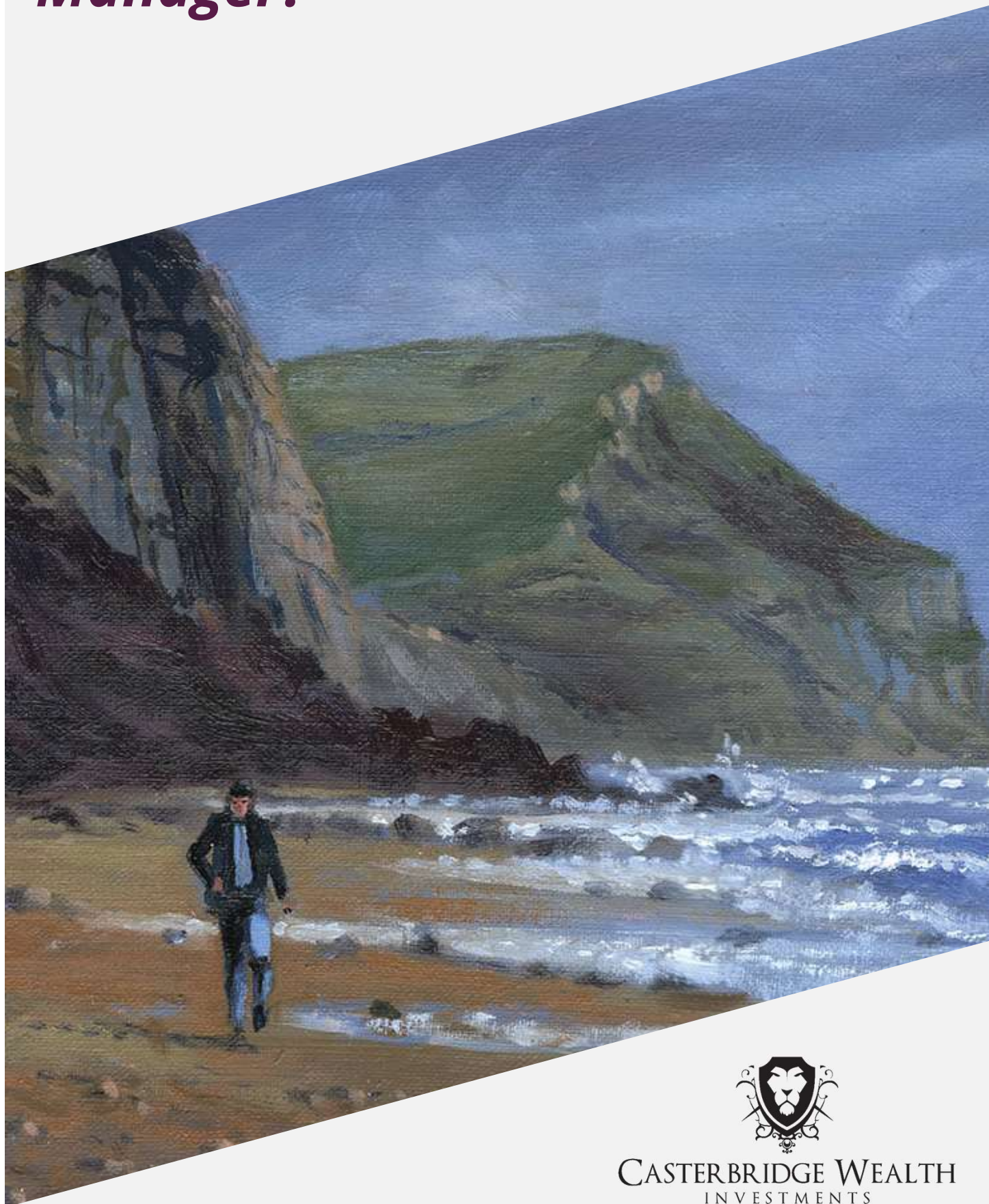


# ***What is a Discretionary Fund Manager?***



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# What is a Discretionary Fund Manager and what do they do for me?

