



Frequently Asked Questions

about Switching to the Moderate Income fund within the JM Finn Investment Management Service

Why are we making these changes? Increased costs of doing business have been a constant challenge across industries, but none more so than for the wealth management industry. Rather than just increase costs, which is the easy option for us but the most detrimental to clients, we have been looking at ways to make our business more efficient.

One of our findings has been the high cost of running portfolios relative to the time taken to manage them and we have therefore made the decision to centralise the portfolio management of smaller portfolios whilst still retaining your investment manager as your main point of contact.

How will my investment manager be involved in managing the portfolio? Whilst the day-to-day decision making about what investments to hold will be done by the fund managers within our Investment Office, a client's first point of contact will remain with their current investment manager and their wider team. We are firmly committed to this model as we recognise that we have built up a large degree of trust across our client base thanks to the highly personalised nature of our client communications.

Additionally, it is important to note that the fund managers responsible for the management of the Investment Management Service (IMS) portfolios form part of our Investment Office, thus ensuring a degree of alignment across all investment portfolios across the firm, in terms of asset allocation.

Whilst the Investment Office will "own" the asset allocation, we believe any decisions must be open

to scrutiny and challenge. Therefore, an important aspect of our investment approach includes a forum for the client-facing team to engage with the decision making – ensuring a comprehensive understanding of why decisions have been made and with what outcome.

What are the main differences between the new service and the traditional bespoke model?

Today, the investment manager is responsible for selecting the individual components of the portfolio. Within the new service, the investment management (i.e. the decision making of which investments to invest in) will be carried out by a team of fund managers who focus solely on selecting investments, freeing up the investment manager to focus more on the client's and their family's needs.

What will my assets be invested in? The new Moderate Income fund will be managed by the same team as our existing funds and will leverage off a similar investment philosophy and process. The increase in yield versus the existing Moderate fund will be driven by a combination of larger allocations to higher yielding asset classes (such as Infrastructure and Fixed Income) and a greater allocation to income focussed third-party funds, versus direct holdings. We believe this approach will balance greater income with continued diversification. The target yield, or income, is 1% above the benchmark, which, at the time of writing would equate to an annual yield of 3.8%.

What is yield can I expect from this fund? The target yield, or income, is 1% above the benchmark, which, at the time of writing would equate to an annual yield of 3.8%.

What happens if I no longer require an income?

If your investment goals have changed, we will send you our Risk Tolerance Questionnaire to help us understand a bit more about your attitude to investment risk. We will then use this as a basis for discussion to determine which of the other funds within the Investment Management Service might be most appropriate.

How does the risk tolerance questionnaire work?

We have partnered with an independent provider, Oxford Risk, to offer a Financial Personality Assessment to help clients determine their tolerance for risk and to select an appropriate risk portfolio. Oxford Risk is a leader in the field of behavioural finance and was founded in 2002 by Oxford University academics and we are confident that using behavioural finance is a tried and tested method for determining risk appetites.

On the basis I am happy with the choice of portfolio, what is the process for switching? We will sell holdings in the current portfolio and then purchase shares in the new fund. You will be able to see these transactions via your account on the client portal.

How do I set up access to the client portal?

You can activate your online account [here](#). Alternatively, contact your investment manager who will be able to set you up with an account.

What happens if a Capital Gains Tax liability is triggered when the current holdings are sold?

Any gains made by the sale of current holdings will be discussed individually with you, however the expectation is that if gains are likely to be realised the investment manager will manage the sale over time to exhaust any liabilities using currently available allowances.

What are the fees for the new service? Following a change of approach by the regulator, we are now required to “unbundle” our funds fees. We therefore have separated the fund management fee (the annual management charge or AMC), which can be charged to the fund, from the service fee, which is charged outside of the fund. Following a third-party review of competitor services, we have adopted the following pricing model:

Annual Management Charge: 0.6%
Service Fee: 0.5%
Total: 1.1%

Please note, there are further indirect costs associated with this portfolio which can be found on our Schedule of charges [here](#):

Are the fees competitive? We regularly review the pricing of all our services against our peers and we remain confident that this is competitive. But more importantly, we feel the total cost of ownership of our portfolios is extremely competitive. By investing in direct stocks as well as passive investments we keep the costs down compared to those fund managers who exclusively invest in third-party active funds.

What is the total cost of ownership of the funds?

The total cost of ownership of the A shares, which includes all fees, is 1.75%.

Is there a cost to switch to the new service? No, we are moving all clients for no charge.

Do you need client consent to switch into the Investment Management Service?

Because we have proactively identified individual clients whom we believe the JM Finn Investment Management service to be suitable, we are able to transfer by way of deemed consent. All clients will be written to with a clear explanation of the new service, and why it is suitable. A further communication will take place no sooner than 30 days after the first communication to ensure there is sufficient time for clients to understand the service. Deemed consent requires 60 days to elapse and to ensure all clients have a chance to review our approach, we will send the two communications in two different formats (i.e. post & email).

