



# Important Information

For prospective clients

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## Who are we and what do we do?

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Pigotts Investments Limited is based in North Holmwood, Dorking, Surrey, RH5 4JL and trades under the name Pigotts Investments.

Telephone: 01306 630001 (all calls are recorded for information and training purposes)

### **About us**

Pigotts Investments is an independent financial adviser providing whole of market investment solutions for clients, specialising in closed-end funds, comprising Investment Trusts and Investment Companies.

Pigotts Investments is authorised and regulated by the Financial Conduct Authority (FCA) and can be found on their register at [www.fca.org.uk/register](http://www.fca.org.uk/register) under reference 440472

James Pigott will be your adviser. The service is Advisory (not Discretionary) and is administered in conjunction with Transact.

### **What we can do for you**

The main service offered to clients comprises of at least one of the following:

- Investments – including ISAs and Pensions, and potential transfers thereof
- Financial Planning – pre and post retirement, school fees or other specific projects
- Estate and Tax Planning

For all clients we complete a comprehensive fact find, as a recommendation can only be reached once detailed knowledge of your financial affairs, aims and goals is ascertained. You will then receive a personal recommendation. Following possible further discussion, once agreed, the plan will be implemented along with the arrangement of any necessary dealings on your behalf.

It is important to regularly revisit your financial goals and confirm that the plan is still suitable to your needs. Therefore, an annual review is carried out. This involves:

- A discussion (either over the phone or face to face) to revisit relevant areas of the fact find, which will also include,
  - A revalidation of current Risk & Capacity for Loss levels
  - An ongoing Suitability Review and Performance Report

## **How we do it**

Generally, if equity investing is suitable for you, you will either need Capital Growth, a Defensive stance, or Income. Using a model portfolio, or combination thereof, or a purely bespoke approach, the overall risk and function of the recommended portfolio will be matched to your needs. Each style of investing has a differing charging structure for on-going work. This is laid out later in this document.

## **What we don't do**

We do not participate in the following financial activities:

- Equity Release
- Mortgages
- Debt management
- Insurance of any kind
- Holding client money

## **IMPORTANT INFORMATION**

Before Pigotts Investments starts any work on your behalf we will discuss and agree with you the terms of engagement in a written Term of Engagement document. This will lay out clearly the scope of the services chosen, and the costs involved. Additionally, we will also require you to sign our policy on how we use and store your personal data. Either document is available upon request, or they can be found on our website.

## **Transact**

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### **Who are they?**

Launched in 2000, Transact was the first revolutionary investment technology solution known as a 'wrap service' to be introduced to advisers in the UK. Transact works by bringing your investment assets and tax wrappers together.

### **What does it offer?**

Transact is a wrap service and via its online platform it offers a custody service for your investments through their nominee account. They deal with the day-to-day servicing of your account. This includes the likes of applying dividends and interest, dealing in the Stock Market on your behalf (after being instructed by us), facilitating withdrawals to your bank account, and collecting deposits from your bank. They also provide you with a secure 24x7 internet access (password protected) to analyse your account and run reports.

Copies of Contract Notes and other reports can be downloaded from their Pickup Page. To summarise, they provide:

- Custody
- Portfolio administration
- 24x7 Access
- Pickup Page
- Quarterly valuations
- Annual Statement, Valuation, and Consolidated Tax Certificate each May

### What are the benefits to you?

- You avoid the tiresome paperwork of Share Certificates, Transfers and Dividends
- The Account will be in your name as Beneficial Owner of the investments
- All cash earns gross interest, paid monthly, at pooled (not tiered) rates. Standard rate tax on gross interest, where applicable, is paid by Transact.
- Since your cash is deposited with more than one bank your Statutory Compensation Limit (£85,000 per claim, per bank) is therefore increased by a factor of the number of banks used. Currently Transact use four banks.
- Clients are issued with a PIN to access their accounts on Transact's website. Please see the section relating to restrictions.

Other benefits include:-

- Lump sums can be paid into The Account, and withdrawals made, at any time
- Regular income can be paid by BACS periodically
- Fees are automatically paid from The Account by Transact as commission
- You receive a copy of the Contract Note after each transaction
- Overdrawn positions will be corrected automatically by the internal transfer of cash where possible and practicable

### Restrictions

As Pigotts Investments is responsible for operating your Transact Account, we must be able to control critical aspects at all times. Therefore, clients are **not allowed to deal online**. However, you may add or withdraw cash from a Pooled Deposit Facility ("PDF").

