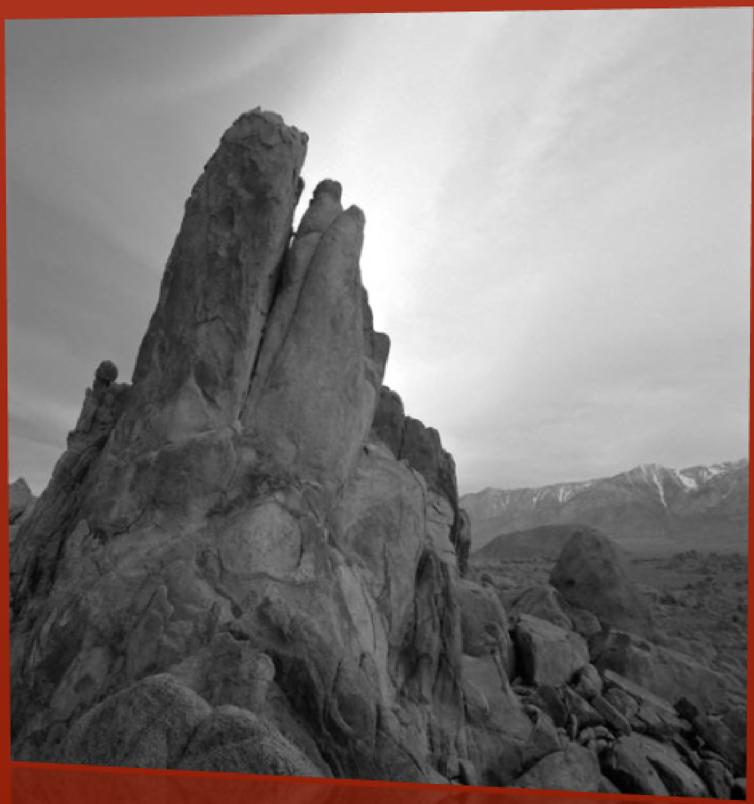

INVESTMENT POLICY STATEMENT

Produced by Milestone Wealth Management Limited

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Introduction

Milestone Wealth Management Ltd and its sister company Reef Financial Limited are boutique Financial Planning firms, who specialise in looking after and advising high net worth individuals, who entrust us with their investment and financial planning requirements.

Our aim is to remain small with a limited number of client relationships so that we can ensure we are able to provide our clients with a quality service.

We prefer not to outsource our investment recommendations to a third party and believe that we can deliver sustainable and reliable returns through our unique in-house investment process. We believe that this is important because we are managing funds for our clients for whom we have direct responsibility.

Our investment committee comprises of two partners who have worked together for over 20 years.

Neil Mumford,

Neil Mumford is principal of Milestone Wealth Management Limited, a Chartered Financial Planner and Fellow of the Personal Finance Society, with over 30 years' experience in personal finance. He is a retirement planning specialist and holds advanced investment qualifications; G20 Personal Investment Planning and K20 Pension Investment Options.

David Hatton

David Hatton, founder of Reef Financial, holds the diploma in Financial Planning and has extensive knowledge of the financial services industry having advised both personal clients and corporations on investment and taxation strategies for over 25 years. His qualifications includes the R02 Investment Principles and Risk qualification.

Compliance Oversight

All of our processes are overseen on a compliance basis by our Compliance Manager, Melony Holman. Melony is both a Certified Planner and Chartered Financial Planner, she is also founder and Director of Compliance and Training Services (CATS) who has been providing Compliance Services to us since 2010. She is also regularly sought after by industry for her views on current compliance issues.

We believe that our approach to long term investment is appropriate for investors who have the following aims.

- To invest with a view of improving upon returns which would otherwise be available from cashdeposits.
- To reduce risk through diversification of asset class i.e., cash, property, equities, fixed interest, and commodities by investing into a portfolio of collective investments rather than direct holdings of individual shares.

This brochure is designed to provide information on

- How we assess your risk
- Our investment proposition and philosophy
- Our risk profiles.
- Our Risk ratings
- How we build portfolios
- How we monitor and manage on-going reviews of your portfolio

As, custodians of our client's wealth, our key objective, is to ensure that we minimise the downside risk to your savings whilst providing a consistent steady long-term investment return and we never forget it is your money we are looking after.

