

## **PHILIP J MILTON & COMPANY PLC**

# **WEALTH & INVESTMENT MANAGEMENT SERVICES**

## Contents

Important Information.....	2
Philip J Milton & Company Plc.....	3
Philip J Milton CFP <sup>TM</sup> Chartered FCSI (Financial Planning) FPFS .....	3
Investment Services.....	4
Discretionary Wealth Management .....	4
Dealing & Adding Unique Value.....	5
Charges .....	6
Complimentary Review .....	7
Execution Services.....	7
Managing Risk .....	8
Risk and Emotions.....	9
Investment Opportunities .....	10
Discretionary Managed Portfolios .....	12
Individual Savings Accounts (ISAs) .....	14
Junior ISAs (JISAs) .....	14
Portfolio & ISA Income Options .....	15
Continuity Options.....	16
Discretionary Managed Pension.....	18
Transact Accounts .....	19
Custody & Reporting.....	20
Security .....	20
Risk Warning.....	22
How To Proceed.....	23

## Important Information

This important document is a financial promotion and explains the service you are being offered. This document must be read in conjunction with any enclosures, our Discretionary Client Agreement (that details the features and cost of the service), Key Fact sheets concerning the specific investment strategies and any relevant

application form(s). Please read these carefully.

## Philip J Milton & Company Plc



Founded in 1985, Philip J Milton & Company was incorporated in 1996 as a public limited company (Plc) with an authorised share capital of £1 Million. It is independently owned by Managing Director Philip Milton and co-director Helen Milton.

The Company is proud to offer a fully independent financial planning and wealth management service to individuals, companies, trusts and charities from its sympathetically restored Grade 2 listed property in beautiful North Devon. We feel the property encapsulates our qualities – solid, dependable, longstanding, practical, a flagship of sound investment value and we are proud to stand behind our name. The Company extended its services to include a Taxation and Accountancy Department along with a Will Writing, Trusts, Estates and Probate Department. This helps to ensure that clients need only visit us for the majority of their financial, tax and legal requirements.

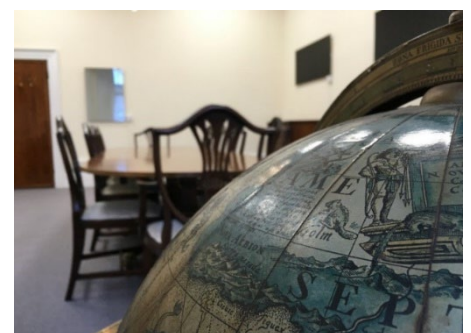
Not only demonstrating many decades of experience, the Company also boasts some of the highest financial services' qualifications in the country. Staff are encouraged and sponsored to achieve qualifications beyond the industry standard to ensure optimum technical proficiency and customer service. In 2018, the Company was proud to be awarded the prestigious Corporate Chartered Planners' status by the Chartered Insurance Institute. This status is an exclusive title only awarded to firms that meet rigorous criteria relating to professionalism and capability. All chartered firms commit to a code of ethics, reinforcing the highest standards of professional practice in their business dealings. A chartered title is not simply recognition for passing exams but brings with it a number of serious obligations.



Success can be attributed largely to the Company's uncompromising commitment to clients. This includes ongoing assessment and management of investments, a thorough understanding of financial markets and prudent management with long-term financial stability.

## Philip J Milton CFP<sup>TM</sup> Chartered FCSI (Financial Planning) FPFS

Following a successful career with a leading clearing bank and working in the field of investment and personal financial planning, Philip left banking to fill a growing niche in the North Devon area by establishing Philip J Milton & Company Plc. It has since expanded rapidly and has gained an enviable reputation for integrity and professionalism, specialising in providing a high-quality investment and wealth management service. Philip has been responsible for the management of our discretionary funds since 1987 and has witnessed a wide range of market conditions, both favourable and less so over the years. This provides investors with the peace of mind that their wealth is in the hands of a vastly experienced manager who also invests in the same strategies himself and on



behalf of the Firm, reflecting his absolute confidence in what we offer.



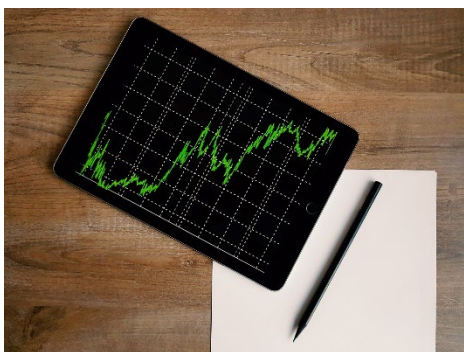
## Investment Services

### Discretionary Wealth Management

Discretionary management is very different to putting your money into an investment fund where you will have no knowledge of the fund's activities beyond a simple annual statement of investment performance: discretionary management is a service, rather than a product.

