

HORIZON MULTI-ASSET FUNDS

SUITABILITY PARAGRAPHS



For professional advisers only

horizon 
by embark

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COMMUNICATING WITH YOUR CLIENTS

Following your client discovery process, you will have gained a comprehensive understanding of your clients' specific investment needs. As you will know, to reinforce your advice you will need to write to them with a proposal of your recommendations based on their risk profile, investment goals and time horizons.

In order to help you provide your clients with thorough and clear communications, we have created templated paragraphs explaining the Horizon Multi-Asset Funds propositions, investment process and the five different risk profiles. Please do feel free to copy and paste these paragraphs into your own company's branded letters.

Important Information

We do ask that your letters do not feature the Embark brand. The information you use from this document is deemed to be issued by your business. With this in mind, your company's compliance officer should check and approve the use of any information we provide.

We also have supporting documents such as KIIDs, factsheets and prospectus via our website **embarkhorizon.co.uk** for more information about the Horizon Multi-Asset Funds.

Naturally, your company is also responsible for assessing the suitability of investments for your clients. Embark accepts no liability for the content of this document.

For the avoidance of doubt, when using the information in this document for communicating with your clients, you are responsible for informing them that:

- Past performance isn't a guide to future performance
- The value of investments can go down as well as up and is not guaranteed
- For these reasons, they may get back less than they invest
- For ensuring that all the communications you send them are accurate and meet the fair, clear and not misleading requirements.

EXPLAINING HORIZON MULTI-ASSET FUNDS

Following our discussions, you have decided to invest in *[insert fund name here]*.

After assessing and establishing your attitude to risk, the Horizon Multi-Asset most suited to you was *[insert fund name here]*.

Risk profiles

1

Fund: Horizon Multi-Asset Fund I
Risk level: Cautious

You wish to grow your investment over the medium to long term (five or more years) by means of a portfolio that demonstrates moderate price fluctuations, with greater emphasis placed on fixed income securities and lower exposure to equities (company shares).

You understand that company shares have the potential to achieve a greater rate of return over the long term compared to fixed income securities, yet they also carry significantly higher risk. You want to achieve a greater rate of return than investing in a portfolio of only cash or fixed income securities, but want to do this with a significantly lower risk than investing all your money in company shares.

The exposure to company shares will usually be 20-50%, although these are not limits and the exposure could be above or below this range in the future. You are prepared to accept the higher risk that comes with such an exposure.

You want to achieve the best return for this risk profile over the medium to long term (five or more years) although you accept that there can be no guarantee that this will be achieved.

EXPLAINING HORIZON MULTI-ASSET FUNDS (CONTINUED)

Risk profiles

2

Fund: Horizon Multi-Asset Fund II
Risk level: Moderately Cautious

You wish to grow your investment over the medium to long term (five or more years) by means of a portfolio that demonstrates moderate price fluctuations, with emphasis placed on fixed income securities and equities and some exposure to property.

You understand that company shares and property have the potential to achieve a greater rate of return over the long term (five or more years) compared to fixed income securities, yet they also carry significantly higher risk.

You want to achieve a greater rate of return than investing in a portfolio of only cash or fixed income securities, and also a greater rate of return than Horizon Multi-Asset Fund I; as such you are prepared to take a greater level of risk by having a greater exposure to company shares, as well as property.

The exposure to company shares will usually be 25-55%, although these are not limits and the exposure could be above or below this range in the future.

You want to achieve the best return for this risk profile over the medium to long term (five or more years) although you accept that there can be no guarantee that this will be achieved.

3

Fund: Horizon Multi-Asset Fund III
Risk level: Balanced

You wish to grow your investment over the medium to long term (five or more years) by means of a portfolio that demonstrates moderate to large price fluctuations with greater emphasis placed on equity and lower exposure to fixed income securities and some exposure to property.

You understand that company shares and property have the potential to achieve a greater rate of return over the long term (five or more years) compared to fixed income securities, yet they also carry significantly higher risk.

You want to achieve a greater rate of return than investing in a portfolio of only cash or fixed income securities, and also a greater rate of return than Horizon Multi-Asset Fund II; as such you are prepared to take a greater level of risk by having a greater exposure to company shares.

The exposure to company shares will usually be 50-75%, although these are not limits and the exposure could be above or below this range in the future.

