

# Due Diligence

Netwealth Managed Portfolios



netwealth

Wealth management as it should be

Wealth management | Pensions & ISAs | Financial planning



## Important Information

This document is intended for professional financial intermediaries and is not suitable for retail investors.

Netwealth Investments Limited is authorised and regulated by the Financial Conduct Authority with firm reference number 706988.

When investing your capital is at risk. The value of investments may go down as well as up, so you could get back less than you invested.

Netwealth offers advice restricted to the services provided, and does not provide independent advice across the market.

Netwealth is covered by the Financial Services Compensation Scheme (FSCS). In the event that we have stopped trading or are declared to be in default and cannot meet our obligations, a client may be able to claim compensation. This depends upon the type of business and the circumstances of the claim. The FSCS offers different levels of cover for different types of business. Most types of investment business are currently covered for 100% of the first £85,000. Further information is available from the FSCS website ([www.fscs.org.uk](http://www.fscs.org.uk)).



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# 01

## Introduction

### About Netwealth

Netwealth was formed in 2015 by Charlotte Ransom and Thomas Salter in response to the need for improved discretionary wealth management services. Their market research found that a core financial consumer base was either underinvested or unhappily invested, due to concerns over cost, transparency, performance and quality within discretionary wealth management.

Netwealth focuses on the key aspects of investing: the team and process that guide the investments, security of the assets, the costs associated with the service and the technology and transparency underpinning it. We believe that by concentrating on these elements, clients have the best chance of achieving their goals.

