



fiducia

wealth management & wealth preservation
fiduciawealth.co.uk

MULTI AWARD-WINNING CHARTERED
WEALTH MANAGEMENT

GUIDE TO WEALTH MANAGEMENT



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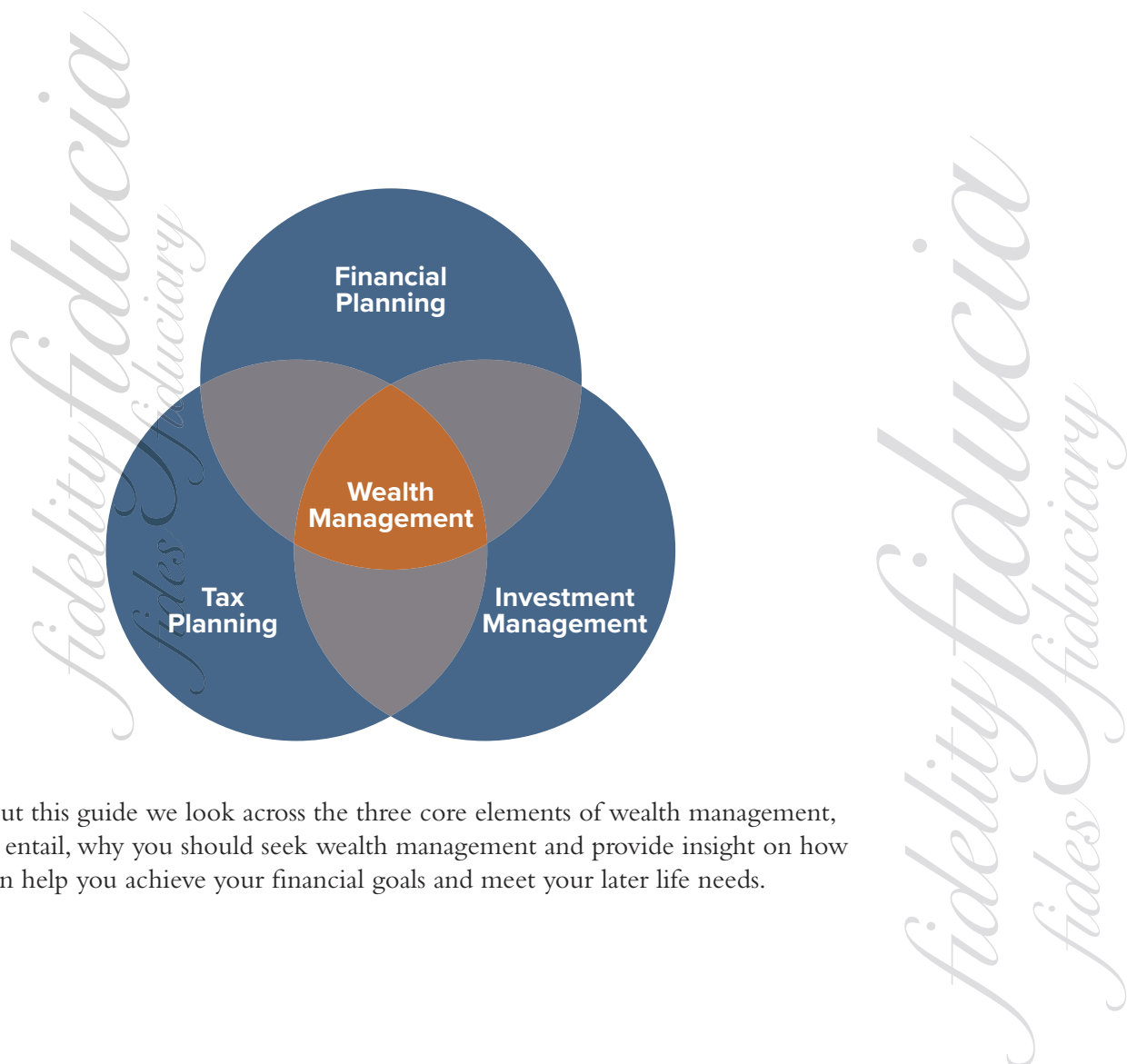
What is Wealth Management?