Assessing the Risk

Assessing your risk profile
Before we can assess which investment, strategy is most appropriate for you, we have to consider the following:

- How much you wish to invest.
- How much you have on deposit.
- How long you wish to invest your money for (the investment term)
- The purpose of your investment
- Your investment experience.
- Your financial objectives
- Your attitude to investment risk
- The returns you would like to receive.
- Your capacity for loss

Deposit savings
We need to ensure that you have sufficient cash held on deposit, everybody's requirements are different. Holding cash on deposit means that we can then invest with the confidence of knowing that you will not need to dip into your investments in the short term. As part of our review process, we will ensure that you continue to hold enough cash on deposit.

Investment term and purpose of your investment
These areas go hand in hand, it maybe that you are investing to provide for income in retirement and therefore the term for that period is indeterminable but probably for life! The longer, your investment time horizon, the greater the range of investments that can be chosen. The shorter the term, the smaller the scope. Your investment time period should be at least 5 years.

Your Investment experience.
It is important for us to understand the type of investments you have held in the past and the experiences you have had. We also need to be sure that you understand how investments work and the risk you are taking. Many people tend to think of 'risk' in negative terms, such as the loss of capital rather than the loss of growth by not investing. However, in the investment world, risk is inseparable from returns and, rather than being desirable or undesirable, is simply necessary.

Your Financial Objectives
Why are you investing? Saving for a holiday in two years' time will require a different investment strategy to building up your pension fund over the next 20 years. One will require taking a lot less risk than the other.

Returns
This is one thing we cannot guarantee but whether you are saving for retirement or withdrawing income from your investments, we need to try and aim for an achievable and realistic annual benchmark return to ensure that we can try and keep you on track to meet your objectives. We try and achieve these target returns over rolling 5-year time periods.

Your attitude to investment risk
Your risk tolerance is a measure of both your irrational and emotional responses in the value of changes to your investments i.e. your ability to withstand losses. It is usually linked to your temperament, time frame expectations and financial circumstances. This should also be linked to your underlying objectives, the current capital base you have and your cashflow plan. As an example, you may have an investment portfolio, of £500,000 and need an income of £25,000. If you wish to keep that capital intact, you would therefore need an average annual return of 5%. If you only needed £12,500, then you would only need 2.5%. This means that a different level of risk would be taken to achieve each of these objectives.

Your capacity for loss
Your Capacity for loss ultimately depends on two crucial factors: your time horizon and what the money is intended to be used for. For example, if you are saving into a pension plan and will not be retiring for 20 years, you are likely to have a greater capacity for loss than someone who is retiring in the next 12 months and will need to draw down income.

Similarly, if you semi-retired with an employed income of £20,000 per annum and require just a modest top-up of income of say £15,000 a year from an investment portfolio of £1,000,000 you may have a higher capacity of loss than someone who is fully retired on a fixed pension and needs £5,000 from £100,000 investment.

Our Investment Philosophy

We are financial planners, not fund managers and our job is to provide our clients with solutions to help meet their financial objectives and to help keep them on track to achieving them. We therefore do not make asset allocation decisions - we leave that to the professionals.

Passive Investments

Passive investment strategies are currently the cheapest way of investing. Passive investing involves buying a fund or series of funds that track an index. For example, if an investor wanted exposure to the UK, they could do this by buying a fund that tracks the FTSE All Share market or the S&P500, if they wanted exposure to the US. This means that they would have exposure to companies in exactly the same proportion that they make up their stock market index. Because there are no active management decisions involved, the ongoing costs are extremely low. However, as well as receiving all the exact gains made by the index you have chosen to invest into, you will also receive all the losses of that index if it falls.

Active Investments

Active funds are more expensive because a fund manager is employed to make investment decisions, therefore if he wants exposure to the UK, he will actively select the companies he wishes to hold within his portfolio and can make active decisions to sell or change the weighting at any time. As a result, the manager could outperform market as well as underperform.

