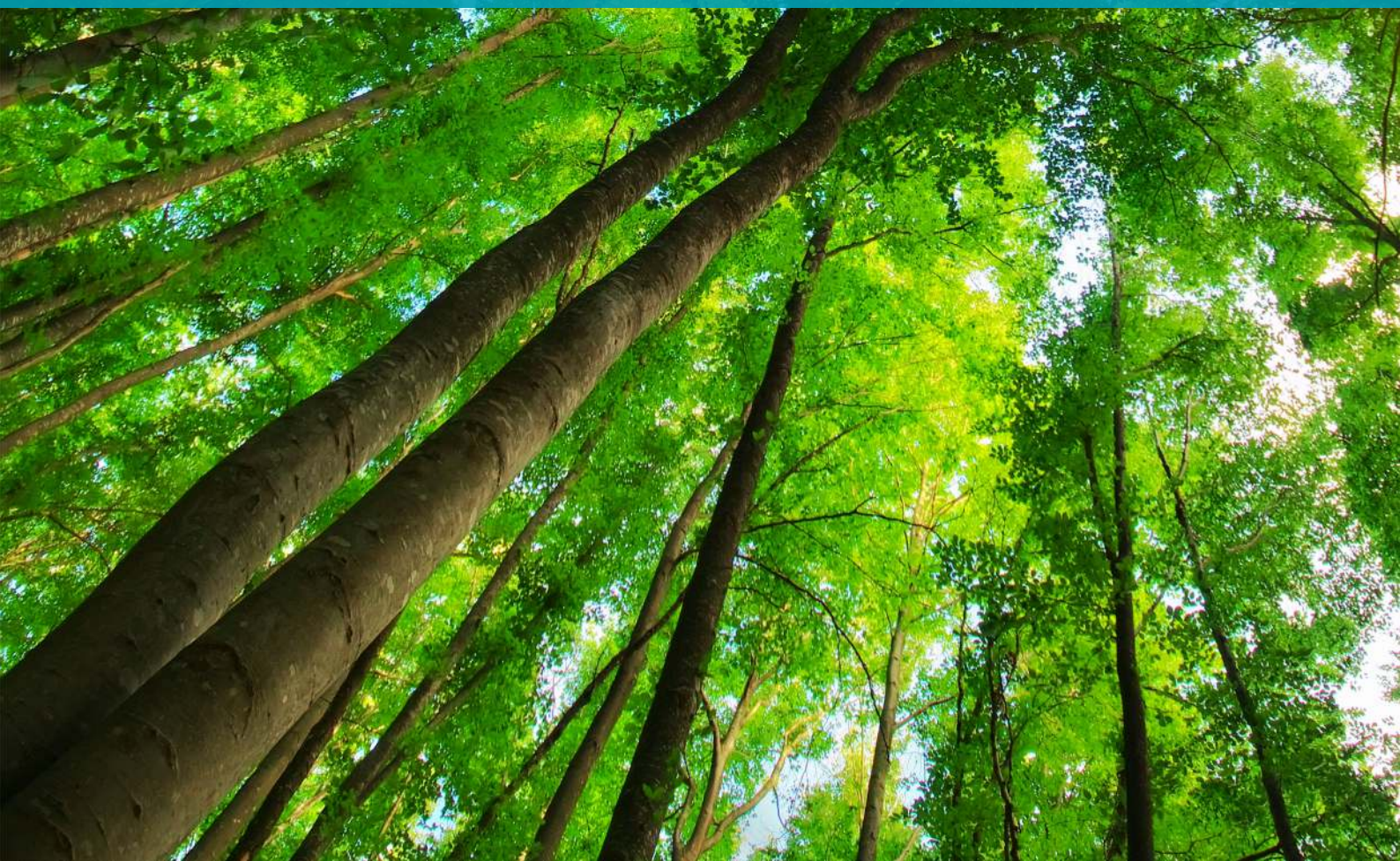
LEXINGTON
WEALTH MANAGEMENT

Your Family Index



Long-term financial security is a goal most investors aspire to, yet accomplished individuals and families know that attaining this objective requires more than hard work and luck.