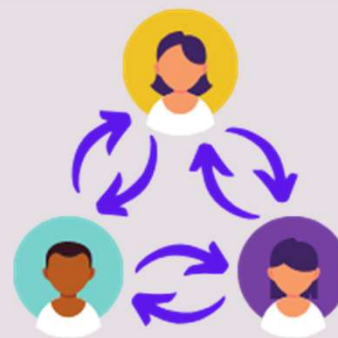
A Discretionary Fund Manager (DFM) is a company of investment specialists, known as Investment or Portfolio Managers. Investment Managers concentrate solely on the day-to-day management of your investment portfolio. They make the ongoing day to day investment decisions, for example, buy Vodafone and sell BP or increase exposure to shares and decrease your exposure to bonds.

In line with the amount of investment risk you are comfortable taking, the aim is to meet your longer term financial goals and aspirations.

The term "discretionary" refers to the fact that your Investment Manager has discretion over the investment decisions they make on your behalf. This means that they need to work very closely with your Financial Adviser to fully understand your needs and objectives.

## Working together with your Financial Adviser and Investment Manager.

This relationship has another key benefit as it promotes specialism. Your Financial Adviser focuses on your holistic financial planning needs and your Investment Manager concentrates solely on managing your day to day investment goals, undistracted by anything that isn't investment related.



## What might my DFM portfolio look like?

Your Investment Manager will build your investment portfolio constructed of different assets. It may contain equities or shares, commercial property (such as offices and warehouses), bonds, commodities and cash in different weights. The weights or allocations to these investments within your portfolio is known as your 'Strategic Asset Allocation' – this will be the basis of how your portfolio will look over the coming years and reflects the amount of investment risk you are comfortable taking.

In addition to the longer-term Strategic Asset Allocation, your Investment Manager can make shorter-term adjustments to your portfolio to take advantage of market movements or trends.

## An example of Discretionary Investment Management in action...

If stock markets fall in value, it may be seen as an opportunity to buy more shares (at a cheaper price), as the long-term prospects for those companies may remain exciting. In the same way, if the price of shares has risen strongly over a period, your Investment Manager may sell some shares to lock in the strong price and potentially look to buy the same shares back at a lower price in the future.

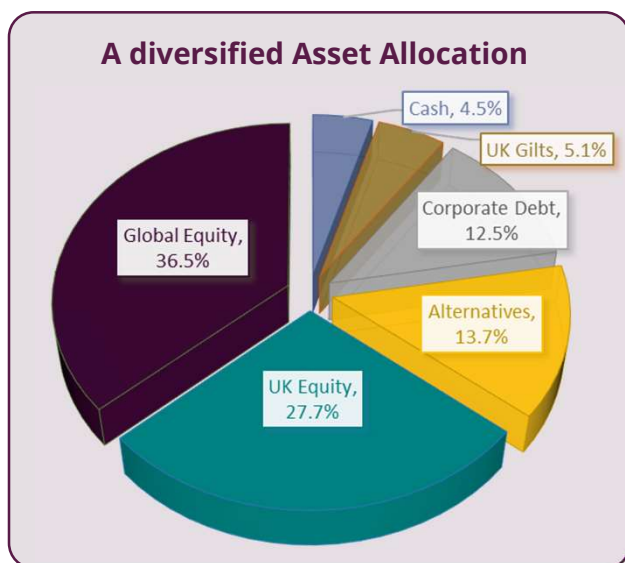
See our news article ['How have we been managing your investments through the recent rises in stock markets?' at \[casterbridgewealth.co.uk\]\(https://www.casterbridgewealth.co.uk\)](https://www.casterbridgewealth.co.uk/news/how-have-we-been-managing-your-investments-through-the-recent-rises-in-stock-markets/)

# What might my DFM portfolio look like?

Here we take a closer look at what your DFM portfolio might look like. For this purpose we have used a 'snap-shot' of an example portfolio for a client who has a medium to long term investment horizon and to invest £200,000 and is comfortable taking a balanced level of risk.

In practice, your portfolio will be different to this as it will be built around your specific individual circumstances and goals. This example portfolio illustrates the depth and breadth of assets your Investment Manager may hold on your behalf.

