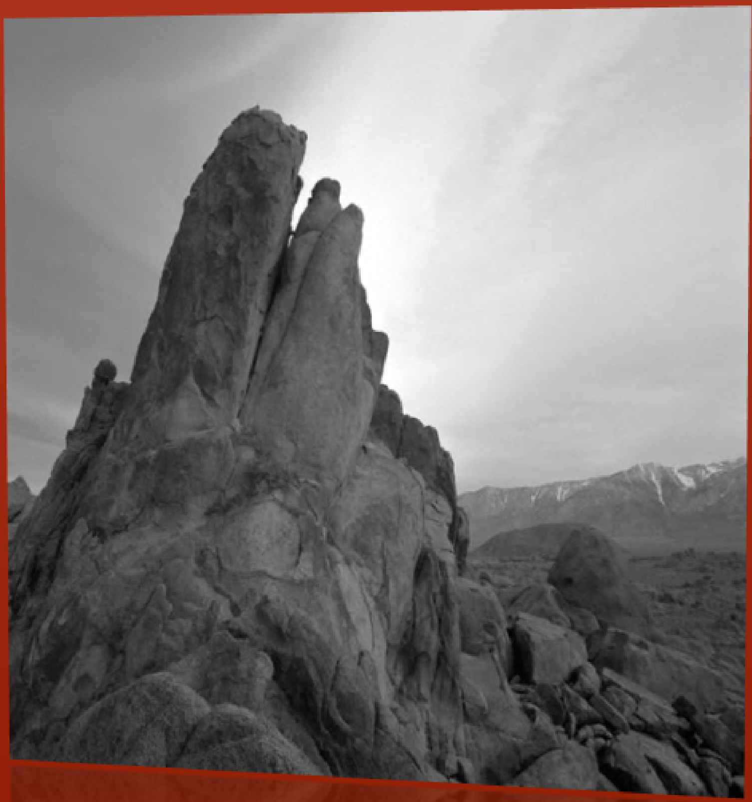

INVESTMENT POLICY STATEMENT

Produced by Milestone Wealth Management Limited

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Introduction

Milestone Wealth Management Ltd and its sister company Reef Financial Limited are boutiques Financial Planning firm's which specialises 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 first class 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;

Neil Mumford,
Neil Mumford is a Chartered Financial Planner and Fellow of the Personal Finance Society, with over 25 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 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 20 years. He also holds the R02 Investment Principles and Risk qualification.

Neil and David have worked together for over 15 years.

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 cash deposits.
- To reduce risk through diversification of asset class i.e. cash, property, equities, fixed interest and commodities.
- To reduce risk through the use of collective investments rather than single company shares or direct holding of assets.

This brochure is designed to provide information on

- How we assess your risk
- Our investment proposition
- How we monitor and manage on-going reviews.

Assessing your risk profile

Before we can assess which investment strategy is most appropriate for you, it's vital that we understand the following five areas:

1. How long you wish to invest your money (the investment term)
2. Your investment experience
3. Your financial objectives
4. Your attitude to investment risk
5. Your capacity for loss

Investment term

This is as important as any of the other areas, the longer the term the investment is held for will mean that the greater the range of investments that could be chosen. The shorter the term the smaller the scope. As an example if you only have an investment term of one year, then very little risk should be taken because there is no guarantee that your capital will be returned in full, therefore a deposit based investment where the return of capital is guaranteed is highly likely to be the only suitable option.

Your Investment experience

It is important to understand what investments you have made in the past and your understanding of how investments work. It is equally important that we are able to educate and explain to you about the workings of investments so that you understand the risk that you maybe taking. Understanding investment risk is vitally important for investors. Many people tend to think of 'risk' in negative terms, as something to be avoided or a threat that we hope won't materialise. 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.

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.

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 are saving into a pension 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.

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. In the case of the former, the investor is in a much better position to meet their liabilities (that is, their necessary day-to-day outgoings) if their investment should suffer a loss.   This scenario could have a knock-on effect on the latter person's standard of living and therefore a crucial area for us to understand.

Our Investment Proposition

We assess you risk profile by requesting that you answer our risk questionnaire and by then holding a detailed discussion with you so we can recommend your initial portfolio to suit your needs, objectives and risk profile.

