

Due diligence

April 2024

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Company information

A.1 Company details

A.1.1	Company name	Walker Crips Investment Management Limited (WCIM) WCIM is a wholly owned subsidiary of the Walker Crips Group plc (Walker Crips Group). References to Walker Crips refer to Walker Crips Group and all its subsidiaries.
A.1.2	Registered address	Old Change House 128 Queen Victoria Street London EC4V 4BJ United Kingdom
A.1.3	Website URL	https://www.walkercrips.co.uk
A.1.4	Telephone and fax numbers	Telephone +44 (0)20 3100 8000 Fax +44 (0)20 3100 8001
A.1.5	Primary contacts	Wesley Coultas, Head of Investment Management wesley.coultas@wcgplc.co.uk Direct +44 (0)20 3100 8254 General +44 (0)20 3100 8100 Rachel Blythe, Head of Model Portfolios rachel.blythe@wcgplc.co.uk Direct +44 (0)1904 544 338 General +44 (0)20 3100 8100 Shane Bennett, Head of Investment Strategy shane.bennett@wcgplc.co.uk Direct +44 (0)20 3100 8139 General +44 (0)1872 248 688 Chris Kitchenham, Head of Direct Equities chris.kitchenham@wcgplc.co.uk Direct +44 (0)20 3100 8219 General +44 (0)20 3100 8100 Stephanie Fox, Head of Customer Support stephanie.fox@wcgplc.co.uk Direct +44 (0)1904 544 326 General +44 (0)20 3100 8100

Company information

A.2 Organisational structure

A.2.1 How would you describe the company?

Investment Manager

WCIM's principal business is the provision of discretionary and advisory investment management services to private customers, charities and corporate entities.

WCIM provides these services as part of Walker Crips Group's wider offering.

A.2.2 Brief history of the company

Our mission is to make investment rewarding for our customers, our shareholders and our staff and giving our customers a fair deal. We support our investment managers and our staff by being a technology driven financial services company.

Our predecessors first bought and sold shares on the London Stock Exchange in 1914.

Today, Walker Crips Group plc offers a range of services to customers; investment management, financial planning, pensions, share dealing, structured investments and cloud based regulatory technology solutions.

Walker Crips Group plc is listed on the London Stock Exchange.

A.2.3 Ownership status

Walker Crips Investment Management Limited is a wholly owned subsidiary of Walker Crips Group plc.

A.2.4 Entity with which the customer would be contracted

Walker Crips Investment Management Limited

A.2.5 Should the entity's own capital be insufficient to support continuing operations, what parental guarantees are in place?

Capital is available from the parent company. The Group manages its capital in line with the Financial Conduct Authorities (FCA's) Capital Adequacy Requirements.

A.3 Corporate governance

A.3.1 Does the entity have a corporate governance policy?

A culture and conduct policy is in place which covers corporate governance and the internal governance structure is detailed in the Group's organisational charts.

A.3.2 How do you monitor and review compliance with your corporate governance policy?

Compliance with corporate governance is monitored by our Risk Management and Compliance Committees and reviewed at board meetings. In addition we have an Internal Capital and Risk Assessment (ICARA) process which is reviewed and updated annually and signed off by the board.

Company information

A.3.3	What steps have you taken to enhance the environmental and social impact of the business?	<ul style="list-style-type: none">• Staff are encouraged to travel on public transport through the availability of interest-free season ticket loans;• Video and telephone conferencing facilities reduce the necessity of travelling to attend internal meetings;• Increasing electronic storage of documents rather than retention of paper versions;• Electronic distribution of reports, contract notes, etc., to reduce paper consumption;• Recycling of waste wherever possible;• All portable electronic appliances are safety tested every two years;• Old fluorescent light tubes are disposed of in the appropriate manner, as is all computer and other electrical equipment;• Measures to increase security and staff safety have been implemented;• A cycle to work scheme has been introduced making cycling more affordable and a healthy commuting option for staff;• Secure parking spaces are provided to staff for bicycles; and• A payroll giving scheme is in operation allowing staff to donate to their chosen registered charity direct from their earnings.
		Please see WCG’s Environmental Strategy Report contained within our Annual Report for further details on the wider work we are doing.
A.3.4	Are you affiliated with any trade bodies?	The Personal Investment Management and Financial Advice Association (PIMFA) London Stock Exchange (LSE) The Investing and Savings Alliance (TISA)
A.3.5	Please provide details of the executive directors	Executive Directors of Walker Crips Group plc Sean Lam – Chief Executive Officer Sanath Dandeniya – Group Finance Director
A.3.6	How frequently are board meetings held?	Walker Crips Group plc - 7 across the year Walker Crips Investment Management - 5 across the year
A.3.7	Please provide details of any independent directors	Walker Crips Group plc Martin Wright - Chairman Hua Min Lim - Independent Director Clive Bouch - Audit Committee Chairman David Gelber - Non-Executive Director
A.3.8	Please provide detail on any environmental and/or social governance policies or practices the business adheres to	At the present time, WCIM does not carry out in-house ESG screening. WCG has an Environmental Strategy, including the Task Force on Climate Related Financial Disclosures (TCFD). You can read about this in our Annual Report.