After considering your individual circumstances and objectives, we shall recommend an investment strategy to you. With our discretionary investment solutions, once invested we make all of the investment decisions for you in line with the recommended strategy. This is perfect for investors who decide to delegate the daily management of their investments to a specialist. This offers them a convenient and low-maintenance solution where we shall use our expertise, funds and resources which are just not available to the individual investor.

Constructing, monitoring and then maintaining successfully a portfolio of investments takes considerable time and resources and demands a thorough understanding of market circumstances. Inevitably opportunities change over time and by managing your funds on a discretionary basis, we are in the best possible position to react to these changes without delay and in accordance with your best interests. Compare that to the more typical annual review elsewhere, by which time it is usually too late to make any necessary alterations.



We take action through our ongoing review and analysis of investment markets and conditions using the extensive resources available to us. Certainly, this does not mean regular change within a strategy but instead, constant overview. Indeed, as patient investment managers with a long-term outlook, we have held certain suitably attractive stock positions for many years, which also acts to lower transaction costs. Our management service addresses complex issues for you such as what type and range of investments to hold, domestically and internationally and to determine when changes may be sensible.





## Dealing & Adding Unique Value

We do not simply invest a client's money upon receipt for them individually. Instead, at any time of any day, our sophisticated administration system can be deployed to look across all of our strategies for all investors (with available cash) and identify every investment that we need to bulk purchase and in what quantity. We then decide which of those holdings (if any) that we wish to purchase. Equally, for sales (which may be total, partial or simply back to the appropriate weighting), by trading in bulk we usually secure better prices. We may also decide to apply limit prices when appropriate, for stocks that are more difficult to trade. Unlike many other available investment options (with constraints on dealing frequency), we can trade any time the market is open, providing optimum flexibility as opportunities arise.

Separately, we can negotiate very attractive dealing terms through our ever-growing market presence and we are often approached by buyers of stock we hold and sellers of stock that we might be buying. We also have access to newly issued stock. Invariably, the prices we pay or receive are far superior to those available to private investors on the open market. Despite our growing influence, we remain of a size that allows dynamic management (so we can act swiftly as opportunities present themselves), where we are not prevented from participating in attractive smaller entities. Most larger investment houses face constraints when it comes to investing in smaller stocks, as they simply manage too much money and would need to buy most of the trading stock to participate at a meaningful level! We face no such restrictions, which is also a reflection of how diversely we invest clients' money.



We are often able to “match” transactions on certain investments. For example, where we are required to sell stock for clients (who need to raise money) but we actually still favour the stock in question, we shall usually buy it back for those clients still in need. In so doing, we trade at a mid-price that is favourable to both the seller and buyer, compared to open market prices. Savings of anything up to 3-15% go straight to clients. For stocks with limited trading, this is particularly advantageous for sellers who may otherwise be forced to receive a very poor price for a modest quantity of stock.

Where we know of a need for a cash withdrawal in advance, we can purposefully and gradually accumulate the required sum through normal management of the account, rather than selling stock on one given day for example when conditions may not be favourable. This carries no extra charge. Typically, this will be a temporary measure but it can also be used to “manage down” an account over a longer period.

The back-office trading system is designed so that whenever new cash is introduced (from new applications, transfers-in, surplus income for reinvestment or as existing holdings are sold and the funds spent), new purchases are prioritised towards the 'best buys' at that time (at our discretion) and concentrated upon the 'gaps' in the individual client's overall portfolios on that day, constantly rebalancing the strategy by adding to holdings and sectors where we are underweight. The account structure is in place for the "meat" to be added later, not allowing us to add more to holdings or sectors which are up to weight for that individual client in accordance with our latest wishes. So, every time a purchase of anything happens, the account is purified, rebalanced, by that cash being allocated to where the 'gaps' exist on that given day. This is based on all the closing values of existing portfolio components as at the prior day's closing values.

Likewise, overweight holdings can be trimmed back to the 'ideal' weighting both to reduce risk and to release funds to buy the choice underweight situations required.

All of these attractive features occur "behind the scenes" and are just a normal part of our daily procedure. Most cannot be achieved by private investors themselves, nor by many other advisers in the industry. Whilst the impact of these "special features" is hard to quantify, clearly there is a very real financial advantage for investors, all of which adds value and contributes towards covering and exceeding annual management fees.

This is all within the price clients pay. We see this as all part of our job, our responsibility, not only to have some of the best systems to manage clients' capital but to also make sure that when we undertake transactions that we do so with the keenest of efficiencies, all adding to clients' returns. This is what our 'Club' guarantees regardless of the extensive extra work it all creates for us – if you are not with us, ask your adviser or investment manager if this is how they look after your capital!

## **Charges**

Full details regarding the charges for this service can be found in our Discretionary Client Agreement.

However, for what we provide, our costs are amongst the best in the whole industry. There is no VAT. There are no minimum fees either so small transactions are not disadvantaged. On top of this, we have no hidden charges as often apply elsewhere – no annual plan fees, performance, administration or drawdown charges. The primary fees are simply annual management fees and transaction charges (capped for big deals) based on deals done. Whatever other funds you may see elsewhere, they charge these fees too and with others hidden within the small print usually!



