

UNDERSTANDING
RISK



HFMC WEALTH





UNDERSTANDING **RISK**

This document is intended to help you understand risk in the context of financial planning and investments and provide an insight into the potential solutions we could put into place for you and how these might behave. The reward for taking on risk is often the potential for a greater investment return.



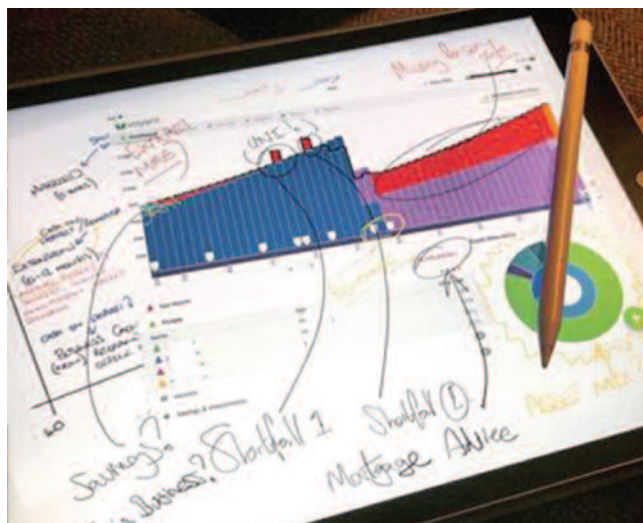
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HFMC MoneyMap - Draw a personal financial roadmap

Often having clarity about your financial objectives can be very helpful when considering risk. It may well be the case that differing approaches to risk can be taken in conjunction with different objectives and indeed different timeframes.

Knowing how to secure your financial well-being is one of the most important things you'll ever need in life. Before you make any investing decision, your adviser will help you see your entire financial situation clearly. You can never take a journey without knowing where you're starting from, and a journey to financial security is no different. The first step is to work out what you own and what you owe and create a net worth statement.



The next step to successful investing is figuring out your goals and in many cases it may be really helpful to work with your adviser in developing a personal financial roadmap.

What does risk mean for you as an investor?

Risk comes in many forms and is something that we all have a view on. For some it means danger, discomfort and should be avoided at all costs, for others, it is an opportunity.

Some examples of different potential risks are:

- Inflation
- Currency exchange rates
- Political regime legislation and regulation
- Lack of liquidity or accessibility
- Concentration (all of your eggs in one basket)
- Market volatility – your investments could fall in value
- Interest rates
- Fluctuations in rates of return
- Implementation (timing)
- Costs of investing (e.g. active vs passive)
- Sequencing (when returns are generated and withdrawals are made)
- Decumulation (spending more than your assets are growing by)

These risks mean that the value of your investments may fall, but choosing not to invest also carries risk, as the spending power of your money reduces over time because of inflation.

How do we establish your 'attitude to risk'?

Your personal risk profile is not only how you feel about taking risks and your willingness to accept it, but also your financial capacity to withstand loss and your need to take risk (and at what level) to potentially achieve your objectives.

Our primary task, when helping determine your risk profile, is to really understand you, your financial experience and objectives, and what you are trying to achieve from your investments and in what timeframe.

Different risk profiles may be relevant for different objectives with different timeframes, e.g. funding your retirement.

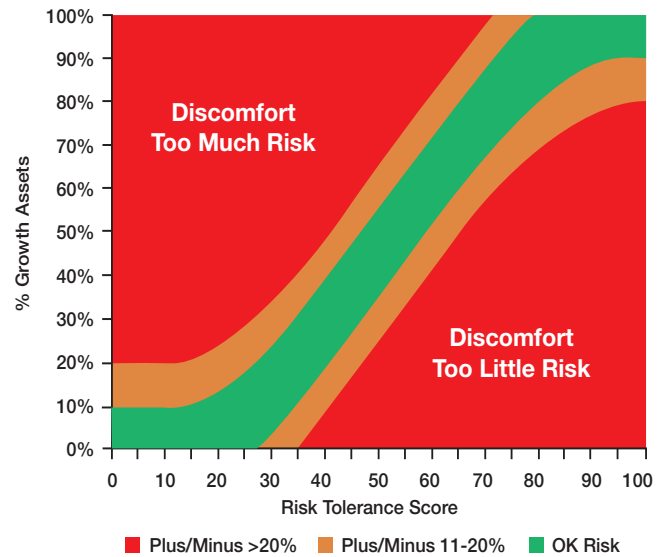
We will often use a risk tolerance profiling tool to help assess your appetite and tolerance for risk to aid our discussions. Not everyone needs to take risks to achieve their objectives, but many may choose to.

We will help you assess your financial ability to withstand investment losses without impacting your standard of living, otherwise known as capacity for loss.

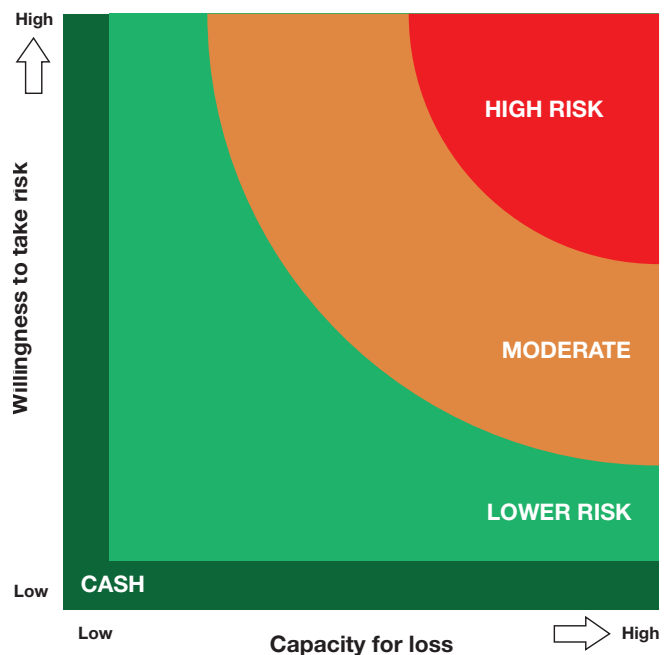
The table above illustrates a green band of risk where you are comfortable with a portfolio, but with an amber band on either side, where although still appropriate, the portfolio holds slightly more or slightly less risk than you would usually prefer, but you will still tolerate it because it is a more likely vehicle to get you to achieve a specific goal. The red area would usually be inappropriate.

Both your risk tolerance and capacity for loss should be assessed separately, and then evaluated on a twodimensional scale giving significant importance to both (see diagram to the right).

Rather than simplistically taking your risk tolerance score and matching it to a portfolio, there could be a choice of a number of portfolios which potentially match your risk tolerance. This is considered alongside the rate of return you need to reach your goal within your set timescale, balancing fund volatility and your capacity to withstand loss in the short term. Different portfolios may be appropriate for different goals and timeframes.



Method for assessing risk tolerance in two dimensions



Investment strategy and portfolio construction

Investments have significant potential for increasing your wealth, they can also hold inherent risks. How any portfolio is constructed will depend on the agreed investment mandate, and we will consider with you, the level of return required in the context of your willingness and ability to accept risk and withstand losses over both the long and short term. We will seek to achieve an optimal blend to meet your specific requirements.

As noted previously, some risks can be controlled or mitigated, and your portfolio can be built, reviewed and adjusted to accept greater or lesser degrees of risk depending on your requirements.

