



Management Services for Clients of Financial Advisers Why Investec Wealth & Investment?

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Why Investec Wealth & Investment? – Introduction to the Company

Investec Wealth & Investment (IW&I) is one of the UK's leading investment management companies, with responsibility for over £34 billion (as at September 2017) of client assets.

We have worked closely with Financial Advisers for over 25 years and gained a unique understanding of the specific needs of advisers and their clients.

Our Discretionary Managed service is the result of that expertise, and allows advisers to deliver actively managed, bespoke and tax-efficient investment portfolios to their clients – be they individuals, companies, trusts or pension funds.

Our service is highly flexible and can be applied to almost any investment medium, including ISAs, offshore bonds, pension funds, charities and trust assets, and delivered directly or via a wide range of third party providers, including platforms, offshore wrappers and SIPPs.

We believe that a personal touch and high quality of service are paramount and our nationwide presence allows us to extend that offering to our clients across the UK.

History of the Company

IW&I has a foundation that goes back to 1827 and our history is closely linked to the development of the financial sector in the UK.

The bringing together of illustrious names including Rensburg Sheppards and Williams de Broë, combined with the strength of the Investec group, has allowed IW&I to consolidate its wide-ranging expertise and leading position.

The depth and breadth of Investec enables us to offer a broad service to our clients and access to an extensive pool of investment opportunities around the world. Meanwhile our commitment to providing out of the ordinary levels of personal service for our clients remains paramount.

Investec plc is an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base, principally in the United Kingdom, South Africa and Australia.

IW&I is a wholly owned subsidiary of Investec and forms a key part of the Wealth & Investment business unit.

Our Approach

We strive to be distinctive, driven by our commitment to our core values.

- **Distinctive performance**
 - Outstanding talent - empowered, enabled and inspired
 - Meritocracy
 - Passion, energy, stamina, tenacity
 - Entrepreneurial spirit
- **Client focus**
 - Distinctive offering
 - Leverage resources
 - Break china for the client
- **Cast-iron integrity**
 - Moral strength
 - Risk consciousness
 - Highest ethical standards
- **Dedicated partnership**
 - Respect for others
 - Embrace diversity
 - Open and honest dialogue
 - Unselfish contribution to colleagues, clients and society

Why Investec Wealth & Investment? – Client Protection

IW&I is authorised and regulated by the Financial Conduct Authority (FCA) and we are committed to maintaining the highest standards of client protection.

The following measures are in addition to the usual maximum compensation levels available under the Financial Services Compensation Scheme (FSCS) of £85,000 per person for claims relating to cash deposits and £50,000 per person for claims relating to most investments.

Full details of our client protection policies and procedures are available upon request; however, the key points are as follows:

Segregation of Assets – Assets of clients are held in trust within our nominee company and are recorded in such a manner as to clearly indicate they do not belong to the firm. Therefore, in the unlikely event of the insolvency of IW&I, a liquidator would be legally prevented from using clients' assets to settle the firm's liabilities.

Deposit Protection – Client money is again clearly segregated from that of the firm and is syndicated amongst a number of leading banking institutions, selected for their high credit rating and level of capital adequacy. This diversifies the risk of any one institution failing and maximises potential compensation under the FSCS.

Professional Indemnity (Civil Liability) Insurance – Insurance is maintained against Investec's possible negligence of up to £365m in any one claim and in all.

Basis of Advice

IW&I offer 'Restricted' advice services to the clients of Financial Advisers. We have decided that the 'restricted' route is most suitable for these clients. This is because our investment managers specialise in these services and do not provide advice on all Retail Investment Products (RIPs) e.g. life policies. For more information please refer to our RDR flyer for Clients.

Structured and Disciplined Investment Process

We believe a structured and disciplined investment process is central to delivering consistently good risk-adjusted returns to our clients. Our independent researchers and experienced investment managers are organised into specialist teams to focus on three core areas: Asset Allocation, Stock and Sector Allocation and Collective Funds. Please refer to the Managing Your Investments for Clients of Financial Advisers (IW1476) document for more information.

