TRUSTEE INVESTMENT SERVICE

BEYOND WEALTH MANAGEMENT

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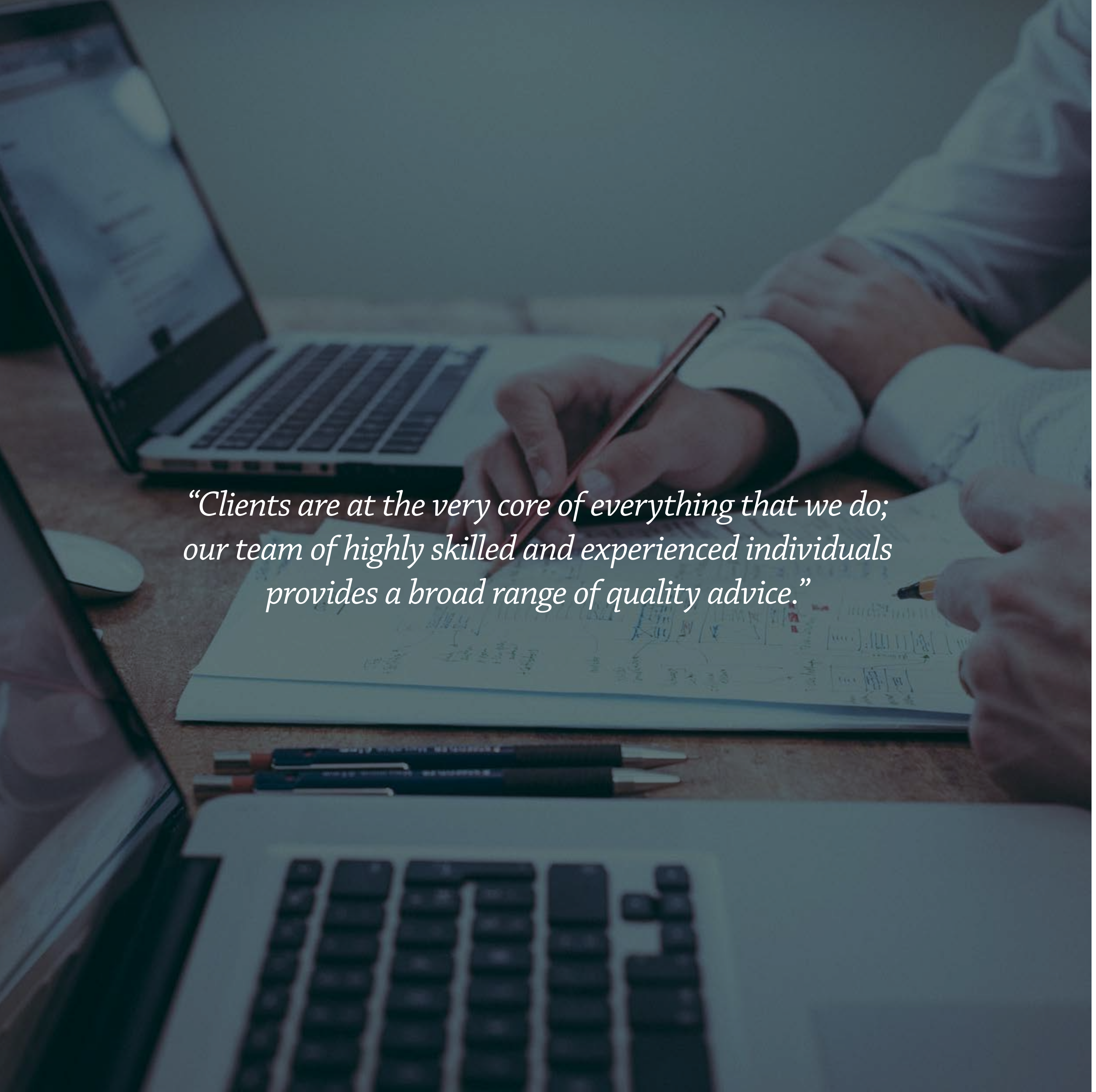

Three Counties was formed in 1989 and for nearly 30 years we have been very aware that what our clients require is consistency in their financial planning and advice, coupled with a first-class investment management service.

This investment specialism has resulted in Three Counties providing investment guidance and advice to trustees across the country, enabling them to fully comply with the trustee Act 2000. The Act legislates on how trustees manage and invest the wealth held within trusts, as well as safeguarding against the abuse of these powers.

Fundamentally, the Act imposes a duty on trustees to exercise these powers with a reasonable level of care and skill, considering the size, nature and purpose of the trust.

A professional trustee or someone with specialist knowledge is expected to show the highest level of care and skill. A layman acting as a trustee would not be expected to demonstrate the same level of skill, however, they are still bound by trust law and are expected to act prudently.

