DRUMNOR
INVESTMENTS

MANAGED PORTFOLIO SERVICE

For Financial Advisers

Welcome

Thank you for taking the time to read about our Managed Portfolio Service (MPS).

The MPS market is a crowded place which can make it a complex and time-consuming task for financial advisers when selecting suitable investment solutions for clients. We offer five risk-targeted portfolios, allowing you to select the most suitable for your clients after taking into account their needs, investment objectives and risk profile.

Although the industry standard measurement of risk is volatility, we are acutely aware that real investment risk is the permanent loss of value. We aim to protect clients against this by focusing on sustainability of income generation, rigorous appraisal of valuation and strong diversification.

This underpins our whole approach to portfolio management and is behind our commitment to deliver the best possible outcomes for your clients.

MATT STRACHAN
CHIEF INVESTMENT OFFICER

Risk-Targeted Managed Portfolio Service

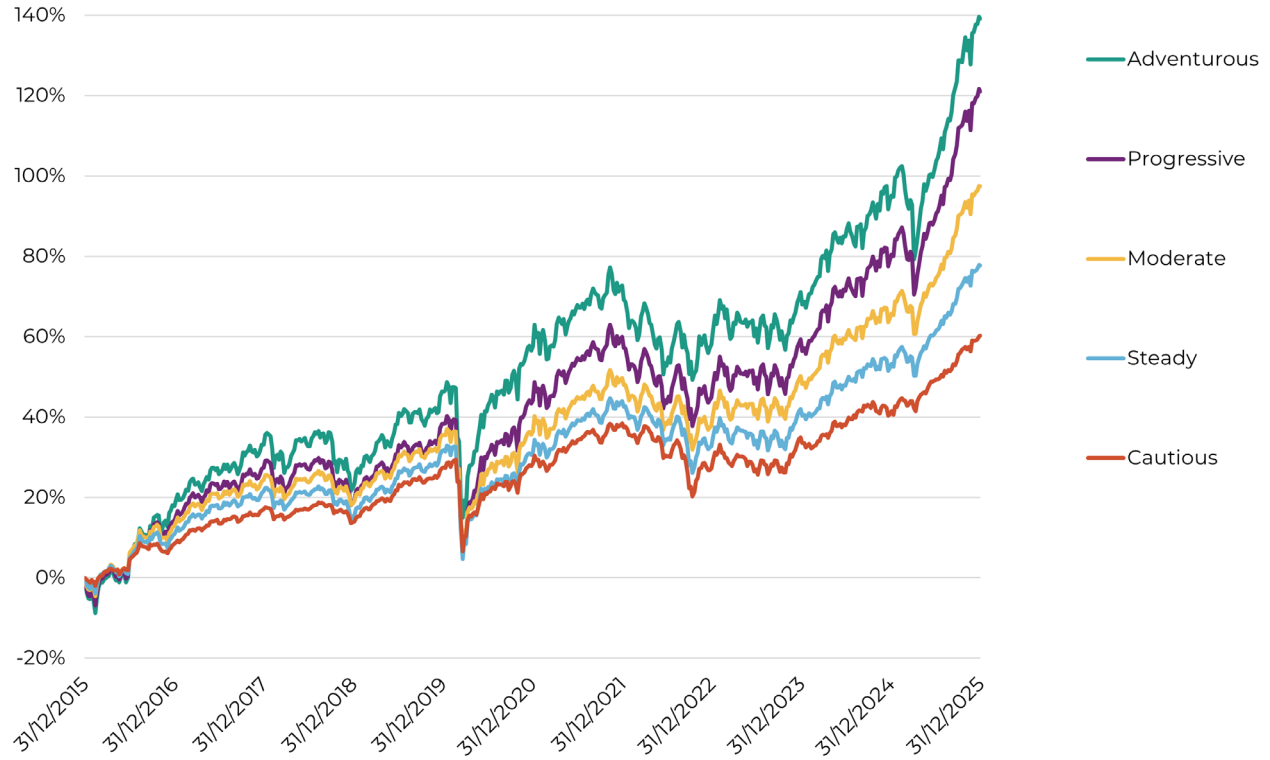
We launched our Risk-Targeted MPS in 2014, consisting of five actively managed investment strategies.

