

BLACKWOOD
ASSET MANAGEMENT



An introduction to
Discretionary Model Portfolios



FOREWARD

BY TONY SMITH, GROUP MANAGING DIRECTOR ELEVATION INVESTMENT MANAGEMENT LTD

As an Independent Financial Adviser (IFA) business, we know only too well how important it is to manage ‘money’. Clients expect their IFA to obtain the best return that is possible for the risk they are prepared to take. The regulator also expects us to formally document our investment processes as well.

This then leads to the question how exactly should this be done?

In the IFA world there are a variety of different systems adopted by firms. The most common are ‘Advisory’ or ‘Discretionary’ systems. The Advisory method means the IFA has to advise a client of each and every component in a portfolio—and obtain the clients authority for the action. This can mean delays and administrative chaos! A Discretionary system allows the investments to be enacted without the clients approval, but this invariably means dealing with a third party that has the required Discretionary regulatory permissions.

We have always believed that the Discretionary approach is the better alternative. However, unless the IFA firm has Discretionary ‘regulatory permissions’, it can lead to a disconnect between the IFA and the Discretionary Fund Manager (DFM) managing the money.

This is something I sought to address when I came up with the idea of a joint venture which eventually became Blackwood Asset Management, because we have created a business model that solves this quandary.

Your Elevation adviser will be pleased to explain if this is suitable for you.

Tony Smith



WHO IS BLACKWOOD ASSET MANAGEMENT?

BLACKWOOD is a UK based asset manager that has the discretionary capabilities and investment strengths of a major financial institution, coupled with the focus and expertise of a boutique company.

ORIGINS

BLACKWOOD was the concept of Elevation Investment Management Ltd, a leading firm of regional Independent Financial Advisers (IFA).

Elevation's intention was to bring their clients and IFAs closer to the fund management process. So Elevation set out to find a Discretionary Fund Manager (DFM) that had the vision, desire and necessary expertise to work with Elevation. This led to the formation of BLACKWOOD ASSET MANAGEMENT as a joint venture between Elevation Financial Group Ltd and SORBUS PARTNERS LLP.

LOOKING FORWARD

The award winning team at SORBUS PARTNERS LLP has been working on investment management for private clients for decades. They are financially stable, possess sound judgement and could see the mutual benefits of partnering with Elevation Investment Management.



WHO MANAGES THE MONEY?

Blackwood Asset Management is a trading name of SORBUS PARTNERS LLP who are a boutique fund manager that usually only advises Ultra High Net Worth clients. The formation of BLACKWOOD enables this investment expertise to be available to Elevation's clients.

WHICH PORTFOLIO DO I INVEST IN?

BLACKWOOD does not provide advice – your IFA at Elevation will help you decide which portfolio is most appropriate based upon their discussions with you.

Each portfolio consists of a carefully selected choice of funds that are designed to provide the best return for the risk you are prepared to take.

The portfolios will also partially invest in the SORBUS VECTOR FUND, which is a “high conviction—high reward” fund that invests into a small number of specially selected equities. This fund has an excellent track record and is a reflection of SORBUS's investment skill.

WHAT DOES EACH PORTFOLIO CONSIST OF AND HOW MUCH DO THEY COST?

Each portfolio consists of a range of active and passive funds that are managed in line to Elevation's risk assessment tool, Dynamic Planner.

BLACKWOOD ASSET MANAGEMENT charges 0.25% + VAT per annum.

The cost of each portfolio will vary from time to time as funds are bought and sold, but will typically be:

Portfolio Name	Dynamic Planner Target Risk Level	Fund Underlying Charge	Blackwood Charge (inc VAT)	Total
Blackwood Model 3	Risk 3	0.44%	0.30%	0.74%
Blackwood Model 4	Risk 4	0.52%	0.30%	0.82%
Blackwood Model 5	Risk 5	0.60%	0.30%	0.90%
Blackwood Mode 6	Risk 6	0.63%	0.30%	0.93%
Blackwood Model 7	Risk 7	0.54%	0.30%	0.84%

