Wealth Management

bestpriceadvice

Independent Financial Advisers

bestpriceadvice

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Welcome to Best Price Advice

ABOUT US

As a team of Independent Financial Advisers based in Margam, South Wales, we pride ourselves in a disciplined yet personal approach to all aspects of wealth management.

Our goal is to provide you with honest, measured, independent financial advice, tailored to you and your own financial situation and requirements.

Areas of advice that we focus on include:

- Investment Portfolio Management (Onshore and Offshore) including ISA products
- Pension Planning and Retirement Solutions
- Life Insurance and Business/ Asset protection
- Residential Finance/ Mortgages

Our Approach

This document is designed to assist our clients in understanding how Best Price Financial Services Ltd, via its "Advice" trading style of Best Price Advice, carries out the process of independent financial advice to clients.

PHILOSOPHY We believe in a structured and disciplined approach to investing which seeks to manage risk, minimise tax and above all help our clients increase the probability of achieving their financial and lifestyle goals.

Inflation over the medium to longer term can significantly reduce the real value of money. As a result, when investing over a term of 5 years or more, we believe that investing into real assets such as equities, bonds and property will protect against the effects of inflation.

When arranging an investment for you, we feel it is vital that both we and you understand your attitude towards risk and reward to ensure the correct strategy is adopted.

One of our core investment beliefs is diversification. In investment terms this means adopting an asset allocation strategy. An asset allocation strategy should be based on extensive research, and should spread your investment across the various asset classes (e.g. cash, equities, bonds and property).

We believe that identifying and investing in line with the appropriate asset allocation for your attitude to risk will deliver the appropriate level of capital security and potential for growth.

We believe that your asset allocation strategy should be continually monitored, and adjusted if required, in line with your understanding of the impact of the changes made.

In addition to an asset allocation strategy, a portfolio should be further diversified to take into account geographical regions (e.g. UK, Europe, US), sectors (e.g. Industrials, Pharmaceuticals), stock section (i.e. small, medium, large companies) and fund management style (i.e. value or growth).

Once established, adjustments to the portfolio's asset allocation and/or the diversification strategy should be made, within certain parameters such as your attitude to risk, to reflect short term economic or investment trends.

Our belief is that, over the medium to longer term, active fund managers can add value over and above the return of the markets. It is vitally important, however, that the fund managers selected, and others available within the wider market, are actively monitored so that they can be selected/de-selected from the portfolio at the appropriate time.

We are pragmatic in our approach and use both active and passive fund managers, as a combination or separately, where appropriate.

In order to identify active fund managers who can consistently add value, we believe in deep and thorough research, taking into account various factors, not just past performance.

We believe that the on-going maintenance of your portfolio is essential. This should take into account your asset allocation strategy, diversification strategy, and the fund selection, with your portfolio being adjusted accordingly.

We feel it is important that you should understand our beliefs about the management of your money.

Diversification

As discussed, diversification is key to managing investment risk and producing an outcome in line with your goals.

DIVERSIFICATION As advisers, we are not fortune tellers, and thus cannot predict the future. It is therefore imperative that we assess your attitude to risk and build a balanced portfolio, in order to ensure your financial goals are matched. It is also important that on-going reviews are carried out, at least annually, to ensure your investment programme remains on track to meet your objectives.

The volatility of markets means that, over particular time periods, certain sectors will produce loss and gain. This is exemplified in the chart below. The goal is to ensure that there are more winners than losers, and we use our professional knowledge and research tools in order to manage these risks in line with your financial goals.

The chart below illustrates that it is impossible to forecast the markets and what sectors and asset classes will ultimately produce returns over the longer term.