Wealth management is the combination of personalised holistic financial planning and investment management to design, implement and regularly review a malleable strategy to achieve your financial objectives.

Individuals, couples, and families seek wealth management for several reasons, the main being to ensure their wealth grows over the course of their lives whilst keeping it protected and preserved for the foreseeable future.

Wealth management includes financial planning, tax planning and investment management to ensure you're not only making the most of your wealth, but that you are doing so in the most tax efficient way for not just the current you, but the future you too.

For wealth management to be effective, all three components coupled with regulated financial advice regarding specific transactions at fixed points in time is needed.



Throughout this guide we look across the three core elements of wealth management, what they entail, why you should seek wealth management and provide insight on how Fiducia can help you achieve your financial goals and meet your later life needs.

Financial Planning

Financial planning takes a holistic view of your financial position and future goals. Time is taken to fully understand your current situation, your risk profile, your financial means, and the potential challenges on your journey to your identified objectives. Financial Planning is not the same as financial advice.

Financial Planning is the evolving action plan resulting from a cyclical process which evaluates the consequences that a course of action may have on the holistic plan. Financial advice is a recommendation regarding a financial transaction at a fixed point in time. Financial advice should only ever come after the financial planning stage, to help support the financial plan, if required.

At the core of financial planning is the acknowledgement that all facets of your life will impact upon your goals and that one aspect of your financial situation cannot be considered in isolation.

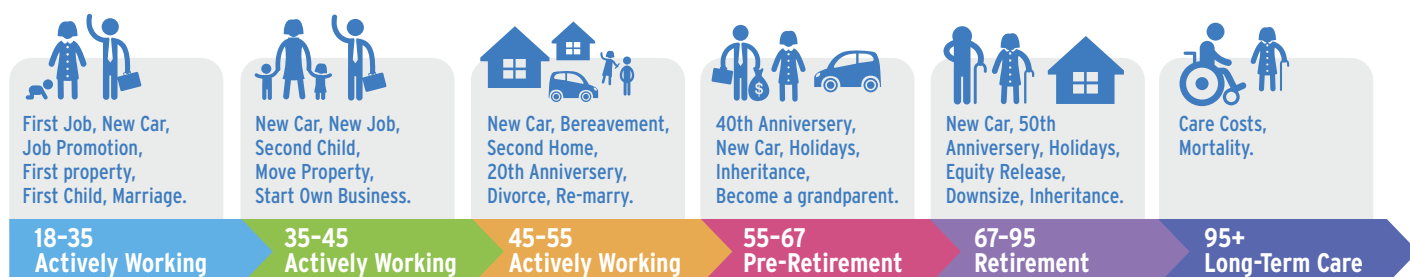
Regular reviews are vital, and these meetings should take place at least once a year. This serves as an

opportunity to take account life's inevitable, expected and unexpected changes, which may or may not, impact upon your financial goals and timescale.

It is essential to review progress towards those goals considering such changes, as well as the impact of investment performance, legislative changes and new solutions. This allows you to be proactive with your finances as opposed to reactive.

Our financial advisers will discuss with you your current financial position and undertake a Cash Flow Analysis to collect all the relevant data from you including your income and expenditure. We will also ask you for any potential milestone expenses you might foresee in the future e.g. a child's wedding, a new car, a special holiday etc. This allows us to build an accurate profile of your financial situation, your goals and your aspirations.

We will deliver your bespoke financial plan, in line with your current and later life needs and financial goals firmly in mind.



Tax Planning

'A strain or heavy demand' – one definition of the word Tax. Of course, taxes are in fact a compulsory contribution to state revenue, levied by the government on workers' income and business profits. The good news is, with the right advice, you can ensure you are making the most of your wealth in the most tax efficient way.

It is essential your tax position is considered when implementing any strategy within your financial plan. Very few people take advantage of all the allowances and exemptions available to them, courtesy of the government and HMRC. Similarly, it is necessary to be aware of those future circumstances where tax changes will bite, potentially reducing income and wealth.

