



IMPERIAL FINANCIAL PLANNING LIMITED

CENTRALISED INVESTMENT PROPOSITION

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Contents

1.	Scope	3
2.	Customer Segmentation	4
3.	Risk Profiling Process.....	6
4.	Managed Portfolios	7
5.	Investment Funds	8
	5.1- IFSL Sinfonia.....	8
	5.2- Prime Investment Portfolio	8
	5.3- Aviva Multi-Asset Funds.....	9
	5.4- Architas MA Active Funds	9
	5.5- Legal & General Multi Index Funds	9
	5.6- BMO Multi-Manager Lifestyle Funds	10
	5.7- Vanguard LifeStrategy Funds.....	10
6.	Platforms	12
	6.1- Selection Overview	12
	6.2- HubwiseConnect Platform	12
	6.3- Aviva Wrap Platform	13
	6.4- AEGON Retirement Choices (ARC).....	13
	6.5- Standard Life Adviser Wrap.....	14
7.	Non-Platform Product	15
	7.1- Bespoke Discretionary Fund Management Services.....	15
	7.2- Onshore Investment Bond	15
	7.3- Pensions	15
	7.4- Tax planning	15
	7.5- Structured Products	15
8.	Research & Selection Process	16
9.	Suitability of the Centralised Investment Proposition .	17

1. Scope

The Imperial Financial Planning Limited Centralised Investment Proposition is delivered through multi-asset and risk-targeted investment solutions designed to cater for a variety of accumulation and de-accumulation investment needs. Our proposition has been researched from the Whole of Market allowing us to provide the most suitable outcome which includes investment platforms, funds & product wrappers provided by a number of financial services organisations detailed within this report.

A wide range of product & tax wrappers can be utilised covering a variety of financial planning scenarios; including access to ISAs, Personal Pensions & SIPPs, Onshore Bonds and Offshore Bonds. In addition basic estate planning needs can be addressed through a number of common trust structures.

The proposition does not include access to esoteric and more specialist investments such as structured products, investment trusts and VCTs. These will be researched on an individual basis as the availability changes on a regular basis.

Rate driven products such as Annuities and Protection plans will be researched on an individual basis to ensure the most competitive quote is provided.

2. Customer Segmentation

The target markets for the various elements of the proposition are divided into four key segments.

SEGMENT	Typical Planning Needs	Client description	Advisory Service	Matched CIP Solutions
Pre-Retirement & Retirement	<p>Capital preservation & making money last.</p> <p>Income Tax & CGT planning.</p> <p>Early stage IHT Planning</p>	<p>Requires a diversified portfolio Require access to a range of tax wrappers</p> <p>May require access to more specialist investment products</p> <p>Having more complex financial requirements.</p>	<p>Require regular reviews/meetings including Cash flow planning. Level 1 Client Proposition.</p>	<p>Stand-alone products</p> <p>Choice of Platform</p> <p>Choice of Risk targeted funds</p> <p>Prime Risk Targeted Portfolios</p> <p>Tatton Managed Portfolios</p> <p>Bespoke Discretionary Management</p> <p>Specialist Tax Efficient Product</p>
Affluent Accumulators	<p>Saving larger amounts for luxury items or future expenditure e.g. Education Fees.</p> <p>Ensuring adequate retirement provision.</p>	<p>Starting to have more complex needs requiring decisions.</p> <p>Increasing reliance of clear but detailed information from adviser.</p> <p>Prefer to delegate than make own decisions.</p>	<p>Standard annual review service, including some cash flow planning. Level 2 Client Proposition.</p>	<p>Stand-alone products</p> <p>Choice of Platform</p> <p>Choice of Risk targeted funds</p> <p>Prime Risk Targeted Portfolios</p> <p>Tatton Managed Portfolios</p>