## Complimentary Review

Unlike many advisers and wealth managers, for our already competitive annual management fee we are also proud and (potentially) unique in offering clients a complimentary review of all funds under our management. This is often worth thousands of pounds because it is also financial planning advice, noting sensible tax-planning ideas and financial incentives unique to them, as well as plenty of opportunities they may not know. This is for those with little to multi-millionaires alike. Other firms charge you extra for that when you are a client and which can add up to 1-1.5% plus VAT to management costs, typically taken out of your pot whether you realise that or not! (Go and have a look!).

The personal portfolio that we create for you will reflect your specific and individual needs and over your various tax-friendly 'pots'. That investment strategy will evolve over time, as we look after client money over long periods, often across multiple generations. Therefore, as part of our service we invite clients to update us as their circumstances change as this may require alterations to their investments. This is an integral part of the service and ensures that the investments continue to represent what clients need at the respective times. This is another considerable advantage of using our management services which may grow in significance over time as investments grow or circumstances change for example.

Your investment portfolio will be managed with the care and professionalism it deserves, allowing you the time to concentrate on your personal and business interests with all important peace of mind.



## Execution Services

Typically, an investment into a discretionary managed solution will follow a rigorous financial review with one of our advisers to determine the most appropriate strategy for your individual needs. However, for the more experienced investor who wishes to invest with us without advice, this too is possible. Indeed, we are more than happy to accept your execution-only instructions into any of our discretionary managed solutions.





## Managing Risk

***Definition of risk: “The possibility that something unpleasant or unwelcome will happen.”***

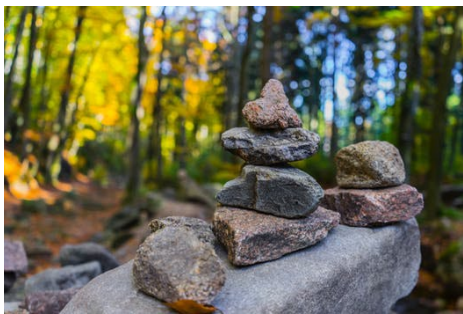
We have always believed in two basic tenets. The first is to accept that risk exists everywhere. There is no such thing as risk-free. Gold can fall in value; inflation can ravage your cash on deposit and a thief can steal your possessions. The value of stocks and shares can fall and whilst we cannot eliminate that risk altogether, we are able to manage it to limit its potential impact on you. Actually, there are countless tools with which to achieve this. We believe in vast diversification as a great way of ensuring you are not excessively exposed to any one risk, which typically you may only realise after a catastrophic event. Another is to invest only a sum that you will not need to access for a sensible period of time as historically, the longer the time invested, the more likely it is for a positive outcome. Therefore, we always encourage investors to separately retain an appropriate sum in more easily accessible accounts.

Acting as an independent wealth manager, we select from all available investments within the market, without restriction. Believe it or not this is actually very unusual today (see below for more information). We are also independently owned and therefore, clients do not suffer from being invested in funds only offered by an associated parent company. This offers complete flexibility and allows us to acquire whatever we consider to be suitable in fulfilling your objectives. With immediate access to market information and with the flexibility to act decisively as a consequence through our unrivalled administration systems, clients’ investments can be adjusted without delay, as necessary.



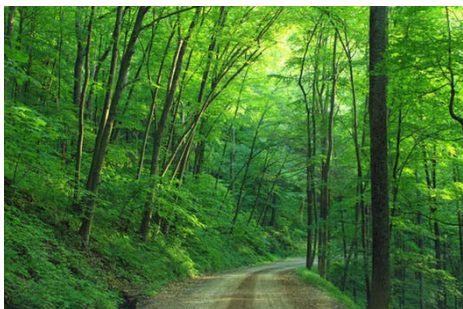
We also offer complementary market ISA and Pension strategies for couples (with different stock ranges in each), providing even more diversity and opportunity-seeking. Not every client will have everything either – more risk mitigation by us!

We believe that our ability to select holdings without constraint or obligation is the most effective means of managing clients’ capital. A brief look at the performance of any one company’s fund over the years illustrates that whilst certain companies perform consistently better than others as a whole, no group is superior in all or even most markets, asset classes and sectors. In addition, no company maintains its superiority forever. Therefore, the ability to make changes is essential.



Effectively, our discretionary managed strategies are “wrappers” within which we provide ongoing management to a wide spread of underlying investment holdings, including Unit Trusts, OEICs, Investment Trusts, defensive stock, direct equities, commodities, currencies and cash. We have no bias and can buy, hold and sell anything according to what we believe is best for a client – not with compromised interest. We spread clients’ money very widely and typically no single holding exceeds 3% of our total client funds managed.





## Risk and Emotions

Investing is difficult, very difficult in fact! Being human actually makes it harder still. Why you may ask? Well, it is because even the cleverest individuals are affected by cognitive biases which are driven by our personal life experiences and memories.

