THE Openwork PARTNERSHIP

Making more of your money

Understanding Risk and Reward

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Starting your investment journey

Your adviser has given you this brochure to explain how investing could help you make the most of your money – now and in the future.

You don't need to do anything immediately. This guide is here to help you understand how investing works, the risks involved and how your adviser will support you through the journey.

By taking the time to read it, you'll feel more confident about the decisions ahead – and be better prepared for conversations with your adviser.

Why investing matters

Investing isn't just about growing your money. It's about building freedom, security and the life you want to live.

Whether you're saving for something special, planning for retirement or thinking about how to support your family, your adviser is here to help you find an investment approach that fits you.

In the pages ahead, we'll explain:

- Why people invest
- How risk and reward are connected
- How your adviser will help you choose the right investment approach
- What to think about if you're planning for retirement
- Why professional advice can make a real difference

There's a lot to think about when it comes to investing – but you're not on your own.

Working together for your financial future

At The Openwork Partnership, we believe good financial advice makes a lasting difference.

We're one of the UK's largest and longest-established financial advice networks, supporting thousands of advisers across the country.

Your adviser is part of The Openwork Partnership – a community built around helping people achieve their financial goals.

We work closely with trusted providers to give advisers access to a wide range of carefully selected solutions, so they can recommend what's right for you.

Everything we do is focused on helping you make informed decisions and build a secure financial future.

Why invest rather than save?

Investing is just one part of making the most of your money.

When you work with a financial adviser, they'll help you organise your finances so you're in the best possible position for the future. That could mean paying down expensive debts or putting money aside for emergencies. Only once the basics are in place will they explore whether investing is right for you.

If it is, investing can offer powerful benefits. Over time, it can help your money grow faster than saving alone, giving you more freedom and security later in life. It can also help protect your wealth against the rising cost of living, which can quietly erode the value of cash savings over time, making it harder to achieve the things you're saving for.

Investing isn't about getting rich quickly. It's a long-term process – typically five years or more – designed to give your money the opportunity to grow while managing risks carefully along the way.

Imagine you put £10,000 into a savings account paying 1% a year. After five years, you would have around £10,510.

But if inflation averages 3% a year, the things you could buy with that money would cost around £11,590, meaning your money would have lost value in real terms.

Investing aims to grow your money at a rate that can help you stay ahead of inflation, although it involves taking some risk along the way.

Doing nothing with your money could be the biggest risk of all.

The value of advice

Investing can feel complicated, especially when markets rise and fall.

Working with a professional adviser can make all the difference. Your adviser will take the time to understand you – your goals, your personal and financial situation, your comfort with risk – and design a plan that fits you. They'll also help you make smart decisions about using tax-efficient options, how much risk to take and how to invest your money across different areas.

Importantly, they'll help you avoid common mistakes. It's easy to react emotionally when markets fall or to take on too much risk when times are good. Your adviser is there to keep you focused on your long-term plan and to adjust it as life changes.

Good advice is not just about numbers – it's about helping you feel confident, stay calm through uncertainty and make the most of life's opportunities.

Professional advice helps you take control of your financial future, making sure you're not just investing for the sake of it, but because it's the right step for your wider goals.

Advice helps you turn uncertainty into confidence.

Understanding investment risk

When people hear the word ‘risk’, they often think about losing money. But when investing, risk simply means the chance that your investment’s value will go up and down over time.

Taking some risk is necessary if you want your money to grow. Investments that offer the potential for higher returns, like company shares, tend to rise and fall more in value. Lower-risk investments, like government bonds, are usually more stable but offer lower returns.

The key is finding the right balance for you – enough risk to give your money room to grow, but not so much that you feel uncomfortable or endanger your future plans.

It’s important to think about different types of risk. Pages 8 and 9 explain the different risks in more detail.