SEGMENT	Typical Planning Needs	Client description	Advisory Service	Matched CIP Solutions
Early Accumulators	<p>Reduce mortgage</p> <p>Increase retirement saving</p> <p>Life Protection</p>	<p>Simple decisions to make.</p> <p>May make some decisions themselves with guidance from adviser.</p> <p>Need advice on budgeting to save for the future.</p>	<p>Standard annual review service.</p> <p>Level 3 Client Proposition.</p>	<p>Stand-alone products</p> <p>Choice of Platform</p> <p>Choice of Risk targeted funds</p> <p>Prime Risk Targeted Portfolios</p>
Transactional	<p>Requires a more simple investment strategy</p>	<p>Prefers to make own decisions with regard to future planning</p>	<p>Recommended investment solution is 'self-managing' in respect of ongoing asset allocation</p> <p>Does not require ongoing advice, reviews or meetings</p> <p>Level 4 Client Proposition.</p>	<p>Stand-alone products</p> <p>Risk targeted funds</p>

3. Risk Profiling Process

Advisers will use the Dynamic Planner Profiling Tool powered by Distribution Technology to facilitate an initial attitude to risk discussion with the customer. A 15 question attitude to risk questionnaire will be used with this process.

A final risk profile will be agreed with the customer based on a combination of the attitude to risk tool output, the customers previous investment experience, specific answers to the questions within the risk profiling process and the customer's capacity for loss.

The agreed risk profile will be on a 1 to 10 risk scale as defined by Distribution Technology within the Dynamic Planner software. The investment solutions within the CIP will be risk mapped to this risk scale.

4. Managed Portfolios

In addition to the core fund ranges there is access to a leading outsourced discretionary managed portfolio service.

4.1 Tatton Managed Portfolios

Tatton Investment Management is one of the largest platform based discretionary investment management companies with assets under management in excess of £7.5bn. Tatton were launched in 2013 and listed on the Aim stock market in July 2017.

There are five separate ranges of portfolios available via all three platforms within the CIP. The portfolio ranges are:

- Managed – Portfolios of predominantly actively managed funds
- Blended (Core) – Portfolios comprising a blend of active and passive funds
- Tracker – Portfolios of passive funds
- Income – Portfolios designed to provide a regular income
- Ethical – Portfolios based on Environmental, Social Governance (ESG) and ethical principles.

The portfolios are operated under a discretionary investment management agreement and are continually reviewed by the Tatton Investment Management team. A long-term strategic asset allocation is used with tactical adjustments made during the ongoing monitoring process. Tatton undertake extensive fund research into the underlying funds within the portfolios. Qualitative research is undertaken on shortlisted funds through interviews with the fund managers. Only funds approved by the Tatton Investment Committee are used within portfolios.

The portfolios are available across 6 risk categories (5 for income as there is no income portfolio in the highest risk grade) mapped to the Dynamic Planner Risk Scale.

Dynamic Planner Risk Category	Tatton Portfolios
DP3	Tatton Defensive Portfolios
DP4	Tatton Cautious Portfolios
DP5	Tatton Balanced Portfolios
DP6	Tatton Active Portfolios
DP7	Tatton Aggressive Portfolios
DP8	Tatton Global Equity Portfolios

The Tatton portfolios are available on all four of the platforms used within the CIP.

The Tatton Investment Management Service fee is 0.15% p.a. which is very competitive for a management portfolio service. In addition to this fee, there will be the charges on the underlying funds in the portfolio. The total cost of a Tatton Portfolio (inclusive of the Tatton Service Fee) ranges from about 0.31% p.a. for the Tracker Cautious & Tracker Defensive Portfolios to 0.9% p.a. for the Managed Global Equity Portfolio.

5. Investment Funds

In addition to the core managed portfolio service the centralised proposition provides access to a number of managed fund ranges. These are the Aviva-Multi Asset Funds, Architas MA Active Funds, Legal & General Multi Index, BMO Multi-Manager Lifestyle, IFSL Sinfonia and Vanguard Lifestrategy Funds. These have been chosen as risk-targeted or risk rated multi-asset funds which can provide each customer with a portfolio solution which is specifically aligned to their agreed risk profile. The portfolios are all diversified across both asset classes and geographical areas.

These fund ranges all have a long-term investment growth mandate while targeting to stay within their stated profiles in terms of expected volatility and downside risk.

They are primarily suitable for accumulation objectives. The exception to this being the three L&G Multi-Index Income Funds which have a monthly distribution and a focus towards high yielding underlying investments to produce income and capital growth.

The other fund ranges are not specifically designed for natural income generation and will not therefore be appropriate where the objective is to generate a target level of natural income yield. However, they may still be suitable for de-accumulation scenarios where investment growth and gradual capital withdrawal is the customer's primary objective.

