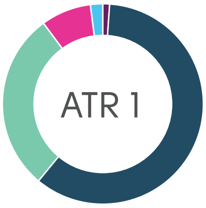
AFH Risk Ratings

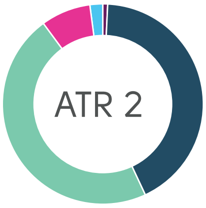
Below is a summary of our risk ratings on a scale of 1-5. These are examples of a strategic asset allocation for each risk rating. They do not reflect the actual asset allocation used as this will be determined by the amount and timing of your investment.

The graphs shown are for illustrative purposes only and are based on the performance of passive benchmarks for each asset class, reflecting the performance within the asset allocation shown over a 10 year term, ending 31 December 2024.

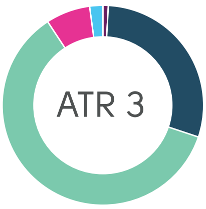
Low risk



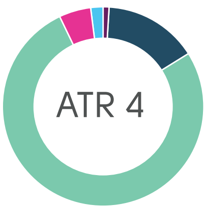
- Management of the assets will be focused on protecting your capital value and minimising price movements in the portfolio
- A high proportion of your portfolio will be invested in assets considered to be defensive, with historically lower levels of price movement
- At times when stock markets are considered fully valued, the portfolio may have little or no exposure to equities
- Investment into equities will be limited to a maximum of 35% of the portfolio
- Assets invested in this risk level are more likely to suffer from the impact of inflation, which can result in your buying power being compromised



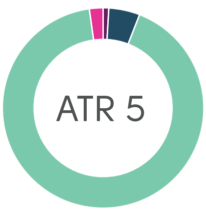
- A high proportion of the portfolio will be invested in assets that are considered to be defensive and have historically exhibited lower levels of price movement
- At times when stock markets are considered fully valued, the portfolio may have limited equity content but will always have some exposure to this asset class
- Investment into equities will be limited to a maximum of 50% of the portfolio
- Whilst short-term falls in value cannot be ruled out, from a historical perspective, these falls should be relatively minor
- Management of the asset content in the portfolio will be focused on protecting capital value and reducing volatility



- This portfolio is designed to strike a balance between long-term capital protection and exposure to assets that have the potential to offer real rates of return
- The portfolio is always likely to have a minimum exposure to equities, irrespective of market conditions
- Investment into equities will be limited to a maximum of 70% of the portfolio
- Over the long-term, this portfolio should offer a reasonable degree of protection against the impact of inflation on your purchasing power



- Whilst managing short-term fluctuation of value is of interest, the portfolio will have limited exposure to lower risk assets
- In the long-term, equities have provided the best prospects for capital growth, the maximum exposure to equities in this portfolio is 90% of the total assets
- It is assumed that fluctuations in value are not considered a threat to your immediate financial circumstances, therefore this portfolio may fluctuate in value to a significant extent
- Over the long-term, this portfolio should offer a high degree of protection against the impact of inflation on your purchasing power



- The primary objective is to grow the value of your portfolio, and exposure to lower risk assets is likely to be limited and held for tactical purposes only. Managing the short-term fluctuations in value in the portfolio is of secondary concern
- In the long-term, equities have provided the best prospects for capital growth. As a result, there is no maximum exposure to equities and the portfolio may even contain speculative equities
- It is assumed that fluctuations in value are not considered a threat to your immediate financial circumstances, therefore this portfolio may fluctuate in value to a significant extent
- Over the long-term, this portfolio should offer a high degree of protection against the impact of inflation on your purchasing power

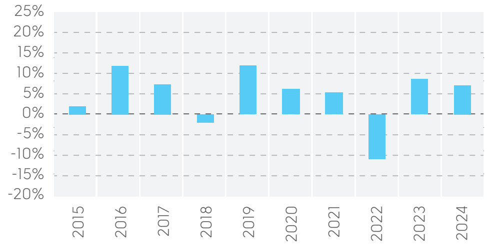
High risk

Key: Cash ● Fixed Interest ● Equities (shares) ● Property ● Alternatives ●

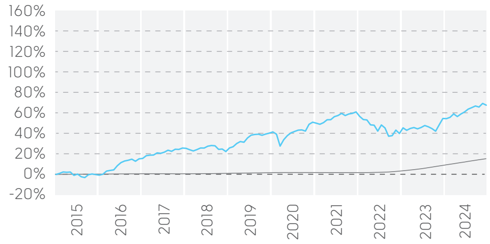
The summary data detailed below is commentary on historic returns and should not be construed as an indicator of future performance.

