi asset solution that has the dual objective of aiming to generate income and/or growth over the longer term within the agreed risk profile, while following the Responsible Investment Advance approach (see 'Our Responsible Investment Strategies'). Each portfolio is managed to remain within its Brooks Macdonald equity risk band:

Portfolio	Equity risk band
Low Risk - Income & Growth	0% - 30%
Low to Medium Risk - Income & Growth	30% - 55%
Medium Risk - Income & Growth	55% - 75%
Medium to High Risk - Growth	75% - 95%
High Risk - Growth	90% - 100%

Volatility Managed Range

Our Volatility Managed range is an actively managed multi asset solution consisting of five portfolios that aim to target the volatility boundaries of five Dynamic Planner risk levels. Adherence is independently assessed and verified by Dynamic Planner each quarter.



Portfolio	Dynamic Planner Risk Level
Portfolio 3	3
Portfolio 4	4
Portfolio 5	5
Portfolio 6	6
Portfolio 7	7

Direct Custody Managed Portfolio Service

Our Direct Custody Managed Portfolio Service (MPS) is a discretionary portfolio management service, with the assets held in Brooks Macdonald's custody. Our MPS offers a choice of 17 discretionary managed portfolios across five different risk levels and three different ranges - Active, Passive and Responsible Investment Advance.

Under Direct Custody MPS the investor has a contractual relationship with Brooks Macdonald and so is treated as our 'client' for the purposes of the investment management services we provide to them.

Each client will have a separate agreement in place with their adviser under which the adviser will agree to provide independent financial advice to them.

Under this arrangement Brooks Macdonald may also make use of the "Reliance on Others" provisions, meaning that we are able to rely on information provided to us by suitably regulated advisers who act as intermediaries between us and our shared clients.

A third agreement is also in place between each adviser and Brooks Macdonald. This documents each's respective duties and responsibilities in relation to investment management and advice (and mirrors the division of responsibilities, as explained to the client within their agreement with us).

There is a minimum initial investment threshold of £20,000.

Active range

The range of seven portfolios is an actively managed multi asset solution that is predominantly constructed from actively managed funds and is available across a range of five different risk profiles. Each portfolio is managed to remain within its Brooks Macdonald equity risk band:

Portfolio	Equity risk band
Low Risk	0% - 30%
Low to Medium Risk - Income	30% - 55%
Low to Medium Risk - Income & Growth	30% - 55%
Medium Risk - Income	55% - 75%
Medium Risk - Income & Growth	55% - 75%
Medium to High Risk - Growth	75% - 95%
High Risk - Growth	90% - 100%

Passive range

The range of five portfolios is an actively managed multi asset solution that is predominantly constructed from passive underlying investments and is available across a range of three different risk profiles. Each portfolio is managed to remain within its Brooks Macdonald equity risk band:

Portfolio	Equity risk band
Low Risk - Defensive Income	0% - 30%
Low to Medium Risk - Income & Growth	30% - 55%
Medium Risk - Income & Growth	55% - 75%
Medium to High Risk - Growth	75% - 95%
High Risk - Growth	90% - 100%

Responsible Investment Advance range

The range of five portfolios is an actively managed multi asset solution that has the dual objective of aiming to generate income and/or growth over the longer term within the agreed risk profile, while following the Responsible Investment Advance approach (see 'Our Responsible Investment strategies'). Each portfolio is managed to remain within its Brooks Macdonald equity risk band:

Portfolio	Equity risk band
Low Risk - Defensive Income	0% - 30%
Low to Medium Risk - Income & Growth	30% - 55%
Medium Risk - Income & Growth	55% - 75%
Medium to High Risk - Growth	75% - 95%
High Risk - Growth	90% - 100%

MPS/PMPS team

Frank Atkins

Investment Director

Frank joined Brooks Macdonald in 2010 and co-manages our Managed Portfolio Service and Multi-Asset Fund range. Prior to joining Brooks Macdonald, Frank worked at Barclays Wealth. He has over 15 years' experience in financial services. Frank holds the Investment Management Certificate (IMC) and the Certificate in Private Client Investment Advice & Management (PCIAM).

Mark Shields

Investment Director

Mark joined Brooks Macdonald in 2007 and co-manages the Managed Portfolio Services and Multi-Asset Fund range. Prior to joining Brooks Macdonald, Mark worked at Private Equity Intelligence for a year. He has over 16 years' experience in financial services. Mark is a Chartered Member of the Chartered Institute for Securities & Investment (Chartered MCSI) and holds the Investment Management Certificate (IMC). Mark heads up our thematic research team, as well as being a member of our UK funds research team.

Alex Chittenden

Investment Manager

Alex joined Brooks Macdonald in 2011 and assists with the management of our Managed Portfolio Services and Multi-Asset Fund range. This includes acting as a secondary dealer and providing market research. Prior to joining Brooks Macdonald, Alex worked for Martin Place Securities (Sydney) as a Corporate Administrator. He has worked in financial services since 2009. Alex holds the Chartered Institute for Securities & Investment (CISI) Chartered Wealth Manager Qualification and the CISI Investment Advice Diploma (IAD). Alex sits on our responsible investment research team.

MPS/PMPS - investment awards and ratings

Our PMPS and MPS have the Defaqto star ratings which can be [viewed on this page](#). Our Responsible Investment Advance portfolios are Defaqto ESG reviewed.

Risk mappings

The PMPS and MPS are mapped by several external risk profilers: Distribution Technology, FinaMetrica, Defaqto, Oxford Risk, Synaptic and eValue. The ratings can be found on our website or on your preferred risk profilers' website.

MPS/PMPS - portfolio construction

The portfolios are managed centrally by a dedicated team of experienced investment managers, who leverage the global investment expertise of the Brooks Macdonald Group (see section [Investment Process](#)).

Our asset allocation views and best investment ideas across a broad universe are analysed, debated and refined before being reflected in the portfolios by their dedicated management team. The Asset Allocation Committee determine the asset allocation for the models, based on in-house and external research.

The MPS team then construct the portfolios to meet their specific objectives and risk level by selecting investments from our central buylist. The portfolios typically invest in a broad range of asset classes, including regional and global/thematic equities, UK/international fixed income, and other alternative assets.

The portfolios are actively managed on an ongoing basis. The portfolios do not have fixed rebalancing dates – rebalancing occurs on an ad hoc basis and at the discretion of the MPS team. PMPS and MPS portfolios are not subject to any phasing in process. All funds are invested as soon as possible after their receipt (in line with the relevant portfolio's efficient management).