# 02

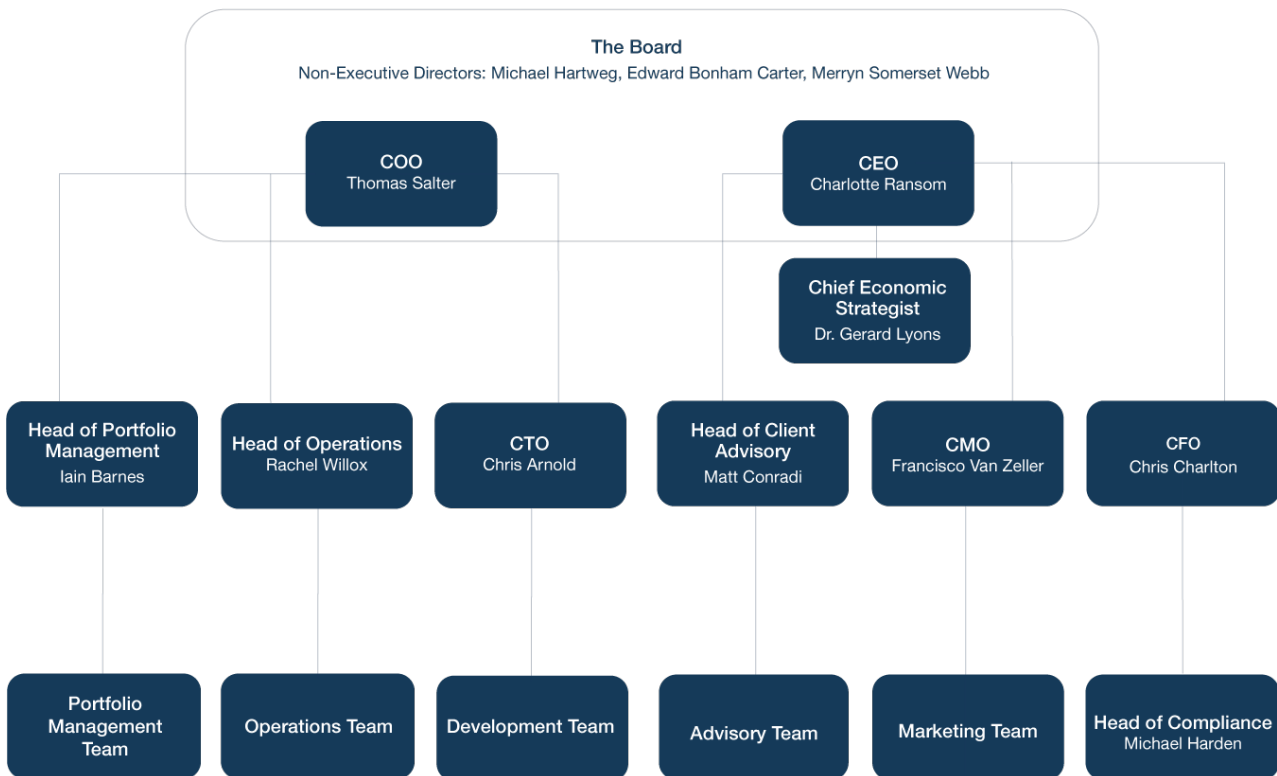
## Structure

### Legal

Netwealth Investments Limited is a limited liability company, registered in England and Wales with company no. 09493628 and with registered offices at Reading Bridge House, George Street, Reading, RG1 9LS. The trading address is 60 Charlotte Street, London, W1T 2NU.

Netwealth Investments Limited ('Netwealth') is authorised and regulated by the Financial Conduct Authority, with firm reference no. 706988.

### Company





# 03

## Board of Directors

### Executive Directors



#### **Charlotte Ransom**

Charlotte spent 20 years at Goldman Sachs, serving as a Partner for 10 years. Her leadership roles spanned relationship management, marketing and product development in the Securities Division. Charlotte was also head of Institutional Wealth Management and the Market Solutions Groups for Europe, Middle East and Asia in the Investment Management Division.

Charlotte is a Vice President of Save the Children, a recipient of the 2015 Mary Lou Carrington Award for her work with Speakers for Schools and an active donor and supporter of overseas educational projects. Charlotte read modern languages at Bristol University and holds the CISI Private Client Investment Advice and Management qualification.



#### **Thomas Salter**

Tom has more than 15 years' experience in financial services, the majority spent at JPMorgan where he was most recently Managing Director and global head of equity and multi-asset quantitative strategies. Tom joined JPMorgan as a graduate trainee in fixed income in 1998. In 2000, he joined Goldman Sachs to work on asset-liability management for pension funds and insurers before sailing around the world and then rejoining JPMorgan in 2004.

From 2013 Tom worked at a start-up asset management company before teaming up with Charlotte to found Netwealth. Tom holds an MEng in Aeronautical Engineering from Imperial College and the CISI Private Client Investment Advice and Management qualification.

### Non-Executive Directors



#### **Edward Bonham Carter**

Edward has over 35 years' experience in the investment market and extensive knowledge of the fund management business. He became Vice Chairman of Jupiter in March 2014, having been CEO since June 2007. Whilst CEO, Edward steered Jupiter through an MBO in 2007 and its successful IPO in June 2010.

Edward is Senior Independent Director of Land Securities Group; a Trustee of Esmée Fairbairn Foundation; a Trustee of the Orchestra of the Age of Enlightenment; a Board member of The Investor Forum; and a member of the Strategic Advisory Board of Livingbridge LLP. Edward has a degree in Economics and Politics from Manchester University.



#### **Michael Hartweg**

Michael is an entrepreneur and investor, with over 15 years' experience in investments and financial services. As a Founding Partner of Leonteq Securities, Michael was responsible for the build-out and development of one of Europe's most successful FinTech companies, which has been listed on the Swiss Stock Exchange since October 2012.

Prior to founding Leonteq, Michael held senior positions in trading and structuring at Goldman Sachs and Commerzbank. He holds a master's degree in Business and Engineering Science from University Karlsruhe, Germany. Today, Michael invests in and advises companies in finance, technology and sports.



#### **Merryn Somerset Webb**

Merryn has worked in and commented on finance and the financial services industry for more than 20 years. After starting her career in Tokyo at public broadcaster NHK, she became a Japanese equity broker at what was then Warburgs which later became SBC and then subsequently UBS. After 5 years in Japan she returned to London to work at Paribas, before leaving the City to write for the business section of The Week magazine. In 2000, she became launch editor of MoneyWeek. 16 years on, MoneyWeek is the best-selling financial magazine in the UK and Merryn remains as its editor-in-chief.