We believe advancing and protecting a lifetime of wealth requires a personalised and focused approach that begins with determining your Family Index Number.

WHAT IS YOUR FAMILY INDEX NUMBER?

Your Family Index Number is a highly personalised measurement developed by your Financial Planner to help you define and track your progress along the path to pursuing your financial goals at every stage of your life. It represents the rate of return your portfolio assets need to generate in order to achieve your goals and objectives of maintaining resources during your lifetime.

Your Family Index Number helps replace complexity with clarity while providing answers to questions of great concern to many families and investors including:

1. How much do we need now?
2. How much will we need in the future?
3. How long will our income last?
4. How much can we spend in retirement?
5. How do we get there with the least amount of risk?
6. Should we be concerned with the Broad Market Index Rate of Returns?

YOUR FAMILY INDEX NUMBER

- Reflects your individual needs and goals.
- Help you remain on track toward achieving your objectives at every stage of your life.
- Is an important component in determining the appropriate amount of risk necessary in developing your portfolio allocation and investment strategy.
- Plays a critical role in implementing a customised financial and investment strategy to help you overcome challenges and capture opportunities along the path to your goals.

Making a difference for you and your family

Think about how the ups and downs of the financial markets affect your mood and stress level. Would a sudden drop of 10% or more in the FTSE keep you up at night? Do you have a good understanding of how market volatility impacts your financial future and your ability to pursue your goals? Following day-today market movements is not only time-consuming but can also cause unnecessary stress and anxiety. More importantly it can result in making poor financial decisions when emotions get in the way of reason.

Your Family Index Number empowers you to focus on the only number that matters to you and your family. This number not only helps you to remain on track toward achieving your individual goals and objectives, but helps you manage the anxiety associated with trying to track and interpret short-term market fluctuations.

The Importance of a Personal Financial Benchmark

While many wealth management firms promise personalised strategies, how can you tell if your strategy is truly designed to fit your goals. Benchmarking to an index like the FTSE that provides a snapshot of the stock market performance may actually provide little relevance where your personal goals and risk tolerance are concerned. That's because an index doesn't take certain factors into account that play a significant role in determining your financial picture now and throughout your years in retirement. These include your investment timeframe, tax situation, life expectancy, lifestyle preferences, healthcare needs and the impact of inflation, among others.

Your personalised Family Index Number is developed by taking your unique goals, resources and circumstances into account and providing a truly relevant benchmark for gauging the performance of your portfolio. We believe a well-conceived plan that adheres to a disciplined process can be more effective for pursuing your objectives and meeting or exceeding a broad market index.

HOW IS YOUR FAMILY INDEX NUMBER CALCULATED?

Comprehensive wealth planning plays a central role

Comprehensive financial planning is integral to determining your Family Index Number. Since all financial decisions are interdependent, it's imperative to obtain a comprehensive view of your finances to determine the appropriate strategy for you and your family.

Your Financial Planner works with your other advisors such as your accountant and solicitor and insurance broker to bring the expertise and insight you seek across multiple disciplines to address a comprehensive list of financial needs and goals in these and other areas of Financial Planning.

- Tax planning
- Risk Management Planning
- Investment Planning
- Retirement Planning
- Retirement Benefit Planning
- Estate Planning and Wealth Transfer

Accounting and legal services are not provided by Lexington Wealth Management

DEVELOPING YOUR UNIQUE INVESTOR PROFILE

The wealth planning process begins with a Discovery Meeting discussion to discover what's most important to you including any challenges you face. This allows you to get to know your Financial Planner and the team that will support you throughout your Financial Planning journey. During this meeting we provide an overview of our services and answer your questions.

Together you and your Financial Planner will identify areas you want to improve, develop or change as a result of your plan.

In-depth transparent analysis of the current portfolio and strategy

We will provide you with a list of financial documents, account statements and other information needed in order to conduct an indepth analysis of your existing financial situation and investment portfolio.

Your Financial Planner will speak to you in terms you can understand and share with you the downside risk of your portfolio in actual pounds.

It is important for us to be completely transparent with you. The stress test is an important step in creating your Family Index Number as it helps us identify gaps, challenges or vulnerabilities in your current portfolio.