The pie chart below shows the 'high level' asset allocation of the portfolio, illustrating the exposure to each asset class. The corresponding list on the right shows the individual investments held within each asset class and the income they pay.



| Asset class & stock name                 | Holding         | Yield       | Income        |
|--|-----------------|-------------|---------------|
| <b>UK Gilts</b>                          |                 |             |               |
| Royal London UK Government Bond Fund     | £10,280         | 2.1%        | £221          |
| <b>Corporate Debt</b>                    |                 |             |               |
| PIMCO Global Investment Grade Bond Fund  | £12,000         | 0.0%        | £0            |
| Rathbone High Quality Bond Fund          | £7,720          | 0.0%        | £0            |
| BNY Mellon EM Debt fund                  | £5,260          | 7.4%        | £390          |
| <b>Alternatives</b>                      |                 |             |               |
| Artemis US Absolute Return Fund          | £11,000         | 0.4%        | £42           |
| International Public Partnerships Ord    | £6,000          | 4.9%        | £293          |
| HgCapital Trust Ord                      | £4,000          | 1.9%        | £75           |
| Welltower Inc                            | £4,000          | 7.8%        | £312          |
| BMO Property Growth & Income Fund        | £2,400          | 5.3%        | £127          |
| <b>Global Equity</b>                     |                 |             |               |
| WisdomTree Physical Gold                 | £4,000          | 0.0%        | £0            |
| AXA Framlington Health Fund              | £4,000          | 0.2%        | £8            |
| BlackRock World Mining Trust plc         | £4,000          | 6.2%        | £247          |
| <b>US Equity</b>                         |                 |             |               |
| HSBC S&P 500 Exchange Traded Fund (ETF)  | £6,599          | 1.6%        | £109          |
| Alphabet Inc A                           | £2,779          | 0.0%        | £0            |
| T. Rowe Price US Smaller Companies Fund  | £2,779          | 0.0%        | £0            |
| General Electric Co                      | £1,858          | 0.6%        | £12           |
| Coca-Cola Co                             | £1,620          | 3.5%        | £57           |
| Intuitive Surgical Inc                   | £1,599          | 0.0%        | £0            |
| NVIDIA Corp                              | £1,599          | 0.2%        | £3            |
| ServiceNow Inc                           | £1,599          | 0.0%        | £0            |
| Exxon Mobil Corp                         | £1,381          | 7.5%        | £104          |
| Microsoft Corp                           | £1,381          | 1.1%        | £15           |
| Pfizer Inc                               | £1,381          | 4.0%        | £55           |
| The Walt Disney Co                       | £1,381          | 1.6%        | £22           |
| T-Mobile US Inc                          | £1,381          | 0.0%        | £0            |
| Union Pacific Corp                       | £1,381          | 2.4%        | £33           |
| Visa Inc Class A                         | £1,381          | 0.6%        | £8            |
| Walgreens Boots Alliance Inc             | £1,381          | 4.4%        | £60           |
| The Kraft Heinz Co                       | £1,122          | 5.4%        | £61           |
| <b>Emerging Market Equity</b>            |                 |             |               |
| Wells Fargo Emerging Markets Equity Fund | £7,500          | 0.0%        | £0            |
| RWC Global Emerging Markets Fund         | £4,500          | 0.0%        | £0            |
| <b>European Equity</b>                   |                 |             |               |
| Novartis AG                              | £1,800          | 3.6%        | £64           |
