

## **Factsheet - The Seven Investment Management (7IM) Wrap platform**

### **What is a Wrap Platform?**

A wrap platform is an administrative service that combines, or wraps, all of a client's investments into a single manageable account. A wrap platform lets you and us manage all of your investments holistically as one portfolio whether the investments held directly or through a 'tax-advantaged' wrapper such as an ISA, pension or an onshore or offshore bond.

A wrap platform is always available online and all your accounts (ISAs, pensions, bonds) can be viewed at a glance. Beyond valuations, you will be able to see all the transactions within your account within each tax wrapper, including investment deals, prices and the charges taken. All this is provided through your own unique username and password through the Addidi website. You will also receive bi-annual statements.

A wrap platform is not a product in which to invest, but rather a service. One of the wrap platform choices for Addidi is provided by Seven Investment Management (7IM).

### **Who is 7IM?**

7IM LLP is a limited liability partnership, incorporated in 2012 with the majority shareholdings now with Caledonia. 7IM was set up in 2002 and they now have over £14 billion of assets under management as at April 2019.

Pershing Securities Limited (PSL) is a specialist clearing company and will provide the settlement, safe custody, nominee and associated services through the 7IM platform.

7IM and PSL are both authorised and regulated by the Financial Conduct Authority (FCA).

### **The 7IM wrap**

The 7IM wrap provides access to the following accounts

- A General account for direct holdings
- A General (gross) account for trusts, charities, companies and non tax payers
- A stocks and shares Isa account
- A Pension account (including Protected Rights)

As an open architecture platform it also provides access to 3<sup>rd</sup> party tax wrappers such as:

- Self-Invested Personal Pensions (SIPPs)
- Small Self-Administered Scheme (SSAS)
- Offshore Bonds

Within each account, subject to regulations, our clients can invest in unit trusts, OEICS, cash, equities (including investment trusts and exchange traded funds) and other securities such as gilts and corporate bonds. The funds can be denominated

in Sterling or other major currencies.

7IM offers access to whole of market collectives (including Unit Trusts, SICAVs, Investment Trusts, ETFs, VCTs, Structured products and Hedge Funds) as well as listed and unlisted securities (including equities, bonds, gilts, UK and international Fixed Interest and global securities).

### 7IM Platform Charges

There are three key components to the overall charges you will pay within each account held on the 7IM Platform. The three components are the:

1. Funds you invest in – these are set by individual fund managers and will depend on who you choose as advised by Addidi.
2. 7IM platform cost – see below.
3. The cost of the fees levied by Addidi- these are always agreed with you.

The cost of each component is shown explicitly, so you will always know exactly how much you are paying. These can be summarised as follows:

Wrap	Charge on each Tier
Standard wrap charge for ISA, General, General Gross and Pension accounts	£0-£0.5m = 0.30% per annum £0.5m-£1m = 0.25% pa £1m = 0.15% pa
Offshore Bond	Standard wrap charge plus provider charge
Self-Invested Personal Pension (SIPP)	£0 - £75k = £95 plus VAT Annual fee £75k plus = Nil
Transaction cost	
Collective Funds, ETFs, Shares & investment trusts	Nil
Capital Gains Tax report	£40 plus VAT
Registration onto 7IM	Nil although other providers might levy a charge as per their terms and conditions.
Registration off 7IM	Nil

### Security of your investments

#### Where are the assets held?

The 7IM wrap provides access to four 'products', which are referred to as 'accounts' plus 3<sup>rd</sup> party tax wrappers chosen by Addidi from a list approved by 7IM.

All investments held on the 7IM platform are held via these accounts and they are provided by 7IM or by a third party as follows:

Account	Account Provider	Provider FCA Number
ISA	Seven Investment Management LLP	589124

General	Seven Investment Management LLP	589124
General Gross	Seven Investment Management LLP	589124
Pension	Seven Investment Management LLP	589124
Offshore Bond	Third Party Provider	Offshore regulator

What safeguards are there in relation to assets on the 7IM platform?

General, General Gross, ISA and Pension accounts - all investments held in these accounts are treated as client assets, and in line with FCA rules, client monies are ring fenced and cash is held in designated client accounts whilst investments are held under a nominee name. As such, these investments are unaffected by the financial position of 7IM.

SIPP - the beneficial ownership of pension assets lies with the trustees who hold them, in trust, for the SIPP account holder. As such, these pension investments are also unaffected by the financial position of 7IM.

Offshore Bond - is provided by a recommended offshore bond provider and is regulated by the offshore regulator in the region where it is based. As such, any offshore investment would be unaffected by the financial position of 7IM. All details of the provider will be disclosed by Addidi at point of recommendation.

Directly held shares - any company shares or other 'certificated' client investments are held by PSL. As an FCA authorised firm, PSL hold all client money and client investments separately from the firm's assets in accordance with the FCA's rules.

What protection is there in the event 7IM or the wrap account providers experience financial difficulties?

7IM are covered by the Financial Services Compensation Scheme (FSCS); in the unlikely event that 7IM cannot meet their obligations then you may be entitled to compensation from the FSCS.

