

GUIDE TO
THE BREADTH
& DEPTH OF
OUR ADVICE



THE THOUGHTFUL INVESTOR

We're Castlefield, a family of investment and advisory businesses with a focus on our clients' values and aspirations. Shared ownership and the fact that our employees and a grant-making charitable trust share in our business and profits, lie at the heart of our approach. It's what makes us different and provides the driving force behind our success.

We think our structure is unique. It's helped us to define our values and to create an environment in which all colleagues, as co-owners, can achieve their full potential.

We're confident that you'll notice that we're a bit different and that this difference will impact positively on our service to you.

We adopt a unique approach to looking after money, reflecting the individual objectives of all kinds of clients - from private individuals and the businesses they own and work for, to the not-for-profit organisations they help to run.

What sets us apart is that we work closely with our clients to help them to define what 'ethical' or 'responsible' investment means to them. We then interpret the results in practical ways which never ignore the need for real-world financial outcomes.

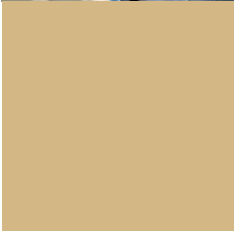
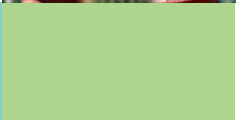
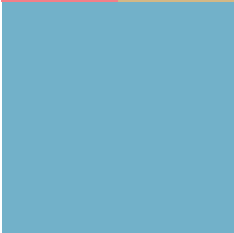
Our dedicated team is committed to achieving sustainable growth through independence and innovation, respect, responsibility and a highly personalised service. As an employee-owned business, we can ensure that everything we do reflects not only the values we share as co-owners of our own business, but the principles that are important to our clients too.

We call this approach thoughtful investing.



We've developed this guide to help you to understand how our advisers operate and the approach they'll take in helping you to achieve your financial goals.

We know that it can be a challenge to compare what one financial advice business offers with another. We're pretty sure that our business isn't quite like any other so we're trying our best to explain here what we will do for you.



YOUR QUESTIONS ANSWERED

What's the difference between independent financial advice and restricted financial advice?

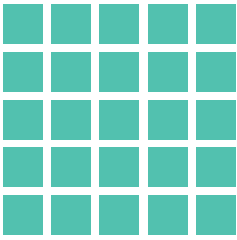
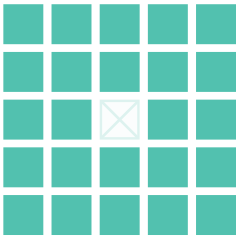
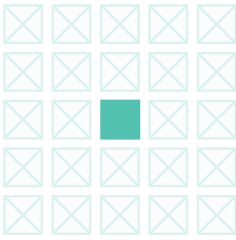
According to our industry regulator, the Financial Conduct Authority (FCA), a financial advice firm must identify itself clearly as providing either 'independent advice' or 'restricted advice' and must then act in a way which is consistent with this description. To qualify as providing 'independent advice' an individual financial adviser must provide a personal recommendation to each of their clients based on an individual assessment of a sufficiently diverse range of products and providers. This is a test which must be passed in respect of each piece of advice given, for each area of advice, to each client of the firm. Advice provided on any other basis must be described as 'restricted'.

In theory, if a firm decides to remove even a single product or provider from the universe of products from which it intends to select a suitable product for an individual client, then it must describe its advice process as 'restricted'. Also, if a firm chooses to assess the whole of the potential market in respect of one area of advice but to restrict its selection to a sub-set of another advice area, then it must not describe itself as 'independent' but rather it must explain exactly how the restriction operates.

It's not surprising that many clients and some advice firms find the nuances of such multiple approaches to advice confusing. It also mitigates to some extent against a firm deciding to specialise in one particular area describing itself as 'independent'. Whilst the advice sector and the FCA continue to debate whether there's a better way of distinguishing between and describing potentially multiple advice models, presently we have to work within the confines of the existing definition.