All of these fund ranges are panelled on the Tenet fund panels and have been mapped to the various risk-grades on the Dynamic Planner Risk Scale. These risk mapping are shown on the Risk Mapping Guide in Appendix 1. They can be purchased via one of the four fund platforms which form part of the centralised investment proposition.

5.1- IFSL Sinfonia

The IFSL Sinfonia Funds are a range of 5 funds managed by Tatton Investment Management. Their investment style is blended, investing in both actively managed funds and passive investment vehicles. This also makes this range suitable where customers have not expressed any particular preference for active or passive investment styles.

The IFSL Sinfonia range is suitable to cater for risk grades 3 to 7 on the Dynamic Planner Risk Scale.

5.2- Prime Investment Portfolio

Prime brings together the talents of three specialist fund of funds managers to provide clients with access to a fully diversified investment portfolio.

With Prime, a client's investment is split evenly across the three risk-targeted portfolios of funds.

This means that we benefit from delivering a range of cost-effective risk-targeted investment strategies suitable for a wide range of clients who benefit from a blended approach designed to provide maximum diversification across fund manager and asset allocation approach as well as a split between active and passive management

The Prime Portfolios are a risk-targeted multi-manager investment solution. The portfolio is comprised of three separate risk-targeted funds of funds products. A recommendation of Prime will therefore constitute a personal recommendation to the client of each of the three underlying component elements.

The Prime Portfolios will be reviewed annually by Tenet against the current panel to ensure that the constituent fund selections remain the most appropriate to provide this overall diversification blend across manager, investment approach and asset allocation provider.

5.3- Aviva Multi-Asset Funds

These are a range of 5 portfolio funds provided by Aviva. Their investment style is blended, investing in both actively managed funds and passive investment vehicles, including ETFs. This makes them suitable where customers have not expressed any particular preference for active or passive investment styles.

Both the investment selection and asset allocation decisions are undertaken by Aviva Investors through their Multi-Funds team.

Through the combinations specified within the Risk Mapping Guide this proposition can cater for investment risk profiles 2 to 8 on the Dynamic Planner Risk Scale.

5.4- Architas MA Active Funds

The Architas MA Active funds are a range of 6 risk profiled multi-asset funds managed by Architas to a strategic asset allocation provided by EValue. The funds blend primarily actively managed funds to the asset allocation with Architas providing a tactical asset allocation overlay.

The funds in this range map to risk profiles 3 to 8 on the Dynamic Planner Risk Scale.

5.5- Legal & General Multi Index Funds

The Legal & General solution offers a range of funds driven by a defined level of risk. Suitability for a given fund depends on the amount of risk a given client is willing and able to take.

The overall aim of a Multi-Index Fund is to help clients achieve their investment goals, while remaining true to its risk target over time. The funds hold different types of investments from low-cost bond and equity index funds through to UK commercial property and cash, providing a highly diversified investment solution. These funds are well suited for the accumulation phase and focus on growing capital, with any income being reinvested. There is a separate Multi-Index Income fund range that can be used to cater for income needs.

These funds invest entirely in passive investment vehicles. They are therefore more suited to situations where a customer's situation warrants a lower cost fund solution, avoiding the additional costs associated with active management; or where customers have expressed a preference for a passive approach.

There are five L&G Multi-Index funds growth funds that are mapped to risk profiles 3 to 7 on the Dynamic Planner Risk Scale. The income range has three funds mapped to risk profiles 4 to 6.

5.6- BMO Multi-Manager Lifestyle Funds

The BMO Multi-Manager Lifestyle Funds are a range of 5 actively managed funds with each aiming for capital growth within defined risk parameters. Each fund is well diversified containing a range of assets types e.g. equities, bonds property and cash. Asset allocation is determined by Distribution Technology and includes strategical as well as tactical adjustments.

The portfolios are constantly monitored and rebalanced to keep them within defined risk parameters.

Through the combinations specified in the risk mapping guide the BMO Multi-Manager Lifestyle Funds can be used to cater for risk profiles 3 to 7 on the Dynamic Planner Risk Scale.

