



Master Portfolio Service (MPS) Why Investec Wealth & Investment?

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Introduction to the Company

Investec Wealth & Investment (IW&I) is one of the UK's leading investment management companies, with responsibility for over £34.2 billion (as at September 2017) of client assets.

We have worked closely with professional intermediaries for over twenty years and gained a unique understanding of the specific needs of advisers and their clients.

Our Master Portfolio Service (part of our DFM offering) is the result of that expertise, and allows advisers to deliver actively managed, 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 funds, pension funds, charities and trust assets, and delivered directly.

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.

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 fund managers are organised into specialist teams to focus on three core areas: Asset Allocation, Stock and Sector Allocation and Collective Funds.

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.

Fund Selection

Our Collective Investment Committee meets regularly to review and select individual funds within each of the various investment markets.

This culminates in our Recommended List of funds, from which the dedicated fund 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 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 industry sectors and areas of expertise.

We have access to 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 Fund Manager for Master Portfolio Service (MPS)

Whilst structured and disciplined, our investment process is sufficiently flexible to enable the dedicated MPS fund manager to interpret our house view of markets and their prospects for your benefit.

The dedicated fund 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 the fund manager. Aside from the centralised fund management team for MPS, you will also have a focal point of contact within the firm to handle other relationship aspects.

Service Description

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.

Investment Strategy

The asset allocation of your portfolio and its underlying holdings will be designed to meet your 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 to suit prevailing market conditions.

Flexible Minimum Investment

Rather than imposing a formal minimum investment, this is left to the discretion of you or your financial adviser.

This flexibility 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.

The Master Portfolio Service therefore provides fund 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

On all unit trusts and OEICs (Open Ended Investment Company) within a portfolio, we rebate any initial commissions that are offered by the respective fund management houses, in order to benefit our clients.

Typically, this results in a zero or very low (say 0.25%) initial charge, compared with up to 5.25%-5.50% payable as a direct retail investor.

Similarly, 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 our clients.

Meanwhile MPS may also make use of Investment Trusts and Tracker Funds, that may reduce Total Expense Ratios (TERs).

Investment Performance Measured Against Agreed Benchmarks

The performance of all portfolios is measured against a benchmark, such as the WMA Indices.

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 phase investments on your behalf over a period of time as opportunities arise.

Tax Efficient Management

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.

We also have extensive experience in the management of pension funds, via our own IW&I SIPP.

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 annual management fee is 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.

By charging an annual fee, rather than dealing commissions, we are rewarded when we grow your investments, rather than by the number of trades we carry out. This removes the conflict of interest that can exist when a manager's remuneration is directly linked to transaction volumes.

Within MPS there are no transaction or bargain charges.

In Specie Transfers

We can transfer your existing investments to us without encashment (subject to the terms of your existing provider) and will undertake any administrative work required to do so free of charge. 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

Stocks and funds are held in a dematerialised form in our nominee service. 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 able to provide confirmation of every transaction undertaken.

Valuation reports are produced at quarterly intervals, 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

Daily updated valuations and transaction histories can be viewed online via a secure website.

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.

Retail Distribution Review

As of the 31st December 2012, the FCA requires all advisers to ensure that clients are aware of the type of advice that they are receiving. The new regulatory framework has identified a range of investment products that will be covered called "Retail Investment Products" (or "RIPs"). If the adviser chooses to specialise in a particular area or is tied to a specific product provider and cannot advise on all RIPs, then the advice given will be 'restricted' not 'independent'.

At Investec Wealth & Investment we are able to offer both 'independent' and 'restricted' advice services.

We have decided that the 'restricted' route is most suitable for the investment management services which we provide to you. This is because our investment managers specialise in these services and do not provide advice on all RIPs e.g. life policies. We can also offer our 'independent' Financial Planning service, which can consider all RIPs which may be suitable for you, beyond the specialist area of Investment Management.

Bath	01225 341580	Edinburgh	0131 226 5000	Liverpool	0151 227 2030
Belfast	02890 321002	Exeter	01392 204404	London	020 7597 1234
Birmingham	0121 232 0700	Glasgow	0141 333 9323	Manchester	0161 832 6868
Bournemouth	01202 208100	Guildford	01483 304707	Reigate	01737 224223
Cheltenham	01242 514756	Leeds	0113 245 4488	Sheffield	0114 275 5100

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