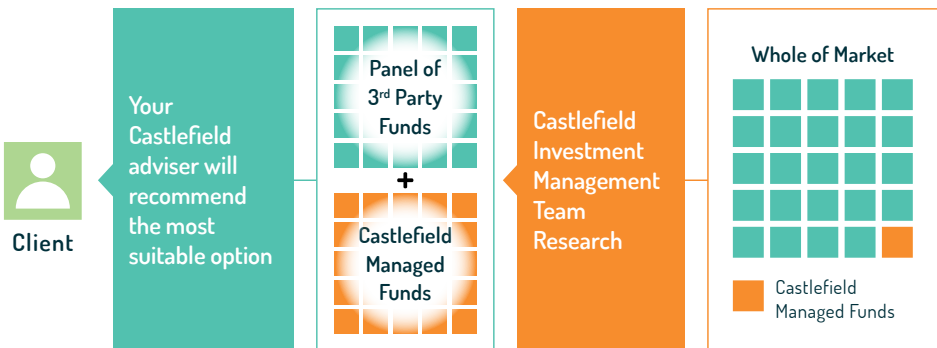
What does the Financial Conduct Authority mean by “Restriction”?

Consider the advice on selection of one type of investment or product...

INDEPENDENT ADVICE	RESTRICTED ADVICE	
<p>Your adviser must assess the whole of the market each time they make a recommendation to you.</p>  <p>Access to the whole of the market.</p>	<p>Your adviser must assess a sub-set of the market each time they make a recommendation to you.</p> <p>There are varying forms of Restricted Advice between and including...</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="434 432 673 802"> <p>Minimum form</p>  <p>Access to the whole of the market, minus just one single option.</p> </div> <div data-bbox="748 432 986 774"> <p>Maximum form</p>  <p>Access to only one single option.</p> </div> </div>	

Castlefield’s Voluntary Restriction

Castlefield’s advice team have access to Castlefield’s investment management team, who in turn will provide a properly-researched and regularly reviewed list (or panel) of potentially suitable investments and policies, which includes the funds managed by Castlefield.



What's the nature of the voluntary restriction Castlefield has chosen to apply?

Rather than finding the time to research and recommend products for each of their clients, alongside focusing on their core financial planning role, our advisers are fortunate to be able to draw on the collective experience and expertise of a well-resourced investment management team. In effect, our advisers have access to a properly-researched and regularly reviewed list or panel of potentially suitable investments and policies, in turn compiled with the needs of our typical client in mind. In effect, an assessment of the whole of the available market is conducted, in order to populate the panel with a range of potentially suitable products and investments, which then form the basis of our advisers' recommendations to their own clients.

Importantly, we believe that it will often be the case that a product or service managed day-to-day by our investment management team will prove to be a suitable option for many clients. Where our investment management team offers a suitable product or service for an individual client, our advisers will typically recommend it. Where no such suitable product is available, they'll recommend the most suitable option from a range of third-party products drawn from the whole of the relevant market.

Why has Castlefield chosen to apply this voluntary restriction?

We've chosen to specialise in providing financial planning and advice on a fairer basis, so that our services can remain accessible. We do this by concentrating on outcomes that we believe meet most of our clients' needs. We want to try and make our approach simpler to understand for our clients.

In our view, the definition of 'independent advice' is too much of a constraint on our ability to provide a consistent and cost-effective service to our typical client. As we've chosen to specialise, both in terms of the sorts of investments we feel comfortable recommending and in the types of client we expect to find our services relevant, we're confident that we've a good feel for the types of product (and the providers of them) most likely to fulfil the needs of our typical client. This means that our advisers are free to concentrate on their important financial planning role, in the knowledge that they can rely on their investment management colleagues to select and manage their clients' investments day-to-day. We call this a two teams per client approach.

It seems sensible to us to ask our investment experts to select investments and to ask our financial planning experts to focus on client-centric financial advice.

This is especially so because our investment management colleagues take the stewardship of the money they manage on behalf of our clients very seriously. This approach helps to ensure that our clients' views are passed on to investee companies and that their management teams are properly held to account. This is also the best way of ensuring that our clients' money is invested responsibly and with their individual values in mind.

Do other companies apply restrictions in this way?

Whilst many financial advice firms describe themselves as 'independent', many also operate successfully with some form restriction in place. Our own experience suggests that clients come to us predominantly as a result of recommendation from a trusted friend or family member, or increasingly because they like what they see on our web site. Considerations such as our ability to help clients to define their goals and the extent to which they're satisfied with the outcomes of our advice and find it good value for money, are all key factors.

It simply isn't possible to generalise about how successful restricted advice is, could or should be. Whilst to claim to be 'independent' implies the need for a firm to act in accordance with a single, FCA-defined advice model, there are too many permutations of the 'restricted' model to make any valid generic claims about the effectiveness of restricted advice possible. A restriction could be imposed by a larger parent company or it could be self-imposed, as in our case. Restrictions can still involve clients gaining access to a diverse range of products directly relevant to them.



