

All about our investment philosophy and process

At Adam & Company, our goal is to meet your personal investment in the best way for your unique circumstances.

We believe there are certain market forces that benefit our investors. These form the basis of our investment philosophy and guide our investment process so that we can achieve the right risk-adjusted return for you.



What is Adam & Company's investment philosophy?

Our aim is to earn the best possible returns for your chosen level of risk (see our risk framework brochure for details). To enable us to achieve this, our investment philosophy is based on five core values.

1. We believe in active investment management and seek to add value for our clients through asset allocation, investment selection and currency management

Markets are inefficient at pricing securities in the short-to-medium term, but efficient in the longer term. By exploiting these inefficiencies, we believe we can enhance investment performance for you. Currency exposure can be an important driver of portfolio risk and return, so we treat currency as a distinct investment consideration.

Although we are active managers, we seek the lowest-cost route to generate the returns you want. We believe cost-effective access to our investment ideas is a fundamental obligation and can offer you the proper trade-off between higher active management returns and lower passive investment costs.

2. Empirical evidence shows that equities deliver the best real returns over long timeframes

Investing in equities can entail considerable volatility and risk, so we take a long-term approach, allowing time for markets to correct these pricing inefficiencies in our clients' favour. However, we also use other asset classes as essential portfolio building blocks, especially for lower-risk clients or for clients with shorter time horizons.

3. We believe a non-dogmatic, unbiased approach to investing improves results for our clients

In multi-asset portfolios we select investments without bias to any region, sector, asset class or style, giving us a better chance of achieving a positive performance and value for you. By remaining style agnostic we protect your portfolio from becoming overdependent on the success, or otherwise, of one particular mode of investing.

This pragmatism allows us to operate as a broad church, offering many different investment approaches – all with the goal of delivering the best risk-adjusted results for you. The only exception is in our approach to direct equities, where we look predominantly (although not entirely) for companies with high returns, strong barriers to entry, strong cash flow and powerful market positions. These are typically described as 'quality' companies and over time they have been shown to generate great returns.

Overall, we maintain centralised control of the investment process, to ensure we research and implement a wide range of bottom-up investment opportunities in an institutionally disciplined manner.

4. We believe that investing cannot be segregated from the world we live in

We therefore take all environmental, social and governance (ESG) issues into consideration in our investment process. This means exercising our stewardship on the companies and funds we invest in, and engaging with and encouraging businesses to consider ESG matters. Longer-term, we believe this will help to ensure the stability and resilience of the financial system.

5. We believe a client-centric approach to investing is essential to meet each client's individual investment requirements

We implement a rigorously designed risk-profiling system to align your portfolio with your needs and objectives. We also believe that as many as possible of our client-facing investment managers should get involved in our asset allocation, portfolio construction and security selection teams. This adds depth to our investment decisions and keeps managers and their clients tightly aligned with our investment process.

Investment involves risk. The value of investments and the income from them can go down as well as up and you may not get back the amount originally invested.

The investments discussed in this document may not be suitable for all investors. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment adviser.

How does the Adam & Company investment process work?

Our rigorous, robust and highly analytical investment process is based on a global asset allocation framework. It includes in-depth research, continuous monitoring and the interaction of a number of investment committees.

Like a combination lock, each layer of our investment process must be aligned before we can start to create a risk-adjusted portfolio just for you.

- Our in-house experts select investments from the open market to create a range of quality investment opportunities
- We offer nine different risk profiles to suit your specific attitude to risk
- We offer many different investments, including securities, equities, funds, exchange-traded funds (ETFs), investment trusts, alternatives, bonds and cash

- Our specialist investment committees combine their knowledge to agree the best positioning for your portfolio
- We check your portfolio against your objectives and the industry benchmark to make sure it's on track
- We actively manage and monitor your investments to maximise returns and minimise losses
- As we don't offer tax advice at Adam & Company, we'll work closely with any tax, accountancy or legal professionals supporting you, to make sure the decisions we make on your behalf dovetail with your other arrangements.



Thinking of your future

If you would like to know how our enlightened philosophy and specialist processes will work together to help you build the future you want, please get in touch. We'll be delighted to answer your questions and provide more details of our investment philosophy, process and services.

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Telephone calls may be recorded.

Important information

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The investments discussed in this document may not be suitable for all investors. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment adviser. External factors may cause an entire asset class to decline in value. Prices and values of all shares or all bonds could decline at the same time.

The tax treatment of all investments depends upon individual circumstances and the levels and basis of taxation may change in the future. Investors should discuss their financial arrangements with their own tax adviser before investing.

Past performance is not necessarily a guide to future performance.

Where investment is made in currencies other than the investor's base currency, the value of those investments, and any income from them, will be affected by movements in exchange rates. This effect may be unfavourable as well as favourable.

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