Engaging Three Counties to assist with the investment management of the trust can demonstrate that due care has been taken and can help to ensure that all trustee responsibilities are considered and adhered to. Indeed, the Act directs trustees to take advice before investment decisions are made.

Three Counties can assist the trustees in many ways:

- To ensure that the trustees act in line with the powers set out within the trust deed, and in line with the wishes of the settlor, where appropriate, managing income and capital distributions as set out within the deed.
- The trustees must understand the rights of the beneficiaries to capital and/or income and must often balance the competing objectives of beneficiary groups or different generations of beneficiaries.
- The investment objectives for the trust fund must be clearly understood and defined and the timescale for investment must be determined. Investments that are suitable for the trustees' objectives must then be chosen.
- An appropriate level of investment risk must be targeted and diversifying investments to achieve the chosen level of risk should be considered. The trustees should look to optimise returns for the beneficiaries whilst not taking undue levels of investment risk.
- Any investment portfolio chosen should be cost effective and tax efficient, in order to improve returns.
- The objectives, timescales and risk profile can change over time as the beneficiaries' own situations change and economic conditions vary. Any investments chosen must be reviewed regularly to ensure that they remain suitable for the trustees' needs and to determine whether the investments continue to perform in line with expectations.

It is crucial that the trustees demonstrate that the correct level of care and attention has been given to the investment of the trust fund. Appointing Three Counties can ultimately avoid complaints and potential litigation from disgruntled beneficiaries.

Assessing requirements

As with any investment strategy, the initial planning stages involve understanding fully the objectives for the fund and the required timescale to achieve those objectives. Three Counties' Trustee Investment Service will guide trustees through the following stages:

1. Understanding the purpose of the trust fund

The first stage of the process will be to review the trust deed, and any associated documents such as a letter of wishes from the settlor, in order to understand the provisions set out within the deed. Reviewing the deed will confirm whether the trustees have the power to distribute income and/or capital and whether these distributions are required to begin at predetermined dates. The deed will also confirm whether any investment constraints have been stipulated.

We will spend time discussing the objectives for the trust fund with the trustees in order to ensure that we have a clear understanding of the objectives for the fund and can advise the trustees accordingly. This may involve balancing the requirements of different sets of beneficiaries, such as those who are entitled to income and those who may eventually benefit from the preserved capital.

2. Determining the required timescale for investment

The timescale for investment can be dependent upon many factors, including the likely income and capital distributions over the coming years, the requirements of the various beneficiaries, any liabilities of the trust fund and the likely wind-up date for the trust. Considering and agreeing upon the likely timescale for investment will determine whether certain asset types and investment types are suitable for the trustees.

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3. Assessing the trustee's attitude to investment risk

Individual trustees may have differing views when it comes to deciding how much risk they are willing to accept when investing funds. It is important that the trustees are mindful of the fact that they are investing these funds with the trust's objectives in mind, and not in line with their own personal circumstances. Our Risk Assessment Document entitled "Your Investment Decisions" will be used as a starting point when considering the appropriate level of risk to adopt within the trust fund. This will be followed by detailed discussions with the trustees in order to agree upon a level of risk that is suitable.

4. Drafting and reviewing Investment Policy Statements

Once the objectives, timescale and level of investment risk have been agreed upon, a suitable Investment Policy Statement will be drafted. Any existing Investment Policy Statement already in place will be reviewed and amended, where required.

