



Heritage Investment Approach

Heritage investment philosophy

Our investment style is generally conservative. Our clients' investments usually represent a substantial portion of their accumulated wealth and may often be pension or trust moneys which we seek to preserve and enhance.

We place great emphasis on building a well diversified portfolio, with an appropriate combination of the major investment asset classes, including shares, bonds, cash and property.

Heritage investment approach

Our investment objective is to generate attractive long-term returns with a lower risk than that associated with the major stock market indices.

We recognise that good investment returns are only possible if a certain amount of risk is undertaken and that historically equities have offered a better alternative than bonds and cash to the long-term investor. However, we feel that it is important not to underestimate the considerable risks involved in equity investment and we therefore seek to manage and control this risk through diversification of equity risk, as well as investing in less risky alternatives such as fixed interest securities and income producing investments with asset backing such as property. We also believe that this *conservative approach* is appropriate given the profile of a typical client portfolio and the serious approach that we take to the responsibility of managing wealth entrusted to us.

Our approach can also be described as *long term* as we believe that good investment ideas often take time to reach fruition and that a short term approach based on significant trading merely serves to add to the costs and reduce the expected returns. We do not profess to know which way the markets are going in the short term and are very sceptical of those who claim that they can. However, we do believe that a well researched investment purchased at a discount to the its intrinsic value (the expected future cash flows) will more often than not result in a satisfactory return if held for the longer term.

Flexibility and common sense are also important to our approach. We are distrustful of following particular investment styles or fashions and prefer to maintain a more flexible and pragmatic approach based on our own criteria of value. We also believe that investment management is not a pure science and we therefore use a combination of rigorous financial analysis and straightforward common sense.

The above approach has enabled us to build an excellent track record, now stretching back well over 10 years, of significant outperformance of the major equity market indices and the vast majority of other funds.