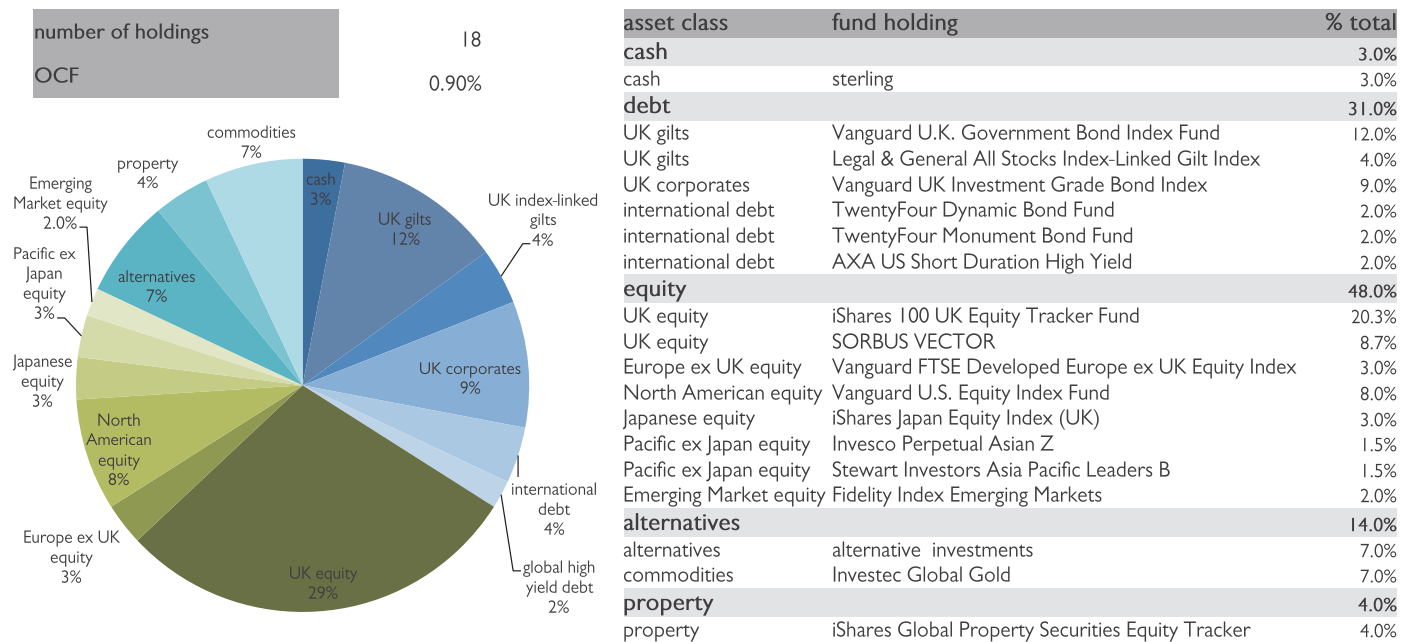
The fund underlying charge includes the underlying funds' transaction and incidental charges as defined under MIFID 2.

In addition to the above, you may incur costs for products or financial advice received, which will be disclosed to you by your Financial Adviser.