Company information

A.4 Regulation and insurance

- A.4.1 In which jurisdictions is the company regulated to conduct investment business? United Kingdom
- A.4.2 How many customer complaints has the company received in the last 3 years? How many of those remained outstanding for over 12 months? As at 31/03/2024 we have received 51 complaints over the last 3 years. At the time of writing, none of the complaints received within the period have remained outstanding for over the period of 12 months.
- A.4.3 Would a customer of the company be covered by the Financial Services Compensation Scheme (FSCS) for regards to securities and/or cash? As we operate solely in the UK, our customers, where applicable, are covered by the Financial Services Compensation Scheme (FSCS).
- For cash, FSCS rules have set the maximum compensation limit at £85,000 per person, per authorised institution. However, all balances with any particular bank, including personal accounts, would be aggregated in the event that the compensation scheme was triggered.
- FSCS rules state that the maximum compensation for investments is limited to £85,000 per person, per authorised firm.
- More information is available on the FSCS website (www.fscs.org.uk).
- A.4.4 Does the company hold professional indemnity insurance (PI)? Walker Crips has taken great care to ensure the quality of its insurance provision.
- As a result, we have specialist professional indemnity cover in place that will protect Walker Crips and its customers in the event of fraud, misappropriation or theft of any customer's assets in our custody and control, including both cash and securities.
- Walker Crips' professional indemnity policy provides up to £8m cover in aggregate and up to £4m of cover per individual claim.
- A.4.5 How have you assessed that your insurance cover is appropriate & suitable? PI Insurance has always been maintained in line with FCA requirements. Reg Data returns to the regulator have provided confirmation to the regulator.
- A.4.6 What is the company's FATCA status? Walker Crips Investment Management Limited is a participating Foreign Financial Institution (FFI) within FACTA.
- A.4.7 Are you classified as independent or restricted under Retail Distribution Review (RDR) in the UK? WCIM is classified as restricted.

Company information

A.5 Resourcing

A.5.1 Number of permanent employees

Permanent Staff: 218
Effective Date: 12-2023

Please note, this excludes any self-employed and pro term consultants and refers to Walker Crips Group plc

A.5.2 Number of investment professionals

Investment Professionals: 53
Effective Date: 12-2023

Please note, this figure includes self-employed associates and refers to Walker Crips Group plc

A.5.3 Breakdown of investment professional responsibilities

Area	Number of investment professionals
Discretionary investment management	37
Research function (i.e. analysts/ economists/ etc.)	Our strategic and analytical function, using external primary research, is conducted by the Central Investment Team (see below), which is comprised of practitioners drawn from different parts of the Walker Crips Group.

These figures refer to Walker Crips Group.

A.5.4 Please provide details of key investment personnel

Wesley Coultas, Head of Investment Management
Wesley joined the Walker Crips Group in 1997. He is responsible for developing the business strategy of the Private Client Department. Wesley is a Chartered Fellow of the Securities Institute and holds a Level 6 Certificate in Private Client Investment Advice and Management. Wesley also looks after customer portfolios and specialises in bespoke and model portfolio investment management.

Rachel Blythe, Head of Model Portfolios
Rachel joined Walker Crips in 2019, coming from Progeny Asset Management. Rachel has a background of managing various portfolio offerings, including bespoke, model and an award winning AIM portfolio service. Rachel has an excellent grasp of both direct and collective propositions and is focused both on maintaining existing relationships and working closely with other financial professionals, ensuring customers receive the best possible service. Rachel holds the CISI Level 7 Chartered Wealth Manager Qualification and is a member of the Chartered Securities Institute.

Company information

Shane Bennett, Head of Investment Strategy

Shane joined the industry having obtained a first-class honours degree in International Financial Services. He has over ten years of investment experience, managing a range of discretionary model portfolios as Head of Investment at an Independent Financial Advice firm. He holds a range of industry qualifications, including the CISI Level 7 Chartered Wealth Manager qualification, and is a member of the Chartered Institute for Securities and Investment. He was awarded a UK Top 30 Under 30 Wealth Manager by Citywire over multiple years.

Chris Kitchenham, Head of Direct Equities

Chris is the Head of Direct Equities and specialises in bespoke portfolio management. He manages portfolios on behalf of a wide array of customer types including individuals, SIPPs, trusts and charities. Chris is responsible for constructing portfolios in accordance with customers' investment objectives and risk tolerance. Chris graduated in Economics from University of Kent and is a Chartered Fellow of the Chartered Institute for Securities and Investment. He holds the Securities Diploma and Investment Advice Certificate from the Chartered Institute for Securities and Investment, and the Investment Management Certificate from CFA UK.

Stephanie Fox, Head of Customer Support

Stephanie has over seventeen years of experience working in financial services covering various roles and has been at Walker Crips for 6 years working in the pensions team and subsequently transferring into Walker Crips Investment Management. Previous to Walker Crips, Stephanie has worked for Aviva, Barclays, HSBC and St James' Place to build her knowledge in a variety of financial services fields. She has always had a keen interest in investment management and building relationships with customers and third parties alike.

Company information

A.5.5 Outline any Key Person or other succession planning risk mitigation

We recognise that succession planning is a key mitigator of the ongoing risk of significant personnel changes, as documented in our Internal Capital and Risk Assessment (ICARA) process.

We believe our overarching investment process and guidelines lend consistency and continuity to Walker Crips' approach to our customers.

We manage customer portfolios on a team basis via the Central Investment Team (CIT), with a lead investment manager assigned as the main point of contact.

In addition, given our relatively small size, other team members are familiar with customers other than those for whom they are directly responsible.

Furthermore, for similar reasons, our support staff are knowledgeable about our customers and their requirements, which ensures efficiency and continuity in account administration.

Team work and continuity are enhanced by our flat organisational structure and short lines of communication.

Walker Crips is of a manageable size and it is not a bureaucratic place, which facilitates rapid and informed decision making.