Is the Moderate Income Portfolio within the Investment Management Service a new fund?

Yes. This fund will launch in March, however, it is important to note that we have been managing investment funds, previously known as the Coleman Street Investment funds, since April 2013. The investment process is therefore tried and tested by our dedicated fund management team. Furthermore, across the five portfolios that the team manages, each with its own risk profile, the team manage one strategy. Therefore, each portfolio has very similar investments, just with differing levels of exposure to the individual asset classes. For example, the Moderate Income fund may have less exposure to US equities than the Moderate Fund as the US stock market generally yields less than other global markets. Likewise,

cash – the Moderate Income fund will likely have the lowest cash holding of the five funds, as the yield on cash is currently low.

How will the fees and charges be paid? The fund management fees are charged to the funds, so these are reflected in the price of the fund shares. The service fee and VAT will be charged directly to your account. Each November, we will charge annually in arrears and pro-rata the annual fee where applicable. Fees are calculated on the value of your portfolio on a daily accrual basis and annually. We will use available cash on deposit and/or sell the required shares from your portfolio to cover that fee. This fee will show on the periodic statement in the quarter charged plus in your annual cost and charges statement.

Will this annual share sale to pay for fees attract capital gains tax? Within the current regime these will fall within a client's annual allowance but there is a chance these allowances will change and so, yes, any gains will attract CGT. We remain of the view the long term benefits of the service and associated anticipated returns will outweigh these short term tax burdens.

Will a change of service incur Capital Gains Tax? It is possible that having to sell your current holdings will incur a chargeable gain. We will discuss this with you and manage the switch to capitalise on any allowances to minimise any tax burden. Please note, we have considered the implications of this and we are firmly of the belief that the long term investment benefits of the IMS will outweigh any short term tax implications.

How will the portfolios be managed? Over the last few years, the fund management team have developed a robust, consistent and easy-to-explain approach to managing the portfolios, that we feel reflects the identity, history and experience of JM Finn and, from listening to our clients' needs, what we feel works for clients.

Investing in a diverse range of assets globally, the funds provide a wide choice of risk and return to reflect the diverse requirements of our clients via a generally long-term, conservative attitude to investing. This more conservative style informs our view of seeking to diversify risk in most cases and concentrating risk only in specific opportunities. Through this diversified approach we seek to

reduce the volatility that clients' experience and smooth the returns whilst continuing to take advantage of market inefficiencies.

Conscious that both risk and return is primarily driven by asset allocation, our starting point for investment is a centrally defined strategic asset allocation which is designed to meet client requirements across a number of risk categories.

Where we see opportunity to generate additional returns, we will seek Alpha through stock selection with a combination of direct assets, for example equities and bonds, alongside active funds. Where we do not, we will seek to gain beta exposure through low-cost passive funds.

How can I measure the performance of the funds? To help you measure the return on your investments, we have identified three comparators for each fund designed to provide a measure of absolute, relative and peer group comparisons.

1. Relative comparators: we have developed a series of comparator indices, which also act as the basis for our long-term strategic asset allocation. By partnering with Morningstar, one of the world's leading providers of data and research in financial markets, we have been able to develop an index by which each of our three funds can be measured
2. Absolute comparators: Clients typically come to JM Finn to preserve and grow their wealth over the long term, which generally sees us trying to grow portfolios in excess of inflation, after costs. The absolute benchmark for funds is CPIH as a proxy for inflation. This is the Consumer Price Index including occupiers' housing costs and is a common measure of the rate of inflation.
3. Peer group comparators: We use a peer group average to assess how the strategies have performed compared to other investment managers. ARC (Asset Risk Consultants) are a consultancy firm that have developed a range of indices for both private clients and charities, which measure the returns of 'real life' portfolios from across our industry. They collate the data and outcomes from over 350,000 investment portfolios at more than 120 firms and are recognised as representative performance benchmarks in our industry.

How do the funds ensure they are investing responsibly? Growing and nurturing wealth has been at the heart of our business for over 75 years, which has helped us develop over that time a keen sense of our responsibility towards the stewardship of our clients' assets.

This sense of doing what is right for our clients and their families has grown in recent years to a broader sense of responsibility towards our role in society, and the recognition that, as a direct investor in global public companies, we have the ability to challenge and change their behaviours and we carry this responsibility very seriously.

We have three pillars of responsibility that we look to overlay across the business to provide comfort to our clients and guidance to our staff: engagement, exclusion and integration.

1. Engagement

At JM Finn, we primarily focus on investing in direct securities. Picking the right companies to invest in on behalf of our clients starts with active engagement. Historically we have always engaged with the companies in which we invest, whether a direct equity investment or a fund managed by a third-party fund manager, with an average of over 80 companies per year for the last five years. This engagement, used as basis to further understand the financials of a company, has also been an important opportunity for us to address any non-financial risks that we may have highlighted that might not be evident within the financial statements.

