

## Introduction

Our discretionary investment management service was launched as a solution for clients who wish to delegate the day-to-day management of their financial assets to our experienced investment team. We have an established and award-winning track record of managing investments and much of our new business comes to us through existing client referrals - a strong endorsement of our investment expertise and personal service.

We understand that everyone has different financial aims and objectives, and whether you wish to preserve or enhance your existing wealth, or generate new wealth, we offer a flexible range of wealth management services that can evolve with you through the different stages of your life.

## Philosophy

Fairbairn Private Bank is a global, multi-asset class investor and we have built our discretionary investment management services around a number of fundamental investment principles:

### Asset allocation is an important driver of returns

Research published over the last two decades has concluded that asset allocation is the major driver of returns for the investor. We define five major asset classes: cash, bonds, property, equities and alternative investments. The latter asset class includes commodities. Through our client profiling process we agree your investment objectives and time frame, and then decide on the most appropriate investment solution. This initial recommendation is then reviewed regularly and can be adjusted to ensure your investment portfolio continues to meet your changing needs and circumstances.

### Diversification can reduce risk

By combining a range of assets with different risk and return characteristics, we seek to maximise the potential return of our investment strategies for a given level of risk. The increasingly complex array of financial vehicles and strategies available means considerable skill and expertise is needed in order to deliver attractive 'risk-adjusted' returns.

### Risks need to be properly understood

Risk management is key to portfolio construction and it is important to consider the range of risks faced. In addition to volatility, which looks at historical price movements and short-term falls in the value of your portfolio, probably the most important risk to manage is shortfall risk – the possibility your portfolio will not achieve your wealth objective. Our investment team will regularly review the risks created by, for example, volatility, liquidity, inflation, interest rate movements and geopolitical events, to ensure your agreed risk and reward balance is maintained and your investment achieves your stated objectives. As a general rule, the greater the level of risk you are prepared to accept, the higher the potential returns can be.

### Investment is for the long term

Investments should be made with an appropriate time frame in mind, and measured over a similar appropriate period to ensure a long-term view for your investment and reduce any emotional response to short-term volatility.

### Value investing and minimising cost

We believe the price you pay for your assets is an important determinant of future returns. Minimising costs is also vitally important as the return on your investments will be adversely affected by the fees, expenses and taxes that are deducted. Net investment returns represent economic reality and are what investors should always focus on.



## Our investment team

We regard ourselves as global, multi-asset class investors and our investment team has responsibility for delivering our discretionary investment management services. The team members are taken from our board of directors and senior bank personnel, who come together with other experienced investment experts from around the extended Nedbank Group\* to form our International Strategy Committee. Collectively, the committee has many decades of experience in the wealth management industry.

\*Nedbank Group Limited is the immediate parent company of Fairbairn Private Bank.

## Investment approach

At Fairbairn Private Bank, we are committed to the sound stewardship of our clients' investments. There are a number of layers to our investment approach that combine to create a framework for disciplined decision-making and consistent evaluation of the key factors prevailing in the investment environment. These include the analysis of valuation measures, macroeconomic factors and sentiment indicators. We also seek to take advantage of specific investment themes that we believe have not been widely considered.

Our investment strategy involves allocations to collectives – both actively managed funds and exchange traded funds (ETFs). We adopt an open architecture approach to fund selection, which means we can source the most appropriate vehicle to deliver the desired investment objective from the available fund universe.

We currently offer a selection of investment strategies which can be blended to create a broader range of risk and return options to suit each specific client's needs.

### Multi-asset class strategies

Our multi-asset class strategies can include allocations across all the major markets and asset classes. We believe it is vitally important to retain the flexibility to position the overall portfolio dependent on any given market condition. It should be noted we intend to be fully invested in non-cash assets whenever desirable to be so. We also believe the ability to have broad ranges of permissible allocations provides flexibility to adapt to changing market conditions.

Beyond the strategic long-term holdings, our investment approach allows the introduction of tactical short-term 'tilts' designed to access specific investment ideas formulated by our International Strategy Committee. These can be used to capture additional sector specific themes, or simply allow increased weightings among the various asset classes.

### Global bond strategy and income strategy

This strategy is principally fixed income focused, but allows for up to a 20% allocation to other asset classes. The principal aims are income generation and capital preservation, and the strategy has the flexibility to invest across the full spectrum of global bond markets. Investors can enjoy the distribution of a regular income stream or choose to reinvest their returns.

## Accessing our investment strategies

We offer two ways to access our discretionary investment management service – you can choose to hold either a segregated portfolio holding individual assets, or to invest via our Group collective investment funds, which have the added advantage of lower initial and regular investment thresholds, as well as taxation benefits in certain cases (see below).

### Segregated portfolios

Our segregated portfolios are specifically designed for clients who have a minimum of £500,000 to invest, and can be denominated in sterling, dollar and euro. We will employ currency hedging to minimise the impact of fluctuations in exchange rates. With this service, a designated client portfolio is established which affords the investor a full 'look through' to the underlying funds used to construct the investment strategy. Our segregated portfolio is priced daily and clients can view their current investment position online.