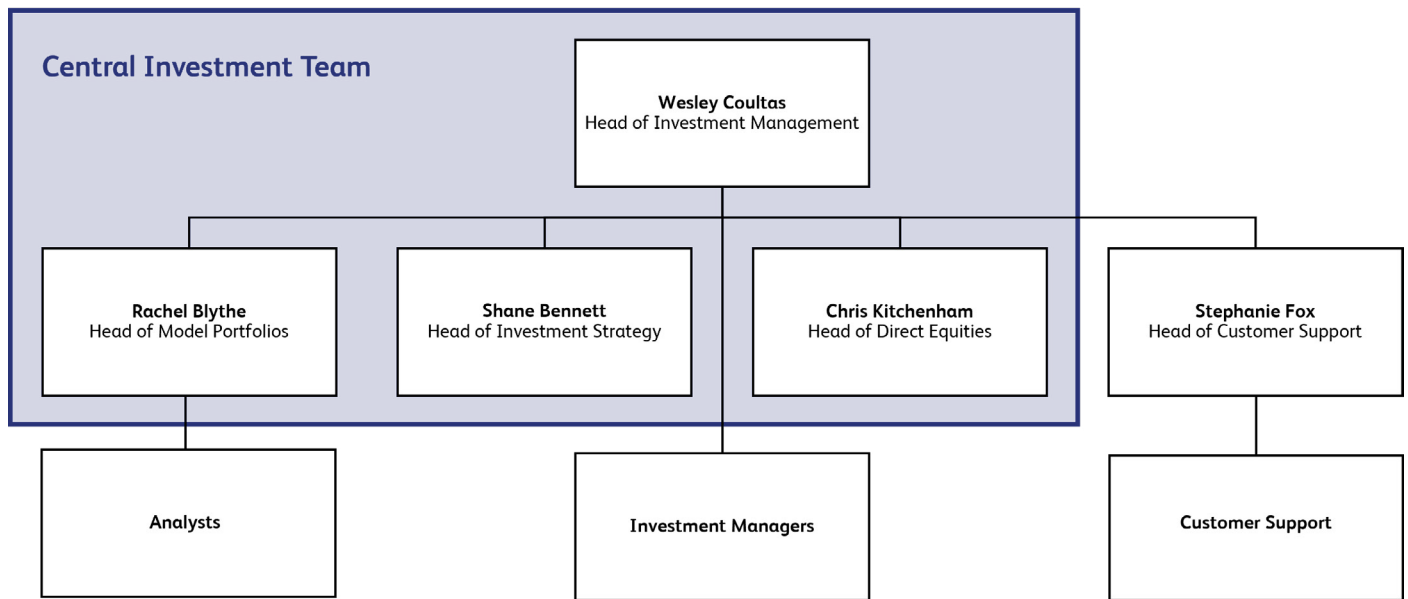
We encourage team work and we recognise the importance of encouraging younger team members and supporting continued career development.

We seek to foster long term commitment through employee equity participation.

Key Person Insurance is in place for the executive directors of Walker Crips Group plc.

Company information

A.5.6 Please provide an organisational chart



A.6 Remuneration of personnel

A.6.1 Outline your employee remuneration / bonus scheme

Staff and Directors' bonus schemes are published in Walker Crips Group's Annual Report & Accounts.

Employees may qualify for an annual discretionary bonus as determined by the Remuneration Committee.

Please see Section A.6.2 below for more information about remuneration.

A.6.2 How are the objectives of key discretionary investment staff aligned with those of the private customer investor?

We believe that our independence, transparency and visibility, which represent the bedrock of our focused business strategy, ensure the alignment of our interests with our customers. The nature of our business is such that there is reasonable stability, which enables us to plan with confidence and gives our customers certainty.

In addition, WCIM operates on a clean fee basis, there is a natural alignment as we are beneficiaries of successful investment performance and the increased value of our customers' portfolios.

Key investment personnel's remuneration is dependent on Key Performance Indicators (KPIs), such as customer satisfaction, compliance adherence, team behaviour and a wider collaborative approach.

Complaints and errors will be taken into account in assessing compensation.

Investment approach

B.1 Investment activities

B.1.1	Total Assets Under Management & Administration (AUMA)	AUMA	Effective Date
		£5 bn	31 March 2023

B.2 Discretionary private customers

B.2.1	Who is the customer's primary contact within the business?	WCIM does not have separate relationship managers and investment managers. The Investment Manager is the primary source of contact. All those who are responsible for customers whose portfolios are managed on a discretionary basis are closely involved in the investment management process.
B.2.2	Which jurisdictions do your investment managers operate from?	The UK is the sole jurisdiction from which Walker Crips operates.
B.2.3	Please list your regional office locations (if applicable)	Birmingham, Bristol, Epping, Inverness, London, Newbury, Norwich, Truro and York.
B.2.4	On average, how many discretionary private customers will each investment manager be responsible for?	Fewer than 100 (WCIM)
B.2.5	How many discretionary private customers does the company manage in total?	In excess of 3,500 (WCIM)

B.3 Charity customers

B.3.1	Who is the customer's primary point of contact?	We do not have specific Charity investment managers or relationship managers – as with regular customers, the IM is the primary point of contact.
B.3.2	Which jurisdictions do your investment managers operate from? Do you have relationship managers in additional locations?	UK
B.3.3	How many charity type relationships does the company manage in total?	Around 110 (2024)
B.3.4	What is the smallest charity customer size considered?	£100k

Investment approach

B.4 Investment philosophy

B.4.1 What is your investment philosophy?