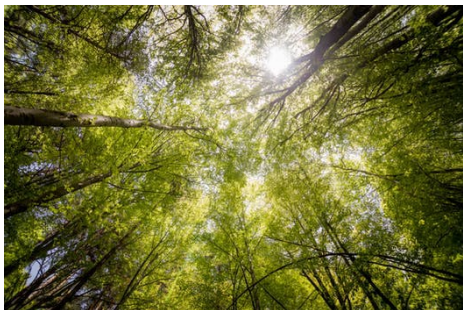
Consequently, we all react differently to events and that is just human nature. When it comes to investing, typically this will impact what you do with your spare money, do you save it, do you invest it or do you hide it all under the mattress? Inevitably, it will also affect how you react to market volatility, whether it be fear and anxiety to losses, or confidence and elation to gains. Some will see markets fall and immediately panic and extract cash, others will take a sensible long-term view and allow heightened volatility to subside and then there will be those that take the opportunity to invest more. On reflection, despite the volatility that markets have endured over the past century, as a result of world wars, depressions, recessions, financial crisis, pandemics and international upsets, markets have remained extremely resilient, delivering generally wonderful results to patient investors over the years.

Of course, it is investors' reactions to events which makes markets and creates opportunities with a combination of buyers and sellers. When markets learn of potentially bad news, sellers often over-react and dominate (driving down prices) whereas more favourable news is when buyers may increase activity (pushing up prices, sometimes excessively). So what you may say, you know all of that. Yes, you may do, but the key is to understand how your cognitive biases affect your investment decision making as this may save you from potentially expensive and disastrous mistakes or alternatively, generate handsome profits for you!

There have been studies where the emotional reaction to events is measured. In theory, a £1,000 loss on an investment should be equal to a £1,000 gain on an investment in terms of the emotional impact of the event. After all, it would have the 'same' proportionate financial impact on you. However, in reality, something called "negativity bias" causes investors to place more weight on bad news/losses than on good news/profits. You may tolerate a profit, feel chuffed perhaps at your clearly shrewd judgement but with the loss, often look to blame someone else for the crass stupidity of allowing you to make that decision and you also panic - and fear you need to exit to avoid losing even more. In reality, the studies show that we are five-time less likely to 'like' a loss in emotional terms than the exact same gain.

As investors, we need to harness this and recognise how the masses react and whether that reaction is justified. The "bandwagon effect" or herd mentality is something that people do purely because others are, regardless of their own beliefs. This often means most of the potential has gone and the risks have rocketed. We often do well from previously fallen stars which simply recover to more suitable levels at which they once traded too. By understanding this in an investment environment and perhaps acting contrary to the masses will allow us to benefit from the over-reaction to such an event perhaps – suggesting that a bad situation can be over-played and positive news taken too complacently.

Whilst it is easy to say and difficult to apply, as investors we must do our very best to disregard the short-term "noise" and sometimes our natural human tendencies and remember our original longer-term reasoning for investing in the first place.



## Investment Opportunities

inadequate.

As noted above, we face no restrictions with regard to what can be purchased within accounts and we take full advantage of that freedom by spreading clients' money across a huge number of carefully selected holdings, within different sectors and across various locations. Many alternatives that we review for clients contain just a handful of Unit Trusts that are reviewed annually at best, something we consider to be wholly

One area where we consider that we do things very differently from the majority of the industry is our involvement within the collective Investment Trust sector and this has been a major benefit to investors to date. Like Unit Trusts, Investment Trusts themselves are managed and involve numerous underlying holdings. However, unlike Unit Trusts where you pay the value of the underlying investments plus any initial charges, Investment Trusts are themselves traded on the market, like a share. Consequently, the price you pay can often become detached from the value of the underlying investments, thereby presenting opportunities if the trading price of shares is discounted. We have enjoyed wonderful results from this sector, often buying a stock at an excessive discount to the underlying value, either because the market is small and difficult to trade, investors have fallen out of love with the sector or perhaps because the sector is not well understood. We are more than happy to accumulate a position in such Trusts where we identify recovery opportunities and often are rewarded with healthy dividends meantime. Occasionally, this may take a period of time, but we are happy to be patient and would never trade just for the sake of it.



Investment Trusts also enable positive returns when the market is flat, through the narrowing of the discount. One example involved us buying the equivalent of £1's worth of assets for 75p. The market did nothing but the share price rose to 90p (as the shares became more popular), so we made 20% (15p/75p) for nothing – a technical correction. Some Trusts that we purchase at discounts themselves contain a range of Investment Trusts trading at discounts too!

Strangely, we have found that many investment and pension platforms on the market do not offer access to Investment Trusts which we think is very odd indeed, as without that those platforms are restricted and not a "whole of market" offering. Potentially, those investors are missing out on tremendous opportunities for market beating returns. Of course, we are very happy to fill that void for our clients!

Our universe of opportunities is expanding as our competitors grow even bigger and thus restricted in terms of what they can buy, inflating the prices of all the same big things. When the exuberance bubble bursts and investors rush for the door, they will all fall in tandem as they all have the same things! We don't.