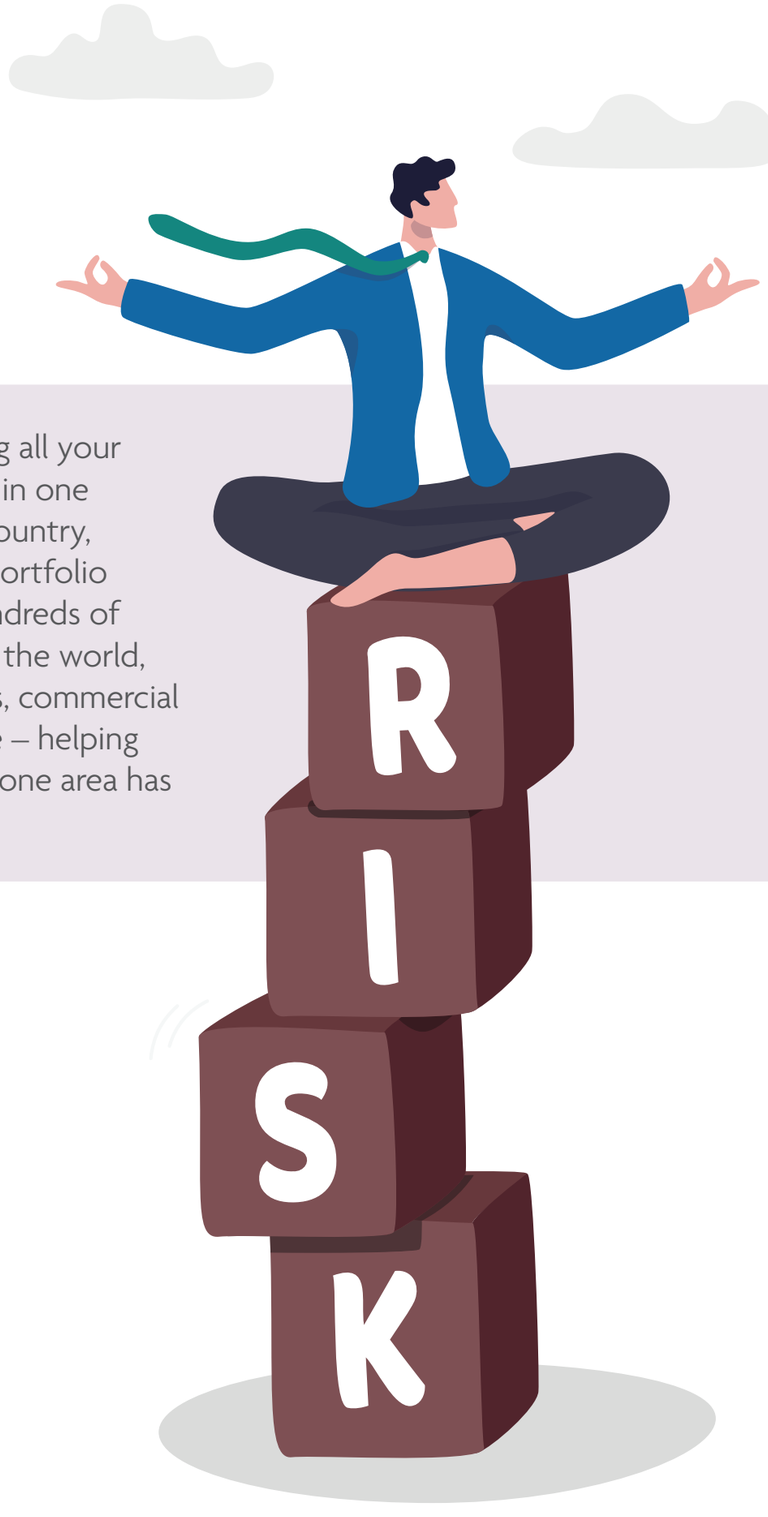
A diversified approach

One way advisers manage these risks is by helping you invest in a diversified portfolio. This means spreading your money across different types of investments – like funds that include shares and bonds and across different countries around the world.

Different investments tend to perform well at different times. When shares are struggling, bonds might do better. When one region of the world is having a tough year, another might be growing strongly.

By diversifying across many different areas, a diversified portfolio aims to smooth out the ups and downs and give you a better chance of achieving steady, long-term growth.

The best investment plans are built to weather all kinds of seasons.



Rather than putting all your money into shares in one company or one country, a well-diversified portfolio might invest in hundreds of companies around the world, government bonds, commercial property and more – helping protect you if any one area has a bad year.

Your investment journey – what to expect

When you invest with the help of a financial adviser, it's not about picking a fund and hoping for the best. It's about following a clear, thoughtful process designed around you.