Some investment professionals have very strong views in respect of their investment philosophy and clearly whichever debate you listen to, will have compelling arguments. Most of these arguments are centred on cost and performance and either camp can show you evidence that their philosophy is better than the other one. We do not adhere to one or the other philosophy and to provide diversification we use both strategies in our portfolios.

Our job is to ensure that ultimately you achieve your financial objectives, and as mentioned earlier we do not benchmark the performance of our portfolios against the average fund or sector but against the agreed client objectives and the returns you require.

Passive investing is the most cost-effective way of investing, but managers generally have a narrow range of investments at their disposal, whilst Active fund managers are more expensive and have a greater choice of investments available. If you focus on either cost or performance sometimes you forget the objectives and end up taking too much risk, to try and lower the cost of your investments to get better performance. This could ultimately mean increasing the downside risk.

We believe that both passive and active investing plays a key part in helping us achieve our clients aims. It is not just about cost; it is also about value and creating the right balance.

Vehicles we use.

Unit Trusts

Investment funds are collective investment schemes which pool your money with that of other investors to give you a stake in a ready-made portfolio. Two of the most popular types are unit trusts and open-ended investment companies (OEICS).

Unit trusts and OEICS (Open Ended Investment Companies) are by far the most popular investment funds. A unit trust manager buys bonds or shares in companies on the stock market on behalf of the fund. Units are created or cancelled depending upon the supply and demand of the trust. If it is popular and investors flock to it, the manager will increase an appropriate number of units to meet that demand but will have to redeem those units if investors require their money back, which is why they are known as 'open-ended.'

The price of each unit depends on the net asset value (NAV) of the fund's underlying investments and is priced once per day.

Unit Trust/OEICS can invest in all manner of investments, which include equities, property fixed interest and commodities. There are over 30 different sectors in the UK unit trust market.

Due to their diverse nature and investment flexibility, Unit trust/OEICS make up the vast majority of the funds we advise our clients to invest into Unit Trusts.

Investment Trusts

Investment Trusts differ from mainstream unit trust/OEICS because they are stock market listed companies and as such have significant advantages when blended into a portfolio with unit trusts.

Because an Investment Trust is listed, it works with a fixed pool of shares and in order for an investor to sell, they must find a buyer, typically they would do this via stockbroker and this has the advantage of the fund manager being able to manage the fund without worrying about redemptions, meaning that he can take a long term view.

Another advantage of an Investment Trust is that they are allowed to use 'gearing' within their trust. This means the company has the power to borrow money to help enhance returns but also if markets fall it could magnify those falls.

Lastly, in order to meet legislative requirements, a unit trust manager must pay out all the income they receive. Whereas an Investment Trust can keep back up to 15% of their income, which is placed in a reserve fund. The benefit of this, is that in years when the income received is low, the income paid out to shareholders can be topped up from the reserve fund. This has the effect of allowing trusts to increase the income to shareholders each year.

There are now over 20 Investment Companies that have increased the dividends paid out to investors for more than 20 years, fifteen of those companies have increased their dividends for more than 30 years.

Because Investment Trusts are stock market listed companies, it means that their share price may trade at either above the net value of their assets or below that value. When it is trading above, this is known as trading at a **'premium'** to its share price. When it is trading below, this is known as trading at a 'discount'.

Investment Trusts are under used and under advised assets, but we believe that these play an important part and add significant value to both growth and income portfolios. Investment Trusts come in all sizes and we use only the largest and most liquid trusts for client portfolios.

Our Process

In a complicated world we try and keep our investment process very simple and therefore it is made up of two very distinct investment styles.

Multi Asset Investments
&
Global Equity Investments

Multi-Asset

Multi-Asset funds will make up the vast majority of a client's portfolio. As the name suggests, a multi-asset fund has the ability to invest into a multiple variety of asset classes. While some investment funds, may for example, only invest in shares or fixed interest. A multi-asset fund will typically hold both, along with other investments such as property, cash, private equity and alternative assets such as commodities including gold.

The main benefit offered by a multi-asset fund is that you hand responsibility for how your money is invested and diversified to a fund manager, who you then rely on to make the right investment decisions. A multi asset manager can invest in all the assets in variable proportions, taking a macro-economic view, this allows the manager to reduce or increase risk over time.

