



## The Verso Investment Management Portfolios



The Pavis Premier Managed Portfolio Service has proven over the long term to have been a successful investment strategy. Now that we are part of the Verso group, we have built on this and evolved the Verso Investment Management Portfolio range. With Verso, we offer a discretionary managed portfolio service, which means the portfolio management of the Verso Investment Management Portfolios can respond and are more aligned to market events and changes. This is the Verso Investment Management Portfolio range – keeping what has worked with our own strategic asset allocation, and with the Verso's depth of investment expertise, additional tactical value. Our overall approach and thinking remains the same – robust, reliable and sensible measures, with the goal of delivering reliable returns, net of costs. We won't try to outperform a rising market by taking more risks, but we will try to protect your capital by reducing your exposure to equities which are deemed to be very expensive.

As your adviser, we will help you decide what is the right portfolio for you from the Verso Investment Management Portfolios to help you achieve your financial goals and objectives. Your tolerance of risk, capacity for loss and timescales for investing will determine the amount of exposure to growth assets (such as equities and property) you should hold.

We have helped generations of families and firms for over 30 years. Our purpose is to help you achieve prosperity, security and peace of mind.

**Pavis Financial Management Ltd**



Verso 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 the Verso Investment Management Portfolio range is to align with your objectives 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

**Verso Investment Management**

your financial adviser to choose from. Verso Investment Management Portfolios benefit from being operated by a team of highly competent investment professionals, and we advocate passionately for delivering a market-leading transparent and successful investment proposition.

When you entrust us with your assets, our commitment to meeting your expectations is paramount.

## What are the Verso Investment Management Portfolios?

The Verso Investment Management Portfolios offer a simple, efficient and cost-effective way of investing your assets. There are different options that can meet the needs and goals of most investors, and your adviser will recommend the portfolio that is suitable for you. It is a discretionary managed service. This means that the appointed 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. It is a collective portfolio service because it invests in funds which provide access to different markets and sectors. These are specially selected by Verso's investment management team from across the market.

Pavis and Verso have worked together to define the investment strategies and objectives. The overall objectives and asset allocation remain true to the original Pavis investment philosophy. However, the Verso Investment Management Portfolios will benefit additionally from Verso's market insight, to apply an agreed level of discretionary overlay to the asset allocation. The Verso Investment Management Portfolios will also benefit from Verso's fund research process to select the best underlying investments based on risk/return and value criteria.

### The benefits of the Verso Investment Management Portfolios

**Available across different tax wrappers:** The Verso Investment Management Portfolios can be held as personal investments across all tax wrappers and can also be used for Trust Funds and monies held in a Ltd Company.

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

**Lower charges:** The Verso Investment Management Portfolios have lower charges than most bespoke discretionary management services, and is competitive to other firms' managed portfolio services.

## Working with your adviser

We understand 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 an adviser at Pavis 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 we believe 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 starting-point.

This means the first stage in creating a financial plan is 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 how long these might take to achieve. They will also ask whether you are familiar with the financial world, and importantly how much risk you are prepared (and can afford) to take to achieve your goals. Verso Wealth Management offers a broad range of financial solutions, from defensive, where the emphasis is on stability, to adventurous, which is more suitable for longer term investors. So whatever your circumstance or financial aspirations, it is likely that your Pavis adviser 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

Pavis use a tried and tested risk profiling tool 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 Investment Management Portfolios have a range of portfolio solutions which offer different risk characteristics and are suitable for differing time horizons.

