

SPECIALIST TAX  
PORTFOLIO SERVICE  
KEY FEATURES DOCUMENT





## ABOUT THE SPECIALIST TAX PORTFOLIO SERVICE

THE RATHBONE SPECIALIST TAX PORTFOLIO SERVICE IS AIMED AT UK INVESTORS SEEKING TO INVEST PRIMARILY FOR A COMBINATION OF CAPITAL GAINS TAX DEFERRAL RELIEF, ENTERPRISE INVESTMENT SCHEME (EIS) RELIEF, INHERITANCE TAX (IHT) RELIEF AND INCOME TAX RELIEF.

The service has been established to build individual, diversified portfolios of smaller UK qualifying companies for private individuals and trustees with a minimum investment level of £50,000. This approach combines the elements of a traditional EIS or IHT portfolio service, which can be managed in a flexible manner to meet the client's changing needs for tax relief.

The objective of this portfolio service is to invest in a range of companies where those investments benefit from the tax reliefs summarised in the table shown on page 3. Each investor will have their own portfolio of investments managed on a discretionary basis, with all investments held within our nominee service. Each individual holding will be assessed separately for available tax relief.

The timing of investments can be personalised to suit the investor's particular requirements in consultation with their financial adviser and/or tax adviser. We will normally seek to begin investment of contributions to the service at tax year end when notified of a client's tax planning needs, in order to offer investors the most efficient use of tax relief available at outset and at key anniversary dates.

Disposals can be made (where possible) upon request, but where we do so, investors may lose tax relief accrued or available in the future.

HERITAGE, STABILITY,  
STEWARDSHIP & TRUST.



## OBJECTIVES

The main objective of the service is to secure tax relief for investors at outset and throughout the lifetime of the investment. This is principally by investing in a mix of qualifying companies along with an asset allocation which provides investors with a combination of capital gains tax relief, income tax relief and business property relief against inheritance tax.

## OWNERSHIP AND CONTROL

The investor retains full, direct ownership of the investments, which are held within our secure nominee service.

## MINIMISE INVESTMENT RISK WHEREVER POSSIBLE

Emphasis will be placed on capital preservation to achieve longer term capital growth by investing in a portfolio of alternative investment market (AIM), PLUS Markets quoted and unquoted qualifying companies. Portfolios are constructed to meet specific tax planning requirements as identified by a client's professional adviser, and will usually comprise a minimum of 10 qualifying holdings once funds are fully invested.

## MINIMISE QUALIFYING RISK

Rathbones employs the services of external advisers to confirm the qualifying criteria of holdings at the time of purchase, and on an ongoing basis. We have retained the services of PricewaterhouseCoopers LLP for this purpose, and costs for this additional level of due diligence are included in the management fees for this service.

## TAX RELIEF

Each individual investment is assessed separately for tax relief at outset, and on an ongoing basis. We will allocate funds for investment weighted towards the tax relief that is sought, and will use the following principal reliefs:

### **Deferral of capital gains tax for UK resident investors and certain trustees**

EIS investment may take place up to one year before, or three years after, the date on which the capital gain was made.

### **Inheritance tax relief**

This applies to investments in qualifying companies which have been held for two years or more at the date of death of the investor. After two years, the value of the investment can be taken out of the deceased's estate for inheritance tax purposes.

### **Income tax relief**

A number of investments can attract income tax relief at the point of investment, which is particularly useful for clients seeking income tax relief in the year of investment. Tax relief is clawed back for investors who dispose of assets before reaching the end of the Relevant Period.

### **Enterprise Investment Scheme Loss Relief**

If EIS qualifying shares are disposed of at a loss, the loss may be relieved, after adjusting for the income tax relief claimed, against income tax or capital gains tax at the investors prevailing rate.

**Please note that tax benefits and reliefs are subject to change in the future and their value to investors will depend on personal circumstances. Potential investors are strongly urged to seek appropriate professional advice as to the levels and availability of tax reliefs given their circumstances.**



## UK TAX EFFICIENT INVESTMENTS COMPARISON

	VCT	AIM IHT	EIS
<b>Income tax relief</b>	30%	Nil	30%
<b>Capital gains deferral</b>	Nil	Nil	Yes
<b>IHT free</b>	No	Yes	Yes
<b>Tax free exit</b>	Yes	No	Dependant on exit timing
<b>Tax free dividends</b>	Yes	No	No
<b>Limits 2011/12</b>	£200,000	No	£500,000
<b>Minimum holding period</b>	5 years	2 years	3 years (2 years for IHT)

## HOW WE WORK WITH PROFESSIONAL ADVISERS

To invest in this service, clients must appoint a suitably qualified professional adviser or tax specialist. We will work with the client's adviser to determine an appropriate asset allocation, following confirmation of the particular tax reliefs required by the investor. The adviser will be responsible for determining the suitability of this service with respect to the client's needs, and for notifying Rathbones of the client's particular planning objectives. Details of how the adviser will be paid for this ongoing intermediation service can be found within our schedule of charges, along with full detail of the charges for provision of the service.