Here's what that journey looks like:

1. **Define your objectives.** Your adviser will start by finding out what you want to achieve – whether it's growing your wealth, generating income or building a legacy for your family.
2. **Time horizon.** Your adviser will understand how long you plan to keep your money invested before you'll need it.
3. **Understand your attitude to risk.** Your adviser will explore how you feel about the ups and downs of investing and how much risk you are comfortable taking.
4. **Consider your capacity for loss.** Beyond how you feel, it's important to consider how much you can afford to lose without it affecting your financial security.
5. **Build your investment strategy.** Your adviser will recommend an approach that fits you and explain the details so you can move forward with confidence.
6. **Keep things under review.** Your adviser will agree with you to check in regularly to make sure your plan still matches your life goals and circumstances.

Capacity for loss

Can you afford to lose money without it hurting your life plans? It's not about whether you're ok with the risk emotionally, but whether you can financially afford it.

Investing is not about taking chances – it's about making choices that fit you.

Daniel's first investment

Daniel had built up savings in his bank account but wasn't sure how to make the most of them. He spoke to an adviser who helped him understand his long-term goals and objectives and what is most important to him. Together they agreed how Daniel could invest his savings in a portfolio aligned to his risk profile in the most tax efficient way to provide better growth. The adviser also helped Daniel understand how investing some of his surplus income into his pension also boosted his long-term plans.

Now Daniel feels much more in control of his financial future knowing his money is working harder for him.

CASE STUDY

Understanding your attitude to risk

Before making any recommendations, your adviser will talk to you about your objectives, experience and how comfortable you are with risk. This process helps ensure any investments suit both your financial objectives and your peace of mind. There are six broad types of investor. Your adviser will help you work out which one best describes you.

LOW

HIGH

No investment risk

Preserving the capital value of your savings is the most important factor to you. This means you are more likely to restrict your savings to cash deposits, cash ISAs, interest-bearing savings accounts and similar products that also offer ready access to your money and are covered under a depositor protection scheme.

You understand how inflation can reduce the real value of your capital (and any interest received) over time.

Investors who do not wish to take risk can take a long time to make up their mind on investment matters and will usually feel extremely concerned if investment decisions turn out badly.

Limited risk

You are likely to require an investment where the chance of a fall in value is minimal, although you accept that some loss of capital is possible as the value of your investments could fall or rise. You would normally keep your money in a bank account or building society. However, you recognise that inflation, especially over the long term, is likely to reduce the real value of your money so you are willing to consider other types of investment.

As a limited risk investor, you may not have high levels of knowledge and experience of financial matters, or show interest in keeping up-to-date with them. Investors who wish to limit risk can take a relatively long time to make up their mind on investment matters and can often feel concerned when investment decisions turn out badly.

Cautious

You are likely to require an investment where the potential return is better than that available from a deposit account and you accept that the value of your investment can fall as well as rise. As a cautious investor, you may have some limited experience of investment products, but you are likely to be more familiar with bank and building society accounts rather than other types of investment.

You prefer outcomes that have a degree of certainty although you understand that in certain circumstances, particularly if investment markets fall, the value of your investments could fall in turn. Cautious investors can take a relatively long time to make up their mind on investment matters and may feel concerned when investment decisions turn out badly.

Balanced

You are likely to require an investment that offers higher returns than those available from deposit accounts. You are also likely to accept fluctuation in the value of your investments as the markets change, based on an understanding that this will be necessary to meet your long-term goals. As a balanced investor, you will be knowledgeable about financial matters, and show some interest in keeping up-to-date with them. You may have some experience of investment, including investing in products containing assets like shares and government bonds.

In general, you understand that you have to take investment risk to be able to meet long-term goals and you are willing to take risk with part of your investments, accepting that the value of them could rise or fall. Balanced investors will usually be able to make up their minds on investment matters relatively quickly, but do still feel some concern when their investment decisions turn out badly.

Adventurous

You are likely to be an experienced investor who has used a range of different investment products in the past. You understand investment volatility and are also likely to accept a higher level of risk on your investments to be able to obtain a higher rate of return in the long run.

As an adventurous investor, you may possess a high level of knowledge of financial matters, and spend time keeping this knowledge up-to-date. In general, you are comfortable taking investment risk, understanding that this is crucial in terms of generating long-term return and you are willing to take risk with most of your investments. Adventurous investors will usually be able to make up their minds on investment matters quickly. While they can feel concern when their investment decisions turn out badly, they are able to accept that occasional poor outcomes are a necessary part of long-term investment.

