



# Verso Wealth Management

COLLECTIVE PORTFOLIO SERVICE



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# Welcome

Verso Wealth Management is steered by decades of expertise and deep industry knowledge. We strongly believe that the need for good quality, affordable financial advice and investment services has never been greater.

The purpose of Verso's Collective Portfolio Service (CPS) is to align with your requirements in the pursuit of your investment goals and intended outcomes. We aim to do this by providing a competitively priced suite of risk appropriate portfolio solutions for you and your financial adviser to choose from.

Verso's CPS benefits from being operated by a team of highly competent investment professionals and we advocate passionately for delivering a market leading, transparent, sound and sustainable investment proposition. Our commitment to meeting your expectations when you entrust us with your assets is paramount.

## OUR INVESTMENT PHILOSOPHY

Investment is the core of what we do. We take pride in our unique responsible approach to the ever changing financial climate. Central to our investment approach is assessment and control of risk. Our aim is to deliver transparent investment management via a suite of solutions covering all aspects of client needs and objectives. We only promise what we can deliver and it is our intention to deliver what we promise.

Investing in capital markets requires a long-term focus and short-term discipline whilst remaining humble and being willing to learn the lessons markets are teaching you every day. With a focus on macroeconomics and geopolitics, our goal is to frame the world and manage your portfolio - judging how best to take opportunities and seeking to avoid pitfalls.

*'Our aim is to deliver transparent investment management.'*



# What is the Verso Collective Portfolio service?

The Verso Collective Portfolio Service or Verso CPS for short, is a simple way of investing your assets into a portfolio that is tailored to meet your financial needs.

There are different options that can meet the needs and goals of most investors, and your adviser will recommend one that is suitable for you. It is a discretionary managed service, which is to say that the Verso investment managers will be able to change the investments and holdings of the portfolio so that it continues to meet the objectives that it aims to achieve. We have active and passive versions (which we explain further on page 10) that offers choice regarding cost and your preferred investment approach.

The constituents of the portfolio are all collectives, i.e. funds rather than direct investments. That enables us to construct portfolios that work for all portfolio sizes, whether it's a child's JISA or a sizeable pension pot.

## THE BENEFITS OF CPS

### Managed portfolios

The Verso CPS portfolios are managed on a discretionary basis, which means we can make any well thought-through changes to the overall portfolio (within the designated mix of assets) as we consider appropriate for the market conditions.

### Available across different tax wrappers

The Verso CPS can be held in an ISA, a personal pension, a JISA for younger customers or in a general investment account. Your adviser will be able to determine what is best for you.

### Economies of scale

The CPS is managed by our dedicated team of investment professionals on an institutional basis, which means you can benefit from economies of scale, access to cheaper institutional share classes not normally available to individual investors.

### Transparency

You will directly hold the investments in your portfolio in safe custody with Verso's custody partner. We will report on your assets periodically or on request via an online portal.

### Lower charges

Verso's Collective Portfolio Service has lower charges than most bespoke discretionary management services, and competitive to other firms managed portfolio services.



# Working with your adviser

Verso understands that every individual has differing financial needs and aspirations which can make choosing an investment strategy a daunting prospect. One size seldom fits all in the financial world. The primary objective of a Verso adviser is to work in partnership with you, and design a plan which is tailored to your needs.

We recognise that plans sometimes need to change, so our investment solutions are completely flexible. Your adviser will always be there to help you navigate any changes you need to make, and to ensure your financial goals can be realised.

## UNDERSTANDING YOUR NEEDS

Setting financial goals is important, but Verso believes you cannot get to 'there' without understanding where 'here' is. The best way to think about this is embarking on a journey. On a map, you might be able to pinpoint your intended destination, but planning a route needs to take into account your start-point.

This means the first stage in creating a financial plan has to be to gain an understanding of your current financial position and use that as a platform to build a picture of what is important to you.

Your adviser will guide you through this by asking you about your current circumstances, your goals and your timeframe for them. Your adviser will also determine whether you are familiar with the financial world, how much risk you are prepared to take, and can afford to take, which will all frame the advice.

Verso offers a broad range of financial solutions from lower equity content portfolios, where the emphasis is on stability, to higher equity, which is more suitable for experienced risk-takers and those with a longer time horizon. So whatever your circumstance or financial aspirations, it is likely Verso will be able to create a plan that is right for you.