Risk mitigation

To seek to guard against the risk of losing your money, HFMC Wealth take the following points carefully into consideration when giving you investment advice:

- Asset allocation - we spread your investment portfolio among different asset categories and investment managers.
- Your investment time horizon i.e., the period of time you can hold any particular investment until you need the money. This will be largely dictated by your investment goals and strategies e.g. time specific goals such as university fees for your children or grandchildren. Investing for your child's inheritance or your retirement however would extend into a longer, less specific, time horizon. Building a fund for a house purchase would be a different time horizon again.
- Risks need to be assessed in the context of the overall timeframe, for instance some investments may be higher risk in the short term, with initial losses being reversed by long term gains.
- Short term stable investments that carry little or no risk of falling, offer lower returns that risk high inflation, potentially outpacing and eroding returns over a longer timeframe.
- Your adviser will help you to assess your capacity to withstand loss in your investments without impacting your standard of living – otherwise known as capacity for loss. We will look at the asset base and income streams you have and work with you to determine your capacity to accept investment risk in the context of your overall financial plan.
- You should ensure that you have enough cash available to meet your short-term needs in case of emergencies. You need to be able to withstand any losses in case you were forced to sell or can't sell quickly if the markets are under stress.

With a long term view of say more than 10-15 years, you may be content with a higher risk tolerance over the earlier years, conversely, if you are investing over a shorter time horizon, for example only 5 years, your willingness to accept risk will probably need to be scaled back.

You should have a realistic understanding of your ability and willingness to accept potentially large swings in the value of your investments if you take on too much risk and markets suffer a setback, you might worry and sell at the wrong time.

Your instinctive feelings about risk matter. Sometimes they are affected by your knowledge and experience of investments and financial products as well as how previous experiences have made you feel. We use risk tolerance profiling tools and common-sense discussion to aid our understanding.

Decumulation risk

Decumulation of assets occurs when you are spending more than your assets are growing.

It is a significant new risk for many retirees when they move from accumulating assets to spending them.

We see many of our clients retain their accumulation mindset once they retire. Watching their assets steadily reduce can bring mixed feelings to many. Watching retirement account balances slowly go down over the course of their retirement can make them uncomfortable. We see some clients favouring maintaining asset levels if given the choice - saving and accumulation habits die hard. Spending is often hampered by deep-seated fear that they may experience a critical financial or medical shock or otherwise outlive their money.

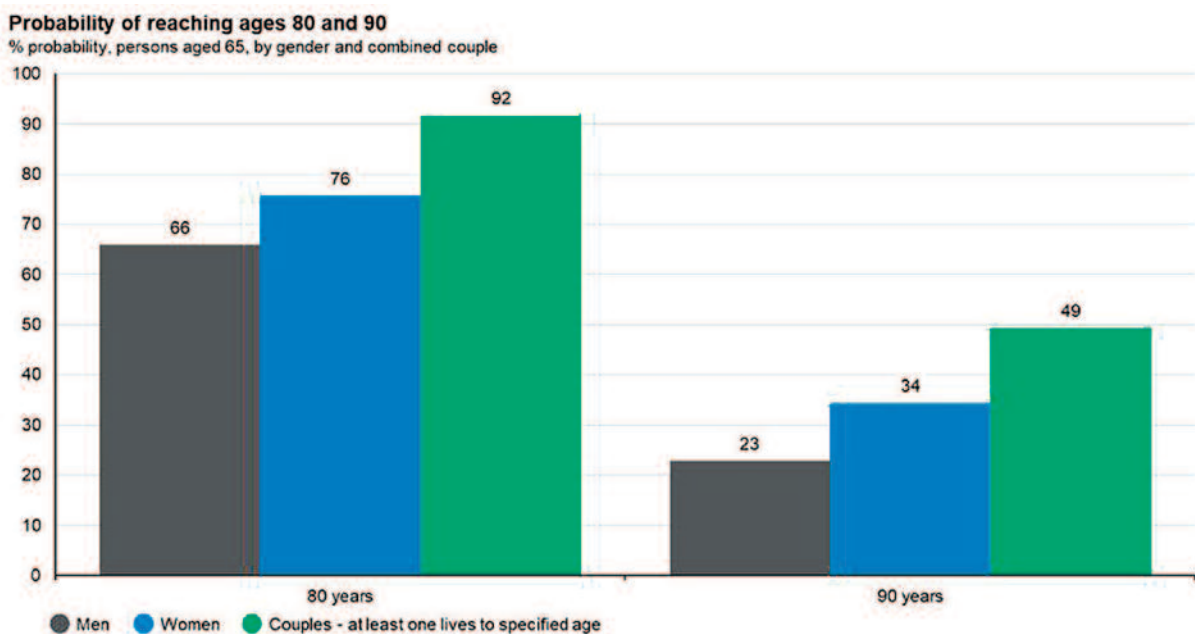
We have noticed that men and women often approach finances in retirement differently.

Retired women sometimes experience higher levels of financial worry and are more risk averse than our retired male clients. We have found that our female clients often find financial setbacks or a major investment loss more difficult to cope with. These fears may be well-founded as women usually live longer and may enter retirement with lower asset balances due to past pay gender differences and income gaps due to child-rearing and care of elderly parents.

If decumulation is planned and rolled out carefully with an adviser, this will reduce these fears and help retirees enjoy the time they have been saving for, for most of their lives to date.

With no decumulation plan, it is quite possible for an individual to be holding too much money when they die, resulting in major inheritance tax bills. For this reason, setting systematic spend-down and gifting goals in the later years of life with your adviser is vital.

The opposite can also occur. We find that new clients often think that spending is the variable that they have the most direct control over, and the majority say that they feel knowledgeable about how much they can afford to spend each year. But when we do a comprehensive budget analysis with them, we find that often this is underestimated and they're spending more than they realise. Every year they seem to make an exception for expenditure that they don't expect to be repeated – until something else arises the following year. Overspending such as this can have long term impact on the level of security an individual may feel later in their retirement.



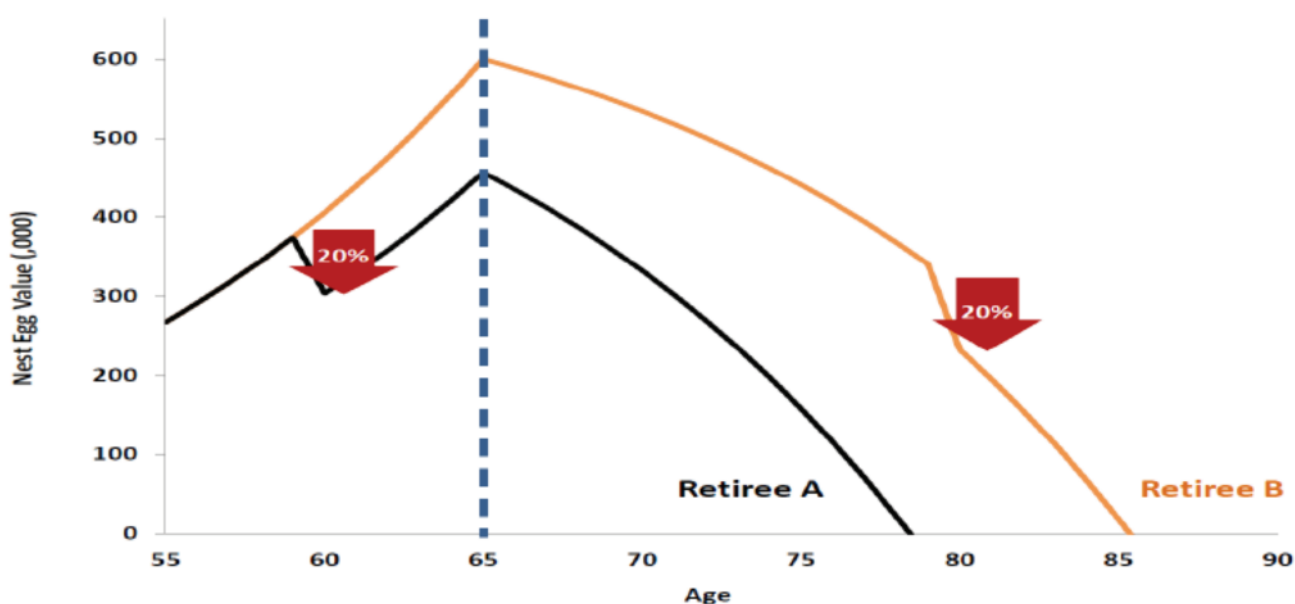
Source: ONS 2018-2020 Life Tables, J.P Morgan Asset Management. Couples include both heterosexual and same-sex couples. Data as of 31 December 2024

