

The move to Multrees

frequently asked questions

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The move to Multrees – frequently asked questions

Why does Brompton use an external administrator?

Brompton Asset Management LLP (Brompton) is authorised and regulated by the Financial Conduct Authority (the FCA), firm reference number 501651. The FCA authorises firms to undertake specific activities within the financial services industry. Brompton is authorised and regulated as an investment manager.

Some fund managers offer portfolio administration alongside portfolio management. Brompton has elected to focus solely on portfolio management while using a specialist external firm for administration services.

Brompton believes this has several advantages:

- Brompton can focus on providing asset allocation and portfolio management services for clients;
- it is a scalable and efficient operating model for a firm of Brompton's size;
- an external administrator can provide clients with independent pricing and valuation services;
- there is segregation between the firm managing clients' investments and the firm responsible for keeping clients' assets in safe custody; and
- Brompton's clients benefit from the services a specialised administrator can provide.

Historically, Brompton has used Raymond James (RJIS) for administration and custody services. As Brompton expanded, we concluded we needed an administrator that could provide more flexibility and service our funds and other third-party accounts alongside private clients. RJIS only provides private client services.

What is Multrees?

Multrees Investor Services Ltd (Multrees) is authorised and regulated by the Financial Conduct Authority, firm reference number 526528. Established in 2010, the firm is an award-winning business with strong financial backing. Its controlling shareholder is the pension fund of Skandinaviska Enskilda Banken AB, a leading Nordic financial services group. Its registered address is in London and the majority of its operations are in Edinburgh.

What will Multrees do for Brompton and its clients?

Multrees will provide various services including:

- portfolio administration;
- access to portfolio and order management systems;
- trade execution services; and
- a global custody platform.

It will also be the ISA Manager for our ISA clients.

Why Multrees?

Brompton has undertaken a detailed search to find an alternative administrator and considered a number of third parties before we selected Multrees. This included a thorough due diligence process, making on-site visits to Multrees' Edinburgh office to meet staff and evaluate Multrees' operational processes, information technology systems and regulatory compliance measures. The due diligence showed that Multrees could provide Brompton with the necessary systems

enabling Brompton's staff to operate efficiently on behalf of private clients, funds and other third-party accounts. Multrees does not deliver portfolio management services, meaning there are no conflicts between Multrees and Brompton.

Brompton has negotiated a more straightforward charging structure with Multrees than the current arrangements with RJIS. In addition, Multrees provides greater operational flexibility, enabling Brompton, for instance, to produce more bespoke client reports.

Multrees is an award-winning administrator. The firm was named as having the 'Best Outsourcing Solution' at the Wealth Briefing Awards in 2018 and 2019 and having the 'Best Custody Solution' by Systems in the City in 2019.

Multrees' range of services should enable Brompton's investment managers to devote more time to providing asset selection and investment management services. Additional benefits to clients include access to Multrees' flexible and customisable online portal, which provides up-to-date information about investments.

What will happen to my costs?

Following an analysis of historic trading and asset values, Brompton has worked to ensure no clients should be adversely affected and all should see a reduction in costs. Brompton will send you a revised costs and charges illustration to show how the new charging structure will affect you.

Where will my assets be held?

Moving to Multrees will involve a change in your custody arrangements. The custodian holds the cash and assets in your portfolio. Currently, RJIS uses Pershing Securities Ltd as your custodian. Pershing in turn appoints sub-custodians where necessary. The change in administration arrangements means Brompton, acting as your agent, will appoint Multrees as custodian of the assets and cash we manage for you. Multrees will, in turn, employ sub-custodians to:

- co-ordinate custody of your investment assets; and
- provide day-to-day administration of your assets and other associated services.

Acting as your custodian, Multrees is obliged to hold your investments in safe custody. This means Multrees will maintain a separate record of your investments on its books and records, easily identifiable and designated for your portfolio only. Further information can be found in Multrees' Customer Custody Notification (CCN) document, enclosed with this document.

Will I still be protected under the Financial Services Compensation Scheme?

The Financial Services Compensation Scheme (FSCS) protects consumers when financial firms fail. It is funded by levies paid by authorised financial services firms and is independent and free for consumers. To participate you must be an 'eligible claimant' according to FSCS criteria. Individual investors and smaller charities and trusts should generally be eligible to make claims.

Multrees is covered by the FSCS. This means that if Multrees is in default and unable to meet its financial obligations, you may be entitled to compensation. The maximum compensation under the FSCS for "protected investment business" is £85,000. The scheme is covered more fully in Multrees' CCN. In the event of an insolvency of a sub-custodian appointed by Multrees, the

insolvency may be covered by the FSCS if there is a relevant connection between the sub-custodian and the UK. UK regulated banks that hold client money are all covered by the FSCS.

Will the move to Multrees affect my tax report?

You will receive two reports for the relevant tax year, one from RJIS for the period up to transfer, the other from Multrees covering the remainder of the tax year.

Will this affect my capital gains tax position?

The transfer will not be a taxable event for CGT purposes.

Will there be any cost to the transfer?

Brompton will bear the transfer costs so there will be no cost to clients.

Will I continue to receive regular valuations?

You will continue to receive quarterly valuations. Your valuation for the quarter ending 30 September will be produced by RJIS. Your valuation for the quarter ending 31 December will be produced by Multrees. Multrees will list transactions following its appointment as administrator/custodian. For the period from 1 October to the transfer from RJIS, Brompton will provide information on trades.

Will my personal pension provider be informed?

If you have personal pension investments managed by Brompton we will contact your provider. The pension provider will need to agree the change. A number of the providers used by Brompton's clients for their self-invested personal pensions (SIPPs) and small-self administered schemes (SSASs) already have relationships with Multrees.

What will happen next?

You currently have an Investment Management Agreement (IMA) with Brompton reflecting your use of RJIS as administrator. The move to Multrees will involve providing you with a new IMA. Brompton will issue this in due course and ask you to read and confirm that you accept the updated document. The changes will be limited to those which are needed to allow Brompton to appoint Multrees as administrator and custodian on your behalf plus some minor clarifications to the remaining terms. We will include a summary of these changes when we send the revised IMA.

We will ask you to sign a form consenting to the new IMA and to the change in administrator and custodian. We would ask that you please return the consent form by 30 September. We currently plan to transfer the assets from RJIS/Pershing to Multrees in November.

If you have a tax-efficient individual savings account (ISA) managed by Brompton, the move to Multrees will necessitate a change in your ISA plan manager and you will need to appoint Multrees. Brompton will continue as investment manager of these ISA investments following the change. ISA clients will need to confirm the change of ISA Manager and will need to sign a new ISA form.

We will not be able to move your account to Multrees unless you confirm you accept the new IMA and give us authority to appoint Multrees on your behalf. We will not be able to continue managing accounts on the RJIS system.

What do I need to do next?

We will send you an updated IMA, a new statement of costs and charges and an illustration of how these charges may affect your portfolio over a hypothetical five-year time frame. Please read these documents and the Multrees CCN. We will also send a summary of relevant client details and ask you to confirm these are correct.

What happens if I do not want to move?

Brompton will not be able to manage your portfolio as a private client if you do not move to Multrees. It is possible to invest directly in a Brompton-managed fund without having a private client portfolio managed by us. If you wish to find out more about this, please contact us.

Please see important information overleaf.



For further information

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Important information

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