GUIDE TO INVESTING

Tailor-made investment approach

positivesolutions®
altogether individual

Contents

INTRODUCTION

THE VALUE OF THE INVESTMENT CAN GO DOWN AS WELL AS UP AND YOU MAY NOT GET BACK AS MUCH AS YOU PUT IN.

In this Positive Solutions guide to investing we will help you make an informed decision and the right investment choice for you.

At Positive Solutions our approach to investment advice is based on clearly understanding your financial situation, your goals, and how much risk you are prepared to take with your money.

The expert professional guidance your financial adviser will give you helps you through this process. This means we can make sure that our solutions are right for you and that you have all the information you need to make a clear decision.

We can introduce you to worldwide investment opportunities. So wherever you decide to invest, you can be sure your money will be in professional hands.

In this guide to investing we will help you make an informed decision and the right investment choice for you.

WHAT DOES INVESTING MEAN?

SIMPLY PUT, INVESTING IS THE PROCESS OF PUTTING ASIDE MONEY WHICH WE DON'T NEED TO SPEND NOW, SO THAT WE HAVE MORE TO SPEND IN THE FUTURE. WHAT WE ALL AIM FOR IS ACHIEVING A GOOD RETURN ON THAT MONEY.

INVESTING MONEY TO ACHIEVE A SPECIFIC GOAL IS NORMALLY CONSIDERED TO BE A MEDIUM- TO LONG-TERM STRATEGY.

For most styles of investing the returns will not be guaranteed and can be affected by market conditions.

Secure returns are normally offered by investing in areas such as cash and are usually available from the bank or building society.

Investing money to achieve a specific goal is normally considered to be a medium- to long-term strategy, for example planning for retirement. Depending on your circumstances, you can achieve this by investing regularly, usually monthly or annually, or you can make one-off lump-sum investments.

Why invest?

WE INVEST FOR A NUMBER OF REASONS:

- Saving for a specific purpose
- Building a pot of money for personal use at a later date
- To beat inflation to ensure that we maintain a good standard of living.

Before you invest

BEFORE YOU INVEST, WE RECOMMEND THAT YOU ADDRESS THREE KEY AREAS:

- You have sorted out any debt
- You have adequate emergency funds
- You have adequate financial protection to cover common risks such as being off work due to sickness or accident.

We will help you establish your needs and actions in the above areas and make recommendations to address these, in line with your investment requirements.

UNDERSTANDING YOUR NEEDS & REQUIREMENTS

HOW YOU FEEL ABOUT RISK, AND YOUR EXPECTATIONS, ARE IMPORTANT PARTS OF GETTING THE RIGHT INVESTMENT FOR YOU.

Investing in what is best suited to you means we need to understand more about you. For instance, what are you investing for? Do you have a goal in mind? What is your investment experience?

We will take you through a fact find where we will ask you about your current financial situation, your investment goals, and your objectives. We will also ask about your feelings concerning your investment. How you feel about risk, and your expectations, are important parts of getting the right investment for you.

We will consider your tax position to check that you are using any appropriate tax relief and allowance entitlements.

HERE ARE SOME OF THE AREAS YOU SHOULD CONSIDER:

- What am I investing for – growth, income or both?
- What other investment products do I already have?
- What means do I have to enable me to invest?
- How long am I prepared to invest for?
- Do I need access to my money at any time?
- What is my tax position, both now and when I want to take the benefits from my investment?
- What products can I invest in which will be most tax efficient?
- What degree of risk am I prepared to take?

Your financial adviser will help you through this process and provide tailored advice to suit your personal circumstances.

A key factor when investing is to determine the level of risk you are prepared to take with your investment. But what is risk and how does it affect how and where to invest?

UNDERSTANDING RISK

We are all concerned about financial risk, in other words the risk associated with investing in certain investment types and the potential returns from those investments.

Each of us is different and we all have a level of risk we would be uncomfortable taking. Typically we think of investment risk in terms of a fall in the value of our investment but your adviser will also consider other types of risk.