Asset Class Returns

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EM 56.3%	REIT 31.6%	EM 34.5%	REIT 35.1%	EM 39.8%	HG Bnd 5.2%	EM 79.0%	REIT 28.0%	REIT 8.3%	REIT 19.7%	Sm Cap 38.8%	REIT 28.0%	REIT 2.8%	Sm Cap 21.3%	EM 37.8%
Sm Cap 47.3%	EM 26.0%	Int'l Stk 14.0%	EM 32.6%	Int'l Stk 11.6%	Cash 1.4%	HY Bnd 57.5%	Sm Cap 26.9%	HG Bnd 7.8%	EM 18.6%	Lg Cap 32.4%	Lg Cap 13.7%	Lg Cap 1.4%	HY Bnd 17.5%	Int'l 25.6%
Int'l Stk 39.2%	Int'l Stk 20.7%	REIT 12.2%	Int'l Stk 26.9%	AA 7.6%	AA -22.4%	Int'l Stk 32.5%	EM 19.2%	HY Bnd 4.4%	Int'l Stk 17.9%	Int'l Stk 23.3%	AA 6.9%	HG Bnd 0.6%	Lg Cap 12.0%	Lg Cap 21.8%
REIT 37.1%	Sm Cap 18.3%	AA 8.9%	Sm Cap 18.4%	HG Bnd 7.0%	HY Bnd -26.4%	REIT 28.0%	HY Bnd 15.2%	Lg Cap 2.1%	Sm Cap 16.4%	AA 11.5%	HG Bnd 6.0%	Cash 0.1%	EM 11.6%	Sm Cap 14.7%
Lg Cap 28.7%	AA 14.1%	Lg Cap 4.9%	AA 16.7%	Lg Cap 5.5%	Sm Cap -33.8%	Sm Cap 27.2%	Lg Cap 15.1%	AA 0.3%	Lg Cap 16.0%	HY Bnd 7.4%	Sm Cap 4.9%	Int'l Stk -0.4%	REIT 8.6%	AA 14.6%
HY Bnd 28.2%	Lg Cap 10.9%	Sm Cap 4.6%	Lg Cap 15.8%	Cash 4.4%	Lg Cap -37.0%	Lg Cap 26.5%	AA 13.5%	Cash 0.1%	HY Bnd 15.6%	REIT 2.9%	HY Bnd 2.5%	AA -1.3%	AA 7.2%	REIT 8.7%
AA 25.9%	HY Bnd 10.9%	Cash 3.2%	HY Bnd 11.8%	HY Bnd 2.2%	REIT -37.7%	AA 24.6%	Int'l Stk 8.2%	Sm Cap -4.2%	AA 12.2%	Cash 0.1%	Cash 0.0%	Sm Cap -4.4%	HG Bnd 2.7%	HY Bnd 7.5%
HG Bnd 4.1%	HG Bnd 4.3%	HY Bnd 2.7%	Cash 4.7%	Sm Cap -1.6%	Int'l Stk -43.1%	HG Bnd 5.9%	HG Bnd 6.5%	Int'l Stk -11.7%	HG Bnd 4.2%	HG Bnd -2.0%	EM -1.8%	HY Bnd -4.6%	Int'l Stk 1.5%	HG Bnd 3.5%
Cash 1.0%	Cash 1.4%	HG Bnd 2.4%	HG Bnd 4.3%	REIT -15.7%	EM -53.2%	Cash 0.2%	Cash 0.2%	EM -18.2%	Cash 0.1%	EM -2.3%	Int'l Stk -4.5%	EM -14.6%	Cash 0.3%	Cash 1.0%

Abbr.	Asset Class – Index	Annual	Best	Worst
Lg Cap	Large Caps Stocks – S&P 500 Index	10.15%	32.4%	-37.0%
Sm Cap	Small Cap Stocks – Russell 2000 Index	11.17%	47.3%	-33.8%
Int'l Stk	International Developed Stocks – MSCI EAFE Index	8.60%	39.2%	-43.1%
EM	Emerging Market Stocks – MSCI Emerging Markets Index	12.68%	79.0%	-53.2%
REIT	REITs – FTSE NAREIT All Equity Index	11.13%	37.1%	-37.7%
HG Bnd	High Grade Bonds – Barclay's U.S. Aggregate Bond Index	4.14%	7.84%	-2.0%
HY Bnd	High Yield Bonds – BofAML US High Yield Master II Index	9.08%	57.5%	-26.4%
Cash	Cash – 3 Month Treasury Bill Rate	1.18%	4.7%	0.0%
AA	Asset Allocation Portfolio*	8.74%	25.9%	-22.4%

Past performance does not guarantee future returns. The historical performance shows changes in market trends across several asset classes over the past fifteen years. Returns represent total annual returns (reinvestment of all distributions) and does not include fees and expenses. The investments you choose should reflect your financial goals and risk tolerance. For assistance, talk to a financial professional. All data are as of 12/31/17.

*Asset Allocation Portfolio is made up of 15% large cap stocks, 15% international stocks, 10% small cap stocks, 10% emerging market stocks, 10% REITs, 40% high-grade bonds, and annual rebalancing.

Investments

Deciding how best to invest your money can be daunting. With so many options available and so many uncertainties, how do you choose what's right for you?

INVESTMENT PROCESS Our job is to eliminate as much of that uncertainty as possible and to work with you to identify the most appropriate way for you to achieve your financial goals.

Our investment process has been sculpted through years of expertise and proven results. Reviewed half yearly, the process detailed here has been set out by Best Price Financial Services. A director will carry out the review of the investment process supported by our advisers, who hold the necessary certificates in investment management.

The Best Price Financial Services investment process creates a framework for us to discuss your needs and expectations, to assess and agree your attitude to risk and then to build and manage an investment portfolio to match.

The process detailed here has been set out by Best Price Financial Services and comprises seven key steps. By working through a series of logical steps, you will gain a better understanding of the reasoning behind our recommendations and confidence in the resulting choice of investments.

