THE IMPORTANCE OF ASSET ALLOCATION

- Around 80% of a portfolio's performance is derived from the asset allocation

- Effective diversification produces an optimal risk-return trade-off

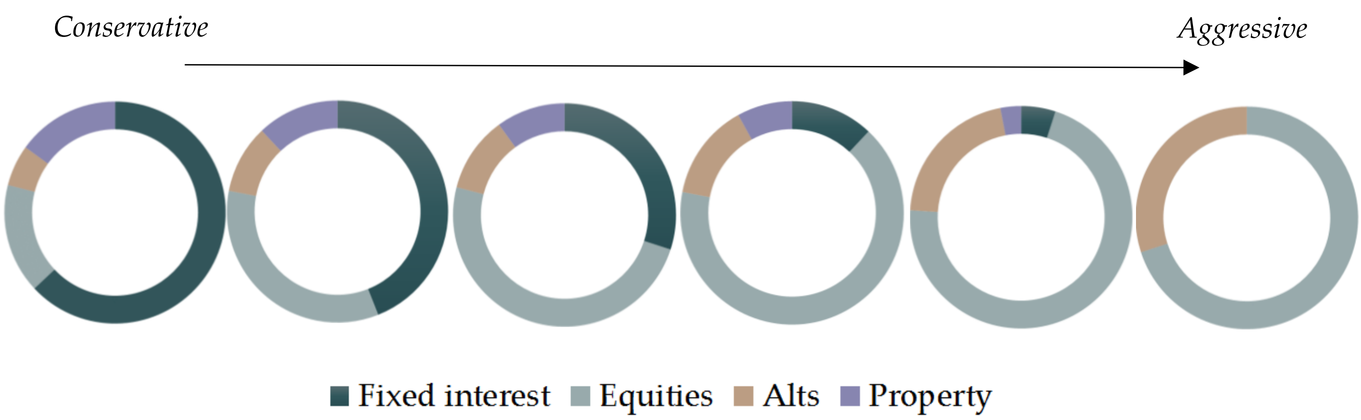
- Portfolios are well-diversified across both asset classes and regions

At Artorius Wealth, we believe your assets are best served in a portfolio broadly diversified across both asset classes and regions. An effective combination of non-correlated asset classes, which will perform differently in certain economic conditions, can increase return and reduce risk. For example, while equities and bonds may both produce positive long-term returns, in a recession, equities tend to fall in value, but government bonds often rise. Therefore, diversification can greatly reduce volatility, providing an optimal risk-return trade-off.

Our long-term strategies, which we refer to as Strategic Asset Allocations, are driven by the 'top-down' macroeconomic view of our CIO and the Artorius Wealth Investment Team. Research shows that 80% of a portfolio's performance is derived from the asset allocation, so our investment process begins with ensuring the Strategic Asset Allocation of your portfolio matches your personal situation before any specific investment instruments are selected. We have created a range of Strategic Asset Allocations that target the maximum expected of return for different levels of risk.

Clients with a strong preference for wealth preservation will typically have more prominent holdings in government and corporate bonds and UK property. These allocations shift towards equities and private equity – which fall under the 'Alternatives' bracket in the below charts – for more growth-based strategies.

