



## Introducing Guardian's Investment Management Solution: iGuard

The iGuard Portfolio Service utilises the expertise of three leading institutions: Guardian Wealth Management to provide you with advice & financial planning; Smart Investment Management (SIM) who are a team of experienced discretionary managers with a proven track record in managing multi asset portfolios; and Praemium who provide the technology to allow SIM to manager your portfolio efficiently on your behalf.

There are two main advantages of discretionary management. First, a portfolio manager can make changes quickly, as they can act immediately without waiting for consent forms to be posted out, signed and returned. In highly volatile markets this can be very valuable. Second, should you be unable to sign and return the forms for any reason (i.e. due to illness or simply a holiday), it ensures that the management of your portfolio will continue uninterrupted.

### Key features

- Actively managed multi-asset portfolios designed to deliver the maximum potential returns for a given level of risk.
- Managed by a team of experienced discretionary managers with a demonstrated track record.
- A range of portfolios suitable for a wide variety of investors, allowing us to recommend an appropriate solution to meet your requirements.
- Clear and competitive fees.
- Leading administration and execution delivered by Praemium.
- Regular communication regarding your portfolio and the investment markets.
- Regular monitoring of your portfolio and its continued suitability for your investment needs by Guardian.

## What benefits will the iGuard discretionary approach provide?

When you sign a discretionary agreement with iGuard you give permission to a team of experienced investment professionals to make changes to your portfolio without the need to tell you in advance. Your portfolio would be managed in line with the investment objective that you

and I agree at the outset of the relationship. By ensuring your portfolio is constantly being reviewed and updated where appropriate we have the best chance of maximising the returns you can achieve and minimising the risks you face. You and I will meet quarterly to review the ongoing suitability of the portfolio given your personal objectives and ensure it remains appropriate for your attitude to risk. I will keep you constantly up to date with all changes to your portfolio and our managers' rationale for these.

### Why use iGuard rather than other discretionary solutions?

One of the main advantages of iGuard is that it offers the benefits of full discretionary management at a far lower cost. Historically discretionary management has been provided by stockbrokers, private banks or discretionary fund managers on a bespoke basis where every portfolio was slightly different and tailored to a single client's individual needs. This came at a high cost which often negated the returns achieved. Today's investors have access to discretionary services for a fraction of the cost through wealth managers like iGuard, who use model portfolios. A *model portfolio* is a portfolio of investments that meets a specific risk profile and has a specific mandate (e.g. growth or income). This is a popular option, as many clients want the benefits of the rapid changes that occur within discretionary portfolios but have no real need for (and want to avoid the cost of) a bespoke solution.

It is clear from our discussion that you have no need for a bespoke service, which can cost 1.5% or more per annum not including product wrapper costs, underlying investment costs or financial planning services.

iGuard is also able to "pool" your investments with other clients in the service to access institutional share classes unavailable to retail investors. Institutional share classes typically carry a far lower charge than retail share classes, and keep transaction costs to an absolute minimum.

### Who is involved in the management of your portfolio?

#### **Smart Investment Management**

Smart Investment Management (SIM) was established by Praemium to develop and manage a range of innovative, competitively priced discretionary multi-asset portfolios. The investment team responsible for the day-to-day management of your portfolios is headed by two investment managers, Ari Towli and Nick Stanhope, who have extensive experience with investment companies with whom you will no doubt be familiar. The team has a proven track record in designing and managing risk-defined portfolios. SIM provides you with investment management expertise and regular communication about your portfolio whilst Praemium provides efficient

administration, execution and custody via its “managed accounts” platform. Praemium’s SIM team provides investment management exclusively for strategic clients like Guardian.

### **The Investment Managers**

#### **Ari Towli**

Ari has over 19 years’ experience in the area of multi-asset, multi-manager investing. He has worked at Singer & Friedlander, Quilter & Co., Rothschilds, Gartmore, and more recently North Investment Partners where he was responsible for fund selection and the management of North’s multi-asset portfolios and funds. Whilst at Gartmore, Ari developed the risk tools that were critical to the construction and management of the Gartmore multi-manager funds and was instrumental in the design and development of Gartmore’s Multi Manager Absolute Return Fund and North’s range of risk-graded multi-asset portfolios.

#### **Nick Stanhope**

Nick has over 13 years’ experience in the investment management industry and specializes in the area of multi-asset, multi-manager investing. Nick has worked for Abbey, Legal & General, Chiswell Associates, Cazenove and most recently at North Investment Partners where he spend over six years as a senior fund manager responsible for fund selection and the management of all North’s multi-asset funds and their range of risk-graded portfolios.