SEVEN EASY KEY STEPS

fact find

tax wrapper selection

risk assessment

risk discussion

asset allocation

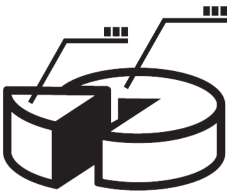
portfolio construction

review & rebalance

1. Fact Find Process

This initial step helps us as advisers to understand the financial circumstances of you, the client, considering both your goals and aims. This provides the blueprint for the advice process and any recommendations we make. As advisers, it is imperative that we are well acquainted with our client to ensure that our advice is suitable to their requirements.

2. Tax Wrapper Selection



A tax wrapper is a financial product, such as a pension, ISA or bond, within which your investments can be held and which usually has certain tax benefits.

Once we have established your financial goals we can begin to determine the most appropriate tax wrapper(s) to meet your needs. As well as pensions, ISAs and bonds, the options and combinations for consideration may include life protection and critical illness policies, depending on your circumstances.

We operate with investments that are predominantly “unbundled” or “clean” in share terms, presenting a pricing advantage for the individual investor. There is also the consideration of a “super-clean” share class where available.

For the majority of our clients, we recommend investing via an ‘investment platform’. This is a way to hold, monitor and manage all of your investments in a single place. To ensure suitability, all platforms are reviewed annually. We carry out Due Diligence to firstly consider the suitability of the platform for our clients’ needs, looking at functionality, value, consistency of delivery and likely longevity.

In the use of platforms, we consider the specifications of the individual in relation to the likely requirement for open architecture, enabling the purchase of Stock Exchange Traded Funds as opposed to predominantly using Collective Investment Funds.

In comparison to more traditional methods, platforms provide greater control, selection and convenience in overseeing your portfolio as a whole. This will ensure that your investments are performing as expected and remain in line with your risk profile.

A platform also provides online technology to help us assess your attitude to investment risk, allowing us to create a suitable portfolio.

A platform is paid for by the investor as part of the product investment solution, so as advisers we will review and consider the use of the platforms used and recommended as part of our “Best Interest of Clients” review, within the Due Diligence assessments. This is in order that the best value is maintained on an on-going basis.

Note: There may be circumstances where an investment platform is not appropriate. In such circumstances, we will consider the use of the Independent, Whole of Market Investments environment.

3. Risk Assessment

Understanding your attitude towards risk is central to the creation of your portfolio. It is inevitable that clients and advisers will have widely varying interpretations of investment risk. Therefore, it is vital for consistency that the business and all advisers within the business adopt the same interpretation of investment risk.

Furthermore, it is a key obligation, under the Financial Conduct Authority's (FCA) requirement for 'treating customers fairly', that all our clients assessed to be of equal risk should receive the same investment choices.

To satisfy these requirements, it is necessary to employ a consistent measure across the business for establishing attitude to risk. As such, all clients are required to complete the same 'attitude to risk' questionnaire.

What does risk mean to you?

Your attitude to risk could link closely to your financial goals. In assessing the level of risk you are prepared to take when making an investment, you may want to consider:

- Your personal financial situation: how much risk can you afford to take?
- Your investment goals and the potential return you would like from your investment, and whether you are happy with the level of risk needed to get there. Usually but not always, the greater the potential risk, the greater the potential reward.
- Your timescale, as your attitude to risk may depend on how long you wish to invest for.
- Your financial deadline, as investments can fluctuate in value. You should remember that, at the time your investment needs to be cashed in, its value could be at a low point. Some investors like to move their investments into less risky assets as their financial deadline approaches.

There are many different risks that could affect your investment. Some of the main types of risk are:

Market Risk

Changes in the bond, property, cash and stock markets could cause your investments to fall in value.

Business Risk

Circumstances affecting a certain company or industry might result in a reduction in the expected investment return.

Interest Rate Risk

A change in the interest rate could have a negative impact on your investment. Each type of investment is affected by rises and falls in interest rates in different ways.

Inflation Risk

The real value of an investment fund can fall if inflation rates are higher than the return being received from it.

Exchange Rate Risk

Also known as currency risk, the value of overseas investments can be volatile purely on account of exchange rate fluctuations.

Liquidity Risk

This is an investment that may be difficult to sell or cash in, such as a Property Fund where a purchaser has to be found to buy the property in question in order to create the liquid capital or cash.

You should always have sufficient liquid capital available to fund your lifestyle and to ensure you do not need to liquidate your investments, should investment markets fall.