Speculative

You are likely to have personal experience of an extensive range of different investment products. As a speculative investor, your knowledge of financial matters may be very strong and you are likely to spend a significant amount of time keeping this knowledge up-to-date.

In general, you are looking for the highest possible return on your capital and are willing to take considerable amounts of risk to achieve this. Investment volatility is unlikely to concern you and you are willing to take risk with all of your investments. Speculative investors often have firm views on investment and will make up their minds on investment matters quickly. They do not feel concern to any great extent and can accept occasional poor investment outcomes without much difficulty.

Investing for growth and for income

People invest for different reasons, and your needs may change over time.

You might be investing for growth – aiming to build your wealth over the years. Growth investments often focus more on shares and other assets with higher potential returns, accepting that values may rise and fall along the way.

Or you might be investing for income – using your investments to provide regular payments once you retire or reduce your working hours. Income-focused investments might include dividend-paying shares, bonds or a portfolio of funds that aim to deliver a steady cash flow, or products that provide a guaranteed income.

Many people end up doing a bit of both. Early on, the focus might be on growing your money. Later, the focus might shift to drawing a sustainable income from it while still allowing for some growth to protect against inflation.

The important thing is that your investment strategy matches your stage of life, your goals and your comfort with risk. Your adviser will help you adjust your approach as your needs evolve.

The right investment plan evolves as your life evolves.

Understanding investment risks

Saving regularly is a great habit and an essential part of any financial plan. But even savings come with risks that can quietly erode their value over time. Being aware of these risks helps you decide how much to hold in cash versus other options. Here are three to keep in mind:

Inflation risk. If prices rise faster than your savings grow, your money can lose spending power over time, meaning it won't stretch as far in future.

Interest rate risk. Savings rates can go up or down and may not always keep pace with inflation. If your money is sitting in a low-interest account, its real value could be falling.

Access vs growth trade-off. Holding cash gives you flexibility and peace of mind. But keeping too much in cash can limit its long-term growth, especially if you're saving for something years away.

Your adviser can help you decide how best to use your savings by balancing security, access and the potential for growth in line with your wider financial goals.

Richard's evolving goals

Richard started investing to build a deposit for his first home, so he knows a little about the benefits of investing. However, now he has achieved that goal, he was wondering what his next future life goal would be. Working with his adviser, they agreed how Richard could save flexibly but take more risk with his investments as his next goal would be retirement which was 20 years away.

Reviewing this goal on a regular basis and by understanding what the increase in risk means to him, he could potentially achieve a 2% higher return on his investment long term.

CASE STUDY

Investing in your retirement

Retirement isn't always a clear-cut event. You might cut back your hours gradually, do some part-time work or retire fully.

However your journey looks, it's important to think about how your investments will support you. That's why it can help to think about retirement in three broad stages and the different risks that come with each depending on what you would like to achieve.

1. **Approaching retirement.** As you get closer to retiring, the focus often shifts towards protecting what you have built while still growing your savings and protecting against inflation.
2. **The early years of retirement.** Once you begin drawing an income from your investments, it's important to do it carefully. Taking too much too soon could put your long-term plans at risk. Your adviser will help you manage withdrawal risk – the danger that market falls early in retirement could cause lasting damage to your portfolio. They'll also consider whether it makes sense to reduce your investment risk, especially as you may have less time to recover from significant market swings.
3. **Later retirement.** In later years, you might focus more on stability, care needs or passing wealth on to your family. Your investments should continue to support these changing goals.

Key retirement risks to understand

Withdrawal risk. Taking out money during a market downturn can lock in losses and hurt your long-term income.

Inflation risk. Rising living costs can quietly eat away at the spending power of your retirement income.

Longevity risk. Living longer than expected means your money needs to last longer too.

A good retirement plan is not just about reaching the finish line, it's about enjoying the journey beyond it.

Flo's retirement strategy

Flo wanted to know if she could afford to retire at 65 but she was worried about running out of money in later life. She worked with her adviser to understand how to best invest her pension fund to ensure she had an inflation proof secured income to cover her day to day living costs for life but still retain a lump sum to dip into now and again to enjoy her travel passion. Flo now feels free to enjoy her retirement years without the stress of financial uncertainty.

