

Optimum Investment Management

Optimum Independent Financial Advisers is an Independent Advice firm. The Optimum Investment Management (OIM) proposition is *not one-size fits all*. Advice and recommendations are bespoke to each individual client taking into account such matters as attitude to investment risk, capacity for loss, tax position and personal needs & objectives.

The OIM proposition is structured around proactive investment advice and a review process designed to offer our clients the optimum possible management of their investments. Our recommendations are based on a rigorous and robust investment technique and methodology, using independent research technology to assess the whole market place and create investment portfolios tailored to a range of different levels of risk. Portfolios are constructed using a wide variety of different investment funds also known as *collective funds*, to build an overall blend of investments appropriate to each particular level of risk.

All of these investment funds holds a collective pool of money from many different individual investors (hence the term *collective fund*) managed by its own investment team in line with a specific mandate. Each investor owns a specified number of units or shares in the overall fund depending on their level of investment, which are ring fenced in their own name, and benefits from the performance of their proportion of the overall pool of assets. This collective approach allows each individual investor to gain access to the expertise of the investment management team and benefit from cost reductions available from larger scale investments. It also means a significant level of diversification can be achieved on a relatively small level of investment, which would usually only be cost effective on very large investments.

These investment funds can be highly specialised and there are many different options available for all areas of the world market, which we bring together under a single portfolio. For example, we may hold one or more UK Equity funds (i.e. a fund that focuses on buying shares in companies based in the UK) in our portfolio, alongside a Global Bond fund, which is a fund focusing on bonds from all areas of the world (a bond is essentially a loan to an institution that could be either a company or even a government, which promises to pay a fixed amount as a *coupon* over a set number of years, before returning a pre-defined level of capital at the end of the bond's term). When we build a portfolio, we will always include a greater level of diversification than simply these two types of fund, however this is just an example to illustrate the different types of investment funds that will be held.

Each different type of fund will carry a different level of risk and no two investment markets will ever perform identically. As such, we create a diversified blend of investments in accordance with an individual's risk profile. Some of the individual elements of the portfolio might be higher (or lower) in terms of risk than the individual's risk tolerance, however the important factor is the overall blend of risk across the whole portfolio. We also believe very strongly it is important to remain invested for the long term in a wide range of assets to reduce exposure to a downturn in any given market. Investment markets by their very nature are volatile and unpredictable and we have never seen any evidence that anybody is able to accurately predict exactly what markets are going to do on an ongoing basis. This philosophy can be summarised with the phrase *time IN the market not timING the market*. Whilst no investment is immune to market volatility, which is an inherent part of any investment, we feel this diversified blend of assets gives us the optimal chance of protecting our clients' invested capital.

During the year we conduct regular internal meetings to review the ongoing performance of each of our portfolios, as well as the individual components. As a result of these meetings, we may at times introduce new funds or remove existing investment funds from the portfolios and at our annual review meeting with you each year, we will conduct a reassessment of your attitude to risk and bring your investments in line with the most up to date version of the appropriate portfolio.

We have a range of different portfolios and a detailed breakdown of any portfolio we recommend for you will be included in a *Recommendation Report*.