4. Risk Discussion

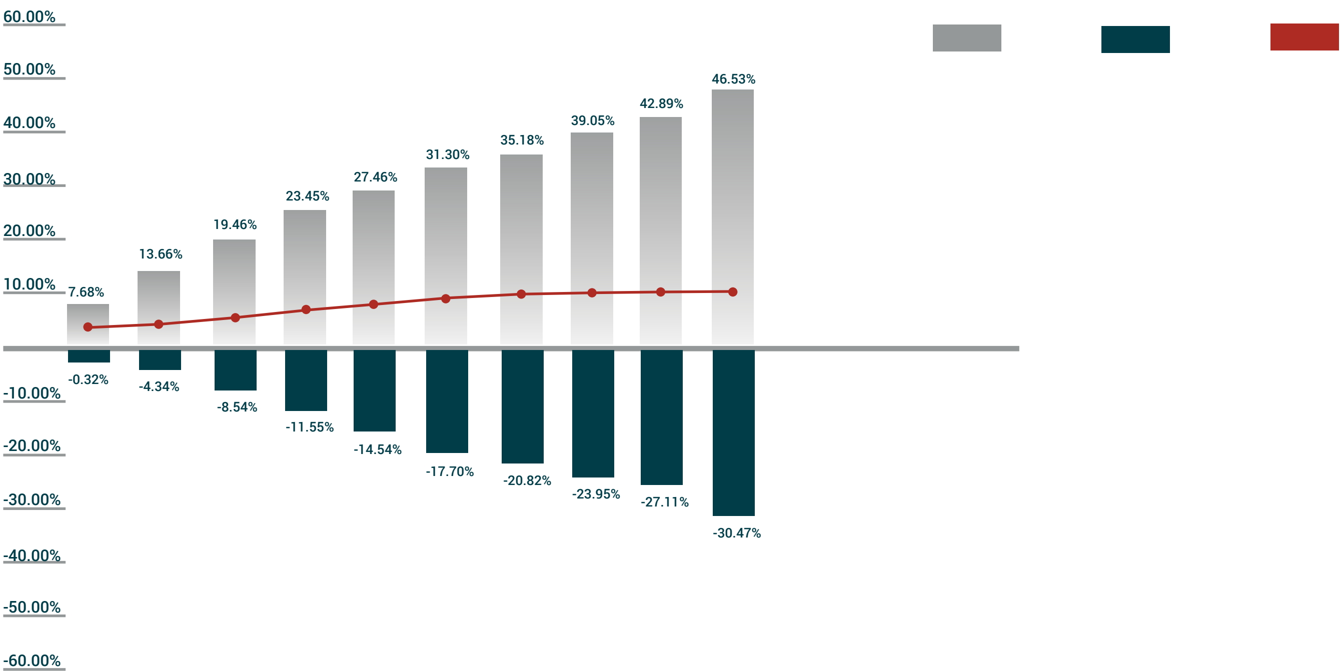
We recognise that perception of risk is a relative measure, and it is therefore important that we educate clients about the relationship between risk and return. We clarify that, for any given potential upside to a portfolio, there is also a potential downside.

In order to achieve the potential for higher upside, the client must also accept the potential for a larger downside. To this end, the risk profiling questionnaire helps clients to self-reflect, determining what they can afford to lose rather than what they hope to gain.

An individual's attitude to risk will vary according to their own expectation of the likelihood for a negative outcome. It is therefore imperative that, as advisers, we re-assess each client's 'Attitude to Risk' questionnaire on a regular basis, in accordance with their client service agreement.

At each client's annual review, the completion of a new 'Attitude to Risk' questionnaire will help provide a more up-to-date Fact Find.

This chart shows how increasing volatility means greater price rises and falls



Source: Skandia Proposition Marketing. Towers Watson as at 18 March 2011

5. Asset Allocation

The next stage in our investment process is the creation of an asset allocation in line with your risk profile score.

In 1952, Professor Harry Markowitz published his doctoral thesis "Portfolio Selection", marking the introduction of what is now known as Modern Portfolio Theory.

Markowitz established that, for any given level of risk, it was possible to construct an investment portfolio that mathematically delivers the maximum possible investment returns. That portfolio is said to sit on the 'efficient frontier'.

To ensure our clients' portfolio reside in this area, we use the 'Attitude to Risk' questionnaire to first establish a client's acceptance of risk before constructing a portfolio on the 'efficient frontier' for that level of risk.

We recognise that, in the variation of returns in a client portfolio, appropriate asset allocation is the key determinant. This is informed by more recent research*, which demonstrated it to affect the variability of returns in a portfolio by 91.5%. This is compared to market timing and stock selection, with their influences at 1.8% and 4.6% respectively.

The significant of asset allocation is exemplified by the Myners report (2001), which goes so far as to state that clients should pay more in order to receive advice on asset allocation.

**Brinson, Singer and Beebower, "Determinants of Port Performance II: An Update", 1991.*

Choice of Asset Allocation Tool

Having carried out a thorough review of the risk profiling and asset allocation tools on the market, we have selected an asset allocation tool which assists the construction of our clients' portfolios. Additionally, we have concluded that it is important to use the same company's 'Attitude to Risk' questionnaire, as the resultant data enables the consistent construction of our asset allocation models.

Asset Allocation within Sectors

The asset allocation tool provides us with the recommended asset allocations into the following sectors.

