



## Set-Up Procedures for Clients of Advisers

Investec Wealth & Investment (UK) is a trading  
name of Investec Wealth & Investment Limited

**This publication is intended for UK financial advisers only  
and is not approved for use with clients.**

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Investec has worked closely with Advisers for over 25 years. Our aim is to help make your life easier, and to work with you to build your clients' wealth and help you build your business. The following will provide an explanation of our services and set-up procedures.

# Starting our relationship

## **Our relationship with you**

When you begin a new partnership with Investec, we will provide the following documents you'll need in order to undertake due diligence on us:

- Investment Services for Financial Advisers (IWI020)
- Managing Your Investments for Clients of Financial Advisers (IWI476)
- Investec Due Diligence Information for Financial Advisers (IWI1012).

You'll be asked to complete our Due Diligence Questionnaire as we need to complete our due diligence before we can open an Agency for you.

## **Support for your business**

We understand the importance of long-standing partnerships, and our Business Development team will ensure everything runs smoothly.

## **Making it easy to do business**

Our highly flexible investment management services are specifically designed to support you. In addition to our core services, we'll supply you with relevant marketing materials, client agreements and reporting options.

## **Access to our research**

To help you and your clients understand our investment approach, we'll make our well-respected research capability available via regular publications and meetings. This helps bring the Adviser community together to ensure that our partners truly understand our investment strategy.

## **A dedicated Investment Manager**

We'll always strive to exceed your expectations and fulfil the needs of your clients. That is why, for our DFM services, you and your clients, will be assigned a dedicated Investment Manager and support team who will be able to address any questions you or your clients may have.











# How we work with you

## Basis of our advice

In respect of our discretionary investment management services, any advice given will be classified as 'restricted.' This is because our Investment Managers specialise in these services and don't provide advice on Retail Investment Products such as life policies and pensions. **We have decided that the restricted route is most suitable for the services we provide to your clients**, and will only work with you to help you assess whether our services meet their needs and objectives. For more information on the types of investments we offer and their associated risks, refer to the Managing Your Investments document.

## Our agreement with your client

The Managing Your Investments document sets out our investment offering and forms part of our agreement with your client. We will not invest in, or recommend, any investments or types of structures outside of this unless otherwise agreed.

## Understanding risk

Although we assess risk at a portfolio level, it's important that you and your clients understand the underlying

investments and the inherent risks attached to their portfolios.

- Investing via Investec requires your client to have both the capacity and willingness to accept a degree of loss of their capital
- The risk that they need to take to achieve their chosen objectives (the required risk level) must not exceed the risk that you have determined they are willing and/or able to take (i.e. the lower of your clients attitude to risk or their capacity for loss).

If these conditions are not met, then you are unlikely to be able to recommend a suitable investment option via Investec and we will be unable to proceed, unless either your client's investment aspirations are tempered or they are prepared to accept a higher degree of risk to achieve their objectives.

However, this is always subject to their capacity to withstand a loss.

Investing with Investec involves exposing your clients to investment risk. Accordingly, as their Adviser you must ensure that they have a capacity for loss otherwise we will be unable to proceed with any investment management service.

In order to deliver the finest possible service, we will always assess the breadth of the whole market for the types of investments we do offer.

## We are not tied to any providers

We may, from time to time, invest in or advise on investments produced within the Rathbones Group Plc. These will only be offered if the performance is comparable to investments of their peer group.

## The right client portfolio

Based upon your client's agreed mandate with you, we'll create an investment strategy. In order to do so, the responsibility will lie with you to ensure that each portfolio is 'suitable' based on a number of factors. These include a detailed understanding of your client's circumstances, objectives, knowledge and experience, attitude to risk and capacity for loss.

## Determining risk and objectives

Advisers are expected to accept full responsibility for determining the appropriate service from Investec for their clients and the level of portfolio risk and investment objectives initially, and on an ongoing basis.

### What we ask from you

In order to satisfy your regulatory responsibilities, you'll have to undertake a comprehensive review of your client's needs and complete Know Your Client (KYC), the assessment of risk and anti-money laundering requirements. We will ask you periodically to confirm in writing that your client's investment risk and objectives remains suitable based on your comprehensive understanding of their personal circumstances.

### What we do in return

In return, we retain responsibility for the initial and ongoing construction and composition of the client's portfolio in accordance with their selected investment risk and objectives. Such responsibility includes:

- The adherence to any stated investment restrictions
- Compliance with the asset allocation criteria
- The level of risk inherent in the portfolio in accordance with the Investec investment management process.