Sequencing risk

The relative timing of taking withdrawals and experiencing poor investment returns is called sequencing risk.

For example, we find that sequencing risk is one of the biggest financial risks faced by retirees because it can be a major cause of outliving one's savings. If this risk is not managed properly, it may lead to dramatically different retirement outcomes:

Consider two retirees A and B who both contribute £5,000 annually to their nest egg before retirement and then withdraw £50,000 annually when they retire from 65 years of age. Both are exposed to average investment returns of 7% per annum over the term of the example scenarios. The only difference between the two is that retiree A experiences an unexpected 20% loss five years before retirement (60 years old) while retiree B also experiences a 20% loss but not until fifteen years after retirement (80 years old).



The above chart shows Retiree A experiencing a large loss before retirement and consequently increasing the probability of outliving their savings. On the other hand, Retiree B fared much better because the significant loss occurred later in retirement.

In the real world of course the chances of having a smooth run of no falls for 20 years for one retiree versus another are pretty remote.

The point of the illustration is to show that the timing of falls in markets relative to when withdrawals are made from a retirement account can have a significant negative impact on the balances retained by an investor, even if the overall rate of return achieved by the investor is technically the same.

For similar reasons, a retiree who depends on the cashflow derived from capital saved over a lifetime of investing and who is no longer contributing new capital needs to manage their affairs with prudence and/or be skillfully advised.

If withdrawals happen in a rising (bull) market, withdrawals can be offset at least in part by new gains. If a falling (bear) market is in effect for months or years, each withdrawal may, without proper planning, be taking a bite out of the capital balance at a low point and the loss on that withdrawal can never be recovered.

Negative stock market returns can occur at any time. Retrospectively, data shows that the positive years significantly outweigh the negative years.

However, even in positive years, there will be negative months, and in negative years, some positive months. Hence sequencing risk can arise even within an individual year. The pattern of returns varies over different decades.

Given that you should expect a certain proportion of negative periods of returns, it doesn't mean you shouldn't invest in real assets such as stock markets, property etc. Overall returns are likely, over the long term, to be far higher than from cash deposits - it means you need to set realistic expectations when you do so, with a carefully established spread of assets considered in the context of your future required cashflows, noting sequencing risk.

In summary:

- Sequencing risk is the risk created by the combination of the 'sequence' in which returns are generated and withdrawals are made from a portfolio
- It affects investors making withdrawals from their portfolio, and particularly those who may be planning on a 'decumulation' phase e.g. (for many) in retirement
- Where decumulation is relevant sequencing risk is at its highest in the earliest years of decumulation, when both portfolio value and the time horizon are at their greatest.
- Account withdrawals during a falling or bear market are more costly than the same withdrawals in a rising or bull market.
- Crucially, a correctly diversified portfolio can help protect your savings against sequencing risk.

For many investors this may mean a different approach to investment as an accumulation period begins to shift to a period approaching, then into a decumulation phase.

The broad spectrum of attitude to risk/return

High

If you are an investor at the top of the chart, you think of "risk" as "opportunity" and are prepared to take a large, or sometimes a very large degree of risk with your financial decisions. You have a great deal of (if not complete) confidence in your ability to make good financial decisions and usually feel very optimistic about your major decisions after you make them. When faced with a major financial decision you are usually, if not always, more concerned about the possible gains.

If you lie towards the top of the chart you think of "risk" as "opportunity" and are prepared to take a medium to large degree of risk with your financial decisions, more likely large. You usually have a great deal of confidence in your ability to make good financial decisions. You usually feel somewhat or very optimistic about your major decisions after you make them. When faced with a major financial decision you are usually more concerned about the possible gains.

Rising above the middle of the chart, you may think of "risk" as "uncertainty" or "opportunity" and are prepared to take a medium degree of risk with your financial decisions. You usually have a reasonable amount of confidence in your ability to make good financial decisions. You usually feel somewhat optimistic about your major decisions after you make them. When faced with a major financial decision you are usually more concerned about the possible gains.

Investors in the middle of the chart think of "risk" as "uncertainty" and you are prepared to take a medium degree of risk with your financial decisions. You have a reasonable amount of confidence in your ability to make good financial decisions and usually feel somewhat optimistic about your major decisions after you make them. When faced with a major financial decision most people at this level typically are equally concerned with possible gains or possible losses.

Towards the middle of the chart, you may think of investment "risk" as "uncertainty" and are prepared to take a small to medium degree of risk with your financial decisions. You may have only a reasonable amount of confidence in your ability to make good financial decisions but usually feel somewhat optimistic about your major decisions after you make them. When faced with a major financial decision you are usually more concerned about the possible losses than the possible gains.