In our PMPS, we aim to replicate the same investments on each of the platforms, however where funds are unavailable on a platform an alternative fund will be selected. In addition, different share classes of the same fund may be purchased across some platforms due to availability. Where the platform used offers the same share class as another, the charging structure will be the same, however this will vary depending on which share classes are available on each platform. Where a platform has the ability to ring fence share classes we are able to purchase, we will arrange for this to be set up, however not all platforms are able to offer this facility.

MPS/PMPS – investment risk management

We consider risk management to be a key component of our investment philosophy. We have embedded a number of controls into our investment process that are designed to ensure sufficient diversification is built into client portfolios.

Specifically, our asset allocation strategy considers risk at the overall portfolio level, while investment managers consider it when selecting individual investments. Furthermore, our investment committee has established a number of policies that assist in ensuring that portfolios reflect the client's investment objectives and risk profile. Investment managers must abide by the investment policies established by the investment committee in regard to managing investment risk.

- Asset allocation limits: portfolios must reflect the asset allocation guidance specified within the relevant guidance portfolio, within allowed tolerance limits. MPS portfolios are actively managed, as such trades are made as regularly as required to ensure that portfolios are well positioned and aligned with the client's overall investment objective.
- Volatility bands: volatility is a measure of the variation in an investment's performance over time. The volatility of an investment portfolio is reflective of the volatility of the individual investments within it. Our investment committee has assigned a volatility band for each risk profile. The band is based on allowable volatility deviation from the target Guidance portfolio and Investment managers must ensure that portfolio volatility remains within the relevant band at all times.
- Unit size restrictions: there are limitations on the proportion of a portfolio's assets that can be invested in any single investment. These limits are partly dependent on the nature of the investment itself.
- Concentration limit: as well as unit size restrictions, there are limits as to the maximum percentage of a particular security that can be held by our discretionary clients in aggregate (for example, maximum ownership of an individual company's outstanding shares). The investment committee reviews firm-wide exposure to particular types of assets to ensure there is clarity on our overall holding. Once an agreed threshold is reached, investment managers can no longer purchase that asset for any discretionary client.
- Non-buy list requirements: investment managers are allowed to purchase investments that are not on the Buy List under certain circumstances, although any such investments must be thoroughly researched and approved by the asset selection committee prior to purchase. The percentage of an investment portfolio that can be invested in non-buy list assets is restricted.
- Illiquid investments: there are limitations on the proportion of a portfolio's assets that can be invested in illiquid assets. An illiquid investment cannot easily be immediately sold without a substantial loss in value, especially during periods of market turmoil. We no longer invest in non-mainstream pooled investments (NMPI) such as unregulated collective investment schemes (UCIS).

MPS/PMPS – administration and servicing

Direct Custody MPS – initial investment

The adviser is able to pre-populate the application forms, however the client must check all information given is correct and sign the declaration confirming so.

For all applications where a professional adviser is assessing suitability, they must also sign the completed application pack to confirm that they have undertaken this process.

We also require documents that help us to verify client identity, including proof of address, proof of identification, source of wealth and source of funds all in accordance with UK, Jersey and Guernsey regulatory standards (see section [‘Know Your Client’](#)). The different types of documents we require are listed in the relevant application packs. Clients must read the application pack carefully and complete it with as much detail as possible. FCA rules mean that we will not be able to accept an application if the application form is incomplete or due diligence is not satisfied.

Direct Custody MPS – combined accounts

In our Direct Custody MPS, we are able to consolidate assets held across multiple wrappers into one portfolio managed on a combined basis if the client and their adviser wish. We are able to automatically use the client's annual ISA allowance (if available), if the client has given consent to do so via the ISA application form. The client can specify whether they would like us to utilise their maximum allowable ISA subscription or a specified amount.

As well as Investment Accounts and ISAs clients can have Offshore Bonds (in or outside of trust) and SIPPs. Third party trustees are used for bond and SIPP/SSAS wrappers – these would be selected by the adviser for the client.

Direct Custody MPS – portfolio closure

Upon receipt of instruction the investment manager will sell the holdings within the portfolio (for SIPP's and Offshore Bonds) and the client will be advised of the anticipated settlement dates. For investment accounts and ISAs the funds will be transferred to an account nominated by the client in their formal instruction. For SIPPs, SSASs and Offshore Bonds the funds will be returned to the provider, for them to either return to the client or transfer to a new product as applicable.

For clients leaving In Specie, we will need to receive instruction from the client confirming that they wish to transfer their entire portfolio away from Brooks Macdonald. This letter of instruction needs to:

- Be an original signed instruction
- Confirm that the holdings are to be transferred in specie and where they are to be transferred to
- Confirm the bank details that are to be used for the available cash in the portfolio

Once the instruction is received, a dealing block will be applied to the portfolio and Brooks Macdonald will send written confirmation to the client informing them that the instruction has been received.

The new Investment Manager should be in contact regarding this transfer out and Brooks Macdonald will send the new Investment Manager a current valuation of the portfolio. The new Investment Manager must confirm to Brooks Macdonald ASAP if there is a holding that cannot be transferred in specie and therefore it will need to be sold and transferred as cash.

Charges will be levied for in-specie transfers out, please refer to the [fees and charges](#) section.

All clients will receive a closing letter which will include a final valuation to confirm the balance of their portfolio as zero. The letter also confirms that the account will remain open for at least three months to allow for any residual dividends to be paid, which will be returned to the client or provider as appropriate

Direct Custody MPS – adviser back office integration

We offer back-office integration through several third-party systems. Examples of systems that we support are Intelliflo, Sammedia (moneyinfo), Enable and Plum Software. Other system providers can be set up on request. This will provide daily valuation feeds for client portfolios, for further details please contact our Business Development Support team at BusinessDevelopmentSupport@brooksmacdonald.com.

Client interaction and servicing

Advisers are supported by the dedicated Business Development Manager within their geographic area, who is the primary contact. Bespoke meetings or small presentations with a member of the MPS team may be arranged.

We produce a wide range of material to support advisers in their client discussions, including: performance and trading reporting and commentary, portfolio holdings and market commentaries.

MPS/PMPS - tax planning

We do not provide tax advice, and independent professional advice should be sought. Tax treatment depends on each individual's circumstances and may be subject to change in the future. There is no guarantee that the tax efficient nature of any investment will remain. Brooks Macdonald does not provide tax advice and independent professional advice should be sought. Investors should be aware of the additional risks associated with funds investing in smaller companies.

As individual PMPS and MPS investment accounts produce capital gains or losses when investments are sold within them, clients may utilise some, or all, of their CGT allowance through our PMPS and MPS. They may also realise more capital gains than their allowance. However, as our PMPS and MPS is not tailored to individual clients, it is not possible to accommodate individual client CGT requirements.