Please refer to the Managing Your Investments document.

### Deferring responsibility

In exceptional circumstances, Advisers may seek to defer the responsibility for mapping their client's risk outcomes to a suitable investment mandate (level of portfolio risk and objectives) to Investec. This can be accommodated, subject to prior agreement from Investec and is dependent upon sufficient information being made available by the Adviser both initially and in the future.

### Measuring performance

A benchmarking framework based on three distinct measures is our recommendation. This will not necessarily be ideal for some clients who may have specific issues such as international clients with different currencies or institutional type mandates. However, this is a good guide for most and may be incorporated in different ways.

“If I had to deal with one company for the rest of my career, it would be Investec”

Adviser, South East







### **Our contractual relationship**

We operate our services on a Model B Hybrid b) model based on the MiFID rule "reliance on others" (COBS 2.4.4) where the Adviser/ Advisory Firm arranges for the client to have a direct (contractual) relationship with Investec (i.e. not either Agent as Client or a Tri-partite arrangement).

We then rely on the client information provided and suitability assessment by the Adviser, together with their selection of an appropriate investment mandate from a range of predefined strategy options (please refer to the Managing Your Investment document).

The only exception to the above is when we are providing discretionary investment management services via third party Platforms where we operate on an Agent as Client basis.

### **Bespoke Benchmark Index**

The primary measure will be a bespoke Benchmark Index to reflect your client's Strategic Asset Allocation.

### **Long-term objective**

To reflect a steady return figure, we will maintain a long-term objective. We would expect your client's investments to deliver over the long-term, although there is likely to be considerable fluctuation over the short-term. While we may refer to this from time to time, we also use it for comparison purposes.

### **Peer Group investment firms**

An independent organisation such as Asset Risk Consultants (ARC) or the Investment Association (IA) will produce a comparison of performance against Peer Group investment firms. We generally keep a note of this on a quarterly basis, which may not necessarily fit with your client's valuation date. It will not be published in your client's valuation, but is available from your local Investment Manager upon request.

**"Investec have an approach that clients like. They're very slick at what they do"**

Adviser, South West

## **Our Investment Approach**

We appreciate that some of your clients may prefer to carefully consider our proposed investment strategy before committing themselves to a meeting. We provide each client with a personalised report called Our Investment Approach, based on the KYC information you have gathered, and your understanding of your client's attitude to risk and their capacity for loss assessment.

In order to create Our Investment Approach for your client, you will be asked to complete our Client Investment Recommendation Request (IWI1231), which provides all the information required for your Investment Manager to prepare Our Investment Approach for you. This can either be emailed or sent to you along with the required documentation to appoint Investec as your client's Investment Manager or we can arrange to meet with you and your client to present our suggestions.

## **Your remuneration**

As part of our commitment to you, we would be pleased to facilitate Adviser Agreed Remuneration (AAR) payments to you on behalf of your clients.

### **Non-Recurring AAR (% or £)**

This can be paid in full at commencement at the rate agreed in the Client Agreement upon receipt of any cash and on the completion of the entire transfer of assets into the portfolio. (Please note that it is not intended to facilitate interim payments.)

### **Recurring AAR (% or £)**

This is calculated quarterly in arrears based on the value of the portfolio on the last business day of February, May, August and November. The rate will be that agreed in the Client Agreement or subsequent Financial Adviser Amendment Form (IWI343).

### **N.B.**

- All remuneration payments are inclusive of any VAT that may be applicable

- Any subsequent changes to your AAR will require the completion of a Financial Adviser Amendment Form (IWI343)
- We are not able to facilitate AAR from offshore bonds and some pension products (SIPPS)
- We will not normally facilitate AAR when any remuneration is already being taken from a product provider
- In the event of Investec becoming insolvent any AAR debited from your clients' account/s and held in your Agency, will not be protected as client money and you would become a general creditor.

## **Our charges**

There will be a Fee Only charge (plus any VAT that may be applicable). Details of our charges are included within our Rate Cards.





# How we work with your clients

All clients managed on behalf of our Adviser partners will be managed on a discretionary basis.

## **Discretionary Fund Management Service (DFM)**

Client portfolios are managed on a discretionary basis with individual segregated portfolios of more than £150,000, which can incorporate most types of investments and structures.