Understanding the components of your Family Index Number

In calculating your unique Family Index Number, we take a broad range of quantitative data and qualitative criteria into consideration.

Quantitative Considerations

Include your current and projected income; net worth; current asset allocation and valuations; and non-liquid assets, among others.

Qualitative Considerations

Include your lifestyle needs and goals; age; career goals; projected retirement date; personal philosophy regarding money and investing; savings habits; risk tolerance and vulnerabilities; family situation; number of dependents; large upcoming expenses; and more.

STRESS TESTING YOUR PORTFOLIO

Stress testing helps to estimate how much downside risk you are taking. We use sophisticated financial planning software internally to stress test your portfolio and to share our thoughts with you to help you understand the balance of reward and risk.

This helps to align your Family Index Number with your goals and objectives.

Using advanced analytical software and tools helps our planners:

- Set proper expectations regarding inherent risk of your portfolio.
- Better communicate risk exposure in your current portfolio.
- Discuss risk, compare perspectives and get your reactions.

Our risk management approach is based on the performance of the holdings in your current portfolio. We do not take shortcuts when calculating risk and more importantly we will be transparent with you in our discussions.

WHY DO WE STRESS TEST?

Stress testing is especially important for investors in or nearing retirement. During the various stages of retirement your assets may be more or less vulnerable to certain risk factors.

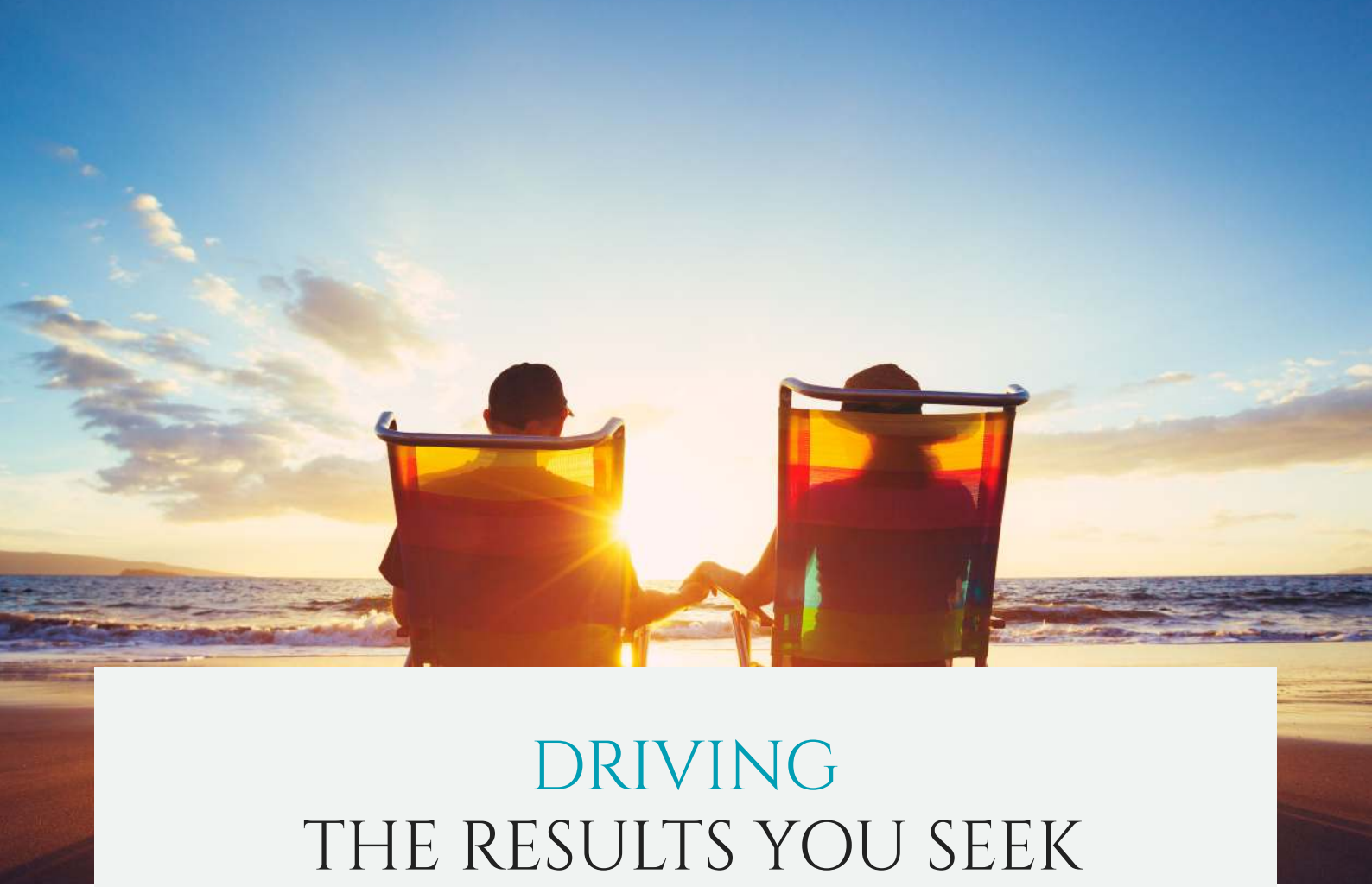
For example it's essential in your early stages of retirement to protect your assets from excessive market volatility and aggressive spending so you don't erode the value of your assets needed to generate income throughout your retirement.