Most of our assets are these types of mainstream quoted vehicles but we have added uncorrelated assets to provide extra security for clients too so that should a calamity arise, then some things will advance in value whilst others fall. Yes, we do buy some direct stocks too and then there are no extra management fees – we see these as icing on the cake of a good basket of general collective funds. We also look across the Globe and consider things such as currency strengths or weaknesses and special opportunities.



In addition, we have always been “value” investors, seeking undervalued opportunities which may have materialised for a variety of reasons, often unjustified. We are also advocates of a good dividend paying policy; a reward to investors if you like for having faith to hold a particular share. This has served us very well to date and we expect it will continue to do so. Of course, dividends aren’t only useful for investors seeking income, they can also be reinvested for those seeking growth and the compounding effect over time can be incredible.



## Discretionary Managed Portfolios

These accounts provide a discretionary wealth management and comprehensive administration service for investors, companies, charities and trusts wishing to delegate the responsibility to qualified, long-standing and financially secure professionals. Portfolios have no defined term although better results tend to be achieved over longer periods.

Our choice of managed Portfolio strategies (Defensive, High Income, Balanced, Capital Growth and Aggressive Growth) has been designed to cater for varying levels of wealth, security preferences and investment objectives, ranging from those requiring extra income to those who seek more aggressive growth strategies. There is also a 'Qualifying Business Assets' strategy, investing within select holdings on the Alternative Investment Market\* (typically for Inheritance Tax planning purposes).

\*These shares should be free from Inheritance Tax (IHT) if held for two years although HM Revenue and Customs will not confirm that until the time. (A Qualifying Business Assets' Portfolio is potentially better than other mitigation as investors retain total control of the capital). This carries a higher level of risk. Please refer to Risk Warning at the end of this brochure.

The main five strategies spread investors' capital amongst carefully selected stocks within defensive, income, growth, smaller company, UK and international sectors in variable proportions based upon our thoughts concerning prevailing market conditions. Cash can also be deployed when appropriate. Following later advice from us, clients may instruct us to switch their Portfolio strategy to an alternative option without cost.

## Contributions

To achieve the maximum spread of Portfolio holdings in any of our models, a sum of £50,000 is required. However, smaller sums can be accommodated easily and the strategy can be successfully employed from as little as £10,000. Accounts may be topped-up at any time and there is no upper limit on contributions. For investors looking to add to their account subsequently and preferring to invest gradually, monthly contributions via direct debit can also be facilitated at no extra cost. Investors can increase, decrease, suspend and reinstate these regular contributions with complete flexibility.

## Tax Treatment

Portfolios allow investors to utilise valuable Capital Gains Tax (CGT) allowances, effectively meaning potentially large annual gains are tax-exempt. These tax-free returns are lost to investors with insurance company investments for example, who suffer the tax regardless. Another popular "investment", residential property, also presents major problems when it comes to CGT as invariably disposals cannot be staggered and instead, a gain realised upon sale is fully taxable during the single year in question.

Where we know of a need, regularly we check the CGT position on a Portfolio to use more of a tax-exempt CGT allowance or reduce a liability on the sale of other assets you held.

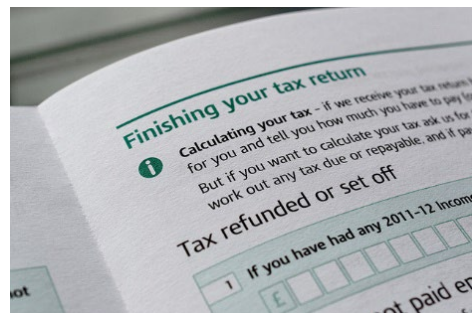
Income will typically be via interest or dividends which will be subject to tax according to tax legislation applying at the time.



We are able to facilitate the raising and transferring of funds from a client's Portfolio to an ISA or pension (under our management), upon their instruction and supplying relevant paperwork.

## Reporting

Investors are kept apprised of their capital's progress through efficient administration and reporting. They receive more than a bottom-line simple valuation. The quarterly reports they receive (in January, April, July and October) summarise the basics such as "money in and out", dividends received, profit/loss and value but more detail follows for those wishing to take a greater interest! This includes dates and times of all individual transactions, prices at purchase and sale, transaction costs and Stamp Duty and a running balance of cash held. All accounts provide individual values for each holding and you will also be able to see how much of your money we have invested in different market sub-sectors (from UK to international to more defensive), each of which has a desired percentage allocation. Stocks and sub-sectors are prioritised according to our interpretation of best value opportunities and these change over time.



The 5 April report provides concise tax summaries for Self-Assessment returns, which should hopefully enable you to save on professional fees. In addition, ad-hoc valuations can be provided upon request.

As noted earlier, we do offer our own in-house Taxation and Accountancy service, so should be delighted to assist investors with any queries or submissions in that regard.