We construct portfolios that sit in a number of different types of risk; these are as follows:

- Very Cautious
- Cautious
- Balanced
- Adventurous
- Very adventurous
- Income

Our philosophy

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. Our experience and feedback tells us that what most clients require is more predictable and steady growth and income (if required) with less surprises.

It is Your Money

When you appoint us to manage money on your behalf, the money is held in tax wrappers under your name held with leading product providers who provide custody of your assets and provide you with protection under the Financial Services Compensation Scheme. We will never ask you to write a cheque for your investment to us and therefore you have no investment exposure to us as a company. We will not switch funds or move/transfer your money from your account without your permission.

Target return

We do not benchmark our portfolio returns against any particular 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 also 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 our portfolios are built with a cautious bias because of our objective of minimising the downside. We do however need to take an acceptable degree of risk to achieve the target return. If however a client wants a higher return, then we can re-adjust their portfolio to suit that client and as a result this will mean taking a higher degree of investment risk and lower degree of capital preservation.

Our aim is to try and achieve the following returns for clients over rolling five year time periods:

- For our cautious portfolios an average annual return of 4% (net of all charges).
- For our medium risk portfolios and standard income portfolios, an average annual return of between 5% and 6% (net of all charges).
- For our adventurous, very adventurous and income portfolios an average annual return, in excess of 6% (net of charges).

These returns are not guaranteed.
Investments may fall as well as rise

Higher risk does not necessarily mean higher returns
You could get back less than you invested

Our Process

We are not fund managers nor do we pretend that we are. Our aim as Financial Planners is to provide our clients with solutions to 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. Our objective is to ensure that we manage the fund managers and once we have agreed with you the right strategy we then observe a number of criteria when designing a suitable portfolio for the money you have entrusted to us.

Eligible Funds

We start by selecting the building blocks of the portfolio: the individual funds and fund managers which we believe will outperform over the long term. We limit our investable universe to regulated Funds managed by professional fund managers.

It would be impractical to perform a detailed analysis of all potential investments, so we use our own filters using leading independent software provider Financial Express Analytics, to choose, who in our opinion, are the best managers to manage client assets.

We do not adhere to the theory that star fund managers are always the best people to choose to manage your money. Many fund managers operate within tightly defined areas either constrained by the sector that they manage money in or by the investment house that employs them. This does not allow them the flexibility to invest across different asset classes given prevailing market conditions, at different times during the economic cycle.

Passive v Active

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 and can 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.

If you focus on either cost or performance sometimes you forget the objectives and actually end up taking too much risk, to either lower the cost of your investments or to try and get better performance, which could ultimately mean increasing the downside risk.

We actually believe that both passive and active investing play a key part in helping us achieve our clients aims.

Core Funds

To ensure that timely decisions about asset allocation are made, we use a select number of ‘Core’ managers within all of our portfolios and around this core we can add additional satellite funds to increase or reduce risk.

Our core fund managers, all have global mandates, which allows them unrestricted access of investing worldwide into all types of assets (known as Multi-Asset funds) and means that they will invest where they can see value and help manage risk. All our core fund managers share our principles of ensuring that they minimise the downside risk and produce consistent steady long-term returns.

All our core managers are ‘conviction’ investors, who are able and willing to make the investment decisions to meet their objectives, investing with a long-term view and aiming to preserve your capital at the same time as growing it. Having a Multi Asset mandate allows them to increase and reduce risk in any of the asset classes they hold, if circumstances dictate.

The maximum exposure to any one core fund, within our Private Client Service is restricted to a maximum of 25%.

All of these managers hold different views on how to achieve low risk returns and blending these managers together creates a diversified portfolio and also lowers the risk of the overall portfolio. We are not interested in our Core funds beating any particular benchmark - we require them to provide steady consistent returns with low volatility and for them to collectively achieve the required benchmark for our clients.

Our objective is to ensure that these managers maintain that philosophy and achieve those aims. When choosing those managers we looked at three main criteria:

Satellite Funds

To ensure that our portfolios contain the right level of risk for a client we choose from a careful selection of satellite funds. Satellite funds will in the main also be global equity funds and being equity will be higher risk than our core funds but whilst our core multi asset funds focus on minimising the downside, the equity funds focus on maximising growth.

Our criteria

We use exactly the same criteria to select these funds.