CASE STUDY

Different ways to invest

There's no one-size-fits-all approach to investing. Different solutions suit different people, depending on your goals, attitude to risk and how you want to use your money.

Some of the main options your adviser might explore with you include:

Growth-focused investments

Aiming to increase your money's value over the long term, often by investing more heavily in shares.

Smoothed investments

Aiming to reduce the ups and downs of markets, these investments try to deliver steadier returns over time. However, smoothing isn't guaranteed and charges may be higher.

Guaranteed income options

Some products, such as annuities, offer a secure income for life. These can suit people who want certainty over flexibility.

Diversified portfolios

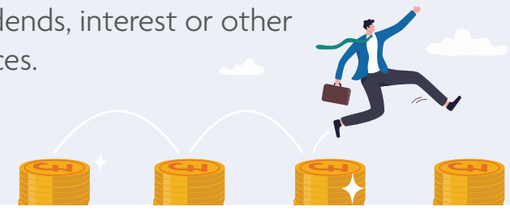
Combining different types of investments – like shares, bonds and property – into one carefully balanced portfolio. Multi-asset portfolios aim to spread risk while seeking steady returns over time.

Passive options

Low-cost funds that aim to track the performance of a market index, rather than trying to beat it. These can be a cost-effective way to diversify your investments.

Income-focused investments

Designed to provide regular payments through dividends, interest or other income sources.



Emily's investment preferences

Emily was keen to invest but she had no investment experience and had no investment preferences. She was keen to understand how her money would be invested. As she had no investment preferences Emily's adviser recommended that she invest in a portfolio that covered a mix of investment types.

Investing in a range of different investments will give Emily the peace of mind that all her 'eggs aren't in one basket'. Knowing she can also access her money if needed, Emily feels secure and optimistic about the future.

CASE STUDY

Diversification across different investments helps reduce the impact of any single market event and provides a more stable path towards your goals.

For more information about how we can match your attitude towards investment with our investment portfolios, please speak to your financial adviser.

A strong investment plan builds both growth and resilience.

Keep calm and carry on

When markets are rising, it's easy to feel confident. When they fall, it's natural to feel anxious. Human emotions can be powerful but reacting to short-term events can seriously harm your long-term investment success.

Common reactions include:

- Panic selling during market downturns
- Chasing trends after a strong rally
- Focusing on short-term noise instead of long-term goals

These reactions are understandable but often damaging. Making emotional decisions at the wrong time can turn temporary market falls into permanent losses.

Your adviser can help you stay on track when emotions run high, offering perspective and support when it's needed most. By focusing on your long-term plan rather than short-term movements, you give your investments the best chance to grow steadily while you're building your wealth – and to provide a sustainable income once you start drawing from them in retirement.

