Our Guide for Investing

Now, for tomorrow

AZETS / Wealth Management

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At Azets Wealth Management, we are passionate about supporting our clients with their financial goals. We have over seventy years experience in providing our clients with the highest quality wealth management services and we are fully equipped to support you.

Our Team

Whether you're an individual, business owner or trustee, one of our professional wealth management experts will work with you to create a tailored strategy that works for you.

You can choose as much or as little advice as you want, safe in the knowledge that we always act in your best interests. As we are truly independent, we're free to advise on financial products without bias or obligation.

Our job is to guide you through all financial options and tailor solutions to help you make the right choices in order to build and preserve your wealth.

Taking the initiative when we need to, we will always be future focused, especially with the ever-changing landscapes of regulations and tax.

The value of your investment can go down as well as up and you may not get back the full amount you invested.

Formulating and maintaining the right investment strategy is vital to securing your financial future.

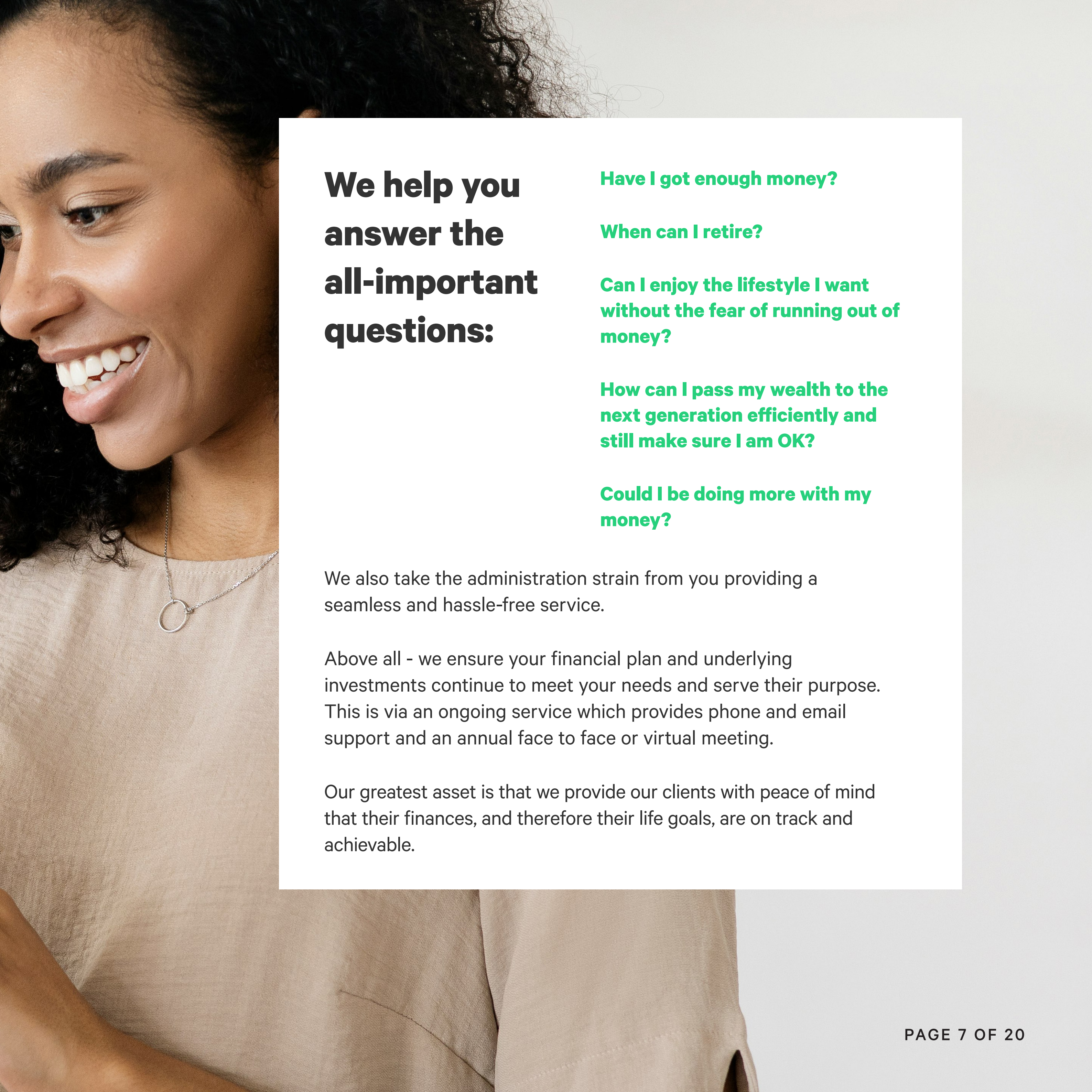
Identifying your objectives, both short and long-term, is the starting point and a key focus of the initial financial planning meetings we have with our clients.

