

Financial Advice – Initial disclosure document



1. Introducing Nutmeg's Financial Advice service: what is it and what does it cost?

- If you're considering Nutmeg's advice service, we think you should read this document because there's a lot of important information in it.
- It explains the service you are being offered and how you would pay for it if you were to take up the offer.

2. The service

- Nutmeg's Financial Advice service offers 'Restricted Advice' on its own range of portfolio services and investment and pension products. It is designed to identify which of these might be appropriate for you given your financial circumstances and goals.
- If you choose to use this service, we will take you through a fact-finding process so we can better understand your financial situation. We'll gather all the information we need that is relevant to advising you, including your goals and preferences.
- This information will be given to you in our fact-find document. Once we're sure you're happy with the fact-find, we'll create a tailored suitability report including our recommendations. This process means we're able to act in your best interest and recommend services or products we believe are suitable for you.
- The Financial Advice service is intended as a one-off service. It doesn't include an annual review of how suitable the recommended portfolio services, investments or pensions are for you. You can request this kind of review at any time, but it would be treated as a new round of financial advice and would be charged as such.
- Our Financial Advice service is only likely to be appropriate if:
 - a. you don't need to reduce your debts;
 - b. you keep a reasonable amount aside for emergencies;
 - c. you have appropriate insurance to protect yourself and your family if something happens to you;
 - d. you can meet your immediate financial needs;
 - e. and after these considerations are made, you still have spare income or capital to invest.

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3. The services and products we can advise you on

- Nutmeg's Financial Advice service offers 'Restricted Advice' on its own range of portfolio services and investment and pension products. It is designed to identify which of these might be appropriate for you given your financial circumstances and goals.
- We only provide investment and pension advice and only advise on our own portfolio services and investment and pension products.
- For more information on the products and services we provide, [visit our website](#).

4. Data security

- This Disclosure Document, our Privacy Policy, and, if you have a Nutmeg Account, our Website Terms and Conditions, form the entire agreement between you and us (the Agreement).
- In order to provide the Advice service to you we need to collect, use, share and store personal financial information about you, including your personal information. We make every effort to protect the privacy of our customers' personal information. Other than as set out below and within our Privacy Policy, your personal information will not be disclosed, transferred or sold to any third party for any purpose.
- You authorise us to use any of your personal information which is relevant to our provision of Restricted Advice to you for all reasonable purposes in relation to the service. We may retain and continue to process your personal information after the termination of the Agreement or any other agreement between you and us. Your personal information may be transferred or disclosed to third parties where necessary. This enables us to provide Restricted Advice to you and to discharge our obligations to third parties, including relevant stock exchanges, government agencies and regulators. Your personal information may be transferred outside of the European Economic area.
- You can request copies of your personal information held by us or any service provider we appoint to provide you with Restricted Advice under the Agreement by notifying us by Nutmail or by contacting us at support@nutmeg.com. Whilst the information will be provided free of charge, we reserve the right to charge a fee if the request is complex or manifestly excessive. You should notify us if any of the information held is incorrect.

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5. Paying for the service

- There is a one-off fee of £575 (including VAT) for the Financial Advice service, paid by debit card, once you've confirmed you're happy with the fact-find.
- A fee is payable each time you use the Financial Advice service.

You'll only receive advice from the service when you request it.

- For more on how much our portfolio services cost and how these are charged, [take a look at the costs page of our website](#).

6. Performance reports

- If you invest using our portfolio services we will send you an electronic statement and valuation report every quarter.

7. Contacting us

- Nutmeg Saving & Investment Limited, Vox Studios, 1 – 45 Durham Street, London, SE11 5JH
- 020 3598 1515
- support@nutmeg.com
- Our normal method of communication with customers is by secure

email. We call it Nutmail. You must sign in to your account to read any Nutmail messages we send you.

- We will correspond with you only in English.
- We do not accept investment or withdrawal instructions using the above methods of correspondence. You are required to initiate investments or withdrawals online via your account.

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8. Are we covered by the Financial Services Compensation Scheme (FSCS)?

- The overall management of your investments by Nutmeg is protected by the Financial Services Compensation Scheme (FSCS) to a limit of £85,000. More information about the FSCS can be found on the FSCS website. Please keep in mind that while you are protected under the FSCS scheme as above, your investment might fall as well as rise due to market performance and any such fall wouldn't be covered by the FSCS.

9. Who regulates us?

- Nutmeg Saving and Investment Limited is authorised and regulated by the Financial Conduct Authority, no. 552016, 12 Endeavour Square, London, E20 1JN. Nutmeg Saving and Investment Limited is registered in England and Wales, no. 07503666, with a registered office at 25 Bank Street, Canary Wharf, London, E14 5JP.

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10. Custody and client money

- We ensure the safe custody of your investments and cash. We have appointed State Street Bank and Trust as our sub-custodian, and all client assets are passed to the sub custodian. In addition, any client money is held in a designated client bank account by Barclays Bank plc to keep them separate from our own funds. For more information please see our [legal terms and conditions](#).
- For information on our Stocks and Shares ISA, Lifetime ISA, personal pension and general investment accounts, please see www.nutmeg.com and also www.nutmeg.com/legal/terms-and-conditions.

11. Conflicts of interest

- We have a Conflict of Interest Policy, which is reviewed at least once a year. We are committed to taking measures to recognise, supervise, examine and resolve conflicts of interest. We recognise that it's not possible to eliminate all sources of conflict of interest; however, safeguarding clients' welfare remains our primary objective. This policy encompasses the relationships with clients and third-party contacts. For more information please see our [legal terms and conditions](#).