There are few situations where a person's financial wellbeing cannot be improved by reorganisation to reduce or mitigate the effect of unnecessary tax wastage.

A financial plan is typically created in a series of wrappers which provide specific tax protection, and these would include pension plans, ISAs, insurance bonds, venture capital trusts, enterprise investment schemes and various forms of trusts. Identifying which tax wrappers are suitable for you to benefit your financial plan, at different stages of your life, is critical to you meeting your financial objectives.

Your tax strategy should be completely bespoke to you and your goals. Ensuring you are utilising all of the available personal and joint allowances for you and your family is important to improving your overall tax position and efficiency.

This can also include any family protection/insurance policies you may have/need and the impact any pay-outs these policies provide have on your overall estate.

Tax planning includes looking further ahead than just today and is reliant on the information provided in your Cash Flow Analysis to determine where, if at all, you can improve your tax position in the future.

If you build up your assets throughout your life, you are probably looking to pass on as much of your wealth as you can to family when you pass away. With property prices rising substantially over the past 50 years, you don't have to be exceptionally wealthy to leave behind a large inheritance tax bill.

Identifying strategies to reduce your estate's tax liabilities is just as important to some as ensuring they are tax efficient whilst alive.

Whilst creating your financial plan, our advisers will analyse your current tax position and highlight areas where you can improve your tax efficiency, which in turn results in you becoming more tax efficient and potentially accumulating more wealth in the future.

We will discuss Pension and ISA savings habits with you and provide you with a tax strategy to reduce your tax liabilities throughout your life and for when the inevitable occurs and your wealth is passed on to your beneficiaries.

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Investment Vehicles & Their Tax Benefits

	SIPP/PP	ISA	GIA	Onshore Bond	Offshore	EIS	SEIS	VCT
Income Tax Relief	Marginal rate	N/A	N/A	N/A	N/A	30%	50%	30%
Maximum Investment qualifying for tax relief	Annual Allowance (£40,000) or £3,600	£20,000	N/A	N/A	N/A	£1,000,000	£100,000	£200,000
Minimum Term qualifying for tax relief	cannot be drawn until minimum pension age (55)	N/A	N/A	N/A	N/A	3 years	3 years	5 years
IHT Relief	✓	✗	✗	✗	✗	✓	✓	✗
Minimum Term for IHT relief	N/A but called into question within 2 years	N/A	N/A	N/A	N/A	2 years	2 years	N/A
CGT taxation	tax free	tax free	taxable	tax free	tax free	Deferral available	tax free	tax free
Dividend taxation	tax free	tax free	taxable	tax free	tax free	taxable	taxable	tax free
Tax free growth	✓	✓	✗	internal basic rate income tax	gross roll up	✓	✓	✓
Chargeable gains (Bonds)	✗	✗	✗	0% for Basic Rate taxpayer 20% for higher rate taxpayer 25% for additional rate taxpayer	20% for Basic Rate taxpayer 40% for higher rate taxpayer 45% for additional rate taxpayer	✗	✗	✗

Key

SIPP – Self invested Personal Pension, PP – Personal Pension, ISA – Individual Savings Account, GIA – General Investment Account, EIS – Enterprise Investment Scheme, SEIS – Seed Enterprise Investment Scheme, VCT – Venture Capital Trust.

Investment Management

Proactively managing your investments is fundamental to ensuring you meet your financial objectives later in life. Once your financial plan and tax efficiency/inefficiencies have been identified and addressed, identifying which investments to make, where and why could be the difference to you making the most of your wealth or not.