## Individual Savings Accounts (ISAs)

Every UK resident adult has an annual ISA allowance. This may be invested in a cash ISA, a stocks and shares ISA or a combination of the two and in whatever proportions you wish. Savers are also able to transfer money saved in historic years' cash ISAs into stocks and shares ISAs and vice versa, without affecting that year's ISA allowance.

We offer a variety of stocks and shares ISA strategies to cater for multiple investor preferences; a more defensive strategy for the lower risk investor, two complementary strategies (for couples) for those seeking both income and growth and finally an AIM ISA which is designed for those likely to have an Inheritance Tax (IHT) liability, investing within select holdings on the Alternative Investment Market.\*

\*These shares should be free from IHT if held for two years although HM Revenue and Customs will not confirm that until the time. (An AIM ISA is potentially better than other mitigation as investors retain total control of the capital, all whilst offering tax exempt income and capital gains). This carries a higher level of risk. Please refer to Risk Warning at the end of this brochure.

## Junior ISAs (JISAs)

We also offer Junior ISAs (JISAs) for minors. These operate in the same way as our mainstream stocks and shares ISAs with an identical charging structure and access to all models noted above.



## Contributions

We accept monthly contributions from just £50 and lump-sums from £1,000. Contributions cannot exceed the annual subscription limit. There is no fixed term with ISAs and consequently, you may access your investment at any time although clearly, it is designed to be a sensible-term investment plan.

## Tax Treatment

ISAs are completely exempt from Capital Gains Tax and investors incur no UK Income Tax on dividends, irrespective of their tax status. All interest distributions from interest-bearing holdings are completely tax-exempt. Neither profit made nor income earned (whether reinvested or withdrawn) from ISAs needs to be reported for Self-Assessment.



## Reporting

Again and as with our Portfolios, investors receive quarterly reports with a full valuation of holdings as at 5 January, April, July and October. In addition, ad-hoc valuations can be provided upon request.



## Portfolio & ISA Income Options

Income from a Portfolio and ISA can be arranged as follows:

- Reinvested, to enhance total returns. This allows new holdings to be acquired for you over time, which will evolve (from original acquisitions) according to our interpretation of optimum market opportunities.
- Regulated monthly basis. We will confirm a sustainable amount (and tend to recommend no more than the account is generating via dividends and interest) to lower the risk of capital being eroded. Of course, for a limited period you may require larger withdrawals and some capital erosion may be acceptable to you, to boost depleted cash reserves or to meet expenditure needs until a pension starts for example.
- Variable monthly/quarterly basis. This involves removing only the dividends and interest that accumulate over the one/three-month period. This will fluctuate depending upon when component holdings distribute income but capital should not be compromised. This option could be deployed to gift “surplus income” to reduce the threat of Inheritance Tax upon death for example.

Healthy income flows into all of our strategies (including those with a greater growth focus) from dividends and interest mean that good levels of income are sustainable long-term.

Monthly income is payable on the 15<sup>th</sup> of the month (or the next working day). Quarterly income is payable on 15<sup>th</sup> January, April, July and October (or the next working day). If you maintain both a Portfolio and ISA in the same single name under the same account number and require income from both, this will be payable on the same basis. In those circumstances, you will also receive just one consolidated valuation report every three months, thereby simplifying the administration of your investments. Any pension managed by us and held by that same individual will also share the same account number and feature within the one consolidated valuation report each quarter.





## Continuity Options

We know of many companies which refuse to advise and manage assets for investors of a certain age (and even that age is low considering increased longevity!), who are forced to make alternative arrangements. This is absolutely ludicrous and we do not take a similar approach. We will help and advise **ANY** client, regardless of age. However, our advice will always take account of their personal circumstances, so age, health, resources, requirements and potentially their family situation too. Of course, we cannot advise minors directly but we are happy to advise their parents or guardians on their behalf until they come of age.

Our managed strategies intentionally facilitate the looking after of older adults with some very useful continuation options. Therefore, when investing, clients know that their investments with us may be inherited eventually (thereby extending the investment term and avoiding restructuring costs) to look after their beneficiaries. This can be very reassuring, whilst not compromising clients' own personal financial security meantime.

Some clients wonder what happens to their investments we manage for them after they pass away. Naturally, most assume that investments are converted to cash at the earliest opportunity and distributed to beneficiaries with the estate (and some firms do that automatically despite the time delay before distribution). However, market timing may not be opportune to simply "sell"; this may incur unnecessary costs and indeed, doing so may not be in accordance with beneficiaries' wishes either. We should add that if we are the Executors, clearly, we have an even closer relationship with the family and the process itself in that respect. Whilst that is not imperative, we are very happy acting in that role, one which you may wish to consider, especially if your estate covers more investments than anything else!