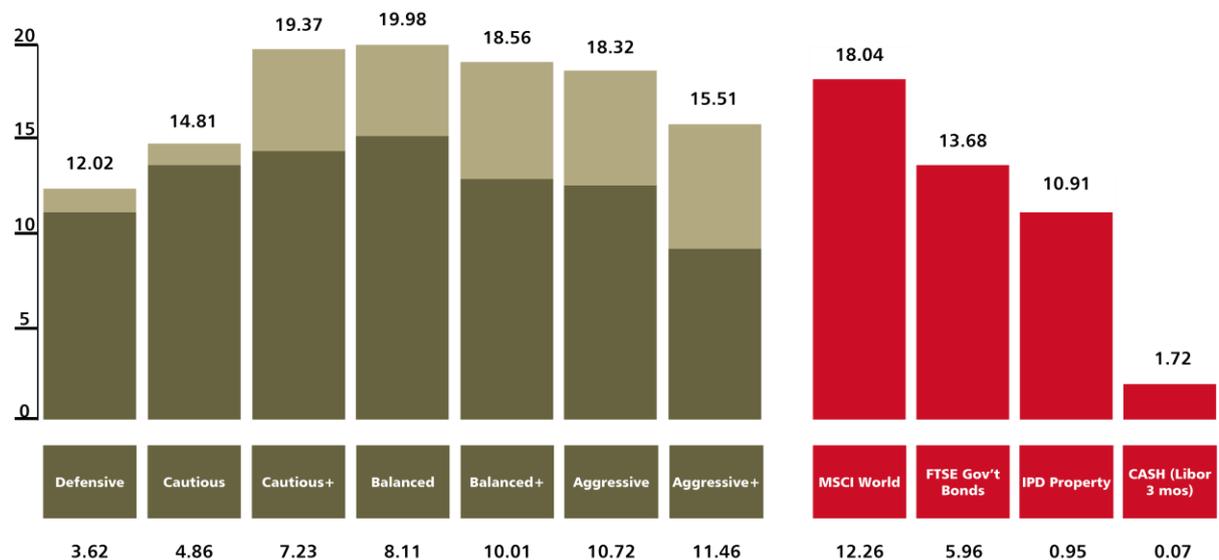
### **Track record of the Investment team**

Whilst the iGuard model portfolios were only launched at the beginning of 2014, the investment team managing the portfolios established a track record managing portfolios using exactly the same investment management approach whilst working with North Investment Partners. The chart below shows that track record over the period that the portfolios were established (30 June 2011) to the date they left North to join Smart Investment Management (30 September 2013).

This chart shows the total return of each of the portfolios that are mirrored in our own iGuard range. The total bar for each portfolio represents the total return achieved after all charges relating to the underlying investments in the portfolio have been paid but before the Discretionary Management Charge (which at North was 0.50% pa) was deducted. The dark part of the bar reflects the return achieved by the strategic asset class mix of the portfolio, highlighting the importance of getting the long term direction of the portfolio right. The pale section of the bar is the addition value that the investment team added from their tactical asset allocation decisions and their manager selection skills.

As an example we can see that over the period the Balanced Portfolio achieved returns in excess of the returns of global equity markets, represented by the MSCI World Index. This is a diversified portfolio and only has a strategic weighting of 55% in equities so it achieved these returns with

around a third less risk (measured by volatility) that global equity markets experienced over the same period. This is illustrated by the annualised volatility figures at the bottom of the chart.



Source: SIM, North Investment Partners. The returns are based on the returns of the North WSS portfolios. All returns are net of underlying fund charges, gross of the DFM charge.

Further performance information dating back to 2008 on the Gartmore multi-manager funds which were managed by Ari Towli using the same investment approach is available on request

### Praemium

Praemium is a specialist technology company that allows firms to build and run a robust investment proposition for their clients.

Some of the world's leading financial advisers, investment managers, institutions, accountants and product providers use Praemium technology to manage or administer in excess of 300,000 accounts covering approximately £50 billion in funds globally. Praemium is used by companies such as Citigroup, E\*TRADE, Credit Suisse, ANZ, Blackrock and RBS.

Established in Australia in 2001, Praemium has grown to be a market-leading provider of investment platforms, portfolio administration and CRM solutions with offices in Australia, the UK, Jersey, Shenzhen and Hong Kong, with an IT resource of over 60 people worldwide.