In our Direct Custody MPS, we are able to consolidate assets held across multiple wrappers into one portfolio managed on a combined basis if the client and their adviser wish. We are able to automatically use the client's annual ISA allowance (if available), if the client has given consent to do so via the ISA application form. The client can specify whether they would like us to utilise their maximum allowable ISA subscription or a specified amount. As well as Investment Accounts and ISAs clients can have Offshore Bonds (in or outside of trust) and SIPPs. Third party trustees are used for bond and SIPP/SSAS wrappers - these would be selected by the adviser for the client.

MPS/PMPS - reporting

We produce a wide range of material to support advisers in their client discussions, including: performance and trading reporting and commentary, portfolio holdings and market commentaries.

Reporting for PMPS clients is undertaken by the platform.

Direct Custody MPS only

Our secure online client portal (InvestBM), accessed via our website at www.brooksmacdonald.com, provides clients and their advisers with an account summary that lists their Brooks Macdonald portfolios. Each portfolio valuation is priced on a daily basis and provides cash balance and transaction details for all investments.

Clients receive valuation reports on a quarterly basis in January, April, July and October. Reports include a formal custody statement. Ad hoc valuation reports are provided on request. A comprehensive year-end tax report is also sent out annually at the end of the tax year.

Factsheets are available to access here: www.brooksmacdonald.com/investment-management/factsheets-and-literature

MPS/PMPS – fees and charges

Our AMC is calculated quarterly and debited from client portfolios at the end of March, June, September and December.

PMPS fees and charges

Portfolio type	Initial charge (cash investment)	Initial charge (in-specie transfer)	AMC	Dealing charges	ISA charge
Platform Active	Refer to platform*	Refer to platform*	0.25%	Refer to platform*	Refer to platform*
Platform Responsible Investment Advance	Refer to platform*	Refer to platform*	0.25%	Refer to platform*	Refer to platform*
Platform Passive	Refer to platform*	Refer to platform*	0.20%	Refer to platform*	Refer to platform*
VMPS	Refer to platform*	Refer to platform*	0.25%	Refer to platform*	Refer to platform*

*Please see your preferred providers website for specific charges.

PMPS total costs

For Platform MPS costs and charges, please see the MPS costs and charges document [on our website here](#).

Charges as at 31 December 2023 and based on the Standard Life platform costs (other platforms may vary).

Direct Custody MPS fees and charges

Portfolio type	Initial charge (cash investment)	Initial charge (in-specie transfer)	AMC	Dealing charges	ISA charge
Active	Nil	0.50% + VAT	0.75%	Nil	Nil
Responsible Investment Advance	Nil	0.50% + VAT	0.75%	Nil	Nil
Passive	Nil	0.50% + VAT	0.50%	Nil	Nil

Ancillary charges

Charge type	Typical fee	Plus VAT
Transfer of holdings to another institution (by CREST, electronically or into a paper share certificate) (per stock)	£25	✓
Foreign exchange (per transaction)		
• below £1000	Current banker's prevailing rate	
• over £1000	£40	
CHAPS payments (per transaction)	£10	
Same day faster payments (per transaction)	£2.75	
Historic valuation and probate services	0.20% of the value of the portfolio (minimum £100/maximum £250)	✓

Professional adviser fees

A professional adviser may charge fees in addition to those we charge. We can, if instructed by the client to do so in the application pack, facilitate the payment of such fees from the client's portfolio. Any fees paid to the professional adviser from the client's portfolio will appear in their transaction statement.

Direct Custody MPS – adviser fee payments

A professional adviser may charge fees in addition to those we charge. We can, if instructed to do so in the application pack, facilitate the payment of such fees from the client's portfolio. Any fees paid to the professional adviser from the client's portfolio will appear in their transaction statement.

Direct Custody MPS - cash holdings

Where client money is held in a Client Money Bank Account and interest is received on such money, Brooks Macdonald will pay interest on the balance to the client's Account. Any interest exceeding £10 will be credited to your Account within 10 business days of each quarter end date. Quarter end dates are the last working day of each of March, June, September and December. Rates of interest paid will be published on the client section of our website and can be confirmed on request.

Uninvested money (which may include cash pending investment and other money not immediately required for settlement) may attract interest at different rates depending on the Service. Interest rates payable on Accounts may be below interest rates which clients may be able to achieve in deposit accounts and below the Bank of England base rate then in force. Brooks Macdonald may be able to obtain better interest rates but the interest rate payable to clients may be lower than such rates. Brooks Macdonald is entitled to retain any resulting benefit. Equally, in certain circumstances, it is possible that Brooks Macdonald may need to apply negative credit interest resulting in a debit being applied to money held on behalf of clients. In some cases, the debit applied may be higher than the debit charged to Brooks Macdonald.

3.3 UCITS funds

Blueprint Multi-Asset Fund range

Our Blueprint Multi-Asset Fund (MAF) range consists of four actively managed multi asset funds, each managed to remain within a specific equity risk band.

The four funds are sub-funds of the SVS Brooks Macdonald Fund, a UK domiciled UCITS OEIC. FCA Product Reference Number 413889. The investment manager is Brooks Macdonald Asset Management Limited.

Key facts

Fund	Equity risk band	Investment Association Sector	Launch date
Blueprint Defensive Income Fund	0% - 30%	Mixed 0-35% Shares	20 December 2004*
Blueprint Cautious Growth Fund	30% - 55%	Mixed 20-60% Shares	20 December 2004*
Blueprint Balanced Fund	55% - 75%	Mixed 40-85% Shares	20 December 2004*
Blueprint Strategic Growth Fund	75% - 95%	Flexible	30 October 2013

*Please note: on 1 July 2011, following a shareholder vote, the fund changed its name and investment objective.

Base currency: GBP

Share classes and identifiers

Primary UK platform share class listed below. Euro and US dollar hedged share classes also available, which will employ a forward currency exchange contract to reduce currency exposure.

Fund	Share class	ISIN	SEDOL
Blueprint Defensive Income Fund	A Inc	GBOOB054QL91	B054QL9
Blueprint Cautious Growth Fund	A Acc	GBOOB5T81S44	B5T81S4
Blueprint Balanced Fund	A Acc	GBOOB054QF32	B054QF3
Blueprint Strategic Growth Fund	A Acc	GBOOBDX8Y871	BDX8Y87

The Prospectus, Key Investor Information Documents and other documentation are available to access here: www.evelyn.com/services/fund-solutions/funds/kiid-website/brooks-macdonald-asset-management-limited/

Factsheets are available to access here: www.brooksmacdonald.com/investment-management/factsheets-and-literature

Fund management team

Frank Atkins, *Investment Director*

Mark Shields, *Investment Director*

Alex Chittenden, *Investment Manager*

Biographies for the above can be found [on this page](#).