We have selected a number of investment houses for their expertise in this area to manage client assets and each of these companies have multi asset funds that range from cautious to more adventurous, this ensures that we can choose the right funds for the right client risk profile.

To access these fund managers, we use unit trust/OEICS.

To obtain higher long-term returns, we increase the exposure to risk by adding Global Equity funds to portfolios. The greater the risk profile, the greater the exposure to our Global Equity fund partners.

Global Equity

Global Equity funds and the Investment Trusts we use, all have mandates that allow the managers to invest a minimum of 80% of their fund into equities, listed on stock markets around the world. This allows the manager full freedom on where they invest their funds, and they are not restricted to holding a percentage in any one country, geographical area or sector.

As a result, Global Equity funds are higher risk than multi asset funds and are used to provide long term capital growth for clients. It may mean over short time periods the value of these funds could fall sharply but they are designed to be held for the longer term so that clients can benefit from the growth prospects and where applicable a growing income stream.

Our Risk Profiles

We assess and agree your risk profile by requesting that you answer our risk questionnaire and by then holding a detailed discussion with you. In some cases, this will also involve using a cashflow plan. From this information we can then recommend an initial portfolio to suit your needs, objectives, risk profile and required returns.

We construct portfolios that have different types of risk; these are.

Growth Portfolios

We have five growth portfolios, which are:

- Very Cautious
- Conservative
- Balanced Growth
- Adventurous Growth
- Very adventurous

Income Portfolios

We offer three income portfolios.

- Conservative Income
- Balanced Income
- Income and Growth (conservative and balanced)

We believe that the best way to provide for income, is exposure to funds that produce a real income and can also benefit from capital growth. The Balanced income is likely to benefit from greater capital growth than the conservative income due to the increased risk being taken.

Our Income and Growth portfolio is designed to suit clients that are five years or less from retirement and in need of converting their portfolio over time from a growth portfolio into an income portfolio, or a client that needs just a small proportion of income from their portfolio (i.e. less than 25 per annum). Allowing them not to miss any capital growth at expense of income that has been produced but is not required. We operate both Balanced Income & Growth and a Conservative Income & Growth portfolios).

Target return

We do not benchmark our portfolio returns against fund sectors or indexes - instead we target a set average annual return for our client portfolios. These returns are averaged over five-year rolling investment periods and are **not guaranteed** and are in line with your ultimate objectives, which of course could change over time.

We try and achieve these returns with lower than average volatility. This means that each of our portfolios are built with a cautious foundation because of our objective of minimising downside risk. For cautious clients, the portfolios will have a much larger foundation than for an adventurous client, whilst accepting that we have to take an acceptable degree of risk to achieve the target return.

Our aim is to try and achieve the following annual returns (net of fees) for clients over rolling five year time periods.

Very cautious	Inflation +
Conservative	3%+
Balanced	4.5%-6%
Adventurous	6%+
Very Adventurous	7%+

Please note that these returns are not guaranteed, higher risk does not necessarily mean higher returns and that investments may fall as well as rise and you could receive back less than you invested.

Risk Rating

How we risk rate your portfolio

All our client portfolios are risk rated independently, using software licensed from Financial Express Analytics. This ensures that a client's portfolio will never be higher or lower than the agreed risk they wish to take.

All portfolios will fall between certain bands and at our reviews we will check to ensure that the portfolio still sits within the agreed risk rating. If a client's risk rating changes then we will recommend the appropriate changes to reflect this.

We use a scoring system known as the F.E. risk score. The philosophy behind this score is to assess the risk of a portfolio against the FTSE100 index and cash.

The FTSE100 will always have FE risk score of 100, whilst cash will have a risk score of 0.

Within your portfolio, some of the funds recommended, may have a higher risk rating than the risk you wish to take, and some funds may have a lower risk rating, overall, the portfolio will meet the risk profile we have agreed with you.