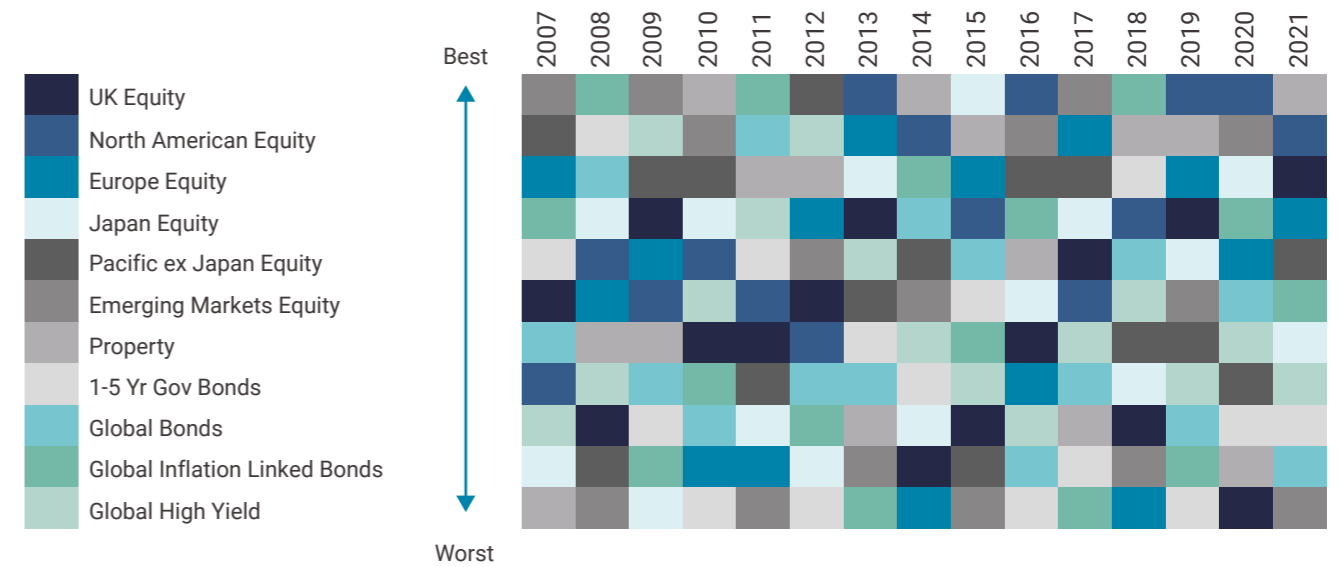
## How is your portfolio constructed?

### 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 above 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.

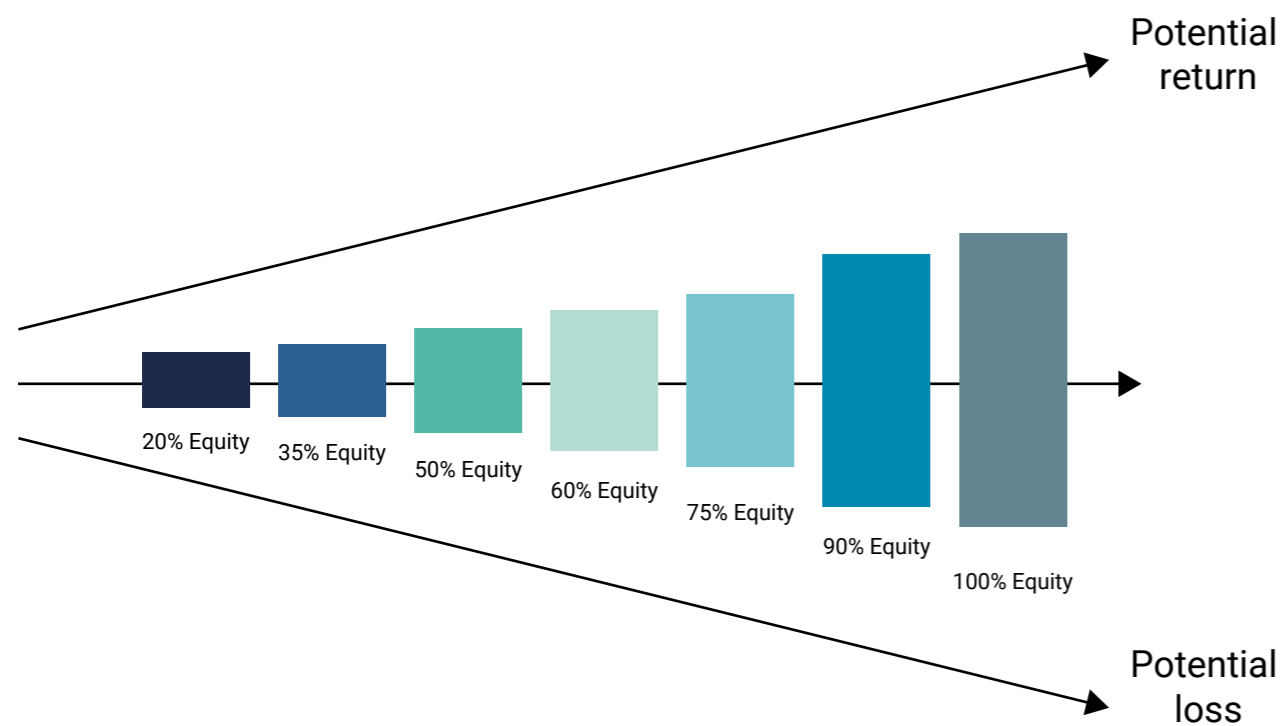
This is why diversification is at the heart of our investment process at Verso, so regardless of the level of risk you want to take, you can be sure your portfolio will be constructed around a range of assets. It helps to smooth out some of the peaks and troughs often associated with the investment world.