### Collective investment funds

The collective investment funds, known as the Nedgroup Investments MultiFunds plc, offer identical access to our investment strategies through the purchase of units in collective investment schemes. The Nedgroup Investments MultiFund is an open-ended investment company (OEIC) which is UCITS IV compliant, meaning it is highly regulated. The base currency of these funds is US dollar, ensuring access to the widest possible range of underlying investments. However, for sterling investors, there is a sterling share class which will be hedged in order to minimise the impact of fluctuations in the sterling/US dollar exchange rate.

Utilising this method of accessing our strategies may offer a number of advantages depending on your investment needs and tax position. These include a smaller initial investment requirement (minimum £7,500 or \$10,000) and the facility to make regular top ups (minimum £3,000 or \$5,000), which make this option suitable for long-term savings, such as pensions and ISAs. The collective investment funds solution may offer greater tax efficiency, particularly for UK residents, as capital gains arising within the fund do not give rise to any immediate personal tax liability.\*\*

Investing in the collective solution may also offer a reduction in paperwork, alongside monthly reporting and published fund prices. The collective investment funds are priced weekly, and clients can view their funds online.

\*\*Your tax position will depend on your personal circumstances and you should always seek guidance from a professional tax adviser.

## Risks

Across our strategies, there will be exposure to assets where capital risk is inherent. This means the value of the assets could fall, although we will structure your portfolio to help manage these risks.

Past performance is not necessarily a guide to future returns. The value of investments can go down as well as up and you may not get back the amounts originally invested.

The collective investment funds will use hedging instruments offered by counterparty, Citibank, to remove the impact of fluctuations in the sterling/US dollar exchange rate for investors holding the sterling share class. Investors will therefore be exposed to the creditworthiness of Citibank during the term that the fund is held.

Exchange rate changes may cause the value of international investments to rise or fall.

Income withdrawals can erode the value of your capital, and investment returns may be less than those shown in illustrations.

## Performance reporting

Both segregated portfolios and collective investment funds are reported monthly through our Focus platform. The benchmark performance and benchmark risk levels are clearly defined and reviewed in the investment commentary.

## Withdrawals

The minimum permitted withdrawal from the segregated portfolio service is £50,000 for the multi-asset class strategies and £10,000 for the global bond strategy (providing the minimum investment level is maintained). Within the segregated portfolios, withdrawals will result in redemptions from each asset class proportionately. Instructions to make withdrawals will be acted upon in a timely manner and settlement will be subject to the terms of each underlying investment. The minimum withdrawal from the collective investment funds is £3,000, or currency equivalent (providing the minimum investment level is maintained). Withdrawals will result in the sale of units in the underlying funds.

## Contact us

**To find out more about our discretionary investment management services, please call your relationship manager or our client services team on +44 (0) 207 002 3600.**



Fairbairn Private Bank is a registered trade name of Fairbairn Private Bank (IOM) Limited and Fairbairn Private Bank Limited.

The parent of Fairbairn Private Bank is Nedbank Group Limited, which is incorporated in South Africa and is regulated by the South African Reserve Bank. The ultimate parent of Fairbairn Private Bank is Old Mutual plc, which is incorporated in England and Wales. Fairbairn Private Bank places limited funds with other parts of its group and thus its financial standing is linked to, albeit not wholly dependent upon, that of the group. Fairbairn Private Bank has its own independent credit rating from the international credit rating agency, Moody's. Depositors may wish to form their own view of the financial standing of Fairbairn Private Bank and the group based on publicly available information. The latest report and accounts and details of the credit rating are available at [www.fairbairnpb.com](http://www.fairbairnpb.com)

Fairbairn Private Bank (IOM) Limited is licensed by the Isle of Man Financial Supervision Commission. Registered office: St Mary's Court 20 Hill Street Douglas Isle of Man.

The London office is authorised and regulated in the UK by the Financial Services Authority.

Fairbairn Private Bank Limited is regulated by the Jersey Financial Services Commission. Registered office: Fairbairn House 31 The Esplanade St Helier Jersey. Latest audited accounts are available on request.

Authorised and regulated in the UK by the Financial Services Authority in respect of regulated mortgage contracts only.

UK Financial Services Authority registration numbers:

Fairbairn Private Bank (IOM) Limited 313189

Fairbairn Private Bank Limited 313187

South African representative office established in terms of Section 34 of the Banks Act 94 of 1990.

Deposits with Fairbairn Private Bank (IOM) Limited in the Isle of Man are covered by the Isle of Man Depositors' Compensation Scheme as set out in the Depositors' Compensation Scheme Regulations 2010. For full details of the scheme, please refer to [www.fsc.gov.im](http://www.fsc.gov.im).

Fairbairn Private Bank Limited is a participant in the Jersey Bank Depositors Compensation Scheme. Full details of the Scheme and banking groups covered are available on [www.gov.je/dcs](http://www.gov.je/dcs).

Fairbairn Private Bank is a member of the UK Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000. More information can be found at [www.fscs.org.uk](http://www.fscs.org.uk).