Fund management process

The funds are managed using the same investment approach as Brooks Macdonald's discretionary bespoke and managed portfolio services, benefitting from the full breadth and depth of investment expertise within Brooks Macdonald. Each Blueprint MAF leverages the broad and varied expertise of our Asset Allocation Committee, Investment Committee and specialist sector research teams (see 'Investment Philosophy and Approach'). Our asset allocation views and best investment ideas across a broad universe are analysed, debated and refined before being reflected in the Blueprint MAF by their dedicated management team.

We consider investments from a broad universe of asset classes for inclusion in our multi-asset funds, including regional equities, fixed interest (including government and corporate debt), and alternatives. Equities are a core 'growth' component of the funds, and within this allocation we seek out investments that we believe will benefit from long-term, structural trends and demonstrate resilience in current and future market conditions - 'thematic' equities. We have a strong background in thematic investing across our range of investment solutions and produce regular commentary around this. Constructing the funds using a broad spread of different investments ensures that the Blueprint MAF range is widely diversified across geography, sector, and asset type.

As is the case with all our funds and discretionary portfolios, we continually review and actively manage the Blueprint MAF range to ensure it holds the optimal mix of assets that we believe will add the best value for investors over the long term.

The fund management team select from the central Buylist to deliver a range of funds constructed using investments that have followed a rigorous due-diligence process. The composition of each fund is carefully monitored on an ongoing basis. Should the market environment or the underlying fund manager experience a change in circumstances, the team are ready to make any necessary changes.

Rebalancing

The funds are actively managed with daily dealing, and is rebalanced at the managers discretion, on an ongoing basis.

Investment awards and ratings

The funds are managed to remain within their specific equity risk bands; however they are also independently risk profiled by a range of providers: Distribution Technology, FinaMetrica, Defaqto, Synaptic and eValue. The ratings can be found on our website or on your preferred risk profilers' website.

The Blueprint funds are Defaqto five diamond rated as [shown on this page](#).

Adviser support

We value the relationships that we have with advisers and aim to provide the highest level of service standard. All advisers have access to our fund management team - whether that be in our interactive, biannual investment webinars or via pre-arranged video conference sessions.

In addition, bespoke meetings or small presentations with a member of the fund management Team may be arranged on request. We produce a wide range of material to support advisers in their client discussions, including:

- Monthly reporting for the range, containing performance information together with trading commentary
- Detailed market overview and latest investment outlook
- Detailed asset allocation and full holdings 'look-through'

Advisers are also supported by a dedicated specialist fund sales team, with regional representatives across the UK.

Throughout the year, we hold various periodic and ad hoc events that generally involve education or training. We also publish investment and regulatory insight and educational content via our website. Much of this is qualified under the Continuing Professional Development (CPD) Scheme.

Costs and charges

Fees and charges for the Blueprint Multi-Asset Funds as at 31 December 2023

Blueprint Multi-Asset Fund	AMC* (%)	OCF* (%)	Transaction costs^ (%)	Total costs (%)
SVS Brooks Macdonald Blueprint Defensive Income Fund A Inc	0.50	0.42	0.14	1.06
SVS Brooks Macdonald Blueprint Cautious Growth Fund A Acc	0.50	0.51	0.16	1.17
SVS Brooks Macdonald Blueprint Balanced Fund A Acc	0.50	0.58	0.17	1.25
SVS Brooks Macdonald Blueprint Strategic Growth Fund A Acc	0.50	0.64	0.15	1.29

*The OCF represents the direct costs of running a fund, which are deducted from the assets of the fund and provide a comparable number for the cost of investing. Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the Fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 2 July 2020, the synthetic OCF calculation has been expanded to include closed-ended vehicles such as investment trusts.

^Transaction costs - these costs are incurred when buying and selling underlying investments. These costs are a necessary part of buying and selling a fund's underlying investments in order to achieve the investment objective. Source: Investment Fund Services Limited.

Cornelian Risk Managed Funds

The Cornelian Risk Managed Funds consist of eleven actively managed multi asset funds, across five risk levels and two investment styles. The Risk Managed Fund Range consist of six funds that investment in predominantly active underlying investments, and the Risk Managed Passive (RMP) Range consist of five funds that invest in predominantly passive underlying investments.

The eleven funds are sub-funds of SVS Cornelian Investment Funds, a UK domiciled UCITS OEIC. FCA Product Reference Number 194101.

The investment adviser is Brooks Macdonald Asset Management Limited.

Key facts

Primary platform share classes (D & G) listed below:

Fund	Launch Date	Share class	ISIN	SEDOL
Cornelian Defensive Fund	4 May 2010	D Acc	GB00B5N17T22	B5N17T2
Cornelian Cautious Fund	11 April 2005	D Acc	GB00B3WCDF03	B3WCDF0
Cornelian Managed Growth Fund	4 May 2010	D Acc	GB00B3KXCP84	B3KXCP8
Cornelian Managed Income Fund	20 March 2015	D Inc	GB00BV9GGB80	BV9GGB8
Cornelian Growth Fund	11 April 2005	D Acc	GB00B3RMNL16	B3RMNL1
Cornelian Progressive Fund	4 May 2010	D Acc	GB00B5LY2097	B5LY209
Cornelian Defensive RMP Fund	30 Nov 2016	G Acc	GB00BD72ZR10	BD72ZR1
Cornelian Cautious RMP Fund	30 Nov 2016	G Acc	GB00BD730136	BD73013
Cornelian Managed Growth RMP	30 Nov 2016	G Acc	GB00BD72ZY86	BD72ZY8
Cornelian Growth RMP Fund	30 Nov 2016	G Acc	GB00BD730466	BD73046
Cornelian Progressive RMP Fund	30 Nov 2016	G Acc	GB00BD72ZV55	BD72ZV5

RMP stands for Risk Managed Passive

Base currency: GBP. All available share classes are GBP.

Investment Association Sector: IA Volatility Managed.

The Prospectus (including full investment objectives and policy), Key Investor Information Documents and other documentation are available to access here: www.evelyn.com/services/fund-solutions/funds/kiid-website/the-svs-cornelian-fund-range/

Factsheets are available to access here: www.brooksmacdonald.com/investment-management/factsheets-and-literature

Fund management team

Hector Kilpatrick MSc, MBA, ASIP

Senior Investment Director

Hector manages the SVS Cornelian Risk Managed Fund range at Brooks Macdonald. He is responsible for the investment performance of these mandates and promoting an unconstrained, active investment philosophy. Hector is a member of Brooks Macdonald's Asset Allocation and UK Equity Investment Committees.

