



PICTET WEALTH MANAGEMENT

## Financial Planning

## INTRODUCTION

Efficient financial planning is vital in order to be able to establish a strategic asset allocation.

Managing your wealth and assets extends well beyond simply managing a portfolio of investments. The investment process that we implement involves assessing your needs and objectives, formulating a financial plan to fulfil these, putting in place the requisite strategy, managing your assets and checking that performance matches up to your expectations.

### Plan

The first stage involves drawing up a clear and exhaustive definition of what you are hoping to achieve now and what you would hope to achieve in the longer run. Taking this as our starting-point, we compile a financial plan which summarises the level of risk you should take, then devise a well-defined strategic asset allocation for you, with an accompanying financial ‘road-map’. This financial plan will be predicated on conservative assumptions for growth and a realistic assessment of your income and expenditure over the course of your life-time.

### Implement

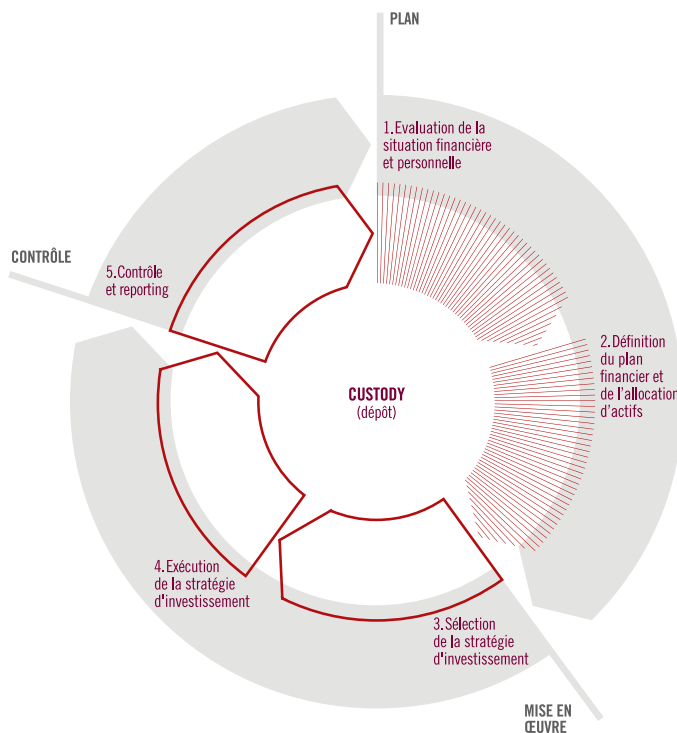
Our role in implementing this plan will depend on how much you wish to be involved in the investment process. If you prefer to delegate this role to us, we will select investments from the full range of asset classes, countries and regions to construct your portfolio of securities and other financial vehicles.

In managing your wealth, we will draw on the expertise of our most senior investment specialists and financial analysts. We select only those we consider the best investment managers, who will give you access to the best investment products, whether they are our own or those of other institutions.

Whether you delegate implementation of the strategy to us or you choose to manage your own investments, you will have access to our first-class execution service. We will carefully monitor your portfolio on a regular basis. You will have the opportunity to specify the frequency and detail required for your reports and statements so you can check that your investments continue to meet your requirements.

### Monitor and control

Lastly, we will regularly undertake a review of your circumstances and your investments with you so that your strategy can be fine-tuned if necessary. The better we understand each other, the more efficiently we will be able to respond to your needs and demands.



## OUR APPROACH

Our overall approach, geared towards your long-term needs, takes all your circumstances and your own personal aims into account in the equation, as has been defined during our preparatory meetings. Our goal is to pinpoint the pool of financial resources that can be mobilised, depending on your current and future lifestyles, to ensure that you sustainably remain financially independent in the long run.

The results of our analysis allow you to assess what proportion of your assets to allocate to your **financing capital** and your **reserve capital**. The portion of your wealth and assets that is free of restrictions is known as **surplus capital** (see definitions below).

This division of capital, together with separate investment strategies, allows you to define the optimum level of asset allocation for your own particular circumstances.

It is vital to carry out regular monitoring of how your overall situation is developing, in order to ensure that the steps taken are still keeping pace with the projections prepared for you.

## DEFINITIONS

### Financing capital

Financing capital corresponds to that portion of your wealth and assets necessary for you to maintain your lifestyle for the planned period; it can be made up of the following assets:

- real-estate assets (rental income, proceeds from sales of property)
- pension schemes (annuities, capital lump-sums)
- bankable/financial assets (holdings in and income from securities)

The chosen asset allocation has to place particular emphasis on the ready **availability of income** to ensure that you can draw on sums needed to maintain your desired lifestyle

### Reserve capital

Reserve capital corresponds to that portion of your wealth and assets necessary to ensure for you the long-term sustainability of your financial independence, depending on your life expectancy. You will draw on your reserve capital once your financing capital has been completely used up.

The chosen asset allocation has to place particular emphasis on protecting and **safeguarding wealth** and assets depending on the time-horizon chosen by you.

### Surplus capital

Surplus capital corresponds to that portion of your wealth and assets not required directly to finance your lifestyle. This can be used or invested more freely to afford, for instance, a temporary upgrading in your lifestyle or to make donations. The chosen asset allocation has to place particular emphasis on **capital gains**.

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