| Vanguard FTSE Developed Euro exUK ETF    | £1,375          | 3.4%        | £46           |
| adidas AG                                | £900            | 1.6%        | £14           |
| BNP Paribas                              | £900            | 10.5%       | £94           |
| Continental AG                           | £900            | 5.1%        | £46           |
| Glanbia PLC                              | £900            | 2.7%        | £24           |
| Henkel AG & Co KGaA Pfd Shs - Non-voting | £900            | 2.3%        | £21           |
| L'Oreal SA                               | £900            | 1.5%        | £14           |
| Schneider Electric SE                    | £900            | 3.2%        | £29           |
| Unibail-Rodamco-Westfield                | £900            | 21.4%       | £192          |
| <b>Japanese Equity</b>                   |                 |             |               |
| Fidelity Index Japan P Inc               | £3,600          | 2.3%        | £81           |
| Lindsell Train Japanese Equity Fund      | £2,400          | 1.6%        | £39           |
| <b>UK Equity</b>                         |                 |             |               |
| iShares Core FTSE 100 ETF                | £7,005          | 5.6%        | £393          |
| HSBC Holdings PLC                        | £5,022          | 5.7%        | £288          |
| BP PLC                                   | £2,822          | 10.4%       | £293          |
| Royal Dutch Shell PLC B                  | £2,822          | 11.6%       | £328          |
| Vodafone Group PLC                       | £2,120          | 6.8%        | £143          |
| AstraZeneca PLC                          | £2,001          | 2.6%        | £51           |
| Admiral Group PLC                        | £1,579          | 4.1%        | £64           |
| Babcock International Group PLC          | £1,579          | 7.5%        | £119          |
| BHP Group plc                            | £1,579          | 5.9%        | £94           |
| British American Tobacco PLC             | £1,579          | 6.9%        | £109          |
| Imperial Brands PLC                      | £1,579          | 12.7%       | £201          |
| ITV PLC                                  | £1,579          | 10.9%       | £172          |
| Lloyds Banking Group PLC                 | £1,579          | 10.4%       | £165          |
| National Grid PLC                        | £1,579          | 5.2%        | £82           |
| Ocado Group PLC                          | £1,579          | 0.0%        | £0            |
| Persimmon PLC                            | £1,579          | 4.8%        | £76           |
| Rio Tinto PLC                            | £1,579          | 8.1%        | £127          |
| Severn Trent PLC                         | £1,579          | 4.0%        | £63           |
| SSE PLC                                  | £1,579          | 7.5%        | £118          |
| Taylor Wimpey PLC                        | £1,579          | 5.0%        | £79           |
| TUI AG                                   | £1,579          | 16.9%       | £267          |
| GlaxoSmithKline PLC                      | £1,573          | 4.8%        | £75           |
| Reckitt Benckiser Group PLC              | £1,562          | 2.6%        | £41           |
| Aviva PLC                                | £1,362          | 12.2%       | £167          |
| Legal & General Group PLC                | £1,300          | 8.6%        | £111          |
| BAE Systems PLC                          | £1,037          | 4.4%        | £46           |
| BT Group PLC                             | £1,037          | 14.7%       | £152          |
| Kingfisher PLC                           | £1,037          | 6.9%        | £72           |
| Unilever PLC                             | £1,037          | 3.5%        | £36           |
| <b>Cash</b>                              | <b>£8,942</b>   | <b>0.0%</b> | <b>£0</b>     |
| <b>Total</b>                             | <b>£200,000</b> | <b>3.4%</b> | <b>£6,851</b> |

