

Discovery Shortlist

Our process and governance

What is the Discovery Shortlist and who is it for

With so many funds available it can be difficult to know where to begin when choosing investments to start building an investment portfolio. That's why we created the Discovery Shortlist. The Discovery Shortlist is made up of funds selected by our fund research team and is one way to help investors narrow down from the thousands of funds available to a more manageable starting point.

The shortlist of third party funds is designed to assist investors in creating diversified, well-balanced portfolios. We only choose funds that pass our strict selection criteria – if we lose our conviction, the funds are removed.

If you are a self-directed investor and the prospect of choosing investments is somewhat daunting, the Discovery Shortlist could be one way to help you get started. We also have a wide range of other research articles and education to help you make better informed decisions.

The Discovery Shortlist is available to existing clients and can be accessed via our online portal.

Fund selection criteria

The Discovery Shortlist contains a mixture of both funds that are designed to generate an income and funds that focus on growth. We ensure there is balance across all major asset classes and group the funds into the following five categories; bonds, equities, developed markets, emerging markets and diversifiers.

Our research process is focused on identifying a fund manager's skill. To define this, we look at four key areas:

People

We look at both the fund managers themselves, as well as the organisation they work for. What we're particularly interested in here is how firms attract and retain the right talent and whether their interests are aligned with our own.

Philosophy

We talk with the fund managers to learn more about their philosophy. This gives us an insight into their culture and how they operate. We're looking for them to tell us what edge they think they have over other fund managers and what inefficiencies they are trying to exploit, and these must both be clearly defined.

Process

Process looks at the journey from when new investment ideas are uncovered, to then being incorporated in to a portfolio. A fund manager's style and investment choices inform their purchasing strategy and it's important that the manager is able to demonstrate that this process is both robust, and repeatable, and is resilient in differing market conditions.

Performance

We view performance as a product of the former three areas, as opposed to a starting point for our analysis. We want to make sure that performance is consistent with both the philosophy and process. We analyse each manager's performance to find managers who are truly adding value for investors. We ideally look for fund managers with a minimum of 3-5 years of performance data, with a preference for a longer term track record, where possible.

Our expertise

Our fund research team has over 80 years combined experience of analysing funds and meeting with fund managers; not to mention being fund investors themselves. Our analysts have diverse backgrounds that span institutional, retail, hedge funds, passives as well as the discretionary and advisory market places. The team meet with around 400 fund managers a year, many of whom we have established long-term professional relationships of over a decade.

Our fund research team has a range of investment tools at their disposal, in addition to our own proprietary quantitative scoring system to assist in decision making. They are also able to draw upon the wealth of knowledge and experience at Close Brothers Asset Management, with over 60 investment experts, across a broad spectrum of disciplines.

Ongoing analysis and maintenance

Our team meet face to face with hundreds of fund managers each year in order to assess against our key principles. We continuously monitor the funds for any changes in our assessment criteria which might impact future returns or change our confidence in their performance potential.

Our fund research team attends monthly meetings to discuss recent and future activity and to validate the funds on the shortlist. If we lose conviction in any fund at any time due to a specific 'trigger event' in the market or a fundamental change to the fund or fund manager, the forum will convene to make an immediate amendment to the list. The team also meet on a quarterly basis to specifically conduct a full peer review and team debate on the Discovery Shortlist. These research meetings provide an opportunity for other portfolio managers within Close Brothers Asset Management to either canvas the view of the fund research team on funds, or to contribute to the discussions.

Given the significant amount of analysis and research undertaken we do not expect to see frequent fund changes, which supports our view that the Discovery Shortlist contains funds which are suitable for the long term.

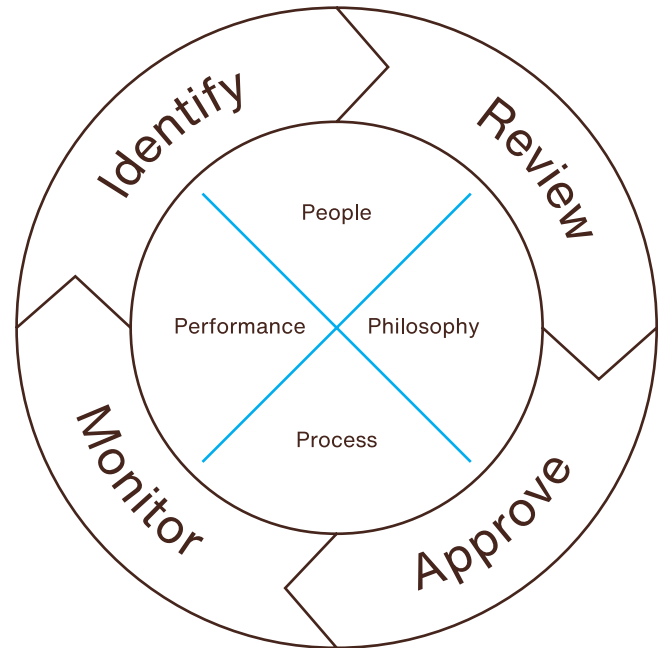
The Discovery Shortlist is just one artefact in a library of research articles, educational information and tools that we provide to clients.

Ready-made portfolios

If you don't feel comfortable building and maintaining your own portfolio and would prefer we do the hard work for you, we offer ready-made portfolios to suit a range of investment objectives.

Financial advice

For those who feel they could benefit from financial advice, please contact us for a complimentary no obligation consultation with one of our experienced financial planners.



The value of investments and the income from them can fall as well as rise and you may get back less than you paid in. There are no discounts and no preferential treatment for funds included on this list.

The contents of this document are views expressed by Close Brothers Asset Management's investment research team and must not be considered advice. The Discovery Shortlist is not a personal recommendation to buy funds. Equally, if a fund you own is not on the Discovery Shortlist, we're not recommending you sell it. You must ensure that any fund you choose to invest in is suitable for your own personal circumstances. Past performance is not a guide to future performance.

We would be delighted to talk

We have offices across the UK.

If you would like further information or to arrange an initial meeting, please contact us by telephone on 0800 988 8565 or email advice@closebrothersam.com

closebrothersam.com



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