

# Tideway

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Member Advice Services

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MAY 2018

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# INTRODUCTION

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Tideway offers an *end to end* **guidance, advice** and **investment management** solution for members at retirement and looking to transfer out of defined benefit (DB) schemes.

- We provide highly regarded guides, workshops, and interactive online planning tools
- We offer high-quality advice around DB transfers and generating tax-efficient income in retirement

- We have a unique institutional style approach to investing post-transfer
- We offer innovation in advice and investment products for at retirement investors.

Tideway has particular expertise and experience in dealing with members who are in the financial services sector or who have long service, or who are higher paid with higher transfer values.



## WE WOULD LIKE TO TENDER FOR:

1. **Scheme-wide 'Business As Usual' appointments** for members looking for DB transfer advice and at retirement options.

**Scheme exercise appointments** including:

- Flexible Retirement Options (FROs)
- Enhanced Transfer Values (ETVs)
- Contracted-out Money Purchase (COMP)

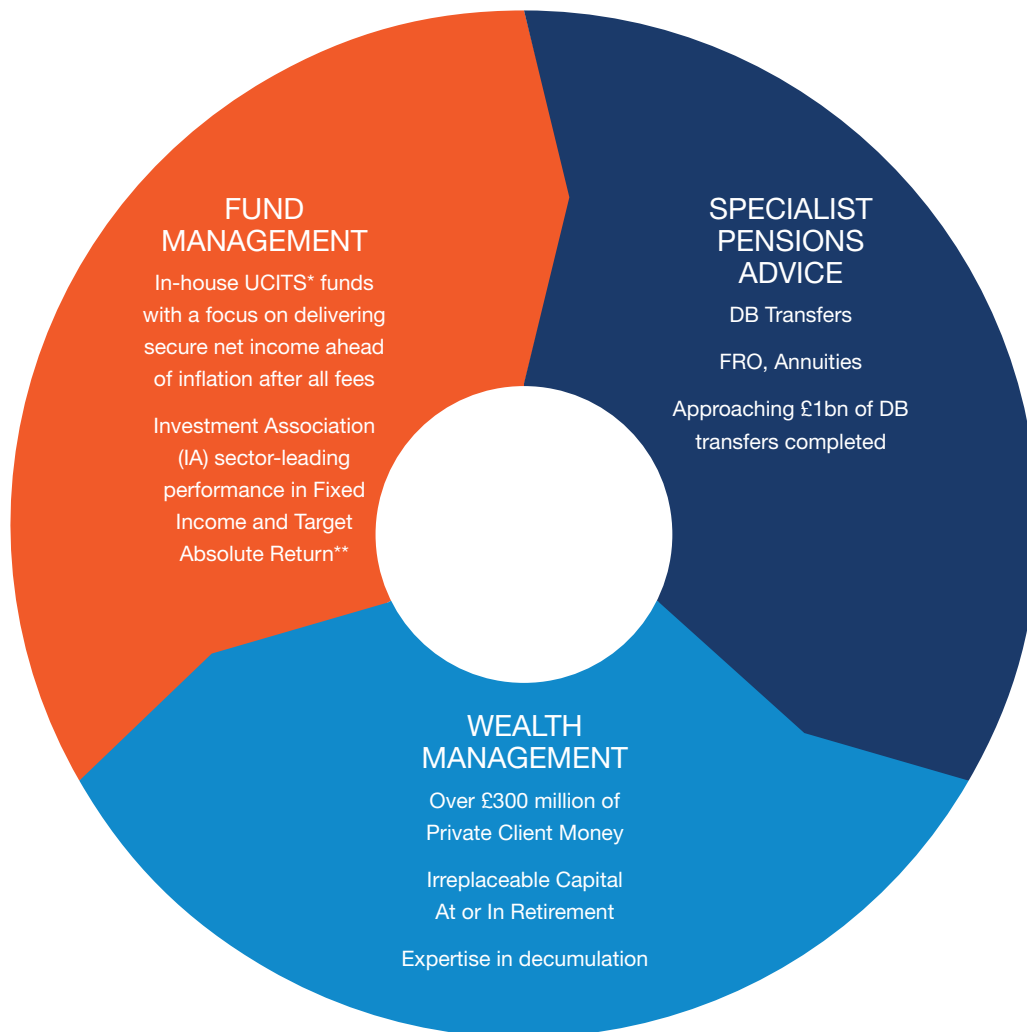
Tideway will be competitive and flexible on fees, whether sponsor-funded or a mix of sponsor- and member-funded.