**Pigotts Investments reserves the right to terminate your instruction to act as your Investment Manager if you deal online.**

# Model Portfolios

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It is possible that a recommendation is made for a Bespoke investment setup for you to achieve your goals but it is more common to use Model Portfolios, or templates, to achieve a more fine-tuned and targeted result.

## **What is a Model Portfolio?**

A model portfolio is a specifically designed portfolio of investments that can be applied to your account. Changes to the composition of our model portfolios are hopefully rare however it can be rebalanced when certain investments perform well and need trimming, for example, or further stock purchased with received dividends.

## **Model Portfolio Styles**

Pigotts Investments has developed two main model portfolios for capital growth, one is designed to preserve capital while still benefiting from some growth (Defensive7 or D7), and the other is very focused on pure growth (Growth3 or G3). D7 should result in lower volatility and yet produce a total return (capital plus income) above that of the FTSE All-Share index. Ideally it is best suited to a 1-year-plus investment horizon. The G3 is for all-out growth and therefore requires a longer timeframe.

There are also two models for providing income; one with the top 10 highest yielding approved trusts, and the other consisting of the top 20. They are named SEI10 and SEI20.

It is possible to have a mix of both growth-orientated models in order to match your personal risk profile. It is also possible to change the ratios over time, making the portfolio less risky as time approaches retirement, and switch from growth to income providing models when advised.

## **How do they work?**

First a model portfolio is recommended, or combination thereof, which consists of a number of Investment Trusts and closed end companies. This is then applied to the facility in question (ISA, SIPP etc.) and when activated, will automatically purchase the holdings in the ratios according to the model portfolio on that day.

When economical to do so, spare cash will be reinvested in the ratios of the model. Over a longer timeframe it may be necessary to rebalance the portfolio. A rebalancing will adjust all assets so that they are back to the same ratios as the model portfolio. It is intended to do this infrequently and on an irregular basis.

# Costs and Charges

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## **How are the charges structured?**

First, there are two sets of charges, one for Pigotts Investments and one for Transact. There are initial charges for purchasing assets and there are on-going charges for servicing those assets. Both types of charges are mandatory. There is also the possibility of additional, more complex, work being charged by the hour, but this will be discussed and agreed with you before work is commenced.

Within both sets of charges there is a tiered discount for on-going charges. A family of portfolios can be consolidated (subject to T&Cs) in order to qualify for discounts. VAT is not payable on any charges. All charges are set out below in the table, with the discounts.

There are no setup fees and the initial meeting and work is free. The first time you pay is when an investment is bought with cash, or transferred across to the account.

## Basic Initial Charges

Service	Pigotts	Transact
Sale	Nil	Nil
Purchase	2.0%	0.05%
Switch* Purchase	1.0%	0.05%
Brokerage	Nil	£3.75 or less per deal

\* When an initial investment that was bought through Transact is later sold, the sale proceeds are labelled "Switch Cash".

For investments which are based in the UK, HMRC Stamp Duty is applied at 0.5%. There is no VAT to pay.

So, if you have £1m invested in the D7 template, ignoring brokerage, you will pay £25,000 initial fee (2% to Pigotts Investments and 0.5% to HMRC, assuming all UK domicile holdings. Transact's fee of 0.05% will be refunded, because the portfolio is over the £500,000 limit – see below for details).

## Basic On-going Charges (pre-discounts)

Service	Pigotts	Transact
Bespoke, G3 (all or in part)	1.00%	0.5%
D7	0.75%	
Income Models	0.50%	
New Cash	Nil	0.5%

## Discounts on charges

Discounts apply to Transact's purchase commissions. Where the average value over the prior month was more than £500,000 the rate is reduced to zero. These reductions will be applied by way of a rebate at month-end.



