

# Guide To...

## Wraps

equilibrium  
asset management

## What is a wrap?

A wrap is available online and lets financial advisers manage all of their clients' assets in one place whether these are held directly or through a 'tax-advantaged' wrapper such as ISAs, offshore bonds or pensions.

A wrap provides access to virtually any investment fund in the UK, and transactions can be carried out at the click of a button. We believe this greater choice and speed will lead to superior investment performance in the long run, when combined with our new discretionary service.

### Online Servicing

You will be able to value your portfolios at any time online. If you do not have online facilities it will still allow us to quickly and efficiently provide you with paper valuations.

We can buy and sell online at the press of a button. You can give us permissions to carry out transactions within strict parameters with which you are comfortable, and there will be no extra paperwork to sign every time we want to make a change.

### Transparency and Simplicity

There is complete transparency over the costs and how these are divided between the wrap platform itself, the individual fund manager and ourselves as advisers.

### Cost reduction

The costs of many funds via the platforms are far lower than the industry standard. The cost of Virgin's UK Index Tracker Fund for example is 1% and via some stakeholder pensions a tracker is 1.5%. The same fund via the platforms costs only 0.1% and even when you take into account the wrap cost of 0.35% it is still half the cost of Virgin and a third of the cost of the above pension.

Once all your assets are on the wrap platform, we promise never to charge you an initial fee again. We will only charge an annual fee which covers all investment management, financial planning, pension planning, all administration and other tax planning.

### Access to the right tax wrappers at the right price

The costs for each product wrapper are very similar and there are no exit penalties at any time. This means we can ensure that your assets are allocated correctly across the available tax wrappers to enhance returns. We can also transfer assets between spouses and other family members without them needing to be sold and without costs.

### Fund range/investment options

When we are designing portfolios we begin by looking at all funds that are available in the investment universe. We then design the ultimate portfolios, but we have never before been able to purchase these via one fund supermarket. It has previously been necessary to alter our portfolios to reflect the more limited fund range available via the applicable company and this has detracted from performance.

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The smaller the range of funds available the more limited our portfolios become. This means we are often forced to accept the second best fund or one with excessive charges which ultimately has an impact on performance.

## Financial Strength

We believe that the security of your investments on wrap platforms will be no different to any other provider we have used in the past.

- The investment funds are all run by external fund managers, NOT by the wrap platforms. All these funds are ring fenced for their investors, regularly audited, and the assets are held by independent trustees/custodians.
- All assets in the general accounts are treated as client money and, consistent with the FSA's client money rules, are completely separate from the company assets and as such are unaffected by the financial position of the wrap providers.
- Any investment bond wrappers are provided by regulated insurance companies. Stringent regulations apply to the operation of insurers in particular in relation to how assets are held and the minimum financial strength these companies must demonstrate.
- The Financial Services Compensation Scheme applies in the same way as with other investment and insurance companies.

## Costs

There is a great deal of work involved in migrating clients' assets onto the platform initially and depending on your circumstances we may have to make an initial charge, which we will agree with you in advance.

Whatever we agree, once the move is complete we will only charge you an annual fee thereafter, which can be taken directly from the wrap platform. We will not make any charges for carrying out transactions. We do not want to be paid to move money, only to manage it.

This is covered by Our Promise and if you are not entirely satisfied at the annual review you are welcome to ask for a full refund.

## Summary

We believe the development of wrap platforms will transform the financial advice industry in the UK. We are confident that the use of wraps will be of significant benefit to our clients and our business. However, we will assess your own personal circumstances before making any recommendations, and will only suggest a wrap if we are sure it is suitable for you.

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