Hector joined Brooks Macdonald in 2020 following the acquisition of Cornelian Asset Managers Ltd. Hector was Cornelian's Chief Investment Officer, having joined in 2010 from Scottish Value Management where he managed the successful SVM UK Alpha fund. Prior to this he worked at Standard Life Investments and was a key member of the Continental European equities team. Hector has an MBA in Strategic Management from Imperial College Business School.

David Appleton MSc, Chartered FCSI

Senior Investment Director

David manages the SVS Cornelian Risk Managed Fund range at Brooks Macdonald alongside Hector Kilpatrick. He is also responsible for the investment performance of these mandates and promoting an unconstrained, active investment philosophy. David also leads Brooks Macdonald's Fixed Income and Property sector research teams and is a member of the Alternatives Investment Committee.

David joined Brooks Macdonald in 2020 following the acquisition of Cornelian Asset Managers Ltd, having joined Cornelian in June 2013 from Alder Investment Management, a London based family office, where he was a senior investment analyst and fund manager. He began his career in Edinburgh at Stewart Ivory after gaining degrees in Economics and International Banking & Finance.

Ewan Millar, CFA

Senior Investment Director

Ewan leads the Alternative Investment Market (AIM) Portfolio Service and is a member of Brooks Macdonald's UK Equity Investment Committee alongside Hector. Ewan manages the UK equity portfolio of the SVS Cornelian Risk Managed Fund range and contributes to asset allocation and other investment decisions.

Ewan joined Brooks Macdonald in 2020 following the acquisition of Cornelian Asset Managers Ltd. Previously, Ewan was a Senior Investment Manager at Cornelian Asset Managers, prior to spending ten years at Kempen Capital Management (UK), working in their Small Cap team as co-lead manager of their flagship European Small Cap fund. Ewan is a Chartered Financial Analyst (CFA) Charterholder.

Investment strategy

All eleven Cornelian Risk Managed funds are aligned to a Risk Level, with their expected volatility managed below an upper limit. However unlike most peers, the funds are not constrained by a lower limit that might prevent the managers from taking appropriate defensive action. Further detail is provided within the 'Risk management' section.

Risk Level *	SVS Cornelian Fund	
A	Defensive	Defensive RMP
B	Cautious	Cautious RMP
C	Managed Growth, Managed Income	Managed Growth RMP
D	Growth	Growth RMP
E	Progressive	Progressive RMP

*Risk level A being the lowest and E being the highest risk.

Risk Level	A	B	C	D	E
Upper expected volatility limit (%)	6.30	8.40	10.50	12.60	14.70

RPI+ return targets

Our goal is to add real value to our client's investment over the long term, targeting total returns in excess of the Retail Price Index (RPI). To reflect the fact that greater risk must be taken for potentially greater returns, each RPI+ target increases with the ability of the corresponding fund to take higher levels of risk.

Annual Target*	SVS Cornelian Fund	
RPI + 1.0%	Defensive	Defensive RMP
RPI + 1.5%	Cautious	Cautious RMP
RPI + 2.0%	Managed Growth, Managed Income	Managed Growth RMP
RPI + 2.5%	Growth	Growth RMP
RPI + 3.0%	Progressive	Progressive RMP

*Net of fees over the long term, which is defined as a five to seven year investment cycle.

Unconstrained investing

The managers leverage resource within the CIP framework to inform their asset allocation decisions, however the funds have an unconstrained approach to asset allocation, with no fixed limits in place for specific asset classes. The managers are free to invest in the asset classes that they believe will add most value for investors, given the objectives of the funds.

Fund management process

Investment decisions are not driven by benchmark considerations - our aim is to achieve our RPI+ net total return performance targets over the investment cycle.

We undertake extensive research in order to determine the optimal mix of asset classes, monitoring economic, corporate and political influences around the world to assess their possible impact on the outlook for global markets and to identify emerging trends. Our asset allocation decisions are the result of an ongoing assessment of factors such as markets and trading conditions, yield curves, inventory levels and currencies - where the focus of the managers' immediate attention changes depending on near term concerns and areas of opportunity.

As markets do not run to a timetable, ad hoc asset allocation meetings are called as deemed necessary in order to exploit opportunities as they arise. Having identified an asset class as a target for investment, we research the best approach to gain the desired level of exposure -this might be through quoted companies or funds that offer geographic or thematic opportunities.

We use a very broad selection of underlying investments in our funds, often providing access to asset classes such as infrastructure or private equity. The funds typically hold a wide range of underlying Buy List holdings, which may include direct UK Equities and government bonds as well as a range of other investment types,

including Investment Trusts, ETFs, Private Equity Funds and Absolute Return Funds. We may make several investments in the chosen asset class to ensure diversification.

Although we are always cost conscious, our search for investment is broad and we will utilise active funds where we believe they will deliver value for money for investors. Unlike many other multi-asset funds, we use our specialist investment expertise and substantial research activity to source direct UK equities in the Risk Managed Fund Range, selecting those which we believe will add the very best value for investors.

The UK equity team has a strong background in UK equity investment and applies a fundamental bottom-up approach to stock selection. We ensure that, prior to investing in a company, we fully understand the company's strategy, business model and competitive positioning. In-house analysis is augmented with best of breed third-party research and meetings with the target firm's senior management (and with the management teams of competitor firms, where possible). Our investments predominantly focus upon companies which have either strong and sustainable cash flows or where we believe there is likely to be a significant improvement in cash generation in excess of consensus expectations. In all cases, we assess whether the firm's capital structure is robust and can withstand a stringent stress scenario. We may follow companies for a considerable period of time before deciding the time is right for investment. Prior to investing we need to believe that the company's share price is materially undervalued and that there are identifiable catalysts which are likely to drive a rerating of the company's valuation.

Our portfolio construction process seeks to combine income-orientated investments with more quantifiable and predictable return expectations such as corporate bonds (investment grade and high yield), infrastructure and real estate, with long term capital growth assets such as equities. The mix of income-focused and capital growth assets depends on the risk profile and return objectives of each strategy and is managed dynamically depending on the investment outlook and an assessment of relative value.

Rebalancing

The funds are actively managed with daily dealing, and as such are rebalanced at the managers discretion on an ongoing basis.

Typical holdings

We adopt an unconstrained approach and can flex the asset allocation significantly over time depending on our view of market conditions. The Cornelian funds typically hold a wide range of underlying holdings. These may include direct UK Equities and government bonds as well as a range of other investment types, including Investment Trusts, ETFs, Private Equity Funds and Absolute Return Funds.

Stock and funds holdings reviews

Holdings within funds are subject to in-depth reviews. Team members also discuss any stock or fund ideas they have been reviewing as well as any changes to portfolios which they believe may be appropriate. Portfolio risk is a key consideration and is discussed at the meeting.