We will be guided by the code of practice for scheme exercises.

# TIDEWAY OVERVIEW

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Our mission is to provide our clients with stable income, capital protection, volatility management and tax efficiency.



## TIDEWAY BUSINESS OVERVIEW

- **Owner managed**, profitable, stable business, established 2009
- **Experienced management team** covering advice, investments, compliance and operations
- **40 Staff** including 8 Specialist Pension Advisers
- **All Advisers Fully Employed.**

## TIDEWAY IN HOUSE UCITS FUNDS

- **Daily liquidity, highly-regulated, approved retail funds**
- **The Tideway GBP Credit Fund**  
– short-dated high-yield sterling credit
- **The Tideway Real Return Fund**  
– multi-asset target return
- **The Tideway GBP Hybrid Capital Fund**  
– high-yield sterling credit
- **The Tideway European Equity Income Fund**  
– UK and European equity income.

\* Undertaking for Collective Investment in Transferrable Securities.

\*\* All data sourced from FE Analytics as at 31 December 2017

# TIDEWAY MEMBER SERVICES

## GUIDANCE AND COMMUNICATIONS

Tideway can provide either from scratch, or on a collaborative, scheme-specific basis, the following:

- Guides and Member Communications
- Workshops (with live streaming)
- Video Tutorials
- Online Planning Tools.

Examples of our work in this area can be found at our member guidance website [www.financialsalarytransfer.com](http://www.financialsalarytransfer.com)

## EXAMPLES OF TIDEWAY'S ONLINE INTERACTIVE CALCULATORS

### DRAWDOWN CALCULATOR

Looks at withdrawal sustainability, drawdown account capital values and stress testing at different investment returns (net of fees and allowing for inflation) for capacity for loss assessments.



### INCOME TAX CALCULATOR

Looks at the tax payable on pension drawdown withdrawals after consideration of other income, and shows the tax savings of spreading withdrawals over tax years.

The Income Tax Calculator interface includes the following input fields:

- How much other income will you have during the year?: £ 35,000
- How much do you want to withdraw?: £ 20,000
- Tax paid on other income: £ 4,700
- Tax paid on withdrawal: £ 6,000

Effect of spreading withdrawal over three years:

	Year 1	Year 2	Year 3
Other income	£ 35,000	£ 0	£ 0
Withdrawal	£ 6,666	£ 6,666	£ 6,666
Tax paid on other income	£ 4,700	£ 0	£ 0
Tax paid on withdrawal	£ 1,333	£ 0	£ 0
Total tax paid on other income	£ 4,700	£ 0	£ 0
Total tax paid on all withdrawals	£ 1,333	£ 0	£ 0
Tax saved by spreading withdrawals	£ 4,667	£ 0	£ 0