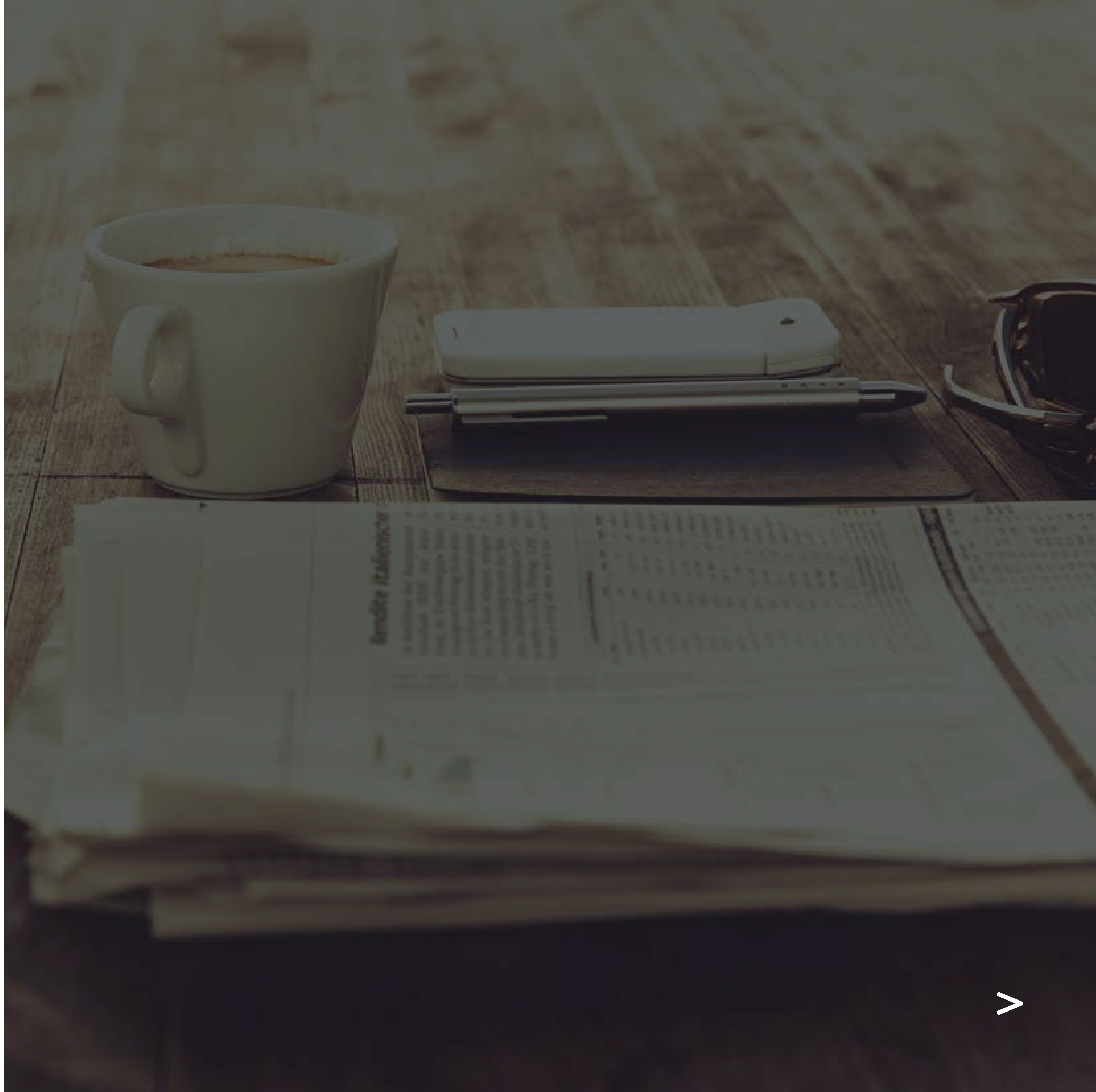
Whilst this is not a legal requirement, the statement provides useful guidance and ensures that both the trustees and the adviser are clear about the agreed investment mandate. The statement should be reviewed regularly to ensure that it remains up-to-date and relevant as the circumstances of the trust fund and the beneficiaries change over time.

5. Determining a suitable asset allocation model

The trustees' objectives, chosen investment timescale and attitude to risk will all be considered in order to determine a suitable asset allocation model for the fund. The asset allocation will be discussed and agreed upon with the trustees and will be tailored to their individual circumstances and requirements. It may be appropriate for the trust to hold a diversified investment portfolio alongside a cash fund, in order to balance the shorter-term requirements for liquidity with the longer-term requirements for income and capital growth.

6. Translating the investment policy into an investment strategy

Once the above steps have been completed, an investment strategy can be agreed upon. Three Counties has created a proprietary range of investment portfolios to ensure that the agreed attitude to risk of the trustees can seamlessly feed into the agreed asset allocation and finally create a robust investment portfolio to match the investment objectives set.



Monitoring the investment portfolio

Once the investment strategy is chosen, the trustees must agree how often the portfolio will be reviewed and the format that these reviews will take. Our portfolio reviews focus on two key areas:

Performance review

- Has the Investment Policy Statement been adhered to?
- Are the returns achieved in line with the trustees' expectations?
- What are the key areas of performance, risk and volatility within the portfolio?
- Is the level of return achieved acceptable, considering the level of risk taken?
- Are there any anomalies in the performance of the portfolio and how can these be explained?
- Does the selected benchmark continue to be appropriate and has the performance matched or exceeded this benchmark?
- Does the portfolio asset allocation continue to be appropriate?
- Do any deviations in the asset allocation explain any performance differences between the benchmark?

Strategy review

- Have the trustees' objectives changed and does the timescale for investment remain the same?
- Does the level of risk within the portfolio continue to be suitable?
- Does the chosen investment strategy continue to meet the trustees' objectives?