Our rating bands are as follows:

Growth portfolios	F.E. Risk bands
Very Cautious	0-35
Conservative	36-49
Balanced Growth	50-69
Adventurous	70-99
Very Adventurous	100+

Income Portfolios	F.E. Risk bands
Conservative Income & Growth	36-49
Balanced Income & Growth	50-69
Conservative Income	36-49
Balanced Income	50- 69

At outset we will agree the percentages to be held in each fund recommended within your portfolio. At review, these percentages may have changed, however unless the risk score of your portfolio has changed dramatically, to move you into or near to another risk bracket we will not necessarily rebalance the portfolio. This is because the bulk of the portfolio is Multi Asset and therefore always truly diversified. If the proportion in the Global Equity funds causes an imbalance, we may recommend that we liquidate the profits and reinvest into other funds to restore the balance and keep the risk appropriate.

Building our Portfolios

Research

Blending two distinct types of investments together, allows us to focus on the fund management groups that have the resource and expertise required to operate in these areas of the marketplace and our aim is to choose responsible investment partners for our clients' money.

We do not adhere to the theory that it is always the manager that makes the difference, in some cases this is true, and experience definitely helps. The investment process along with the team behind it are as important in helping build a compelling proposition, meaning if the manager leaves, hopefully the process can continue.

Using our long-term experience along with the help of technology, we have bought together a number of investment houses and funds that we feel meet the requirements of our clients.

Our independent software provider Financial Express, one of the leading providers of financial information allows us to analyse data and build portfolios from this shortlist to meet your objectives.

Diversification

Using different investment funds allows us to help manage the risk. The fund teams selected, may hold different views on how to achieve their returns, have different investment styles, views of the economic outlook and provide different returns and at times will go through a period of underperformance.

We have used some of our funds for many years and this long- term relationship means that we understand their processes and how they have been able to cope managing money in different market conditions. This also allows us personal access to the main individuals who manage the money for our clients.

Blending

To ensure that we create true diversification and help manage the risk, we blend several Multi Asset funds together and then add the Global Equity funds. Some of the Multi Asset funds, maybe cautious and some balanced. The maximum held in any one Multi Asset fund strategy is 20%.

To help increase the risk and possibility of higher returns we add Global Equity Funds and/or Investment Trusts. Typically, the maximum holding in any one Global Equity fund or Investment Trust is 6% of a client portfolio, unless agreed otherwise. The higher the portfolio risk, the higher the exposure to Global Equity funds.

At our reviews, if the balance of the Global Equity portion of a portfolio has increased the risk, then these funds will be rebalanced.

Portfolios will typically hold at least ten funds, with a minimum of eight.

Once we have blended all the funds together, the portfolio is then risk scored to ensure that it is suitable for the level of risk required by our client. Risk scoring is also undertaken at a review to ensure they maintain the risk level required.

Income Portfolios

Our income portfolios run on similar lines to our growth portfolios however we also blend income producing funds alongside growth orientated funds to provide diversification.

As our investment style dictates, the main part of a client portfolio is made up of both income and growth Multi Asset funds, the income funds, may pay income, monthly, quarterly, or half yearly.

Global Equity unit trust income funds, alongside Investment Trusts are used to produce income and to increase risk and return of the overall portfolio.

Investments Trusts are listed stock market investment companies and have the advantage over a unit trust, because they have the ability, to increase their dividend payments each year from a reserve account. This helps provide stability of income, in what can be an unstable world. We only use the largest most liquid investments trusts listed on the stock exchange for this purpose. Investment Trusts are the same level of risk as Global Equity Unit trusts but because they are stock market listed, they can also trade at prices greater than or lower than their net asset value which makes the share price more volatile in times of stress, therefore, these are considered as long-term investments.

On-going Management & Reviews

All investments and managers recommended to our clients, are constantly under review. We review these funds on a regular basis, typically monthly when we check:

- The underlying asset allocation position
- The previous months performance
- The manager's view of the markets

This information is obtained through printed matter, by regular podcasts and telephone conferencing. We also hold regular one to one meetings with most of our managers. At these meetings we discuss the fund performance, market outlook and current holdings, to ensure they still exhibit the key attributes we look for in a fund. All of this is required to provide us with the necessary insight into their views on, current market conditions, world economies, currencies and how they intend to position their portfolio's going forward.

Every manager will go through a period of underperformance, this is not a reason for us to remove them from a portfolio. We engage with the manager to understand the reasoning and give them a reasonable period of time to improve, if poor performance persists, we may decide to remove the fund from our shortlist, and if you are affected by this, we will contact you with an explanation and recommendation of a suitable replacement.