In recent years, we have looked to formalise and augment this engagement, recognising that the owners of the world's largest companies hold the power to affect change. To act in a responsible manner for all stakeholders, including our clients, our staff and our shareholders, as well as our planet, we need to use the weight of our investment in a more structured manner. Taking our lead from our parent company, in a bid to establish some alignment in our approach to investing responsibly, we engaged with Federated Hermes (Hermes) in Q4 2024 to help us engage with the companies in which we invest in a more structured way that aligns with the UN Sustainable Development Goals (SDGs). Reports as to our engagement will be available in Q2 2025.

2. Exclusion

Within the IMS we will exclude the following investments:

- All companies that offend the UN Global Compact principles as analysed by Sustainalytics, provided that engagement through Hermes EOS is showing no positive evolution after maximum one (1) year after the company has been declared non-compliant or that the outlook isn't declared positive by Sustainalytics itself.
- All companies that have a Sustainalytics ESG Risk score of 40 or above (i.e. severe ESG risks).
- All third-party investment funds with a Low, or 1 globe, rating according to Morningstar.

3. Integration

A core aspect of the centralised research function is to monitor the companies in which we invest. Any findings from the ongoing monitoring are reported to our investment managers to aid their decision-making as to whether to buy, sell or hold the stock.

It is integral to our investment process to qualitatively assess the sustainability of a business. This always has been and forever will be a key aspect of long term investing. Whilst our fundamental analysis of direct investments has long looked at non-financial reporting of individual stocks, to get a more detailed understanding of the issues, we have partnered with Sustainalytics, a leading provider of ESG Research and Data to provide an independent assessment of the Environmental, Social and Governance risks within each company in which we invest to supplement the fundamental research that we do. All investment recommendations from our Investment Office provide the Sustainalytics scores and commentary to help our investment managers understand more about the companies they might invest in.

Who are the fund managers of the funds? The three portfolios are managed by James Godrich and Nina Etherton, who have both been managing the predecessors of these funds since 2019 (James) and 2024 (Nina).

Chris Barrett, Investment Director is the named Deputy Fund Manager and has had that position since 2020.

Additionally, there is oversight of the investment strategy by an internal Investment Committee. This provides for increased scrutiny of the decisions

made by the fund management team whilst also providing an opportunity for investment managers across the firm to engage further in the funds.

James Godrich joined JM Finn in 2015 initially spending four years working as an equity analyst before taking over the management of our multi-asset funds in 2019. James continues to lead the management of the multi-asset funds used by the Investment Management Service and sits on various committees including the Stock Selection Committee, the Asset Allocation Committee and the Collectives Committee.

Nina Etherton joined JM Finn in 2020 having previously spent time working for a Family Office in London. Nina co-manages the funds for the Investment Management Service and sits on the Stock Selection Committee, the Asset Allocation Committee and the Collectives Committee.

She studied French and Spanish at Bristol University, and as part of her degree she spent a year living in Paris and Colombia.

What does “YFS” stand for in front of the Fund name? Yealand Fund Services. The UK regulator, the Financial Conduct Authority (FCA) dictates that fund names should evidence the Authorised Corporate Director (ACD) for any fund. Yealand Funds Services is the ACD so the fund names must begin “YFS”.

Who are Yealand Financial Services (YFS)? An Authorised Corporate Director (ACD) is legally responsible for the day-to-day management of a fund in the United Kingdom. As the ACD, YFS delegates the investment management activity to JM Finn. The ACD oversees the activity of the investment manager providing an extra level of control to ensure that a fund is properly managed by an Investment Manager in the best interests of the fund’s investors. We ran a competitive tender process across a number of ACDs in the UK and felt that YFS were best suited to work with us on a service and cost basis.

JM Finn is a trading name of J.M. Finn & Co. Ltd which is registered in England with number 05772581. Registered address: 25 Copthall Avenue, London, EC2R 7AH. Authorised and regulated by the Financial Conduct Authority.

What communications will I receive about my investments in the JM Finn Investment Management Service?

You will receive the following regular communications:

- Quarterly periodic statements
- Quarterly market commentary
- Our in-house magazine, Prospects, via email

Can I still use my JM Finn portal?

Yes – your portal account will remain the same and your holdings and transactions will be viewable online. Additionally, you will be able to get a valuation 24/7 and we will be providing quarterly updates on the performance of your holdings.

Can I still contact my investment manager?

Yes. The hallmark of our success has been the personalised service which is the basis of our investment proposition. We are committed to maintaining the personal relationships which we know our clients value so highly.

Can I still sell my holdings whenever I want?

The funds are priced every day and therefore we can sell all or part of your holding upon receipt of your instruction. There are no charges for this. Please be aware, as with any transaction, there may be tax implications of selling holdings. Our investment managers will make you aware of these but you may wish to consult a tax adviser.

Important Information:

Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and you may not receive back all the money you invest. Investment should be made on the basis of the Prospectus and Key Investor Information Document (KIID), available on our website. You should seek professional advice as to the suitability of the Fund before investing.