Portfolio Management Service – a summary of key information



1. Points of contact

- Day-to-day account management should be undertaken through your account or through the Nutmeg customer support desk.

2. Method and frequency of valuation of financial instruments in your portfolio

- Portfolio values are updated on a daily basis using closing prices from the London Stock Exchange.
- Portfolio values are available 24/7, when logged in to your Nutmeg account.

3. Delegation of the discretionary management of all or part of the financial instruments in your portfolio

- Nutmeg is discretionary manager of the financial instruments in your portfolio. We are responsible for asset allocation, fund selection, trade execution, settlement and custody of your assets. All aspects of the management service are undertaken in-house.
- Within Nutmeg's fully managed portfolio service, Nutmeg's investment team are responsible for day-to-day management of the asset mix within your portfolio.
- Within Nutmeg's fixed allocation portfolio service, where active decisions are not taken by the investment team, the investment team is responsible for portfolio design, periodic review and portfolio balancing.
- The financial instruments in your portfolio are administered by some of the world's leading fund providers. For more information on the investments in your portfolio: www.nutmeg.com/how-we-invest/our-investments.

Portfolio Management Service

– a summary of key information



4. Types of financial instrument that may be included in your portfolio and types of transaction that may be carried out

- The building blocks which make up your portfolio will be, but not limited to, UK and non-UK exchange traded funds (or ETFs), fixed interest securities, e.g. bonds and gilts, collective investment schemes, and UK and Non-UK equities.
- For more information on why we prefer ETFs: www.nutmeg.com/how-we-invest/etf-guide.
- Before our dedicated trading team execute trades, they analyse which clients are buying and which are selling the same stock. In an internal procedure facilitated by Nutmeg's proprietary trading technologies, we match buyers with sellers which saves trading in the open market, thus saving on market maker spread costs.
- The remaining client "market" trades are grouped together and Nutmeg executes directly with market makers (to avoid intermediary commissions), trading either on-exchange or OTC ("over-the-counter") and settling securities in a delivery-vs-payment procedure.

5. Specification of any benchmark against which the performance of your portfolio will be compared

- **Nutmeg Managed Portfolios** are designed to track similar levels of global equity risk to a peer group of private client investment managers, over the long term.
- An independent performance reporting and investment consultancy firm, Asset Risk Consultants (ARC) has constructed a peer group of discretionary investment managers through their Private Client Index (PCI) for more information register with the ARC PCI website: www.suggestus.com/accounts/register.
- Nutmeg is a full contributing member of ARC's PCI with a 5 year track record. We compare Nutmeg monthly client performance against the average monthly returns generated by ARC, based on risk profile, after fees.

Portfolio Management Service

– a summary of key information



- The ARC PCI includes results from firms such as Barclays Wealth & Investment Management, Coutts & Co, JP Morgan Private Bank, UBS, Rathbones, Rothschild Wealth Management plus others.
- For Nutmeg risk levels 3-4, the Sterling Cautious index (0-40% Equity Risk) is used for comparison, for 5-6 the Sterling Balanced Asset index (40%-60% Equity Risk), for 7-8 the Sterling Steady Growth index (60%-80% Equity Risk), and for 9-10 the Sterling Equity Risk Index (80%-120% Equity Risk).
- ARC do not provide data for portfolios equivalent to Nutmeg risk levels 1–2.
- **Nutmeg Fixed Allocation Portfolios** are designed to perform without human intervention. With 5 levels of portfolio risk, these portfolios have been designed for UK domiciled, Sterling retail investors. Nutmeg back-tested 26 years of data and optimised the outcomes to minimise tail risk. For more information: www.nutmeg.com/fixed-allocation-portfolios

6. Management objectives, level of risk within the manager's discretion and constraints

- Portfolio rebalancing by investment style:
 - **Fully Managed Portfolios:**
 - Investment Committee meets at least monthly, portfolio asset mix changed when the committee agree a change.
 - **Fixed Allocation Portfolios:**
 - Portfolios tested weekly to pre-defined thresholds. Market movements mean that the weight in each ETF will drift from its original allocation.
- Each ETF % holding is tested versus its original % holding weight, to give the % deviation.
- If the absolute sum of each of these deviations exceeds 6%, the portfolio will be rebalanced.

Portfolio Management Service

– a summary of key information



Portfolio asset class thresholds for fully managed portfolios listed in below table (source: Nutmeg)

- The investment team may move beyond the below bounds subject to formal board approval.

Fully Managed Portfolio: Expected Asset Class Range		1	2	3	4	5	6	7	8	9	10
Equity-type risk: Equities, Commodities, Property	Minimum	0%	0%	0%	10%	15%	25%	35%	50%	50%	50%
	Neutral	0%	18%	27%	36%	46%	57%	68%	79%	90%	100%
	Maximum	0%	30%	40%	50%	65%	75%	90%	100%	100%	100%
Fixed Income-type risk: Bonds, Money, Market, Cash	Minimum	100%	70%	60%	50%	35%	25%	10%	0%	0%	0%
	Neutral	100%	82%	73%	64%	54%	43%	32%	21%	10%	0%
	Maximum	100%	100%	100%	90%	85%	75%	65%	50%	50%	50%
Expected volatility compared to Global Equities*		20%	30%	35%	45%	50%	60%	70%	80%	90%	100%

*Global equities as defined by MSCI World equity, priced in Sterling