5.7- Vanguard LifeStrategy Funds

The Vanguard LifeStrategy funds are a range of 5 managed portfolios of passive collectives. The asset allocation is split between equity and bond investments. Unlike the other fund ranges in the CIP, these funds are not risk targeted. Instead of being managed to a defined volatility boundary, each fund simply has a maximum equity exposure, with the higher risk funds in the range having more equity than the lower risk fund. However, Vanguard do have the funds mapped to the Dynamic Planner Risk Scale. The current mappings are shown in Appendix 1 alongside the other fund mappings.

The LifeStrategy funds gain equity and bond exposure through investment predominately in passive vehicles operated by Vanguard with the aim of generating returns from a combination of income and capital gains. Equity allocation is on both a UK and global basis.

Costs are very competitive with each portfolio having an OCF of 0.22%. The LifeStrategy 20%, 40%, 60% & 80% equity portfolios all hold a Gold Rating from Morningstar.

The Vanguard LifeStrategy funds can currently be used for risk profiles 3 to 7 on the Dynamic Planner Risk Scale.

As the LifeStrategy funds are not managed to a risk target, the investment risk represented by each portfolio could change over time in line with changes to equity market volatility. It is important therefore to periodically assess whether the recommended fund remains appropriate for the client's agreed risk profile.

It is recommended that this assessment is conducted in line with scheduled client reviews.

6. Platforms

6.1- Selection Overview

Platforms have been selected primarily with regard to financial strength, availability of a range of product and tax wrappers and competitive pricing. Additional consideration is also given to specific features pertinent to the specific needs of the defined target markets for the proposition.

Only platforms able to provide access to Tatton Investment Management will be considered for inclusion in the CIP as Tatton has been selected as the core investment solution.

Initial screening of the platform market was conducted using the Defaqto Engage research tool. The filters applied included:

- AKG Rating B- (Satisfactory) or above
- General Investment Account
- No Platform Initial Charge
- Online Transaction History
- CGT Report Facility
- Access to model Portfolios
- FAD (Flexi Access Drawdown)
- Automatic Withdrawals
- Natural Income
- SIPP Available.
- Pension Flexibility Available

Adviser Asset was then used to conduct full cost analysis of the various platforms supporting access to Tatton. This cost analysis was based on the charging structure of the Tatton Core Balanced Portfolio as the underlying investment. The platform Selection Overview document within the CIP research file explains the results of this cost analysis in more detail.

As a result of this analysis the following platforms are being included in the CIP:

- HubwiseConnect
- Aviva Wrap Platform
- AEGON Retirement Choices
- Standard Life Adviser Wrap
- Transact

The positioning of these platforms within the CIP is explained below.

6.2- HubwiseConnect Platform

The core CIP solution for the majority of platform investment needs. This platform will be potentially suitable across all four client segments. This platform is white labelled for exclusive use by Tenet advisers and has a flat platform fee of 0.17% pa.

The platform allows access to all of the preferred fund ranges of Aviva Multi-Asset, IFSL Sinfonia, Legal & General Multi Index, BMO Lifestyle and Architas MA Active. It also allows access to the Tatton Managed Portfolio Service.

The platform offers a very competitive pricing structure for GIA, ISA and pension wrappers. For investment amounts of up to approximately £1m, the HubwiseConnect Platform is likely to offer the cheapest option for accessing the selected CIP investment solutions. The Platform pension wrapper is a SIPP provided by Hartley Pensions Ltd and there is an offshore bond provided by RL360.

The platform is provided by Hubwise Securities Ltd who launched in 2012 and now have over £1.4bn of assets under administration. Hubwise Securities hold a B- (Satisfactory) platform financial strength rating from AKG.

6.3- Aviva Wrap Platform

The Aviva Wrap Platform offers a competitively priced alternative to HubwiseConnect for GIA and ISA wrappers. The platform benefits from the discounted terms on the standard pricing which offered to clients of Tenet advisers.

For GIA and ISA portfolios over £500,000, the overall cost of Aviva Wrap is very similar to Hubwise. For GIA and ISA portfolios over £1m this platform is likely to be slightly cheaper than Hubwise.

The Aviva Wrap Platform also has a competitively priced pension wrapper for mid to high value pension portfolios. For pension values of between about £400,000 and £800,000 the Aviva Wrap is likely to be the second cheapest platform option in the CIP. At the £800,000 level, the overall cost is very similar to the HubwiseConnect Platform/Hartley SIPP Pension Option.