Client Review Process

The risk assets within your portfolio will all perform in different ways, over different time periods and this could therefore mean that your portfolio's risk may increase or decrease. Your financial situation and with it your investment risk, may also change over time, and therefore it is crucial that your portfolio is reviewed regularly to ensure that it still meets your future financial needs.

Client review dates are dictated by the service standard to which each client has subscribed. This is at least annually.

Portfolio Reviews

At each client review meeting, and as part of our review process, we discuss the following:

- Update your financial situation including income and expenditure.
- Maximise your tax position.
- Review your risk profile to see if there have been any material changes.
- We will review your objectives and check your cash-flow model (if applicable)
- Review the risk and the performance of the portfolio and decide between us if any re-balancing or changes need to be made, which could include adding and removing funds. If your risk profile or financial objectives have materially changed then we will overhaul the portfolio and confirm in writing to you, our recommendations on how the portfolio should be changed and await your agreement before proceeding.

Portfolio Re-Balancing

At a review we check to ensure that the risk of the portfolio is still suitable to meet your objectives, we will also ensure that it still sits within the F.E. risk bandings of your profile. This means that we will not automatically rebalance the holdings back to their original positions unless this has had a material impact on the risk, therefore some funds at review may be higher or lower than the percentages set out at outset.

Appendix -Explanation of the risk profiles:

Very Cautious and Conservative Portfolios

Our Very Cautious and Conservative Portfolios are designed to provide a better return than that available from deposits and therefore will not significantly benefit from strong investment markets.

Very Cautious

Invested with capital preservation in mind. This portfolio will be subject to market fluctuations, but we place a high objective on protecting your capital and this portfolio will have a lower exposure to equities. This means that your exposure to falling markets should be low. Over rolling five-year periods, we aim to provide for a return more than that available from deposit-based investments, and to try and protect your capital against the ravages of inflation.

Conservative

This portfolio also has the same objectives as the Very Cautious portfolio but is slightly higher risk and will have a bigger weighting to equities to try and achieve a higher return, whilst still trying to protect your capital during market turbulence. Therefore, it will have a slightly higher and therefore a greater variance on the returns than a very cautious portfolio.

Balanced and Adventurous Growth

The Balanced and adventurous growth portfolios are designed to provide long term returns on the value of your capital to help you benefit from rising markets.

Balanced Growth

Our balanced portfolio is designed to provide a balanced risk, this will mean that there will normally be a greater weighting to equities than other assets and when markets are rising, the portfolio will capture more of those gains, but it will fall more than our more conservative portfolios. This portfolio is ideal for someone who wants to grow their capital over the longer term benefiting from a reasonable level of growth whilst accepting a greater degree of risk.

Adventurous Growth

This portfolio is designed for clients who typically have a long-time horizon, 7 years+ and have a reasonable understanding of risk and experience of investing money. This portfolio has a very high exposure to risk assets such as equities, which means that you will experience greater volatility of returns. You must therefore expect to experience a wide variance of investment returns or losses.

Very Adventurous

A Very adventurous portfolio is more designed for experienced investors that understand the risk/return trade and who wish to take a higher degree of risk with some or all their investments and will be bespoke for each client.

Very Adventurous

This risk profile should only be considered by an experienced investor who is willing to accept a very high degree of risk and accept the possibility of large falls in the value of the portfolio, as well as accepting large gains. This portfolio will normally hold more than 75% in equity-based investments.

Summary of our Investment Strategy

- Review and understand your current financial position.

- Listen to and understand your financial objectives.

- Ensure that your objectives are aligned with the risk that you need to take.

- Agree your risk and the returns needed to achieve your financial objectives.

- Build a diversified portfolio by spreading risk amongst several carefully selected fund managers, the core part made up of Multi Asset funds and adding risk by the addition of global equity funds.

- Using Financial Express, we risk score the portfolio to ensure that it meets your risk profile.

- Regularly review the managers to ensure that they continually achieve their objectives.

- On review, we ensure that the portfolio still meets your objectives and if appropriate re-align the funds. If your risk profile and objectives have changed significantly, we will agree the appropriate changes to be made.