# TIDEWAY WEALTH

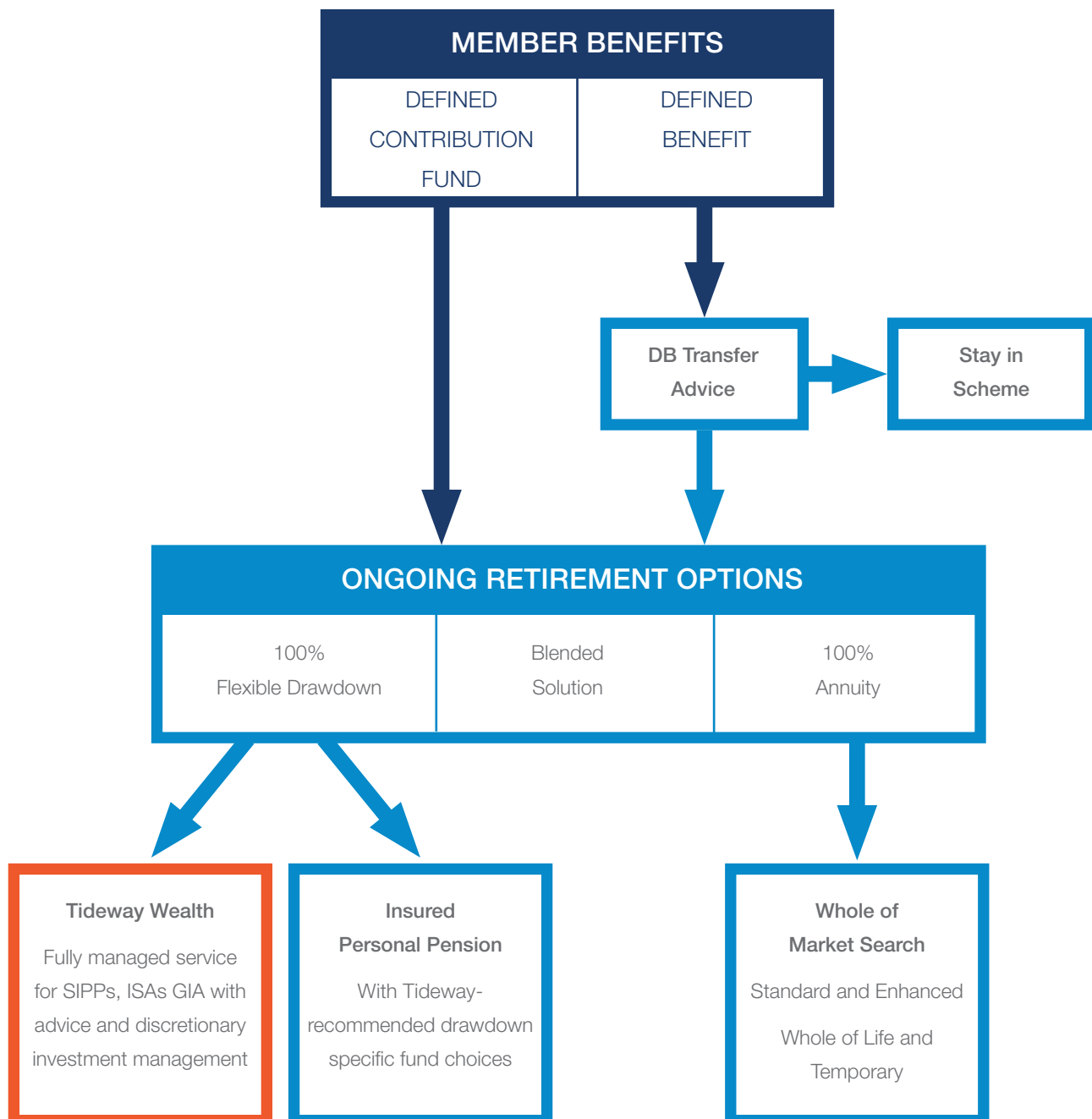
## REGULATED ADVICE

Tideway's regulated advice to members will cover:

- **The Transfer Decision**, looked at from a suitability perspective on a fully bespoke basis from client to client, including the decision to remain in the scheme if that is the right choice for the client
- **Post-Transfer After-Tax Income Planning**, as taking a transfer offer is only the first step to taking advantage of pension freedoms.

Tideway's advisers will help:

- members plan their pension withdrawals to be tax-efficient
- help members invest outside of the pension drawdown account to generate tax-efficient income
- members plan investments across multiple tax wrappers (typically ISAs, SIPP's and GIAs) to get the right investments assets in the right accounts in order to be as tax-efficient as possible.



# TIDEWAY WEALTH

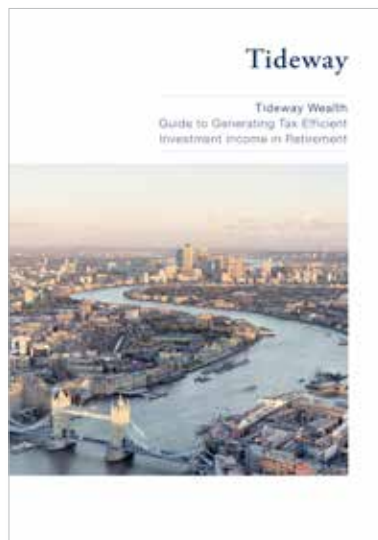
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## GENERATING TAX-EFFICIENT INCOME IN RETIREMENT

Tideway Wealth focuses on creating reliable, sustainable after-tax income using mainstream tax wrappers.