Praemium offers administration services in the UK via their subsidiary, Smartfund Administration Limited (the administrator and custodian) which is authorised and regulated by the Financial Conduct Authority (FCA). Praemium's custodial services are provided with companies such as

Northern Trust (Guernsey) Ltd, part of the Northern Trust Corporation, which has over £5 trillion of assets under custody.

We use Praemium to manage the iGuard portfolios because it is one of the very few platforms that facilitates day-to-day active management. Other pension, life and investment platforms may allow investment managers to rebalance on a quarterly or monthly basis but Praemium's platform allows SIM to manage your portfolio on an ongoing basis so your investments will always reflect the views of your investment managers. The platform also allows you to view all the details about your portfolio and you will have online access to your portfolio 24-7.

### Which Portfolio is right for you?

The iGuard Portfolio Service offers a choice of seven risk-graded strategies which are mapped to defined client risk profiles including your own. SIM constructs and manages each model portfolio for the level of risk we have indicated is acceptable to clients in each risk profile.

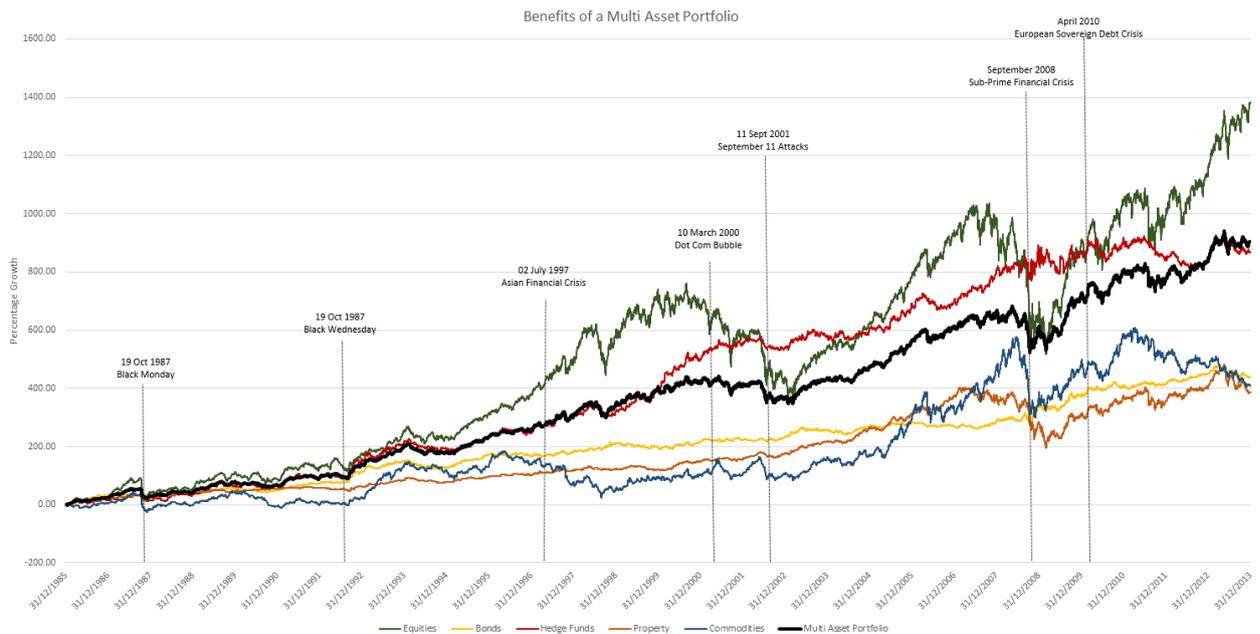
In order to recommend a specific portfolio I would need to complete a fact find and thorough risk assessment. Once selected I will review the performance of your portfolio on an ongoing basis to ensure it remains within its risk targets and is delivering returns in line with your expectations.

### The iGuard investment approach?

#### **Our Investment Philosophy**

We believe that no single asset class produces consistent ongoing and sustainable positive returns and that diversified portfolios will not only offer the potential to achieve your financial objectives, but will minimise the risks you face.

I have used the following two charts below to demonstrate the importance of diversification. The first chart shows you the performance of different asset classes over the period from January 1986 to December 2013. It also shows the performance of a balanced portfolio that is equally invested in those asset classes. This is shown by the black line. This chart shows us that, by investing in one asset class, you would have experienced significantly more risk over the period shown.



Source: Smart Investment Management Limited, Lipper.