Sell disciplines

Decisions to sell specific stocks and funds can be taken for stock/fund specific reasons or for asset allocation purposes.

- **UK equities** – a decision to sell a UK equity stock is usually taken because that stock has either reached a full valuation or the outlook for earnings and cashflow growth has deteriorated relative to our expectations. Such a view may be supported by a trading update from the company itself, a close competitor or following a meeting with management.
- **Government bonds** – A government bond may be sold to effect asset allocation changes or because we believe that the outlook for the price of the debt has deteriorated. This may be due to numerous factors including the outlook for inflation, interest rates, government policy or currency moves.
- **Funds** – a fund could be sold to effect asset allocation changes or because we believe that the fund manager's investment style may increase the risk of underperformance going forward. Should the fund manager's investment positioning and stock selection deviate from the investment philosophy outlined during due diligence, then we will meet with the manager to understand why this has happened and will then determine whether or not to sell/reduce exposure to the fund.

Currency hedging

The funds do not hedge currency at the portfolio level i.e. we do not deploy a currency overlay strategy to augment our asset allocation. Currency risk for credit investments is normally fully hedged through the use of hedged share classes of investment funds. Direct government bonds are usually sterling denominated although on occasion we may hold US Government Bonds. For equity investment in general we do not seek to hedge currency risk as a matter of routine but can and do use sterling hedged share classes where we have a strong view that sterling may strengthen versus overseas currencies. Currency risk can also be managed through stock selection in the UK equity portfolio, where the Team can increase or decrease exposure to companies with currency translation risk through overseas earnings.

Managing risk within the funds

The upper expected volatility limits of the Cornelian funds align with those of Distribution Technology (DT) risk profiles 3-7. Within each fund the asset classes that we select and the weightings given to each asset class produce an expected level of volatility.

Although maximum expected volatility levels are set for each fund, no minimum expected volatility is set, which means that our team can de-risk at any time. For example, if we believe that investor sentiment or market conditions present a high level of uncertainty, we can adjust the asset allocation accordingly to reduce the near term risks.

Compliance with the agreed upper risk (expected volatility) limits for each fund is monitored monthly as part of an internal compliance process using Distribution Technology's risk profiling system. We also submit asset allocation data to Distribution Technology on a quarterly basis to enable them to independently verify compliance.

Investment awards and ratings

The Risk Managed Funds are mapped by several external risk profilers: Distribution Technology, FinaMetrica, Defaqto, and Synaptic. The ratings can be found on our website, www.brooksmacdonald.com, or on your preferred risk profilers' website.

Quarterly Dynamic Planner Risk Profile Update reports can be found on our website:

www.brooksmacdonald.com/-/media/Files/B/Brooks-MacdonaldV6/documents/cornelian-documents/Governance/quarterly-risk-profile

The Cornelian Risk Managed Funds are Square Mile Recommended, RSRM Rated and Defaqto five diamond rated. The Cornelian RMP Range are Defaqto five diamond rated as [shown on this page](#).

Adviser support

We value the relationships that we have with advisers and aim to provide the highest level of service standard. All advisers have access to our Risk Managed Funds Team - whether that be in our interactive, quarterly investment webinars or via pre-arranged video conference sessions.

In addition, bespoke meetings or small presentations with a member of the Team may be arranged on request. We produce a wide range of material to support advisers in their client discussions, including:

- Individual monthly reports for each of our risk-managed funds, containing performance and volatility information together with trading commentary
- Detailed market overview and latest investment outlook
- Ad hoc email notification of trading updates in the funds, as soon as they occur
- Detailed Asset Allocation and full holdings 'look-through'

Advisers are also supported by a dedicated specialist fund sales team, with regional representatives across the UK.

Throughout the year, we hold various periodic and ad hoc events that generally involve education or training. We also publish investment and regulatory insight and educational content via our website. Much of this is qualified under the Continuing Professional Development (CPD) Scheme.

Costs and charges

Costs and charges for the Cornelian Risk Managed Funds are available to access [here](#).

Brooks Macdonald Defensive Capital Fund

The SVS Brooks Macdonald Defensive Capital Fund (DCF) is a specialist alternative fund.

The Fund is a Sub-fund of the SVS Brooks Macdonald Fund, a UK domiciled UCITS OEIC. FCA Product Reference Number 413889/643954.

The investment manager is Brooks Macdonald Asset Management Limited.

Key facts

Launch date: The Fund was launched as a Guernsey unit trust on 21 December 2006. It converted to a UK OEIC on 29 March 2010.

Base currency: GBP.

Share classes and identifiers:

Share class	Currency	Acc/Inc	ISIN	SEDOL
Class A	GBP	Acc	GB00B61MR835	B61MR83
Class A	GBP	Inc	GB00BFX1KD74	BFX1KD7
Class B	GBP	Acc	GB00B62WNX98	B62WNX9
Class C	GBP	Acc	GB00B62HCL52	B62HCL5
Class C	GBP	Inc	GB00BFX1KF98	BFX1KF9
Class B (Hedged)	EUR	Acc	GB00BVCX4N42	BVCX4N4
Class B (Hedged)	USD	Acc	GB00BVCX4M35	BVCX4M3

Investment Association sector: Targeted Absolute Return

Investment objective

The Fund aims to provide capital growth over the long term (at least five years) and positive absolute returns over rolling three-year periods. Returns are not guaranteed over any time period therefore capital is at risk. Full details of the investment policy are stated within the Prospectus.

The Prospectus, Key Investor Information Documents and other documentation are available to access here: www.evelyn.com/services/fund-solutions/funds/kiid-website/brooks-macdonald-asset-management-limited

Factsheets are available to access here: www.brooksmacdonald.com/investment-management/factsheets-and-literature

Fund management team

Dr Niall O'Connor

Lead Fund Manager

Niall joined the Defensive Capital Fund management team in November 2016. He has over 20 years' of investment experience, previously holding senior investment management roles in both asset management and investment banking. Niall was a senior member of the highly ranked equities team at Credit Suisse Securities, as well as Equity Analyst at Nevsky Capital, a long/short hedge fund. Niall also led the development of a range of complex derivative pricing and risk models for Independent Risk Monitoring, overseeing the analytical team and ultimately being appointed the Chief Operating Officer (COO). As COO he reviewed hedge fund trades and portfolios and ensured their conformity with UCITS risk and compliance regulations. He has also built and led teams at J.P. Morgan and Credit Suisse. Niall has a PhD in Theoretical Physics and an MA and BA in Physics, all from Cambridge University.