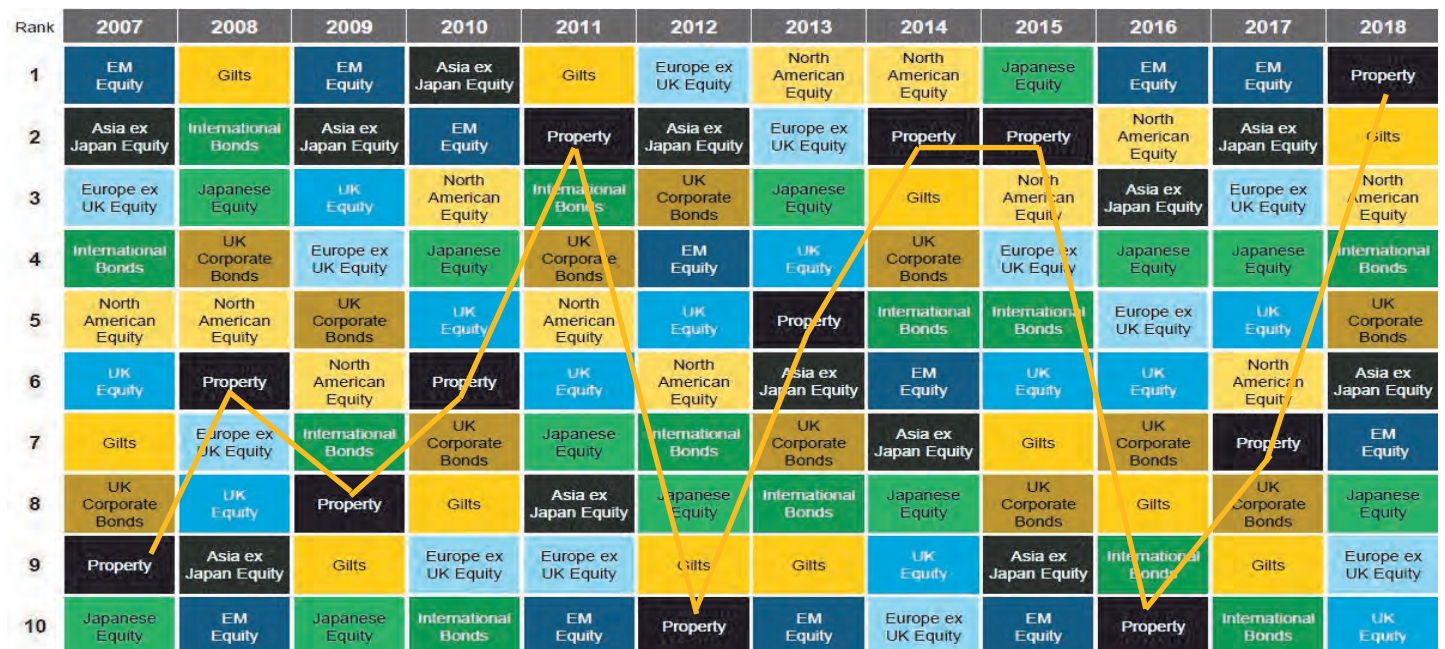
SAMPLE PORTFOLIO

Below is a sample of the portfolio of funds previously held in 'Model 5'



WHY SHOULD YOU CONSIDER A MODEL PORTFOLIO?

Deciding where to put your money is not an easy thing to do as can be seen from the sector by sector results from 2007 to 2018. (Source: LGIM)



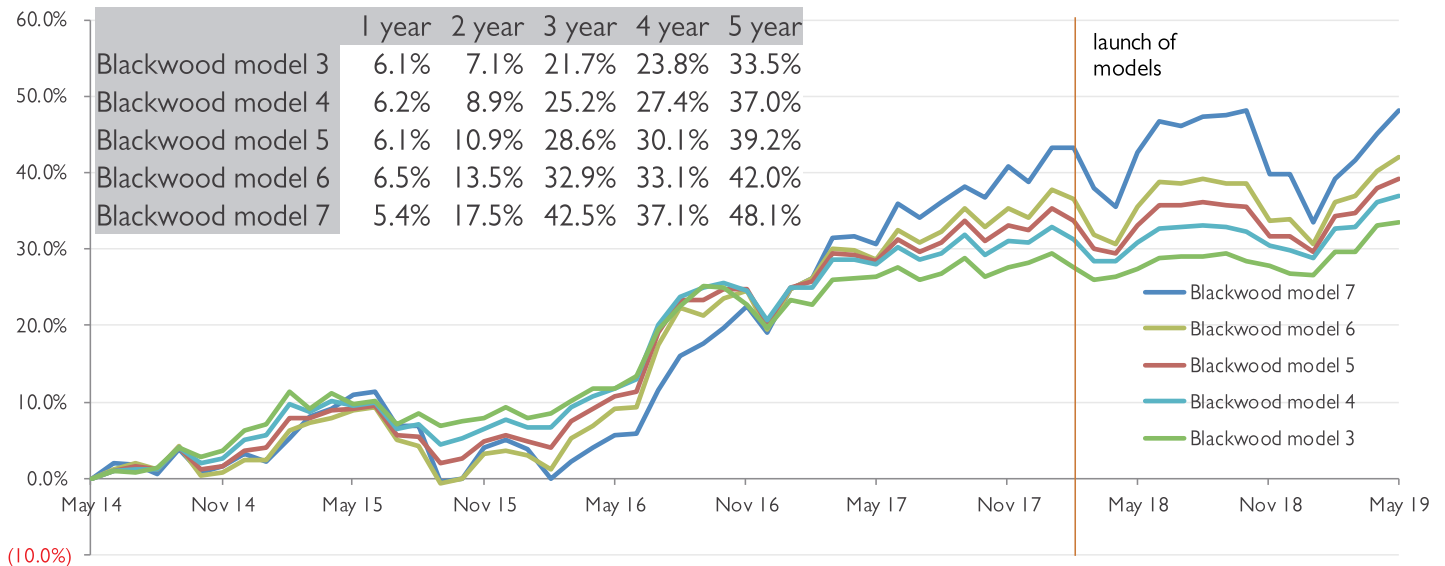
This shows the top sector in 2018 was property, which had two poor years before 2018 — what a ride!