Optimal Strategic Asset Allocations



EQUITY DIVERSIFICATION

Global diversification delivers a superior risk-return trade-off

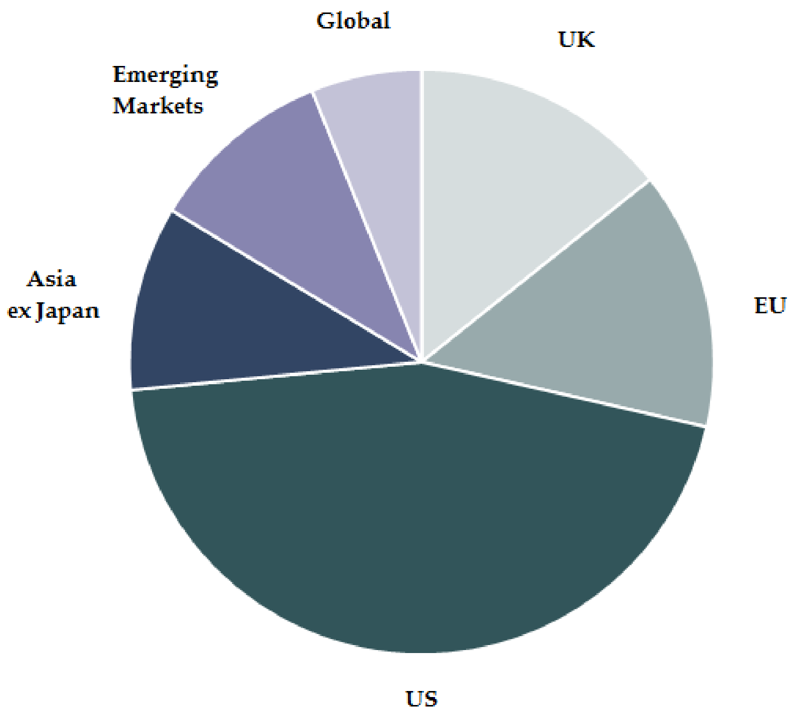
The below chart shows the geographic breakdown of a portfolio's exposure to equities for a client with a moderate risk tolerance.

Portfolios are actively managed to take advantage of temporary market inefficiencies. Short-term changes from your Strategic Asset Allocation are referred to as Tactical Asset Allocations.

The average investor tends to hold companies in the local market, and, as a result, misses out on the benefit of investing globally. Using our expertise in global markets, we diversify our equity investments worldwide to benefit from the wider opportunity set. Historically this has delivered a superior risk-return trade-off.

Our tactical views are based on the assumption that asset classes can become incorrectly priced over the short-term and adjusting weightings accordingly will add value to your portfolio. However, this is not a short-term trading strategy, and we ensure Tactical Asset Allocations do not jeopardise your long-term investment objectives.

Tactical decisions are made based on a 3 to 12 month outlook.



The average investor is domestically biased in their equity selection. As a result, they miss out on opportunities in the global markets.

The US stock market is significantly larger than any other region, and this is reflected in our allocation of equities.

CAPITAL DISCIPLINE FOR EQUITY INVESTING

- Unique investment strategy providing direct equity exposure for the UK & Europe

- Companies that return cash to investors through share buybacks that are not funded by debt have historically outperformed

- Data shows this strategy has significantly outperformed the wider market in the UK, Europe and the US since 2002

Artorius Wealth is proud to offer a unique investment offering for clients seeking exposure to equity investments.

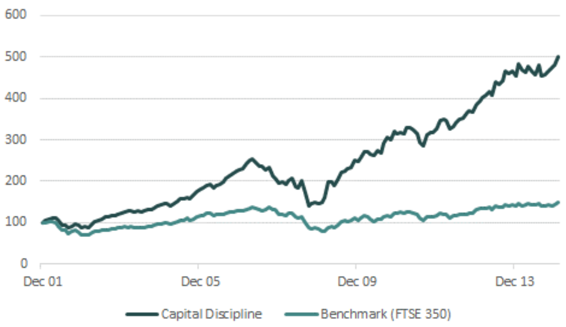
Rather than adopt an index tracking approach to investing in equities, we fundamentally believe in an unconstrained portfolio rather than being dictated to by an index weighting. Each holding would have passed a stringent screening and analytical process. We will strive to maintain an equal weighting to each equity holding and conduct on-going management of the portfolio, with a formal quarterly assessment to avoid unnecessary portfolio turnover and expense. The use of a diverse set of holdings means that whilst we aim to replicate the index in terms of statistical risk, we aim to beat the index in terms of returns over time.

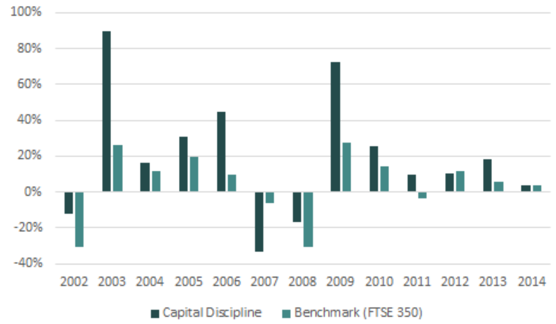
Those companies that deliver capital discipline around their own shares see more value in returning cash to investors than in the outperformance of alternative investment opportunities. Hence, we systematically screen the relevant universe to identify those companies that meet our criteria for share capital discipline. This will include share buybacks without the use of increased gearing or debt, signifying that the capital return to shareholders is derived from operational cashflow rather than financial engineering.

