

Disclosure Document Portfolio Review Service

April 2019

Portfolio Review Service – Initial Disclosure Document

1. What is this document for?

This document explains the service you are being offered and we recommend that you read it carefully.

2. The service

Nutmeg's Portfolio Review Service is designed to provide a detailed analysis of your holdings and the overall exposure of your investments outside Nutmeg with an IFA, investment manager or trading platform.

The service will review:

- asset allocation; geographical breakdown;
- sector exposure; currency exposure; fund ratings (if applicable);
- portfolio risk (a comparison vs a range of diversified portfolios and global equity risk); and
- estimated total portfolio cost calculation.

You will have the opportunity to discuss the results of the review with a Nutmeg portfolio manager. The portfolio manager will not provide you with advice.

3. Who is eligible for our services?

Nutmeg offers the following financial and advisory services to individuals who reside within the European Economic Area.

4. Which services and products do we offer?

We offer four products:

- a stocks and shares ISA
- a Lifetime ISA
- a personal pension
- a general investment account (GIA)

For these products, we offer three investment styles:

- Nutmeg Fully Managed portfolios – These portfolios are proactively managed by our experienced investment team. This means they will regularly make strategic adjustments to try and protect against losses and boost returns.
- Nutmeg Fixed Allocation portfolios – These portfolios are designed to perform

without intervention. By that, we mean we'll keep you invested in assets that match your risk level, and only review those assets once a year to make sure they're still right for you. Beyond that, we keep our hands off.

- Nutmeg Socially Responsible Investing portfolios – These portfolios follow the same actively managed approach as our Fully Managed portfolios but are built using funds that have an explicit social responsibility focus. Our SRI portfolios comprise of funds that deliver an improvement in strict environmental, social and governance criteria (ESG) as provided by MSCI's industry-leading analysis.

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.

5. Fees

Nutmeg's Portfolio Review Service is designed As no advice will be provided to you in your interactions with Nutmeg's portfolio manager, you will not be charged an advice fee. For information on the cost of our portfolio management services and how these are charged please see www.nutmeg.com/our-fee.

6. Safe custody

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](#).

7. Performance and tax reports

If you invest in a Nutmeg product, we will send an automated statement on a quarterly basis which will detail your portfolio valuations, fees and costs incurred and any gains/ losses. For clients who have investments in a general investment account (a standard investment account which is neither an ISA nor a pension account), you will receive a tax report after the tax year end which comprises of a consolidated tax certificate detailing any dividends, income and capital gain/ loss for the period in question.

8. How to contact us

We will communicate with clients in English and by secure email. We call it Nutmail and these messages are typically answered by Nutmeg's dedicated support team. You will need to sign in to your account to read any Nutmail messages we send you. You can also contact the team by web chat, telephone and post:

Website: www.nutmeg.com

Address: Nutmeg Saving and Investment Limited, 2nd floor - Vox Studios, 1-45 Durham Street, London, SE11 5JH.

If you have any questions about the Portfolio Review Service, please contact:

Email: portfolio-review@nutmeg.com

Telephone: 020 3598 1515

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.

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

While exchange traded funds (ETFs) are not individually covered, 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 would not be covered by the FSCS.

11. Your data

During your interactions with Nutmeg's portfolio manager, the information you provide relating to your personal circumstances and objectives may be noted and stored internally in an electronic folder in your name.

12. 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](#).

13. What to do if you have a complaint

We always try to do everything we can to make sure you receive the best possible service. If you're not completely happy, we would like to hear about it right away so we can try to put it right for you and improve our service.

For complaints contact:

Email: complaints@nutmeg.com

Telephone: 0203 598 1515

Next steps:

The Financial Ombudsman Service (FOS) is an independent organisation that exists to resolve disputes between customers and financial firms that have been unable to resolve issues between themselves. If we have been unable to resolve your complaint within eight weeks, or you are not satisfied with the resolution you may refer your complaint to the FOS.

www.financial-ombudsman.org.uk/publications/consumer-leaflet.htm

Address: The Financial Ombudsman Service, Exchange Tower, London, E14 9SR

Telephone: 0800 023 4567

Email: complaint.info@financial-ombudsman.org.uk

www.financial-ombudsman.org.uk

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 and Socially Responsible Investing portfolio services, 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

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's Fully Managed and Socially Responsible Investing 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 six year track record. We compare Nutmeg's Fully Managed monthly client performance against the average monthly returns generated by ARC, based on risk profile, after fees.
- 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 does not provide data for portfolios equivalent to Nutmeg risk levels 1-2, nor do they provide a range of equivalent Socially Responsible Investment benchmarks.
- 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

- Fully Managed and Socially Responsible Investing portfolios: Investment Committee meets at least monthly, portfolio asset mix changes 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 asset class thresholds for Fully Managed and Socially Responsible Investing portfolios listed in below table (source: Nutmeg)

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

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

Portfolio rebalancing by investment style:

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