

SIPP, ISA and investment administration specialists

Due diligence guide



About us

Providing flexible investment and savings products

We are an investment administration company, ISA plan manager, general investment provider and SIPP provider. We started out in 2000 and since then, we've grown into an established provider of investment and savings products in the UK financial services market.

Our focus is on providing excellent client service and ensuring clients benefit from the know-how we have gained over the years.

We offer a range of ISA, general investment and SIPP products tailored for the adviser market, as well as a wealth of investment administration knowledge and expertise in investments and pensions.

We provide access to a wide range of market investments through our range of Freedom savings products, giving you complete flexibility and control over your investments and financial planning.

We also offer:

- the choice of most of the leading investment companies in the UK
- the ability to tailor investments by manager, strategy, sector or a combination of these
- the convenience of one statement and one point of contact for all investments.

Please note the value of investments and the income from them can go down as well as up. The full amount may not be returned after an investment.

Laws and tax rules may change in the future without notice. The information here is based on our current understanding of the tax rules. This information takes no account of your personal circumstances which may have an impact on tax treatment.



Our business is part of Embark Group. For more information on Embark Group, please email enquiries@embarkgroup.co.uk to request a copy of the Group's due diligence guide or visit www.embarkgroup.co.uk

Our history

- Avalon started trading in 2000 and by 2002, £50m assets were held on the Avalon platform.
- Avalon introduced its Freedom SIPP in 2007 and by 2009, the SRI Discretionary Portfolio was established with Minerva Fund Manager and £150m assets were held on the platform.
- By 2012, £275m assets were on the platform.
- In 2013, Avalon's gross profit hit the £1m mark for the first time and that year, the business passed 1,000 SIPP clients. In 2015, Mike Daniels and Pam Merrigan were appointed as Managing Director and Finance Director respectively. £387m assets were on the platform by this time.
- Embark Group acquired the assets of Avalon Investment Services Limited in 2016.

Our key facts

- Assets under administration: £365m
- Number of Freedom ISA clients: 48,000
- Number of Freedom SIPP clients: 1,200
- FCA number: 737356
- Auditors: KPMG
- Insurers: Willis
- Banking: Barclays Corporate
- Legal: Burges Salmon

What are the key selling features of our products and services?

- Advisers and their clients can select from one of the widest choices of funds, which means they save time looking for alternatives. All eligible funds in the market place, including newly launched funds are available on our platform. Please note though that we do not accept so called 'esoteric investments' or other non-mainstream products.
- Clients will get great value for money with a highly transparent charging structure. There are no charges on full switches or cash redemptions and we have negotiated significant discounts with many of the fund managers.
- Advisers have great flexibility over remuneration.
- We can put fund models together to reflect the clients' investment philosophy and risk profile in conjunction with Minerva.
- Fund managers or any other regulated discretionary fund manager of the Adviser's choice. We provide five socially responsible fund models for clients who are ethically minded.
- Our reputation has been built, above all, on our personal level of service. It's what the adviser wants and it's what gives us the edge over other platforms. We provide a personalised back office solution for clients' investments with no call centre.
- We are committed to providing advisers with information as and when they need it and our dedicated team is always on hand.
- We find out the personal requirements of each adviser and provide solutions to meet their business needs.

You can compare our proposition by viewing the website www.platforu.com or view Synaptics.

Our core products

Freedom Self-Invested Personal Pension (SIPP)

Our Freedom SIPP is a flexible pension which allows members of the scheme to consolidate existing pension arrangements into one place and continue to build up their savings. Unlike traditional pension arrangements, a SIPP is structured to give the member more control over their investment decisions.

Who can use it?

The Freedom SIPP is open to UK residents who are National Insurance number holders. Members may be first time savers or experienced investors consolidating different pension pots into one. Please note we do not accept applications from individuals who are US persons for tax compliance purposes

What investments are allowed?

The Freedom SIPP is predominantly designed to hold mutual funds, model portfolios or other individual liquid investments. Any funds or instruments used must be SIPP eligible under HMRC rules and are subject to our internal investment controls which vary from time to time.

Where are these investments held?

All assets in the pension are held for the client's benefit in trust via Avalon SIPP Trustees Limited.

Who administers my plan?

The plan will be administered at our offices in Tetbury, Gloucestershire. We provide a friendly and personable service where you can speak directly to the team managing your plan.

Freedom Individual Savings Account (ISA)

The Freedom ISA is a Stocks and Shares ISA and is a tax-efficient way to build your savings.

Who can use it?