Successfully understanding your aspirations and your attitude to risk will drive the right planning at the right time. As we are a multi-disciplined firm, we will also offer inputs from our Tax team who specialise in minimising the amount of tax you pay over your lifetime.

Our Wealth Management team survey the whole of the market, analysing asset management companies, product and fund manager's performances, fund management style, and risk ratings. Utilising this research, we create the best strategy.

What we do

- Review your current status, what money you have and how it is invested
- Work with you to develop a tailored strategy to make the most of your assets
- Implement, monitor and maintain your plan as appropriate to your objectives
- We cut through all the financial jargon, ensuring you fully understand all the financial decisions you make
- We ensure your monies are invested in a suitable risk profile, in a cost-effective environment and tax efficient manner
- We ensure you take emotion out of investing, therefore avoiding costly mistakes
- We keep up to date with changes to laws, taxation and the global economy and ensure your plan is updated accordingly



We help you answer the all-important questions:

Have I got enough money?

When can I retire?

Can I enjoy the lifestyle I want without the fear of running out of money?

How can I pass my wealth to the next generation efficiently and still make sure I am OK?

Could I be doing more with my money?

We also take the administration strain from you providing a seamless and hassle-free service.

Above all - we ensure your financial plan and underlying investments continue to meet your needs and serve their purpose. This is via an ongoing service which provides phone and email support and an annual face to face or virtual meeting.

Our greatest asset is that we provide our clients with peace of mind that their finances, and therefore their life goals, are on track and achievable.

Understanding the principles of investing

All savings and investments involve some degree of risk, but by making an informed decision to accept risk creates the opportunity for greater returns, known as the risk/reward trade-off.

- Your ability and willingness to accept risk will determine the most suitable range of assets for your investment.
- If you are not comfortable with, or do not understand the risk you're taking, you should not invest.
- There are techniques for managing risk and the most common is through asset class diversification.

Broadly, there are four main asset classes:

Cash
This includes deposits with the banks and building societies. The ability to get your money out of an investment is a risk factor, so generally the more liquid an investment the lower the return. Hence instant access accounts tend to offer lower returns than those which lock in your money.

Fixed Interest
Loans that are repayable at a certain date in the future after a series of interest payments are made.

Property
Investing in property can include direct or indirect investments in UK residential and commercial property, or property abroad. The returns come from both rents and capital appreciation. The underlying risks are that capital may be lost, tenants may not pay their rent or that properties may be left vacant.

Equities (Stocks/Shares)
Equities mean an ownership in a company. The returns are influenced by a wide variety of factors, but the main ones are the underlying performance of each company and the wider economic environment.

There are two types of risk - Specific Risk and Market Risk

Specific Risk is where the share price is affected by the failing of that company for whatever reason.

Market Risk is where the share price of a company can be affected by the failings of other companies in the same sector.

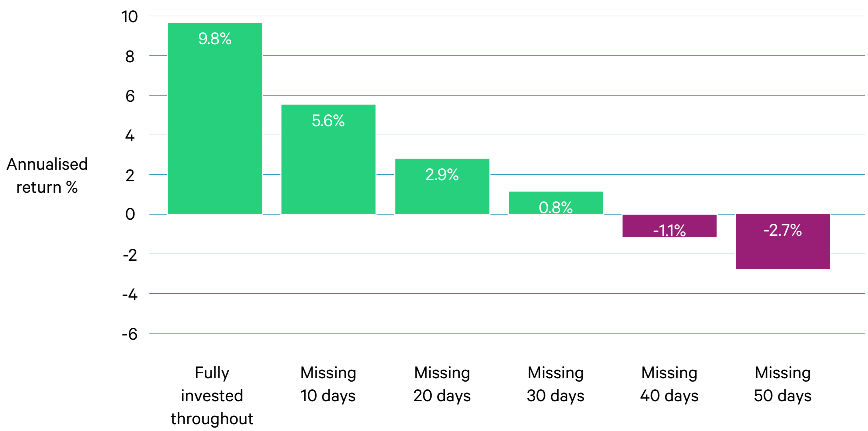
You can invest in UK or international equities, such as USA, Europe, Asia and Emerging Markets.

