

Re: Timothy James & Partners Investment Performance Overview and Industry Fees

I hope you've had a good summer and looking forward to an English autumn. I thought I would drop you a line to update you on some of the work we have been doing behind the scenes and that we are increasing the number of investment services we now consider and analyse on your behalf.

Timothy James & Partners is directly regulated by the Financial Conduct Authority (FCA) to provide independent financial planning and investment advice. That means we '*sit on your side of the table*' understanding your current situation, your plans for the future and tailor what we believe to be the most suitable solutions. That happens at the beginning of our relationship but we then spend lots of time 'holding your hand' over the years to adapt and change that structure to make sure it remains relevant to you, your family and the economic climate.

In January 2018 the FCA introduced new legislation called MiFID II that required all UK fund managers to disclose not only their annual management charges for running your money but also their transaction costs. On your behalf and with regular consultations with you we consider the price you pay for financial planning and investment advice. We 'balance' the annual cost against the service and performance you receive to make sure that the price you are paying for that service remains competitive. We all need to value what you are paying for! Our ongoing relationship is just as important as the first meeting!

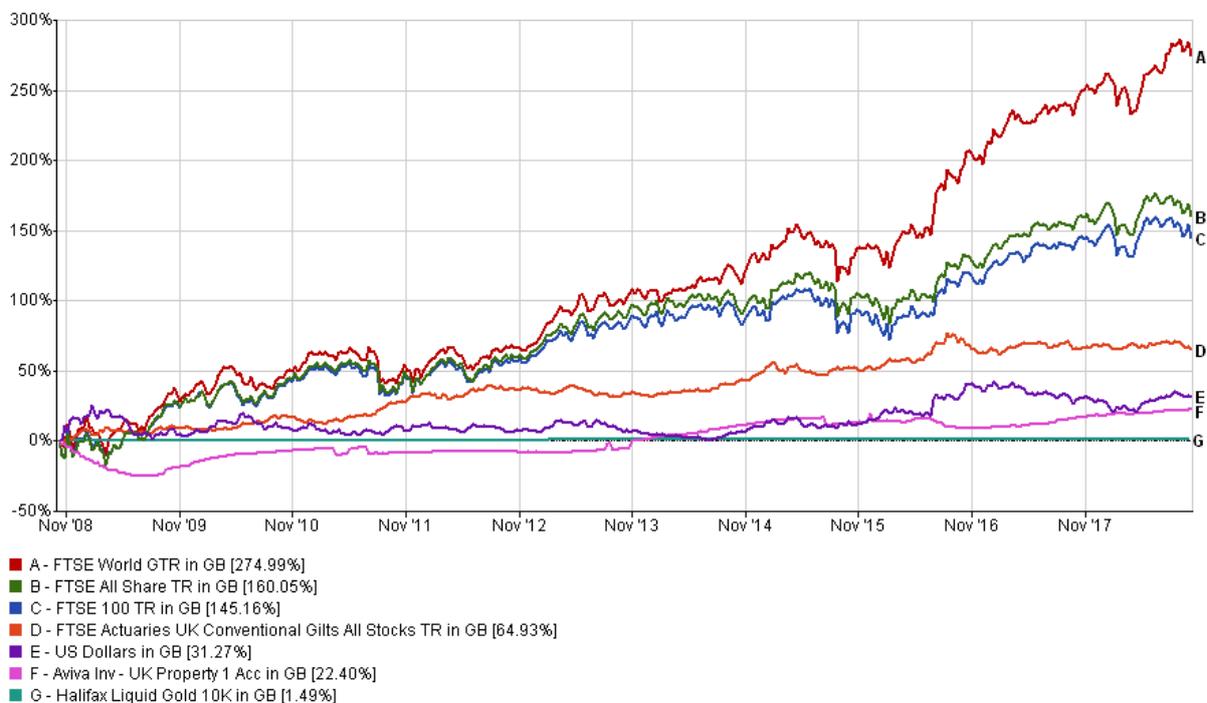
Behind the scenes, Timothy James & Partners is interviewing economists and fund managers. The fund managers themselves interview over 200 different publicly quoted companies and analyse asset classes per annum to decide what goes in their 'pot' or what should be sold and reinvested in new opportunities. Currently we want to make sure they are prepared for a hard or soft Brexit, the Chinese and American tariff battles and the strength or weakness of the dollar, the euro and other major currencies against sterling. Timothy James & Partners interview over 80 different fund managers per annum. We've been going for over 23 years so we've seen a lot of fund managers and have lived through the ups and downs of the investment market cycle. We consider ourselves experienced when selecting the right funds, geographical markets, sectors and asset classes to structure the right mix of investments around your attitude towards risk.