A DFM picks the sectors to be invested in, and which underlying funds to buy and sell — all with reference to your attitude to risk and the ever changing market conditions.



5 YEAR PERFORMAMCE OF BLACKWOOD MODELS (BACKDATED)

As these models were launched on 25th January 2018 there are no performance figures beyond one year. To provide some guidance on how the models would have performed we have provided backtested performance (below) for the five year period to the 1st May 2019. Prior to the launch of the models the performance figures are based on the strategic (long term) asset allocation and the underlying index returns of the funds currently constituting the models.



(10.0%)

period: 01 May 2014 to 01 May 2019

note: all figures are gross of DFM fees but net of fund manager charges

Past returns are not a guide to future performance. The asset allocation of the models can at any time and for an extended period of time differ significantly from the strategic asset allocations. This is a reflection of the active management decisions taken to adjust to dynamic investment and market conditions.



MAX THOWLESS-REEVES
DIRECTOR

Max is a former Executive Director of UBS Wealth Management. He is a Chartered Fellow of the Chartered Institute for Securities & Investment (CISI), for whom he also acts as an External Specialist for their Advanced Wealth Management programme.

He is the Co-founder and Chairman of DivideBuy – one of the fastest growing fintech firms in Europe, the Chairman of IndigoVision plc and a Visiting Teaching Fellow at Aston Business School.

He has an MBA from Warwick Business School.



SUSANNAH MAISTER-GRAY
DIRECTOR

Susie has extensive experience in wealth management and structuring both for domestic and international high net and ultra high net worth clients.

Susie is one of the only individuals to be both a Chartered Fellow of the Chartered Insurance Institute (CII) and the Chartered Institute of Securities and Investments (CISI). She has a special interest in cohesive wealth management and model portfolios. Susie also has a Masters Degree in Legal Practice. and is a member of the Society of Trust and Estate Practitioners.

In 2018, Susie won the Investment advisor of the year award at the Women In Financial Advice Awards.



RICHARD FARMILOE
DIRECTOR

Richard has developed his investment methodology over a 29 year career within the industry and has accumulated an outstanding personal investment track record upon which the VECTOR strategy performance is based.

His approach combines an encyclopaedic knowledge of the smaller company environment and a rigorous and disciplined investment process. He is a Chartered Fellow of the Chartered Institute for Securities and Investment (CISI) and a Chartered Wealth Manager.



TONY SMITH
DIRECTOR

Tony has many years of successful experience in the IFA field, both as a qualified financial adviser and in building IFA practices and client service propositions.

Tony established and grew Perspective Financial Management Ltd from 1995 until its sale in 2008 to Perspective Financial Group. Tony founded Elevation Financial Group Ltd in 2011, which now has offices in London, Birmingham and Nottingham.



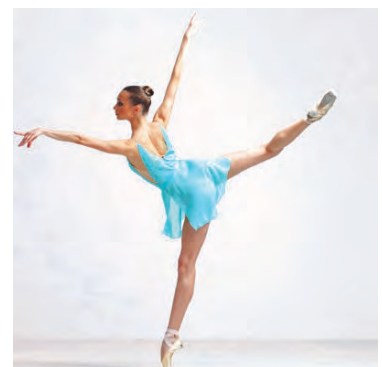
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