WCIM has earned its reputation as being fair, capable and distinguished and has always treated each customer as an individual. Over the last century, its culture has remained founded on traditional values while its investment approach has adapted to meet the challenges of the changing economic environment. WCIM's approach is founded upon integrity, fairness, diligence, responsibility and loyalty. Such values are central to the way in which WCIM works with its customers. Individual Investment Managers (IMs) have the flexibility to address the specific requirements of individual customers without being fettered by a central investment dictum. However, they are required to contain the portfolio risk within the risk framework as provided by our in-house dealing system. IMs can vary in their specific approach to customers' investments, but can use the investment capability and intelligence provided by the Central Investment Team ("CIT") (a committee of practitioners, generalists and specialists) and various research tools to manage or to advise on customers' investments. Within the CIT's modern investment process, WCIM's investment philosophy allows the dedicated team that constitute the CIT to address the prevailing opportunities and threats so as to achieve customers' investment aims and objectives.

Our independence and approach to risk management are central to our investment philosophy.

- Independence

WCIM's independence of any financial institutions leaves us free to choose the right investments at the right time to obtain optimal outcomes for its customers. This approach ensures that there are no conflicts of interest when WCIM manage investments for its customers.

- Flexible

Well organised and nimble, WCIM can respond rapidly to changes in market sentiment and wider global developments; and adapt to suit its customers' needs.

- Transparent

In all WCIM's dealings on behalf of its customers, its service aims to be transparent. WCIM's interests are aligned with its customers, so that they can be confident IMs are always acting in their best interests.

The personal service WCIM offer is supported by WCIM's investment process which acts as a foundation or support for the service it offers its customers. WCIM's approach is customer centric and its philosophy based on meeting its customers' wishes, requirements and their appetite for risk in order to invest in what is suitable for them. WCIM are structured to ensure clear distinctions between the different functions of informed decision-making based on external research and data, risk assessment, portfolio construction and, thereafter, monitoring.

Investment approach

The CIT's investment philosophy is not wedded to a particular investment style or trend. It addresses the forces, pressures and opportunities afforded by the financial markets at different stages in the economic cycle. WCIM seeks to understand trends in asset classes and allocate capital to areas of the market where it sees the greatest opportunity. Diversification is fundamental to WCIM's investment portfolio construction in order to mitigate risk so as to deliver consistent longer term performance, without being reliant on particular managers or investment philosophies.

It is vital to analyse financial markets and anticipate where opportunities lie, as inevitably, different approaches will do well at certain times, whilst others will lag.

In the same vein, the selection of investments within a portfolio is rooted in their potential for providing a steady and growing income alongside potential capital growth – for a given level of risk (in equity exposure, for example). WCIM strives for positive real returns (those exceeding inflation) in order to sustain asset values. Thus, dividends, coupons and other forms of income hold an important place in WCIM's thinking because they have represented the backbone of long term returns. A company's ability to provide a sturdy dividend and to grow its dividend, or to pay a coupon and redeem its debt as a robust credit, is the essence of good long term investment.

This disciplined approach allows for the identification of investments with the potential for growth and/or income - whether this comes from an equity, a bond, a fund or an alternative asset.

Risk management

We believe our role is to take calculated risks with customers' money, in order to generate returns. Therefore only by having a comprehensive understanding of both the customer's attitude to risk, and the risks inherent in portfolios, are we executing our role effectively. We believe the importance we place on risk management sets us apart from our peers.

Three pillars uphold our approach to risk in customer portfolios. We aim for risk to be:

- **Deliberate** – we seek to identify and remove any unintentional risks in customer portfolios
- **Diversified** – we aim for risk to be broad-based, rather than taking a small number of bets in a portfolio
- **Scaled appropriately** – we place great importance in understanding a customer's attitude to risk, and try to ensure that the scale of risk in a portfolio is appropriate for that customer.

Investment approach

B.4.2 Has your investment philosophy changed over the last three years? Have there been any major changes over the long-term?

WCIM's investment philosophy was formally established and put into place in 2012. In 2014, a greater focus was placed on **risk management and portfolio construction**. This was evidenced by the purchase and development of both internal and external risk systems and processes. Our investment priorities remain the preservation of capital and generation of recurring real income.

B.4.3 How do you differentiate from your peers?

We believe our focus on **risk management**, drawn from the institutional fund management backgrounds of some of our portfolio managers, sets us apart from the vast majority of our peers.

Our size, scale and philosophy enable us to look after customers as individuals.

We have **total transparency and clean fees**, with annual management charges, which are agreed with all customers.

We are unusual in that we offer discretionary investment management services for accounts of c. **£25,000 and upwards** – and a bespoke service for accounts over c. £50,000. We believe the minimum investment amounts that our competitors require are far higher.

In addition, our portfolios can comprise a mixture of **direct equities** and bonds, and closed and open-ended funds.

WCIM's settlement and other support services remain **in-house**, rather than being out-sourced to a third party. WCIM has a very experienced support team, whose individuals are familiar with its customers and their requirements.

B.5 Investment proposition

B.5.1 What investment solutions are available to customers? What is the recommended minimum portfolio size for each of these solutions?

Discretionary Bespoke – £50k
 Discretionary Model Portfolio – £25k
 Discretionary Model Portfolio Service on platform – Subject to platform minimums

B.5.2 Please indicate which of the mandates you feel you can deliver against (by way of a ✓). Please also highlight which areas you believe to be your particular strength (by way of a +)

	Cautious	Balanced	Steady growth	Equity risk	Cash +
Relative risk to world equities	0-40%	40-60%	60-80%	80-100%	
GBP	✓+	✓+	✓+	✓+	✓
USD					
EUR					
CHF					
CAD					
Other					

Investment approach

B.5.3 Is your discretionary solution accessible via a Wrap Platform?

Yes.

Our customers can access our discretionary solutions through Aviva, Fidelity Advisory Solutions, Morningstar, Transact and Wealthtime (formerly Novia).

B.5.4 Please outline your customer suitability policy?

WCIM can ultimately engage with customers in several formats.