The level of compensation you might receive varies by the type of account held and details are given below.

Account	Cash holding*	Investments in Unit Trusts, OEICs
ISA	Up to £85,000 per client per investment firm	100% of the first 85,000 per person per firm
General / General (gross)	Up to £85,000 per client per investment firm	100% of the first £85,000 per person per firm
SIPP / PR Pension	Up to £85,000 per client per investment firm	100% of the first £85,000 per person per investment firm although any assets held by 7IM would be protected up to 90% of the value.

Offshore Bond **	n/a	This account will usually be covered by the offshore Compensation scheme in which the provider is based – Please refer to the providers literature for further information. Bond holders will not be protected by the UK Financial Services Compensation Scheme if the company is unable to meet its liabilities to you.
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\*\* The offshore Compensation Scheme provides protection for assets held should anything happen to the offshore provider. For the underlying investments, including cash deposits, the protection available depends on the jurisdiction of where each investment is held. The deposit may not be covered under any depositor compensation scheme should the deposit account become insolvent.

What protection is there in relation to other assets held in the 7IM wrap?

UK funds regulated by the FSA are typically ring-fenced and managed under strict rules which prevent the investment manager accessing these funds for reasons other than the deduction of their disclosed management charges. Should a fund experience financial difficulties as a result of mismanagement, for assets held under the General, General (gross), ISA, Protected Rights Pension and Pension accounts protection is provided under the FSCS scheme for most UK FCA-regulated funds.

The FSCS protection is 100%t of the first £85,000 per person per firm.

For offshore funds, your investments may enjoy some protection from the FSCS, please refer to [www.fscs.org.uk](http://www.fscs.org.uk) for further detail.

What protection is there in the event of a financial adviser experiencing financial difficulties?

As all investments are held directly with fund managers, banking institutions or stockbrokers no adverse effects will be felt by a client should their financial adviser experience financial difficulties.

Does the FSCS scheme cover wrap accounts held by corporate investors?

The FSCS scheme does offer protection for some corporate investors, but the rules are complex and specific advice should be obtained before advising such clients.

### **Why 7IM is the preferred choice of platform for Addidi**

We chose 7IM in 2015 as replacement for Raymond James platform which we had been using since 2012. The platform is also our preferred choice for larger portfolios or where we might need to invest in non-sterling funds.

There were 3 key reasons behind our decisions - these are:

- The lack of transactions costs; we have found that transaction costs (even where overall costs remain reasonable) has consequences for every decision to buy, sell and rebalance.
- The ability to invest in non-sterling funds.
- The ability to have onshore and offshore custody of assets.
- A transparent and all-inclusive charging structure.

#### Investment Freedom

It is central to Addidi's client proposition that we as your advisers have the freedom to select the investments and tax wrappers most appropriate to your needs. This allows us to construct tax efficient portfolios and investments best suited to your needs.

We chose 7IM as it is committed to retaining an arms' length relationship with the fund managers and providers; it does provide funds at a more competitive rate and also has the ability to negotiate decent discounts with 3<sup>rd</sup> party fund providers. As an advisory firm, we can request that a particular fund be included on the platform. So with 7IM, we have the freedom to:

1. Access most investment funds and assets, provided these can be legally held within the respective account and there are no concerns regarding the management of the asset.
2. Access all the mainstream tax wrappers.

The only restrictions are that clients cannot hold:

1. Offshore custody accounts.
2. If a fund or asset cannot physically be held on the platform for some technical reason.
3. Physical property within the 7IM pension account.

#### The charging structure

We like the 7IM charging structure because it is:

1. Fee based - 7IM charges a fee for the service it provides and do not rely on commissions or other remuneration from third parties.
2. A flat fee - 7IM charge a flat fee and no transaction costs which means that fund switches and portfolios can be rebalanced as required without the decision being influenced by the potential costs.
3. Competitive - 7IM charging structure remains competitive in the marketplace.
4. Transparent - costs for the funds you invest in and the tax wrappers are totally transparent so you know exactly what you are paying for each component.

The key is that you can determine whether you want a portfolio which is cheap, cheerful with mostly passive, tracker funds or more specialists managed funds which cost more but might out-perform the markets. The decision can be made by you and us, not a provider who has its own agenda which we are not privy to.

Addidi fees are set out in our Key Facts about our Services and costs.

#### Control and Convenience

The 7IM wrap provides control and convenience for Addidi and you. Convenience because:

- You and we can view your portfolio 24/7 online and it provides a consolidated portfolio report of all your assets held across all products, available online at all times
- beyond valuations, you will be able to see all the transactions within your account within each tax wrapper, including investment deals, prices and the charges taken
- it provides a single point of contact for you, rather than having to deal with multiple financial product providers
- It provides access to a large range of investment groups and asset managers through one platform.

Control as it allows us to:

- Transact via online dealing which means we can make more timely investment decisions and implement these decisions quickly.
- Be flexible and have no tie-ins so you can re-register existing holdings (as long as this is allowed by the existing company). You can also move out of 7IM (transfer or re-register) at any time.