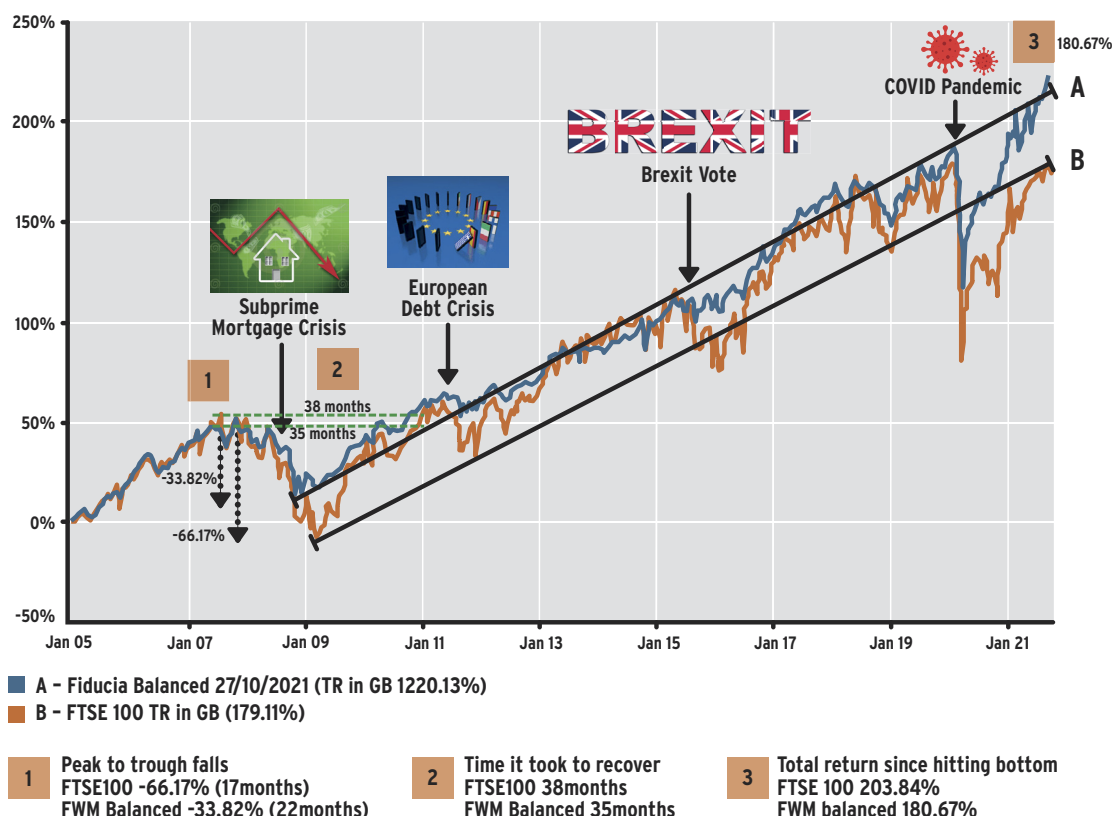
At this juncture, where investments are concerned, it is important to understand what your risk profile looks like, your time horizons and what it is you're trying to achieve by investing – this is where your financial plan benefits your investment management process.

Your risk profile, much like your financial plan and tax position, is bespoke to you and will change throughout your life. An example of this would be as you head closer to retirement or in fact are in retirement. You would usually have a lower risk tolerance and capacity for loss close to or in retirement as you would have had when you were in your younger years looking to grow your investment

portfolio. This is because in your later years you need peace of mind that you have enough money to last you for the rest of your life now your earning capacity has reduced.

All investments need to be managed to ensure they are continuing to perform the way you need them to – to help you meet your financial objectives/goals. Investing for the future you relies on being invested into the right products, over a period of time, with a specific goal in mind – whilst also being able to make changes should they be required.

The key to a successful investment plan is 'time in the markets' instead of 'timing of the markets'. If you look at the graph below of the FTSE 100 Index, you will see the index has in fact grown in value over the duration of time despite the peaks and troughs or intermittent moves due to macro-economic events. Time in the market and staying invested long term is the closest thing you'll have to a guarantee in the stock market.



At Fiducia we have an in-house, active investment management service. We believe each client's wealth should be deployed effectively to maximise the potential of their desired outcomes.

Our portfolios are risk budgeted and we undertake a strict, academically measured assessment of each client's risk profile and their tolerance for loss at the outset, which is then reviewed and adhered to throughout their time with us as a client.

As a result, performance is not attained by increasing risk, but by asset allocation, diversification and by identifying the best funds in each of the eight asset classes we employ.

Our objective is to achieve consistent, risk-budgeted returns, rather than a 'flavour of the month' approach, short termism or attempts to predict market timing.