## RISKS

- An investment in this service may not be suitable for all recipients of this brochure. In particular, potential investors are recommended to seek specialist independent tax and financial advice before investing. Rathbones is not acting as an adviser to any investor and will not, therefore, be responsible for the suitability or affordability of the service. All investors in the service must have an appointed adviser from whom they are in receipt of advice in relation to the service.
- The value of shares and income received from them in a portfolio may go down as well as up and investors may not receive back the full amount invested.
- The levels and bases of reliefs from taxation may change or disappear. The tax reliefs referred to in this brochure are those currently available and their value depends on the individual circumstances of investors.
- Whilst tax advice will be taken (where practicable), no guarantee is given that all investments made will qualify for tax relief or continue to qualify for tax relief. Each investment will be selected on the basis that it is considered by the manager in good faith to be qualifying, but it may not be or may cease to be. Loss of qualifying status could occur if, for example, a company in which we invest changes its business activities or its corporate structure, if that company is taken over by another company which does not qualify for tax relief, or if a company's shares become listed on a stock market so that they cease to be unquoted.
- The principal focus for investment is to secure tax relief, and relief obtained should be regarded as a part of the overall return from the portfolio. Given the nature of the investments concerned, no guarantees can be given as to the investment performance or the level of return achieved from the investments made, or that the overall objectives of the service will be achieved.
- As minority shareholders in a given company, neither Rathbones nor investors may have any influence over the company's activities, with regard to the preservation of the tax relief status of the company.
- An investment in this service is suitable only for well-informed investors and should be regarded as high risk and long-term in nature, especially as investments generally have a minimum holding period in order to secure tax reliefs sought. Potential investors are recommended to seek the advice of a financial adviser authorised under the Financial Services and Markets Act 2000 before applying.



- The past performance of investments managed by Rathbones should not be regarded as an indication of the future performance of investments to be made under the service.
- Each portfolio's investments will be in AIM and/or PLUS Markets and/or unquoted companies, and will be made principally to secure tax relief. Such smaller companies generally have a higher risk profile than larger blue-chip companies and investment in them may prove difficult, or even impossible, to realise in a reasonable timescale or at an acceptable price. It may be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed.
- Whilst there may be a number of qualifying companies available for investment, Rathbones may not consider them of sufficient quality and may therefore not complete the investment programme on an investor's behalf within a given time frame or at all.
- The death of an investor within two years of investing in qualifying securities could result in an IHT liability, as in order to qualify for relief, qualifying securities must be held for a minimum of two years.
- Investors should not invest in this service if they require income. The level of income generated by dividends from the underlying investments and interest earned on funds awaiting investment is likely to be low, and will be used in the first instance to offset charges.

## WHY RATHBONES?

### ACCESS TO THE INVESTMENT MANAGER

There are no relationship managers, and investors have direct contact with the investment manager managing their assets.

### PERSONAL MANDATE

Rathbones can offer investors the opportunity to build portfolios which contain screened and monitored companies.

### FLEXIBILITY

The investor retains direct control of the investment and can add to the portfolio at any stage. The dividend income can be reinvested or indeed be paid out to complement your tax planning.

### CHARGES

Simple and transparent charging structure with no hidden fees.

### REPORTING

We will hold assets in our nominee facility, saving the work involved with ownership of shares. Rathbones provides quarterly valuations and paper transaction reporting plus Year End Tax reporting that may be issued directly to the investor's tax adviser.

## CONTACT US

If you would like further information or to arrange an initial meeting, please contact a member of the Specialist Tax Portfolio Service team:

### IVAN TEARE

Investment director  
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### JACLYN KING-GIBSON

Investment manager's assistant  
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### LIVERPOOL

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or visit our website at: [www.rathbones.com](http://www.rathbones.com)

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## RATHBONE INVESTMENT MANAGEMENT

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For ethical investment  
management services

### RATHBONE GREENBANK INVESTMENTS

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For offshore investment  
management services

### RATHBONE INVESTMENT MANAGEMENT INTERNATIONAL\*

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## IMPORTANT INFORMATION

The value of investments and the income from them may go down as well as up and you may not get back your original investment. Past performance should be seen as an indication of future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase.

Information valid at date of presentation.

Tax regimes, bases and reliefs may change in the future.

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**RATHBONES**  
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