



macdonald  
partnership

PART OF INTEGRITY365 LTD

Your guide to

OUR

INVESTMENT

APPROACH

*Helping you find your financial freedom.*



# HELPING TO SECURE YOUR FINANCIAL FUTURE

At MacDonald Partnership we take the responsibility of recommending where you invest your money very seriously. We are conscious that this underpins your family security and aspirations for the future.

## Our Centralised Investment Proposition

We take the responsibility of recommending where you invest your money very seriously. We are conscious that this underpins your family security and aspirations for the future.

This is why we have set up our 'Centralised Investment Proposition' to ensure we have a consistent and rigorous framework in place for how we select and govern the investment solutions we recommend.

This is overseen by our dedicated Investment Committee, which sets policy guidelines for recommended portfolios and approves portfolio strategies.

One function is to oversee the fund managers on behalf of all our clients, to ensure they are managing the investments as expected and that they remain in line with the agreed mandate.

Through close monitoring and regular reviews, we can ensure that the fund managers that we work with continue to meet the investment objectives that they have set out to achieve for our clients.

The primary benefit of our Centralised Investment Proposition is the access we can provide to world class fund managers and fund management companies. This incredibly diverse investment approach results in our clients benefiting from the collective knowledge and resources of managers who are responsible for billions of pounds worth of investments.

The structure we have created provides access to a varied range of investment managers, at a cost that is generally only available to institutional investors. We leverage the negotiating power of all our clients in order to keep costs low, so your money works more efficiently for you.

## We believe in...

- **Diversification** so that your funds are not over-exposed to any particular asset class, region, company or investment style. Active and passive investments have a place in a well-balanced portfolio.
- **Being Mindful** of the world around us and our wider responsibilities, and that sustainable investments should be considered as part of every portfolio.
- **Disciplined investment** for the long term; time in the markets, not timing the markets.
- **Making investments** in line with an **appropriate level of risk**, based on our clients' risk attitude, objectives, experience and capacity for loss.
- The value of ongoing **monitoring and management**, to ensure that what is right for our clients today remains suitable over time with adjustments made as necessary.

# ASSET CLASS RETURNS TABLE

The following table compares returns over the past ten years for a number of major asset classes, highlighting the benefits of a diversified investment portfolio.



BEST	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
1	20.4	30.6	17.8	16.2	31.6	25.3	0.4	24.4	19.1	25.5	Asia Pac ex Japan Equity
2	19.4	26.5	14.9	9.4	30.1	24.5	0.1	21.6	15.2	17.3	Global Emerging Market Equity
3	16.6	26.3	13.1	5.6	26.0	17.8	-1.7	19.9	13.4	15.8	North American Equity
4	15.4	26.1	10.6	5.0	23.3	17.4	-2.3	18.0	12.5	8.8	European ex UK Equity
5	14.4	10.1	9.7	4.5	17.1	14.1	-2.5	16.8	9.7	5.6	UK All Companies
6	14.3	8.0	6.9	2.5	15.7	11.2	-3.3	16.6	8.8	4.1	Equally Weighted Portfolio
7	13.6	5.6	6.6	0.4	11.4	10.5	-3.8	15.3	7.6	1.8	Japanese Equity
8	12.8	3.5	3.4	0.2	11.2	7.1	-5.7	14.0	7.2	1.5	UK Direct Property
9	11.7	1.9	2.0	0.2	11.0	6.1	-8.8	11.1	6.5	0.8	Sterling High Yield Bonds
10	7.5	1.3	0.9	0.0	9.7	5.2	-11.0	8.6	3.9	-0.1	UK Gilts
11	3.3	0.2	0.4	0.0	8.6	5.1	-11.2	8.5	0.4	-0.5	Sterling Strategic Bonds
12	2.0	-3.8	0.3	-2.8	7.7	1.7	-11.8	6.4	-3.6	-1.9	Sterling Corporate Bonds
13	0.5	-4.9	-0.9	-9.2	0.3	0.1	-12.6	0.7	-6.7	-5.4	Cash
WORST											

Source: IMA & FE Analytics as at 31 December each year end. Figures show the median performance rise or fall of each asset grouping per calendar year. Figures are net of charges (other than initial charges). Past performance is not a reliable indicator of future returns.