The majority of portfolios are for private clients including: ISA, Offshore/Onshore Bonds and SIPPs (both external SIPPs and our Investec SIPP), but we also have experience in managing portfolios for a range of different client types including trusts, charities, pension funds, companies, friendly societies, final salary pension schemes, Court of Protection and ethical investment mandates.

We are on the approved list to manage portfolios of wrapper/platform providers.

## **Reducing risk, increasing diversification**

In order to reduce risk and gain sufficient diversification we invest in a combination of asset classes:

- Fixed Income
- Equities
- Commercial Property
- Alternatives
- Cash

We would typically adopt a collective approach for portfolios below £250,000. This approach may also apply to portfolios above this value, rather than direct investments within equities and/or fixed income, but this will depend on the mandate agreed.

## **AIM Portfolio IHT Plan**

This service is designed to protect your client's assets from inheritance tax. By investing in companies that

qualify for Business Relief, it can reduce your client's inheritance tax liability after only two years. This Discretionary service is suitable for investments over £100,000.

## **Managed Portfolio Service (MPS) on Platforms**

We've developed a range of actively managed investment strategies designed to match your clients' investment objectives and attitudes to risk. The strategies are now available on more third party Platforms than ever before and are actively managed by our dedicated investment team. Our MPS on Platforms service is one of the most competitively priced in the market and rated 5 stars by Defaqto. MPS on Platforms is intended for investments below £150,000.



## **Client investment**

Unsurprisingly, not all clients have only cash to invest, and we are experienced in handling in-specie transfers. Whilst we are able to accommodate most in-specie transfers, these can take some time and a number of unit trust companies, ISA providers and some institutional collective units insist on transferring only cash. Some companies will charge the client for in-specie transfers, in which case we will discuss this with you as a cash transfer might be most cost effective as we will not accept the liability for these charges.

## **Client account set-up**

To enable us to set up an account for your client, we will require the fully completed Client Agreement signed by you and your client, together with the relevant transfer documents. Additional documentation may be required from Offshore bond/SIPP providers or for the anti money laundering for pensions, companies and trusts.

The completed documentation should be returned to your local Investment Manager who will be pleased to answer any questions you or your client may have and once accepted, arrange for the new account to be set up (typically within 48 hours).

## **Client documentation**

All of the documentation required to open an account can be sent on request. Alternatively, we'd be happy to send you a small supply if requested.

When we share Our Investment Approach, we will ensure that your client receives all of the following required client documentation:

- Service Brochure
- Client Agreement
- Terms & Conditions
- Managing Your Investments
- Rate Card

## **Commencement letter**

Once the account has been set up we will issue a commencement letter to your client confirming all aspects of their account. Alternatively, if the client would prefer for all communications to be sent via their Adviser, our Client Agreement includes the necessary client authorisation.

## **Client meeting**

Although no two clients are the same, experience has taught us that the new client process is most effective when our Investment Manager and the Adviser meet with the potential client. They can then explain their respective roles and

the features and benefits of the discretionary service. However, we accept that occasionally Advisers would prefer to remain the main point of contact.

## **Meetings and updates**

While we encourage clients to initially discuss any queries with their Adviser, we are pleased to meet with your clients. In which case, our preference is for you to attend these meetings, as we will not normally accept any responsibility for advice relating to the "suitability" of the portfolio.

## **Reporting**

Every quarter, your clients will receive our valuation reports. If you have a client who has requested that valuation reports, loss notifications and/or all communications are sent to you directly, you must accept the responsibility of forwarding them to your client in a timely manner.

## **Investec Online**

Through our Investec Online service, you can view a valuation of all of your clients' holdings\* - including both a capital and an income overview.

