

# ADVANTAGEIQ, Frequently Asked Questions

## Subscription services and additional services

### What research services are available?

We have three levels of subscriptions: the Classic, the Advanced and the Professional, the features of each can be found in the table below. Additionally, we offer a number of other services, such as: VCT portfolio monitoring, governance services, panel solutions and execution-only services. Our panel solutions include panel construction, product auditing and governance advisory services. Please visit our website for further details or contact us to find out more.

CLASSIC	ADVANCED	PROFESSIONAL
Our Classic subscription gives you, as an investor or IFA, the tools needed to access effective and reliable independent research. It enables you to best advise clients and make informed investment decisions within a very niche market.	Our Advanced subscription has all the features of the Classic subscription, plus it provides you with key ranking and comparison tools. By using our integrated filtering system with our product comparison matrix and weighted rankings feature, you can determine the most suitable investments for you and your clients.	Our Professional subscription is a step up to the next level for key research and reporting. Incorporating all the features of the Advanced subscription, the Professional subscription also enables portfolio construction and includes compliance reporting tools.

### What constitutes each subscription level?

Included in all three levels of subscription are the following:

#### 1. Research Reports

We provide research reports on tax-advantaged investment products that have been made available to us to review. These reports can be accessed on AdvantageIQ and can be downloaded as pdfs.

#### 2. Open Offers

We provide current information on the products that are available in the tax-advantaged investment market. We aim to cover as much of the market as we are able to.

#### 3. Filtering and Sorting functionality

Included in the Investment Research pages of AdvantageIQ are the filter and column selection tools that enable you to tailor your selection with greater specificity to view only the products that meet your needs.

#### 4. View from the Bridge newsletter

This regular newsletter features the latest independent advice and insights from the tax-advantaged investment team at MJ Hudson Allenbridge.

#### 5. Sector Overview Report and Market Research pieces










We provide analysis and report on activity in the market as well as providing sector-focused pieces.

Additionally, the Advanced subscription provides you with key **ranking** and **comparison** tools. By using our integrated filtering system, with our product comparison matrix and weighted ranking feature, you can determine the most suitable investments for you and your clients.

Our Professional subscription is a step up to the next level for key research and reporting. Incorporating all the features of the Advanced subscription, the Professional subscription also enables **portfolio construction** and includes **compliance reporting** tools.

## What are the main differences between the subscription levels?

The table below illustrated the differences between the subscription levels.

OUR SUBSCRIPTION SERVICES			
SERVICES	CLASSIC	ADVANCED	PROFESSIONAL
 Research Reports	✓	✓	✓
 Open Offers	✓	✓	✓
 Filtering and Sorting Functionality	✓	✓	✓
 <i>View from the Bridge</i> Newsletters	✓	✓	✓
 Sector Overview Reports & Market Research Pieces	✓	✓	✓
 Ranking Tools		✓	✓
 Comparison Tools		✓	✓
 Portfolio Construction Tools			✓
 Compliance Report Functionality			✓
Cost per month per licence excluding VAT based on minimum 12 months	£30	£45	£55
Cost per month per licence excluding VAT when purchasing 5 or more licences*	£21 (30% discount)	£27 (40% discount)	£27.50 (50% discount)
Cost per month per licence excluding VAT when purchasing 2-4 licences*	£24 (20% discount)	£36 (20% discount)	£44 (20% discount)

Our minimum annual subscription services are based on 12-month payment cycles. However, you may also pay for your annual subscription with a single payment.

## What are the other research services that you offer?

We provide portfolio monitoring and valuation services, governance services, panel solutions and execution-only services. If you would like further information about any of these services, please visit our website or contact us directly.

## What are some of the panel advisory services that you have available?

Our panel advisory services are for those who want a more advanced, personal and fully regulated service. As an advisory client, the services we provide to you go far beyond our standard research subscription. We support our advisory clients with the following services:

	Advice, guidance and/or panel reviews
	Product selection
	Advice on exceptions
	Involvement in internal investment committees
	Regular panel rationale documentation
	Direct access to analysts
	Customised scoring and rankings
	Additional AdvantageIQ system tools and features
	“Deep dive” research and due diligence, where required
	Prioritisation of product review scheduling
	Advanced sector reports and market insights

## Do you offer panel construction services?

Yes, we offer a complete solution for those who want advice and guidance in the preparation, creation and maintenance of a panel(s) of tax-advantaged investment products. For further details on our panel construction services, please visit the website or contact us.

