



WAYS TO HOLD YOUR PORTFOLIO

The assets held within your portfolio are the main drivers of your investment returns. However, there are a number of ways in which you can choose to hold them. While the returns should be similar, the choice you make will determine:

- The way that your portfolio is reported to you.
- The way charges are disclosed to you.
- The breadth of assets available.
- The way the assets are taxed.
- The speed in which your investment manager can act.

This document is designed to help you assess your options. Below you'll find explanations of the four main choices available to you, and overleaf you'll find descriptions of the typical investor experience you can expect.

DISCRETIONARY FUND MANAGER

- An individual investment manager builds a bespoke portfolio for you
- The holdings are held individually
- You give the investment manager discretion to buy and sell holdings without having to ask you
- Often you can choose a manager to suit you and even meet them
- The holdings are taxed individually
- The individual holdings can be in different tax wrappers such as Pensions or ISAs
- The range of assets is limited to what the manager can actually buy for you.

MULTI-ASSET FUND

- A portfolio of holdings, often funds, held within another fund structure
- The investment manager runs the portfolio to a specific objective designed to meet the needs of target client groups
- It is not created specifically for you.
- The portfolio is held as a single fund and taxed as a single fund
- The fund can be held in different tax wrappers such as Pensions or ISAs from different providers
- The manager buys and sells holdings to meet the fund objective in real-time.
- The fund has access to assets, holdings and techniques not available to the individual.

SELECTION OF INDIVIDUAL FUNDS

- Holdings can only be bought or sold with your permission
- A number of individual funds, selected by you, or recommended by an adviser
- The portfolio and, in particular its level of risk, will change as each fund falls and rises
- The holdings are taxed individually
- The individual holdings can be in different tax wrappers such as Pensions or ISAs
- You, or your adviser, are responsible for keeping it on-track.

MODEL PORTFOLIO

- A portfolio produced to a model by a Discretionary Fund Manager and marketed to multiple clients
- It is not created specifically for you
- You rarely get to meet the manager
- You give the investment manager discretion to buy and sell holdings without having to ask you
- The holdings are taxed individually and can be held in different tax wrappers such as Pensions or ISAs.

THE VALUE OF PENSIONS AND INVESTMENTS CAN FALL AS WELL AS RISE AND YOU CAN GET BACK LESS THAN YOU INVESTED.

TAX TREATMENT VARIES ACCORDING TO INDIVIDUAL CIRCUMSTANCES AND IS SUBJECT TO CHANGE.

TYPICAL INVESTOR EXPERIENCE

Having looked at the main choices available for holding your portfolio, we'll now look at what we believe is the typical investor experience for each of the four options.

When it comes to choosing how they hold their assets we find investors will typically:

DISCRETIONARY FUND MANAGER

- Have existing stocks and shares that are 'treasured' or can't be traded for tax reasons
- Feel reassured, or enjoy the involvement or sense of status from having their own portfolio run by a manager who they meet
- Be willing to invest enough money to gain from individual costs for portfolio management
- Be willing to invest enough to gain a tax advantage from having their holdings taxed individually
- Accept that their portfolio is unlikely to be the best performing of all the portfolios they build for their individual clients.

MULTI-ASSET FUND

- Like to empower their Investment manager with the widest possible range of investments
- Prefer the manager's decisions to be acted on as soon as possible
- Prefer their investment returns to roll-up inside a single fund and be taxed as a single entity
- Not want their investment strategy to be constrained by their product provider or tax wrapper
- Prefer their portfolio to be liquid and traded on a daily basis
- Be happy to have a pooled portfolio that appears as a single fund
- Be reassured by being invested in a large scale fund, along with others.

SELECTION OF INDIVIDUAL FUNDS

- Not want to pay for somebody to manage their individual funds and are happy with the associated risk
- Prefer to be advised on each fund trade, or trade themselves
- Accept that by selecting individual funds they will not benefit from a coordinated investment strategy across all their assets
- Accept that their portfolio will be adjusted less regularly
- Accept that their trades will take longer.

MODEL PORTFOLIO

- Like to see their holdings individually in reports or online
- Not have sufficient assets for a Full Bespoke Discretionary Fund Management service
- Accept that there are certain investments that the portfolio is unable to access
- Accept that their trades will take longer.

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