

Our Investment Philosophy

ellis bates

FINANCIAL ADVISERS



Friendly | Impartial | Respected

Within Ellis Bates Financial Advisers we have designed a series of investment portfolios using a blend of various asset classes. The objective of the portfolios is to achieve the returns you are seeking within the level of investment risk you are willing to take. Both growth and income portfolios are available.

All portfolios have been constructed following rigorous research and analysis into asset classes, investment sectors and individual funds, without bias to any particular investment house. We believe that this approach enables us to achieve consistent longer term outperformance by using managers who excel in their chosen sectors.

Integral to the whole process is the work of the Investment Department who present their recommendations to the Investment Committee on a regular basis. The final say on any proposal rests with the Committee whose primary responsibility is to act in the best interest of our clients. Your bespoke financial report will include a portfolio that we believe reflects your objectives, and the following information provides an overview as to how the investments have been selected, as well as the ongoing monitoring.

Investment research

Our Ellis Bates Investment Portfolios are created using a combination of:

- Quantitative data, for example: fund performance, fund size, performance vs. the benchmark, charges; and
- Qualitative data, for example: style and knowledge of the investment manager, long-term track record and understanding the reasons for over or under performance.

We believe that it is essential to use both types of analysis to determine our investment allocations – quantitative data flags up any issues or opportunities and qualitative data allows us then to apply a sense check. In essence, they complement and balance each other.



Asset allocation

In the first instance your preferred attitude to risk is assessed and an asset allocation is then established using the Investment Association Sector guidelines. The primary purpose of the Investment Association's approach to sector classification is to provide groups of similar funds whose performance can be fairly compared by consumers and their Advisers.

Diversification

Each portfolio consists of a broad spectrum of collective funds which have been selected only after successfully passing in-house investment criteria. We use our own investment analysis system which enables us to filter funds based on both performance and their individual content. From this base we use qualitative data to build portfolios with a broader diversification than would normally be achieved if the selection process was based purely on performance.

Reviews and analysis

Our specialist and dedicated Investment Department monitors the portfolios on an ongoing basis using both internal and external data sources. The findings of the monitoring process are recorded and assessed and, if appropriate, any urgent issues are proposed to our Investment Committee for discussion and decision.

The Investment Committee meets regularly to discuss the findings of the monitoring process. They also decide on the recommendations from the Investment Department for any changes to asset allocation, funds and/or portfolio amendments.

Rebalancing

The values of each of the asset classes and funds in which you are invested will perform independently of each other. Therefore, it is important that your investments are regularly rebalanced so that the asset allocation within your portfolio continues to reflect your views on investment risk. We advise that your portfolio is rebalanced at least annually, however in our primary offerings rebalancing is carried out on a quarterly basis.

Rebalancing is also key to:

- Maximising potential returns.
- Contributing to the smoothing of the overall returns of your portfolio. This is achieved by partially disinvesting funds that have performed well to invest in funds with future growth potential in line with your attitude to risk.
- Ensuring that your portfolio remains consistent with the level of risk that you are comfortable in taking. It also allows us to accommodate any changes in our views towards financial markets and asset classes.

Our range of portfolios

We offer discretionary and advisory actively managed portfolios which currently comprise of between 20 and 30 funds.

We also offer both passive (investing in funds designed to deliver performance in line with their respective benchmarks) and multi asset portfolios (individual collective funds which invest in more than one strategy) where the number of funds used is less but where the remit of the funds may be wider.

All funds are approved by our Investment Committee which aims to optimise the potential for future returns by ensuring your portfolio continues to be comprised of the latest funds that meet our rigorous selection criteria.

Talk to your Ellis Bates Financial Adviser for more information about our Investment Philosophy.

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