# How much will my DFM portfolio cost?

**Did you know?** DFMs can also be known as Discretionary Investment Managers, Wealth Managers or Stockbrokers. Although the term 'Stockbroker' is old fashioned and a somewhat outdated name, it refers to brokers that only dealt with stocks and shares rather than all investable assets for a client.

When it comes to costs and charges, your DFM will charge what is known as an Annual Management Charge (AMC); this is the charge that covers the cost of the day to day management of your investment portfolio, the investment teams, stock and fund research, economic and macro strategy and the systems and staff required to offer you the very best service and performance.

There will also be some additional charges for certain types of transactions such as buying or selling international shares and the cost of holding any underlying investment funds, these are known as the Ongoing Charge Figure (OCF).

Below is an example of what the likely costs and charges might be over a five-year period and the effect they will have on your portfolio growth.

For the purposes of this example, we are going to use the same client who invested £200,000 and use an illustrative portfolio growth rate of 5% per year...

|                                 |                 |
|---------------------------------|-----------------|
| <b>Portfolio Start Value</b>    | <b>£200,000</b> |
| Illustrative annual growth rate | 5.00%           |
| AMC ex VAT                      | 0.90%           |
| OCF                             | 0.31%           |

**Your estimated charges over a five-year period may look like this:**

| <b>Estimated Charges</b>                   | <b>1st year</b> | <b>2nd year</b> | <b>3rd year</b> | <b>4th year</b> | <b>5th year</b> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Annual Management Charge (AMC)             | £2,215          | £2,338          | £2,468          | £2,606          | £2,751          |
| Ongoing Charge Figure (OCF)                | £626            | £661            | £697            | £736            | £777            |
| <b>Estimated total costs &amp; charges</b> | <b>£2,841</b>   | <b>£2,999</b>   | <b>£3,166</b>   | <b>£3,342</b>   | <b>£3,528</b>   |

**...the table below show how the charges will affect what you might receive back and the effect these charges have when comparing the illustrative return, before and after fees.**

| <b>Illustrative year end value...</b>                            | <b>1st year</b> | <b>2nd year</b> | <b>3rd year</b> | <b>4th year</b> | <b>5th year</b> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| <i>before charges</i>  | £210,253        | £221,954        | £234,305        | £247,343        | £261,108        |
| <i>and after charges</i>   | £207,298        | £214,862        | £222,702        | £230,828        | £239,251        |
| Estimated total annual charge as % of year end value (inc VAT)   | <b>1.05%</b>    | <b>1.05%</b>    | <b>1.05%</b>    | <b>1.05%</b>    | <b>1.05%</b>    |
| Illustrative growth of your portfolio after all expected charges | 3.65%           | 3.65%           | 3.65%           | 3.65%           | 3.65%           |



## Why choose Casterbridge Wealth to manage your financial future?

We are an independent, multi award-winning Discretionary Fund Management business, inspired by the lack of choice and variation available to clients in the market place. We offer you something a little different; independent, adaptive, responsive and agile investment management and we focus on achieving your financial dreams and aspirations.

In 2016, we brought together a select team who have long and impressive track records, with over 80 years of investment experience spanning more than three decades. Validation of our early achievements is illustrated by what we believe to be our impressive awards tally. Since launch, we have lifted a number of professional awards including the 'CityWire Wealth Manager Regional Stars South West', three years in a row since 2018. We have been awarded the highly recognised Defaqto 5 Star rating, again, for three years since 2018 and received the 'Highly Commended' accolade at the Money Marketing Awards 2019.

In a time where financial news, both fake and real is more widespread and readily accessible than ever before, the real skill of an Investment Manager is interpreting the 'noise' within the market and acting (or not) upon it! Experience, knowledge and flexibility are essential for managing your future in today's markets.



***Please talk to your Financial Adviser to find out how Casterbridge Wealth can help you...***

### Key benefits of choosing Casterbridge Wealth

- Our investment team has over 80 years experience, spanning more than three decades.
- Multi award-winning team – Regional Stars three years in a row 2018, 2019, 2020.
- A fully personalised bespoke service tailored to your requirements.
- Defaqto 5 Star rated Bespoke Investment Service.
- Portfolios embracing Environmental, Social and Governance (ESG) considerations.
- Agnostic blend of active and passive investment funds.
- Access to the world's leading fund managers.
- Open access to your dedicated personal Investment Manager.
- Your investments are securely ring fenced at our global custodian – Pershing Securities.
- In-house administration and client support teams.



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# *Important Information.*

## **About us**

We, Casterbridge Wealth Limited, are authorised and regulated by the Financial Conduct Authority (FCA). Details of our authorisation are available on the FCA register under firm reference number 727583; [www.fca.org.uk/register](http://www.fca.org.uk/register).

Casterbridge Wealth Limited is a registered Company in England and Wales.  
Registered No. 09466507.

Registered Office: Suite 4 Brewery House, 36 Milford Street, Salisbury, SP1 2AP.

## **What you should know about investment past performance.**

You should be aware that past performance is not an indication of future performance, the value of investments and the income derived from them may fluctuate and you may not receive back the amount you originally invested.

## **Important information about this brochure.**

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