For further information download Tideway's Guide To Generating Tax efficient income In Retirement [www.finalsalarytransfer.com](http://www.finalsalarytransfer.com)



# TIDEWAY WEALTH

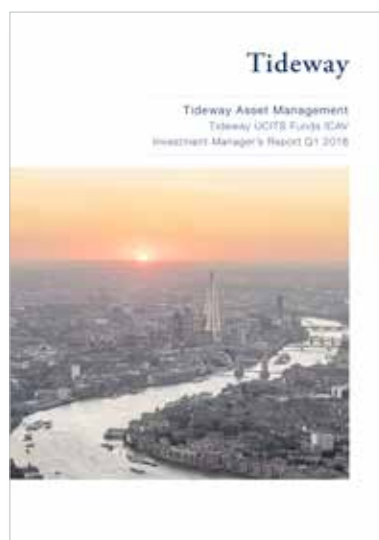
## HORIZON PORTFOLIOS

Tideway's Horizon approach allocates capital based on the time horizon, risk appetite and use of funds. We recognise that different assets have different risk and return characteristics, so it is really important to correctly align investments with the expected holding period. Tideway Horizon Portfolios are specifically designed for those investing irreplaceable funds in pension accounts, ISAs and GIAs.

Tideway's approach to allocating investment capital is based around time horizons in three broad categories:

	INVESTMENT OBJECTIVE	INVESTMENTS	COMMENTS
Horizon One <i>Up to 5 years</i>	Liquid funds required over the next 5 years. Minimal risk of loss to capital. Target Real Return of 1 - 2% p.a.	Cash deposits. Short-dated bonds.	Lowest return and lowest volatility. Clear visibility on return of capital. Liquid, can raise cash instantly.
Horizon Two <i>5 to 10 years</i>	Support income and withdrawals over 5-10 years. Modestly increase capital value in real terms. Target Real Return of 3 - 5 % p.a.	Medium term bonds. Absolute Return funds. Target Return funds.	Taking some risk in order to generate medium real returns. Allow for some higher volatility. Focus on strategies with downside limits.
Horizon Three <i>Over 10 years</i>	Funds with no call on capital for at least 10 years. Volatility tolerated in exchange for higher long-term returns. Target Real Return of 4 - 6 % p.a.	Long-dated bonds. Long-only equity funds Individual equities.	Least constrained portfolio. Investing for the long-term with a view to generating high positive real returns. Can withstand most volatility.

For further information on Pension Drawdown download Tideway UCITS Funds ICAV Investment Managers Report Q1 2018 & Tideway Horizon Portfolios Update Q1 2018 [www.tidewayinvestment.co.uk](http://www.tidewayinvestment.co.uk)





# TIDEWAY WEALTH

## EXAMPLE OF DRAWDOWN PORTFOLIO

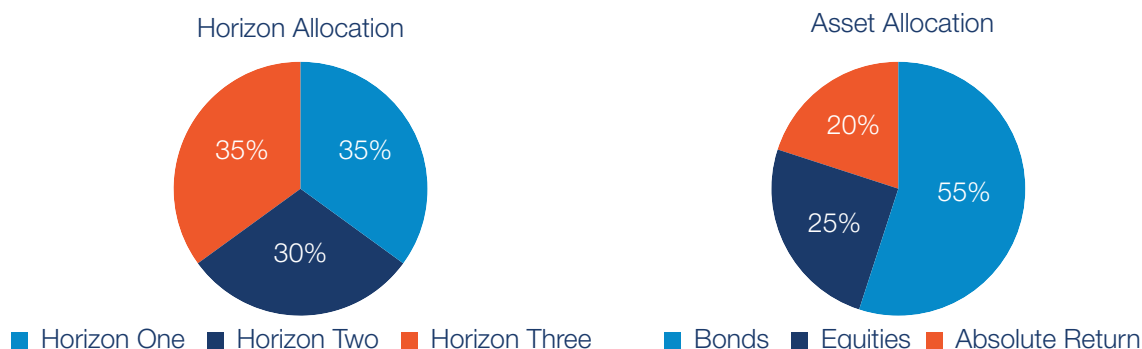
Tideway's Stable Return Two Portfolio is designed for investors, who seek a stable income return profile from both fixed income and equity securities. The Portfolio is a low to medium risk multi strategy portfolio with a 55% allocation to bonds (both short-dated bonds and hybrid capital), 20% allocation to absolute return strategies and a 25% allocation to equity income strategies. The portfolio provides a stable income stream from bonds, together with income and capital appreciation from the equity component. The absolute return component seeks to reduce correlation (and volatility) within the portfolio and provide downside protection.