Do independent financial advisers offer a better service than restricted financial advisers?

As far as we can tell there's no proof that independent firms offer a better service than restricted firms or vice versa – certainly not by virtue of the fact that they have one status or the other. We don't see any direct link between this required regulatory disclosure and client service or indeed client advice outcomes.

In general, independent financial advice is still largely a form of cottage industry in the UK, with almost 90% of advice firms by number operating with five advisers or fewer. In fact, 47% of advice firms operate with only one adviser¹. Given the inherent significant and ongoing challenges of providing regulated advice to the FCA's required standard, each of these small firms now needs to be run by an expert in multi-tasking. Not only that, but it's not difficult to see that it's unusual for the typical advice firm to have access to a well-resourced, in-house investment team and so it's not surprising as well that many independent advice businesses are run by one or two front-line advisers who must attempt to keep abreast not only of their clients' financial planning needs, but also of developments in investment markets, compliance with FCA rules and promoting their business. Not to mention all of the other important obligations involved in running a business these days.

We think that's just too much of a challenge, if advisers are also to provide truly client-focused financial planning advice.

1. FCA publication 'The Retail Intermediary Market', published 6/6/19

QUESTIONS ABOUT THE CASTLEFIELD ADVICE TEAM & PROCESS

WILL I MEET WITH A NAMED CASTLEFIELD FINANCIAL ADVISER?

Whether or not you choose to meet an adviser in person in part depends on the service you feel is right for you. That said, your primary contact will be with a named adviser, who will be responsible for all of your agreed financial planning needs and will be the key person in helping you to decide which products and services are most suitable for you – both at the outset and ongoing, if you choose.

ARE CASTLEFIELD'S FINANCIAL ADVISERS ABLE TO ADVISE ON ALL ASPECTS OF MY FINANCIAL PLAN AND STRATEGY?

We're confident that we can provide fully holistic advice to our target client group. We focus on providing advice on regulated investments and most forms of pension. Our Client Agreement and brochures contain more details and your adviser will be able to discuss your exact needs.

IF CASTLEFIELD ADVISES ON MY FINANCIAL PLANS AND STRATEGY CAN I CHOOSE TO USE AN INVESTMENT MANAGER OTHER THAN CASTLEFIELD?

If you currently use another investment management firm to look after a portion of your assets and your adviser assesses that they remain the most suitable option for you, then they will not recommend a change.

If you currently don't take advantage of an investment manager and your adviser believes that you'd benefit from using one, then they'll recommend that you use our own investment management team.

IS CASTLEFIELD'S ADVICE ABOUT MY FINANCIAL PLANS RESTRICTED OVERALL OR JUST THE ADVICE TO USE AN INVESTMENT MANAGER?

Whilst we expect that many of the clients we advise currently and most of those who will be attracted to our service in future, will find the use of our investment management team to their advantage, there's no presumption on the part of our advisers that this will be the case. Finding the most suitable option for you remains the key test for our advice team.

Beyond any decision to use a form of discretionary investment management arrangement, our advisers have access to a well-researched panel of other products and services, drawn from across the whole marketplace, and designed to provide a sufficiently comprehensive list from which they'll select elements relevant to your own financial plan.

WHAT HAPPENS IF I ALREADY HAVE A RANGE OF INVESTMENTS FROM A NUMBER OF DIFFERENT PRODUCT PROVIDERS? WILL YOU JUST RECOMMEND THAT I SELL THEM?

Doing what's right for you remains paramount. Your adviser is under no pressure to recommend the disposal of any existing investments or policies which are considered by them to remain suitable for you. If in future it's appropriate to rebalance your investments or to recommend an outright sale of all or part of your current portfolio, your adviser will look to select replacements from the well-researched and regularly reviewed panel of possible options from which they are able to choose the most suitable option for you. Where a product or service managed directly by the investment management team is suitable, your adviser will recommend making use of it.

HOW ARE CASTLEFIELD'S CHARGES IMPACTED BY THE WAY THE ADVICE PROCESS WORKS?

Our advice team and our investment management team each charge separately for the services they provide to clients. The way our two teams interact, as outlined above, plays no direct part in the level of fees applied by each. We do however aim to make sure that clients who take advantage of both our ongoing advice and our proactive investment management benefit from a combined charge which is demonstrably fair. As a client of our advice team you'll be provided as a matter of course with an initial and ongoing analysis of the total fees and charges you pay. This will include our advice fees, any fees paid to our investment management team and any other third-party charges.