The portfolios are rigorously managed to match our targeted risk budgets. Volatility is measured by standard deviation and each investment risk profile has a level of expected volatility suitable for a typical investor.

Each portfolio is invested across a spread of UK and international equities, bonds, property and alternative assets via funds and exchange traded instruments. Asset allocation for each risk profile is checked against the efficient frontier.

Performance over the longer-term has behaved in line with expectations, as can be seen by the 10-year performance of each portfolio in comparison to each other.

MPS 10 YEAR RETURN



Source: FE Fundinfo. Total return, 31 December 2015 to 31 December 2025.
Past performance is not a reliable indicator of future performance.

Our MPS Range

Our five risk-targeted MPS portfolios each have their own investment objective and a risk ranking consistent with industry standards. This will allow you to select the best match based on your client's own risk profile and investment objectives.

CAUTIOUS

To provide a low-risk investment that conserves capital value and generates a sustainable return greater than that achieved from a deposit account over a five-year period. Typically the majority of the portfolio will be invested in bonds, short-term money market instruments and alternative assets, with a small allocation to equities and property.

STEADY

To provide a low to medium risk investment that generates an investment return above that provided by UK Government bonds over a five-year period. Typically the portfolio will be invested across a broad spread of UK and International equities, bonds, property and alternative assets such as infrastructure.

MODERATE

To provide a medium risk investment that balances capital growth and income generation over a five-year period. Typically, half the portfolio will be invested in UK and International Equities with the rest spread across bonds, property and alternative assets.

PROGRESSIVE

To provide a medium to high-risk investment that generates capital growth, with the investor able to accept fluctuations in value, and some income over a five-year period. Typically the portfolio will be largely invested in International and UK equities with the balance spread across property, alternative assets and corporate bonds.

ADVENTUROUS

To provide a higher-risk investment with equity type returns, primarily focused on capital growth, for a risk-tolerant investor, over a five-year investment period. The portfolio will mostly be invested in equity, with much of that international, but may also include some property, corporate bonds and alternative assets.

Five-Stage Investment Process

Clients are concerned about performance, service and cost and our focus is to deliver strong and consistent performance with a low overall cost of ownership, whilst helping financial advisers to maintain a high level of service for their clients.

Investment decisions are taken on a forward looking basis rather than past performance.

We have two fundamental aims which drive our investment process:
- To manage each portfolio consistent with its risk budget.
- To maximise the investment return within each risk budget.

Both underpin our five-stage approach to portfolio construction, bringing together our investment expertise in long-term asset allocation, fund research and risk analysis.

Our Investment Committee meets monthly to review strategy and allocation and are responsible for monitoring risk and performance.

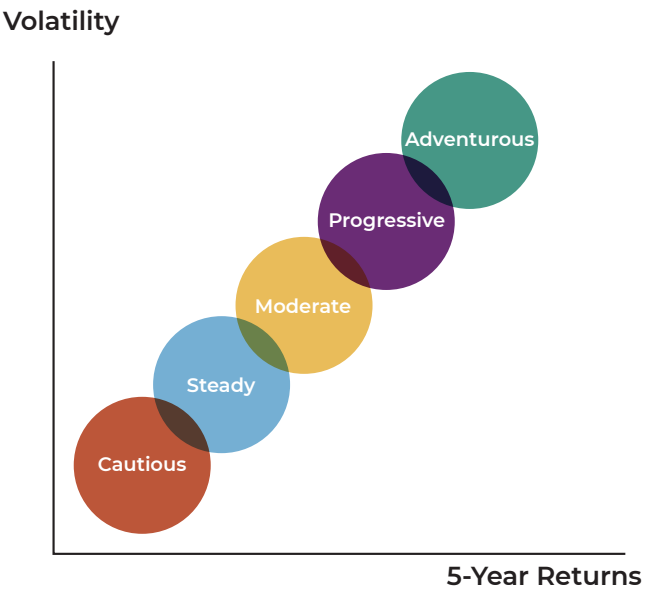
Our Models Committee are responsible for investment decisions including setting asset allocation for each model and selecting investments for inclusion or removal.

