



About us and our Discretionary Fund Management Service

Mark Young DipPFS
Independent Financial Adviser
Padstone Financial Management Ltd

A: Unit 5, Whitestone Business Park, Hereford HR1 3SE T: 01432 820710 M: 07977 820710 F: 01432 820701 E: mark@padstone-fm.co.uk

www.padstone-fm.co.uk



INDEPENDENT FINANCIAL ADVISORS
Authorised and regulated by the Financial Conduct Authority



FCA number 430531 • Padstone Financial Management Ltd is registered in England No: 4366170 • Registered address as above

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All documents with this symbol require a signature upon completion and are to be returned to us

About Us

Our Story

Mark has over 30 years financial services experience, eight of them with the National Westminster Bank. In that time, he has covered all aspects of financial planning gaining extensive experience in investment and inheritance tax planning. Mark has held the Advanced Financial Planning Certificate (AFPC) Diploma since 2002, which incorporates additional examinations in Trusts, Tax, Pensions and Investments. We have recently expanded our team with James Jenkins who joins us as a Trainee Independent Financial Advisor. James is highly qualified and is a member of the Fellow of the Personal Finance Society with 13 years industry experience in the independent advice sector.

Our mission is to provide a comprehensive wealth management service, based on sound, quality advice on a very personal basis to existing and new clients alike.

We are very enthusiastic about technology and utilise the latest software and systems to provide full, regular reporting to our clients. We manage portfolios in-house and also have well established connections with a number of leading UK stockbrokers allowing us to have professionally managed share portfolios of all sizes; working together to ensure our client's requirements are met both now, and in the future, offering an effective, local wealth management service.

"One team, one goal" is our philosophy.

Our staff go through regular training to ensure that their knowledge, IT skills and industry awareness remain focused and up to date. We have a professional team of administration and industry professionals, who are dedicated and passionate about what they do. We embed a culture of care and diligence to ensure that every member of the team is as important as the next. We care about what we do at Padstone and ensure that this is reflected throughout the company.

Vulnerable Client's



At Padstone, our caring team offer additional understanding and support to clients in vulnerable situations and circumstances. Our regulator, the Financial Conduct Authority (FCA) outlines a vulnerable client as:

'Someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care.'

The FCA confirm that characteristics of financial vulnerability are individual and varied in nature; many clients will demonstrate more than one characteristic of vulnerability at some point in their lives.

There are 4 key areas of vulnerability, which can lead to client's having additional or differing financial needs:

- Health characteristics - for example, a physical or mental health disability
- Life events - for example, retirement or a relationship breakdown
- Resilience - for example, over indebtedness or low income
- Capability - for example, low knowledge of financial matters or English language skills.

At Padstone, we acknowledge these characteristics and other FCA indicators (including additional sub-categories of these characteristics) and identify vulnerable clients and how their individual needs might impact upon their financial decisions, disadvantage their decision making and leave them susceptible to financial harm, ultimately affecting their financial experiences and outcomes.

All of our staff are trained in identifying client vulnerability and can offer practical and emotional support to our clients. The fair treatment of vulnerable client's is at the very forefront of our workforce; we have systems and processes in place to highlight and monitor our vulnerable client's and we regularly review and evaluate client outcomes from this data.

We are a member of the Consumer Duty Alliance and adopt the Code of Professional Conduct, which includes focusing on customer vulnerability and adherence of the Consumer Charter of the Financial Vulnerability Taskforce, an independent, representative body covering the personal finance sector with the purpose of promoting greater understanding, encouraging appropriate behaviours and establishing good practice in respect of client vulnerability.

Our Discretionary Management Service - background

Working in conjunction with Elston, we combine our own expertise and in-depth knowledge of your exact personal requirements with Elston's efficient investment process, strategy, and administration forming a comprehensive Investment Committee. Importantly, this is not an off the shelf solution, it is a bespoke arrangement, meaning that changes will only be made once we have personally agreed them.

Elston has discretionary investment powers; this means that you are not required to give your consent every time an investment change is made. This is known as the Padstone / Elston discretionary model portfolio service.

Our combined Investment Committee will continue to have a key role in investment strategy and decision-making, with the advantage of being able to react far more quickly to market and economic changes.

We always communicate our investment outlook with you and advise of any investment changes to your portfolio, with the reasoning behind this. Like all of our historic core investment solutions, this works on the same investment philosophy, you can be assured that the funds will remain aligned with your personal attitude to risk profile with our added professional input on fund selection remaining at the core of the proposition.

THE ADVANTAGES OF A DISCRETIONARY MANAGED SERVICE

- All the work is done for you - When changes to the asset allocation or fund selections are required, our portfolio partner, Elston will make these changes on your behalf. We do not need to write to you for your permission to action the changes.
- Less paperwork - Changes to the portfolio will result in less paperwork being sent out to you.
- Quicker response to market changes - As we do not need to write to you for your authority to make adjustments; the portfolio is better placed to react to changes in the economy and investment market.
- Additional expertise - We have the expertise of a highly successful investment service, that will provide detailed investment research and professional fund management support to our business, further enhancing our professionalism and portfolio service offering.
- Access to preferential fund charges - Due to Elston's scale, they can access discounted charges from some investment companies that we are personally able to access.
- It provides additional cover in case of absence - In the event of illness or absence of our Advisors, Elston would be able to continue the management of the funds.