## TIDEWAY RISK AND REWARD PROFILE



Tideway's Stable Return Two Portfolio has been allocated a risk rating of 4.0. This means we believe the portfolio to have a low to medium risk of capital drawdown and medium return prospects over the investment time horizon. Tideway's risk scoring is based on a classification of 1 to 7\*. Our risk scoring has been developed through detailed analysis of the underlying investment holdings, using a combination of quantitative and qualitative factors. Quantitative factors include: historical volatility of the asset, position sizing, liquidity, credit rating, interest rate risk and market beta. Qualitative factors include: company strategy, investment strategy (for third-party funds) and management execution.

## ASSET ALLOCATION



## UNDERLYING ASSET OVERVIEW

- The Tideway Stable Return Two Portfolio is 35% invested in short-dated corporate bonds, 20% in hybrid capital, 20% in absolute return strategies (which include a combination of bonds, equities and derivatives), and 25% in equity income. The portfolio has a UK and international focus and will typically hold over 250 underlying securities across a diverse range of industry sectors
- Examples of underlying investments made in the Stable Return Two Portfolio include hybrid capital Telefonica Europe (6.75% coupon, Ba1 rating), Old Mutual Plc (8% coupon, Ba1 rating) and high dividend yield equities such as BT Group and BBA Aviation.

\*This indicator is based on our internal assessment of risk and may not be a reliable indication of the future risk profile of the Portfolio. The risk category shown is not guaranteed and may change over time. The lowest category does not mean risk-free.

# TIDEWAY ASSET MANAGEMENT

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## WHAT WE INVEST IN

Tideway's core investment expertise is in fixed income credit and specifically in Hybrid Capital.

- Hybrid Capital is a form of capital that falls between debt and equity. The features of each specific hybrid defines where it sits on the debt/equity spectrum. Full details in our brochure on the website [www.tidewayassetmanagement.co.uk/hybridcapital](http://www.tidewayassetmanagement.co.uk/hybridcapital)
- We focus our investments on large, household name companies with investment grade senior credit ratings. We prefer regulated industries such as insurance, banking, utilities and infrastructure, which form the vast majority of our funds' assets.

INSTRUMENT	TYPICAL FEATURES
DEBT	<ul style="list-style-type: none"><li>• Mandatory repayment of interest and principal</li><li>• Non-payment = "event of default"</li><li>• Dated</li><li>• Fixed principal value</li></ul>
HYBRID CAPITAL	<ul style="list-style-type: none"><li>• Deferral or non-payment of interest is not an "event of default"</li><li>• Possible write-down of principal value or conversion into equity</li><li>• Very long-dated or undated (perpetual)</li><li>• Fixed capital value prior to any conversion</li></ul>
EQUITY	<ul style="list-style-type: none"><li>• Optional dividends</li><li>• Undated</li><li>• Variable capital value</li></ul>

## WHY INVEST IN HYBRID CAPITAL?

### Hybrid Capital Offers:

- A higher return than ordinary debt
- Higher cash flow than common equity dividends
- A return typically well ahead of inflation
- Less volatility than equity investing
- More certainty of future capital value than equity
- Exposure to large, household name, investment grade companies
- Investment in companies with long track records of meeting all obligations

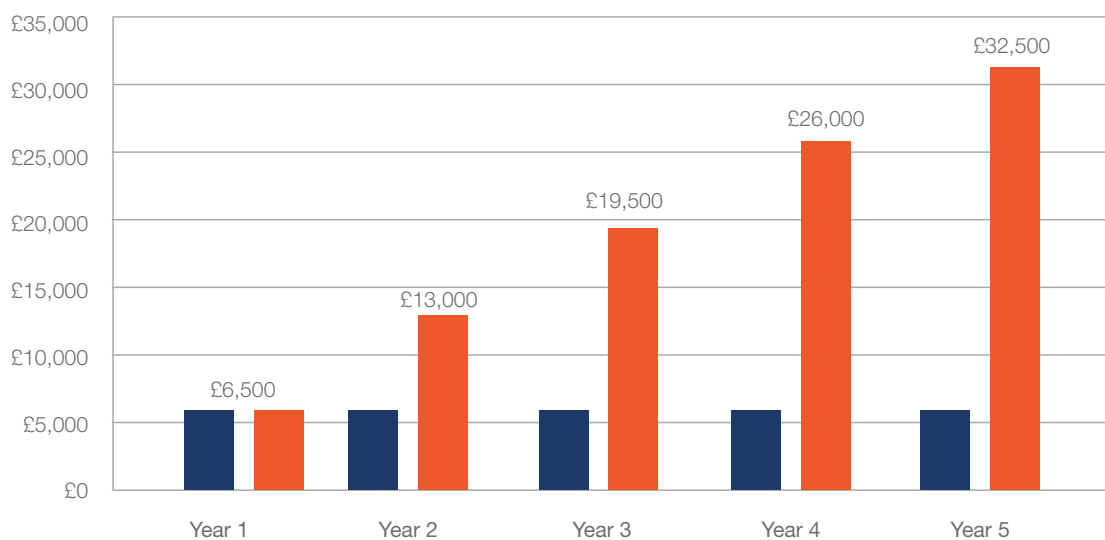
NB: Hybrid Capital prices will always be more volatile than government or senior investment grade bonds of similar duration. As a junior form of capital, hybrid bonds rank just below ordinary senior debt in liquidation or an 'event of default', so there is some risk of loss through a lower recovery in the event of bankruptcy.