# ASSET CLASS ALLOCATION

“Asset allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio’s assets according to an individual’s goals, risk tolerance, and investment horizon.”  
(Investopedia)

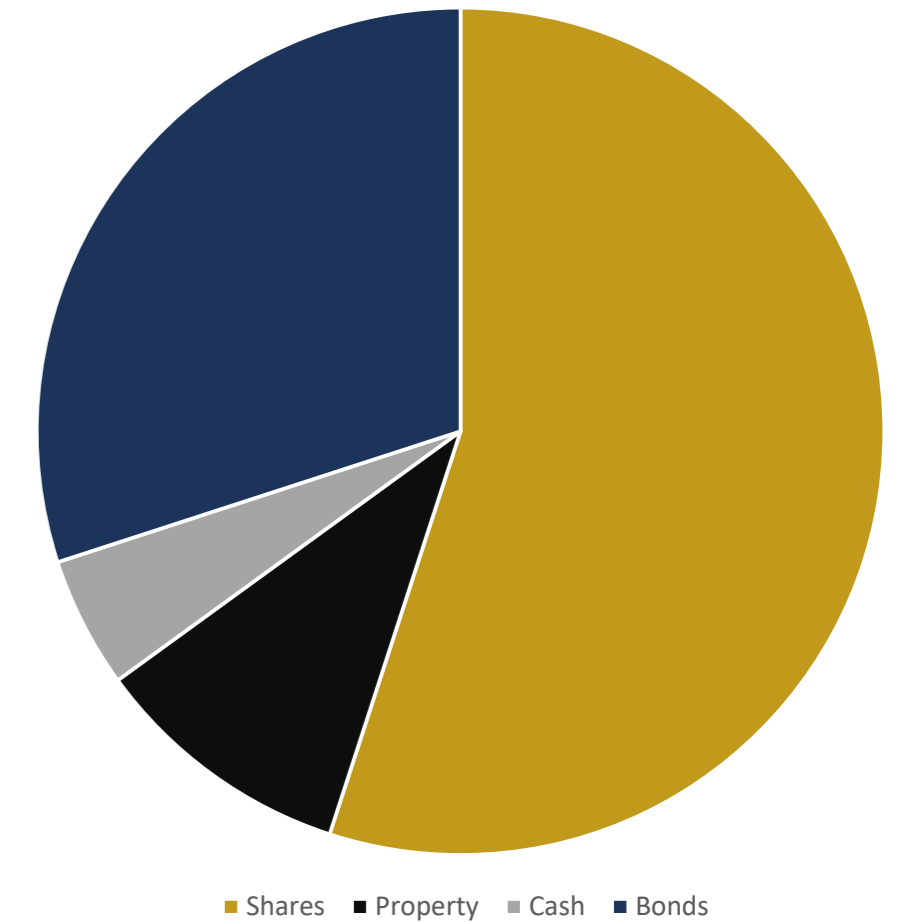


## Portfolio Construction

History shows that asset classes that produce strong returns one year often fare less well in successive years. We believe having a mixture of different assets provides growth potential over time, whilst protecting against poor performance.

An individual with a Balanced (i.e. mid-range) attitude to risk may therefore have a portfolio like this pie chart.

Such portfolios are usually constructed with a long term view of how such assets will perform. However, the percentages can also be adjusted to respond to short term market events, like rising inflation, interest rate changes or stock market volatility.



# MANAGING & MEASURING PERFORMANCE

As Independent Financial Advisers, we construct and manage a financial plan bespoke to you, and monitor closely to ensure this stays on track to meet your objectives.



## Investment Performance

Investment performance is closely monitored to ensure returns to clients are in line with expectations. Average returns should correlate with the agreed level of risk; with higher risk portfolios providing higher returns on average, over the longer term. Our portfolios target consistent above-average performance over benchmark, year on year.

## Investment Expertise

As financial planners we construct and manage your personal financial plan, to check it stays on track to meet your objectives. Your invested funds are a critical part of your plan, and we engage with a number of independent fund management experts to manage your money on a day-to-day basis.