Merryn is a columnist for the Financial Times and is a regular speaker and commentator on financial matters. She is also a non-executive director of 2 investment trusts: the Baillie Gifford Shin Nippon Trust and the Montanaro European Smaller Companies Trust. Merryn read history and economics at Cambridge and holds the CISI Private Client Investment Advice and Management qualification.



# 04

## Key Members of the Team



### **Gerard Lyons** Chief Economic Strategist

Gerard joined Netwealth in May 2016. He is responsible for Netwealth's macroeconomic outlook and strategy. Gerard spent 27 years as an economic strategist, and was Global Chief Economist at Standard Chartered between 1999 and 2012. Gerard's first book, 'The Consolations of Economics', was a Daily Telegraph Book of the Year and was released by Faber & Faber in June 2015.

He is a frequent commentator in the press and on television and he holds a number of advisory roles. Gerard has an undergraduate degree from the University of Liverpool, an MSc in economics from the University of Warwick and a PhD from the University of London.



### **Iain Barnes** Head of Portfolio Management

Iain joined Netwealth in January 2016 from UBS Asset Management, where he was an Executive Director and senior portfolio manager in the Global Investment Solutions division. In addition to managing multi-asset portfolios totalling £2 billion, he was one of 6 voting members of the Global Asset Allocation and Currency Investment Committee which was responsible for more than £60 billion of assets under management.

Iain holds an MA in history from Edinburgh University and is a CFA charter holder.



### **Chris Arnold** Chief Technical Officer

Chris has over 20 years' experience developing and delivering software systems for the insurance, financial services and marketing industries. He started his career at Clerical Medical and then helped build Data Interface Ltd into a successful financial services software company.

Prior to joining Netwealth, he founded his own social media analytics company, Awedience. Chris's expertise covers a wide range of technologies including responsive design, scalable cloud architecture, security and development processes.



### **Rachel Willox** Head of Operations and Client Service

Rachel joined as the first employee of Netwealth in June 2015. Rachel spent over 14 years at JPMorgan where she was most recently Executive Director and senior leader in middle office operations for Equities. After leaving JPMorgan in 2012 she worked for two years at a start-up asset management firm before joining Netwealth.

Rachel read History and French at Bristol University and holds the CISI Investment Advice Diploma.



### **Matt Conradi** Head of Client Advisory

Prior to joining Netwealth, Matt spent 7 years at Julius Baer and Merrill Lynch as a Director and portfolio manager, advising and investing on behalf of high and ultra-high net worth clients. In 2014 Matt was shortlisted for the Spears Wealth management awards in the next generation category and was included in the Citywire top 30 under 30 of wealth management in 2013.

Matt read Economics at Durham University and is a CFA charter holder.



### **Chris Charlton** Chief Financial Officer

Prior to joining Netwealth in March 2016, Chris was the CFO at Cambridge Place Investment Management LLP, a UK based alternative investment manager which managed \$13 billion of assets at its peak. Chris started his career as a trainee chartered accountant with Arthur Andersen in the Financial Services Division, before joining Deloitte in 2002 as a Manager in the Insurance and Asset Management Division.

He became CFO of the Cambridge Place group in December 2008. Chris read Economics at Durham University and is a Fellow of the Institute of Chartered Accountants of England and Wales.



### **Francisco van Zeller** Chief Marketing Officer

Francisco has more than 15 years' experience in marketing and sales both at large organisations and start-ups. He co-founded the first online market research company in Iberia and successfully sold it to French group Fullsix in 2008. He then joined Samsung first at their headquarters in Asia and later in London to lead the company's digital marketing agenda.

He is an active start-up mentor in both the UK and Portugal. Francisco holds a degree in Economics from Lisbon's Catholic University and an MBA from INSEAD.