Actively managed multi-asset portfolios, focus on providing steady, above-average returns with lower than average volatility. In other words, they can deliver superior investment performance with less of the peaks and troughs often associated with investing in funds that contain one asset class.

We also recognise that the performance of asset classes can and does change. As aforementioned, no single asset class has the ability to generate consistent, sustainable positive returns year after year. The chart below illustrates this – an asset class may be the best performer one year and the next year the worst. For example, in 2011 the best performing sector was the UK Gilt Market, but in 2009 and 2010 it was the second worst sector.

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
13.82	40.54	21.64	50.46	26.28	37.43	12.81	59.39	22.94	15.57	19.10
9.25	33.70	17.44	41.00	19.63	34.88	5.83	57.27	22.14	5.40	17.24
9.02	32.05	15.36	35.72	16.84	15.49	5.54	54.61	20.50	3.39	17.16
5.62	29.16	14.71	35.33	16.75	14.28	1.32	30.12	19.53	2.87	15.61
5.30	24.67	14.14	24.52	16.30	6.08	-9.94	19.25	18.68	0.86	13.42
4.13	20.86	12.84	22.04	11.76	5.94	-10.90	15.10	15.71	0.65	12.30
4.09	15.73	8.57	17.33	4.91	5.32	-12.77	12.80	14.51	-3.46	10.91
-14.21	13.39	6.62	15.29	4.87	5.27	-23.91	12.60	11.57	-4.81	10.86
-15.02	11.45	6.60	8.80	1.57	3.72	-26.90	5.87	8.67	-11.85	2.82
-17.63	7.50	4.70	7.93	0.83	2.39	-29.93	1.32	7.20	-12.68	2.70
-22.68	3.79	4.58	7.17	0.69	0.43	-31.28	0.91	5.66	-13.85	0.85
-27.56	3.78	3.39	4.86	-10.47	-6.78	-33.03	-1.16	0.70	-14.75	0.63
-29.58	2.10	1.77	4.85	-10.48	-13.41	-35.18	-6.70	0.56	-17.57	-5.40

- Absolute Return
- Asia ex Japan Equity
- Cash
- Commodity
- Corporate Bonds
- Europe ex UK Equity
- Gilts
- Global EM Equity
- High Yield
- Japan Equity
- Property
- UK Equity
- US Equity

Source: Smart Investment Management. Lipper. Discrete year periods. Total returns.

Consequently, we believe you should invest you in a portfolio that is diversified across different asset classes and regions in order to achieve your objectives within your risk profile. This type of portfolio benefits from being actively managed on an ongoing basis.

### **SIM's investment process**

SIM's investment process is based on four key principles.

#### **Risk is the starting point**

SIM aims to deliver the best long-term returns for an agreed level of risk. Your portfolio will be managed with carefully designed risk controls to ensure you do not take more risk than you are comfortable with.

#### **Diversification is important**

Exposure to a blend of different asset classes will deliver smoother and less volatile returns. Your portfolio will provide you with exposure to different asset classes which may include equities, fixed interest, property, commodities and cash.

#### **Tactical asset allocation maximise opportunities**

Your investment manager will review the exposure of your portfolio to different asset classes and markets on a day-to-day basis to ensure you are positioned to maximise short- to medium-term opportunities and to minimise the risks you face where possible. We refer to this as *tactical asset allocation*.

## **Independent Manager Selection adds value**

SIM reviews the more than 6000 available investment funds and uses a robust process to identify investment managers with a proven track record of outperforming a particular asset class or market. In your portfolio they will look to harness the skills of some of the best funds managers, incorporating approximately 15-25 funds with different investment philosophies and styles.

## **iGuard investment charges**

We aim to keep all fees as competitive and transparent as possible. The annual cost of the iGuard solution is 1.73%. This covers the services of Guardian Wealth Management who provide you with initial and ongoing advice & financial planning; Smart Investment Management (SIM) who are a team of experienced discretionary managers with a proven track record in managing multi asset portfolios; and Praemium who provide the technology to allow SIM to manager your portfolio efficiently on your behalf.

### Transaction charges

We believe that transaction charges need to be kept to a minimum. With the iGuard portfolios Praemium charges a maximum transaction charge of £12.50; however, Praemium's technology ensures that fee is split between all clients buying or selling that investment.

### **Account or Administration fees**

No other fees are levied by either Praemium or SIM.

## **iGuard Brochure and Other Information**

Further information can be found in the iGuard Brochure, the current portfolio factsheets and the investment team's latest market views.