Later in retirement your assets are typically more vulnerable to the impact of inflation, healthcare and longevity, requiring greater emphasis to be placed on these risk factors

Managing risk is critical to long-term success

Assessing and managing risk is fundamental to determining your Family Index Number and managing your portfolio over time. A higher Family Index Number requires a higher investment return to attain, and therefore, entails a high risk of loss and potentially greater volatility. This must be balanced or reconciled based on your needs and risk tolerance.

Our goal is to achieve the correct balance for you as we seek to protect your assets while generating the level of growth necessary to address your goals, maintain adequate resources during your lifetime and offset the impact of inflation on your portfolio overtime.



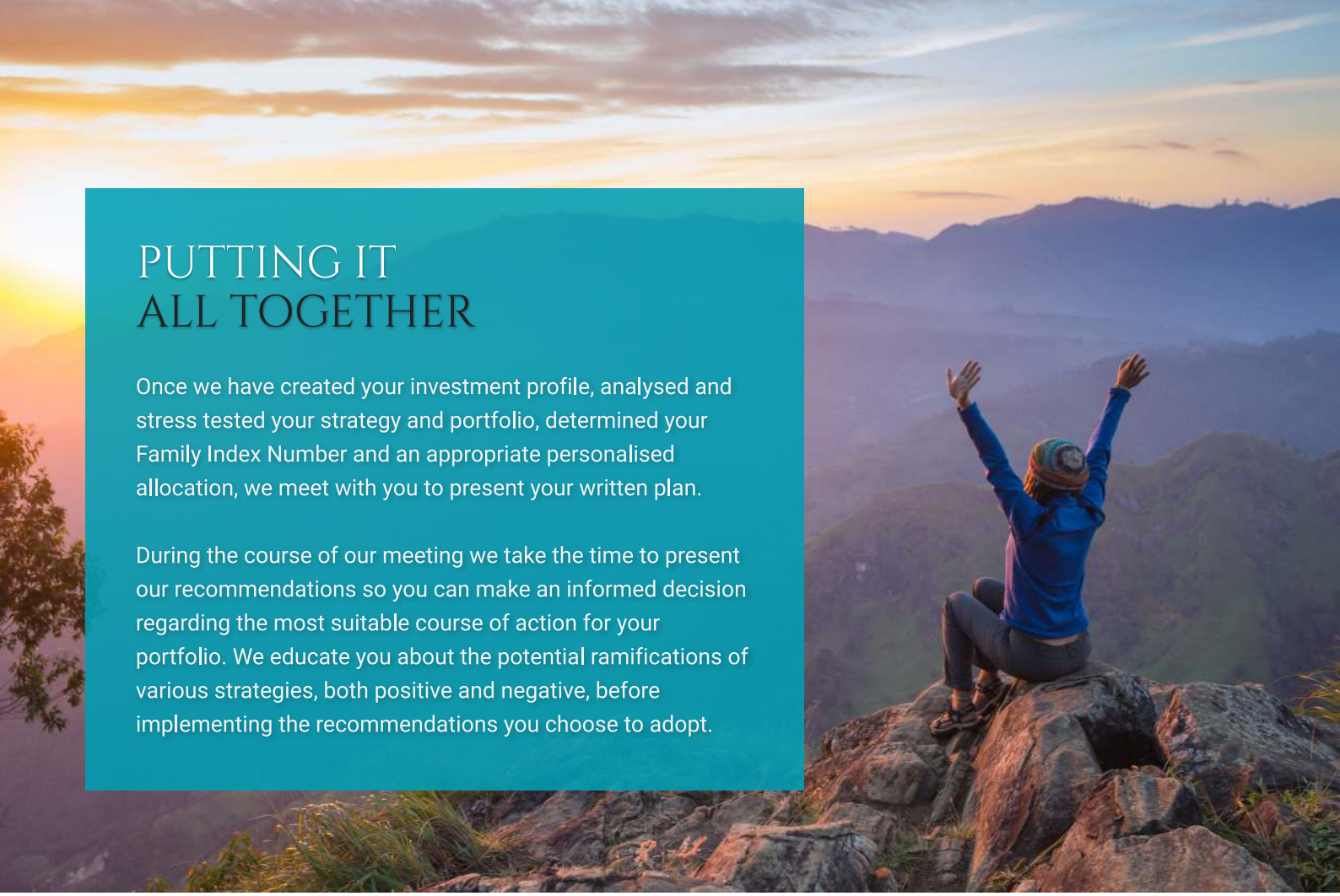
DRIVING
THE RESULTS YOU SEEK

Most investors understand that trying to time the markets is futile, if not impossible.

We know that guesswork and hope are not strategies. That's why we employ a disciplined approach that relies on comprehensive financial planning to develop personalised strategies aligned with each client's desired rate of return. This is where your Family Index Number plays a critical role. Your Financial Planner makes important decisions about your portfolio based on your Family Index Number allowing your financial planning team to help you pursue specific financial objectives

But what about a buy and hold strategy?

For decades, the buy and hold method of investing was used by many investors and their advisors. However even before recent economic downturn the globalisation of world markets increased interdependence, volatility and market risk, making the 'buy and hope' methodology an increasingly risky choice for investors seeking the dual objectives of protecting and advancing their wealth. This is especially true for investors in or nearing retirement, who may not have five years or more to recover from a poor investment decision or sudden market downturn.