Zara Wade

Fund Manager's Assistant

Zara is the latest addition to the team, joining Brooks Macdonald at the beginning of September 2022. Zara previously interned at BNP Paribas before taking a permanent role within their middle office department, particularly specialising in Corporate Actions. Zara has a degree in Accountancy & Finance from University of the West of Scotland.

The team is backed by the considerable resources of the wider Brooks Macdonald Group. The team leverages the expertise of our in-house dealing desk, central research team, 80+ investment managers, as well as other central support functions.

Investment strategy

The Defensive Capital Fund is a long-only, actively managed fund that focuses on under-researched, non-mainstream opportunities away from traditional equities and bonds. It allocates to defensive holdings that often have an element of fixed return and are typically less volatile than equities. The fund tends to have a value bias, and generally avoids expensive, growth-orientated assets.

Uncovering opportunities: we use research to exploit niche areas of the market. Many of our investment opportunities may be too small, off the radar or just simply unloved by larger investment firms, and often have limited broker coverage. Our active approach also seeks to take advantage of trading opportunities presented by corporate actions, index rebalancing and other valuation anomalies.

Proactive process: the investment process combines bottom-up analysis which drives stock selection and a top-down approach, based on macroeconomic views to inform asset allocation. Additional adjustments are made to the portfolio to achieve our desired levels of market risk, foreign exchange exposure and liquidity. Risk is a key aspect of portfolio management and a broad range of both backward and forward-looking analysis is undertaken including stress testing, counterparty risk monitoring and performance attribution.

Simple strategies: the fund's long-only approach, and the fact that investments have a degree of predictability due to their fixed or targeted return nature, helps us better understand how the portfolio might be expected to perform in different market scenarios, particularly when compared with funds that use more complex strategies, such as derivatives-based, long/short or pair trading.

Diversification: risk is diversified by investing across a range of assets, in different parts of the capital structure, a range of geographies, and across currencies.

Fund management process

The investment process combines bottom-up analysis, which drives stock selection, and a top-down approach, based on macroeconomic views to inform asset allocation.

Research is predominantly conducted internally, however the fund management team also use sell-side broker research and sell-side sales commentary from a range of specialist brokers where available.

All assets are selected on risk vs reward basis. Upside potential should exceed downside on a risk adjusted basis. Some assets may have both significantly higher upside and downside risks than others, but all must conform to this basic premise. There are also secondary considerations for liquidity and uncorrelated returns. Assets with lower correlation can have a lower risk/reward trade-off, whilst those that are less liquid must have a higher risk/reward trade-off.

Typical holdings

The fund invests in a range of alternative assets that are less accessible to individual investors, and typically has 100-120 holdings:

Alternatives exposure:

Asset class	Rationale
Structured products	We construct institutional quality defensive 'autocalls' which are structured notes issued by investment banks that usually pay fixed coupons subject to index performance.
Convertible bonds	Our specialist knowledge and benchmark-agnostic approach focuses on non-benchmark bonds that usually offer better value or higher yields than benchmark bonds or equivalent corporate bonds.
Fixed return investments	Zero-dividend preference shares are a lower-risk defensive asset class that often offer attractive yields.
Real assets	Exposure via investment trusts to investments which provide attractive growth prospects and inflation protection.
Specialist lending	Exposure via investment trusts to non-mainstream lending opportunities that usually offer better protections, often with higher yields compared to traditional debt.
Discounted assets	Investment trusts that, in our view, are trading at unreasonable discounts to their net asset value (NAV).
Hedges	Used opportunistically to provide additional protection at times of particular risks, in line with our macro views.
Cash	Exposure typically low, but can be held tactically when we feel it is prudent to do so.

Sell disciplines

The fund management team has a disciplined approach to selling assets. In particular, assets will be sold if:

- They have become more expensive, either on an absolute or relative basis, so the risk/reward ratio no longer looks attractive
- The original investment thesis does not play out. In which case the investment thesis is reassessed or the asset sold
- External circumstances change to invalidate either the risk/reward or the investment thesis.

All assets are regularly re-assessed on this basis.

Hedging

This is primarily a long-only strategy (as opposed to relative value, arbitrage or pair-trading). There are very limited exceptions for hedging e.g. equity index puts, FX and other hedges. In addition, currency hedging strategies are utilised on the Euro, and US dollar hedged share classes

Rebalancing

The Fund is actively monitored and managed and as such is effectively continuously rebalanced, rather than wholesale periodic rebalancing.

Managing risk within the fund

Risk is a key aspect of portfolio management, and a broad range of both backward and forward-looking analysis is undertaken.

The management team monitor the key risk areas of the Fund at both a portfolio level, and an underlying holding level. These include cover levels, overall exposure to counterparties and their credit ratings, duration, currency, sectors, and asset classes.

The management team regularly reviews risk budgets by asset class, broadly seeking to distribute our risk budget approximately equally across our main segments.

Adjustments are made to the portfolio to achieve the management team's desired levels of market risk, foreign exchange exposure and liquidity.

The proportion of each collective investment scheme owned is assessed at the same time. The FRMO reviews these inputs against limits set by the Investment Committee which are deemed to be appropriate for each investment type. For funds, second line investment risk independently produce a liquidity report which is included into the FOC pack.

Investment awards and ratings

The Fund has been recognised by a range of fund rating agencies, and is risk profiled by Dynamic Planner, FinaMetrica and Defaqto. Fund ratings and risk mappings [are available here](#).

Adviser support

We value the relationships that we have with advisers and aim to provide the highest level of service standard. All advisers have access to our Defensive Capital Team - whether that be in our interactive, quarterly investment update and market outlook webinars or via pre-arranged video conference sessions.

In addition, bespoke meetings or small presentations with a member of the fund management Team may be arranged on request. We produce a wide range of material to support advisers in their client discussions, including regular reporting and Flash Reports/market commentary.

Advisers are also supported by a dedicated specialist fund sales team, with regional representatives across the UK.

Throughout the year, we hold various periodic and ad hoc events that generally involve education or training. We also publish investment and regulatory insight and educational content via our website. Much of this is qualified under the Continuing Professional Development (CPD) Scheme.

Costs and charges

The latest costs and charges are published on the fund factsheet, available [here](#).

UCITS funds - risk management

Investment risk oversight

All funds managed by the group are subject to a quarterly oversight by the second line investment risk team in the form of Funds Oversight Committee (FOC) meetings. FOC include review of compliance with the relevant fund legislation (such as COLL & UCITS Rules) and fund literature such as Prospectus, KIID and Mandates or Investment Policy Statements. FOC also monitor adherence to the Brooks Macdonald investment process and limits, performance and risk deviations from fund's benchmark and various risks affecting the funds (market, counterparty, concentration, liquidity and other). An extensive analytics pack is produced to support the discussion for each meeting.