On death, our more helpful process usually involves:

- We supply the necessary probate valuations to Executors after we see a death certificate (and usually the Will gives evidence to that appointment).
- We shall continue to manage investments meantime although no further buying will occur until Executors provide their instructions.
- We invite the appointed Executors to refer the named beneficiaries to us for advice before any decisions are made. Regardless, we shall also write to Executors with all of the options and terms available.
- Ultimately, beneficiaries may inherit investment accounts as they are (at no extra charge), in full or in part or convert the investments fully to cash. If beneficiaries are comfortable maintaining market based investments, it is far more cost effective to keep the inherited investments here (not to mention the unrivalled diversity and return opportunities we offer). To sell all estate investments and then reinvest elsewhere for example, could cost up to 7%-10% all round, as well as any lost opportunity whilst the money is not invested (that could be a considerable time in some instances). We work with Executors as the circumstances may become clearer as perhaps different beneficiaries may require different outcomes.



- Of course, if the estate has debts to pay and no other means to cover them, cash may need to be withdrawn.

There are no charges for any of this care and attention incidentally – we believe it is the imperative service necessary. For ISAs, please note that the tax-free status ends on death (unless the ISA is to be inherited by a spouse under the one-off Additional ISA Allowance). However, ISA investment holdings may be transferred into a taxable Portfolio environment. Once again, no additional cost will be incurred. Many companies simply have terms which mean they encash everything as soon as a death is notified to them – we do not think that is right at all.

Often, we suggest meeting with beneficiaries to consult with us in advance of death too. This will ensure that in the future, we should be more familiar with their wider circumstances and also hopefully we shall have built a relationship of trust. Consequently, discussing their options may be easier and less stressful at a naturally difficult time. Of course, our absolute responsibility for the individual's investments is always to them first and foremost. However, we believe it is important that we consider our responsibility to them after death too.



## Discretionary Managed Pension

We manage a wide range of pension strategies to cater for clients' differing requirements, security preferences and the probable timing until they might need to access part or all of their pension. Clients can switch between strategies without charge (following our advice), as their circumstances change, for example approaching or entering retirement and the need to then draw an income and/or lump-sum. Options also

include complementary strategies for couples, to create extra diversity for risk reduction purposes and better return prospects, from exposure to more opportunities. The pension can transition seamlessly from accruing value to paying you an income and full flexible drawdown options are also available at no extra charge, which is uncommon.

As with Portfolios and ISAs, pension strategies spread investors' capital amongst carefully selected stocks within defensive, income, growth, smaller company, UK and international sectors in variable proportions based upon our thoughts concerning prevailing market conditions. Cash can also be deployed when appropriate.

## Contributions

UK resident investors under age 75 can contribute to the Pension tax efficiently. Monthly contributions are possible from just £50 or initial lump-sums from £1,000. Maximum permitted contributions for tax relief purposes are dependent on the circumstances of the investor at the time of application (and of course we can advise further on the full extent of this opportunity for investors as required).

## Tax Treatment

All growth achieved by Pensions is completely tax exempt and contributions qualify for tax relief at your highest marginal rate of Income Tax, subject to certain limits. No growth or income is reportable for Self-Assessment purposes. Pension contributions can also be used to lower assessable income for higher earners who may otherwise lose their entire Personal Allowances. The same applies for parents under threat of losing Child Benefit support.

## Reporting

Once again, investors receive quarterly reports with a full valuation of holdings as at 5 January, April, July and October. In addition, ad-hoc valuations can be provided upon request. If an investor holds a pension, ISA and a Portfolio in their sole name, the three components will have a single account number and be reported together. This dramatically simplifies your ongoing administration requirements.



## **Transact Accounts**

Through Transact we offer an Investment Bond strategy (with both offshore and onshore options) which investors are able to monitor online. As with all of our managed strategies, our Bonds are highly diverse and comprise a wide range of carefully selected holdings, (typically by way of collective investments) across defensive, income, growth, smaller company, UK and international sectors in variable proportions based upon

our thoughts concerning prevailing market conditions. Cash can also be deployed when appropriate.

## **Contributions**

Offshore Bonds can be established from £20,000 initially, with subsequent top-ups from £1,000. There is no upper limit. Onshore Bonds can be established from £5,000 initially, again with subsequent top-ups from £1,000.

## **Tax Treatment**

As well as the excellent investment return prospects, one of the major attractions of the Offshore Bond is the fact that all income and growth generated is tax-deferred until funds are withdrawn from the investment and repatriated to the UK. Therefore, income and gains can accumulate in value without tax deduction and no details of the investment will need to be included for Self-Assessment.

Due to the favourable tax treatment of offshore bonds in particular, they can be especially appealing to Trusts, higher rate taxpayers seeking longer term capital growth, investors who use their full Capital Gains Tax allowance annually and investors who have already used their tax-friendly ISA and pension allowances to the maximum.

When capital is withdrawn, (under current rules) any gains realised may trigger a chargeable event, for which a chargeable event certificate will be generated. This may need to be declared to HM Revenue & Customs and Income Tax may then be payable.

Onshore Bonds have an alternative tax treatment, with the Investment Bond incurring tax on all income and gains at basic rate automatically. Additional tax may be payable by the investor at the point of extracting capital from the Bond albeit this can be managed to mitigate the liability. Typically, the Onshore Bond will be recommended only when all available tax-friendly allowances and investments have been fully utilised.

