

The Thesis Investment Bond Service

Clearly different. Uniquely rewarding.



"If you want access to the best-performing funds and fund managers, Optima could be right for you."

Kate Nathoo, Investment Manager

“The ability to use Thesis’ investment management within Investment Bonds neatly completes the range of tax wrappers that are suitable for the majority of our clients”

Steven Richards,
Investment Manager



Investment Bonds at a glance

- Can be used to generate income and/or achieve capital growth
- Both Onshore & Offshore Investment Bonds are available
- Possible to provide tax deferred income by way of regular withdrawals
- Investors not subject to ongoing income tax or capital gains tax while bonds remain invested
- Can simplify administration making them suitable for investments with certain Trusts
- Life assurance structure makes Bonds useful for Inheritance Tax planning

What are Investment Bonds?

Investment Bonds are a flexible investment vehicle which can be adapted to suit both capital growth & income production requirements. They serve as a ‘wrapper’ in which to hold collective investments such as Unit Trusts or insurance company funds and can bring with them a number of tax planning opportunities.

Recent years have seen the development of the ‘offshore’ Investment Bond market. These share a number of characteristics with their ‘onshore’ cousins but, as the name suggests, they are issued from centres outside of UK jurisdiction, and are therefore subject to a different taxation treatment.

Onshore Bonds are subject to corporation tax of 20% on income and capital gains that are generated within the investment itself.

With Offshore Bonds, the underlying funds are generally permitted to grow free from taxation, except for a small withholding tax on some dividends & interest.

This ‘gross roll-up’ means that offshore funds grow at a faster rate than their onshore equivalents, as they are not constrained by internal taxation. While invested, both types of Bonds are considered by HM Revenue & Customs as non-income producing investments. This means that investors do not have to declare the income or complete annual tax returns in respect of the returns made within the Bond either from a reinvestment of income or an increase in capital value.

With both types of Bonds, any extra tax liability comes at the point of partial or full encashment of the investment. Whether there is any additional tax to pay (which would be in the form of income tax rather than capital gains tax) will depend on the tax position and the amount of other income enjoyed by the investor at the time of the encashment. We would always recommend that an investor seeks appropriate advice at this time.

Why choose Investment Bonds & use Thesis?

As non-income producing investments, both types of Investment Bonds can provide a tax-efficient and easy to administer type of wrapper and in particular can be useful in the following cases:

New or existing Trusts

Most trusts have to pay tax on interest & income arising from investments held. However since onshore & offshore bonds are non-income producing assets, tax will only be due on full or partial encashment. This therefore can provide an element of control as to when tax might be payable in the future.

Inheritance Tax planning

With the rise in property prices over recent years, more and more Estates will suffer an inheritance tax liability on death. The majority of Investment Bonds have the structure of a life policy and incorporate the concept of 'lives assured'. Many bond providers offer the flexibility to include multiple lives assured within a policy making it possible to include different generations in one policy.

In addition, the structure of a bond also means that it is suitable in Trust-based solutions for estate planning purposes.

Corporate investment planning

Surplus cash for many businesses will remain on deposit in UK bank accounts. Interest earned from these accounts is effectively added to company profits which in turn are subject to Corporation Tax. By perhaps moving these funds into Offshore Bonds instead, the company will benefit from a 'gross roll up' of interest and be able to control when the tax is payable in the future upon full or partial encashment.

Incorporating the tax benefits of Investment Bonds with active investment management can make for a sound proposition. At Thesis, we have made available our own investment management expertise within a number of Investment Bond solutions provided by different life companies.

Within an Onshore Bond it is possible to invest in one or more of the fund of fund Unit Trusts offered under our Optima Investment Portfolio.

Under an Offshore Investment Bond it is possible to invest into Optima or for Thesis to create and manage a bespoke portfolio of collective investments such as unit trusts, OEICs & investment trusts. We offer this in our Personal Investment Portfolio service.

Whichever investment approach or Investment Bond type is right for you, undoubtedly your needs or attitude to risk may change - as might market conditions and the relative performance of the individual fund managers who manage your investments. To address this, Thesis combines strict monitoring of investment performance and the highest quality client reporting to enable us to make the required ongoing changes to the range of funds in your portfolio.

Ready to find out more?

To obtain a more detailed insight in to the benefits of incorporating Thesis' investment management within Investment Bonds, you or your financial adviser should contact a Thesis Investment Manager at any of our offices shown below.

Principal Offices

Head Office

Exchange Building
St John's Street
Chichester
West Sussex
PO19 1UP
T. 01243 531234
F. 01243 539094

3 Frederick Terrace
Frederick Place
Brighton
East Sussex
BN1 1AX
T. 01273 728188
F. 01273 724236

Belmont House,
Station Way
Crawley
West Sussex
RH10 1JA
T. 01293 742780
F. 01293 742999

98/110 High Street
Guildford
Surrey
GU1 3HE
T. 01483 304183
F. 01483 304185

75/76 Shoe Lane
London
EC4A 3JB
T. 020 7842 3969
F. 020 7842 3968

48 High Street
Lymington
Hampshire
SO41 9ZQ
T. 01590 625841
F. 01590 677346

Visit our website
www.thesis-plc.com

Important Information

Discretionary management

Your portfolio will be managed on a discretionary basis. That means we'll take investment decisions based on your chosen strategy and within the terms and conditions of the portfolio. Every six months we'll notify you of all transactions carried out on your behalf.

What's more, because we always aim to deliver best value, we can usually demonstrate that our expertise and discounts mean we save you more than the cost of our fees.

How you can invest

We'll be as flexible as possible in allowing you to pursue your growth, balanced or income objectives, and you can invest as a discretionary client in any of these ways:

- Yourself and up to 3 joint holders
- As a Trustee
- As a non-UK resident individual or Trust.

Charging structure

Investment bonds will carry their own charges. The level of these charges will depend on which life company and investment bond is used.

Either our Optima Investment Portfolio Service or our Personal Investment Portfolio Service can be used within investment bonds. Details of our annual management fees for each of these services are available in the Optima Investment Portfolio brochure and the Personal Investment Portfolio brochure or by speaking with one of our Investment Managers.

*Any initial commissions due to us on Unit Trust purchases will be rebated less transaction fees. All Stock Exchange transactions will incur Government Stamp Duty, currently 0.5%.

Income

Dividends and other income arising from your investment will be reinvested into your portfolio to enhance the capital value. Where the Investment Bond is used for withdrawing income, this will be provided by the life company.

Reporting

Initially, you'll receive a confirmation letter.

During each year, we'll send you:

- Half-yearly transaction reports in March and September
- Half-yearly income reports
- Half-yearly portfolio valuation and review
- A trading statement at the end of each tax year, detailing profits and losses. We'll also send you consolidated tax vouchers listing all income and dividends you've received (for use in your tax returns).

Thesis Asset Management plc and Thesis Unit Trust Management Limited are authorised and regulated by the Financial Services Authority.

Investors should be aware that the value of their investments and the income from them can fall as well as rise and investors may not receive back the full amount they invest.

Past performance is not necessarily a guide to future performance.

Investments denominated in foreign currencies are subject to fluctuations in exchange rates which can be favourable or unfavourable.