OUR FIVE STAGE INVESTMENT PROCESS

Specifying our Risk Budget

Portfolio risk is managed over a five-year timeframe with the aim of optimising investment performance within our specific risk budget.

We view investor risk through a lens of any over-valuation, or threat, to intrinsic and sustainable investment value. The objective is to manage the risk of each portfolio within the targeted risk budget, over a five-year timeframe. The financial industry operates around volatility as the unified measure of risk, with nearly all risk appraisal and profiling tools expressing risk in this way. Most express risk on a scale of 1 to 10, with 1 having extreme aversion to risk to 10 being risk seeking with little regard to the consequences. The Drumnor MPS portfolios are risk ranked 3 to 7, consistent with industry standards and are checked regularly for adherence to these standards.



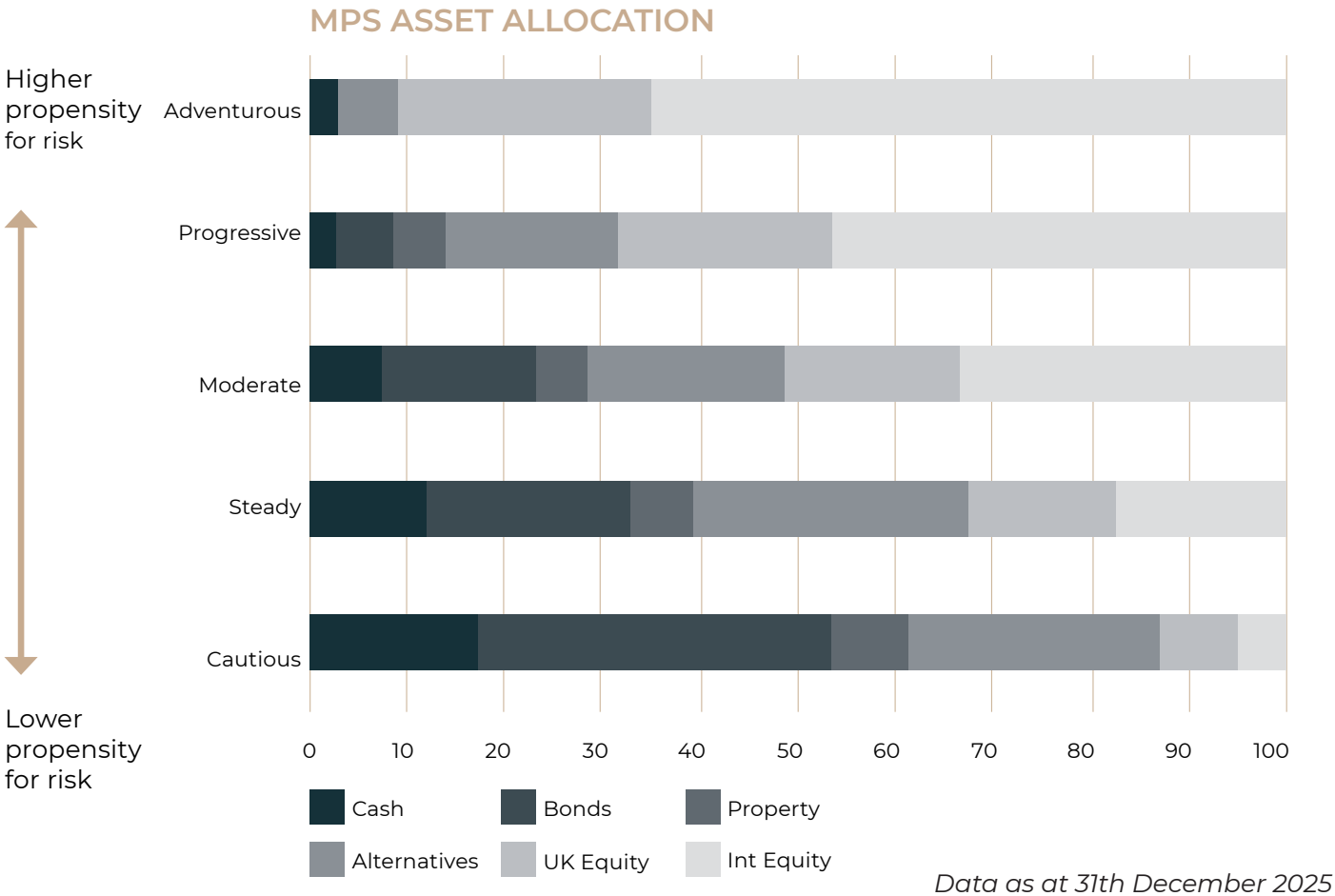
Drumnor Investments MPS	Drumnor Investments Risk Ranking
Drumnor Adventurous MPS	7
Drumnor Progressive MPS	6
Drumnor Moderate MPS	5
Drumnor Steady MPS	4
Drumnor Cautious MPS	3