## What is the panel auditing service?

Our Panel Auditing Service (Level 1) is designed for those clients who have already created a panel of tax-advantaged investment products themselves. We will review your panel selection against your internal criteria and provide an audit. For further details on our panel auditing services, please visit the website or contact us.

## What do the governance audit services entail?

As part of our Panel Auditing Service (Level 2) we will review the governance procedures of your tax-advantaged investment process, including due diligence and selection, as well as the data collection practices that led to your particular panel selection. This is not a stand-alone service. For further details on our governance audit services, please visit the website or contact us.

## Do you offer governance services?

Yes, we provide governance solutions. We recognise that there is an ever-increasing demand for better governance and risk oversight by both investors and regulators. To meet those requirements, our governance solutions provide your compliance team/investment committee with the appropriate services, which include the collection of required due diligence information, alongside data collection to produce a compliance ready report, with a full audit trail. For further details on our governance services, please visit the website or contact us.

## Do you offer VCT portfolio monitoring services?

Yes we offer VCT portfolio and monitoring services to individual investors, IFAs and wealth managers. For further details on our panel construction services, please visit the website or contact us.

## Do you offer an analyst consultancy?

Yes, we offer investors access to our analysts for personalised research services and additional project work. A standard hourly or day rate is available. For further details on our services, please visit the website or contact us. Please note that this service is not available to product providers.

## Payments and subscriptions

### How much does a subscription cost?

We have three levels of subscriptions available to you. The table below indicates the cost of each subscription.

All prices listed below are exclusive of VAT. A licence refers to a single user who will be given a login to AdvantageIQ upon receipt of subscription payment. Multiple licences are available to users in a single organisation, where all users must have the same email domain.

COST	CLASSIC	ADVANCED	PROFESSIONAL
Cost per month per licence (excluding VAT)	£30	£45	£55
Cost per month per licence (excluding VAT) when purchasing 5 or more licences*	£21 (30% discount)	£27 (40% discount)	£27.50 (50% discount)
Cost per month per licence (excluding VAT when purchasing) 2-4 licences*	£24 (20% discount)	£36 (20% discount)	£44 (20% discount)
Annual payment (excluding VAT) for a single licence	£340	£515	£630
Annual payment (excluding VAT) per licence when purchasing 5 or more licences*	£238	£309	£315
Annual payment (excluding VAT) per licence when purchasing 2-4 licences*	£272	£412	£504

### Can I pay by Direct Debit?

Yes we have Direct Debit authorisation to accept monthly payments. However, if you wish to pay annually in advance, we can only accept payments online by credit card or by requesting an invoice for BACS payment. Upon receipt of funds for invoiced payments by BACS, your subscription will be activated, granting you access to the services you've chosen. We cannot accept payment by cheque.

### Can I pay over the phone?

We do not have the facilities to receive payments over the phone.

## Can I make a once-off payment?

Yes, you can make a one-off payment if you wish to pay for your annual subscription in advance. This can be done online by credit card or by requesting an invoice to pay by BACS.

## Can I pay online?

Yes, you can pay your annual subscription by credit card online or you can set up your Direct Debit mandate online to pay monthly instalments.

## Can I pay by BACS?

Yes, you can pay your annual subscription by BACS. We will send you an invoice for the year and on receipt of payment, your subscription will be activated. Alternatively, you can set up your Direct Debit mandate online to pay monthly instalments.

## Can I pay by cheque?

Unfortunately, we cannot accept payment by cheque. We have a number of other ways to pay, including: payment by Direct Debit and one-off annual payments by credit card or by BACS, upon invoice.

## How long after payment does it take me to gain access?

As soon as your payment is processed you will be able to access the IQ system. This is usually with immediate effect when you set up a Direct Debit payment or pay a one-off annual subscription payment by credit card, however, if you are paying on invoice then access will be granted on receipt of payment. Payment by invoice will be requested by BACS. **We cannot accept payment by cheque.**

## Do you have any discounts available on subscriptions?

We offer a number of discounts on all of our subscriptions to ensure that we can meet your requirements. We provide significant discounts for organisations that purchase multiple licences and can offer some networks competitive discounts as well. We also run promotional discounts so please contact us to find out if you are eligible for any discounts on our subscriptions.

## How do I claim a discount?

In order to claim your discount, you need to contact us so that we can supply you with the appropriate discount code.

## As I am part of a network am I eligible for a discount?

In certain circumstances, where there is a network of IFAs or providers, we are able to negotiate a discount and will inform you if an appropriate discount is available. Please contact us so that we can put an appropriate package together for you.