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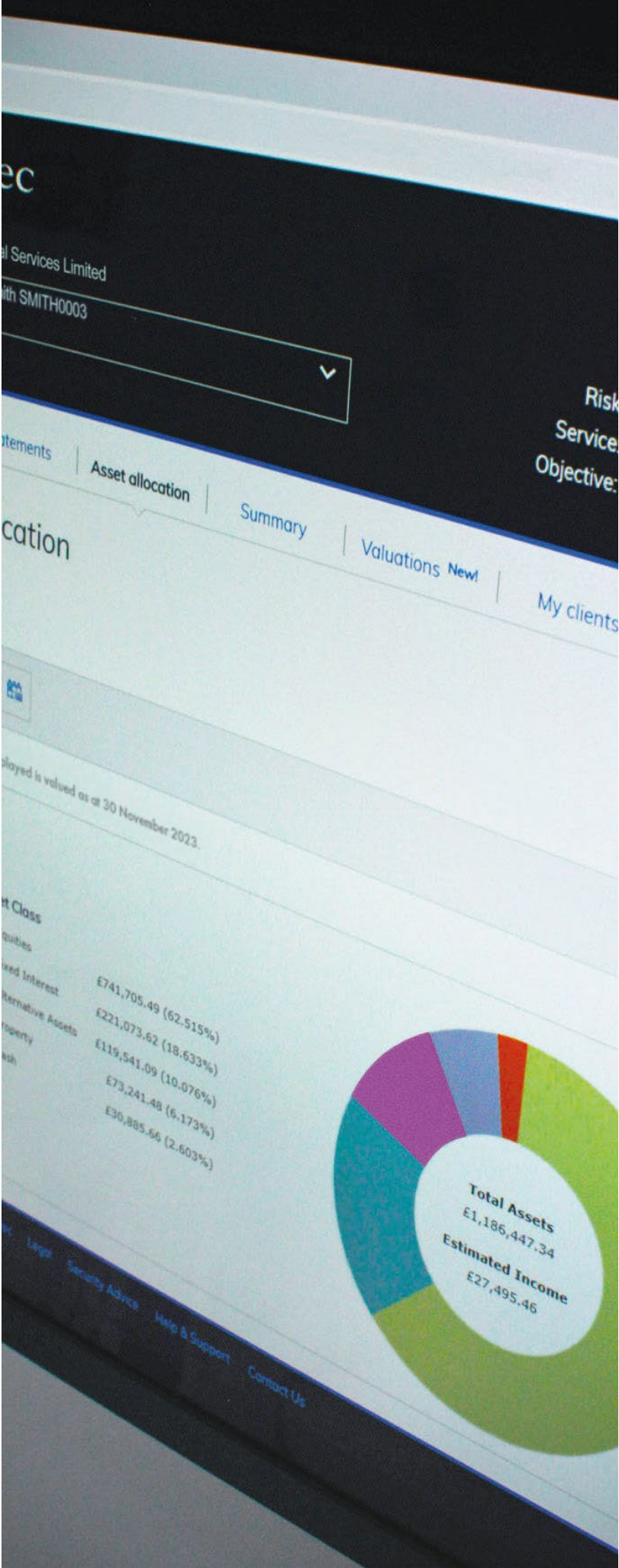
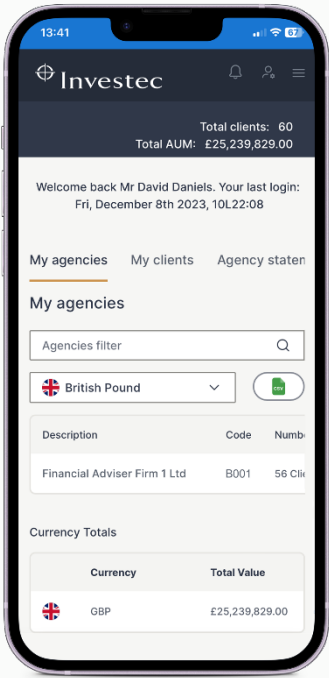
\*Please note that prices are subject to a 15-minute delay or based on the last available closing price, depending on the financial instrument.



You can access your statements and valuations through our mobile optimised website.

“Their online offering is way ahead of their competitors”

Adviser, South East



# Your questions answered

Naturally, we appreciate that certain events can cause our Adviser partners concern. And so, for added peace of mind, please read the below Q&As

## **What happens if a client makes a further investment?**

When an existing client introduces further assets into an existing portfolio, we'll ensure that the Adviser is aware to ensure any Adviser Agreed Remuneration due can be authorised by their client.

## **Will you provide other services?**

Investec will not provide financial planning advice to the clients of an Adviser and will always keep the Adviser informed of any additional needs or services that are identified with their client. We will agree with the Adviser how their client's needs will be serviced and by whom (e.g. wills or tax advice etc).

## **What happens if a client ceases to use their Adviser?**

If a client advises Investec that they are no longer intending to use the services of an Adviser we'll ensure that the Adviser is notified

immediately. Whilst we anticipate that such instances will be rare, we acknowledge that these situations could arise and we would take the instruction of the client. In which case, we would be obliged to cease all Adviser Agreed Remuneration and could no longer release any client data.