Below you will find an asset class 'heat map' displaying the various sectors and their performance over the years.

Annual % Returns	Fund Names	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	UK Asia Pacific Excluding Japan Trust	1.86	18.88	15.71	-8.59	24.43	27.3	-3.75	9.21	3.37	15.74	-15.89
	UK Europe Excluding UK Trust	13.23	10.74	20.55	-12.35	17.23	16.44	9.09	-0.66	27.26	19.18	-15.67
	UK European Smaller Companies Trust	15.59	21.72	19.43	-14.16	25.77	16.64	20.15	-1.68	32.4	22.45	-18.12
	UK Flexible Investments Trust	10	6.84	14.86	-6.03	9.88	12.84	2.01	4.85	14.08	9.73	-7.52
	UK Global Trust	15.09	13.8	21.2	-5.77	13.6	20.95	3.38	6.68	19.7	9.95	-9.43
	UK Global Bonds Trust	-0.5	6.03	5.57	-0.69	2.25	12.58	-1.32	3.81	-1.96	6.12	2.74
	UK Global Emerging Markets Trust	0.6	13.96	16.81	-10.79	24.72	32.63	-10.57	3.01	-2.61	12.6	-18.68
	UK Global Equity Income Trust	13.86	4.08	19.41	-6.17	11	23.11	2.71	6.77	21.77	10.55	-2.88
	UK Japan Trust	2.78	11.67	16.32	-11.3	17.69	23.99	15.8	0.78	26.19	3.26	-11.91
	UK Japanese Smaller Companies Trust	5.03	15.9	12.33	-10.4	31.55	37.29	16.87	1.89	41.43	5.35	-7.41
	UK Mixed Investment 0-35% Shares Trust	2.7	3.92	9.06	-3.29	4.73	8.37	0.26	5.2	4.2	6.31	1.38
	UK Mixed Investment 20-60% Shares Trust	6.33	3.48	11.88	-5.08	7.11	10.25	1.21	4.98	9	8.04	-1.85
	UK Mixed Investments 40-85% Shares Trust	9.7	5.95	15.86	-5.89	10.04	13.29	2.25	4.96	13.5	9.05	-5.13
	UK North America Trust	23.58	15.55	24.92	-1.5	10.12	31.22	4.89	17.78	30.54	6.86	-1.03
	UK Property Other Trust	18.44	-6.47	17.47	-2.58	5.89	5.04	5.39	10.75	4.69	6.74	-2.48
	UK Specialist Trust	8.27	6.31	13.53	-5.7	8.23	22.72	-4.47	1.15	4.5	7.52	-7.95
	UK Sterling Bond Corporate Bond Trust	-1.41	7.93	9.52	-2.23	5.1	9.08	-0.3	10.06	0.21	12.07	5.37
	UK High Yield Trust	2.77	50.9	11.45	-3.48	6.48	9.87	-0.27	1.85	6.22	18.42	-2.47
	UK Sterling Strategic Bond Trust	0.12	7.22	8.98	-2.4	4.86	7.28	0.29	6.75	2.59	12.6	3.86
	UK Targeted Absolute Return Trust	2.69	2.89	3.71	-2.74	2.97	0.97	2.2	2.51	6.51	3.3	-1.07
	UK Technology & Telecommunications Trust	17.99	42.46	29.94	2.93	24.08	25.15	7.95	14	28.32	10.6	-3.95
	UK All Companies TrustB	13.47	-6.26	21.8	-10.74	13.78	11.16	3.66	0.59	25.66	14.79	-7.11
	UK Direct Property Trust	7.82	-3.35	0.01	3.82	7.31	1.3	8.6	11.25	8.19	0.85	3.43
	UK Equity Income Trust	13.76	-10.72	19.48	-10.55	11.25	9.1	4.93	2.83	24.83	13.5	-3.11
	UK Gilts Trust	-2.79	8.81	7.03	0.08	1.86	10.85	-0.05	14.33	-4.75	2.23	16.04
	UK Index Linked Gilts TrustB	10.13	11.7	5.9	-0.58	2.25	23.9	-1.17	17.97	-0.32	0.24	19.89
	UK Smaller Companies Trust	18.61	6.21	25.23	-11.83	26.56	7.69	14.16	-1.95	37.45	22.46	-8.99

(Data as at 02/12/2021)

How does all of this come together in practical terms?