1. Their experience
2. Success
3. Consistency

1. Experience

We believe that there is no substitute for experience and with asset markets and economic conditions continually changing, it is important that we have people who we can trust and who have extensive experience of managing money through various market conditions. It does not mean they will always make the right decisions every time but there is a good chance that they can make informed decisions based on previous experience and preserve as much of the value of their funds as possible in times of trouble.

2. Success

We do not measure success just by performance. Just because a fund manager beats his nearest rivals by 10% over a year, does not mean he is a good fund manager, it may have been achieved by taking too much risk. We measure success by

- How consistent their returns have been in good and bad economic conditions.
- How well they performed when markets have been very bad
- How much of the capital they have been able to preserve in poor investment conditions.

3. Consistency

We search for consistency – in other words, how reliable is a fund's performance in a constantly changing marketplace? We need to feel confident that our chosen funds will behave as we expect. Attractive returns alone are not enough to convince us that a fund has the potential to be considered by us. Diversification is key and our portfolios are built on the belief that spreading investments across a whole cross-section of markets, regions, managers, strategies and investment styles opens up the potential for attractive returns generated in a risk disciplined manner.

We are constantly reviewing investments across the fund universe to see which of these can help add value to our core offering, we work to a shortlist of funds that has been filtered by using our analytical software. These are reviewed on a quarterly basis at our investment review meeting and any new funds that come to our attention are then scrutinised to see if they should be added.

Once chosen, all of the selected funds are then blended into our risk adjusted portfolios to ensure that they complement each other.

Income
When building an income portfolio our philosophy will be slightly different because, not only are we trying to achieve growth but also provide an income yield. This means that capital preservation will not be as important and therefore an income portfolio will only suitable for an investor with at least a balanced investment profile. The portfolio will have a higher weighting to global equity funds to ensure that we can provide a good level of natural income. The same screening process is used to choose funds for these portfolios

Some of these funds will be Investment Trusts which will generally be more equity orientated and therefore are slightly higher risk but also have the benefit of providing an increasing level of income. Investment Trusts are listed companies and therefore their share prices will fluctuate more, but we look on these assets, as long term investments that should provide annual increases in the levels of their dividend payouts.

Rating
All our client portfolios are risk rated independently using software licensed from Financial Express Analytics and 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 a new portfolio will be recommended 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.

Risk bandings

Very Cautious	0-35
Cautious	36-45
Balanced	46-65
Adventurous	66-100
Very Adventurous	100+

We eat our own Cooking
The funds that we recommend to clients are funds that we invest in ourselves.

On-going Management & Reviews
Ongoing Monitoring
All the investments and managers recommended to our clients, are constantly under review. Due to the relationships we have with our core fund managers we are able to review these funds on a far more regular basis. On a monthly basis we are able to 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 pod-casts and telephone conferencing. We also hold regular one to one meetings with our core managers. At these meetings we discuss the fund performance, market outlook and current holdings, to ensure the funds 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.

We also hold regular meetings to review our funds. At these meetings, as well as discussing our core investments, we also review our shortlist of satellite funds and where appropriate may make recommendations to add or remove funds from this list. On removal of a fund, we endeavour to contact clients affected by these changes as soon as possible to discuss this and to recommend a suitable alternative within their portfolios. Through several sources, we can keep track of all the funds recommended on a monthly basis and where we feel that action needs to be taken sooner than our scheduled forum meetings, we will contact all clients concerned.

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. Also 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 meeting, 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)
- Discuss in detail 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.
- We will also advise you on any action that you need to take to ensure that you do achieve your financial goals.

Summary of our Investment Strategy

- We never forget, it's your money
- Our aim is to try and achieve targeted actual returns over rolling 5-year periods dependent on each client's risk profile
- Our own independent risk questionnaire is designed to understand your investment profile
- To create diversification of help reduce risk we will invest no more than of 15% of a clients' overall into any one fund strategy (Maximum 25% for core funds) and use Satellite funds to add or reduce risk
- Our core managers adopt our philosophy of capital preservation
- Our portfolios are multi-asset to help reduce risk
- All clients in our Private Client Service have their portfolio's constantly reviewed with review meetings undertaken at least annually
- Portfolios outside our standard risk profiles can be arranged on request