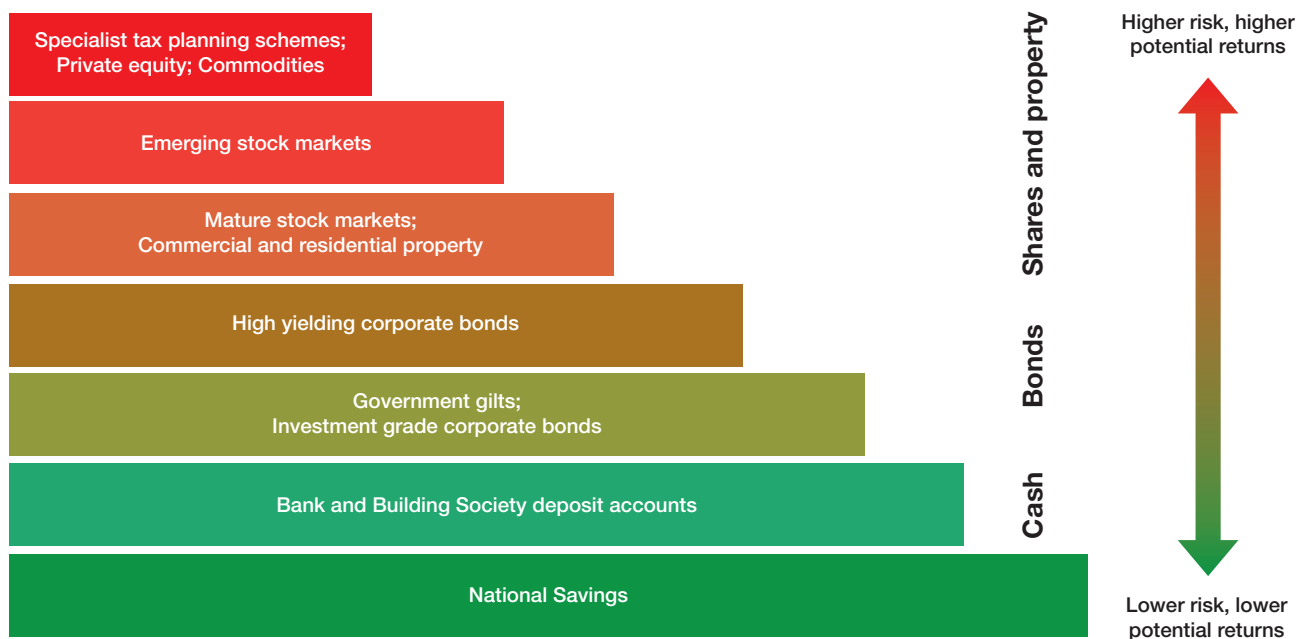
Further up the chart, you, as an investor, may think of "risk" as "danger" or "uncertainty" and are usually prepared to take only a very small to small degree of risk with your financial decisions. You may have little to a reasonable amount of confidence in your ability to make good financial decisions and usually feel either somewhat cautious or, on occasions, somewhat optimistic about your major decisions after you make them. When faced with a major financial decision you are usually, if not always, more concerned about the possible losses than the possible gains. You would feel uncomfortable with falls of more than 10% in the total value of your investments.

Low

If you are an investor at the lowest end of the chart, you probably think of "risk" as "danger" and are prepared to take only a very small degree of risk with your financial decisions. You may have low confidence in your ability to make good financial decisions and/or usually feel cautious about your major decisions after you make them. When faced with a major financial decision you are always more concerned about the possible losses than the possible gains. For most people in this section, any fall in the total value of your investments would make you feel uncomfortable.

Building an investment strategy

Asset risk tower



Positions in the asset risk tower may change depending on market factors. The longer the investment time horizon the more likely illustrative returns will be achieved.

We aim to consider all relevant factors, potentially including a combination of the following:

- your specific objectives
- the anticipated investment timeframe (when you anticipate needing to access the funds)
- your age
- our views on current market conditions
- our analysis of your existing investments
- your overall risk profile
- modelled target return
- sequencing and decumulation risk.

Time smooths out the impact of market volatility

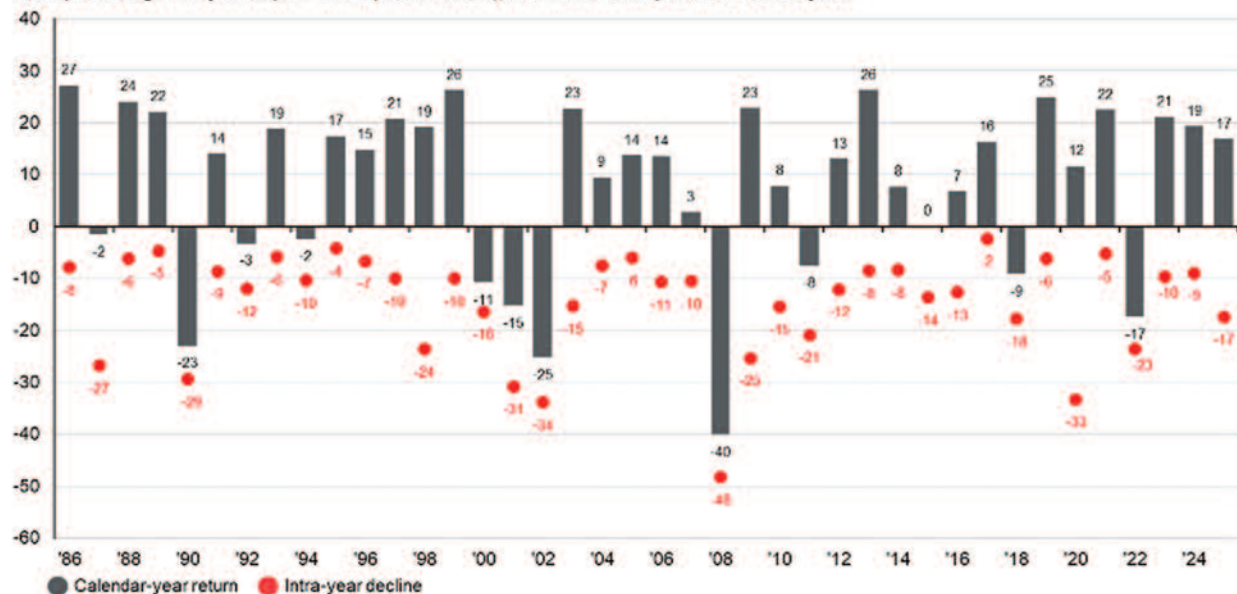
Volatility is normal

There can sometimes be extreme market volatility, for instance in the financial crash of 2008 and again 12 years later with Coronavirus.

Whilst there is always the possibility of extreme market volatility in the short term, you can see below that the market typically recovers quickly, such as the intra-year low of -23% in 2009 to go on to provide a positive return of +25% for the same calendar year. Sharp declines are a fact of life and should be expected when investing. Despite suffering intra-year declines every calendar year since 1986 as evidenced below, the equity market still recovered to deliver positive returns over two thirds of the time for UK stocks.

MSCI World intra-year declines vs. calendar-year returns

%; despite average intra-year drops of 14.6% (median 10.5%), annual returns are positive in 29 of 40 years



Source: LSEG Datastream, MSCI, J.P Morgan Asset Management. Returns shown are price returns in local currency. Intra-year decline refers to the largest market fall from peak to trough within the calendar year. YTD is year-to-date. Past performance is not a reliable indicator of current and future results. *Guide to the Markets - UK*. Data as of 30 January 2026