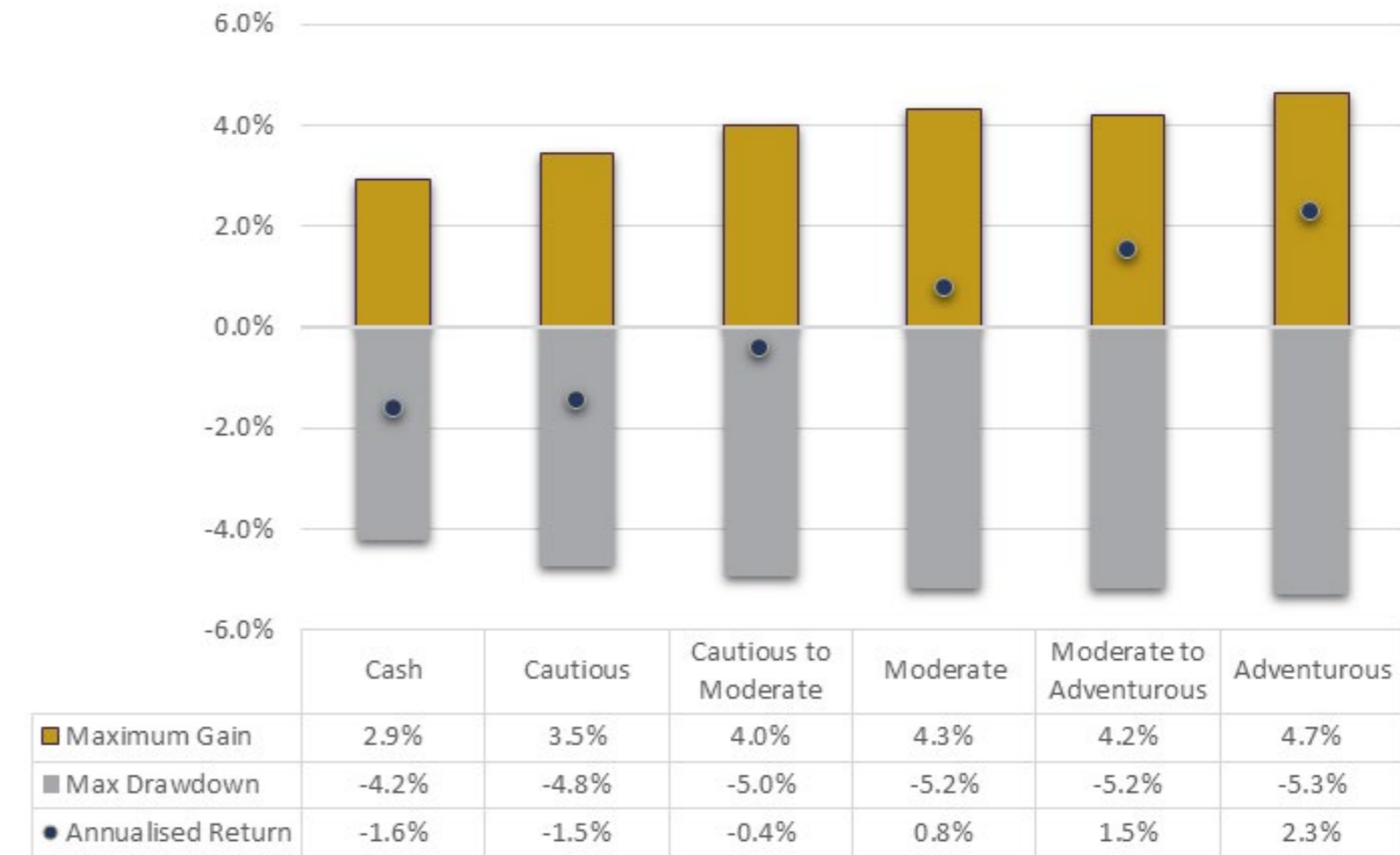
We have carefully selected these experts based on factors such as their track record, resources, cost and approach to managing money. We are able to blend together solutions from managers with contrasting investment styles, who may perform differently at different times, depending on economic conditions, helping to further diversify investment risk.

## Our Goal...

As your Independent Financial Advisers, it is important that we continuously review what we already have in place and monitor performance closely as well as adding new solutions for clients.

# BALANCING RISK & REWARD

Our investment portfolios aim to strike the right balance between the risk you are willing to take and the rewards you receive in return, when investing for the longer term.



Source: FE Analytics August 2023, based on the UK Risk Targeted Multi-Asset Solution sectors

# OUR INVESTMENT COMMITTEE

We firmly believe that client needs must come first, and so our Centralised Investment Proposition is just one of the investment options available to you alongside those available in the whole of the investment market.



## Governance

We have an Investment Steering Committee, with representatives from throughout our business as well as an external non-executive director and an independent investment research specialist to oversee all aspects of our investment proposition.

The Committee meets formally four times a year (more often if market conditions require it) and operates under a tightly defined Terms of Reference. The Committee's core responsibilities include:

- Carrying out fund research and due diligence, and managing ongoing relationships with the relevant investment managers.
- Reviewing crucial aspects eg. investment performance, cost and risk on an ongoing basis.
- Keeping abreast of market changes and acting accordingly to continually refine the investment proposition.

We understand our responsibilities when entrusting an expert manager to protect and grow our clients' funds. When constructing our core investment proposition, we only recommend investment management companies we have met and had the opportunity to question in detail about how they manage money.

Whilst we have a core range of well-researched investment solutions that meet the typical needs of our clients, we do of course utilise funds and other investment products from across the whole of the market if required, based on our clients' personal needs and objectives.

We do not manage any of our own investment solutions, because we believe this could cause a potential conflict of interest.

# TAKING THE NEXT STEP

We will advise you on the most appropriate solutions to meet your investment objectives. Get in touch with our Independent Financial Advisers to discuss your investment options.



## Our Aim

The core objective of the team at MacDonald Partnership is to help you meet your financial objectives.

We also want you to sleep well at night, knowing that we are reviewing and monitoring your plan and constituent investments on an ongoing basis and making any necessary changes should the need arise.

If you would like more information please do not hesitate to contact us using the details on this page.

## Get in touch:

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