



# MARTEC

[www.martec.org](http://www.martec.org)

- **QUALITY**
- **IMPARTIAL**
- **ADVICE**

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## INVESTMENT UNIVERSE

While there has been a massive increase in the information and products available, this has tended to increase the difficulty in getting quality impartial advice. Investors have three choices in managing their affairs:

- To do it themselves. This requires the knowledge, the time and the inclination. While many have one or two of these, it is all three elements which are needed for investment success. Furthermore, where a trust is involved, the trustees have a duty under the Trustee Act 2000 to seek professional, independent advice. This requires an adviser with access to the whole market and specialist qualifications such as being a member of Society of Trust and Estate Practitioners (STEP).
- To go to a bank, stock broker or large IFA. These will be larger organisations with significant resources but be more impersonal and who will manage it within a fairly confined process of your risk stance and their multi-manager funds. The person you work with when you start out may, especially if they are good, move on leaving you to build a new relationship.
- To go to a small specialist investment IFA such as Martec. We are likely to take a more conviction based approach and give you a more personal service. A feature of our approach is that we do not invest client money in areas we do not understand and would not use for our own money.

We are not constrained in the investments we use and are prepared to invest in, where appropriate, directly held equities, investment trusts, exchange traded (index tracking) funds, and collectives (unit trusts etc).



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## RETAIL DISTRIBUTION REVIEW AND MARTEC'S PROPOSITION

From January 1<sup>st</sup> 2013, new legislation has been introduced to improve the quality of advice given to customers. The key changes are:

- . All advisers must have a higher level of qualifications than ever before, meaning that there will be fewer advisers because those unable to pass the new qualifications must leave the industry. We are proud to say that Martec have had these for several years.
- . All companies must decide whether they will remain independent and offer their clients the best product across the whole of the market or be restricted and only offer a limited number of funds or products. A key part of Martec's proposition has always been to offer independent advice and we will continue to do so.
- . Advisers will no longer be able to take commissions for arranging the sale of products. The remuneration structure in the future will be via transparent adviser charging or fees. We have operated an adviser charging / fee basis for a number of years.

Martec concentrates on providing bespoke advice to clients who have built up capital, whether from pensions savings or inheritance, and are looking to preserve it for their own and their family's benefit. Our process starts with a no cost / no obligation meeting where we can learn about each other and establish what is required.

Following this, we will write to you outlining what we consider your priorities to be, how to address them and what the costs of creating the solutions will be. If you agree, we will implement the strategy which may take anything from a few weeks to many months - we are building a relationship not carrying out simple transactions. A fundamental part of our proposition is that we conduct regular reviews and have meetings with you to adjust the strategy to take account of market conditions and your changing circumstances / needs.



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## INVESTMENT PLATFORM

Modern technology has led to massive changes in delivery of investment administration and advice and a central part of our proposition is to use what is called a platform. This is a vehicle purely for holding investments as nominees and providing the stock broking and administrative services such as tax accounting etc.

It enables investors to combine a number of different wrappers (investments, ISAs, pensions etc.) within one easily accessed portfolio. The choice is generally led by the tax regime which in the current fiscal environment is subject to change. You have your own account number and PIN and can access the system at any time to see all of your holdings in one place. Advantages include:

- It is totally transparent with the reports giving details of every cost, rebate and income etc.
- You can purchase virtually any investment you like from individual shares, investment trusts, exchange traded funds (ETFs) or unit trusts.
- You can trade them yourself if you wish or, more normally, agree an investment strategy following recommendations from us which we then implement.
- It is possible to purchase investments on a monthly basis, thus averaging the cost which is beneficial at times of volatile markets.
- Financial strength to give you confidence your money is in a safe place, but tightly FSA regulated fail safe systems in case something goes wrong



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## OUR INVESTMENT PHILOSOPHY

Martec is a conviction based investment adviser: for many years we have not believed in the perceived wisdom that market timing is irrelevant. This view is attractive to long only fund managers who have a vested interest in their clients buying and holding their investments. The following figures are a damning indictment on the buy and hold approach:

### FTSE 100 index

Date	Index	Notes
31/1/1994	3466	
31/3/1998	5832	In March 1998, the FTSE 100 climbed through 6000 for the first time
31/12/1999	6930	Middle of technology bubble, highest point for FTSE
31/1/2003	3567	Just before the start of the Iraq war
31/10/2007	6721	High point just after Northern Rock problems surfaced
27/2/2009	3830	During early March the index fell below 3466 to Jan 94 level
6/4/2010	5780	Over the next year the market recovered to a high of 5780
1/12/2012	5800	For the last 2½ years, the market has moved in a very narrow range. Trading volumes have dropped by over 40% and governments try to lure investors into more risky assets through quantitative easing

We believe that asset allocation is more important than buying and holding and look for investment managers who have a proven record of success over both bull and bear markets.