## **Reporting**

Statements from Transact are provided quarterly with a valuation of the holdings as at 5 January, 5 April, 5 July and 5 October. Investors may also use the secure Transact website to access relevant personal transaction, investment and tax information.



## Custody & Reporting

Whilst Philip J Milton & Company Plc is responsible for the management of your investments, all administration and reporting responsibilities are delegated to carefully selected expert firms in that field which are independent of the Firm and they are also regulated by the Financial Conduct Authority (FCA). Our main provider, Quai Administration Services Limited, uses the dealing and custody services

of FIS Wealth as a Service Group, for numerous dealing advantages, cost savings and the extra client security associated with a large global custodian.

Established in 1968, as at October 2022, FIS had £3trillion under management, employed over 55,000 staff across over 50 countries and is listed on the US market (with a value of \$48billion). It also acquired Worldpay in 2019 and is in the Fortune 500 index of America's largest companies. It combines leading Information Technology systems with highly experienced dealing teams and is extremely well placed to support us. FIS also benefits from a strong capital base, assuring us and investors of safety and security for clients' assets. This provides absolute peace of mind that even in the unlikely event of Philip J Milton & Company Plc or FIS defaulting, clients' assets are protected.

As well as administering the investment holdings we select for clients, our agents collect and distribute or reinvest dividends and interest, as clients need. Quai has a commitment to excellence with highly advanced systems and some designed exclusively for Philip J Milton & Company Plc. The underlying assets we manage for clients are held either on separate Client Trust Bank accounts or in the nominee names of our custodian. The assets still belong to clients, never forming part of Philip J Milton & Company Plc's assets, nor the assets of the administrators. This means that absolute protections apply. As the Company has grown and with increasing funds under management, this invaluable and highly efficient support has allowed us to continue focussing on the imperative and unrivalled investment selection and management process.

On top of this, full indemnity insurance is maintained as demanded by the regulations. This means you have the protection of giant nominees to hold your assets and the deft-footed activities of one of the most dynamic and responsive financial advisory firms and wealth management houses in the whole Country.

## Security

Philip J Milton & Company Plc is authorised and regulated by the Financial Conduct Authority (FCA) and is one of the largest and longest established Independent Financial Advisers and Wealth Managers in the South West. We are regulated at one of the highest available categories, being one of a very few authorised to undertake discretionary investment management and to hold client money. Consequently, we are required to maintain sizeable and very strict financial resources at all times. The Company maintains a very healthy balance sheet, with assets far in excess of the required level set by the FCA. Accounts are subject to thorough independent audit annually. Full accounts are published and submitted to the FCA regularly.





Also, the Financial Services' Compensation Scheme (FSCS) applies to enhance investor protection against financial loss caused by default. Professional Indemnity Insurance also protects clients against Company negligence.

In addition to considerable financial resources, investor protection is enhanced further by our highly qualified and experienced staff. As Chartered Financial Planners with some of the highest qualifications in the industry we have the added advantage of combining expertise of tax saving measures and allowances with our investment management service, thereby ensuring you enjoy every possible advantage.

Minimum regulatory qualification requirements simply are not enough to provide thorough and comprehensive advice and advanced qualifications have always been demanded from career staff.



## Risk Warning

Predominantly our discretionary managed strategies will involve exposure to the markets. These offer income through the payment of dividends and interest (which may be reinvested) and opportunities for capital valuations to grow over the longer term. By this, generally we mean periods in excess of five years, preferably much longer. However, we can never promise you particular returns, especially in the short-term. At any point in time but especially in the short term, your capital could be worth less than the original amount invested as some of the selected holdings may fall in value, regardless of our best expectation at the time of acquisition. We may also invest in funds that invest in overseas' securities. The value of these investments may increase or decrease as a result of changes in exchange rates between the currencies. Returns that have been achieved in the past also cannot be relied upon in terms of what the future may deliver.

With investments in AIM, the potential volatility may increase the risk to your investment. Shares quoted on AIM carry a higher degree of risk than those quoted on other mainstream markets. The requirements imposed by the index are less stringent and there is usually a wider spread between the buying and selling price. The shares can be difficult to sell quickly due to a lack of liquidity. Some companies may delist from the index and become extremely difficult to sell and others may fail completely.

The information contained within is based upon our understanding of current investment and tax legislation and we cannot be held accountable for any changes to guidelines in the future.



## How To Proceed

Regardless of the nature of your enquiry and the sum that may be available for investment, we are happy to spend time with you to explain what we offer and to provide as much detail about the Company, our services and charging structures as you require. Meetings can be arranged at our Office/online at a time to suit you or a telephone appointment can be made, if that is more convenient.

Should you decide to invest with the Company, we shall require:

- Relevant completed application form(s)
- Your cheque or a Bank transfer (our details can be provided on request)
- Signed Discretionary Client Agreement
- Any share certificates or other investments (for sale)
- Proof of identity for anti-Money Laundering requirements

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