

CASH AND CAUTIOUS BOND PORTFOLIO

A portfolio for investors
looking for an alternative
to cash

FOR PROFESSIONAL ADVISERS AND THEIR CLIENTS

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Why the Cash and Cautious Bond Portfolio

If you have over £500,000 to invest and want a better return than you can get from a savings account, then the Evelyn Partners Cash and Cautious Bond Portfolio could be the answer.

As part of our Discretionary Portfolio Service (DPS), this bespoke portfolio is an actively managed, liquid and fully flexible selection of high-quality cash and bond investments. The portfolio, which has been popular with clients, goes further than similar offerings, incorporating not only cash and gilts, but also bonds issued by selected global organisations. These portfolios can be tailored to your specific liability preferences, whilst also offering the potential for tax-efficient returns.

The Cash and Cautious Bond Portfolio is worth considering for the following reasons:

“Benefit from an experienced investment team and extensive research.”

- ✓ With interest rates potentially falling there is an opportunity to lock in at current yields
- ✓ Opportunity for competitive post-tax returns
- ✓ No currency risk
- ✓ High quality Investments - predominantly in UK Government issued or AAA rated instruments with assets held in nominee accounts
- ✓ Underlying investments are highly liquid so investors can sell quickly if the need arises
- ✓ Wider investment universe than UK only government bonds aiding diversification and offering the potential for enhanced returns
- ✓ Portfolios are bespoke and can be built to meet specific liabilities and investment timescale preferences and may help with income tax planning

Managing cash deposits can be complex and time consuming, requiring continuous monitoring and research. Investing in the Cash and Cautious Bond Portfolio is an alternative option which means you do not have to do that, freeing up your time.

Key risks

The value of an investment, and the income from it, may go down as well as up and you may get back less than you originally invested.

Bonds issued by major governments and companies will be more stable than those issued by emerging markets or smaller corporate issuers; in the event of an issuer experiencing financial difficulty, there may be a risk to some or all of the capital invested.

Historical or current yields should not be considered reliable indicators of future performance.

If an investment is sold before it matures the returns may differ and you may get back less than you expected.

What type of assets could be included?

The assets in the Cash and Cautious Bond Portfolio will be limited to a combination of cash, T-bills, money market funds, and the most conservative bonds.

What are T-bills?

T-bills is short for Treasury bills. These are sterling denominated UK Government short-term debt instruments issued by the United Kingdom Debt Management Office through regular weekly tenders typically with one, three- or six-month maturities. They are generally thought of as cash-like instruments and are intended to be held to maturity. Because they are issued by the government, they are considered better quality than bank deposits.

What are money market funds?

A money market fund invests in highly liquid, near-term instruments, such as cash, cash equivalent securities, and high-quality debt securities with a short-term maturity (such as gilts). Money market funds are intended to offer investors liquidity with a low level of risk whilst providing an alternative to cash with the potential of higher returns. The funds are regulated by the Financial Conduct Authority and can be traded daily. Money market funds come in many forms, however, we select the more conservative ones for this portfolio.

What is a gilt?

A gilt is another name for a bond issued by the UK Government, used to finance public spending. The term 'gilt' is a reference to the primary characteristic of gilts as an investment: their security. This reflects the fact that the UK Government has never failed to make payments on gilt interest or principal.

A short-dated gilt has a short time left before its maturity date. Our Cash and Cautious Bond Portfolio invests only in conventional (non-index linked) bonds with less than five years remaining to redemption.

What are Supranational, Sub-Sovereign and Agency bonds?

Known as SSAs, this class of bonds falls within a distinct fixed income category. The issuers of these bonds are typically multinational organisations or government agencies, which have similar risk profiles to governments. Examples include the World Bank's lending arm, the International Bank for Reconstruction and Development (IBRD), and Germany's development bank, Kreditanstalt für Wiederaufbau (KfW). Only a limited set of issuers are chosen for the Cash and Cautious Bond Portfolio.

Features of the Cash and Cautious Bond Portfolio

A low-cost service provided by Evelyn Partners

The straight-forward nature of the offering means that we can offer a lower rate of fees. There are no commissions or transaction charges. Additionally, we invest directly in individual investments where we can, which keeps costs low by avoiding the additional charges of third-party funds. See the 'What are the fees' section on page 6 for further details.

Independent investment selection

The Evelyn Partners investment research process has a long history of finding outstanding investment ideas suitable for the Cash and Cautious Bond Portfolio. Our selection is broader than many competitors', offering greater flexibility and potential gain.

Strength and depth of experience

Evelyn Partners has one of the longest and most enviable track records in the industry. Our clients take comfort from our financial stability and experience through many market cycles.

Flexibility

There is no upper limit to how much can be invested in each portfolio and top-ups can be made at any time. Maturity profiles can be easily tailored to your requirements given the range of choice of underlying investments.

Concentrated portfolio

By largely investing in direct investments, your investment manager has greater control over which investments appear in the portfolio. The number of holdings is likely to be very limited, and therefore the portfolio will be more concentrated than other investment approaches.

Tax efficiency

The Cash and Cautious Bond Portfolio may be suitable for any investor and offers the potential to be tax efficient. Investment managers have the flexibility to choose investments from a 'permitted list' which have been researched and chosen to be eligible for use in this portfolio. This can help to minimise any tax liability. See the 'Tax' section on page 7 for further details.



How is the portfolio managed?

The portfolios are bespoke and tailored to individual client requirements. Our investment managers construct a portfolio suitable for you, chosen from investments selected by our range of experts.

What are the fees?

The Evelyn Partners fee rate is 0.15%. This is made up of a 0.05% investment management fee and a 0.10% custody charge. The minimum investment for this fee rate is £500,000 and the portfolio will be risk rated as an Evelyn Partners Strategy 1 (out of 7). For Financial Planning fees please speak to your financial adviser.

Investment	Investment management fee (per annum)	VAT	Custody fee* (per annum)	Total (per annum)
£500,000+	0.05% (of total value)	0.01% (20% of fee)	0.10%	0.16%
£500,000	£250	£50	£500	£800

* VAT is not applicable to the custody fee

Tax

The tax treatment of the investments held within the Cash and Cautious Bond Portfolio will differ depending on your personal circumstances and is subject to change. The Cash and Cautious Bond Portfolio can be structured in a way that can help you mitigate a tax liability by investing in UK Government bonds and other qualifying investments.

These investments are exempt from capital gains tax for individuals and charities but not companies.

Example

The example below illustrates the potential returns available and the tax benefits that may be on offer. The gross equivalent yield in the table is the comparable rate needed on a savings account.

Personalised, expert wealth management advice

Evelyn Partners is a UK leader in wealth management, providing investment management advice to embrace what's next.

Driven by our purpose of placing the power of good advice into more hands, we go further to understand what matters most to clients, helping them make confident decisions, providing strong foundations and guiding them towards future goals.

To discuss what's next for you and your clients, please get in touch.

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Holding	Treasury 0.125%
Maturity	31 January 2028
Coupon	0.125%
Price	88.26
Gross Redemption Yield	4.08%
Net Redemption Yield (45% taxpayer)	4.02%
Gross Equivalent Yield (45% taxpayer)	7.30%

Source: LSEG Datastream/
Evelyn Partners. Price as at
20 November 2024.

The example used assumes returns are exempt from Capital Gains Tax and actual returns may be higher or lower than this.

All figures quoted are for illustration purposes only. It is not a recommendation or advice relating to the acquisition or disposal of investments.



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