

## Charity Portfolio Service

### PK Wealth's Investment Philosophy, Strategy and Process

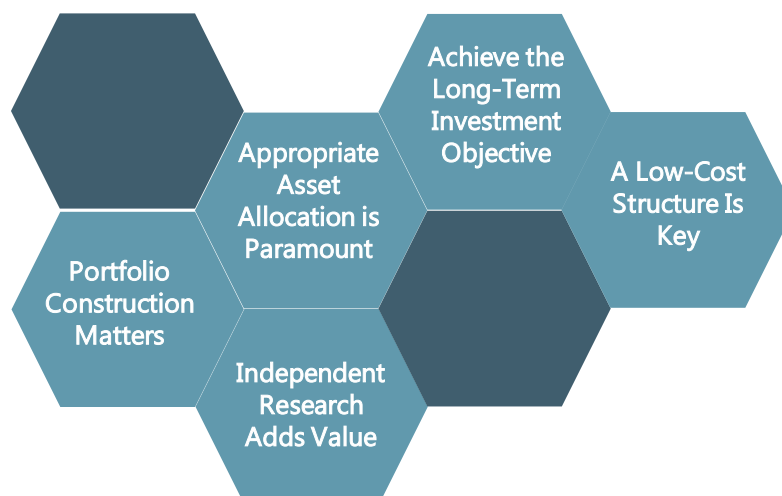
#### Summary of Charity Portfolio Service

Working with the boards of charities and foundations, we help them achieve their long-term financial and investment objectives, ensuring that their investment strategy supports their long-term strategic aims.

We place particular importance on ensuring that trustees understand and are comfortable with the investment objective and risk profile set out in their Investment Policy Statement. A well thought out Investment Policy Statement should ensure that trustees are clear about their long-term investment objective, the expected level of volatility and potential downside risk. As a result, trustees will be more confident about the investment strategy and better able to react at times of adverse market movements.

PK Wealth brings a disciplined institutional approach to investment. Our multi-asset portfolios are constructed to generate long-term returns in excess of inflation (measured by the Consumer Price Index (CPI)) whilst minimising risk and volatility. This portfolio strategy is suitable for charities and foundations that have adopted a Total Return Approach.

#### PK Wealth Investment Philosophy

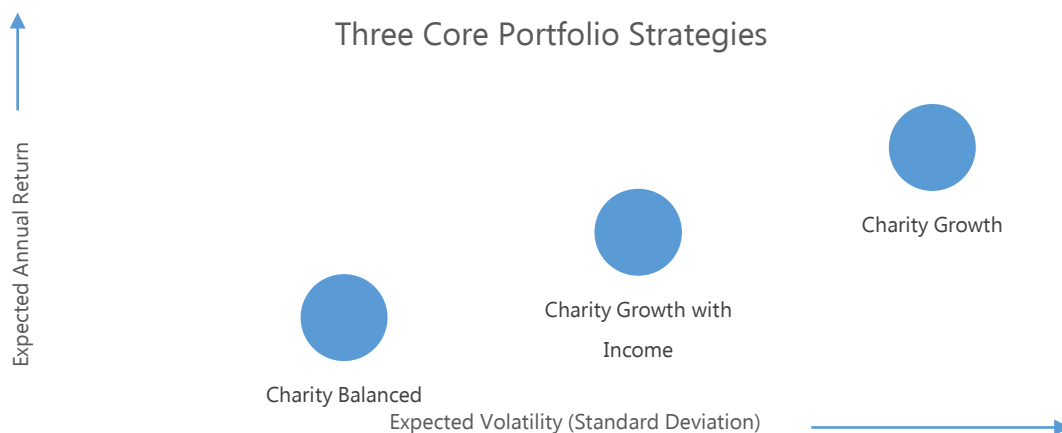


## PK Wealth Investment Process

- Establishment of asset allocation ranges
- Setting of risk boundaries
- Portfolio optimisation testing
- Proprietary research and systematic due diligence process for investment selection, including a focus on overall fund charges
- Blending of complementary investment styles
- Regular portfolio reviews

### ➤ Long-Term Strategic Asset Allocation

Asset allocation effectively sets a framework for the long-term management of a portfolio. Our aim is to find a group of assets that have the potential to generate a target rate of return over the long term (ten years plus), adopting a sensible level of risk. We examine long-term historical returns, volatility and correlation characteristics of a range of asset classes represented by underlying market indices. Forward market assumptions are then incorporated to determine a balanced and risk-adjusted allocation to selected asset classes.



### ➤ Medium-Term Trends

Portfolio positioning is based on a two to three-year investment outlook and allows for the identification of short/medium-term investment opportunities. In-house research focuses on multiple factors including style (value/quality), size (market capitalisation) and market themes.

### ➤ Investment Selection

Our rolling due diligence process combines proprietary research, external fund manager reviews and weekly Buy List meetings. We analyse market returns, volatility (risk), correlations across global asset classes and ongoing fund expenses. The investment universe includes OEICs, Unit Trusts, Investment Trusts and Exchange Traded Funds.

### ➤ PK Wealth Buy List

Only those assets which pass our rigorous selection process are entered onto the PK Wealth Buy List. Portfolios generally consist of 20-25 holdings to ensure global multi-asset diversification.

### ➤ Risk Management

- We set guideline volatility ranges for each risk profile based on long-term data. Asset allocation ranges are also established for each risk profile and reviewed annually.
- Portfolio analysis provides a better understanding of investment return profiles over the long-term, acknowledging variation in portfolio returns over individual calendar years.
- Liquidity constraints are a key consideration for initial investment selection.
- A market cap filter is applied, diversifying exposure across a range of companies as appropriate.
- Gearing (the level of debt relative to equity) is monitored closely across all investment vehicles.

### ➤ Charges

- PKW Annual Management of 0.7% (+VAT) for portfolios up to £500,000, 0.5% (+VAT) between £500,000 and £5 million and 0.4% (+VAT) above £5 million.
- Custody
- Third party investments

Custody and Third party charges will vary dependent upon the choice of platform and underlying investments. Actual charges will be confirmed in our investment proposal document. PKW apply no initial, dealing, exit or performance fees.

### ➤ Custody Services and Security

Client assets are administrated by third-party FCA-regulated custodians. All assets are held electronically in segregated nominee accounts and all stock and cash reconciliations are carried out in accordance with FCA rules.

### ➤ Contact Details

If you would like to know more about our Charity Portfolio Service, please get in touch. Our team will be delighted to answer your questions.

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#### Background to PK Wealth

- ❖ PK Wealth is an independent subsidiary within PK Group and provides investment management services to a range of clients in conjunction with their professional advisers.
- ❖ PK Group is a financial and professional services firm founded in 2003 and headquartered in Richmond. PK Group provides wealth management, accountancy, tax and financial planning services.

#### IMPORTANT INFORMATION

Past performance is not a reliable indicator of future returns. The value of investments and the income derived from them can go down as well as up and you may not get back the amount invested. PK Wealth is responsible for managing the model portfolios and the professional adviser is responsible for advising the client on portfolio selection and for assessing the suitability of the selected portfolio for each client on an ongoing basis. Each strategy rebalance will simultaneously impact all clients linked to that risk portfolio.

The information in this document does not constitute advice or a recommendation and is for the information of the recipient only.

Investment management and portfolio services are provided by PK Wealth Limited which is authorised and regulated by the Financial Conduct Authority. PK Wealth Limited is registered in England (number 08991126).