



Thorntons Investments fact sheet

What is your corporate background?

Thorntons Investments was established in 1995 to provide discretionary investment services to clients of Thorntons Law LLP, one of Scotland's largest independent law firms. In 2014 we separated from the law firm to set up as a separately authorised company, where we offer our full range of model portfolio services on Nucleus to financial advisers and their clients.

These include our AIM IHT Portfolio Service, which is designed to help investors wishing to mitigate their liability to Inheritance Tax, and our five risk-targeted Managed Portfolio Service (MPS) models portfolios.

Why should I consider using your Discretionary Fund Management service?

Our aim is to help the investor achieve their goals and objectives. We will only accept investment into our model portfolios from the investor's financial adviser given the importance of financial advice in helping investors to understand the benefits and risks from investing.

AIM IHT Portfolio Service: AIM investment on Nucleus can offer significant cost savings and admin efficiencies when compared to 'non-platform' AIM IHT services.

Our primary objective is that on the death of the investor after two years, they will have held a portfolio of AIM company shares where all stocks qualify for business relief. This will allow their family to inherit without having any inheritance tax to pay on the value of the portfolio.

While the primary objective is business relief qualification, the portfolio will be constructed from a diversified range of companies selected for their investment appeal.

We have a range of adviser and client support material available which can aid understanding of the financial planning opportunities from investing in Business Relief qualifying AIM companies. Our Portfolio Managers provide regular online portfolio updates for advisers and welcome contact for any queries.

Managed Portfolio Service: Clients are concerned about performance, service and cost and our focus is to help deliver strong performance with a low overall cost of ownership, whilst helping financial advisers to maintain a high level of service to clients. Whilst the appropriate risk grading of a client is important, our clear objective is to maximise the investment return within the investor's risk parameters.

What is your approach to discretionary fund management?

AIM IHT Portfolio Service: We have been managing AIM portfolios since 2006. Our portfolio construction and company selection process are designed to both mitigate risk and deliver positive investment returns in the longer term. There is a growth bias to the selection process, but companies are also selected for balance sheet strength and quality of cash flow generation. This in turn feeds through to sustainable dividend generation. Cash held to aid portfolio management will fall into the estate on death, so we only hold 1% in cash.

Our experienced investment team assess the portfolio on an ongoing basis to ensure to best of our ability that the AIM stocks qualify for business relief on death. We have had no failures to date.

Managed Portfolio Service: Our investment approach is driven by investors' wishes to maximise returns and minimise losses, which we interpret as a responsibility to protect and grow the value of clients' savings.

Our investment process starts with an investment timeframe of three to five years, being generally the most appropriate for retail clients.

A fundamental appraisal of probable investment returns from different asset classes and global regions then informs our strategic allocation strategy. This is then implemented by careful investment selection to ensure appropriate diversification and concentration where there is a higher probability of superior returns.

Our approach to risk is also a forward-looking process and not one purely abdicated to volatility, an historic measure. We distinguish real risk as the permanent loss of value and seek to avoid it through appraisal of valuations, sufficient diversification and a focus on sustainability of income. Longer term studies of investment return show that income is the most significant component of total return. This is reflected in our attention to income sustainability and a requirement that all model portfolios generate an 'honest income', sufficient to pay for costs of ownership.

Individual investment selection is one of the most important parts of the investment process. In the debate over passive versus active fund selection, our answer is to employ the best attributes of both in model portfolios. Passives for their low cost and spread and actives for their ability to offer genuine differentiation and prospective outperformance in different market conditions. Active funds are carefully chosen for consistency of process, distinctiveness of holdings and genuine long-term active positioning.



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What investment solutions can you offer through the Nucleus platform?

The Thorntons Investments Managed Portfolio Service offers five risk targeted portfolios from Cautious to Adventurous. The models have been designed to cover the vast majority of client risk gradings and have been mapped against industry risk profiling tools. Each model is constantly monitored to ensure that individual investments are performing as expected and that the model's behaviour is consistent with its risk category.

1. Our five risk-targeted portfolios in our MPS range are:

- Thorntons Cautious
- Thorntons Steady
- Thorntons Moderate
- Thorntons Progressive
- Thorntons Adventurous

2. We also offer our AIM IHT Portfolio Service to help investors maximise the wealth they pass on to their beneficiaries. The portfolio invests in a range of between 30 and 40 AIM-listed companies which we expect will qualify for business relief.

What are your fees?

Managed Portfolio Service: 0.30% pa

AIM IHT Portfolio Service: 1% pa

Who should I contact to discuss the service further?

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