Timing the market is difficult, staying invested matters

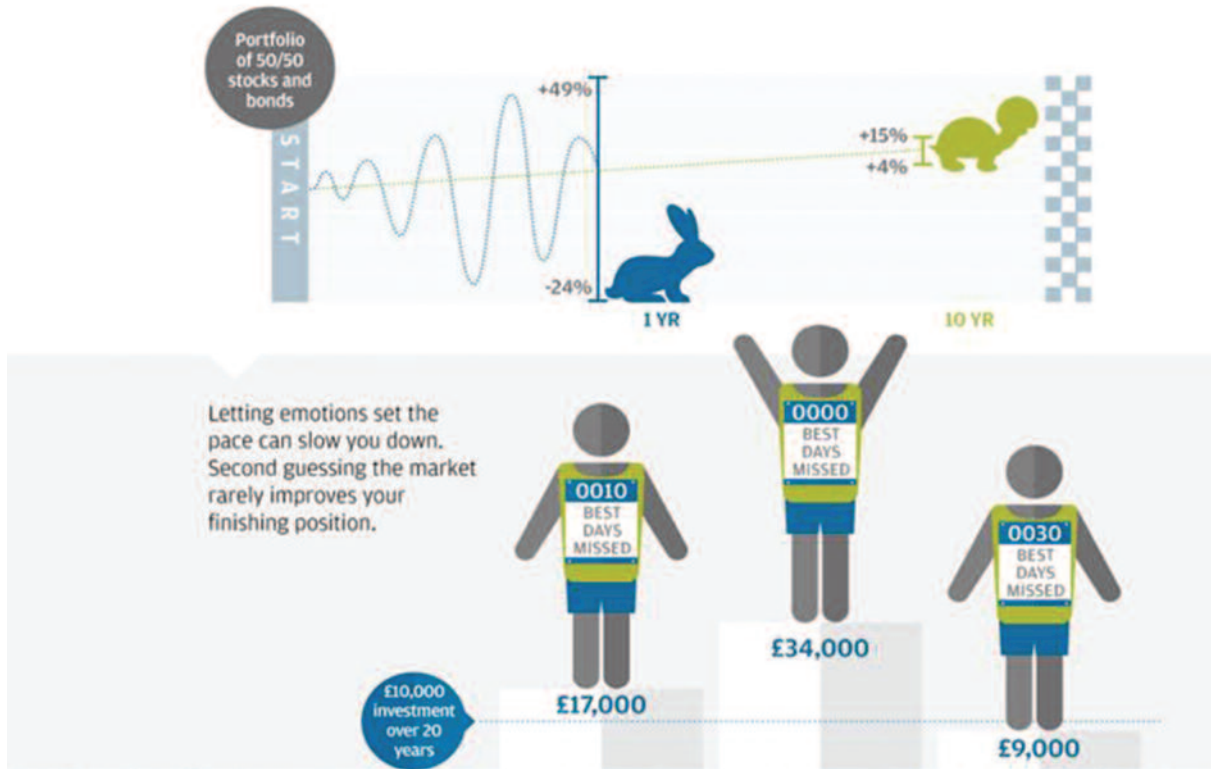
Most human beings are not very good at just doing nothing, especially when confronted with a challenge. Our brains are hardwired to react, fight or flight! But research suggests that our compulsion to act can become a big problem when it comes to investing.

Trying to time the markets is really hard. Of course, the temptation to try and sidestep a downturn is relatable. However there is a large body of research that suggests that investors tend to jump the wrong way at the time when emotions run high. Equally, a recent experience of loss will also lead many investors to delay reinvesting, leading them to miss some of the best days in the market.

The next chart shows the impact on an investor from missing some of the best days in the market. Data on fund flows suggest that investors do a lot of selling when the markets become volatile (think about the red dots from the prior chart). This is particularly problematic considering six of the ten best days, which you really do not want to have missed, fell within two weeks of the 10 worst days, for many just after they had withdrawn investments from the market. Even missing just a few good days can dramatically undermine portfolio returns.

At HFMC Wealth we practice a goals-based approach to investing. That means we align your investment portfolios with what you want to achieve. We believe this can allow investors to stay invested while avoiding the pitfalls of badly timed, emotionally driven mistakes.

Avoid missing the best days – the beauty of doing nothing

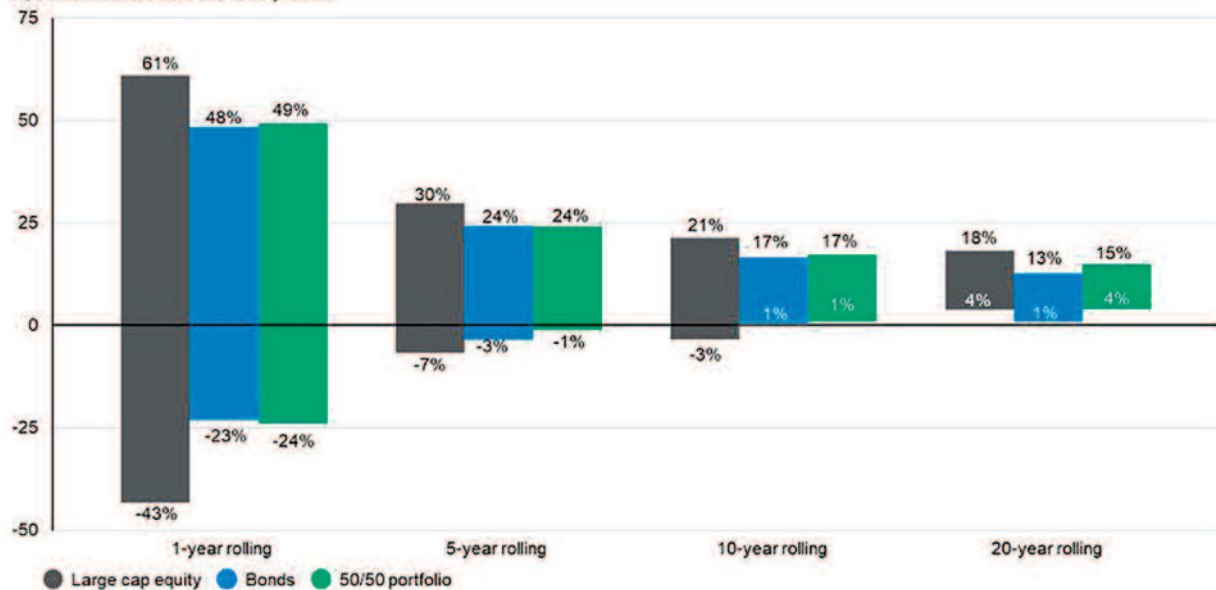


Source: (Top) Strategas/lbbotson, J.P. Morgan Asset Management, Range of annualized total returns for a 50/50 portfolio for 1-year and 10-year rolling periods from 1950-present, 50/50 portfolio (for illustrative purposes only and should not be taken as a recommendation). 50% S&P 500 Composite Index, 25% Strategas/lbbotson US Government Bond Index and 25% US Long-term Corporate Bond Index. Monthly rebalancing of the hypothetical portfolio. Includes dividends and assumes no charges or taxes. (Bottom) Bloomberg FTSE, J.P. Morgan Asset Management. Investment outcomes based on price returns without dividends and assumes no charges or taxes, for illustrative purposes only. Returns calculated daily over the time period assuming no return on each of the specified number of best days. Past performance is not a reliable indicator of current and future results. Guide to the markets – UK. Data as of 31 December 2017.

While markets can always have a bad day, week, month or even a bad year, history suggests investors are much less likely to suffer losses over longer periods as illustrated below. It is important to keep a long-term perspective.

Range of equity and bond total returns

% annualised total returns, 1950-present

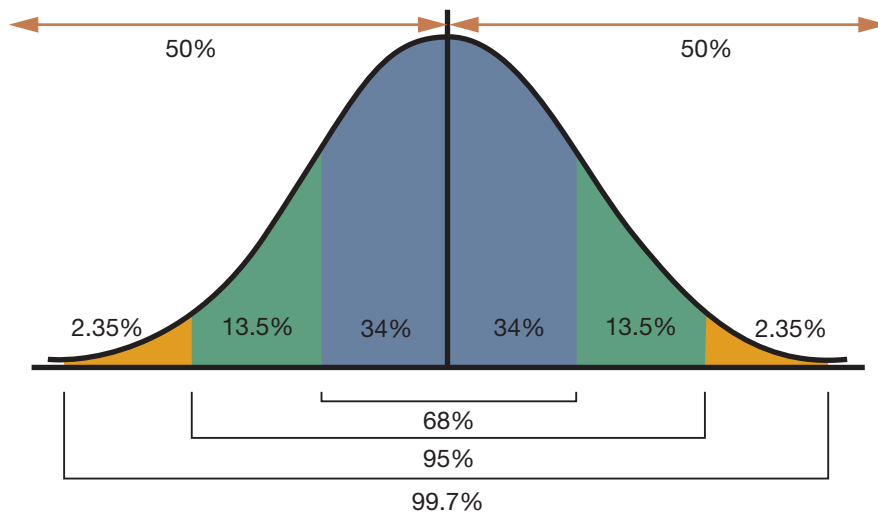


Source: Bloomberg, LSEG Datastream, S&P Global, Strategas/lbbotson, J.P. Morgan Asset Management. Large cap equity represents the S&P 500 Composite and Bonds represents the Strategas/lbbotson US Government Bond Index, the US Long-term Corporate Bond Index until 2000 and the Bloomberg US Agg. Corporate – Investment Grade Index from 2000 onwards. Returns shown are per annum and are calculated based on monthly returns from 1950 to latest available and include dividends. Past performance is not a reliable indicator of current and future results.