You want to achieve the best return for this risk profile over the medium to long term (five or more years) although you accept that there can be no guarantee that this will be achieved.

EXPLAINING HORIZON MULTI-ASSET FUNDS (CONTINUED)

Risk profiles

4

Fund: Horizon Multi-Asset Fund IV
Risk level: Moderately Adventurous

You wish to grow your investment over the medium to long term (five or more years) by means of a portfolio that demonstrates moderate to large price fluctuations, with greater exposure to equity and some fixed income securities and property. There may also be some exposure to emerging markets.

You understand that company shares (including emerging markets) and property have the potential to achieve a greater rate of return over the long term (five or more years) compared to fixed income securities, yet they also carry significantly higher risk.

You want to achieve a greater rate of return than investing in a portfolio of only cash or fixed income securities, and also a greater rate of return than Horizon Multi-Asset Fund III; as such you are prepared to take a higher level of risk by investing to a greater extent in company shares, including emerging markets.

The exposure to company shares will usually be 65-95% in developed markets and 0-15% in emerging markets, although these are not limits and the exposure could be above or below this range in the future.

You want to achieve the best return for this risk profile over the medium to long term (five or more years) although you accept that there can be no guarantee that this will be achieved.

5

Fund: Horizon Multi-Asset Fund V
Risk level: Adventurous

You wish to grow your investment over the medium to long term (five or more years) by means of a portfolio that demonstrates large price fluctuations, with greatest exposure to equity and some exposure to property. There may also be some exposure to emerging markets.

You understand that company shares (including emerging markets) and property have the potential to achieve a greater rate of return over the long term (five or more years) compared to fixed income securities, yet they also carry significantly higher risk.

You want to achieve a greater rate of return than investing in a portfolio of only cash or fixed income securities, and also a greater rate of return than Horizon Multi-Asset Fund IV; as such you are prepared to take a high level of risk by having a high exposure to company shares, including emerging markets.

The exposure to company shares will usually be 65-100% in developed markets and 0-20% in emerging markets, although these are not limits and the exposure could be above or below this range in the future.

You want to achieve the best return for this risk profile over the medium to long term although you accept that there can be no guarantee that this will be achieved.

EXPLAINING HORIZON MULTI-ASSET FUNDS (CONTINUED)

Funds designed around you

The Embark Horizon Multi-Asset Fund range gives you access to five multi-asset, risk-profiled funds.

Each fund aims to grow your investment over the medium to long term (five or more years) whilst remaining within a certain risk profile. They come with the support of an experienced investment team that bases its asset decisions on strong research and analysis. The funds' total charges also compare very competitively with other actively managed multi-asset funds.

Who operates the funds?

The Horizon Multi-Asset Fund range is operated by Embark Investments. Embark Investments have chosen Threadneedle Asset Management Limited, part of Columbia Threadneedle, to manage the funds as the investment manager of the five Horizon Multi-Asset funds. Administration of the funds is outsourced to Northern Trust. The Horizon Multi Asset Funds can also be mapped to the output of other third party risk profiling tools available to Financial Advisers.

Who shapes the funds?

EValue, one of the UK's leading providers of financial planning and forecasting solutions, helps you to identify a risk profile that matches your feelings about risk and how you cope should the value of your investments fall.

The company helps shape the five Horizon Multi-Asset funds by establishing the risk profile framework to which the funds are managed. Each quarter, EValue will update its investment research tools to provide asset allocations for each risk profile, which in turn set the basis for tactical asset allocation decisions made by Columbia Threadneedle commensurate with their own investment views. Please note, the Horizon Multi-Asset Funds are managed for the medium to long term (five or more years) and are therefore not suitable if you are investing for less than five years.

Who manages the funds?

Columbia Threadneedle manages the five Horizon Multi-Asset funds. Columbia Threadneedle is a proven multi-asset investment manager with more than 20 years' experience in managing multi-asset strategies. The company has also won numerous investment awards over the years.

Columbia Threadneedle will consider EValue's strategic asset allocation updates when managing your fund. As Columbia Threadneedle is an active fund manager, the company may allocate assets tactically, outside EValue's recommendations. However, Columbia Threadneedle will always aim to allocate assets in line with your fund's risk profile – which means that you don't have to check your investments to ensure they still match the risk profile you have chosen, Columbia Threadneedle is doing this for you. All you have to do is check your own risk profile hasn't changed when we review your investments together, as your adviser.