10 year period from Jan 2015 to Dec 2024

Discrete Annual Returns Before Inflation



Cumulative Annual Returns Before Inflation



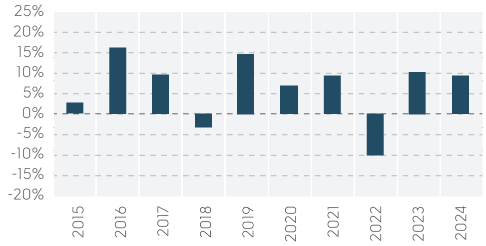
Summary data

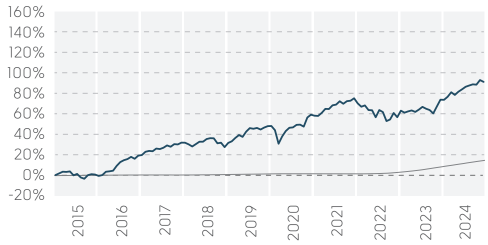
ATR 1. Summary data

11.8% Maximum gain in a calendar year.

-11.0% Maximum loss in a calendar year.

55.1% Gross return before inflation.



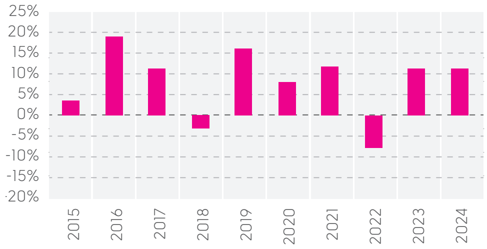


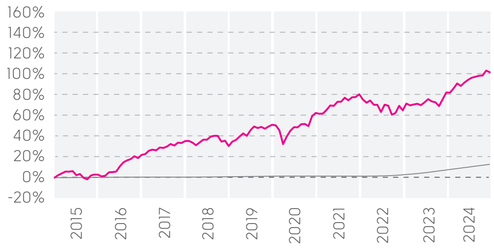
ATR 2. Summary data

15.5% Maximum gain in a calendar year.

-9.6% Maximum loss in a calendar year.

80.9% Gross return before inflation.



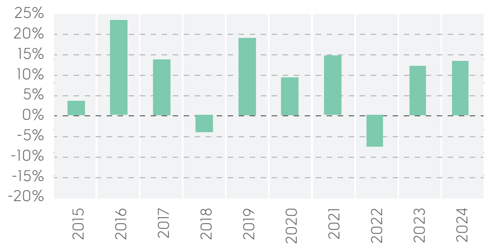


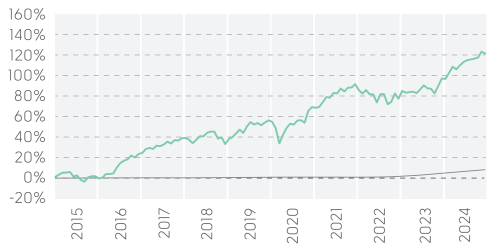
ATR 3. Summary data

18.7% Maximum gain in a calendar year.

-8.6% Maximum loss in a calendar year.

102.1% Gross return before inflation.



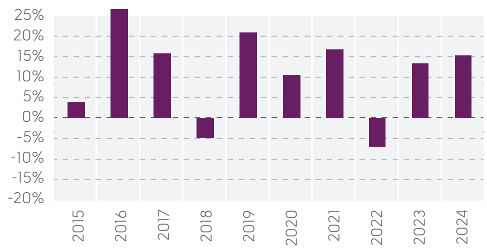


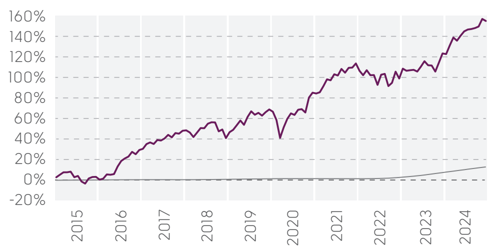
ATR 4. Summary data

22.2% Maximum gain in a calendar year.

-7.6% Maximum loss in a calendar year.

129% Gross return before inflation.





ATR 5. Summary data

25.2% Maximum gain in a calendar year.

-6.9% Maximum loss in a calendar year.

154.1% Gross return before inflation.

Key: ATR 1 ATR 2 ATR 3 ATR 4 ATR 5 Return on cash

The value of investments and the income from them can fall as well as rise and past performance is not a reliable indicator of future performance.

NOTE:

2022 was an upside-down year for risk. In rapidly changing economic conditions, lower risk portfolios underperformed higher risk portfolios. Bonds typically make up a large proportion of lower risk portfolios due to their defensive characteristics. They are less volatile assets compared to equities - that is their price doesn't change as rapidly and they tend to provide stable, consistent returns in portfolios.

Bonds started 2022 with low yields, matching the low interest rate environment in all major economies. Therefore, when interest rates were increased at a historically fast pace, the yields on bonds also rose quickly, and with the inverse relation of bond prices and yields (when yields fall, bond prices rise and visa versa) meant the capital value of many bonds fell dramatically. The losses experienced on bonds in 2022 was an anomaly. In previous cycles of rising interest rates, bonds have typically held up well due to their higher starting yields and therefore the higher coupon income has offset capital losses.