THINGS TO NOTE

- Additional cost - Although Elston's service is very competitive, there is an additional cost associated. However, we have tried to moderate this by driving down fund charges, where appropriate. We have explained the additional charges below.
- Reviewing fund changes - You will not be able to review changes to your portfolio before they are executed.
- Capital Gains Tax - Elston will not consider your personal Capital Gains Tax position before making changes to your portfolio. If a fund is sold that has made any gains, you may need to pay tax. This will only apply to General Investment Accounts (GIA), not to Pension Accounts or ISAs. **We can however identify this before execution if required. We can also provide a Capital Gains Tax Report if required; please ask if you need this Report.**

Why Elston?

Elston is a UK-based Investment Consultancy firm set up in 2012, with the aim of supporting Financial Advisors, such as ourselves with their professional investment solutions. Their approach is very bespoke, without a one-size fits all mentality, which matches our own internal investment strategy, and we want to remain central throughout the entire investment process. Elston provides proficient research, insight and analytical data that complement our in-house team assisting with the risk management and oversight of our investment portfolios. With Financial Advisors under

increasing, regulatory pressure under the new Consumer Duty legislation, having a professional partner to coordinate with will produce better client outcomes.

We would like to clarify that there is no financial agreement between Elston and ourselves, we will both remain as separate companies in our own right. We will be working in partnership with them on a discretionary fund management service only.

CHARGES

For administering the portfolio discretionary service, Elston will charge **0.20% of your portfolio a year (No VAT)**. This will be of the total value of your portfolio, which will include both assets and cash holdings. This will not include any funds held via Prudential within your personal portfolio. The fee is paid directly to Elston by the platform and will generally be taken on a monthly basis. The fee will be in addition to our own Advisor fund management charge and any platform charges (please see the table below as an example).

Our intention is to make the process as 'cost neutral' as we can by working with Elston to reduce fund charges, where possible. As an example, we will introduce some passive funds to cover sectors where active funds do not add value.

We are firm believers that cost should not be the main priority for investing, performance should play a vital role, alongside cost. As with most things in life, we rarely look at cost in isolation, but rather value for money in the long-term.

Example of our Discretionary Managed Services charges combined with the Elston Discretionary Management Charge

Source	Padstone FM / Elston Discretionary Portfolio	
	Charge	Cost per £50,000
Elston Discretionary Management Charge	0.20%	£100
Padstone Fund Management Charge	0.60%	£350
Platform Fund Transaction Charges (general example*)	0.18%	£90
Platform Annual Management Charge (general example**)	0.20%	£100
Total Charge	1.18%	£640

*Each platform will have their own, different fund transaction charges, this is an example only.

**Each platform will have their own annual management charge, generally between 0.20% and 0.25%, this is an example only.

Discretionary Fund Management Services - "Agent as Client"

Where we recommend that you enter a Discretionary Fund Management Service (DFM), (Elston) require us (Padstone Financial Management) to enter into an agreement with them as your Agent. A DFM operates on a discretionary basis as a professional, investment manager, appointed by Padstone Financial Management to monitor your portfolio and make investment decisions on your behalf, which means that **your consent is not required when a change to your portfolio is made**. The DFM must ensure that any changes made to your portfolio are done so using an investment mandate agreed with us as per our direct agreement to act as an Agent on your behalf. This means that the DFM treats Padstone Financial Management as their client instead of you. Therefore, you will not have a direct, contractual relationship with the DFM, but you will have a direct contractual relationship with Padstone as a Retail Client, our standard category of client (please see our Compliance Pack for further details of a Retail Client).

Where we appoint a DFM (Elston), Padstone Financial Management will be acting as "your Agent" on your behalf, therefore, they would treat Padstone Financial Management as their client directly for the purposes of the Financial Conduct Authority (FCA) rules and financial legislation, instead of you as their client. This means that you would not have a direct client relationship with the DFM.

As Padstone Financial Management are an FCA authorised firm, typically this would mean that the DFM Manager (Elston) would categorise us as a 'Per Se Professional Client' (rather than a 'Retail Client', and it is important to be aware that, as a Professional Client, there are additional factors for you to consider:

- We would not have access to the Financial Ombudsman Service (FOS) and may not be eligible for the Financial Services Compensation Scheme (FSCS) for any acts or omissions of the DFM (Elston). You will however have recourse with us directly as a Firm and will be able to follow our internal complaints procedure. A copy of our complaint's procedure is available on request.
- There is less direction and legislation about what must be communicated to a Professional Client than to a Retail one.
- The FCA rules allow firms to assume that Professional Clients possess the necessary level of skill, knowledge and financial experience to make investment decisions and to understand any risks with the investments/services being entered into; for example, the DFM can select investments which are only potentially suitable for Professional Clients.
- There may be no cancellation rights in respect of the investments that the DFM purchases.