You can, and people do, seek financial planning, tax planning and investment management as separate services, however, if you are looking to maximise your wealth, it is more beneficial to seek holistic wealth management where all three components are combined to help you achieve your financial goals.

It may be that you do not have what would be recognised as a financial plan and that a full financial review is needed, assessing where you are today, where you want to be in the future and the timescale. The first objective is to create a track to run on.

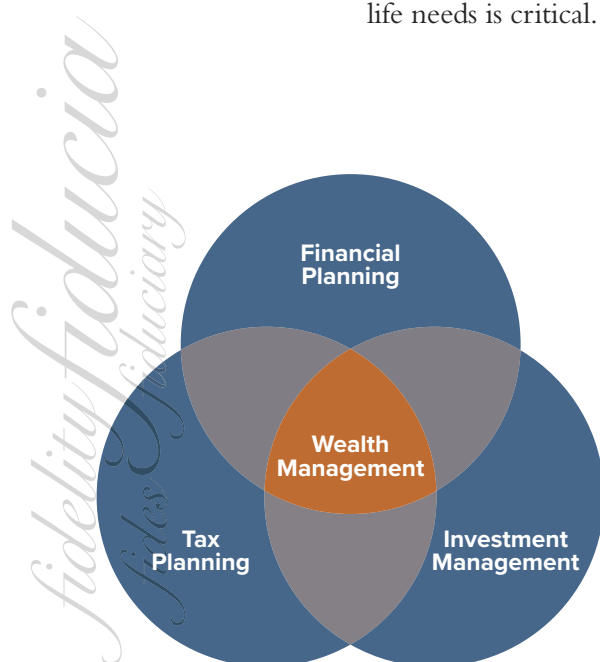
All financial planning and agreed plans should be for life, but they must be reviewed regularly to test whether or not they are on track to meet your financial goals and desired timescales. If not or should something change in your circumstances, they must be modified.

Becoming/remaining tax efficient and making best use of the available tax wrappers not only helps reduce any tax liabilities you have in the short term, but also over the long term where Inheritance

Tax and the passing over of your wealth is concerned. This can be a complex process if you try to go it alone, and mistakes can occur which can result in large fines and ultimately – large tax bills. It's best to seek the help of a professional.

Everyone in today's working world has the need for investment management. This is largely due to the fact it is compulsory for employers to provide a pension for their employees. Your pension, much like any other investment accounts you have, needs to be performing in line with your financial goals – if you want to achieve your goals that is.

Many employees accept the pension they are provided by their employer without actually looking at what the pension is investing into, what it is trying to achieve and whether it aligns with their financial goals. It's no surprise a recent survey undertaken by the Financial Planning Standards Board that only 22% of people feel confident about meeting their financial goals. To achieve the desired outcomes from your investments, understanding where your investments align with your financial goals and later life needs is critical.



HOW FIDUCIA CAN HELP YOU?