# TIDEWAY ASSET MANAGEMENT

## HYBRID CAPITAL CASE STUDY – J SAINSBURY PLC

J Sainsbury plc 6.5% Perpetual – Callable at 100 June 2020 is a holding within the Tideway GBP Credit Fund and Tideway Real Return Fund

£100k investment 5-year Cash Flow



Source: Company filings.

■ Coupons ■ Cumulative Coupons

### TERMS AND CONDITIONS INCLUDE:

- “Dividend Stopper” – If a dividend is paid, interest payments are mandatory
- In the event of non-payment, Interest is cumulative, with “interest on interest”
- If not called at 100 in 2020, coupons increase to 5-year Gilts + 9.272 %

£100k investment 5-year Cash Flow



**NOTE:** Sainsbury's has paid dividends for 30 years, uninterrupted.

# TIDEWAY INNOVATION

Tideway's innovation embraces the use of technology, advice methodology and financial products, all focused in the 'at retirement' space, where accumulation moves to capital preservation and decumulation.

• **In the transfer advice process**, Tideway has been an early adopter in terms of:

- A broad-based comprehensive assessment of a client's total financial resources in retirement
- An appropriate relative value assessment to the transfer offer, based on the client's actual plans post-transfer, rather than reliance on the TVAS critical yields now being abolished
- Recognising the choice in financial security offered by a transfer value for a member in their 50's or early 60's, as an exchange for, rather than the loss of, financial security provided by lifetime income.

• **In the investment process**, through the creation of a unique fund suite and portfolio management process aimed at those investing irreplaceable capital for income in retirement

• **In technology**, Tideway have created both interactive planning tools and a client portal for managing information shared with members through the transfer advice process, which we have developed in conjunction with Salesforce, a global leader in CRM.

• **In financial products**, Tideway is currently looking at launching a temporary annuity-style product to enable drawdown SIPP investors to secure a term income, rather than for life, as part of a overall retirement solution, combining flexible access in at risk investment funds with a level of secured income.

## TIDEWAY CLIENT PORTAL - MEMBER VIEW

Tideway's DB transfer portal handholds clients through the transfer process, providing secure document sharing and valuable data capture for monitoring customer engagement and progress

The screenshot displays the Tideway Client Portal Member View. At the top, a progress bar shows the current stage as 'Engaged' (highlighted in blue), with previous stages 'Report Initiated', 'Report Perplexed', 'Report Completed', 'Report Signed Off', 'Report Sent', and 'Closed' marked as complete. Below the progress bar, the enquiry details are listed:

Final Salary Transfer Name TW-000635-3-2018	Total CETV £622,532.00
Unique Enquiry Number TW-000635	Earliest CETV Expiry Date 08/06/2018
Total Estimated Fee £6,225.32	Preferred New Provider
Days Since Enquiry Date 38	New Provider
Introducer	Revolving Plan Number
Introducer Address	

**Enquiry**

Enquiry source: Website - Referral	Enquiry Date 19/03/2018
	Accepted Date 20/03/2018

**Next Step**

No current steps

**Pension Schemes**

**Friends**

Provident Pension Scheme-622532	
CETV Amount:	622532
CETV Expiry:	2018-06-08

[View All](#)

**Documents** [-]

# THE TIDEWAY TEAM

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**PETER DOHERTY**  
**MANAGING PARTNER AND CHIEF INVESTMENT OFFICER**

Peter joined Tideway in 2010 to lead the firm's Asset Management team and is now the largest shareholder in the business. Peter is the lead portfolio manager of Tideway's in-house UCITS funds, chairs Tideway's investment committee and is active in the firm's business development. Born in Sheffield, Peter graduated from Oriel College, Oxford with a degree in Engineering and has 30 years' experience in the fixed income credit markets. He has held senior positions at Goldman Sachs, Bear Stearns, Bank of America, Solent Capital and Markit.