- Cash/Money markets
- UK Fixed Interest
- International Fixed Interest
- Property
- UK Equity
- European Equity
- US Equity
- Global Specialist
- Global Emerging Markets
- Far East (excluding Japan)
- Japan

Each of our recommended investment portfolio options carry the same asset allocation methodology.

6. Portfolio Construction

We offer four different types of investment portfolios to all clients, depending on your individual circumstances and requirements. These are:

I. **Actively Managed Portfolios (including Passive Funds, where appropriate)**
II. **Risk Controlled 'Fund of Fund' Portfolios**
III. **Passive/Blended Investment Portfolios (index tracking)**
IV. **Outsourced Bespoke Discretionary Fund Management Services (DFM).**

I. Actively Managed Portfolio

The Best Price Financial Services Actively Managed Portfolios are run by expert active fund managers. Our robust fund selection process aims to select those expert fund managers who have the ability to exploit market inefficiencies and, through active stock selection skills, deliver potential long term outperformance of their given sectors and the market average.

Best Price Financial Services recognise that past performance is not a guide to future performance and, as such, performance only plays a small role in our selection. We pay much more attention to the following five criteria:

1. **Ratings agencies**
2. **Risk adjusted returns**
3. **Relative risks**
4. **Consistency of performance (rather than specific performance)**
5. **Representatives of the asset class (ensuring it fits our model)**

1. Ratings agencies

As advisers, we recognise that we are limited in our ability to perform a detailed Due Diligence appraisal on the whole market of investment funds. A key part of our investment process is, therefore, to study the output of the ratings agencies. These organisations have huge resources and high levels of access to fund groups and fund managers (see Appendices A&B).

Criteria for selection – Each recommended fund must have a minimum OBSR* rating of A (where possible). We consider OBSR as the most important rating due to the fact that the rating takes into consideration all of the fund's attributes when awarding a rating. A minimum of an A rating means that in accordance with OBSR each of our recommended funds is at least a highly commended fund by OBSR. An addition of a Citywire rating of A and above for the fund manager is also desirable but not essential, as not all managers will be rated by Citywire.

**Old Broad Street Research Ltd*

2. Risk adjusted returns

We incorporate a rating called the Crown Rating. All funds over three years old carry a Crown Rating provided by specialist rating service Financial Express. They are an authority on performance measurement and they provide Crown Ratings for all UK authorised unit trusts and OEIC* funds.

Crown Ratings are compiled using three key measurements of a fund's performance - alpha, volatility and consistency. The highest scoring funds receive three crowns, with the lowest scoring receiving one crown. Any fund not meeting the required characteristics does not receive a crown.

The Crown Ratings are designed to highlight funds within the same sector that have had superior consistent performance in relation to risk. Hence, they can be a useful indicator to the investor of those fund managers that have added value and provided good performance in relation to the risk that they have taken.

Criteria for selection – Funds which make our recommended funds shortlist will have their Crown Rating compared against their peers. A minimum criteria of at least a two Crown Rating is desirable.

3. Relative risk

Volatility (Beta) is a statistical measure of how often a series of values moves up and down around its average. The higher the volatility number (Beta) the less consistent historical performance has been. We are therefore looking for funds that have performed with as little volatility as possible.

Criteria for selection – A fund with a Beta of 1 is said to be representative of its market's volatility. As above, the Beta of our recommended funds will be assessed to ensure that they are not taking too much risk away from their benchmark risk. Funds that make our recommended funds shortlist which have a Beta closer to 1 will be favoured over others.

4. Consistency of performance

As we have already established, past performance is not a guide to future performance. However, it is useful to establish which funds have generated consistent performance. To assess this, we look at discrete and cumulative quartile rankings over the following timeframes:

- **One year from 36 months ago**
- **One year from 60 months ago**

Quartile rankings of 1 and 2 are above average while rankings of 3 or 4 are below average.

Criteria for selection – Each recommended fund's performance must be above average in their sector over the longer term. Thus, we require our funds to be a minimum quartile ranking of 2 and above on both a 3 and 5 year cumulative basis.

Representativeness of the asset class

For the asset allocation to maintain its validity, it is important that funds are chosen that are well-fitted to the sector reasonably closely. If they fit the sector exactly, they effectively track the performance of the sector and are in passive funds. It is possible to calculate an estimate of the potential to outperform the sector from the extent and consistency by which a fund is above or below average. Clearly, we are not looking for funds that vary widely from the sector, for this would upset the asset allocation principles; however, a little variance provides the opportunity to outperform the sector.

II. Risk Controlled 'Fund of Funds' Portfolio

A 'Fund of Funds' Portfolio is an all-encompassing solution that is risk-matched to your individual attitude to risk. The fund manager will utilise the expertise of his dedicated and well-qualified research team to tactically diversify your portfolio into various investment sectors (e.g. Property, Gilts, Corporate Bonds, Equities, Cash), and select and access the best performing funds in each asset class. This is with the aim of producing enhanced investment returns over your investment time horizon.