## Our investment strategies

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

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 as investment insight and we manage the portfolios judging how best to take opportunities and seeking to avoid pitfalls.

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. We also take account of issues like taxes and regulations, which can be overlooked and be detrimental to investors if not assessed correctly.



The Verso Investment Management Portfolio 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.



## Discretionary management

The Verso Investment Management 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.

A core part of our proposition involves the periodic re-balancing of your portfolio. The re-balance process ensures that your portfolio retains its desired asset allocation. By re-balancing we are in effect harvesting the gains on funds which have performed well during the period and reallocating the profits across the rest of the portfolio. In the simplest of terms we sell high and buy low. Pavis has been doing this since 2014 and our outstanding long-term performance is testament to this approach.

## Building Blocks

We believe in keeping the investment approach simple. Three building blocks are used to form the foundation of our Verso Investment Management Portfolios. The 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 portfolio with the goal to achieve the best returns allowed for the risk tolerance that applies.

## Index funds

The Verso Investment Management Portfolio range utilises index funds as its constituents.

These are funds which invest in all of the assets that make up a particular market index, providing full diversification across that chosen market. The investment managers do not seek to favour some of the assets over others. Since these types of funds do not rely on research teams assessing company performance and seeking to identify stock winners and losers, the fund management is much cheaper – meaning the cost of the service to you is cheaper.



## Income or Growth?

We focus on achieving a total return from your investment portfolio enough to help you achieve your financial planning goals. We try to limit the risk to a level that you will be comfortable with. Initially, our stance is neutral on whether this return consists of income, growth, or a combination of both.

The reason for this is that investment returns from income and growth under ISAs and pensions wrappers are tax-free, so there is no tax consequence to this stance. For unwrapped (general investments) although there could be a tax consequence, the availability of annual tax allowances can remove or reduce any amount payable.

Despite this default position, you may prefer to bias how we produce the return towards income, to help meet current spending or growth to meet investment objectives.

## Long-Term Growth Portfolio

### Meeting Growth Needs

Investors with long timescales can tolerate volatility of a portfolio. A typical example would be a pension scheme where you can't take benefits for many years.

Academic evidence supports the claim that smaller companies tend to outperform larger companies over the long term. Evidence of other factors, in particular that selecting shares on the basis of a filter by "value", tends to outperform the broader market.

We offer a growth-oriented portfolio for such investors. We've biased this towards shares in smaller companies and shares calculated to meet certain tests of "value".

You can expect such a portfolio to be more volatile than the conventional portfolio. But there are also reasonable grounds to expect it to deliver higher returns on average, over the long-term.

## High-Income Portfolio

### Meeting Income Needs

Some investors want a high income now to meet current outgoings – pension drawdown for example. Such investors can tolerate volatility of the capital value of the portfolio more than a reduction in income. There are two approaches to meeting these requirements:

- Follow a conventional investment approach, concentrate on total return and be prepared to sell assets at regular intervals to supplement portfolio income with withdrawals of capital.
- Construct a portfolio aiming to deliver higher levels of income to reduce the need to regularly sell assets to supplement the portfolio income.

To allow you to follow the second approach, we offer a high-income variant of the model portfolios. This boosts portfolio income from both the fixed interest and market risk elements.

No "free lunch" exists in the investment world. To achieve a higher income, we have to accept a higher degree of volatility of capital.



## What sets the Verso Investment Management Portfolios apart?

The Verso Investment Management Portfolios, which are only available through Pavis and Verso, are built upon a robust and proven investment process utilising capabilities from each part of the firm honed over many years.

**Both advice and investment solutions are being delivered from under the same roof, so we are integrated, connected and consistent. This means we are aligned to deliver an investment solution that meets your needs.**

- This is a personalised service, meaning your interests are at the centre of everything we do
- Financial markets can change quickly so being nimble is key. Think of Verso as having large firm expertise, but with small firm agility
- Our investment team has over 100 years of combined experience and have reached the pinnacle of academic and professional achievement
- 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
- Using cutting-edge technology combined with significant buying power allows us to keep our charges competitive, meaning you keep more of the returns
- All of our solutions are flexible so they can be adjusted to allow for changes to your individual circumstances.



## 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

Verso Investment Management Portfolios are provided by and managed by Verso Investment Management LLP, a Verso Group company. Verso Investment Management 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.

Verso Investment Management LLP, in providing the Verso Investment Management Portfolio 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.

## Contact us

☎ 0151 375 9848

✉ [enquiries@pavis.co.uk](mailto:enquiries@pavis.co.uk)

🏠 4 St Paul's Square, Liverpool, L3 9SJ