Equities tend to carry the highest form of risk, but also the greatest potential for return.

Time is everything

No one can predict the peaks and troughs of financial markets and it is extraordinarily difficult to time when the best days (peaks) are.

As the chart shows, missing just the ten best days over this period would have cut your annual return substantially. Timing the stock market is extremely difficult. The best policy is usually to stay fully invested over the long term.



Source: J.P. Morgan Guide to Retirement 2023. Returns of the S&P 500. Performance of a $10,000 investment between January 1, 2003 and December 30, 2022. Issued by Financial Administration Services Limited (Fidelity), authorised and regulated by the Financial Conduct Authority.

How we can help you to understand your risk outlook

Your risk tolerance and capacity for loss may change over time so it is important that it is regularly reviewed.

When considering investment, understanding how much risk you are prepared to take is crucial. It is personal to you and will probably change over time according to your objectives and/or time horizon. Risk tolerance often decreases with age or significant life events, so it is important to keep it under review.

Our Financial Planners carry out a detailed assessment of how much risk you are prepared to take with your money and, importantly, they establish your tolerance and capacity for loss.

Too much or too little risk can compromise your investments, so our advisers ask clients to complete a risk profiling questionnaire to establish their views. This then provides a ‘score’ which indicates the individual’s outlook and forms a basis for our discussions.

The results will help us to:

- Explain the risks that come with your financial decisions
- Explore trade-offs that you might need to make between risk and return in order to achieve your financial goals
- Help choose the most suitable investment strategy

Your risk tolerance and capacity for loss may change over time so it is important that it is regularly reviewed.

Risk vs. Return

When it comes to investing, understanding the interplay between risk and return is fundamental. It's a balancing act that every investor must navigate to achieve their financial goals.

Risk - What you need to know

Risk in the world of investing refers to the possibility of losing some or all of your initial investment. Different investments carry different levels of risk. It's crucial to assess your risk tolerance, which is your comfort level with the possibility of losses. Generally, investments with higher potential returns tend to come with higher risk.

- Low-Risk Investments: These are typically less volatile and offer a higher level of capital preservation. They are well-suited for conservative investors who prioritise safety over growth. Examples include certificates of deposit (CDs) and government bonds.

- Moderate-Risk Investments: These provide a balance between safety and growth potential. They can include blue-chip equities, corporate bonds, and balanced mutual funds.

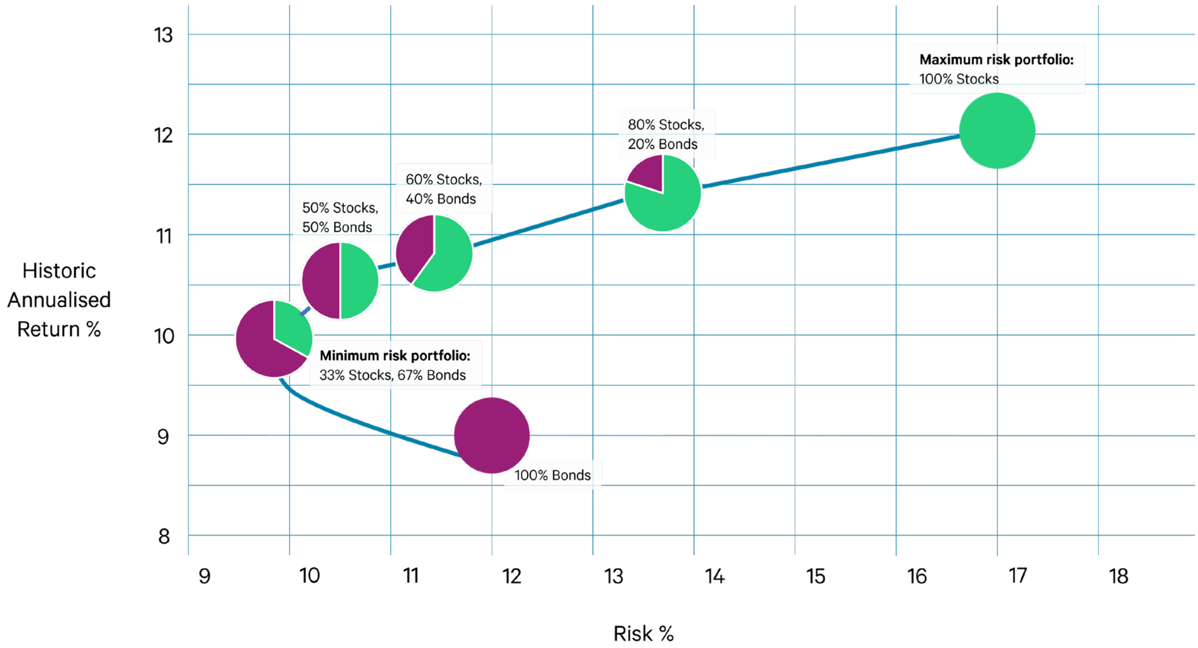
- High-Risk Investments: These investments have the potential for significant returns but also come with a greater risk of losing money. They often include small-cap equities, speculative investments, and certain alternative assets.