Asset Allocation

Our investment process aims to deliver strong, risk-adjusted investment returns over a five-year timeframe, and which exceed comparator indices.

Strategic Asset Allocations set allowable ranges around central allocation points for each of our risk categories, employing investment diversification suitable for each category. We apply a forward thinking approach to factors that determine investment returns, rather than being driven by historical data.

Long-term capital market return assumptions, economic and interest rate forecasts, and current investment valuations are all key factors in our decision making. Tactical tilts are made to counter or take advantage of any perceived investment anomalies. Investment risk is typically defined and measured as volatility but we are mindful that real investor risk is the permanent loss of value.



Data as at 31th December 2025

Investment Selection

Individual fund selection is one of the most important parts of our investment process. There has been an endless industry debate over the virtues of active versus passive investment. Our approach is to employ the best attributes of both active and passive funds in our models.

Passives are chosen for their low cost, spread and small tracking error to their benchmark. Active funds offer genuine differentiation and prospective out-performance under different market conditions.

Active funds are chosen on the basis of consistency of performance, quality of investment process and the cross-correlation of holdings within each model portfolio. For inclusion in the models we normally look for a minimum fund size of £100m to avoid issues of liquidity and individual fund exposure risk.

All funds in the models are monitored closely to ensure that they are performing within expectations and that the investment process is being followed. Any change to the manager or objectives of a fund will require an appraisal to determine whether we should continue to hold in the model.

Portfolio Construction

Each model is constructed to manage risk within its budget over a five-year period and to optimise the investment performance within this budget.

We carefully consider both the weighting and blend of funds in each portfolio so that there is a spread across a range of asset classes and funds to appropriately diversify risk, but not to the extent that the potential for performance is diluted away.

There are approximately 15 funds in each model with no fund exceeding a 15% ceiling weight in the model. Each model will hold a minimum target 2% in cash to facilitate implementation on investment platforms and allow for the payment of fees.

The blend of passive funds within each portfolio will help reduce the average Ongoing Charge Figure (OCF) and we seek to generate a healthy and sustainable level of interest or dividends from the underlying assets.

Review and Rebalance

Both risk and model performance are monitored on an ongoing basis and more formally after the end of each quarter once our factsheets are produced. This is supplemented by assessing the models, and any changes to them, using independent risk profiling tools. Measures such as maximum drawdown and maximum loss are also monitored. We also monitor the models' risk profiles against the comparison benchmarks, for reasonableness.

Investment performance is assessed against each of the respective comparison benchmarks to ensure the models are delivering a reasonable return without compromising control of risk.

All portfolios are rebalanced on any model change and if no changes are made to a model during the year, it is rebalanced at the start of the following year. In addition, we carry out regular tolerance checks and will rebalance client portfolios if required to ensure they remain within the investor's risk parameters.

Introducing our Investment Team

With offices in Dundee and Edinburgh, our investment professionals have considerable investment experience and a strong, consistent track record.