The holding period of each company will be driven via a combination of capital discipline and on-going development of the company's fundamentals. When a company stops being attractive from an investment perspective then the investment management team will replace the holding with an alternative that satisfies the stringent process.

Between the major equity regions (UK, Europe ex UK and the US) the backtest is most dominant in Europe. We are struck by the irony that as interest rates have fallen returns for those companies with capital discipline have outdone other companies.

UK capital discipline screen & FTSE 350: cumulative & calendar year returns



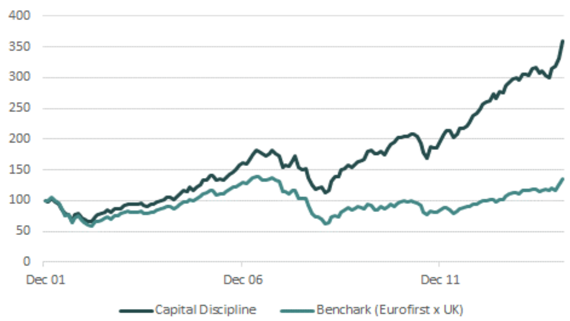


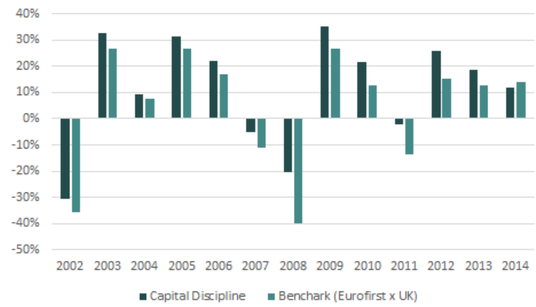
Source: Artorius Wealth; Thomson Reuters

Performance January 2002 – December 2014

	Capital discipline strategy	FTSE 350
Cumulative capital return	402%	49%
Average 12 month return	23%	5%
St deviation	29%	16%
Max drawdown	-44%	-43%

EU exc. UK capital discipline screen & Eurofirst (xUK) benchmark: cumulative & calendar year returns



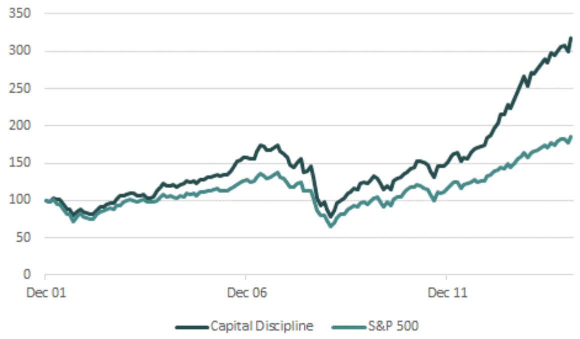


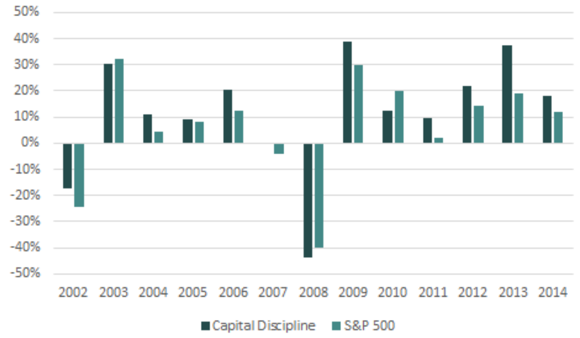
Source: Artorius Wealth; Thomson Reuters

Performance January 2002 – December 2014

	Capital discipline strategy	Eurofirst x UK
Cumulative capital return	259%	35%
Average 12 month return	13%	5%
St deviation	18%	20%
Max drawdown	-38%	-56%

US capital discipline screen & S&P500 benchmark: cumulative & calendar year returns





Source: Artorius Wealth; Thomson Reuters

Performance January 2002 – December 2014

	Capital discipline strategy	S&P 500
Cumulative capital return	218%	86%
Average 12 month return	12%	8%
St deviation	21%	17%
Max drawdown	-55%	-52%