The fund manager will also regularly check both the asset allocation and performance of the funds within your portfolio to make sure that they are attaining required benchmarks. If these benchmarks are not met, the manager makes decisions using his expertise to decide whether to alter your portfolio as necessary.

There are many different styles of 'Fund of Funds' portfolios which either look to provide real return, alpha (outperformance against benchmark), or are risk-controlled. A risk controlled 'Fund of Funds' manager will constantly make sure that the risk he takes within his portfolio does not differ from the funds-stated risk profile, and it is the consistent altering of the asset allocation (without altering the risk) of the portfolio that delivers the return in accordance with the client's expectations.

When recommending Risk Controlled 'Fund of Funds' Portfolio investments, we compare each of the available risk controlled managers against the following Due Diligence criteria below and make the appropriate recommendations to match your investment needs:-

1. Investment Process
2. Continuity of Risk Profile of the Fund Range
3. Risk Adjusted Performance
4. Research Capabilities
5. Independent Recognition or Awards

III. Passive or Blended Investment Portfolio (Index Tracking)

The success of Passive or Blended Investment Portfolios is based on the idea that they bypass the perceived drawback of traditional actively-managed funds.

Traditional fund managers buy shares in companies that they hope will beat the relevant index, such as the FTSE 100 or the FTSE All-Share. In other words, they aim to achieve returns better than the wider stock market. However, in doing so, a lot of managers pick the wrong stocks, and consequently their funds underperform the market.

Index Trackers do something very different. They attempt to track the performance of the index itself rather than set out to beat it. This is because they believe that, in the end, no traditional manager does better than the index for very long. As such, they believe that tracking the index returns is more beneficial.

Best Price Financial Services Ltd has built its own Index Tracking Portfolios via Best Price Advice, which are risk-rated 3 to 8. The Index Tracking Portfolios are built to mirror the asset allocation recommendations afforded to our Actively Managed Portfolios, and will be re-balanced on a quarterly basis. These portfolios offer a low-cost alternative to those clients where overall cost is a greater consideration.

Criteria for selection - Due to passive funds providing replicated market beta and market returns, we have no performance criteria or volatility criteria to choose from. Therefore, our criteria for selection are firstly to select funds with a qualitative rating from either Standard & Poors, Citywire or OBSR, and secondly to research the proven track record/process and size of the index tracking manager. This is to make certain that the funds and companies we recommend are robust.

IV. Outsourced Bespoke Discretionary Fund Management (DFM)

By their very nature, stock markets can be volatile, and thus having the ability to react quickly to market movements is vital. The traditional investment and fund management routes, where client portfolios are reviewed and adjusted half-yearly, may not offer the best opportunities to maximise the rise and fall of our markets.

The Discretionary Fund Manager is a qualified individual who is able to make decisions to buy and sell stocks without having to refer first to the client. This means that they should be able to react to market conditions sooner than a traditional model portfolio would be able to. However, this does not guarantee better returns. The Discretionary Fund Manager will still have to work within agreed limits, your attitude to risk, and investment objectives.

The investment diversity provided by Discretionary Fund Management goes way beyond the buying and selling of just shares. Monies will be invested in a wide range of holdings and geographical sectors to create a blended portfolio.

A Discretionary Fund Manager will assess your attitude to risk by discussing this with you and ourselves. They will then construct a portfolio taking these factors into account and manage the investment on an active basis for you, rebalancing all the time to make sure the investment does not veer out of your risk category. We will, of course, continually monitor the Discretionary Fund Manager to make sure they are working as agreed, and this will be conveyed to you in line with our service level agreement. If we find that the Discretionary Fund Manager is failing to meet your goals and objectives, this will be discussed with you, and an alternative can be recommended to replace the existing Manager.

A Discretionary Fund Manager will typically cost more per annum than any one of our other portfolio options, so considerations will need to be made around the amount of money being invested; your goals, aims and objectives; and investment understanding before recommending an investment into a Discretionary Fund Manager.

7. Review and Rebalance

Ongoing monitoring and reporting regularly

Best Price Advice undertake to perform three functions on a half yearly basis:-

1. **Decide whether to apply any changes made necessary by a shift in the underlying asset allocation based upon selected allocation tools.**
2. **Review our recommended funds in line with our fund selection criteria.**
3. **Re-align all portfolios to match the new portfolio and fund recommendations.**

We do not currently hold discretionary adviser status and therefore any changes to a client's portfolio must first be authorised by our clients' individual signed authority. We will obtain this authorisation from yourself at our review meeting, and immediately after, we will apply all necessary changes to your investment portfolio. As a result, your investments will only be kept up to date with our recommended portfolios on your agreed review meetings.