## 05 Our Services

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Netwealth offers a range of 7 risk rated multi-asset discretionary managed portfolios all built around our core analysis, expectations and views. We aim to deliver attractive portfolio performance over the medium- to long-term to enable clients to meet their investment goals. We do this by providing clients access to a professionally managed, diversified and cost-effective investment service supported by in-depth financial analysis and insights.

## 06 Fees

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Netwealth's discretionary management fee is 0.20% + VAT. Fees are deducted in accordance with the Terms and Conditions of the third-party platform that provides access to the Netwealth portfolios. In addition to our fees, there are ongoing fees within the underlying funds and ETFs making up our investment portfolios. We endeavour to keep the cost of implementation to a minimum and costs are always considered as part of our investment selection process. We estimate that these fees will add approximately 0.15-0.25% per annum to the total costs paid by our clients, depending on the portfolio risk level.

## 07 Investment Philosophy and Process

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Netwealth's ambition is to deliver attractive portfolio performance over the medium- to long-term in order to enable clients to meet their investment goals. Our investment philosophy is designed in sympathy with this objective:

- ✓ We build high quality, diversified investment portfolios to deliver long-term, sustainable performance in the investor's chosen currency.
- ✓ We take views based on long term strategic thinking, so we can be more patient for our views to be rewarded.
- ✓ We have conviction in the compounding value to client portfolio returns of minimising the attrition of unnecessary costs.
- ✓ Although all our portfolios have 100% daily liquidity, we are resistant to the idea of excessive trading.

The Netwealth investment process can be divided into three distinct steps:

1. Building strategic allocations;
2. Selecting the best investment instruments to deliver our intended portfolio exposures; and
3. Adjusting portfolio positioning to suit the cyclical economic and market environment.

**Investment risk management is embedded at every stage of this process.**

More information on Netwealth's investment philosophy and process can be found in our Investment Brochure.

## 08 Portfolio Objectives

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We believe the portfolio performance should be benchmarked in the medium to long term by a percentage return in excess of inflation. Broadly we consider each portfolio to progressively offer incremental returns from CPI to CPI +3.5% for Risk Levels 2 to 7.

For Risk Level 1, the medium to long term target is instead the Overnight Cash Rate (SONIA)



## 09 Suitability

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Netwealth assumes responsibility for the ongoing suitability of the overall portfolio construction and the selection of individual investments for the client's chosen Risk Level. Netwealth does not assume responsibility for the ongoing suitability of the Risk Level for their objectives.

## 10 Professional Indemnity Insurance

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Netwealth has D&O cover for £10,000,000 with an aggregate limit of £10,000,000. Netwealth has Professional Indemnity cover for £10,000,000 with an aggregate limit of £10,000,000. Netwealth also has Cyber insurance cover for £1,000,000. The deduction for D&O cover is £25,000 per claim, PI cover is £50,000 per claim and for Cyber it is £3,500 per claim.

## 11 Operational Risk Management

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Operational Risk Management is monitored and managed through both the Controls Committee which meets on a monthly basis and the Risk and Compliance Committee which meets on a quarterly basis. The Controls Committee is responsible for monitoring internal processes and controls together with 3rd party outsource providers and then reporting to the Committee. Items identified by the Controls Committee will be escalated to the Risk and Compliance Committee if they are regarded as serious and pose a more significant risk to the overall business.

The Risk and Compliance Committee on a quarterly basis reviews the risk register to determine whether any new risks should be added and whether any previously identified risks should be adjusted (probability of the risk manifesting and / or its likely impact on the firm). Members of the Committee are also encouraged to raise any concerns they may have with regards to their specific departments.

## 12 Security and Cyber Risk

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Security is a vital aspect of our proposition and we apply industry standard security measures to both our clients' accounts and to our technology.

Netwealth uses multi-factor authentication at clients' log in and all personal data is securely encrypted both at rest and when transmitted. Our network host actively mitigates DDoS (Distributed Denial of Service) attacks, as well as applying regular penetration testing.

We obtain, process, store, use and retain all personal data in accordance with applicable data protection legislation and our Privacy and Cookies Policies.





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## Contact



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