The Freedom ISA is open to UK residents who are National Insurance number holders. Please note we do not accept applications from individuals who are US persons for tax compliance purposes.

What investments are allowed?

The Freedom ISA is predominantly designed to hold mutual funds, model portfolios or other individual liquid investments.

Where are these investments held?

All assets in your Freedom ISA are held for your benefit in our nominee vehicle, Avalon Investments Services (Nominees) Limited.

Who administers the plan?

Your plan will be administered at our offices in Tetbury, Gloucestershire. As a fully registered ISA Plan Manager, we provide a friendly and personable service where you can speak directly to the team managing your plan.

Freedom Junior Individual Savings Account (ISA)

The Freedom Junior ISA is a Stocks and Shares ISA and is a tax efficient way to build savings on behalf of a child under 18 years of age.

Who can use it?

The Freedom Junior ISA is opened and managed by a parent or guardian on behalf of a child under the age of 18. The child must live in the UK, but the person making contributions to their Freedom Junior ISA does not need to be a UK resident. Please note we do not accept applications from individuals who are US persons for tax compliance purposes.

What investments are allowed?

With a Freedom Junior ISA your client's child can invest into pre-selected fund 'models' that reflect their preferred investment approach or they can choose a unit trust or open ended investment company (OEIC) as long as it qualifies for Junior ISA investment.

Where are these investments held?

All assets in the child's Freedom Junior ISA are held for the child's benefit in our nominee vehicle, Avalon Investments (Nominees) Services.

Who administers my plan?

The plan will be administered at our offices in Tetbury, Gloucestershire. We provide a friendly and personable service where you can speak directly to the team managing your plan.

Freedom Portfolio

The Freedom ISA is a Stocks and Shares ISA and is a tax-efficient way to build your savings.

Who can use it?

The Freedom Portfolio is open to UK residents who are National Insurance number holders. Please note we do not accept applications from individuals who are US persons for tax compliance purposes.

What investments are allowed?

The Freedom Portfolio offers a huge range of investments to choose from – consisting of any of the UK's best-performing OEICs, unit trusts, investment trusts and ETFs through to UK equities, gilts and warrants. Please note that clients cannot subscribe to investment trust shares or equities on a monthly basis through the Freedom Portfolio.

Where are these investments held?

All assets in your Freedom ISA are held for your benefit in our nominee vehicle, Avalon Investments Services (Nominees) Limited.

Who administers the plan?

Your plan will be administered at our offices in Tetbury, Gloucestershire. As a fully registered ISA Plan Manager, we provide a friendly and personable service where you can speak directly to the team managing your plan.

Charges

Wrap Service Charges

There are no initial platform charges made but each product has its own initial charge as follows:

- Portfolio - 0.25% (0.5% for monthlies)
- ISA - 1%
- Portfolio to ISA - 0.5%

Freedom SIPP charges

We have two versions of our SIPP. The Avalon Freedom SIPP is a personal and highly flexible pension scheme. Clients can invest in unit trusts, OEICs, investment trusts and property. We have two levels of charges.

Structure 1 is aimed at the lower fund sizes and has an initial charge of 1% and an annual management fee of 1% plus VAT.

Structure 2 is better suited to larger fund values (over £50,000) and has an establishment charge of £450 (no initial charge) and an annual management fee of £500 pa plus VAT. Additional costs will be incurred for property purchase and ongoing maintenance.

Dealing charges for buying and selling funds

There are no dealing charges for buying and selling funds or for fund switches. The only cost may be the discounted fund manager charge on the new fund(s).

Annual or ongoing administrative fees

0.5% annual management charge for all transactions associated with the Freedom ISA and Freedom Portfolio. This one fee covers fund switches, income payments, withdrawals and cash transfers.

For full details of our charges please refer to our website literature zone at www.avaloninvestment.com

Frequently asked questions

Our proposition

What is your ideal portfolio size?

Our average portfolio size is £60,000. We are able to negotiate discounts on larger deposits.

How do you manage the adviser relationship?

We care about your clients and constantly strive to give you the best service possible, building a partnership with our advisers. We pride ourselves on the speed and accuracy of our service, saving you time and ensuring you can focus on the things that matter to you, your client and your business.

What interest rate is paid on cash deposits?

Interest is paid on all cash deposits but we encourage cash to be invested leaving only a 2% cash holding to cover fees. This interest rate varies and is linked to the prevailing HSBC business banking rate.

What options/terms are available for assets to be held as cash?