# The right portfolio for you

Your tolerance of risk, capacity for loss and timescales for investing will help determine the most appropriate portfolio.



## ATTITUDE TO RISK

Verso uses a tried and tested risk assessment approach to work out your behavioural “attitude to risk”. It tells us how cautious (or not!) you might be. It also tells us what level of return you might want to target, and the loss you might be able to tolerate without feeling uncomfortable.



## CAPACITY FOR LOSS

We also need to consider your specific circumstances to determine your financial (as opposed to emotional) capacity for loss. This could differ between different accounts for the same person. For example, a pension untouched for at least 20 years is different to a cash sum needed to buy a house or to pay a tax bill next year.



## TIMESCALES

As a general rule, funds for long-term financial needs (invested for 5 or more years, and either providing an income or not) are investment funds. Funds where you need capital within 5 years aren't suited to long-term investment strategies. The Verso CPS has a range of portfolio solutions which offer different risk characteristics and are suitable for differing time horizons.



# Responsible investing

## OUR PHILOSOPHY

We are committed to delivering consistent financial returns and outcomes for our clients. In order to do so we need to invest responsibly. This requires our Strategy Committee and Research team to assess all aspects of an investment in our fund selection – and this includes an assessment of environmental, social and governance factors (ESG).

To address many of the issues the world is facing today — such as climate change — companies within our fund choices need to deliver on clear and ambitious plans regarding their specific ESG risks and opportunities.

Without a credible approach to these existential issues, companies stand to lose competitiveness, access to capital and may underperform over the longer term. We believe that by analysing ESG risks and opportunities we can avoid these pitfalls, and also have a positive impact on businesses, society and the environment as a whole whilst still seeking positive investment returns.

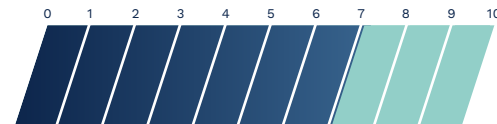
We fully integrate ESG analysis into our investment process. This approach ensures we have access to a wide investment universe. It allows us to build well diversified investment portfolios made up of funds without having to sacrifice on returns. It provides access to ESG leaders in their industry, those providing solutions to the world's problems, as well as those which are transitioning for the better.

## OUR APPROACH

All active fund managers' products we utilise within our active range are assessed and scored on ESG grounds. We work with our managers and their firms to understand and assess their commitment towards ESG and its integration into their investment process. We want to ensure they have robust and active approaches to stewardship and engagement, and a proactive response to changing regulatory requirements.

We also want to understand what internal resources they utilise, such as third-party ESG data inputs, and dedicated ESG teams. This due diligence is an ongoing exercise, and we regularly engage with our fund managers through formal meetings and updates to evidence and monitor progress. As part of this ongoing analysis each fund is assigned an ESG score utilising our internal scoring framework. Scores are then aggregated at the model portfolio level to provide an overall ESG score and rating (we are happy to disclose).

## OUR ESG SCORE



# 7.07/10

Typical score for  
our active portfolios



# How is your portfolio constructed?

## A MIX OF ASSETS IS KEY TO REDUCING RISK

Investment is at the core of what we do. We take pride in our unique, responsible approach to the ever-changing financial climate. Central to our investment approach is assessment and control of risk.

We look at risk in investing as the likelihood of big swings in the value of your portfolio.

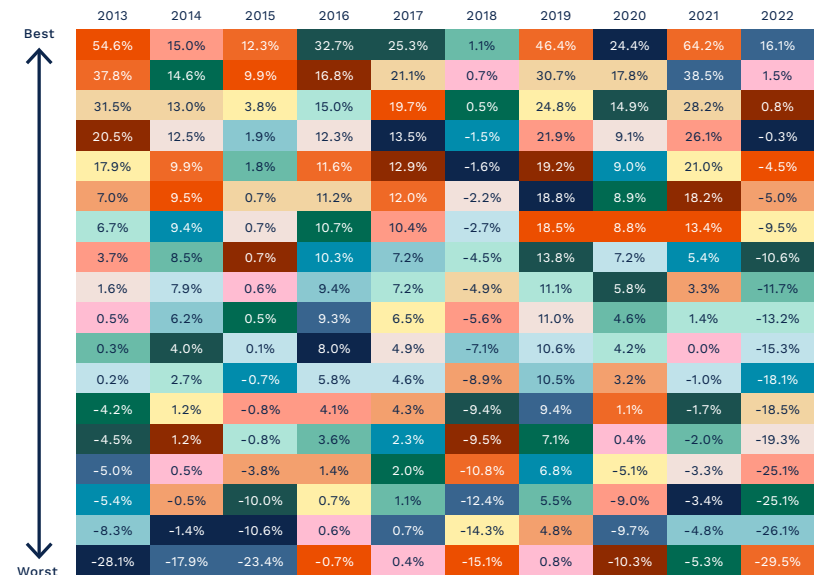
Investments that have a high chance of large gains generally also have a higher chance of loss. But different types of investments perform differently in different market environments. Holding a mix of investment assets, of different types, from different regions around the world, and different sectors, is called diversification. It's intuitive that sometimes some will do better than others at certain times, and some will do worse, and so holding a diversified mix is key to reducing those big swings.

