

BESPOKE (RELIANCE ON ADVISER)

FOR ADVISED US TAXPAYER CLIENTS RESIDENT IN THE UK

PROPOSITION SUMMARY

Reliance on Adviser is an adviser-led discretionary service provided by Rathbones Investment Management (RIM).

This is a Bespoke discretionary service for Advised US Taxpayers (US Passport, US Working Visa or Green Card Holders), who live in the UK. Although these clients are living in the UK, they are still deemed as US Taxpayers and therefore bound by the tax guidelines of the Internal Revenue Service (IRS).

The client must have a relationship with an FCA authorised Financial Adviser, who is responsible for assessing client suitability. RIM is responsible for the investment management.

The service is not available for non-UK resident US Taxpayer clients.

TARGET MARKET

Investment values: positive target market from £300,000 up to £10,000,000, though the service may be applicable for higher or lower values dependant on client characteristics, needs and objectives.

Client characteristics, needs and objectives: In addition to Investment value, the table below highlights the criteria that the service has been designed to meet (Positive), and those that it cannot meet (Negative).

		Positive target market	Negative target market
CHARACTERISTICS (minimum entry requirements)	CLIENT NEEDS AND OBJECTIVES		
Fee group size			
£300,000 to unlimited (portfolio size)	✓	– Clients investing on the advice of a certified adviser	
Not applicable - no negative target market	✗	– US taxpayers resident in the UK	
+		– Clients wanting bespoke construction of portfolio tailored to their specific needs, with the personalised service of a dedicated investment manager	
Knowledge and experience		– Clients with financial objectives which cannot be met with lower risk assets	
Low/basic (or higher)	✓	– Clients with income, capital growth or a balance between income and capital growth objectives in line with long term objectives for each risk profile	
Not applicable - no negative target market	✗	– Clients wanting delegation of day-to-day investment decisions	
+		– Clients requiring compliance with a US tax regime	
Ability to bear loss			
Ability to bear partial loss (or greater)	✓	– Clients investing without the advice of a certified adviser	
Full capital protection, no/negligible capacity for loss	✗	– Clients requiring active involvement in day-to-day investment decisions	
+		– Non-US taxpayers	
Risk tolerance		– US Residents	
Appetite for putting capital at risk	✓	– US taxpayers resident outside the UK	
No/negligible investment risk tolerance	✗	– Clients requiring compliance with a non-US tax regime	
+			
Time horizon			
Greater than 5 years	✓		
Less than 3 years or full repayment on demand	✗		

VULNERABLE CLIENT CONSIDERATIONS

Rathbones is reliant on the adviser to inform us as soon as practical where a client is deemed vulnerable as the impact on the service provided will need to be considered. The service can operate under Power of Attorney, and this option is available.

COSTS AND CHARGES

Management fees are charged quarterly in arrears, based on the value of the Portfolio as at the quarter end. A pro-rata charge is made for Portfolios which are transferred into or out of the Investment Management Service during the quarter. VAT is charged at the prevailing rate of 20%. Portfolios may contain third party collectives in addition to directly held assets, and these will attract an additional charge applied by the third party fund managers. Full details of costs and charges are shown on our Schedule of Charges.

RATHBONES RISK STRATEGIES

STRATEGY	LIQUIDITY ONLY ¹	1	2	3	4	5	6
Suggested max. time horizon	6 months to 3 years	3-5		6-10		10+	
	100.0%	45.0%	31.0%	26.0%	18.5%	5.0%	0.5%
Liquidity						4.5%	
Equity-type risk Fixed interest		16.0%	17.5%	10.0%	7.0%		
Equity-type risk Pure equities		9.5%	33.0%	49.0%	65.0%	83.0%	99.5%
Diversifiers		29.5%	18.5%	15.0%	9.5%	7.5%	
Long-term return objective ²	n/a	cash + 1%	cash + 2%	inflation + 2%	inflation + 3%	inflation + 4%	inflation + 5%
Benchmark ³	ICE BofAO-2 Year UK Gilts Index	Benchmark 1	Benchmark 2	Benchmark 3	Benchmark 4	Benchmark 5	Benchmark 6
Worst drawdown ⁴	Not available ⁵	-16.4%	-13.5%	-19.6%	-25.8%	-31.4%	-34.9%

- Liquidity Only is classified under Risk Level 1, but it is not the same as Strategy 1. Due to Liquidity Only's permitted investment universe (cash, Treasury Bills, UK Gilts, UK Index-Linked Gilts and other Qualifying Corporate Bonds) and shorter investment time horizon (6 months to 3 years), this risk level is intended to be lower than Strategy 1, which instead invests according to our LED approach over a longer term (3 to 5 years).
- The long-term return objectives for each strategy are based on the suggested minimum time horizon and are shown relative to the returns from cash (as measured by short-term interest rates) or the annual rate of inflation (as measured by the Consumer Price Index). They are based upon long-term inflation forecasts.
- The relevant Benchmark for each of our risk-rated strategies is as set out below. Further details about the Benchmarks can be found on our website at rathbones.com/benchmarks or alternatively please speak to your Investment Manager.
- Drawdown is determined by reference to the period from 31 December 2003 to 31 December 2023, and is based on simulated performance of the Benchmarks. For a more detailed description of our strategies, please request a copy of "Our investment strategies" document from your Investment Manager. These will be subject to ongoing review and therefore may change over time.
- The benchmark used for this strategy is a single, short-dated bond index. No drawdown is calculated and no GIPS composite is produced.

SERVICE FEATURES AND BENEFITS

Portfolio Management	✓
Regular payments (monthly or quarterly)	✓
Scheduled withdrawals for income (monthly or quarterly)	✓
CGT allowance management	✓
Auto ISA subscriptions for future years	✗
Quarterly valuations	✓
Annual UK and US tax reporting	✓
Access to online services 'My Rathbones'	✓
Rathbones custody	✓

SUPPORTED ACCOUNT TYPES*

General investment account	✓
ISAs and JISAs	✓
SIPPs (subject to provider agreement)	✓*
Charity accounts	✗
Company accounts	✗
Trusts and settlements including Bare Trust	✓
Offshore bonds (subject to provider agreement)	✓*

* Client can hold SIPPs and/or Offshore Bonds, however we do not report on these accounts to tax authorities, as investments are owned by the provider, not the underlying beneficiary

Example charges for £800,000 investment

	Rathbones management fee	0.75%	£6,000
Rathbones management fee	£0 to £500,000	0.85%	
	£500,001 to £1,500,000	0.75%	
	£1,500,001 to £2,500,000	0.70%	
VAT	£2,500,001 to £5,000,000	0.65%	
	Greater than £5,000,000	0.50%	
Third-party charges	VAT at 20%	0.15%	£1,200
	Total third-party charges	0.26%*	£2,080
	Total costs and charges	1.16%	£9,280

* Total third party charges: 0.26% is the average additional charge for a £800,000 portfolio.

FAIR VALUE ASSESSMENT

In line with the FCA's Consumer Duty fair value outcome, an assessment of the Bespoke (RoA) solution has been carried out to ensure the total cost charged to the end client is deemed reasonable when compared with the benefit received.

A number of factors were used within the value assessment, including;

- a review of service features, benefits (including past performance) and service limitations
- total costs and charges (as defined above)
- the cost to Rathbones to manufacture and distribute the service
- market rates and charges associated with other comparable competitor services

FAIR VALUE ASSESSMENT OUTCOME

Based on a review of the factors and key metrics listed above, we deem this service to provide fair value when distributed to the intended target market.