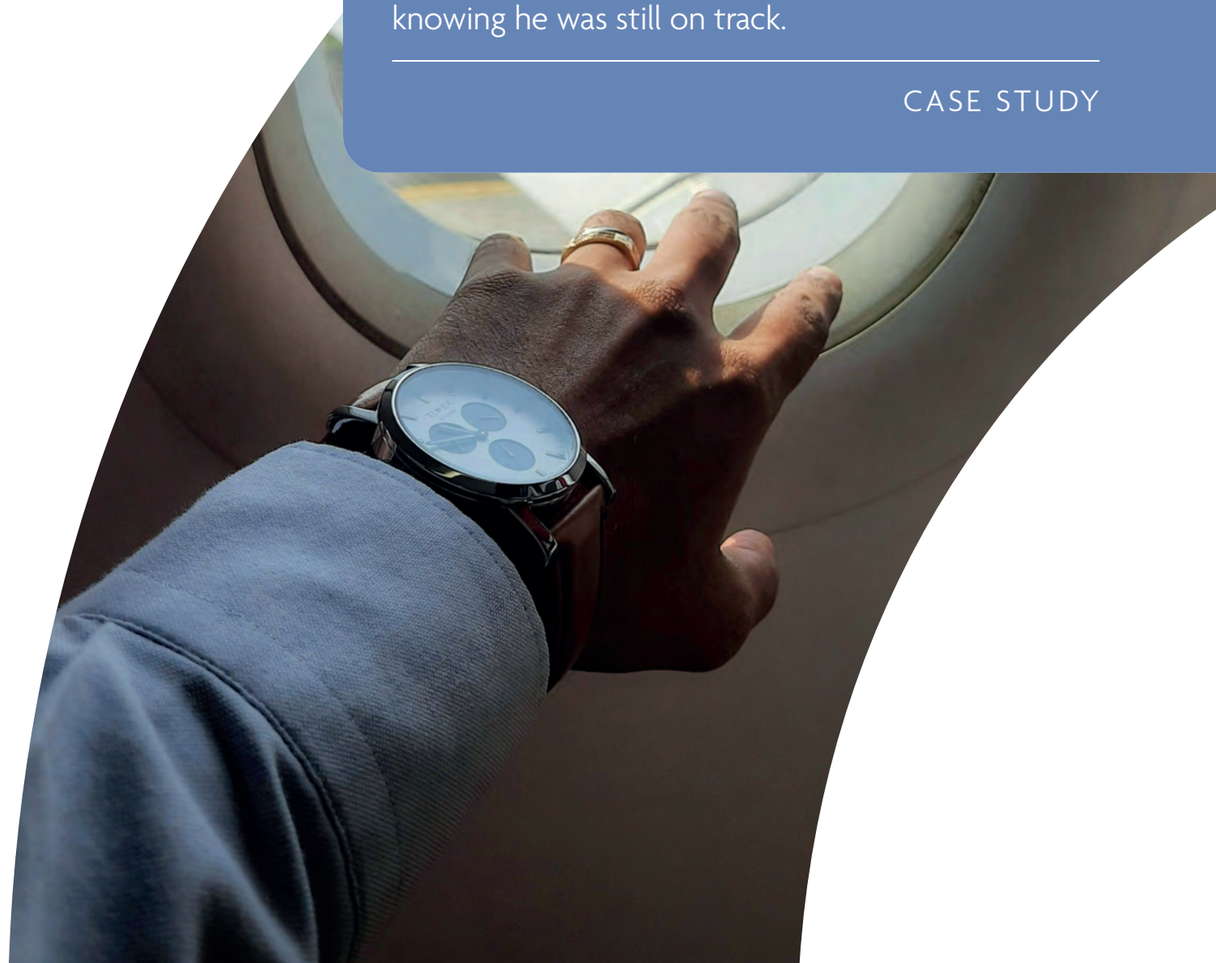
In a sharp market fall, many investors panic and sell at a loss, only to miss out when markets recover later. Staying invested and following your original plan is often the smartest move.

Successful investing is about patience, not prediction.

Samir's decision to stay calm

Samir invested £20,000 in an equities ISA a few years ago, which had grown to £24,000 in value. The market fell sharply, and Samir's investment fell to £21,000 in value over a few days. Samir stayed calm and over the next 6 months his investment recovered and is now worth £25,000 and is still growing. However, If Samir had panicked and withdrawn the £21,000 into his bank account, he would still have £21,000 and little potential growth. Today, Samir feels proud that he stayed calm and trusted the plan he had made with his adviser knowing he was still on track.

CASE STUDY



Next steps: Working together for your future

Investing is a journey, not a one-off event. Working with a financial adviser gives you the support, expertise and reassurance to stay on track – no matter what life throws your way.

Your adviser will:

- Help you define your goals clearly.
- Recommend a strategy that fits your personal situation.
- Support you through market ups and downs.
- Agree a plan with you to ensure:
  - your investments are regularly reviewed to keep them aligned with your needs; and
  - your plans are adjusted as life changes.
- Once you have agreed your plan, your adviser will talk you through the fees and charges involved.

Good advice isn't just about helping you grow your money. It's about giving you confidence, peace of mind and the freedom to enjoy your life without worrying about what markets are doing.

A strong plan today can make a big difference tomorrow – and having the right support along the way can make all the difference.

Investing wisely is about building the future you want, not just chasing returns.

Looking ahead with confidence

You don't need to make any decisions straight away. Instead, this information is designed to help you understand what's involved in investing and how working with an adviser can help you make smart, confident choices.

Please keep this brochure somewhere safe. It can be a useful reference whenever you want to remind yourself how investing works and why having a plan matters.

If you have any questions, your adviser is here to help – giving you the support and guidance you need to build a secure and rewarding future.

Important information

Past performance is no guide to future performance and may not be repeated.

The value of your investment, and any income derived from it, may go down as well as up and you may not get back the full amount invested.

THE Openwork PARTNERSHIP

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