Return - What to expect

Return is the profit or gain you earn on your investments. Investors expect a return for parting with their money and taking on risk. Generally, the potential return on an investment is closely tied to its risk level.

Balancing act

The key to successful investing is finding the right balance between risk and return that aligns with your financial goals, time horizon, and risk tolerance. Every individual's ideal mix will vary. It's crucial to consult with a financial advisor to identify a strategy that is tailored to your unique circumstances.



Source: Morning Star - Stocks and Bonds: Risk Versus Return, 1970 - 2017.

Our specialist tax advisors work closely with us and you to make sure you're maximising your investments and protecting our assets.

We offer regular reviews and proactive advice following changes to tax legislation to make sure you aren't missing tax savings or potential business issues.

Inheritance tax, capital gains tax, illness and loss of income all need to be considered in a protection strategy.

Tax mitigation strategies

We assist individuals to ensure that their income tax, capital gains tax and inheritance taxes are reported correctly and legitimately minimised.

Our aim is to ensure that your personal tax compliance requirements, whether simple or complex, are managed in a proactive manner which ensures that your taxes are:

- **Accurately reported**
- **Reported in a timely manner**
- **Pro-actively but legitimately minimised**
- **Communicated to you with “no surprises”**
- **Dealt with the lowest possible risk of any enquiries from HMRC**

Our in-house Personal Tax Compliance team will help you to ensure that your taxes are reported correctly. They will consider all the reliefs and exemptions you are entitled to and they will ensure you have plenty of notice of how much tax you must pay and when.

Diversification of assets

Investing can be unpredictable. Markets fluctuate, and individual assets can perform differently at various times. Diversification is an essential strategy to manage risk and optimise returns, allowing you to weather the ups and downs of the financial world.

The merits of diversification

Diversification involves spreading your investments across different asset classes, such as stocks, bonds, real estate, and alternative investments, within a portfolio. It offers several compelling benefits:

- Risk Mitigation: Diversification helps mitigate risk by spreading your investments across various asset classes with different risk profiles. When one asset class experiences a downturn, the impact on your overall portfolio is less severe because other assets may be performing well. This safeguards your investments against significant losses.

- Improved Consistency: A diversified portfolio tends to exhibit more stable and consistent performance over time. While it may not produce the highest returns in bull markets, it can help limit losses during market downturns, ultimately leading to more predictable outcomes.

- Enhanced Potential for Returns: Diversification can enhance the potential for returns by ensuring that your portfolio benefits from the performance of various asset classes. When one asset class excels, it can offset the underperformance of another, which may lead to an overall better return.

- Aligning with Goals: Diversification allows you to tailor your investment strategy to your financial goals and risk tolerance. By creating a diversified portfolio, you can strike the right balance between growth and safety that suits your objectives.

Consult a professional

While diversification is a powerful tool, it requires a strategic approach. The optimal mix of assets in your portfolio should align with your unique financial circumstances and goals. It’s wise to seek guidance from a financial planner who can create a diversified portfolio that’s tailored to you.

What financial products should I invest in?

There are many financial products you can save and invest in such as a pension, Individual Savings Account (ISA) or bond, within which your investments can be held, and which usually have certain tax benefits.

- Some give you back tax that you have already paid on money when you invest (e.g. pension)
- Some allow you to not pay tax on the money you make (e.g. ISAs)
- Others allow you to delay paying tax until a later date when it may be more beneficial for you (e.g. onshore and offshore bonds)
- It can also be in your best interests to invest directly into a fund

We will recommend the most effective way to hold your investments, often with a combination of these schemes. Sometimes we recommend you move money from one to the other to take the maximum advantage of the current incentives and allowances.

Summary
Investing can be daunting, complicated and uncertain. We will work with you to find out the risks you are willing and able to take and then build an investment solution that you are comfortable with and that will ultimately help you to achieve your long term goals.

We are here to help

For further information on any of the areas we have covered, please get in touch with a member of our specialist Wealth Management team.

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