With Intermediary business this can be:

1. Agent as Customer - where the Intermediary takes on all suitability responsibility and they themselves effectively become our customer. This can be over all solutions available and is the only way to access the Managed Portfolio Service available on third party platforms.
2. Introduced - where the Intermediary introduces us to their customer and we engage with them directly, taking responsibility for suitability.

Where there is no Intermediary involvement, Investment Managers are responsible for ensuring that the suitability of a portfolio is demonstrable. WCIM does not offer personal financial planning advice to its customers and, because of this, it is unable to help customers by assessing their overall financial planning needs and priorities. Only a wealth advisory or financial planning service may look at financial circumstances (such as pensions, protection, mortgage, inheritance etc.) in their entirety for planning purposes. WCIM's Investment Managers ensure that the customer understands the limits of their service in this regard.

B.6 Investment performance

B.6.1 List any industry awards or accolades you have received in connection to any relevant services in the past 5 years

For 2024 we have again been awarded Defaqto ratings of 5* for Managed Portfolio Service
5* for Managed Portfolio Service on third party platform

B.6.2 Do you use any independent services to verify your discretionary performance? If so, are their outputs available to intermediaries?

We subscribe to Asset Risk Consultants (ARC), FE Analytics (FE) and Defaqto. All our outputs are available to Intermediaries

Investment approach

B.7 Investment process

B.7.1 Describe your investment process

WCIM has developed an investment process which aims to meet each of its customers' objectives and requirements. With its long-standing experience of working with private customers, WCIM is familiar with the issues individuals face and it has established a system of asset allocation that is immediately applicable for the vast majority of those customers who WCIM works with. WCIM's investment process has five stages. WCIM follows the first four stages to establish customer portfolios, while the fifth stage, monitoring and evaluation, manifests WCIM's continuing responsibility to its customers and its longer term view of its relationships with them.

1. Define the customer's objectives – WCIM reflects their individual wishes and requirements, taking into account associated risks and volatility, including the risk profile questionnaire.
2. Strategic Asset Allocation – WCIM determines the right mix of asset classes.
3. Tactical Asset Allocation – WCIM decides the appropriate asset allocation and implements the strategy in the context of current market conditions.
4. Individual Portfolio Construction – WCIM selects individual investments within each asset class.
5. Monitoring and review – WCIM monitors performance and reviews tactical asset allocation and specific investments.

Central Investment Team

The Central Investment Team ("CIT") comprises investment professionals, drawn from different areas of the Walker Crips Group, with specialist knowledge that complements and reinforces that of other CIT members. WCIM believes this fosters a healthy forum for debate and decision making. Decisions are made speedily on the back of sound reasoning and 'voting weight' is lent to those with conviction. The CIT's decisions, both security-specific and in terms of asset allocation – are pivotal in the construction of our model portfolios, which form the basis of the Walker Crips Managed Portfolio Service offering. The model portfolios can also act as a template for bespoke customer mandates, subject to individual customer requirements.

Although portfolio managers have the discretion to make individual decisions on customer portfolios, they can choose to abide by the directional views of the CIT (being overweight equities, for example, or underweight fixed income) and stay within pre-defined exposure ranges.

Investment approach

The CIT initiates the investment process by gathering and interpreting information and scenario analysis, assessing both short and long-term investment indicators, using in-house views as well as information, company research and macroeconomic research drawn from external sources. This process begins with a 'Top Down' approach to address global macroeconomic issues in order to evaluate and seek out opportunities by Asset Class, Country, Sector and Theme which, relative to their risk, can present real and healthy returns. WCIM then applies a 'Bottom Up' approach using quantitative analysis, internal review & external research to identify assets that represent real value. The bottom-up process is informed by the Patricians' forum, which meets monthly and is open to all investment managers to express their views.

The CIT's objectives are to provide the appropriate risk and return to meet broad ranges of individual customer requirements and to outperform the peer group and benchmarks on a risk-adjusted basis. Walker Crips' Bespoke Discretionary Management service and our MPS are central to WCIM's offering for those customers who want their portfolios to be managed on a discretionary basis, enabling them to concentrate on other priorities.

The CIT meets monthly to discuss investment markets, news and macroeconomic developments and how they affect the valuation of assets that are held in WCIM's customers' portfolios or that might potentially be added to them. The MPS relies on PIMFA benchmarks to supply the Strategic Asset Allocation, and Tactical Asset Allocation decisions are made during the CIT's monthly meetings. In addition to the CIT's monthly meetings, it can convene on an ad hoc basis in 'abnormal' market conditions or to address a specific situation, which enables it to take advantage of short and medium term opportunities in the financial markets and to try to safeguard the quality of customers' investments.

Research

WCIM has found that customers benefit more from a variety of genuinely independent opinions and sources of information than from a dedicated limited in-house research function. WCIM has therefore resisted the creation of its own in-house research team. So, whilst Walker Crips does not produce its own primary research, it benefits from the receipt of research from primary research houses, specialist houses and economic research houses. It also benefits from the use of the above by IMs to decide and opine on specific aspects of investment.

Investment approach

When asset allocation or security-selection decisions are made by the CIT, the rationale is broadcast in the Minutes of the CIT. The decisions of the CIT are made with reference to an overview of prevailing research, a summary of the universe (e.g. the Flagship Fund list of over 50 preferred open-ended funds). If there is any new information, fresh research, results or company statement contrary to the existing view of a fund (or company or Investment Trust), this may be communicated through the CIT.