There is no offshore bond available on the Aviva Wrap.

6.4- AEGON Retirement Choices (ARC)

ARC is now being included in the CIP as an additional alternative to Aviva WRAP for scenarios where HubwiseConnect is unable to meet the client's requirements. Clients of Tenet advisers also benefit from discounted pricing terms on this platform. ARC is likely to be cheaper than Aviva for pension investments of up to £400,000, although this does depend on the level of assets also in GIA and ISA. Furthermore, there is no platform charge on amounts of more than £1m, meaning that this platform is likely to be a low cost option where asset significantly exceed this figure.

The ARC platform offers a range of online tools, including retirement planning & CGT Tools.

The pension wrapper is the AEGON SIPP. There is also an offshore bond provided Canada Life, although HubwiseConnect and Standard Life Wrap may be more competitively priced for offshore bond cases.

6.5- Standard Life Adviser Wrap

The Standard Life Adviser Wrap proposition is primarily more suited to clients who require more sophisticated functionality. Charging structure is less competitive for smaller portfolio sizes. This platform is therefore unlikely to be the preferred solution unless adviser needs to recommend a feature or tax wrapper not available on the other platform options.

The platform is more suited to complex planning needs requiring access to a range of different product wrappers for the same client. The platform is unlikely to be the preferred solution for an ISA only investment, where HubwiseConnect and Aviva Wrap platforms can both offer a simpler and more cost effective proposition.

The Standard Life Wrap does provide access to an Offshore Bond which is competitively priced. Together with the range of trusts available and the technical support material available from Standard Life this platform provides a good options for IHT Planning scenarios.

The overall pricing becomes more competitive for total wrap account sizes over £1m, where multiple tax wrappers are being used. In such situations the total overall cost is likely to be very similar to the other CIP platform options. The platform offers the ability to link family accounts and also benefit from the pricing applicable to the total value of the linked family arrangements.

The Standard Life Wrap has recently introduced a drawdown price lock feature. This locks in throughout retirement a fixed platform percentage charged based on the highest value that the client's assets reached on the platform. This means that as the total value of assets reduces the percentage platform charge cannot increase. This feature is useful for larger pension drawdown cases, particularly where the client is consolidating and managing other assets on the platform.

6.6- Transact

This platform will be primarily used with customers within the Pre-retirement/Retirement segments of the centralised proposition, and where customers require access to a platform with wealth management tools/flexible income facilities.

This platform offers access to the following tax wrappers: General Investment Account, Personal Pensions, SIPP's and ISA's.

This platform will be used to deliver the following investment solutions within the centralised proposition: Advisory Portfolios or bespoke DFM services (dependent on fund size) and Retirement Income Solutions.

This platform was selected for this segment of the proposition for the following reason, as it provides all of the required elements and the final choice of platform provider are tailored to meet each investor's personal requirements.

7. Non-Platform Product

7.1- Bespoke Discretionary Fund Management Services

Bespoke Discretionary Fund Management Services do not form part of the Centralised Investment Proposition as individual advisers may have a more personal relationship with a local DFM. A suitable DFM provider will be selected from the Tenet Panel.

7.2- Onshore Investment Bond

Where a bond wrapper is considered suitable, a stand-alone product is likely to be a more cost effective option than the Platform based bonds for cases where customers do not require access to the additional platform features and functionality.

The most suitable option will be researched on an individual basis using the Tenet bond panel.

7.3- Pensions

For transactional clients non-platform Pension options are available as the preferred option as these customers are unlikely to require full platform functionality.

The most suitable option will be researched on an individual basis using the Tenet personal pension panel.

7.4- Tax planning

Tax planning products such as Enterprise Investment Schemes (EIS) and Venture Capital Trusts (VCT) are usually tranche based and will therefore be researched on an individual basis from available tranches.

7.5- Structured Products

Structured Deposits (SD) and Structured Capital at Risk (SCARP) products are usually tranche based and will therefore be researched on an individual basis.