## What is the execution-only discount?

As an execution-only investor, you will receive our valuation services for free for four years. If you wish to subscribe to our services, we offer, where possible a discount by rebating all the initial commission due.

## What is your cancellation/refund policy?

You may cancel your annual subscription if you have not been granted access to AdvantagelQ. Once your subscription access has been activated, your subscription will remain active for a year and no refund will be available. You will be advised when your subscription is due for renewal, at which point you may choose to cancel it. Please note: No refunds are payable once the subscription access has been granted.

## About MJ Hudson Allenbridge

### Who is MJ Hudson Allenbridge?

MJ Hudson Allenbridge is an investment advisory and investment research group. We are the longest-established provider of independent research in the tax-advantaged investment market. We provide institutional quality research and due diligence. We have a strong formalised process and methodology in place, with robust governance and an independent investment committee. Established as Allenbridge, the company became part of MJ Hudson in 2016 and rebranded as MJ Hudson Allenbridge in 2018.

### Is MJ Hudson Allenbridge regulated?

Yes, we are regulated.

MJ Hudson Allenbridge is a trading name of MJ Hudson Allenbridge Holdings Limited (10232597), MJ Hudson Investment Advisers Limited (04533331), MJ Hudson Investment Consulting Limited (07435167), and MJ Hudson Investment Solutions Limited (10796384). All are registered in England and Wales. MJ Hudson Investment Advisers Limited (FRN 539747) and MJ Hudson Investment Consulting Limited (FRN 541971) are Appointed Representatives of MJ Hudson Advisers Limited (FRN 692447) which is Authorised and Regulated by the Financial Conduct Authority.

Registered Office of MJ Hudson Allenbridge Holdings Limited is 8 Old Jewry, London EC2R 8DN.

### Who is MJ Hudson?

MJ Hudson helps fund managers and investors operate more efficiently and invest more successfully. Working with fund managers, investors and advisers in both traditional and alternative assets allows us to see issues from all sides and advise our clients accordingly. Our services include law, fund management solutions, international administration, investment advisory, and IR & marketing. From offices across Europe's major asset management centres, our team of 125 professionals work for clients managing and advising more than £700bn of assets. We have expertise in all asset classes, including equities, fixed income, private equity, venture capital, hedge funds, real estate, infrastructure, energy and credit.



## Our distinct offering

### What makes our services unique compared to other offerings in the market?

We are the longest-established provider of fully independent research in the tax-advantaged investment space. We stand apart as being completely buy-side research, providing our clients with institutional quality due diligence. We are able to deliver this in-depth due diligence by using our years of market knowledge and expertise from our multidisciplinary team alongside our proprietary AdvantageIQ system.

A key to this institutional quality is our formalised process and methodology, with strong governance oversight from our independent investment committee which reviews all reports. In addition, we separate commercial decisions from any analytical decisions we make as a business.

We are remunerated from our subscription and advisory services and the commission from our non-advisory execution-only services. Fund Managers do not pay us for their reports.

### How much of the market do we cover?

We have broadened our market coverage and aim to increase our listing only service for all offerings. We endeavour to cover the whole VCT market and currently provide research on approximately 70% of all EIS and SEIS offerings, which we are increasing year on year. We also cover a similar amount of retail investment opportunities in the BR IHT and AIM IHT market but are aware of a number of in-house offerings that do not open up for third party due diligence.

### How are we remunerated?

We are remunerated from our subscription and advisory services and the commission from our non-advisory execution-only services.

### Are we independent?

Yes, we are fully independent. Fund Managers do not pay us for their reports.

### How do we manage conflicts of interest?

We take potential conflicts of interest very seriously. Our aim is to avoid being in a position where a conflict of interest arises in the first place and we have a policy in place to ensure that this does not happen. However, in the unlikely event that a potential conflict arises, our goal is to address it with openness and transparency.

## What do we do?

### Do you provide paraplanning services?

No, we are not authorised or regulated to provide paraplanning services to clients. However, our independent research allows you to build comparisons and analysis on tax-advantaged investment products that will help you come to your own conclusions and appropriate decisions for your clients. If you would like professional assistance with this, we can arrange time with one of our analysts for you. Please note that this is a separate service. Please visit our website or contact us for further details on our advisory services.

### Are you able to provide rankings on specific products?

As an independent research platform, we are not able to provide specific rankings outside of personal work done as part of our advisory service, but we can provide you with the appropriate tools to carry out your own analysis and research.

### When do you update the information on products?

All product reports are updated annually. In the event of a significant material change to data, we will provide updated research.