## **Will Adviser Agreed Remuneration continue to be paid following the death of a client?**

As the Adviser can no longer provide advice to the client we are unable to facilitate any Adviser Agreed Remuneration from the date of death. A pro-rata payment will be made to cover any revenue due for the period due to the Adviser. However, we are aware that it's not uncommon for the Adviser to provide advice to the executors and/or the beneficiaries. In these circumstances where the executor and/or beneficiaries appoint the Adviser, we'll be pleased to accept

their authority to facilitate Adviser Agreed Remuneration.

## **What happens if a client refers a new client to you?**

If a client refers a new client to Investec, who does not use your services, then we would normally treat this as a 'direct' client referral and Adviser Agreed Remuneration would not be payable to you.

## **What happens if an Adviser ceases to be authorised or offer ongoing advice?**

In these circumstances, we would discuss the position with the Adviser and the client in order to fully understand the situation and the options available. Ultimately, the default position adopted by Investec would be to treat the client as if they had come to us directly and for us to accept responsibility for suitability and providing ongoing advice to the client.

### **What happens to the Agency following a change of firm and/or network?**

When an Adviser changes firm and/or changes their network, we will work with the Adviser to ensure that their Agency is either updated or re-established to reflect their current regulatory standing. We are proud of our exceptional service to Advisers and always aim to make this process as quick and efficient as possible.

### **How do you look after Vulnerable clients?**

Our Vulnerable Client Policy follows the FCA definition (i.e. A vulnerable client is someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care) as we have a duty to ensure that the services we provide are tailored to the needs of our clients, this includes where vulnerability may impair their ability to engage with us and/or their Adviser, in order that we may effectively deliver our services.

### **Can you assist with a Reasons Why letter?**

We appreciate that when documenting the reasons for 'suitability' and the selection of Investec, no two clients are the same. Our Business Development Directors are always on hand to assist our Adviser partners in this process, and we have prepared the following documents and brochures:

- The power of partnerships. Discretionary Investment Management for Clients of Advisers (IWI236)
- Managing Your Investments for Clients of Financial Advisers (IWI476).





To assist you in creating your “Reasons Why” letters we’ve prepared the following paragraphs about Investec and its services

Investec Wealth & Investment is one of the UK's leading and most reputable investment management companies, with responsibility for over £40.7 billion (as at March 2023) of client assets.

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Investec are recognised industry leaders, we have been awarded five-star ratings by Defaqto for both our Bespoke DFM and MPS on Platforms service, and our Discretionary Fund Management services were given a Gold service rating.

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At Investec we offer investment management expertise combined with high quality levels of personal service. We place the highest value on relationships, which is why many clients are introduced to us by way of a personal referral from their Adviser.

In an increasingly complex and volatile investment world, we apply our investment discipline – supported by high quality asset allocation and due diligence – to construct portfolios which provide optimal returns for each client. A robust and innovative investment process supports this. The utmost care and attention is allied with a flexible approach, and is delivered by a well-resourced and experienced team of investment professionals.

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We appoint a dedicated Investment Manager to each relationship as our aim is to work closely with the Adviser and their client to create and proactively manage a bespoke discretionary solution for each client's unique investment needs.

“I’d put them ahead of most DFMs. They’re very good at evolving and changing. They get to know me and the business. I would certainly recommend them to colleagues”

Adviser, South West

The information contained within this brochure does not constitute financial advice or a personal recommendation. Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is no guarantee of future returns. You may not recover what you invest. References to taxation are based on our current understanding of the legislation but we do not represent that it is accurate or complete and it should not be relied upon as such. Tax laws are subject to change.

<b>Belfast</b>	02890 321002	<b>Cheltenham</b>	01242 514756	<b>Guildford</b>	01483 304707	<b>Manchester</b>	0161 832 6868
<b>Birmingham</b>	0121 232 0700	<b>Edinburgh</b>	0131 226 5000	<b>Leeds</b>	0113 245 4488	<b>Sheffield</b>	0114 275 5100
<b>Bournemouth</b>	01202 208100	<b>Exeter</b>	01392 204404	<b>Liverpool</b>	0151 227 2030		
<b>Bristol</b>	01172 444860	<b>Glasgow</b>	0141 333 9323	<b>London</b>	020 7597 1234		

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Registered No. 2122340. Registered Office: 30 Gresham Street, London, EC2V 7QN.