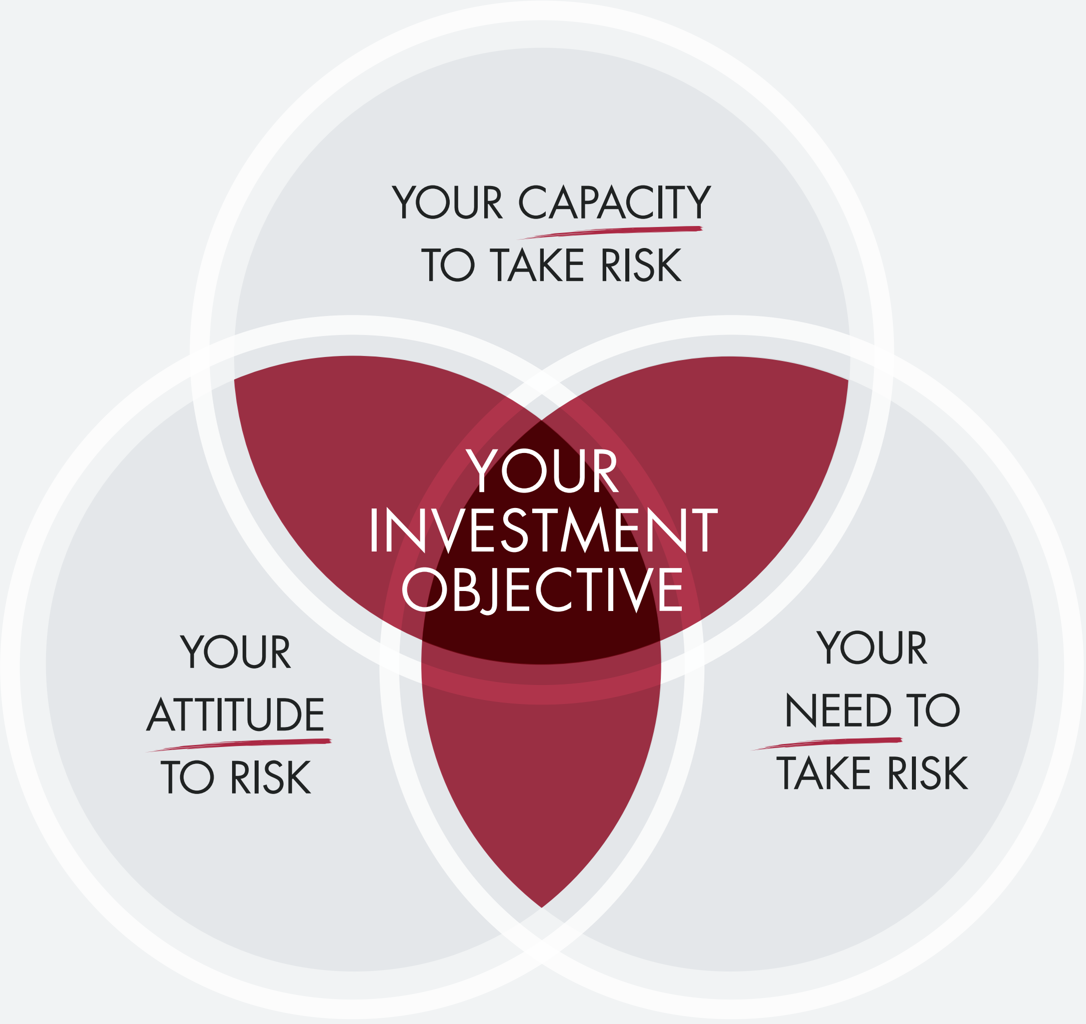
Investment returns are not usually guaranteed and any investment strategy brings with it the potential for loss. Each type of investment carries a different level of risk.

Your first option will usually be to consider saving money in a bank because it's perceived as risk-free and your money remains easily accessible. However, the reason you may not want to keep all your money in the bank is because historically the rates of interest received have been low and not kept pace with the cost of living (inflation).

To get a higher return than inflation you need to take some risk. Generally the amount of risk you take is linked to the reward. In other words the more risk you take, the greater the potential for higher returns.

GENERALLY THE AMOUNT OF RISK YOU TAKE IS LINKED TO REWARD.

It is important to understand the level of risk you are prepared to take with your investment. To get your view on risk we will need to understand a number of key factors:



YOUR ATTITUDE TO RISK

To understand your attitude to risk, we will take you through our independent risk profiling tool. We will ask you to respond to a series of 12 statements which help to understand your overall willingness to take risk.

You will be asked to respond to the statements with either:

- Strongly Agree
- Agree
- No strong opinion
- Disagree
- Strongly Disagree

The profiler will place you in a risk category based on your answers. This risk category is the starting point for you and your financial adviser to discuss and agree the correct risk category for your investment.