Each bar shows the range of return outcomes over a different period. We show this for stocks, bonds and a 50/50 blend of the two. Since 1950, the stock market has seen short-term returns vary greatly; one-year trailing stock returns ranged anywhere from +60% to -43% (grey, far left). Because of this, a portfolio aligned to a near-term goal (such as a holiday home) would likely have a low allocation to stocks. Conversely, a portfolio designed to help achieve a long-term goal, like meeting the costs of a grandchild's university costs, retirement, or division among future generations (bars to the far right), might have a higher allocation to stocks.

To explain and illustrate this further, for the range of returns in our own portfolios which have differing levels of investment risk we have a 'long term mean expected return', which is highlighted in the table below the bell curve diagram below. This represents the average return over a 10-year period which we would typically use as an expected mean return when carrying out longer term planning.

However, the bell curve and data also show that the one-year range of return can be very varied highlighting short term volatility in markets. We would statistically expect the returns to fall within the bluey-grey band 68% of the time, and within the green band 95% of the time. The returns for our portfolios are illustrated for these two ranges in the last two columns.



Portfolio	Long Term Mean Expected Return *	Long term inflation assumption	Expected range of short-term returns for any given year, 68% probability of falling in this range (show in purple on graph above)	Expected range of short-term returns for any given year, 95% probability of falling in this range (show in green & purple on graph above)
Cautious	3.4%	2%	-1.7% - 8.5%	-6.8% - 13.6%
Conservative	4.0%		-2.4% - 10.4%	-8.9% - 16.9%
Balanced	5.2%		-4.1% - 14.5%	-13.4% - 23.9%
Growth	6.0%		-5.4% - 17.4%	-16.8% - 28.8%
Aggressive	6.4%		-6.1% - 19.0%	-18.7% - 31.6%

* The figures above represent anticipated returns net of the assumed costs of managing each portfolio (excluding custody costs).

Risk and diversification – managing concentration risk

We will also consider other overarching requirements, such as generating income, growth, or a combination of the two and the time frame in which to do so.

We will seek to manage risks through diversification of assets. Diversifying your holdings across a variety of asset classes – which behave differently under different economic conditions – is a key method of influencing the overall concentration risk of a portfolio and ultimately, the potential return, spreading your eggs across a range of baskets, if you like.

A pivotal issue in structuring your portfolio, is to select the amount of risk to take, with which you are comfortable, whilst giving the greatest opportunity to maximise returns.

This starts with diversification. The graph below is an example of the value of investing in two negatively correlated assets. The assets are perfectly negatively correlated because as one is decreasing in value, the other is increasing in value by the same amount.

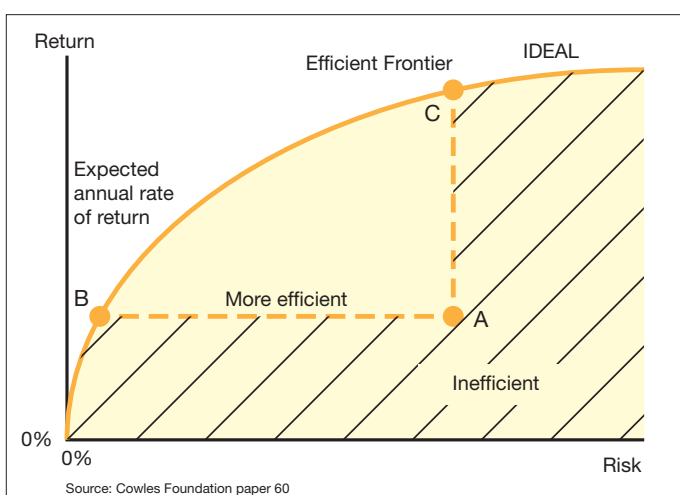
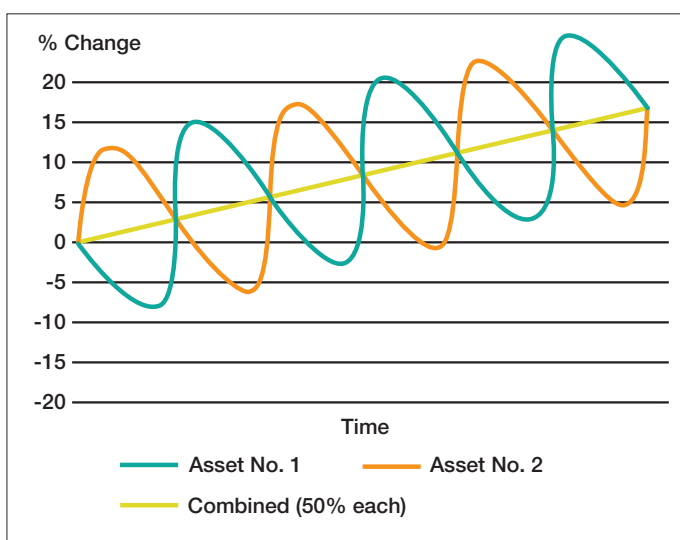
A combination of asset classes within your portfolio can therefore help reduce performance fluctuations, potentially providing steadier and more stable returns.

Many investors may not be aware as to whether their portfolio is in the ideal position to maximise returns or not; and as the graph below illustrates, the difference between an 'efficient' and an 'inefficient' portfolio can be much greater than expected.

The dark yellow line shows the 'Efficient Frontier' – this is a series of points showing the greatest possible rate of return for any given level of risk. At point A, and indeed anywhere in the shaded area, the portfolio is 'Inefficient', as the maximum expected rate of return is lower than one would hope for the level of risk being taken.

Good asset allocation modelling will aim to achieve a balance of asset classes, such that any given portfolio is moved nearer to the Efficient Frontier. Here, it could aim to achieve either the same potential return for much less risk (B), or the same amount of risk could be taken for a greater potential return (C).