Active Asset Allocation

Our Asset Allocation Committee meets on a monthly basis to review economic, interest rate and currency forecasts and the outlook for individual fixed income and equity markets. Their objective is to produce rolling six-month return forecasts for each market and then convert these forecasts into a range of asset allocation frameworks which reflect risk tolerance and return objectives. Changes in this framework are reflected in changes to the composition of our client portfolios.

Active Stock and Fund Selection

Our Stock/Sector and Collective Investments Committees also meet regularly to review and select individual stocks and funds within each of the various investment markets, down to sector level within the UK market.

This culminates in our Recommended List of stocks and collective funds, from which a dedicated investment manager then constructs and monitors your portfolio, taking advantage of any tactical ideas and 'special situations' from our research team that may be appropriate to enhance performance.

Our research team endeavour to meet regularly face-to-face with the management team of the companies and funds in which we invest on behalf of our clients. Where possible, this is in our offices so we have sufficient time to ask all the questions we want answered.

Extensive Research Capacity

We employ a team of dedicated researchers to provide us with detailed and independent daily analysis of company results and economic news.

We seek career analysts with an experienced and considered perspective, with each taking responsibility for particular economic sectors and areas of expertise.

Quantitative tools, such as Quest and FactSet, are used to screen and analyse data as part of this process.

We also pay for the best external economic and company research available to complement and assist our decision making.

Detailed due diligence is undertaken on all the collective funds in which we invest, both prior to initial purchase and on an on-going basis. We take an unbiased perspective, using a 'best of breed' approach to select from the entire universe of onshore and offshore funds. Amongst other factors, the process takes into account stability of the Group, access to key managers, investment process, performance and volatility, quality and integrity of management.

Specialists cover the alternative investment arena and we tend to avoid opaque structures, illiquid investments and highly leveraged situations.

Research recommendations are communicated to investment managers via our daily morning meeting, a proprietary research database and event-driven email alerts.

Dedicated Investment Manager

Whilst structured and disciplined, our investment process is sufficiently flexible to enable your dedicated investment manager, in conjunction with your financial adviser, to interpret our house view of markets and their prospects for your benefit.

Your dedicated investment manager will monitor the markets for you on a daily basis and take immediate action on your behalf as required.

The final decision and responsibility for investment rests with your investment manager, who will be most familiar with your circumstances and preferences.

Bespoke and Flexible Investment Strategy

The asset allocation of your portfolio and its underlying holdings will be designed to meet your specific objectives and attitude to risk. If your circumstances or requirements change, then the portfolio can be easily and quickly rebalanced to meet your needs. For example, you may wish to change the level of income drawn from the portfolio or take a more defensive or aggressive stance.

Minimum Investment

Your financial adviser will discuss the amount to be invested with your dedicated investment manager, however, the minimum value is £150,000.

This allows us to offer a genuinely outsourced investment service to financial advisers and their clients, rather than a service that 'cherry picks' only the largest investors.

We are, therefore, able to offer bespoke investment management to clients who are building their investments over time, as well as those who already have a substantial portfolio.

Reduced Initial and Ongoing Charges on Collective Investments

We have a policy of buying only institutional share classes of our preferred funds, where available; these have a much lower annual management charge, often half that of the equivalent retail class, and again all such savings are a direct benefit to clients.

Investment Performance Measured Against Agreed Benchmarks

The performance of all portfolios is measured against an agreed benchmark, either industry recognised, such as the MSCI or FTSE All Share Indices, or a bespoke combination of indices designed to match the unique nature of your portfolio.

This comparison allows you to easily monitor if we are adding value and judge the consistency of relative returns over the longer term.

Timing and Phasing of Investments

Timing the investment of new capital can be an important determinant of overall returns, particularly when markets are volatile. We will work to an agreed strategy and can phase investments on your behalf over a period of time as opportunities arise.