Best Price Advice will continually monitor the recommended funds for extraordinary events (e.g. high profile manager leaving or retiring) and, if necessary, make the appropriate changes to our portfolio recommendations.

Off Platform Recommendations

Where we have recommended to a client an off platform investment, we will look, where possible, to replicate the Best Price Advice Investment Portfolio recommendation as above. Where this is not possible, we will follow our Investment Process Asset Allocation and fund selection recommendations as closely as possible.

When this is not possible e.g. client requests "original investment fund is guaranteed", you, the client, will be notified accordingly, and alternative recommendations to suit your needs will be advised.

Client Reviews

Every client will, from their discussion with their financial adviser, already be aware that Best Price Advice is a trading style of Best Price Financial Services Ltd. We provide either an active or reactive level of service. We research products using independent research tools to ensure the products recommended match your requirements.

All clients, irrespective of the level of service chosen, need to contact their Financial Adviser at the earliest possible opportunity if their circumstances change in any way that might affect their investment objectives. Such circumstances may include an inheritance, opting for earlier or later retirement, redundancy, change of employment, arrival of new children/grandchildren, separation, illness or bereavement. (This list is not exhaustive and your Financial Adviser should be notified of any material changes to your circumstances or objectives)

Actively Managed Clients

(Service Level "Asset Management" or "Asset Management Plus")

Actively managed clients will receive from ourselves an individual Client Service Level Agreement which will dictate how often we review with you your investments' performance, attitude to risk and your investment portfolio recommendations. At each designated meeting, we will then undertake the task of keeping your portfolio up to date with our recommended portfolios. Please refer to our Valued Service Proposition which will be provided to you by your adviser.

Reactively Managed Clients

(Service Level "Transactional")

Reactively managed clients will be invested in an Investment Process approved Portfolio matching your attitude to risk that was established at our initial meeting. We will also ensure that your portfolio is rebalanced as a minimum on an annual basis. This will make certain your investment does not waiver from your attitude to risk that was established for your particular investment with us at the outset.

When we review our choice of investment funds in accordance with our Investment Process all reactively managed clients will remain in the original Portfolio that was recommended unless, and until, a change is specifically requested by the client or the client requests a financial review. Reactively managed clients should therefore contact their financial adviser if they want a review because their circumstances, objectives or attitude to risk have changed. Please refer to our Valued Service Proposition which will be provided to you by your adviser.

Other investment solutions

From time to time, depending on a client's circumstances and requirements, such as the need for a guarantee, we may consider and source alternative investment solutions. As Independent Financial Advisers we will consider solutions from the whole market. Any solutions recommended will always be thoroughly researched to ensure they are suitable for our clients' needs.

These products may be stand-alone products such as Venture Capital Trusts, Enterprise Investment Schemes or Structured Products only available directly from the product manufacturer.

Investment 'exceptions'

Again, from time to time, there may be occasions where there is the need for a solution outside of our preferred core investment solutions. For example:

- Client driven i.e. the client insists upon the purchase and/or retention of a particular investment holding.
- Adviser driven i.e. where the Adviser believes a bespoke client portfolio represents a better option than the Firm's preferred solutions.

Where the exception is Adviser driven, the following protocols will apply:

- The Adviser will need to complete an Investment Exceptions Form which is then submitted to the Company's compliance officer.
- If the solution is agreed then the Adviser may proceed to recommendation and subsequent implementation.
- If the solution is not agreed, an explanation will be provided and an alternative solution will need to be designed.

1. Linking investment solutions to investment values

ASSETS UNDER MANAGEMENT	FULLY IMPLEMENT PORTFOLIOS	DISCRETIONARY MANAGED PORTFOLIOS	OTHER INVESTMENT SOLUTIONS	EXCEPTIONS
£0 - £35,000	* Multi Asset Passive / Active Portfolios		* As Required	* As Required
£35,000 - £250,000	* Multi Asset Passive Portfolios * Blended Fully Implemented Portfolios * Active Fund of Fund Portfolios	* Outsourced DFM Solution up to £100,000 * Bespoke DFM Solution as required from £100,000	* As Required	* As Required
£250,000 +	* Multi Asset Passive Portfolios * Blended Fully Implemented Portfolios * Active Fund of Fund Portfolios	* As Required	* As Required	* As Required

2. Our rationale for the use of Fully Implemented Solutions and Discretionary Fund Managers

Here, at Best Price Advice, we believe that it is our role as Independent Financial Advisers to help all our clients create, maintain, and review a plan to help them achieve their short, medium, and long term goals.

To achieve this we listen to their needs and construct a suitable financial plan making use of the most appropriate financial products and tax wrappers in the most tax efficient way possible according to their individual circumstances.

With the above in mind, we have decided, where possible and appropriate to do so, we will outsource investment selection and management to other investment management specialists such as Architas.