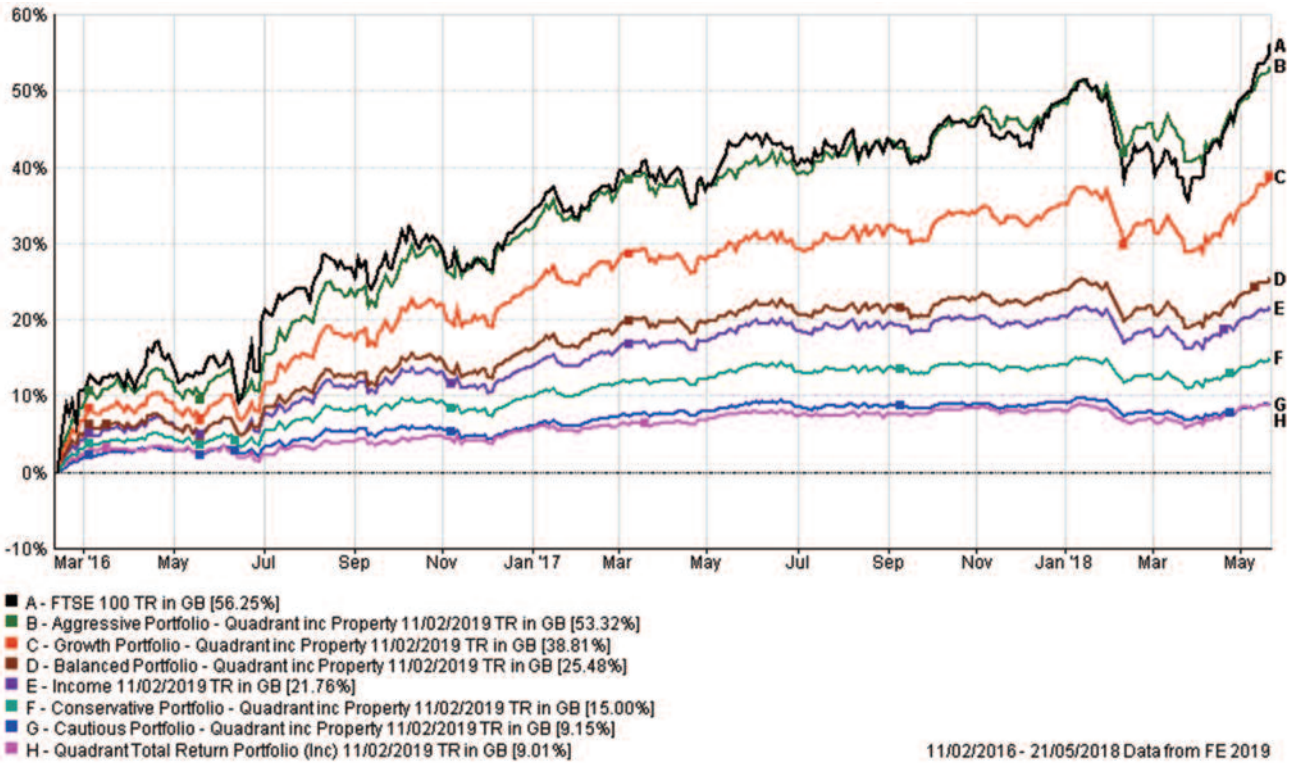
Rebalancing over the years is essential if you are to remain near the efficient frontier and is undertaken regularly where your portfolio(s) are managed on a discretionary basis.



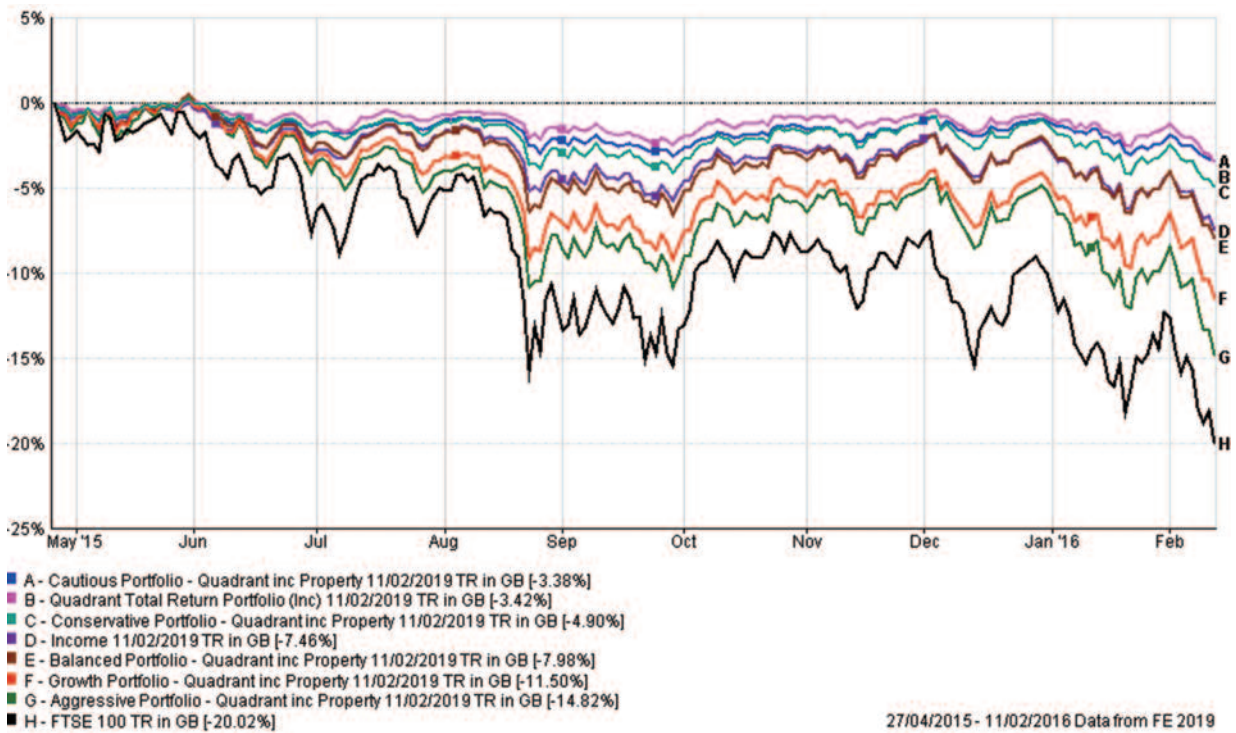
Guide to the Markets - UK. Data as of 31 December 2024.

Measuring investment risk and portfolio volatility

To illustrate, this chart compares our portfolios with the FTSE 100 total return index performance in a rising market:



And in a market downturn:



Whilst past performance never guarantees future performance, these charts illustrate that our portfolios in recent years have performed as they should in both upward and downward markets.

Portfolio construction

Depending upon your priorities your private client team will work with you to help construct an appropriate mix of investments grouped across two main categories:

1. Liquid (core) investments

An appropriate element would normally be retained in cash.

A significant element would be allocated to liquid investments including equities, bonds, tradable investments, that can be switched or realised usually at a day's notice.

For many clients one or more of our discretionary portfolios meet this purpose. We can also access carefully selected third-party discretionary managers.