Funds

WCIM has an approved list of funds, known as the “Flagship Fund list”, which it has selected from the broader fund universe. WCIM’s investment process has created this list as a guide and, whilst the MPS will invest in those funds that are included on it, other funds are available to investment managers to meet individual customer needs if justified as suitable. Fund selection is undertaken by WCIM’s CIT, who, through extensive research, identify open and closed-ended funds and investment trusts with a variety of risk and return characteristics that meet its portfolios’ longer term objectives. A fund’s investment style, size and underlying liquidity are all important factors, as is the volatility of a fund against its peer group. Manager meetings and due diligence are central to WCIM’s fund analysis.

We consider all of our customers’ needs and requirements in constructing portfolios and so we look at all asset classes.

B.7.2 Are there any asset classes / strategies that you would not consider investing in, or particularly favour?

We do not offer Islamic portfolios nor pure emerging / frontier market portfolios, as these are not areas of core competence.

B.8 Investment tailoring

B.8.1 Do you offer customer risk profiling? If so, by what method? How often is a customer’s risk profile reviewed?

WCIM provides customer risk profiling, using a proprietary risk profile questionnaire, which we have designed and developed ourselves. We have mapped our outputs to other independent risk profiling tools.

Risk profiling is undertaken at least once a year and more regularly, if required.

Where we engage in an Agent as Customer basis with an Intermediary, we work with them and follow their guidance in respect of risk profiling.

Investment approach

- B.8.2 Provide details of how portfolios are constructed on behalf of a customer. Is it possible for the customer to be involved in this process?
- Walker Crips believes that long-term returns are primarily driven by asset allocation. Our approach to portfolio construction is primarily defined by the customer's attitude to risk and capacity for loss. Having assessed a customer's attitude to risk (or had that assessment communicated to us by an intermediary) we will devise an asset allocation that is appropriate for that customer, with the relative weightings of equities and fixed income being central to that allocation. Model portfolios are measured against the PIMFA benchmarks, and we ensure that a range of risk metrics are within our permitted ranges. Within our bespoke offering, Walker Crips is able to take account of customers' specific situations or requests. For example, we will reduce a portfolio's weighting to property if we understand that the customer has significant property interests outside of their portfolio.
- B.8.3 Are you able to offer ethical portfolio screening? If so, please provide details of the process involved
- WCIM does not carry out its own in-house ethical portfolio screening. Instead, we only add holdings to the ethical portfolio that carry out their own ethical screening process. Therefore, WCIM does not have control over the underlying instruments held in the funds within the ethical model portfolio.
- B.8.4 How much discretion does an individual investment manager have over the construction and operation of a customer's portfolio?
- Individual investment managers have full discretion for the composition of Bespoke portfolios, but there are controls in place to restrict overall risk.

B.9 Investment risk management

- B.9.1 Please provide details of your investment risk management policy and procedures
- Risk management is central to the investment process of WCIM. Our MPS use third party providers such as FE Analytics to provide performance and risk analysis across our principal MPS strategies. We calculate attribution analysis internally.
- The Central Investment Team ("CIT") monitors the performance of individual investment managers managing bespoke portfolios, and is also responsible for designing the internal Risk Management Framework. The suitability of asset allocations and individual holdings in bespoke portfolios is monitored by the Suitability Team working under the Risk Management Framework. They do this through a review process that seeks to ensure that the investment approach and customer portfolios remain appropriate for the risk tolerances of each strategy.
- To ensure a disciplined and rigorous investment process, the CIT's approach is governed by Walker Crips guidelines, checks and procedures.

Investment approach

All asset allocation decisions are made in a fixed sequence:

- Strategic Asset Allocation: the correct allocation (for customers) to Cash, Bonds, Equities, and Alternatives asset classes; Tactical Asset Allocation: the application of strategy in the context of current market conditions and ranges of asset allocation; and Portfolio construction: the selection of funds and the allocation to individual countries and sectors.
- Asset allocation is reviewed monthly by the CIT. Tactical asset allocation can be reviewed more frequently, as Walker Crips see fit and as circumstances demand on an ad hoc basis.
- Fund selections are overseen by the CIT.
- Generally 10% maximum in any one collective investment vehicle in the models (there are circumstances in our portfolios where this can be extended to a maximum of 20% in government securities and diversified funds, with increased monitoring).
- Overall investment risk management is the responsibility of the CIT.
- Each individual mandate is the direct responsibility of the Investment Manager who looks after the underlying customer.

B.9.2 How do you enforce investment restrictions into your day-to-day portfolio management?

Ethical considerations are incorporated on a bespoke, case by case basis.

The Group Finance Director is responsible for credit risk limits.

Investment Managers' work is overseen by the Central Investment Team and monitored by the Suitability Team. Minimum and Maximum exposures are covered by Walker Crips' detailed Investment Guidelines, which limit exposure to any individual equity, bond or collective investment vehicle.

B.9.3 How do you oversee and control counterparty risk (prime brokers, banking/cash management providers)?

Daily reports are reviewed by operational management and are used to address current and future exposures. Overall oversight is provided by the Group Finance Director\Head of Group Risk.

Our ongoing monitoring of counterparty risk is governed by the IFPRU section of the FCA's rules (IFPRU is the Prudential sourcebook for Investment Firms).

The Head of Group Risk is responsible for scrutinising the credentials of potential counterparties.

The Head of Group Risk reviews Walker Crips' total exposure to different banks. We will only deposit in money banks with strong credit ratings, typically F2 with Fitch. Exposure is spread over at least four institutions.

B.9.4 Please provide details of your currency hedging policy

We will only take currency risk where we are seeking specific exposure to that currency. We do not hedge.

Investment approach

B.9.5 Do you ever use derivatives for non-currency hedging purposes? WCIM does not use derivatives for non-currency (although it is authorised to do so).