THE 12 STATEMENTS ARE AS FOLLOWS:

- People who know me would describe me as a cautious person
- I feel comfortable about investing in the stock market
- I generally look for safer investments, even if that means lower returns
- Usually it takes me a long time to make up my mind on investment decisions
- I associate the word risk with the idea of opportunity
- I generally prefer bank deposits to riskier investments
- I find investment matters easy to understand
- I'm willing to take substantial investment risk to earn substantial returns
- I've little experience of investing in stocks and shares
- I tend to be anxious about the investment decisions I've made
- I'd rather take my chances with higher risk investments than increase the amount I'm saving
- I'm concerned by the volatility of stock market investments.

YOUR CAPACITY TO TAKE RISK

Your attitude to risk is only one factor in determining your risk profile and a suitable investment strategy. Potential loss must also be considered in relation to your financial objectives.

Your financial adviser will help you to understand what level of potential loss you could afford and feel comfortable with. This is known as capacity for loss. It is important that you understand the potential risk of any investment and the financial impact this may have on you.

Your attitude to risk and your capacity to take risk may differ. For example, you would like to invest in an adventurous way with your savings to maximise the potential growth, but your savings are your emergency fund and you cannot afford to lose any of their value.

On the other hand, you may be young and saving for your pension and can afford to take more risk as your investment has a longer time to recover from any downturn in the market.

YOUR NEED TO TAKE RISK

You may not be comfortable with taking any risk with your investment, but there may be a need to take some risk to meet your objectives. Your financial adviser will discuss and explain the implications.

Once we have established your attitude to risk, your capacity to take risk and need to take risk and how that fits with your investment objectives, we will be able to agree your overall risk profile.

IT IS IMPORTANT THAT YOU UNDERSTAND THE POTENTIAL RISK OF ANY INVESTMENT AND THE FINANCIAL IMPACT THIS MAY HAVE ON YOU.

THE RISK PROFILES

DECREASING RISK

INCREASING RISK

1. RISK AVERSE

Risk averse investors prefer knowing that their capital is safe rather than seeking high returns. They are not comfortable with the thought of investing in the stock market and want to keep their money in the bank.

Risk averse investors typically have very limited knowledge of financial matters. They are unlikely to have experience of investment.

Risk averse investors can take a long time to make up their minds on financial matters and will usually suffer from severe regret if their decisions turn out badly.

Risk averse investors typically hold all of their money in cash deposits.

Risk averse investors need to be aware that their unwillingness to take any risk with their money may mean that the value of their savings does not keep pace with rises in the cost of living (inflation).

2. CONSERVATIVE

In general, conservative investors prefer knowing that their capital is safe rather than seeking high returns. They are not particularly comfortable with the thought of investing in the stockmarket and would rather keep most of their money in lower risk assets.

Conservative investors typically have fairly limited knowledge of financial matters. They are unlikely to have much experience of investment.

Conservative investors can take a relatively long time to make up their minds on financial matters and will usually suffer from regret if their decisions turn out badly.

3. BALANCED

In general, balanced investors prefer not to take much risk with their investments, but will do so to an extent. They prefer lower risk assets, but realise riskier investments are likely to give better longer term returns.

Balanced investors typically have modest levels of knowledge about financial matters. They may have some experience of investment in riskier assets.

Balanced investors can take some time to make up their minds on financial matters and can often suffer from regret when decisions turn out badly.

4. MODERATE

In general, moderate investors understand that they have to take investment risk in order to be able to meet their long-term goals. They are likely to be willing to take risk with a high proportion of their available assets.

Moderate investors typically have a degree of knowledge about financial matters. They usually have some experience of investment, including investing in products containing higher risk assets such as equities.

Moderate investors will usually be able to make up their minds on financial matters relatively quickly, but still suffer from some feelings of regret when their decisions turn out badly.

5. DYNAMIC

In general, dynamic investors are happy to take investment risk and understand this is crucial in terms of generating long-term return. They are willing to take risk with most of their available assets.

Dynamic investors typically have quite high levels of financial knowledge. They will usually be experienced investors, who have used a range of investment products in the past.

Dynamic investors will usually be able to make up their minds on financial matters quite quickly. While they can suffer from regret when their decisions turn out badly, they are able to accept that occasional poor returns are a necessary part of long-term investment.