Cash can be held in a Freedom Portfolio but will only attract interest at the prevailing business banking rate. However, if cash is to be held on long-term deposit within the Freedom SIPP, we offer the option of holding the account with various banks to obtain an improved interest rate.

Investments

Is there a requirement for a minimum cash holding?

2% cash reserve to cover ongoing fees.

Is there an overdraft facility for fees/charges?

If an account becomes overdrawn and insufficient.

How are adviser charges paid to the adviser?

Adviser charges are paid on a monthly basis via direct credit. Our flexible administration system means that you can specify the adviser charge you want. This could be 0%, 0.25%, 0.5%, 0.75% or 1% - whatever you agree with your client.

How many funds are available on your wrap?

All eligible funds are available within the Avalon platform. We are completely open choice and have negotiated substantial discounts with almost all the leading fund managers.

Can new funds be added?

Yes, as long as they are eligible for the particular product, due diligence is completed and they are on the Avalon list of approved investments. .

Can you send me a list of funds my clients can invest in?

Through our Freedom products you can invest in any unit trust, OEIC or investment trust. What is more, as new funds come on the market so your clients can invest in them if they wish as soon as they are launched. Unlike some of our competitors, you do not need the fund to be 'appointed' to the panel of funds. A list can be viewed on our website, although this does not cover every fund. Please phone Avalon if your fund is not listed.

What special terms are available?

We have negotiated significant discounts with the vast majority of fund managers.

Are the funds subject to both initial and annual charges?

With over 6,000 funds immediately available, we have negotiated 0% initial on over 1,000 funds and below 1.5% AMC. All fund management rebates are passed directly on to the clients.

Can securities be bought and sold?

Yes.

Can I use the Freedom Portfolio to drip-feed into an ISA?

Yes, this is a common request. The request form for automatic annualised drip feeding is available in the 'downloads' section of the website.

Can regular withdrawals be set up from an account?

Yes. These can be paid by a fixed amount, a fixed percentage of the fund size or dividend income can be withdrawn on a monthly, quarterly, six monthly or yearly basis.

Is there a full online transaction history for each account?

Yes, investors and their advisers can download reports and valuations on their accounts with a secure individual password via our website. There is no charge for this service.

What is your position on automatic re-registrations and in-specie transfers?

Avalon does accept re-registration of assets from other platforms. We try to ensure that the assets are received within 30 working days but it is down to the transferring platforms' position. The only charges incurred are the initial fee for the particular product that the funds are being transferred to i.e. Freedom Portfolio 0.25% plus adviser charge. We allow re-registration away from the wrap but make a charge of £25 per line of investment to cover the extra administration involved.

Which third party providers do you have arrangements with?

We are happy to discuss third party arrangements or 'white labelling' upon request. Successful existing agreements have already been put in place.

How are these processed, do application forms come via yourself in the first instance?

Application forms are provided directly by us either by post or they can be downloaded from our website. Bespoke third party applications/ literature can be arranged.

What is your portfolio rebalancing facility?

This is available through the administration department. Please call them for further information.

What about model portfolios?

We have the ability to run model portfolios on our platform. We can set up model portfolios produced by you or a discretionary manager of your choice.

Do you offer alternative solutions, depending upon the size of the portfolio?

We offer various different products depending on the criteria of the clients such as Socially Responsible Portfolios. Fees can be negotiated on substantial portfolio deposits.

Procedures for new clients

What client paperwork do you require at the outset?

A client application form needs to be completed by the adviser and signed by the client and sent to us together with the requisite IVC forms. Avalon sets up agencies for advisers on receipt of the first item of business.

What access does the client have to information?

Investors can access reports and valuations for their accounts using a secure individual password via our website. There is no charge for this service. They can also call the office for information and this will be provided once some security questions have been answered by the client.

Can a client's collective investment portfolio be re-registered into an ISA without encashing the units?

No as this contravenes Inland Revenue restrictions. However, if we sell funds from a portfolio to move across to an ISA then the initial fee for the ISA is then reduced from 1% to 0.5%.

Due diligence information

What insurance do you have in place?

We carry appropriate levels of professional indemnity insurance as required by our regulator, the Financial Conduct Authority (FCA).

What safeguards are there in relation to the assets on your wrap/platform?

We are authorised and regulated by the Financial Conduct Authority, governed by FCA solvency margins (currently our reserve ratio is 300%), we have a client money account and nominee holdings and are covered by the investors compensation scheme.

Is the software outsourced or bespoke?

The back office software is provided by IMVS and has been tailored to meet our needs and those of our adviser partners and their clients.

Get in touch with us

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