While Walker Crips Structured Investments (a trading name of WCIM) does not transact in derivatives directly, options pricing is integral to the pricing of structured investments.

B.10 Fund investment

B.10.1 Do you use internal / external funds in your discretionary investment portfolios? When we use funds in discretionary portfolios, we would only use external funds.

B.10.2 What diligence process does the business undertake when considering investment in a particular fund? Fund selection is undertaken by our Central Investment Team ("CIT") which, through research, identifies funds with a variety of risk and return characteristics that suit our portfolios' longer term objectives. An individual fund's investment style, size and underlying liquidity are all important factors, as is the volatility of a fund against its peer group.

Manager meetings and due diligence are central to our fund analysis. Additionally, the CIT is responsible for monitoring the core approved list. Our list is under constant review, to enable us to respond promptly as necessary for reasons of performance or changes in management.

B.10.3 What liquidity profiles do you require when considering investment in a particular fund? Please provide details WCIM typically uses funds with immediate liquidity.

B.10.4 What level of transparency do you require when considering a potential investment in a fund? Total transparency.

B.10.5 Do your discretionary managers operate from an approved list of funds? If so, how many funds are on it and do discretionary managers have the ability to invest in other, non-approved funds? Fund research and selection is the responsibility of our Central Investment Team. We have an approved list of funds, all of which we have researched and constantly monitored if they are to maintain their position. Our investment process has created this list and within the models, we will only invest in those funds that are included on it.

Customer administration

C.1 Custody

- C.1.1 Please detail the full legal title and address of your nominated custodian bank, and where appropriate, the ultimate parent holding company of the custodian
- Walker Crips holds stock in its nominee company, WB Nominees Limited. WB Nominees' sole purpose is to hold Walker Crips' customers' assets (and not the firm's assets).
- Walker Crips holds most UK equities and bonds in Crest, within its nominee company.
- For overseas stocks, Walker Crips' main custodian is HSBC Bank Plc, HSBC Securities Services, 8 Canada Square, London E14 5HQ.
- In certain circumstances, primarily with securities held overseas, local law and regulations may mean that investments have to be held in another vehicle.
- C.1.2 Does the nominated custodian provide custody for all instruments and investment types?
- No.
- C.1.3 How are customer assets held?
- Customer assets are held through a pooled nominee account.
- C.1.4 Do you maintain separate records to the custodian and how often are custodian statements reconciled to customer statements?
- We keep separate records in our back office system of all securities bought and sold.
- We reconcile these records with our external custodian's statements on the last business day of every month.
- C.1.5 How are exceptions from the reconciliation process investigated and cleared?
- A dedicated reconciliations department follows these up on a daily basis, supervised by the Finance Director.
- C.1.6 Outline the controls and procedures in place to prevent the nominated custodian from engaging in the unauthorised lending of customer stock
- Walker Crips' agreement with its custodians does not permit the withdrawal of stock by anyone apart from authorised representatives of Walker Crips Investment Management Limited.
- We do not believe there is any scope for unauthorised stock lending. Furthermore, should a custodian, contrary to the legal agreement in place, lend the nominee company's stock, the reconciliation process would identify any irregularities.
- In addition, Walker Crips' customer asset processes and compliance with FCA rules are audited annually by its statutory auditors, PKF Littlejohn LLP (PKF). A report detailing the finding of this audit is then sent to the FCA.
- PKF conducts an audit of the control environment (including customer asset controls) and publishes a report demonstrating the systems and controls in place at Walker Crips.

Customer administration

C.1.7 What procedures and controls do you enforce to review and minimise counterparty risk?

Walker Crips' principal risk types are Credit, Conduct and Liquidity risk.

Credit Risk – counterparty risk is the risk associated with credit risk. This risk is mitigated as all institutional transactions are cash against delivery, while most of our customers' portfolios are relatively small, so effectively limiting individual exposures.

Conduct Risk – the risk of losses arising from any breach of the FCA's rules. Walker Crips believes that our strong compliance culture, underpinned by a well-resourced compliance team and sound controls, mitigate this risk. In addition, we organise and support regular training to ensure understanding of and adherence to FCA rules.

Liquidity Risk – Walker Crips faces three broad types of liquidity risk:

Bank default and other systemic risk – we use several banks to hold customers' and group funds.

Settlement failure – experienced management team monitors settlement performance.

Capital Adequacy – Walker Crips maintains a capital adequacy surplus well in excess of regulatory requirements and carries material surplus cash balances.

Walker Crips uses the Internal Capital and Risk Assessment (ICARA) process to manage its regulatory capital. The risk capital of the business is assessed and stress tested in order to determine whether any additional capital is needed.

More detailed descriptions of the ways in which we address risks are described in the sections above and additional information is available in Walker Crips' Annual Report.

C.1.8 Which legal entity physically holds customer cash?

Walker Crips holds all customer money in accordance with the FCA's client money rules. These rules require Walker Crips to hold customers' money separately from the group's funds with either a UK regulated credit institution or overseas equivalent.

For added security, Walker Crips spreads pooled customer deposits between several banks, all of which are fully authorised and regulated by the FCA.

In the unlikely event that any of these banks default, customers would be entitled to claim compensation from the Financial Services Compensation Scheme (FSCS). For more information, please see Section A.4.5 above.

Walker Crips regularly reviews the creditworthiness of the banks, as it needs to ensure it only uses those with a high credit rating, equivalent to F2 with Fitch.

Customer administration

Walker Crips has a signed written undertaking from the underlying banks that no right of offset exists between credit balances held on behalf of its customers and any indebtedness of Walker Crips Group, or any of its subsidiaries, held with the same institution.

