

Target market

Onshore Bonds

Description of Product or Service

The Onshore Bonds covered in this document are the Portal Onshore Bond, the Nucleus Onshore Bond, and the Sanlam Onshore Bond. Onshore Bonds offer a tax efficient way to make lump sum investments over the medium to long term. They allow investments to grow through a life assurance policy that offers the potential to defer higher and additional rate tax on income and growth, and can provide cash withdrawals if required. They can be also be used as part of an effective inheritance tax and estate planning strategy.

The Portal Onshore Bond was launched in 2011 as part of a range of Portal products; the Nucleus Onshore Bond was launched in 2012 and is administered by Nucleus; and the Sanlam Onshore Bond was launched on the 7IM platform in 2017 and on the Parmenion platform in 2018.

The Onshore Bonds are “whole of life” insurance products that pays a death benefit of 100.1% of the policy value on the death of the life assured, or if more than one life assured it can be payable on the first or last death. They may have up to 6 lives assured.

Regular withdrawals are allowed up to 7.5% per annum of the initial payment (after the deduction of any Initial Adviser Fee) although excess withdrawals above 5% pa may result in a tax charge depending on client circumstances.

The minimum initial investment required to take out a Portal Onshore Bond is £5,000. The minimum additional top-up investment is £1,000. The maximum investment amount is not limited.

Type of client to whom this product is targeted

Clients are categorised as retail, professional including per se professional and elective professional or eligible counterparty.

Retail client	Y
Professional client	Y
Eligible counterparty	N

Knowledge and experience

Clients will be introduced via a regulated financial adviser who will discuss their personal and financial situation and their investment requirements. Clients will have some financial awareness and the capacity to understand how financial markets operate and the risks and costs of investing.

Indicate the level of knowledge and experience a client investing in the product/service would require

Investor type	Description	Y	N	Neutral
Basic investor	<p>Having the following characteristics:</p> <ul style="list-style-type: none"> • Basic knowledge of relevant financial instruments (a basic investor can make an informed decision based on the regulated and authorised offering documentation or with the help of information provided by the financial adviser). • No financial industry experience, i.e. suited to a first time investor, who has the capacity to understand the characteristics on investing in equity based investment. 	●		
Informed investor	<p>Having one, or more, of the following characteristics:</p> <ul style="list-style-type: none"> • Average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only) • Some financial industry experience 		●	
Advanced investor	<p>Having one, or more, of the following characteristics:</p> <ul style="list-style-type: none"> • Good knowledge of relevant financial products and transactions • Financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service 	●		

Financial situation with a focus on the ability to bear losses

Clients should have a minimum of £5,000 available assets to invest. A client's attitude to risk and capacity for loss should be considered in discussions with their financial adviser, culminating in a risk rating score in the scale range (e.g. Sanlam 1 to 7; Distribution technology 1 to 10) employed by the risk profiling tool being used.

Indicate clients' capacity for loss from the product/service

		Y	N	Neutral
No capital loss	Investor can bear no loss of capital. Minor losses especially due to costs possible.		●	
Limited capital loss	Investor seeking to preserve capital or can bear losses limited to a level specified by the product.		●	
No capital guarantee	No capital guarantee nor protection. 100% capital at risk.	●		
Loss beyond capital	Loss beyond the capital.			●

Risk tolerance

All clients will progress through a risk profiling process with the financial adviser to determine their attitude to risk and capacity for loss, culminating in a risk reward profile. The investment solution selected to underpin the Onshore Bond product wrapper should be appropriate for the risk reward profile of the client. Clients should be clearly informed of the underlying associated generic risks with investing: asset backed risk, credit risk, foreign investment risk, liquidity risk, market risk, model risk plus specific product risks. Clients should be clearly advised that a lower risk category does not mean risk free and that their investment can fall as well as rise.

Clients' Objectives And Needs

Clients' objectives will be determined by the financial adviser. For the recommended product which is a "whole of life" product, the investment time horizon should be medium to long term i.e. up to 20 years but the minimum should be at least 5 years.

		Y	N	Neutral
Return profile: Preservation			●	
Return profile: Growth		●		
Return profile: Income		●		
Return profile: Hedging			●	
Option or leveraged return profile			●	
Return profile other				●
Time horizon	Medium to long term i.e. up to 20 years but with a minimum of 5 years.			
Maturity date	N/A			
May be terminated early (Structured products only)	N/A			
Specific investment need	Yes, via the range of different investment solutions available e.g. specific asset class, geographical investment location, income, socially responsible investment, etc.			

Characteristics deemed unsuitable – 'Negative target market'

The tax position of clients is relevant. With Onshore Bonds tax paid internally (i.e. on behalf of the clients in respect of gains in the underlying investment) generates a 20% tax credit for policyholders which cannot be reclaimed meaning they are generally not suitable for non-taxpayers. Basic rate taxpayers should consider using up other tax efficient allowance first i.e. ISA, pensions annual allowance and CGT e.g. by holding low/non yielding assets and selling these down when necessary for income. This means that Onshore Bonds are mostly suitable for higher and additional rate taxpayers, particularly if their marginal tax rate falls when the time comes to encash the bond. The product is also not suited to clients who do not wish to expose their investment to fluctuations in value or who are seeking an investment time horizon of less than five years.

The Onshore Bonds may not be suitable for the following target markets

- Clients who are not resident or domiciled in the UK
- Clients with less than £5,000 to invest into the bond
- Clients who may require withdrawals in excess of 5% per annum thereby triggering a personal tax charge during the term of the investment
- Clients who are non-taxpayers
- Clients who are basic rate taxpayers who may not have used up other tax efficient allowance
- Clients who are higher or additional taxpayers and will remain so on encashment of the bond
- Clients who want low risk & low volatility investments
- Clients looking for short term investments i.e. less than 5 years

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