Discounts are also applied for on-going charges in banded tiers as below:

Value of Portfolio	Transact		Pigotts Investments			
	Fee	Discount	G3	D7	SEI	Discount
<b>Single or consolidated Portfolio(s) up to £100k</b>						
£0 - £60,000	0.50%	0%	1.00%	0.75%	0.5%	0%
£60,000 - £100,000	0.29%	42%	1.00%	0.75%	0.5%	0%
<b>Single or consolidated Portfolio(s) over £100k</b>						
£0 - £600,000	0.29%	42%	1.00%	0.75%	0.5%	0%
£600,000 - £1,200,000	0.19%	62%	0.80%	0.60%	0.4%	20%
£1,200,000 - £2,000,000	0.07%	86%	0.60%	0.45%	0.3%	40%
£2,000,000 - £3,000,000	0.07%	86%	0.40%	0.30%	0.2%	60%
£3,000,000 - £5,000,000	0.07%	86%	0.20%	0.15%	0.1%	80%
On the remainder	0.05%	90%	0.20%	0.15%	0.1%	80%

### What you can be expected to pay

Value of Portfolio	Combined Fees p.a.					
	G3	Saving	D7	Saving	SEI	Saving
£100,000	£1,416	6%	£1,166	7%	£916	8%
£250,000	£3,225	14%	£2,600	17%	£1,975	21%
£500,000	£6,450	14%	£5,200	17%	£3,950	21%
£750,000	£9,225	18%	£7,425	21%	£5,625	25%
£1,000,000	£11,700	22%	£9,400	25%	£7,100	29%
£2,000,000	£19,040	37%	£15,140	39%	£11,240	44%
£3,000,000	£23,740	47%	£18,840	50%	£13,940	54%
£5,000,000	£29,140	61%	£23,240	63%	£17,340	65%
£7,500,000	£35,390	69%	£28,240	70%	£21,090	72%

So, if you have invested £1m in the D7 template, you will pay an on-going fee of £9,400 p.a. (assuming it does not change in value) which is £783.33 per month. The overall discounts have saved you 25%.

### **How are charges taken?**

Transact work out the fee based on a daily valuation and charge it to your account on a monthly basis. There is no need to write out cheques or create direct debit instructions.

### **We do not receive**

- Commission from the trusts which you are invested in
- Commissions or any remuneration from Transact
- Profit Commission on your portfolio(s)

## **What happens if you have a complaint?**

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James Pigott is qualified to give investment advice and the person to whom any complaints should be addressed. You can send a letter to the business address or an email. Once received a copy of our complains procedure will be sent to you outlining how the complaint will be handled. If we are unable to solve your complaint or you are unhappy with our response you can contact the Financial Ombudsman Service directly.

### **We are covered by the Financial Services Compensation Scheme (FSCS)**

If we do not meet your obligations, you may be entitled to compensation under the scheme. It depends on the type of business and the circumstances surrounding the claim. The FSCS only pays compensation for financial loss, and the limits are per person per firm, and per claim category. For investments the current limit is £50,000 per person per firm.

## **Miscellaneous**

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### **Shares in Transact**

Pigotts Investments and James Pigott own shares in Transact, which had its IPO in 2018. This is not seen by either party as a conflict of interest since, due to the high quality of service from Transact, clients would be added to the platform regardless. It is no different from owning shares in other financial institutions such as Fidelity, AVIVA or Aberdeen Standard, and due to the size of each operation compared to the size of the platform, negligible impact is expected to be made by any activity taken by Pigotts Investments.

## Hours of Operation

We are open Monday to Friday 9am to 5pm.

## Documents

Finally, some Memoranda and other items may be included with this document. All these are designed to be informative, helpful and of practical use. They are:-

### Information Pack

Understanding Risk

Understanding Yield

Important points for Income Sweeps

Examples of Discounts on Annual Management Commission

Understanding Treatment of Cash

A memo on Conduct of Rules for Splits (on request)

Tax Treatment of Dividends

### Transact's Key Features Document & Terms and Conditions

### Transact's Charges and Discounts

### Association of Investment Trust Companies

Introduction to Investment Companies

Split Capital Investment Companies

## Risk Warning

The value of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. Exchange rate changes may also affect the value of underlying overseas investments and their income.

## Declaration

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Please sign below to acknowledge receipt of this document and confirm that you understand the services we offer, and that you will not be liable for any fees until you have signed the Terms of Engagement.

<b>DECLARATION</b>	
I have carefully read, noted, and understood the Important Information document	
Signed .....	Date .....
Print Name .....	