8. Research & Selection Process

The following steps will be followed to research & select suitable investment solutions from the options under the Tenet Centralised Investment Proposition:

1. Ascertain through the target market segmentation, investment amount and specific client requirements whether a platform based or non-platform based solution is required. Lower value portfolios and transactional segment customers may not require the spread of product wrappers and functionality associated with a platform based investment.
2. Identify the most appropriate product and tax wrappers required, i.e., ISA, Pension, General Investment Account, etc.
3. Select suitable fund options from the available ranges, taking into account customer's assessed risk profile, previous investment experience, cost considerations and any specific expressed preferences, e.g., active vs passive investment management.
4. Where a platform solution is being recommended, obtain customer specific illustrations for the chosen fund option(s) and product wrapper requirement for the Aviva, HubwiseConnect, AEGON Retirement Choices and Standard Life Platforms. This pricing comparison will be used to select the most cost effective platform for the recommended funds and product wrapper mix.

It will not always be necessary to obtain illustration for specific platforms which by way of the target market description given above fall outside of the customer's requirement.

For example, for a £100,000 investment portfolio comprising ISA and GIA only, it will not be necessary to obtain Standard Life illustrations, (unless the customer specifically requires an additional feature of this platform), as the pricing for this platform means that it will be less competitive both HubwiseConnect and Aviva.

Where the portfolio is comprised predominately of pension assets the cost differential between ARC and Aviva will vary depending on the exact investment amount. However, HubwiseConnect is still likely to be cheapest overall option if it offers all the features to meet the client need. At larger pension levels there is likely to be less cost differential between Aviva, HubwiseConnect and ARC and final selection may therefore need to be based more on heavily on desirable features and tools.

9. Suitability of the Centralised Investment Proposition

The Tenet Centralised Investment Proposition offers investment solutions to cater for a wide range of investment needs and objectives. The solutions within the proposition should only be recommended where they are deemed to be

- a) Suitable to meet the customer need; **and**
- b) Suitable for the customer's agreed risk profile.

Where the client's circumstances mean the above investment solutions are inappropriate, alternative solutions should be investigated and recommended. Examples of clients where an alternative investment solution might be appropriate include, but are not limited to:

- Clients with lower risk profiles (Cautious Investors – Levels 1 & 2)
- High net worth/highly sophisticated investors
- Investors requiring a specific guarantee on value
- Investors with complex IHT planning needs
- Investors requiring an ethical investment strategy
- Investors with specific tax planning requirements

Alternative solutions could include, but again are not limited to:

- Discretionary fund managers
- Investment trusts
- VCTs & EISs
- ETFs
- Guaranteed funds
- BPR schemes
- Structured Products
- Structured Deposits
- With Profit investments
- Off Platform pension solutions

Appendix 1: Fund Risk Mapping Guide (Dynamic Planner Risk Scale)

STYLE	RISK 3	RISK 4	RISK 5
Active	BMO MM Lifestyle 3	BMO MM Lifestyle 4	BMO MM Lifestyle 5
	Architas MA Active Reserve	Architas MA Active Moderate Income	Architas MA Intermediate Income
Passive	Vanguard Lifestrategy 20% Equity	Vanguard Lifestrategy 40% Equity	Vanguard Lifestrategy 60% Equity
	Legal & General Multi-Index 3	Legal & General Multi-Index 4 & Legal & General Multi-Index Income 4	Legal & General Multi-Index 5 & Legal & General Multi-Index Income 5
Blend	Aviva Multi Asset I (50%) Aviva Multi Asset II (50%)	Aviva Multi Asset II	Aviva Multi Asset III
	Sinfonia Income	Sinfonia Cautious Managed	Sinfonia Income & Growth

Fund Risk Mapping Guide (Dynamic Planner Risk Scale)

STYLE	RISK 6	RISK 7	RISK 8
Active	BMO MM Lifestyle 6	BMO MM Lifestyle 7	Architas MA Active Dynamic
	Architas MA Active Progressive	Architas MA Active Growth	
Passive	Vanguard Lifestrategy 80% Equity	Vanguard Lifestrategy 100% Equity	n/a
	Legal & General Multi-Index 6 & Legal & General Multi-Index Income 6	Legal & General Multi-Index 7	
Blend	Aviva Multi Asset IV	Aviva Multi Asset IV 50% Aviva Multi Asset V 50%	Aviva Multi Asset V
	Sinfonia Balanced Managed	Sinfonia Adventurous Growth	