



Investment Process



KPM Financial Planning Ltd

KPM Financial Planning Limited is a member of the KPM Group of Companies



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KPM Financial Planning Ltd is Authorised & Regulated by the Financial Services Authority.

KPM Investment Process

We follow proven methods† of successful long term investing, providing our clients with the means to meet their objectives. The key areas of our process are as follows:

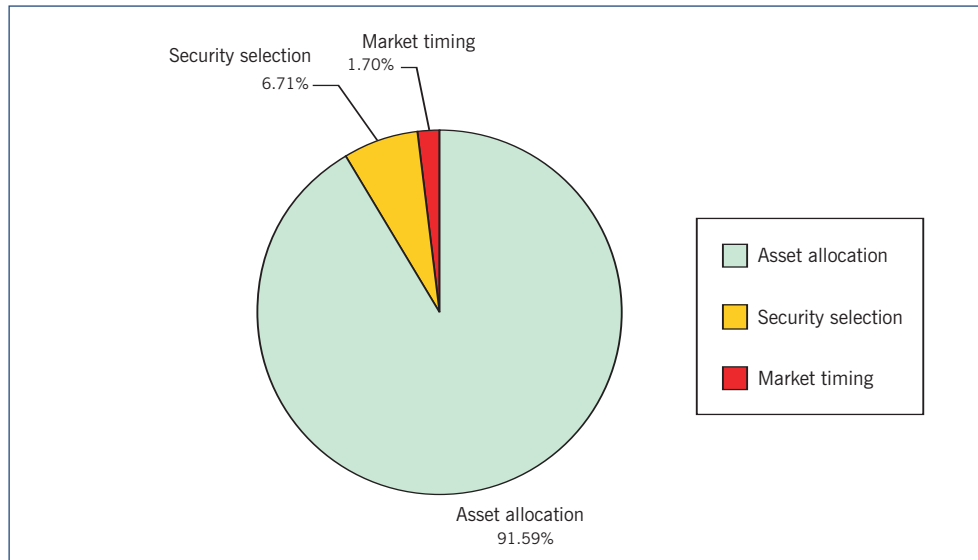
Asset Allocation

Different investment types tend to rise and fall in value at different times, eg. Over the past few years the housing market has risen while the UK stock market has fallen. Harry Markowitz was awarded the Nobel Prize in 1990 for his work in the theory of financial economics.

 The Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel 1990		
"for their pioneering work in the theory of financial economics"		
		
Harry M. Markowitz	Merton H. Miller	William F. Sharpe
1/3 of the prize	1/3 of the prize	1/3 of the prize
USA	USA	USA
City University of New York New York, NY, USA	University of Chicago Chicago, IL, USA	Stanford University Stanford, CA, USA
b. 1927	b. 1923 - d.2003	b. 1934

Asset allocation is the most important factor in determining the performance of investment portfolios. The three main factors that make up the performance of a portfolio are Asset Allocation 91.5%, Security/Stock selection 6.7% and Market Timing 1.7%. This is a method that we adopt within the KPM Investment Process.

Modern Portfolio Theory



Through the use of detailed computer modelling, the KPM Investment Process provides our clients with an optimal mix of assets giving the potential of a higher return for any given level of risk and steadier investment growth than would otherwise be expected.

Fund Selection

After assessing a suitable asset allocation mix for you, it is important to choose the most appropriate managers and funds within each sector. By selecting those fund management companies with special areas of expertise and those fund managers with a history of strong performance, an effective combination of funds can be compiled. Other factors we consider when recommending funds include:

- Consistency of fund performance
- Fund risk
- Value/growth orientation
- Small/large cap orientation
- Fund size
- Industry holdings
- Underlying stock holdings

† As shown by studies such as "Determinants of Portfolio Performance II: An Update," Brinson, Singer & Beebower (1991)