To deliver your investment return, Columbia Threadneedle will invest the Horizon Multi-Asset funds primarily into other Columbia Threadneedle funds. These underlying funds are managed by asset specialists with the skills which aim to deliver the best investment returns in their area of expertise. The Horizon Multi-Asset funds will therefore benefit from a wide range of specialist Columbia Threadneedle fund managers.

The portfolios are regularly monitored and rebalanced by the investment manager to ensure they remain within their risk bands. This means you can be confident that the level of risk will continue to be within your comfort zone.

Responsible investing

The Horizon Multi-Asset funds are actively managed by Columbia Threadneedle who are one of the founding signatories of the United Nations supported Principles for Responsible Investment (PRI), a globally recognised benchmark for the consideration of Environmental, Social and Governance (ESG) issues. In 2018 Columbia Threadneedle received an overall PRI assessment rating of A+, the highest rating possible. They have been a signatory to the UK Stewardship code since 2010.

Columbia Threadneedle includes ESG considerations in the investment process using its own dedicated Responsible Investment (RI) team with expertise in a range of relevant areas including ESG research and sustainable outcomes.

A more detailed overview of Columbia Threadneedle's approach to ESG can be found on the Horizon Fund website www.embarkhorizon.co.uk.

EXPLAINING RISK AND RETURN

The relationship between risk and return

Risk and return are related. The more risk you are prepared to accept, the higher the returns you might expect. Conversely, you might receive a lower level of return from investments that have a lower level of associated risk attached to them.

What do we mean by risk?

To some, risk means the possibility of losing some or all your money. To others, it's the chance your money may not produce enough income to live on.

No one can eliminate risk. However, it's possible to measure and manage it within your portfolio. This involves calculating the right level of risk for you.

So, it's important you understand the risks involved and how they might affect you. You should consider the risks and potential returns, your goals, and the time you have to achieve them.

What are the different types of risk?

When creating a portfolio for you, we must consider many different types of risk, including:

Investment market risk

The possibility that an event will adversely affect investments in a market sector, such as shares.

Investment specific risk

The possibility that an investment may not perform as well as the market or its competitors.

Inflation risk

The possibility that the return on your investment is less than the rate of inflation – which reduces the spending power of your money.

Credit risk

The possibility that a debtor fails to pay back amounts they have borrowed.

Interest rate risk

The possibility a fall or rise in interest rates will adversely affect an investment.

Legislative risk

The possibility a change in legislation will mean an investment isn't right for you anymore.

Liquidity risk

Relates to the ease you can sell or liquidate your investment. Some investments charge exit fees or limit your withdrawal from them. Other investments may be difficult to sell, due to a lack of buyers.

Shortfall risk

The possibility the returns on your investment are insufficient and its value doesn't reach the amount you require.

EXPLAINING ASSET CLASSES

What are fixed income assets?

Fixed income investments are also known as bonds. Governments and companies who want to raise money issue bonds. Investors who buy bonds are, in essence, lending money to the government or company that issued them (the issuer).

In return, investors expect to receive regular interest payments until the bond matures (comes to an end). When the bond matures, they also expect to get back the amount they originally invested.

The issuer will set and pay a regular interest payment called a coupon. Given the issuer fixes this coupon when it first sets up the bond, bonds are often called 'fixed-income securities'.

When issued, the life of a bond is typically from 2 years to 30 years or more. Most bonds are assigned a credit rating to reflect the issuer's creditworthiness. One potential risk of bonds is that money isn't repaid to investors. As a result, bond prices may move to reflect this possibility.

Movements in interest rates will affect the value of bond prices. As longer term interest rates (i.e. bond yields) rise, bond prices tend to fall. Conversely as yields fall, bond prices tend to rise.

What are equities?

Equities, also known as shares, are investments that give you an ownership stake in a company, making you a shareholder. In return, you may receive a share of the company's profits.

The company may pay out these profits to shareholders regularly, in the form of a 'dividend'. Alternatively, the company can keep the profits to pay for its activities or growth. Typically, people with equities receive returns through a blend of capital gains and income from dividends.