The old adage of 'not having all your eggs in one basket' is arguably more relevant today than it ever has been. Put simply, this means any sensible investment strategy should be built around a range of assets. The aim here is to remove some of the risk associated with holding just one particular type of asset, which could be out of favour at any one point in time.

The chart opposite sets out the importance of diversification. It shows for each year from 2007 to 2021 the best to worst performing asset classes.

As you can see, each year the mix is different. For example, in 2007 Emerging Markets Equity was the best performing asset class, while the next year it was the worst performing.

This is why diversification is at the heart of our investment process at Verso, so regardless of the level of risk you want to take, you can be sure your portfolio will be constructed around a range of assets. It helps to smooth out some of the peaks and troughs often associated with the investment world.



- UK EQUITY
- US EQUITY
- EUROPEAN EQUITY
- JAPAN EQUITY
- PRIVATE EQUITY
- ALTERNATIVES
- CASH
- REITS
- UK CORPORATE BONDS
- GLOBAL HIGH YIELD
- GLOBAL GOVERNMENT BONDS
- GLOBAL CORPORATE BONDS
- GLOBAL INFLATION LINKED BONDS
- EMERGING MARKET EQUITY
- EMERGING MARKET BONDS
- GILTS
- COMMODITIES
- GOLD

*The old adage of 'not having all your eggs in one basket' is arguably more relevant today than it ever has been.*



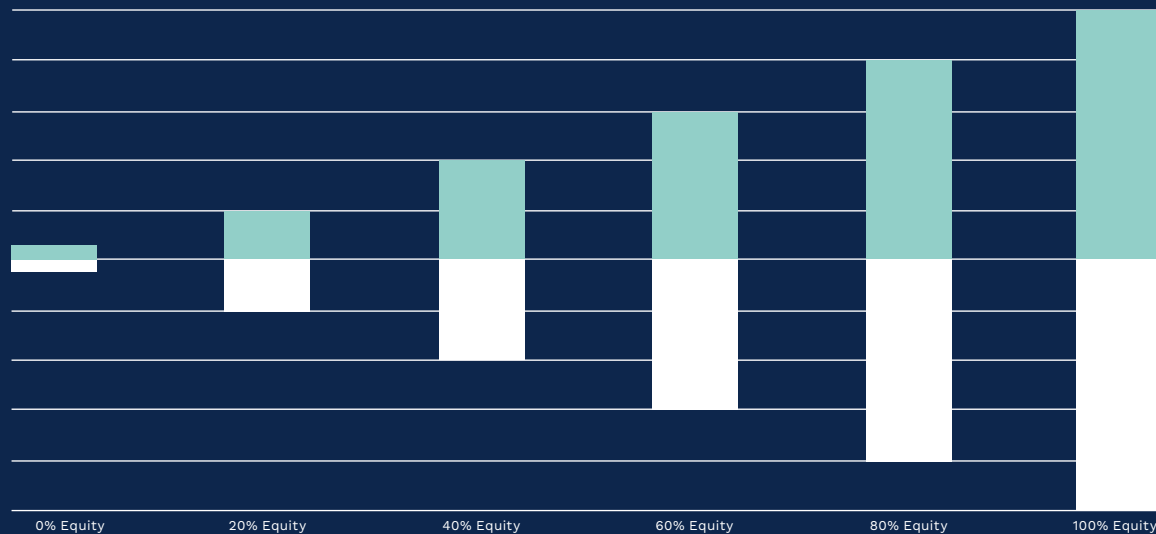
# Our investment strategies

Our aim is to deliver transparent investment management via a suite of solutions covering all aspects of client needs and objectives.