6. ADVENTUROUS

In general, adventurous investors are looking for a high return on their capital and are willing to take considerable amounts of risk to achieve this. They are usually willing to take risk with all of their available assets.

Adventurous investors typically have high levels of financial knowledge. They often have substantial amounts of investment experience and may have been active in managing their investment arrangements.

Adventurous investors typically will make up their minds on financial matters quickly. They do not suffer from regret to any great extent and can accept occasional poor returns without much difficulty.

SPREADING THE RISK – DIVERSIFICATION

Having established your risk profile we need to establish the best way to invest.

Spreading risk is one of the most important principles of investing, not only between several different investment types (also known as asset classes) but also between different companies.

By taking this approach, even if a particular asset class or company goes through a bad patch, the rest of your investment need not be affected.

Deciding which asset classes to invest in to match the return you are looking for links to your chosen risk profile.

Examples of different asset classes are shown on page 14 (graphic not to scale).

TAKEN TOGETHER THESE DIFFERENT ASSET CLASSES COULD BE BLENDED TO PRODUCE AN ASSET ALLOCATION THAT MATCHES YOUR RISK PROFILE.

We have illustrated example asset allocations for each risk profile on pages 15 and 16.

INCREASING RISK

COMMODITIES

Commodity investments are useful in creating a diversified portfolio, and these are sometimes known as alternative investments.

EQUITIES (SHARES)

Investment in equities, both UK and global, has long been the cornerstone of most investment portfolios, providing long-term scope for growth of both capital and dividend income. Equity performance tends, however, to be volatile in the short term.

HEDGE FUNDS

Hedge funds are an asset that can provide returns uncorrelated to both bonds and equities. Many hedge funds are designed to capture market increases while at the same time offering protection against capital loss. These are sometimes known as alternative investments.

COMMERCIAL PROPERTY

Property is an asset class that has re-established its importance in the twenty first century. It offers the potential for long-term income and capital growth and is normally uncorrelated to equity markets.

FIXED INTEREST (BONDS)

There is a wide range of fixed interest securities from low-risk short-term government bonds to high-risk long-term corporate bonds and high-yield bonds. All these bond investments can be a useful counter-balance for equities because the performance of these two asset classes tends to have a low correlation, in other words they do not normally move in parallel.

CASH

Cash is often perceived as a risk-free investment but it is also a low-return investment. Historically, cash has given a return of close to zero once the impact of inflation is taken into account.

DECREASING RISK

ASSET ALLOCATIONS

The asset allocations shown on these pages are intended to provide you with examples of how you may choose to invest. There may be more suitable asset combinations that meet your specific needs.

Fund managers will not typically hold the same investments as we've illustrated. Consequently, this will result in different potential for losses, volatility and returns. Therefore, you should not take this information as an investment recommendation.

We have employed independent expertise to create the asset allocation shown and to illustrate its potential returns and volatility.

- Economic drivers underlying investment returns, such as economic growth;
- Day-to-day variability inherent in investment returns and equity market shocks.

INCREASING RISK

DECREASING RISK

1. RISK AVERSE	
Cash	100%
Fixed Interest (Bonds)	0%
Commercial Property	0%
UK Equities	0%
Global Equities	0%

2. CONSERVATIVE	
Cash	13%
Fixed Interest (Bonds)	57%
Commercial Property	9%
UK Equities	7%
Global Equities	14%

3. BALANCED	
Cash	0%
Fixed Interest (Bonds)	45%
Commercial Property	13%
UK Equities	15%
Global Equities	28%

4. MODERATE	
Cash	0%
Fixed Interest (Bonds)	23%
Commercial Property	13%
UK Equities	22%
Global Equities	42%

5. DYNAMIC	
Cash	0%
Fixed Interest (Bonds)	3%
Commercial Property	13%
UK Equities	29%
Global Equities	55%

6. ADVENTUROUS	
Cash	0%
Fixed Interest (Bonds)	0%
Commercial Property	0%
UK Equities	0%
Global Equities	100%

A stochastic model is used to generate thousands of possible future scenarios for each strategic asset allocation, which also indicates that the same results could be achieved by a different asset allocation if managed to the same risk parameters.

* Graphic not to scale

INVESTMENT FUNDS

PAST PERFORMANCE IS NOT A GUIDE TO FUTURE PERFORMANCE.

Once you have determined your risk profile, you then need to decide on the type of funds you want to invest in, to achieve your financial goals.

These will depend on your risk profile.