PUTTING IT ALL TOGETHER

Once we have created your investment profile, analysed and stress tested your strategy and portfolio, determined your Family Index Number and an appropriate personalised allocation, we meet with you to present your written plan.

During the course of our meeting we take the time to present our recommendations so you can make an informed decision regarding the most suitable course of action for your portfolio. We educate you about the potential ramifications of various strategies, both positive and negative, before implementing the recommendations you choose to adopt.

Determining your Asset Allocation

Determining an asset allocation strategy aligned with your Family Index Number and the risk parameters established for your portfolio is a fundamental step in the wealth planning process.

Asset allocation is the process of distributing your assets across multiple investment classes, including equity (stocks), fixed income (bonds) and cash investments. It plays a major role in answering: Will I have enough? Or will I outlive my assets?

Over the last decade, the stock market correction delayed retirement for many investors at all income levels. Yet, as recovery momentum builds, it's easy to forget how quickly the markets can take away 20% or even 40% of the value. This is one of the many reasons why your personalised allocation plays such an important role in helping you pursue both your short-term and long-term financial goals.

Your Financial Planner brings the insight and experience required to deploy a strategy that seeks to manage your portfolio from downside risk while seeking to capture risk-adjusted growth. Your Family Index Number is an important tool and benchmark used by your Financial Planner to allocate your assets to appropriate investments and periodically adjust your allocation to manage that it remains aligned with your goals as market conditions or your priorities change.

Asset Allocation does not ensure a profit or protect against a loss.