MATT STRACHAN
CHIEF INVESTMENT OFFICER

Matt is our Chief Investment Officer, joining Drumnor Investments in 2014. Prior to that he was with Alliance Trust plc for 28 years managing investments in all major equity markets, with extensive experience of investing in smaller companies.

He managed the Alliance Trust Investments North America Equity Fund where his long-term investment discipline generated strong performance, for which the fund achieved a Morningstar OBSR Bronze rating.

CIARAN GARVEY
INVESTMENT MANAGER

Ciaran joined Drumnor Investments in 2011 and is responsible for the management of our model portfolio services including the analysis and selection of portfolio holdings.
He is a Chartered Fellow of the CISI.

Investment decisions are made in a structured fashion through our Investment Committee and its sub-committees.

Our Investment Committee sets high-level strategic asset allocation and any tactical tilts, as well as reviewing the model portfolios' performance and risk each quarter. Our sub-committees include the Models Committee, who are responsible for model portfolio investment selection and construction.

Fund selection is made from an approved list, maintained and monitored by the Collectives Committee and comprising our CIO and Portfolio Managers, along with our Client Investment Managers and Equity Analysts.

ANDREW MCLEAN
DIRECTOR

GAIL CRAIG
SENIOR CLIENT INVESTMENT MANAGER

MATTHEW BROWN
SENIOR CLIENT INVESTMENT MANAGER

SARAH PETER-SMITH
CLIENT INVESTMENT MANAGER

CATHERINE JACKSON
EQUITY ANALYST

DARINA NEDEVA
INVESTMENT ADMINISTRATOR

Availability

Our Managed Portfolio Service is only available as a platform investment. We engage with Financial Advisers on an 'Agent as Client' basis and have no direct relationship with the Retail Client.

The Financial Adviser has a responsibility to ensure the Discretionary Fund Manager and selected MPS Portfolio are suitable for their clients and advising them accordingly.

Our five MPS portfolios are currently available on twelve third-party platforms, including Aberdeen, Aviva, Fidelity, Fundment, M&G Wealth, Morningstar Wealth, Nucleus, Quilter, Scottish Widows, Seven IM, Transact and Wealthtime.

Tax wrapper availability includes ISA, General Investment Account and SIPP, with some platforms also offering investment through an Offshore Bond.

Charges

Costs should be reasonable and reflect good value for investors, so we aim for a low overall cost of ownership.

Annual Management Charge: 0.20% (VAT Exempt)

Ongoing Charges Figure (OCF): Passive blending helps reduce the underlying OCFs, with a ceiling of 0.60%. You will find the current OCF for each portfolio on our Investor Factsheets.

Platform Annual Charges: As well as their annual charge, some platforms may levy additional fees, for example to cover administration costs.

MPS Portfolio Performance

As platform models, our portfolios are fully transparent, allowing users to view portfolio performance over different time periods. Portfolio performance can be found on our Investor Factsheets and on our website. Our portfolios can be found in the FE fundinfo MPS universe, the Mabel Insights website[1], and the MorningStar Managed Portfolio Tool[2].

Adviser Support

Our Managed Portfolio Service is available exclusively through financial intermediaries and your dedicated Business Development Manager will be responsible for providing ongoing communication and support.

1. https://www.mabelinsights.com
2. https://www.managed-portfolio.com/data

Get in Touch

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Head of Business Development

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https://drumnor.co.uk/mps-advisers

The Drumnor Investments Managed Portfolio Service is only available through a qualified Financial Adviser.

Having considered our own MPS, the objectives of investors in our target market, and other industry provider services, we have concluded that we deliver good outcomes for investors and are confident that the benefits of our service represent fair value.

Drumnor Investments is a trading name of Drumnor Investments Limited a company registered in Scotland No SC438886 whose registered office is at Whitehall House, 35 Yeaman Shore, Dundee DD1 4BU. Drumnor Investments Limited is authorised and regulated by the Financial Conduct Authority (FCA Number: 613500.)

This document has been prepared using all reasonable care. It does not constitute investment advice.

Past performance is not a reliable indicator of future performance. The value of investments can fall as well as rise and clients may not get back the amount originally invested.