For example someone who is risk averse and does not want any associated risk to their capital will invest in low risk asset classes such as cash.

Someone who is an adventurous risk profile is prepared to take a lot of risk for the potential of a greater level of anticipated return. An adventurous investor will invest in riskier asset classes such as equities, commodities and property to achieve an asset allocation which matches that profile.

The value of the investment can go down as well as up and you may not get back as much as you put in.

Your choice of investment fund types

CASH AND CASH-LIKE FUNDS

Funds that provide lower volatility than risk based funds, such as equities, with returns linked to bank and building society deposit rates. There is no guaranteed capital protection.

MULTI-ASSET PASSIVE MANAGEMENT FUNDS

These funds invest in multi-asset classes where some, or all, of the fund management is based on tracking a particular market or index. The fund will attempt to mirror the performance of the selected indices. Some, or all, of the investments are essentially run through computer programmes and therefore do not include active fund management or processes.

MULTI-ASSET SINGLE MANAGER FUNDS

These funds invest in multi-asset classes and funds from a single investment fund house. These funds and asset classes may be managed by a different number of specialist managers within that single investment fund house or the individual single manager. The fund may either directly invest across different asset classes or be created through blending single managed funds from within that fund house. In each case the manager blends them to meet a specific risk profile and asset allocation. This manager is responsible for actively managing the asset allocation and achieving the performance expected.

MULTI-ASSET MULTI-MANAGER FUNDS

A multi-manager is a specialist that selects a blend of single managed funds from the whole of the market and blends them to meet a specific risk profile and asset allocation. This multi-manager is responsible for actively managing the asset allocation and achieving the performance expected. This includes the use of other funds and other managers. The multi-manager will switch between funds and sectors in response to market changes, research and analysis. This approach involves making decisions on the inclusion, and exclusion, of funds against risk profiles, with the aim of reducing volatility.

The aim of these funds is to give the investor access to a wide range of different fund managers and asset types through a single investment fund. The funds are typically managed by a dedicated manager or specialist teams who scour the industry to select the managers they expect to deliver the best returns.

DISCRETIONARY FUND MANAGEMENT

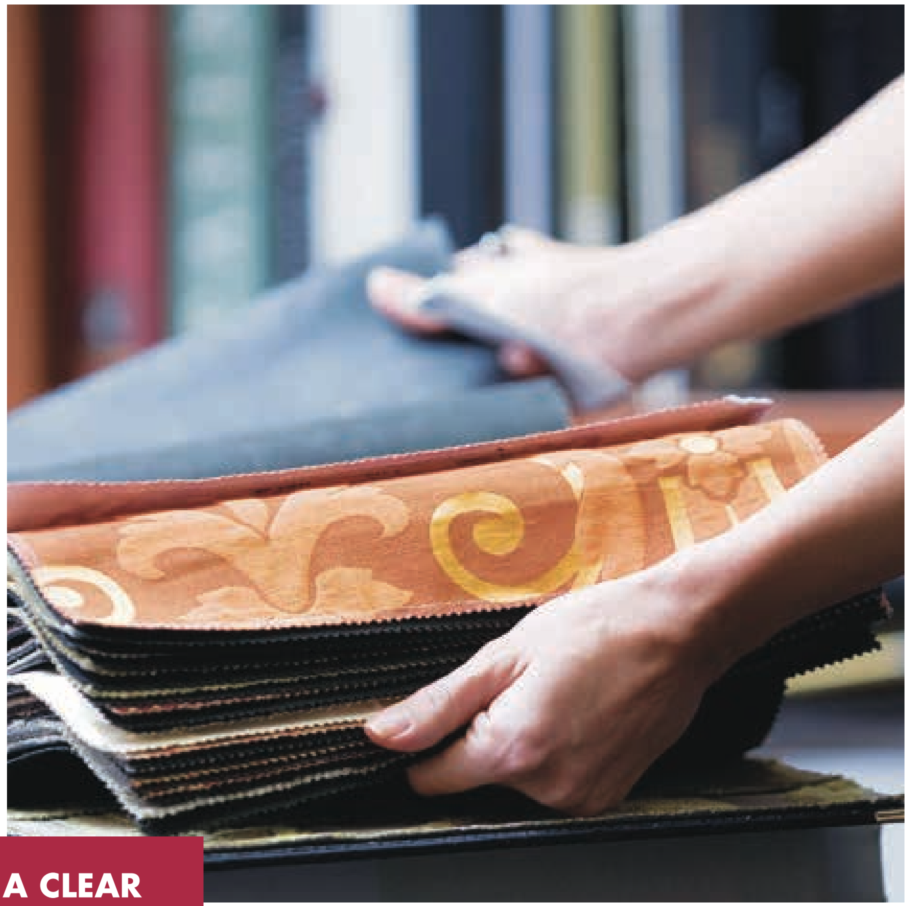
Discretionary fund management consists of a portfolio of investment vehicles rather than a fund of funds approach and is often considered more personal to the needs of the individual client. A discretionary fund manager will construct a portfolio of varying assets and investment types based on a client's attitude to risk and agreed investment strategy. The discretionary fund manager is responsible for switching between funds and sectors in response to market changes, research and analysis. They will rebalance portfolio assets in line with the agreed strategy as and when deemed appropriate. There is normally a minimum overall investment value needed for this service.