QUESTIONS ABOUT THE CASTLEFIELD INVESTMENT MANAGEMENT TEAM & PROCESS

IS FINANCIAL ADVICE DIFFERENT TO INVESTMENT ADVICE?

Partly because we recognise that financial planning advice and investment management are different but complementary skills, we've decided to adopt the advice process outlined here.

We feel strongly that clients deserve the best of what we have to offer from each side of our business.

CAN I ACCESS INVESTMENTS FROM THE WHOLE OF MARKET VIA CASTLEFIELD'S INVESTMENT MANAGEMENT TEAM?

It's important to bear in mind that, in a regulatory sense, the terms 'independent' and 'whole of market' are not completely interchangeable. This is probably why confusion remains in terms of clients' understanding of precisely how the advice process works in the UK.

The voluntary restriction that our advice team chooses to apply is broadly to rely on experts in the investment management team to manage their clients' money directly. Alternatively, where this is not a suitable option, we'll recommend suitable alternative funds and policies, initially selected from across the whole of market, but presented to our advice team in the form of a well-researched and regularly reviewed panel. This means that the funds and policies available to a business which describes itself as 'independent' remain potentially available to us too.

Even where our clients' money is managed day-to-day by our investment management team their portfolios are often invested partly in funds managed by other highly regarded investment houses, so that client portfolios represent a blend of investment skills.

ARE THERE ANY TYPES OF INVESTMENT THAT CASTLEFIELD'S INVESTMENT TEAM ARE UNABLE TO PROVIDE ACCESS TO?

In terms of whether or not we would be 'unable' to invest in one type of investment or another, the simple answer is 'no'. However, the actual choices the team will make will depend on their investment views and on the individual investment objectives and risk profiles of the underlying clients concerned.

Of course, there are many types of investment the investment management team will remain 'unwilling' (rather than 'unable') to invest in. As a team driven by a responsible and sustainable investment approach they will not invest in areas of the economy or in business models we and our clients find in contravention of our shared values.

HOW BIG IS CASTLEFIELD'S INVESTMENT MANAGEMENT TEAM?

We're already a substantial team and growing too. You can find details on our web site by visiting:

www.castlefield.com/about-castlefield/meet-the-team

Then choose 'Investment Management' from the 'Department' drop-down list.

DOES CASTLEFIELD'S INVESTMENT MANAGEMENT TEAM FOCUS ON ANY SPECIALIST AREAS OR INVESTMENT TYPES?

Our investment management team is a specialist in the areas of responsible and sustainable investment. They utilise a proprietary investment selection process called "B.E.S.T" and combine this with an approach to sustainability which allows many individual clients to guide the investment choices we make in managing their individual portfolios. The team is also guided more generally by an independent External Advisory Committee. They're signatories to the Financial Reporting Council's UK Stewardship Code, holding Tier One status and are members of the FRC's Investor Advisory Group.

**IS CASTLEFIELD'S
INVESTMENT MANAGEMENT
TEAM ABLE TO INFLUENCE
COMPANIES ON ISSUES
SUCH AS CORPORATE
SOCIAL RESPONSIBILITY,
SUSTAINABILITY AND
EMPLOYEE OWNERSHIP?**

Yes, this has demonstrably been the case. What's more, we make no apology for believing that the best way for us to ensure that our clients' money has a voice is to manage that money directly, as far as practically possible. We know this approach works in terms of helping investee companies to accept the need for change and to listen respectfully to the views of their owners, our clients.



AND FINALLY...

Who can I speak to should I have any further questions?

Please speak to your financial adviser if you still have questions about the way that we work or the potential impact on you.







THE THOUGHTFUL INVESTOR

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All the above corporate entities are part of the Castlefield employee-owned group.

Please remember that the value of investments and the income derived from them can go down as well as up and that past performance is not necessarily a guide to future performance. Therefore, any decision to make an investment should not solely be based on an assessment of past performance figures.

Please also bear in mind that the information in this document is not intended as an offer or solicitation to buy or sell securities or any other investment or banking product, nor does it constitute a personal investment recommendation.

Finally, to avoid this small print section becoming longer than the preceding body of the brochure, please refer to our website for other important information before reaching any final decision to engage our services: www.castlefield.com