The main areas that we consider when we are looking at your financial planning solutions are the following:

1. The **financial strength** of the organisation – *who knew banks could actually go bust?*
2. **Historical investment performance** and *ability to choose top performing funds*
3. **Flexibility** – *can you encash, withdraw or surrender without penalty if your situation changes?*
4. **Charges** – *are they competitive in comparison to the alternative options?*

These are the areas that we concentrate on, on your behalf all the time. We have decided over the last nine months to look closely at fund manager and platform/product charging structures. Under the MiFID II legislation it's become clear that whilst the fund managers have historically portrayed an annual management charge of around 0.75% per annum, they've actually been charging closer to 1.2% per annum. Therefore, we want to use our size, brand and standing in the industry to the advantage of our clients. I guess that paying higher charges when commercial property, UK government gilts, US treasury bills and worldwide stock markets have done very well versus cash is palatable: but what happens is it's harder to find the opportunities and grind out that performance.

The Last 10 Years



It is important to remember that past performance is not necessarily a guide to future returns, if you have been investing over the last 10 years you would be having enjoyable annual reviews! However, the 10-year picture is a little deceiving because the starting point was at a very low value as it was the middle of the banking liquidity crisis. Interesting to note how much the dollar strengthened against sterling over that 10 years and helped your investments in the USA.

The Last Year ... more difficult!



09/10/2017 - 09/10/2018 Data from FE 2018

Rolls Royce is a strong brand, looks amazing and has wonderful performance but costs an 'arm and a leg' versus a new Fiat 500, with similar attributes, that costs a tenth of the price but they both get you to where you want to go! At Timothy James & Partners our job is to act for you and find out whether you want the Rolls Royce or the Fiat!

Timothy James & Partners has been nominated as the Independent Financial Adviser for London, for the country: as Pensions and Investment Adviser of the Year by the Financial Times, Citywire, Professional Adviser and Money Marketing over the last three years – no mean feat when there are 1,300 independent firms in London alone. We also now advise on over £1.2bn and receive over £2m a week from new and existing clients who seek professional financial planning and investment advice. We have taken our profile, size and used it for the benefit of you to help reduce the charges and design an up to date transparent discretionary investment service.

Rather than the fund management industry telling us what our clients want, our research over the last five years illustrates to us that we need to go back to the industry to tell them what we want. That is a lower charge for you and a more focused bespoke set of discretionary portfolios.

When you are considering investing we study all elements of the charging structure. That is:

- The Timothy James & Partners initial and ongoing fees
- The platform or product provider's fees
- The underlying fund manager's fees
- Discretionary fund manager fee (where appropriate)

Finally, we have expanded our investment services to include two new tailored discretionary bespoke portfolios and using our experience, have created models with a more concentrated focused approach using our market position to negotiate the very best charges on your behalf. These will be driven around four different risk objectives from low/cautious risk, to medium and income producing to long term capital growth with the choice of a lower cost to you.

You may be perfectly happy with the current investment arrangements that you've enjoyed over the last 10 to 25 years and the service that we are providing in relation to that investment. You know what you're paying for! However, it's important to me that you know we are always updating, improving and thinking about changes in legislation and what we can do better on your behalf.

We will keep you posted but do ask your adviser about the new aggregated costs and investment services we are currently putting together.

Kind regards

Yours sincerely



Tim Whiting