POSITIVE SOLUTIONS INVESTMENT PHILOSOPHY

Savings and investment matters can be complicated and time-consuming.

It is our philosophy that you should be supported throughout your savings and investment journey, in order to give you an excellent opportunity to achieve your goals and objectives.

By taking regular financial advice you have already taken an important first step. Financial advice can help you navigate through the complexity, review and plan appropriately, take action when necessary, and help you meet your objectives.



WE HAVE A CLEAR INVESTMENT APPROACH THAT WE BELIEVE WILL BE APPROPRIATE FOR THE MAJORITY OF OUR CLIENTS. THIS IS ENCAPSULATED IN OUR INVESTMENT PHILOSOPHY.

When it comes to putting in place an action plan that is right for you, we can help you identify:

- How much to save and for how long
- How much trade-off to take between investment returns and investment risk
- Investment solutions that you are comfortable with
- The most tax-efficient vehicles for your savings.

Of course, doing all of the above is not just a one-off exercise – your circumstances change, the stock markets go up and down, and tax regulation doesn't stand still.

We will help you review all of this regularly, saving you time and helping you identify the right action for you at each stage of your journey. If a strong plan is in place, it might not be necessary to make frequent changes, but nevertheless you will have peace of mind in knowing that an expert is on hand to support you when you need it most.

Picking the right investment solutions can be one of the most complicated things for you to do. Rest assured we will support you throughout this process, ensuring that you only save and invest in a way that you understand and are comfortable with. Everyone is different, but for many, a strong approach can be to use solutions that are well diversified and match your risk tolerance, spreading your investments across different types of asset classes such as equities, bonds and alternative asset classes.

Remember

There are lots of things you need to consider before making any investment decisions, and regardless of the investment path you follow investment returns are never guaranteed. This means that the value of the investment can go down as well as up and you may not get back as much as you put in.

By taking regular financial advice you have already taken an important first step. Financial advice can help you navigate through the complexity, review and plan appropriately, take action when necessary, and help you meet your objectives.

THE VALUE OF THE INVESTMENT CAN GO DOWN AS WELL AS UP AND YOU MAY NOT GET BACK AS MUCH AS YOU PUT IN.

HERE TO HELP YOU

MANAGING YOUR FINANCES EFFECTIVELY CAN BE A CONFUSING BUSINESS. THE FINANCIAL WORLD IS COMPLEX, AND MAKING THE RIGHT DECISIONS FOR YOUR FUTURE CAN SEEM A DAUNTING PROSPECT.

WHEN IT COMES TO MAKING THE RIGHT INVESTMENT CHOICE – YOU CAN COUNT ON POSITIVE SOLUTIONS.

At Positive Solutions, we take pride in offering a personal service that takes into account your individual circumstances. Your financial situation is unique, so we work hard to understand your goals and aspirations, and make financial recommendations based on a comprehensive and detailed analysis of your needs.

Through our comprehensive offer we will have an adviser who is able to help you with your financial planning needs, including:

- Saving and investing for the future
- Planning for your retirement
- Estate and trust planning
- Owning your own home
- Protecting against risk.

For you

ALL OUR SERVICES ARE BACKED BY THE POSITIVE SOLUTIONS CUSTOMER PROMISE:

We will always treat you fairly. You can expect in all our dealings with you that we will:

- Treat you as we ourselves would expect to be treated
- Never take advantage of you
- Be open and honest
- Quickly put right any mistake that we make.

When it comes to making the right investment choice – you can count on Positive Solutions.

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