Equities may be traded in developed markets, these are countries which have high levels of income per person and democratic governments and include countries such as the UK, US, Germany, France and Japan. They may also be traded in emerging markets, such as China, Brazil, Russia and India, as their economies and financial systems are less advanced, investment professionals usually view emerging markets as higher-risk areas.

History shows that equities have been a volatile investment. However, they have tended to perform well over long time periods of ten years or more – although this doesn't indicate future performance.

What are property investments?

Property investments come in many forms and often invest in a mix of offices, shops, industrial buildings and, sometimes, residential properties.

Property funds may buy and hold properties themselves, or they may invest in shares of specialist building and property companies. They may also gain property exposure via an investment in the listed property index.

It can take investors and managers a long time to sell and switch property investments.

Where property is held, the Embark Horizon Multi-Asset Funds invest in a Columbia Threadneedle fund which in turn directly invests in property.

EXPLAINING ASSET ALLOCATION

Getting the right mix of assets

Some investors are willing to accept more risk to try and get better returns from their investments. They can be better suited to an investment portfolio, and in what amounts, featuring more equities (shares) than comparatively lower-risk cash and fixed-income investments.

Investment portfolios with more equities may, potentially, give you a better return on your money than lower-risk investments. However, there are no guarantees, as equities can rise and fall quickly.

‘Strategic asset allocation’ acknowledges the different risk and return profile of different asset classes and involves choosing which assets should go in your portfolio, and in what amounts to help you achieve your goals – while accounting for your feelings about risk, capacity for loss and how long you want to invest. The Horizon Multi-Asset Funds strategic asset allocations are aligned to the EValue risk profile framework, and can be mapped to the output of other risk profiling tools. In this way, it is possible to identify the Horizon Multi-Asset Fund that delivers a suitable strategic asset allocation for the investor.

Whereas the strategic asset allocation is a fairly stable longer term neutral position designed to meet the investor’s objectives over the chosen investment period, ‘tactical asset allocation’ involves shorter term investment decisions that are intended to opportunistically improve the performance of the longer term strategic asset allocation, by increasing return and/or reducing risk. Typically the investment manager will take shorter term views on individual asset classes and increase (‘overweight’) or decrease (‘underweight’) the investments relative to their weightings in the strategic asset allocation. Tactical asset allocation decisions may be driven by various factors, including the manager’s view of market conditions, investment outlook, and asset class valuations.

EXPLAINING DIVERSIFICATION

Spreading investment risk

One of the best ways to reduce risk in your portfolio is to have a wide spread of investments. This is called 'diversification'. By holding a spread of investments across different asset classes and across different geographical regions, you increase your chances of making the most of potential returns. For example, if one type of investment, asset or region in the portfolio performs less well, others may perform better. While diversification doesn't eliminate risk, it can reduce the threat to your money that comes with putting all your eggs in one basket.

The most common asset classes include shares in companies, government bonds, property and cash amongst others.

You can diversify your investments in these three ways:

1

Across asset classes

Major asset classes such as equities and government bonds perform differently at different times. Historically, no single asset class has performed consistently better than all others every year. Investing across a variety of asset classes will reduce risk in your portfolio.

2

Across markets, regions and individual securities


Investing across different countries, currencies, industries and securities ensures you're not focusing narrowly on a particular area. Doing this helps reduce the impact of a regional or industry downturn, or events that have a negative impact on individual companies (e.g. bankruptcy).

3

Across different investment management styles

Different investment styles tend to behave differently in various economic and market conditions. Choosing a range of managers with complementary styles might counter act the risk of focusing on one approach that's not performing so well.



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No other person should rely on, or act on any information in this document when making an investment decision. If you require further information on any of the Embark Horizon Multi-Asset Funds, the Key Investor Information Document (KIID) and the prospectus are both available on the website www.embarkhorizon.co.uk. The Authorised Corporate Director of the Embark Investment Funds ICVC (in this document "Horizon") is Embark Investments Limited (in this document "Embark Investments"), authorised and regulated by the Financial Conduct Authority. Registered in England and Wales under registered number 3383730. Registered Office: 100 Cannon Street, London, EC4N 6EU.

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Past performance is not necessarily a guide to future performance and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested. No guarantee is given for the performance of the fund.