2. Illiquid (satellite) investments

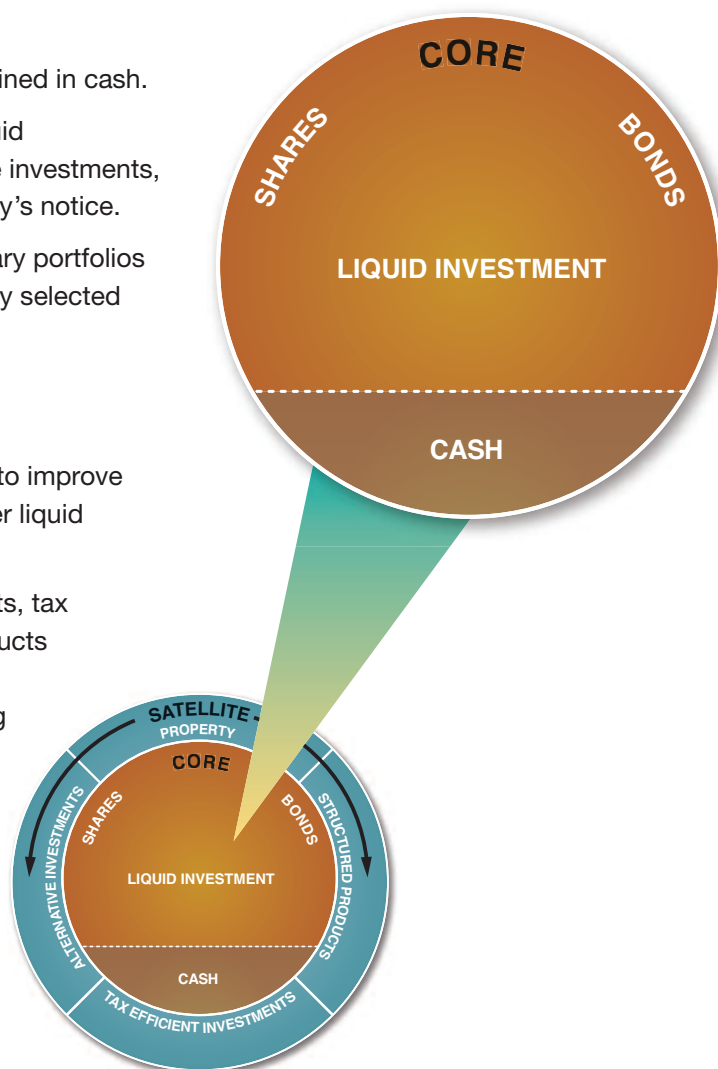
For a significant proportion of clients, we seek to improve risk adjusted returns by adding potentially fewer liquid investments.

This for example could include investment trusts, tax efficient investments, property, structured products and alternative investments. We can structure your investments tax effectively, including using self-invested personal pensions (SIPPs) ISAs, bonds and other wrappers.

We normally advise on satellite investments on an advisory basis, case by case, due to the specialist nature of these investments.

The mix between core and satellite investments will be a function of your investment needs and attitude to risk.

Your private client team will work with you to assess and agree the appropriate mix between the two.



Discretionary portfolio management service

If we recommend this service to you, external investment professionals will build and manage your portfolio(s) on your behalf minimising your administration. Where a discretionary management service is used your permission is not sought before changes are made to your portfolio, though the discretionary manager will remain within the portfolio mandate agreed.

HFMC Wealth are independent financial advisers and so may recommend either bespoke or model portfolio services from a variety of different providers. We can also use HFMC Asset Management's discretionary model portfolio service to provide our model portfolios on a discretionary basis. Their Investment Team provide a manager selection and asset allocation service across a wide range of model portfolios each with specific investment mandates. They do not have any funds of their own and so avoid all conflicts, instead researching and investing in best of breed third party investment funds across a wide range of fund managers and asset classes across the globe. We believe it is important to manage your portfolios to meet your risk preferences and specific objectives rather than seeking to chase short-term returns.

Our investment process

Our goal is to meet your personal investment needs and achieve the best possible returns for your chosen level of risk, enabling you to build your wealth with confidence and reach your financial goals.

Based on a global asset allocation framework, our robust and highly analytical investment process includes indepth research, continuous monitoring and interaction between our investment team and our investment committee. Each layer of our investment process needs to be aligned as we develop and manage each riskadjusted portfolio(s), helping to ensure these can be relied upon to deliver returns as expected. Hence working with your Private Client Director you can have your overall portfolio mix tailored to your individual needs.

We utilise five main different risk-adjusted portfolios (and multiple specialist portfolios) to match your attitude to risk, and we regularly monitor your portfolio(s) against suitable benchmarks and against your objectives to make sure they are on track.

How we select funds

Our in-house investment team develops the construction of our model portfolios and our investment fund 'panels' subject to our Investment Committee approval. Their expertise helps with our rigorous qualitative and quantitative analysis of funds, during which we will use research tools to help us identify active funds with a reasonable probability of outperforming their benchmark as well as identifying well structured, low cost passive funds. This is typically our starting point for fund selection.

It is also important to understand that all holdings will be exposed to some degree of risk – even cash, which is exposed to the risk of inflation and therefore a full discussion is very important.

Whilst past performance should not be relied upon as a guide to what will happen in the future, consideration of what has happened in the past can serve to provide a reasonable indicator as to how a portfolio might behave both in times of stress or market growth.

Styles of fund management

There are two main options when selecting fund management strategies – our core Managed Portfolios are a blend of both Active and Passive funds.

Active management	Passive management
<ul style="list-style-type: none">• Fund managers who make all investment decisions aim to deliver a return that is superior to their benchmark by delivering higher returns or losing less, in turbulent times.• Generally higher charges than passive funds, so require a higher level of performance to outweigh the additional costs.	<ul style="list-style-type: none">• Fund managers aim to track the relevant market index rather than making their own decisions.• In order to try and match the actual market's performance, the fund manager will seek to replicate its constituent parts.• This almost always involves significantly lower charges than actively managed funds, thereby reducing the risk of a cost drag on performance.

We also offer Passive only options. These help address the issue of cost risk which for some investors can be central and hence we have these available.

We believe that active managers, where we select them, can add value in excess to their additional costs.

At HFMC Wealth we also offer a number of additional portfolio options which include:

- Income
- Positive impact

We also provide a number of risk-adjusted Balanced portfolios available using offshore custody, investing exclusively in offshore domiciled funds, in the following denominations:

- Euro
- Dollar
- Sterling

We also provide an offshore custodied Growth portfolio denominated in Sterling.

Integrating your investment strategy with your financial goals

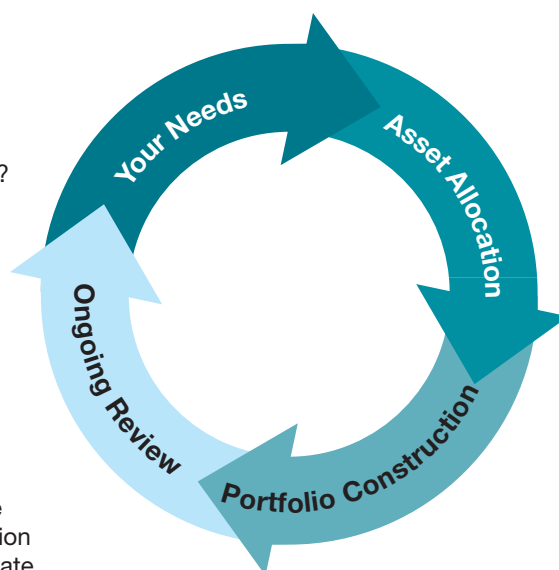
The investment cycle:

Your Needs

- Risk tolerance
- Time horizon
- Income requirements
- Responsible investing?
- Tax factors

Ongoing Review

- Regularly review the suitability of your investments:
- Adapt to changing environment
 - Monitor and rebalance investment risk allocation
 - Report and communicate



Asset Allocation

- Select the optimal mix of suitable assets such as:
- Cash; bonds; equities; property; currency
 - This will maximise the likelihood of meeting your specific investment objectives

Portfolio Construction

- Select and recommend the most appropriate ways of accessing assets:
- Actively managed funds
 - Passive funds
 - Specialist portfolios
 - Satellite investments

How to contact us

If now is the right time for you to consider taking professional advice, we would welcome the opportunity to discuss your circumstances, at no expense to you.

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