VALUE OF A DISCIPLINED APPROACH

We're passionate about ensuring every client understands how and why their individual investment strategy and Family Index Number can help them achieve their goals. Disciplined investment strategies which form the foundation of our investment management process are built to a specific allocation based on your Family Index Number.

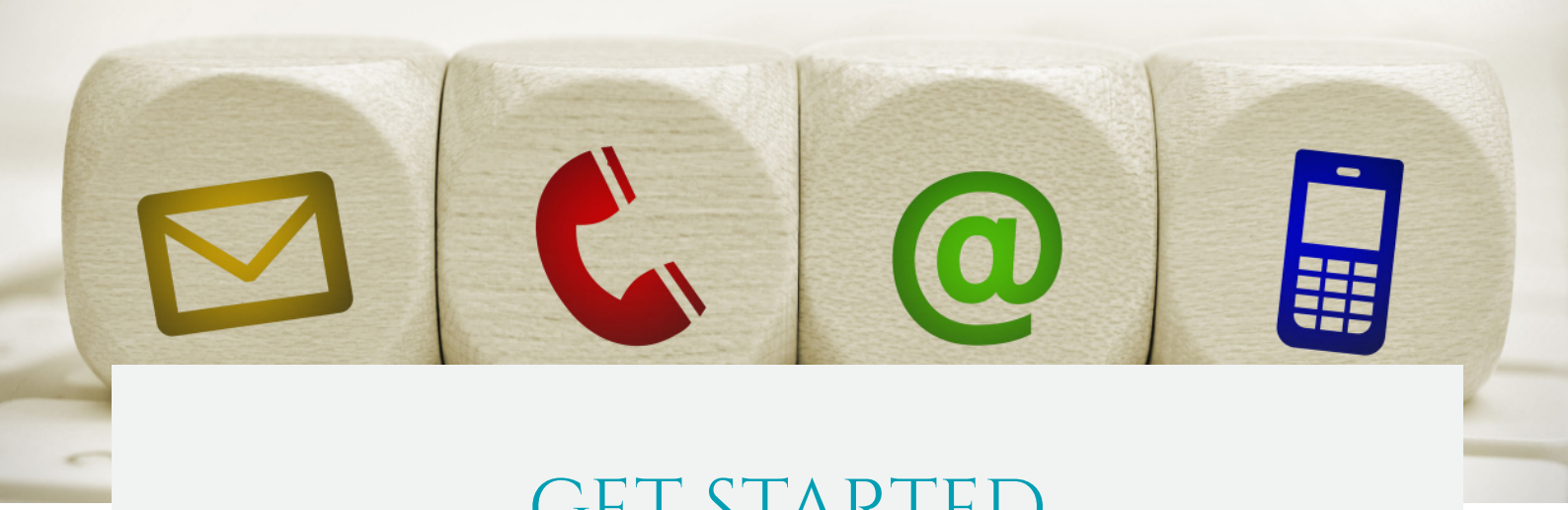
Our process-driven, time-tested strategies are managed by our Investment Committee, compromising of a dedicated team of Financial Planners.

Communication is Key

Between scheduled meetings, we keep you informed through a series of proactive communications, including regular market updates, blog posts, budget updates and key events throughout the year.

Ongoing Monitoring & Review

Over time, we continue to meet with you at regular intervals, based on your needs and preferences, to review your strategy and progress towards your goals. You will receive trade notifications whenever activity takes place on your portfolio.



GET STARTED TODAY

Your Family Index Number is the most comprehensive mechanism utilised by your Financial Planner to identify and implement a personalised plan based on your long-term goals. It provides a number of important benefits, including:

Greater financial confidence that comes from knowing you have a well-conceived and comprehensive plan in place for pursuing your income needs and lifestyle goals.

A team of experienced professionals monitoring your investment portfolio and strategy, making recommendations and adjustments as needed to help keep you on track towards your goals.

One number to track helping you address day to day concerns about financial market activity, so you can spend more time on the things that bring you joy in life.

Contact your Financial Planner today to begin the process of discovering your Family Index Number and developing a comprehensive plan to suit your future with confidence.

LEXINGTON
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