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## MARTEC INVESTMENT PROCESS

The starting point of our investment process is to understand your needs and objectives. Whether investing £100,000 or £1m, the principle and due diligence is the same. We then need to understand your appetite to risk and use a standardised risk profiling process to give a consistent approach.

We differ from other advisers by overlaying our own research into the global and local economy and the risk / reward of equity investment against bonds and other asset classes. There will be times, as in 2009/2010, when preserving the real value of capital should be paramount and other times when a more aggressive investment stance is appropriate to build on growth opportunities.

There is no doubt that the economic landscape is changing and Asia and emerging markets will dominate economic growth over the next 10-25 years. However, investing in these countries is more volatile and needs to be balanced with more cautious investments in a diversified portfolio.

We build up an investment strategy looking at the volatility of the underlying funds from our research and put it forward to you for discussion. We want to engage you in this process because the more you understand about the risks and assets proposed the better the investment decisions made.

Having agreed the strategy we will then set about implementing it through the investment platform and you can follow progress online.

No portfolio is right for ever and an integral part of our process is on-going review. With trustees, we also make sure the review process is properly documented so that they have an audit trail confirming their compliance with Trustee Act 2000



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## ESTATE ADMINISTRATION

Many of our clients are in the autumn of their lives and their attention gets drawn to ensuring their affairs are in order. There are many elements to this:

- **Will** ~ it is important that your Will reflects what you want now; are your executors still right or should you appoint family members rather than a solicitor who has now retired. Are your legacies still appropriate? We can help you by liaising with your solicitor or can prepare simple Wills on your behalf.
- **Lasting Power of Attorney** ~ you never know when you might be laid low and unable to manage your own financial affairs. A Lasting Power of Attorney, introduced in 2007, is more complex to set up than the Enduring Power it replaced but is easier to register with the Public Guardians office. Everyone should have one.
- **Funds to Pay Inheritance Tax** ~ A typical estate will include a property together with a range of investments. The HMRC Inheritance Tax Office insist on the IHT due being paid before a Grant of Probate is issued. If the executors don't have access to funds, they will end up having to borrow the funds required.
- **Mitigating Inheritance Tax** ~ there are many ways of mitigating Inheritance Tax from insurance policies which tend to be quite expensive through to insurance based trust plans which have their place, to pilot trusts that you can add to from income thus building up funds outside your estate over time.
- **Simple Probate** ~ estate administration has become much more complicated with a new '400' series of forms required from HMRC IHT office. Completing these is a challenge even for professionals, but the key is having the information available so that your executors don't incur excess cost in researching data. Part of Martec's core service is to assist you in simplifying your affairs consistent with a sound investment strategy.

Martec also provides Probate services which are bespoke to executor's needs. We can either take over the whole administration process or help you with individual parts such as completing IHT forms.



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## MARTEC CAPABILITY

Martec has two directors, Alistair Thomson and Juli Carey.

Juli has 20+ years experience within our business and is extremely knowledgeable about financial products and complying with the administrative regulations, a growing requirement in providing advice in the 21<sup>st</sup> century.

Alistair Thomson is the main investment adviser who has been committed to achieving additional qualifications for handling all aspects of financial advice. These advanced qualifications include:

- Degree in Economics
- Advanced Financial Planning Certificate (meeting the requirements of the financial services industry post 2012)
- Society of Trust and Estate Practitioners (STEP)
- Fellow of Association of International Accountants

Our computer systems provide the basis of speedy and accurate administration and we have the relevant disaster recovery programmes in place to protect the business.

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*Martec Associates is authorised and regulated by the Financial Conduct Authority.*

*Unit prices can fall as well as rise and past performance is not a guarantee of the future.*

*Levels and bases of, and reliefs from taxation are those currently applying but are subject to change.*