It is also important to be aware that, as you would not have a direct contractual relationship with the DFM Manager (Elston), you would not have direct recourse concerning any acts or omission of the DFM via the Financial Ombudsman Service (FOS). You will however have recourse with us (Padstone Financial Management Limited) and will be able to follow our complaints procedure (see below).

ALLOCATION OF RESPONSIBILITIES

This section confirms the scope of responsibilities between us, ("Padstone Financial Management") and the Discretionary Fund Manager ("Elston")

OUR RESPONSIBILITIES (PADSTONE FINANCIAL MANAGEMENT) TO ACT AS "YOUR AGENT" FOR ELSTON (The DFM) WILL BE:

- To gather and collect information on your personal and financial circumstances, including your personal, investment risk profile, ability to bear losses and your investment objectives
- To recommend to you a suitable product and/or service to meet your individual financial needs
- To consider whether you meet the target market requirements for the product recommended, considering any negative target market or characteristics that you may possess that may deem you unsuitable for a product
- To assess the suitability of Elston as a DFM
- To monitor the performance of Elston on a quarterly basis
- To meet with them quarterly as part of the Investment Committee
- Reporting requirements under financial legislation
- To ensure that the model portfolio your product/s are invested in remains suitable to your personal and financial circumstances at least annually at review.

THE RESPONSIBILITIES OF THE DFM (ELSTON) WILL BE:

- Ensuring your investments are managed on a discretionary basis in line with your allocated risk profile, your investment objectives and your agreed investment mandate.
- Ensuring that any investment decisions are performed in line with their "Best Execution" Policy This document is available on request; please let us know if you require sight of this document.
- To execute any transactions within your investments via the relevant platform in accordance with their Best Execution Policy.
- Conduct a regular review of the value of the model portfolio of your product at least quarterly with Padstone Financial Management at quarterly investment meetings carried-out by the Investment Committee.

Where we recommend a Discretionary Fund Management Service that requires us to enter into the agreement as your Agent, we require your "express consent" to do so. In signing this document, this constitutes your express consent for us to enter into an agreement with the DFM on your behalf and that the DFM will treat us (Padstone Financial Management Limited) as their client in relation to the provision of their services. By signing this agreement,

you agree to appoint us (Padstone Financial Management) as your Agent to manage some or all of your investments on a discretionary basis.

Please note that this declaration is an addition to the standard terms and conditions outlined in our Client Agreement as part of the Compliance Pack, which sets out the terms on which we provide services to you and requires an additional signature

CHARGES

For administering the discretionary service, Elston (the DFM) will charge 0.20% of the total value of your overall portfolio. The total value includes cash and assets within the portfolio (will not include Prudential Plans held within the portfolio). By signing this agreement, you agree to the DFM receiving this charge directly through the individual platform/s with an amount equivalent to VAT at the prevailing rate (where applicable), within 21 calendar days of the valuation date. For further details on charges, please refer to the example charges table contained in this pack.

WHAT TO DO IF YOU HAVE A COMPLAINT

In the event you have a complaint about Elston as a DFM or Padstone Financial Management as your Financial Advisor, including regarding any of our products or services please contact:

In writing to Mark Young, Padstone Financial Management Ltd, Unit 5, Whitestone Business Park, Hereford HR1 3SE OR by Phone: Telephone 01432 820710 OR Email us at: mark@padstone-fm.co.uk. A copy of our complaints procedure is available on request.

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service; The Financial Ombudsman Service set up by the Government to resolve individual complaints that consumers and businesses aren't able to resolve themselves. To contact the Financial Ombudsman Service, please visit www.financial-ombudsman.org.UK or call them on 0800 023 4567. Please note, that you will not have access to the Financial Ombudsman Service relating to any acts or omissions of the DFM, as per the terms of this agreement.

DATA PRIVACY NOTICE

We take your privacy very seriously and we ask that you read our Data Privacy Notice, contained at the end of our Compliance Pack, as it contains important information on who we are, how and why we collect, store, use and share personal data, your rights in relation to your personal data and on how to contact us and supervisory authorities in the event you have a complaint.

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Discretionary Management Service Agreement & Declaration

This is our Client Agreement and Declaration for Discretionary Fund Management Services, upon which we intend to rely. This document should be read alongside our standard Client Agreement contained within our Compliance Pack and forms part of our contract with you. For your own benefit and protection, you should read the terms of this agreement contained in our About us and Our Discretionary Fund Management service carefully before signing. If you do not understand at any point, please ask for further information. If you require this document in another format, audio, a different language or braille, please let us know and we can provide this for you. This will be provided free of charge.

By signing this document, you give your "express" and "informed" consent for us, **Padstone Financial Management Limited** to enter into an agreement with **Elston (the DFM)** and to act as your "**Agent**" on your behalf for portfolio discretionary managed services, managing your portfolio/s on a discretionary basis, as per the terms of this Agreement.

This agreement will be interpreted and construed in accordance with English Law and is subject to the exclusive jurisdiction of the English courts, except if your address is in Scotland, when the Courts of Scotland shall have non-exclusive jurisdiction.

Client Signature:		Client Signature:	
Print Name:		Print Name:	
Date of Signature:		Date of Signature:	
Date of Issue:		Date of Issue:	