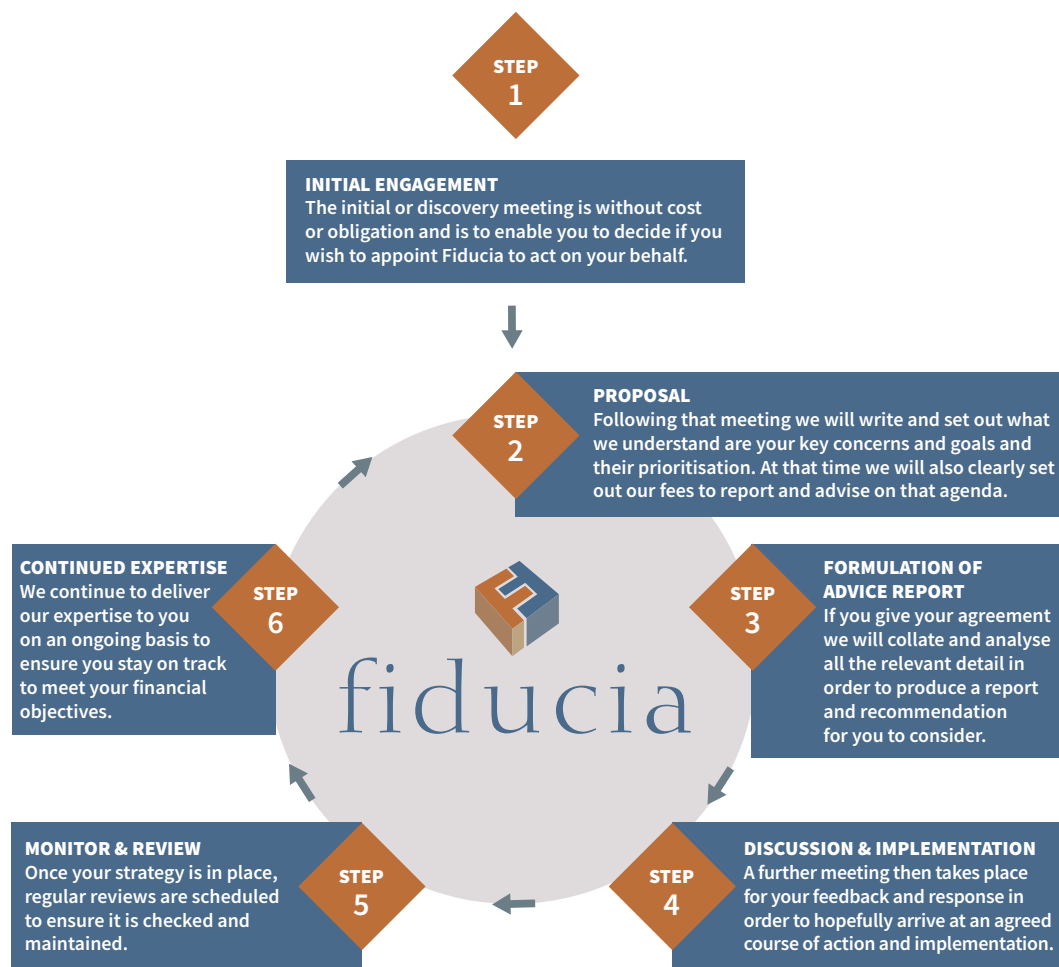
Fiducia are a multi award-winning Chartered Financial Adviser authorised and regulated by the Financial Conduct Authority (FCA). We are proud to have been awarded Chartered Financial Planning Firm status, one of only about 700 firms in the UK, selected from over 20,000, to hold this designation. Having achieved the coveted Corporate Chartered status, we adhere to much higher standards of integrity and professionalism than most financial advice firms.

We are wealth managers in the truest sense, offering a complete 'in-house' wealth management solution for clients, led by our specialist Investment Committee. We do not believe in a one size fits all approach and treat all our clients on an individual basis. Therefore, each solution is carefully tailored to a client's personal needs and objectives.

Questions we provide the answer to include:

- **Financial Planning** – Do I need to cut back or be smarter with my wealth?
- **Investment planning** – How much risk is necessary to achieve my goals?
- **Tax Planning** – Am I tax efficient? How can I improve my current and future tax efficiency?
- **Investment Management** – Are my investments aligned to my financial goals? Are they performing how I need them to?
- **Financial freedom** – Can I afford to pay for things I want in the future?
- **Retirement peace of mind** – Will I have enough money to live the life I want in retirement?
- **Family protection** – Do I have sufficient cover/provisions in place for my family should the worst happen?
- **Later Life Care Needs** – Will I have enough funds to cover any potential long term care needs?
- **Major Life events (Marriage/Divorce etc)** – What are my income/asset projections and analysis in the event of divorce?
- **Estate Planning** – What type of legacy will I leave my beneficiaries, can I give more away whilst I am alive?

We follow a tried and tested 6 step process to deliver you our wealth management expertise.



Are you ready to start managing your wealth more effectively?

Speak to our team today, arrange your FREE initial discovery meeting and start your journey to achieving your financial goals.

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