This decision has been made for the following valid business rationale:

- We believe that other than for very exceptional circumstances, we have neither the capacity nor the capabilities to pick stocks/funds on behalf of our clients
- Neither do we feel that we have the time nor the resources to conduct the on-going research required to ensure the continued suitability of selected funds in line with our clients' objectives and attitude to risk
- We believe that our clients value the time spent with them in person, explaining their financial planning solutions more than simply sending statements and valuations. This is why we focus on meeting clients as part of our "value proposition"
- We would prefer our clients' investment portfolios created and maintained by qualified professionals who have the skill, expertise and experience to do this effectively and consistently
- We want our clients' portfolios to be maintained and managed in accordance with their accepted level of risk at all times

By utilising either Fully Implemented Solutions and/ or Discretionary Fund Managers we see the following benefits for our clients:

- Professionally outsourced investment management
- Portfolios reviewed actively
- For Fully Implemented Funds, rebalancing/upgrades are applied within the fund automatically
- All changes are implemented efficiently
- Changes automatically apply to new clients/ investments and existing clients/investments
- For Fully Implemented Funds, changes do not result in any potential gains so no risk of taxation
- There is no need to contact client every time to agree change and calculations to be done, avoiding the increase in client fees
- Clients' portfolios are consistently managed within their accepted level of risk
- The above allows us to spend time with our clients doing what they value whilst knowing that our clients' investments are continually being managed in accordance with their objectives and attitude to risk

3. Client Education

We provide a range of easy to understand documents to aid the discussion with the client, especially regarding the capacity for loss and the importance of diversification. This allows us to have a more in-depth discussion with the client, in order to properly assess the accepted level of risk, using the risk questionnaire as a starting point but also looking at other significant factors such as capacity for loss, time horizon, objectives and goals.

4. Selecting a Discretionary Fund Manager

We carry out extensive due diligence in selecting Discretionary Fund Managers. It was decided not to limit ourselves to one Discretionary Fund Manager as not all product wraps and platforms use the same Discretionary Fund Managers. It is therefore essential that consideration is given to the Discretionary Fund Manager's services available to the platforms we select, focusing on the risk mapping in relation to the profiling tools used.

We look at the Discretionary Fund Manager's performance versus the relevant Association of Private Client Investment Managers and Stockbrokers (APCIMS) benchmarks. We look at their process behind asset allocations and fund selection and also the quality of their team in relation to qualifications and experience. Where a client wishes to use a Discretionary Fund Manager, we try where appropriate, to coordinate a meeting so that the client can see for themselves that there is synergy between the parties as portfolios are often bespoke.

Where a Discretionary Fund Manager is selected primarily to asset allocate as an external fund option, we review the portfolio and its delivery of returns against the risks taken to ensure that a consistent outcome is produced. It is therefore essential that the DFM firms selected can provide a transparent overview of their performance in relation to risk against their peers.

5. Review of our selected Investment Partners

We will continue to review our choice of investment partners using the following criteria:

- Investment style remains appropriate to the needs of our clients
- Investment performance
- Price and its transparency
- Service/responsiveness of Fund Managers and their support teams
- Regular flow of meaningful and accurate performance information
- Resources made available for continued research
- Use of technology
- Enhancing client education and understanding where possible
- Reviews are undertaken on an annual basis.

Our investment process – including establishing our clients' attitude to investment risk

This is our Investment Process

These are the steps we take with you to ensure that the right investment solution is identified to meet your needs and requirements.

Step 1
Understanding You – The Fact Find

Using our Fact Find document within our initial meeting will help us understand you, identify your current financial arrangements and establish your future financial requirements and desires.

Step 2
Tax Efficiency – Tax Wrapper selections

Using the information collected at the Fact Find we would then identify and establish your portfolio within the most suitable Tax Wrapper or Tax Wrappers to enable you to meet your financial requirements or desires.

Step 3
Risk Assessment - Understanding your attitude to risk

By you completing our Attitude to Risk Questionnaire it will enable us to identify your attitude to risk and ensure we are able to align you to a suitable investment strategy.

Step 4
Risk Discussion

Explaining the outcome of the risk profiler and how it translates into an investment structure. A breakdown of the blend of asset classes suitable to your risk will be explained.

Step 5
Asset Allocation - Blending your portfolio

Using your investment strategy and the funds identified by our extensive research we then blend these together, taking into account many factors including different asset classes, investment sectors and geographical regions to build your blended portfolio in line with your attitude to risk.

Step 6
Extensive Research

Once the strategy has been identified we use the results of our extensive research of the investment market to identify the most suitable funds for populating your investment strategy. We do not merely use good performing funds; we look to use funds that are consistent in the delivery of their performance.

Step 7
Keeping it on track

Once your investment portfolio is in place, we will continually monitor your investment strategy, as well as the investment markets, for the most suitable investment solutions. Based on this ongoing research, adjustments to your investment strategy or portfolio may be made to ensure it is consistently delivering expected performance in line with your attitude to risk.

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