**JAMES BAXTER**  
**MANAGING PARTNER AND HEAD OF PRIVATE CLIENT ADVICE**

James started Tideway in 2009, leads the Wealth Management and Pension advice teams. James sits on Tideway's Investment Committee and is lead author on Tideway's Guide to Final Salary Transfers. James is regularly quoted in the financial press on pensions and financial planning. Born in Northampton James graduated from Imperial College, London. He has over 25 years' experience as a financial adviser and wealth manager and managed his own firm from a start-up in 1989 before selling it in a management buyout in 2008.



**PRISCILLA GAUDOIN**  
**CHIEF COMPLIANCE OFFICER**

Priscilla joined Tideway in 2017 as Chief Compliance Officer and MLRO. Her key areas of expertise are governance, risk and compliance and across a 20+ year career, has a proven track record of combining in-depth regulatory expertise with sound business acumen to ensure appropriate standards of business conduct. Priscilla has significant experience in designing and implementing risk management frameworks and controls and compliance processes and is a Fellow of the International Compliance Association and a Certified Compliance Professional.



**NEIL CROXFORD**  
**CHIEF OPERATIONS OFFICER**

Neil joined Tideway in 2017 as Chief Operating Officer. He has over 20 years' experience in the financial services industry as both a consultant and industry practitioner, working with both C-level executives and Boards. His most recent roles prior to joining Tideway have been Programme Director for Rathbone Brothers and Head of Transformation & Change for Kleinwort Benson.

# MORE ABOUT TIDEWAY

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Established in 2009, Tideway Investment Partners LLP is an independently owned firm of asset managers and financial advisers focused on the at retirement market.

## TIDEWAY ASSET MANAGEMENT

- Managers of regulated Tideway UCITS Funds ICAV targeting predictable returns and secure income
- Discretionary managers of bespoke and model portfolios in segregated accounts
- Third party managed funds and individual securities also available.

## TIDEWAY WEALTH MANAGEMENT

- Ongoing wealth, tax and investment planning advice
- Discretionary asset management across pensions, ISAs and general taxable accounts
- Offshore bonds
- Tideway specialist pension advice
- Safeguarded benefits advice for DB transfers and other guaranteed pension plans.

## KEY CONTACTS

For Scheme Tender opportunities, please contact

Russell Clarke

T: 020 3143 6100

E: [russell.clarke@tidewayinvestment.co.uk](mailto:russell.clarke@tidewayinvestment.co.uk)

## TIDEWAY FOR INTERMEDIARIES

- End-to-end DB pension transfer service
- Discretionary Fund Manager (DFM) services for at retirement investors
- Widely available on leading UK platforms
- Tideway UCITS Funds ICAV targeting predictable returns and secure income.

## CONTACT DETAILS

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E: [info@tidewayinvestment.co.uk](mailto:info@tidewayinvestment.co.uk)

More information is available via our websites:  
[www.tidewayinvestment.co.uk](http://www.tidewayinvestment.co.uk)

# IMPORTANT INFORMATION

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## WHO REGULATES US?

Tideway Investment Partners LLP is authorised and regulated by the Financial Conduct Authority (FRN: 496214). Tideway Real Return Fund; Tideway GBP Hybrid Capital Fund, Tideway GBP Credit Fund and Tideway European Equity Income Fund are sub funds of Tideway UCITS Funds ICAV. This ICAV is authorised and regulated by the Central Bank of Ireland.

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Forward-looking statements are based on assumptions. Since all assumptions, predictions and statements simply reflect the current view of future events, they are subject to inherent risks and uncertainties. Thus, they should not be seen as guarantees or promises regarding future performance.

Past performance is not a guarantee of future performance. Information contained herein has been taken from sources considered by Tideway Investment Partners LLP to be reliable but no warranty is given that such information is accurate or complete and it should not be relied upon as such.

Investing in Tideway UCITS Funds ICAV involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is no guarantee of future returns and the value of investments and the income they produce can fall as well as rise. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment adviser.

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# Tideway

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