Concentration risk

For our OEIC funds, we monitor compliance with the UCITS investment and borrowing powers set out in the FCA COLL Sourcebook on a monthly basis. These rules set out a number of restrictions designed to ensure a prudent spread of risk.

Liquidity

On a quarterly basis a formal analysis of liquidity of holdings is undertaken by the research/CIO team for all equity positions and stock-exchange traded closed-ended investment funds. Strict criteria have been set that limit exposure to any single security and the proportion of outstanding shares in issue that can be owned by the company. Liquidity is assessed with reference to observed average daily volume traded in the market. When a holding has reached its liquidity limit it is put on hold and the holding will not be added to, thereafter. The liquidity analysis and any recommendations based on this analysis are presented to the FRMO for discussion.

The proportion of each collective investment scheme owned is assessed at the same time. The FRMO reviews these inputs against limits set by the Investment Committee which are deemed to be appropriate for each investment type. For funds, second line investment risk independently produce a liquidity report which is included into the FOC pack.

UCITS funds - oversight and governance

Authorised Corporate Director (ACD)

The Authorised Corporate Director of the SVS Brooks Macdonald Fund and SVS Cornelian Investment Funds is Evelyn Partners Fund Solutions Limited trading as St Vincent St Fund Administration.

Regular review meetings take place between Brooks Macdonald and Evelyn Partners, and Brooks Macdonald conducts a formal due diligence assessment of Evelyn Partners on an annual basis.

Trustee and depositary

The Trustee and Depositary of the SVS Brooks Macdonald Fund and SVS Cornelian Investment Funds is NatWest Trustee & Depositary Services Limited.

The assets of the SVS Brooks Macdonald Fund and SVS Cornelian Investment Funds are ring-fenced and held separately from any assets of the investment manager.

Custodian

The Custodian of the SVS Brooks Macdonald Fund is BNP Paribas Securities Services, London Branch.

The Custodian of the SVS Cornelian Investment Funds is The Bank of New York Mellon, London Branch.

Auditors

The auditors of the SVS Brooks Macdonald Fund and the SVS Cornelian Investment Funds are Johnston Carmichael LLP.

Client money

As required by the FCA's client money rules, the ACD will hold money received from clients or on the client's behalf in accordance with those rules in a pooled client bank account, with an approved bank (as defined in the FCA Rules) in the UK. The ACD will not be liable for any acts or omissions of the approved bank. The approved bank will be responsible for any acts or omissions within its control. In the event of the insolvency of any party, clients' money may be pooled which means that shareholders may not have a claim against a specific account and may not receive their full entitlement, as any shortfall may be shared pro rata amongst all clients. The ACD is covered by the Financial Services Compensation Scheme (FSCS). The FSCS may pay compensation if the ACD is unable to meet its financial obligations.

European MiFID Template

The most recent EMT for our funds can be located on the ACD's website. This report is an industry standard document that provides a description of the minimum set of data (defining a product's target market, distribution strategy which is consistent with the identified target market and disclosing its costs and charges) from product manufacturers of financial instruments to distributors, firms who distribute these products:

www.evelyn.com/services/fund-solutions/funds/kiid-website/brooks-macdonald-asset-management-limited/

www.evelyn.com/services/fund-solutions/funds/kiid-website/the-svs-cornelian-fund-range/#faq-question-title-4965

Assessment of Value (AOV)

The latest AOV Report can be found with the Report & Accounts on the ACD's website: www.evelyn.com/services/fund-solutions/funds/kiid-website/brooks-macdonald-asset-management-limited

www.evelyn.com/services/fund-solutions/funds/kiid-website/the-svs-cornelian-fund-range/#faq-question-title-4965

UCITS funds - accessibility

Our funds are available on most of the major platforms. If you require further details on platform availability, please contact your regional Business Development Manager.

They are also available to access directly from the ACD, Evelyn Partners (minimum initial investment £1,000).

Dealing frequency: daily dealing, 12.00 noon (UK time) cut off

Pricing method: forward single price

Settlement: T+4

UCITS funds - tax planning

The funds can be held in a variety of different tax wrappers. The collective structure is treated as one investment that is directly held by the client. The changes made by the investment manager to underlying investments held within the collective structure are not subject to CGT and so a potential liability only occurs when the investor sells units of the collective investment itself.

Tax treatment depends on your individual circumstances and may be subject to change in the future. There is no guarantee that the tax efficient nature of any investment will remain. Brooks Macdonald does not provide tax advice and independent professional advice should be sought. Investors should be aware of the additional risks associated with funds investing in smaller companies.

UCITS funds - performance reporting

The most recent performance of the funds is published monthly on our website together with all other reporting for the funds (see 'Adviser support'), and is also available on request.

Pricing and valuation

The ACD values the funds on a daily basis at 12 noon UK time and produces a Net Asset Value (NAV) for each share class.

Fund prices are published daily and are available both from the ACD, and via a number of third party data vendors including Trustnet/Financial Express, Morningstar Direct, Factset and Bloomberg. Prices of Shares may also be obtained by calling 0141 222 1151 during the ACD's normal business hours.

Yield figures are calculated by the ACD and are available on request.

Important Information

Any information provided in this questionnaire is current only as at the date of publication (March 2024) and Brooks Macdonald Asset Management Limited has no obligation to update or supplement any of the answers given. While the information in this document has been prepared carefully, Brooks Macdonald Asset Management Limited gives no warranty as to the accuracy or completeness of the information.

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Investors should be aware that the price of investments and the income from them can go down as well as up and that neither is guaranteed. Past performance is not a reliable indicator of future results. Investors may not get back the amount invested. Changes in rates of exchange may have an adverse effect on the value, price or income of an investment. Investors should be aware of the additional risks associated with funds investing in emerging or developing markets. Tax treatment depends on individual circumstances and may be subject to change in the future. Brooks Macdonald does not provide tax advice and independent professional advice should be sought.

The Authorised Corporate Director of the company is St Vincent St Fund Administration, a trading name of Evelyn Partners Fund Solutions Limited, which is authorised and regulated in the UK by the Financial Conduct Authority. The registered and head office of Evelyn Partners Fund Solutions Limited is 45 Gresham Street, London, EC2V 7BG. The specific details of the funds including investment policy, charges and the associated risks are explained in the full Funds Prospectus and in the Key Investor Information Documentation (KIIDs) – a link to these is available via the Brooks Macdonald website.

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Business Relief (BR) is not guaranteed and remains at the discretion of HMRC to be determined on the death of the individual. The individual could die before the two year BR qualification period has been achieved. It is important to note that the BR tax regime itself could be withdrawn by the UK Government at any point in the future.

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More information about the Brooks Macdonald Group can be found at www.brooksmacdonald.com

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