The Verso CPS range comprises portfolios with 20% equity to 100% equity, designed to meet different clients' investment needs. Typically, portfolios with a higher equity content grow more over the long term, but they also have the potential for greater shorter-term losses. Your attitude to risk, capacity for loss and investment timescales will determine which portfolio is suitable for you, one offering stability with less potential gain or loss, or one that's more adventurous with the potential for greater gain or loss in any one year.

Collective Portfolio Service

## RISK VERSUS REWARD - FOR ILLUSTRATION PURPOSES ONLY



■ POTENTIAL NEGATIVE RETURN ■ POTENTIAL POSITIVE RETURN

**20% - 100%**  
Portfolio range of Verso CPS



# Asset allocation

We believe in keeping the investment approach simple.

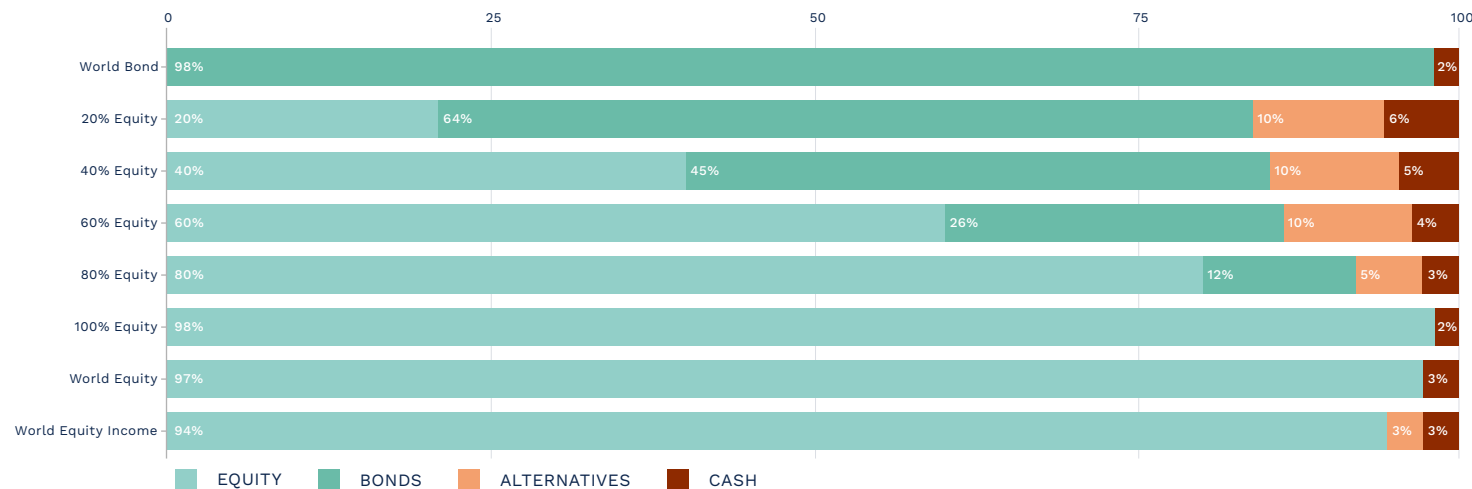
The broad range of investment strategies we offer consist of a combination of diligently in-house researched funds made up of equities (in the UK and abroad), bonds (issued by governments and companies) and alternative investments (such as property and infrastructure assets) together with a tactical allocation to cash.

The combination of funds is managed to achieve the overall asset allocation appropriate for each strategy with the goal to achieve the best returns allowed for the risk tolerance that applies. Our active CPS portfolios are managed dynamically, which means we can make any well thought through changes to the overall portfolio and within the appropriate mix of assets in real time, as we seek to generate positive returns.



We show below the target percentage breakdowns of the different asset classes in our strategies. At any point in time, the actual percentages for a portfolio invested in one of our strategies may vary within specified tolerance limits.

## A RANGE OF STRATEGIES TO MEET DIFFERENT OBJECTIVES



*Our active CPS portfolios are managed dynamically.*

*We don't believe one style is better than the other.*

## Your portfolio makeup

Once we have determined what is suitable for you as an asset allocation that aligns with your risk and return objectives, we'll consider your portfolio's investment constituents.