C.2 Charges

C.2.1	What is your fee structure?	Please consult the tariff sheet for the service you require as well as our supplementary charges sheet.
C.2.2	How are cash balances and in-house funds treated when calculating fees?	Management fees are not charged on cash. We do not operate in-house funds.
C.2.3	What process is used to calculate the fees charged to customers?	Management fees are calculated daily and charged quarterly in arrears to 5th January, April, July and October of each year.
C.2.4	How are fees / charges deducted from customers' accounts?	Customer' accounts are debited and an invoice created. We always seek to maintain an appropriate level of cash to settle fees. If there is insufficient cash on account, disposals will be made.
C.2.5	Do you charge performance-related fees?	No.
C.2.6	Can you enable a customer to use their portfolio as collateral in a lending arrangement?	Yes, but dependent upon individual circumstances. Details of fees /charges are available on application, as they can vary, especially if we utilise an external platform to facilitate.
C.2.7	Are you able to provide an "adviser charging" facility?	Yes we do, subject to signed confirmation from the end customer. This can be initial, recurring or both.

C.3 Customer reporting and relations

C.3.1	How frequently are portfolio valuations issued to customers?	Every quarter.
C.3.2	Can historic valuations be generated?	Yes.
C.3.3	Do you provide customers with an online customers portal to access information regarding their portfolio and current valuations?	Yes.
C.3.4	On what basis are securities valued?	Mid-market.
C.3.5	Please provide details of your security pricing policies and sources	Interactive Data provides our price feed for the majority of securities held in portfolios.

Customer administration

C.3.6	What process do you have in place to account for self-certified and “stale prices”	Taken from Bloomberg on a manual basis when required, but monitored daily.
C.3.7	Do you offer seminars and educational events to private customers and professional intermediaries/charitable trustees?	Yes, when requested by professional connections or customers.
C.3.8	Do you publish investment insights or research on a regular basis?	WCIM produces a weekly Market Commentary, which is a round-up of macroeconomic and company news from the past seven days. It is approved by Compliance to be distributed to professional and retail customers alike and has received very positive feedback. Customers also receive quarterly updates alongside and in reference to their portfolio performance.

C.4 Tax considerations

C.4.1	Do you offer tax advice to customers?	No.
C.4.2	Do you offer UK tax reporting?	Yes.
C.4.3	Do you provide US / other tax reporting?	No.
C.4.4	Do you offer any Tax Reclamation services?	No.

C.5 Customer take on and departure process

C.5.1	Describe your customer onboarding process	This is easy and flexible and depends on the kind of arrangement. We apply customer due diligence (CDD) measures in line with regulation. For larger customers, we can provide more hands-on support if and however it is required.
C.5.2	Can a new customer transfer their existing portfolio from another provider in specie? If so, please outline the process	<p>Customers can transfer existing holdings into their accounts.</p> <p>Transactions relating to the transfers need to be populated with the transfer value and the book cost.</p> <p>The transfer value will be used when calculating performance, while the book cost will be used for CGT purposes upon disposal.</p> <p>The customer’s portfolio is then analysed against the appropriate risk profile.</p> <p>This is likely to generate either purchases or disposals to bring the customer’s portfolio into line with the appropriate risk profile.</p>

Customer administration

C.5.3 What due diligence process is undertaken on new customers?

With Agent as Customer relationships much of this is the responsibility of the Agent and we expect them to provide us with certified identification, Know Your Client (KYC) information and verification documentation.

Where appropriate for direct customers, account opening procedures require a fully completed fact finding document and appropriate identification and verification documentation. Further electronic checks are undertaken to verify this documentation. All account opening forms are reviewed and signed off by the Customer Onboarding Team before being processed. A mandate letter reiterating the basis for investment is then sent to the customer.

C.5.4 Outline your customer/portfolio exit procedures

WCIM will guide the customer through all stages of this process.

The customer needs to inform WCIM, either in writing or from a recognised email address, to initiate the transfer out of assets.

There is a charge of £15 per UK security and £50 per overseas security.

Global Custody will then arrange to transfer assets to the customer's new investment manager.

If there is sufficient money on the customer's account, the fees will be debited before the cash balance is transferred.

All charges and any outstanding liabilities must be met before any assets can be transferred.

Systems and service providers

D.1 Systems

- D.1.1 What investment management, analysis, reporting, and risk control systems do you use? When were they installed?
- Software House: Contemi
Back Office System: Settlement (installed 1998)
Wealth Management System: Portfolio (installed 2012 – updated 2018)
AWOL (internal Customer Relationship Management system)
Asset Risk Consultants (ARC)
Bloomberg
Factset
FE Analytics
- D.1.2 Outline the trade execution process once a decision to transact is made
- WCIM customer portfolios are run on the Contemi system, 'Portfolio'.
- Orders can be generated using the system. Portfolio is mainly used for model customers (due to its functionality).
- Portfolio will generate orders, which are routed to the dealing desk.
- Once the dealer has executed the trade in the market, details of the price and market maker are fed directly into the back-office system, Portfolio.
- D.1.3 Do you utilise an in-house dealing facility?
- Walker Crips' in-house dealing function is called AWOL – Advanced Walkers Online System.

D.2 Service providers

- D.2.1 Please list your major service providers
- | Service provider | Name |
|---------------------------------------|------------------------------------|
| Legal advisor | Charles Russell Speechlys |
| Auditors | PKF Littlejohn LLP |
| Bankers (if different from custodian) | HSBC, Lloyds, Barclays, Clydesdale |
- D.2.2 Please list any other relevant third party service providers
- Dion (settlement software), Factset, Interactive Data (data pricing), Euroclear UK & Ireland (CREST), Cofunds (Collectives Custodian)

WALKERCRIPS

Investment Management

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