Service Descriptions

It is extremely important that clients understand the services we offer and we provide a clear explanation here:

Discretionary Portfolio Management – this means that IW&I manages your portfolio in line with specified investment objectives as agreed with you and within your particular risk profile. IW&I has full authority at our discretion to buy and sell particular shares, funds and investments without prior reference to you, and to enter into any kind of transaction or arrangement for your account which is in line with agreed criteria. Discretionary Portfolio Management is preferred by most clients as it simplifies what can be a complicated investment management process and is often seen as the 'traditional' wealth management service.

Master Portfolio Service – IW&I's Master Portfolio Service is an easy to understand discretionary investment management service (often a first step into the investment world) where we offer a range of six defined model portfolios: High growth, Growth, Balanced, Income, Cautious and Defensive. Each model contains a wide range of unit trusts, investment trusts and open-ended investment companies (OEICs) to reflect different requirements and give you a diversified exposure to the global financial markets across the main asset classes (namely equities, bonds, commercial property and other alternatives). We have substantial research resources and we are completely unbiased in our selection of the underlying funds. All of our clients benefit from institutional style rates that lower the initial and ongoing costs within the underlying (open-ended) funds. Our clients also benefit from our personal, one-to-one contact – an approach that is central to our firm's philosophy.

AIM Portfolio IHT Plan – Planning for Inheritance Tax (IHT) is a concern for many. Trusts are an option but can prove expensive, inflexible and time consuming. This is why we have developed the AIM Portfolio IHT Plan – a vehicle that helps financial advisers to help their clients reduce their potential IHT liability after only two years. How it works is simple: under current tax rules, unlimited exemption from IHT is available to private individuals provided that an investor has held shares in a qualifying company for at least two years. Most companies trading on the Alternative Investment Market (AIM) are eligible for Business Property Relief (BPR). As such, the shares contained in the portfolio are classed as business assets and therefore exempt from Inheritance Tax. There are risks, of course, as there are with any longer-term investments, but we have a close working knowledge of AIM companies and are strict in choosing where we invest – selecting only those with a strong management team and proven track record – and in monitoring their subsequent performance.

Structured Product Service – Our Structured Product Service has been created specifically for clients who want a defined return over a defined period. Managed by our specialist team we can offer a choice of two portfolio options investing in structured products, to provide an alternative risk/reward profile, with the potential for positive returns in rising, flat or falling markets. An element of capital protection is often built in, although few structured products offer 100% capital protection. With regards to taxation, the majority of structured products are subject to Capital Gains Tax (CGT) on any profits, rather than Income Tax, and are eligible for ISA/SIPP wrappers.

Tax Efficient Management

We make active and efficient use of available tax allowances, including the annual capital gains tax exemption where appropriate.

We will preserve the tax efficient status of any existing ISA wrappers, whilst seeking to use any available ISA allowance for current and future tax years as fully as possible if requested by your financial adviser.

We structure family portfolios in a manner that most efficiently exploits differential marginal tax rates.

We also have extensive experience in the management of pension funds, via our own IW&I SIPP or a host of links to third party providers, and offshore bond portfolios.

Investment Restrictions

As all our portfolios are bespoke to your circumstances and preferences, we can incorporate almost any restriction into the management of your investments. This could mean, for example, retaining an existing holding, avoiding investment in a particular company or sector or placing a limit on exposure to a particular geographic region or asset class.

Ethical Investment

Frequently, we are asked to restrict investment to stocks and funds which meet high ethical and socially responsible standards.

Where we invest in direct equities, we are able to screen individual stocks according to a range of criteria.

We can apply negative screens, to exclude companies which, for example produce alcohol, tobacco, armaments and pornography, or those which are involved in animal testing or human rights abuses.

We can also apply positive screens, which highlight those companies involved in improving environmental, social, educational and labour standards or those making significant contributions to community and charitable organisations.

Where we invest in collectivised investments, we are able to select funds with a well defined and appropriate ethical policy. We also have a preference for fund groups that engage with companies, both within and outside their portfolios, in order to promote ethical and socially responsible business practices.

