

DENTONS

Dentons Investment Services Limited

Introduction and our investment philosophy

Dentons Investment Services Ltd (DIS) is a wholly owned subsidiary of Dentons Pension Management Ltd and is authorised by the Financial Services Authority to give independent advice on a wide range of financial matters including investments.

“Our job at DIS is to ensure, as best we can, that clients are invested in the best performing funds.”

Independent investment fund research

DIS specialise in building client portfolios, typically using a range of collective investment funds for asset allocation. Through independent research we analyse a range of investment funds that cover all asset classes, sectors and geographic regions, “cherry-picking” for recommendation those funds and fund managers with a proven record of out performance and who we believe will continue to outperform in the future. We then monitor these funds on an ongoing basis and will recommend any changes to clients when and if necessary. We also provide our clients with a detailed performance review every six months. Our recommendations take into account market commentary and outlook from industry

analysts so that, for example, if a particular asset class or geographic region is out of favour, we will position our recommendations with this in mind.

Actively managed portfolio to achieve superior returns

DIS also believe that, to achieve superior returns over the longer term, a portfolio needs to be actively managed and we therefore recommend investing with specialist fund managers for each asset class, sector and fund style. With the continuing turmoil in world markets, prudent asset allocation is of paramount importance. We endeavour to identify parts of the market and the appropriate funds best positioned to weather the storm as well as areas that investors should actively avoid.



Diversification to reduce risk

Investment companies have designed products called portfolio or multi-fund services and these are commonly referred to as the 'fund of funds' approach to investment management. These plans give the potential for your money to be managed across the investment cycles, giving the diversification of holdings in all the asset classes in correct proportions at the right time, thus aiming to reduce your risk. We regularly survey the many multi-fund platforms available, taking into account charges, spread and number of investment funds available, switching costs and service given by the provider. We do, of course, use other investment routes when required.

Wide fund investment choice

A multi-fund platform, as the name suggests, is an arrangement where within one scheme there are multiple choices, and in this case the choice is for fund management groups and funds within that group.

Typically, platforms give access to most investment companies including Fidelity, Framlington, Invesco Perpetual, Jupiter and Schroders, making many hundreds of funds available. This flexibility means that it is possible to build up a portfolio to suit an individual's investment risk perspective, investment preferences and objectives and, in the future, can switch between any of the available funds and fund management groups. The asset classes covered by this spread of funds include cash, property, fixed interest and worldwide equities, with representation in nearly every sector. With our current platform, this switching service is presently free of charge - even when switching between different fund management groups, and represents a cost effective means to actively manage a portfolio of funds.

DIS recommended portfolios

DIS selects from a wide range of funds to offer a preferred 'shortlist' of approximately 40 funds that we believe cater for all levels of risk. Our recommended portfolios contain typically about ten to a dozen of these funds, although sometimes more. The criteria for inclusion on the panel is based on a combination of quantitative and qualitative research, including independent analysis from companies such as Citywire and Standard & Poor's. In some sectors it is necessary to go outside these parameters to get representation and some funds do not have these types of ratings (e.g. it may be because they have not been established long enough to qualify for a rating) but nevertheless are considered worthy of inclusion due to the particular proposition of the fund.

The shortlist is constantly reviewed to identify whether or not funds are maintaining their objectives and performance and to introduce any new funds we believe appropriate for inclusion. Having this shortlist gives greater control and means that if we believe a fund should no longer stay on the panel we can use the switching facility to make changes easily and at no additional cost to clients.

"Perceived wisdom is that risk is rewarded with return – but returns can be unpredictable."

Diverse fund portfolio to meet clients' overall risk criteria

Whilst our shortlist may contain about 40 different funds, when we build a portfolio we break these down into three categories: those as the 'stable' part, the portfolio's foundation, those as the 'core holding' and those of higher risk providing the 'cutting edge' and, when blended, will match clients' overall risk criteria.

Funds in the *stable* part are chosen because of their low volatility and ability to produce solid returns in most economic environments and are mostly invested in cash, bonds and fixed interest assets. When deemed appropriate this part will also include Property funds that predominantly invest into 'bricks and mortar'.

Funds that represent the *medium to moderate risk* core equity holdings of the portfolio will be the mainstream, forming the middle ground of your portfolio with the objective of providing steady outperformance when compared with bonds and will have been selected from a wide spread of share asset

classes, sectors and investment styles, without raising the risk bar too high. The monitoring of these funds will be ongoing with switching likely to be caused by underperformance within its sector, the asset class falling out of favour or a major company incident such as a fund manager change or takeover.

Funds that meet the element of *higher risk*, being the 'adventurous' and 'speculative' part of the portfolio, will be of a specialist or niche nature and in areas and sectors where we believe that there are investment opportunities available to the manager that are not normally available to mainstream funds, such as those in the core holdings. As satellite holdings these are viewed as the investment opportunity part of the portfolio and thus the funds are subject to more frequent reviews than the core holdings and are therefore likely to be switched more frequently as global areas, themes and sectors fall in and out of favour.

"The key to successful investing is to have a spread of investments across the various geographical, risk and economic sectors and to make sure that they are actively managed."



"Over the longer term (more than 10 years) no single asset class dominates and dynamic changes between asset classes need dynamic asset allocation."

We offer a range of products to meet our clients' personal circumstances, giving them access to the same range of funds regardless of their plan type. We offer the multi-management arrangement across a

whole range of products ensuring that all plans and clients are treated alike: whether it is retirement planning, personal savings or investment, we have a suitable plan available.



"It is in these current difficult economic conditions that investors need advice more than ever."

Dentons Investment Services Limited's Investment Manager is Jay Tamsitt.

If you would like to speak to Jay or to receive regular newsletters from DIS, please contact:

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Main features and benefits of investing via our chosen platform:

- Access to most of the best performing investment funds in the market
- No initial charge to place money into this investment arrangement
- Competitive annual management and switching charges when compared with other investment plans that give a similar service
- Unlimited free switching between funds and fund management groups
- An investment valuation statement every six months
- Private access for clients enables them to monitor the progress of their investments via the internet

Dentons Investment Services Ltd and Dentons Pension Management Ltd are both Authorised and Regulated by the Financial Services Authority.

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