We offer both active and passive portfolios, which differ in their characteristics. We don't believe one style is better than the other, we consider they serve different needs. For some clients, the characteristics of an active portfolio is more suitable, for others its passive, and opposite we set out their key differences. Your adviser will discuss with you what best meets your needs.

### ACTIVE

In our actively managed portfolios our investment team use their experience and expertise to seek value in the market. They invest more dynamically in line with their investment views and can allocate more of your portfolio to some investment assets and less to others. As well as the potential for above-market returns there is the potential to be below-market. In our active strategies we favour sustainable investments which we consider have both investment value and benefit to the environment.

- Manager seeks to beat the benchmark index
- Dynamically managed, as the market moves
- Favours sustainable investments
- Higher charges

### PASSIVE

Our passive portfolios invest in assets which represent the whole of the market for that asset type. The investment managers do not seek to favour some assets over others, and as such do not adopt a sustainable investment approach. Our passive portfolios are less dynamic, adjusted quarterly. However, since there is less investment analysis involved in a passive approach, these investments are cheaper than their active counterparts, which can be an important consideration regarding investment performance.

- Manager seeks to replicate the index performance
- Quarterly rebalanced
- Neutral on sustainability
- Lower charges



# Our portfolio objectives

Across all the investment solutions we offer, the objective is to seek positive returns via well-diversified portfolios made up of funds we have researched and evaluated.

Critically, for our actively-managed portfolios, a responsible and sustainable approach is at the heart of our investment process. We focus not just on capital growth, but also income across our range of portfolios.

The range of strategies provided are intended to meet your investment goals either via one investment approach or a combination of the strategies that we offer. We consider liquidity an important determinant of the funds that make up the portfolios we construct and take account of issues like taxes and regulations, which can be overlooked and be detrimental to investors if not assessed correctly.

Strategy	Benchmark	Verso Responsible	Verso Passive	Risk
World Bond	IA Sterling Strategic Bond	✓		No equity risk
20% Equity	IA Mixed Investment 0-35% Shares	✓	✓	1/5 of equity risk
40% Equity	IA Mixed Investment 20-60% Shares	✓	✓	2/5 of equity risk
60% Equity	IA Mixed Investment 40-85% Shares	✓	✓	3/5 of equity risk
80% Equity	IA Mixed Investment 40-85% Shares	✓	✓	4/5 of equity risk
100% Equity	IA Global - 70%, IA UK All Companies - 30%	✓	✓	Equal to equity risk, UK tilt
World Equity	IA Global	✓	✓	100% equity risk, Global tilt
World Equity Income	IA Global Equity Income	✓		100% equity risk, Global tilt

# What sets the Verso CPS apart?



The Verso Collective Portfolio Service, which is only available through our adviser network, is built upon a robust and proven investment process developed by our team over many years.



Sustainable investing is a core value for us. In our actively managed portfolios, we screen all our investments using a proprietary model so you can be confident your portfolio is working towards reducing your impact on the environment and towards the benefit of mankind.



Our investment team has over 100 years of combined experience and have reached the pinnacle of academic and professional achievement.



Using cutting edge technology combined with significant buying-power allows us to keep our charges competitive, meaning you keep more of the returns.



With both your adviser and the investment team at Verso under the same roof, we are connected and consistent. We can more exactly align the right investment solution to your investment needs.



All of our solutions are flexible so they can be adjusted to allow for changes to your individual circumstances.



It is not always easy to see why markets behave the way they do, so our commitment is to make sure we keep you informed through easy-to-understand communication.



This is a personalised service, and your interests are at the centre of everything we do.

# Next Steps

If you have any questions relating to the content of this brochure, or if there is anything you don't understand, please contact your adviser.

## IMPORTANT INFORMATION

The Verso Wealth Management Collective Portfolio Service is provided by and managed by Whitefoord LLP, a Verso Group company. Whitefoord LLP is authorised and regulated by the Financial Conduct Authority. For full details please refer to your client agreement.

Important matters to which we would like to bring to your attention when considering our service are: Past performance is not necessarily a guide to future performance.

The value of investments and the income from them may fall as well as rise and be affected by changes in exchange rates, and you may not get back the amount of your original investment. Whitefoord LLP, in providing the Pavis Verso Collective Portfolio Service range, does not offer direct investment advice or make any recommendations regarding the suitability of its portfolios to you, this remains the responsibility of you and your adviser.

We always recommend that you confirm with your adviser that they have carried out instructions to your satisfaction.



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