Dedicated Investment Manager

Your dedicated investment manager will act as a single point of contact, supported by a close knit team of experienced investment and administrative professionals.

Initial and regular face-to-face meetings are encouraged, in conjunction with your financial adviser, to ensure we remain in close touch with current and future objectives.

Nationwide Presence Means Local Contact

With 15 offices located across England, Scotland and Northern Ireland, we have a truly nationwide presence that allows us to provide local contact to advisers and their clients.

Low Staff Turnover

We have a very low level of staff turnover and lengthy average tenure amongst our senior investment staff, ensuring continuity and a focus on maintaining productive long term relationships with our clients.

Competitive and Transparent Charging Structure

Our management charges are very competitive by industry standards and encompasses all the portfolio investments, including those held within ISA wrappers; there are no additional 'wrapper' fees, as levied by some providers.

We apply a Fee Only charge (plus VAT that may be applicable). Please refer to our Rate Cards for more information.

In Specie Transfers

We can transfer your existing investments to us without encashment (subject to the terms of your existing provider) and will not charge for any administrative work required to do so. This can help to minimise any period 'out of the market' when holdings are disinvested prior to transfer.

Review and Consolidate Existing Investments

Our service is therefore an ideal means by which to consolidate existing investments and have them reviewed and actively managed. In doing so, it may be possible to diversify, reduce risk and enhance performance.

Simplified Paperwork and Reduced Administrative Burden

For the majority of portfolios, stocks and funds are held in a dematerialised form in our nominee company. This greatly reduces the time consuming paperwork and administrative burden that can accompany a portfolio held in certificated form or with a number of investment providers.

Transactions are settled electronically and we can respond promptly to any corporate actions, such as rights issues and takeovers, on your behalf.

Transparent and Regular Reporting

We are happy to provide confirmation of every transaction undertaken and the rationale for doing so, enabling you to clearly understand our investment strategy and methodology.

Valuation reports are produced on a quarterly basis, providing a market view, detailed transaction statements and a summary of performance over the period against agreed benchmarks.

Shortly after the end of each fiscal year, an Annual Report will be despatched summarising all transactions undertaken and capital gains realised over the preceding 12 months.

The report also includes a Consolidated Tax Voucher detailing all dividends and interest received, plus any tax deducted at source, within the taxable element of the portfolio. These schedules are acceptable to HMRC and can be used to complete self assessment returns.

Online Access via a Secure Website

Our Online Portfolio Valuation Service is available 24/7 to both clients and their financial advisers via a secure website.

Holdings are priced on real time (with a short delay of 15-20 minutes). Clients can access their Capital Account statements and can self select their valuation and statement time periods. Additionally there is the ability to drill down into each holding to see all transactions and associated costs.

Income Collection and Cash Management

We maintain a deposit account on your behalf, in which we will collect all dividend income and interest; this can either be reinvested or remitted directly by wire into your nominated bank account at a frequency to suit your requirements.

We also offer a cash management service whereby, based upon the projected annual income of your portfolio, fixed monthly payments can be made, assisting you in budgeting.

Free Payment by Wire or BACS

If you draw a regular income from your portfolio or decide to withdraw capital at any time, then all payments are made free of charge by either wire or BACS.

Flexibility to Access Capital

With no exit penalties or lock-up periods, monies can generally be made available in five working days, should you need them to meet a planned or unforeseen requirement, although most strategies should be viewed as long-term investments.

Past performance of an investment is no guide to its performance in the future. Investments, or income from them, can go down as well as up. You may not necessarily get back the amount you invested.

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Birmingham 0121 232 0700
Bournemouth 01202 208100
Cheltenham 01242 514756

Edinburgh 0131 226 5000
Exeter 01392 204404
Glasgow 0141 333 9323
Guildford 01483 304707
Leeds 0113 245 4488

Liverpool 0151 227 2030
London 020 7597 1234
Manchester 0161 832 6868
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