Key information is collected from the manager and using AdvantageIQ we make requests for it to be updated regularly (with monthly to annual review timers on individual data). In terms of updating our analysis and opinion reports we aim to have an up to date report published on an annual basis or more frequently if there has been significant material changes to the product or manager.

### Can I commission research?

Yes, we offer clients a range of bespoke products and the opportunity to commission research for a particular product. For further details please contact us and we can arrange as call to discuss.

### Can I show the reports to my end customer?

Yes. If you are a subscriber and you have access to a report you can share it with your particular investor.

### Do you have historic reports?

Yes, we have an archive of reports dating back to 1998/99 tax year.

### Who writes the reports?

We have a team of analysts who write the reports from data provided by the Fund Managers via our AdvantageIQ due diligence system, which is then verified and signed off. All opinions and write-ups are our own. All reports are overseen by an investment committee which includes senior investment professionals and our compliance team.

## Can you give me tax advice?

We are not tax experts so we do not provide tax advice.

## Can you give me advice on what to buy?

We are not financial advisers, we provide third party research to investors and advisers to enable them to be more informed so that they make better investment decisions.

## I have a client can they place an execution-only investment through you?

MJ Hudson Allenbridge is able to act as an execution-only intermediary on behalf of clients for UK tax-advantaged investment products.

As an execution-only intermediary, where possible, we offer our clients a discount to their subscription charges by reimbursing all the initial commission due to us back to them. MJ Hudson Allenbridge will be paid a trail commission on the application by the product provider concerned. Where a trail commission is not available, MJ Hudson Allenbridge will typically retain a small percentage of any initial commission.

Investors who place a VCT investment through MJ Hudson Allenbridge will be able to access our VCT portfolio monitoring service for four years. We will also provide a personal discount if you wish to subscribe to our research services.

## What is investment grade?

We no longer provide a single score as we believe that what constitutes investment grade varies depending on the subscriber's individual circumstances and priorities. We provide a ranking tool to our Advanced and Professional subscribers, which enables them to determine the constituent parts of their own investment grade by choosing from the 10 factors we score as part of our research and weighting them according to their corresponding level of importance. These are available in the Professional level subscription package. To find out more please review the information we have on AllenbridgeIQ tax-advantaged in the investment section on our website.

You can use our weightings widget to define your selection. By choosing your priorities and corresponding weights, you will be able to reach a measurable outcome for your compliance team.

## Do you have a methodology/Rating approach?

Yes, we have a full methodology which is the framework to all our research.

Our methodology is born out of more than 30 years' market experience. We believe strongly that good governance processes and transparency are necessary to create a robust research framework. That's why our research is anchored to our published tax-advantaged investments methodology, to ensure we continue to deliver clear, unbiased and informative research. We also include our view on the importance of data integrity and transparency.

In a market that is often still too opaque, we outline the significance of closing the asymmetry of information between managers and those investors who need access to data to make informed decisions.

In addition we have a risk methodology where we consider the following key aspects of risk: investment risk, liquidity and certainty of tax relief.

## Tax-advantaged investment products

### What is the Venture Capital Trust Scheme (VCT)?

A VCT is a company which invests in small unlisted companies. By investing indirectly (through VCTs) in a range of unquoted smaller companies, individuals can benefit from tax relief. VCTs are similar to investment trusts and are also akin to publicly traded private equity vehicles. Previously, VCTs were companies listed only on the London Stock Exchange, however since April 2011 VCTs have been companies admitted to trading on a regulated market.

VCTs were introduced by the UK Government in 1995 as one of the three tax-based Venture Capital Schemes (the others being the Enterprise Investment Scheme and the Seed Enterprise Investment Scheme), in order to provide a stimulus to small businesses in the UK by encouraging individuals to invest indirectly in a range of smaller unquoted companies.

As a result of the Patient Capital Review, a number of changes to VCTs were announced by the Chancellor in the Spring Budget 2018. From 6 April 2018, the government will legislate in the Finance Bill 2018 to move VCTs towards higher risk investments by implementing a number of measures. These include:

- ✓ removing certain “grandfathering” provisions that enable VCTs to invest in companies under rules in place at the time funds were raised, with effect from 6 April 2018;
- ✓ requiring 30% of funds raised in an accounting period to be invested in qualifying holdings within 12 months after the end of the accounting period, with effect from 6 April 2018;
- ✓ increasing the proportion of VCT funds that must be held in qualifying holdings to 80%, with effect for accounting periods beginning on or after 6 April 2019;
- ✓ increasing the time to reinvest the proceeds on disposal of qualifying holdings from six months to 12 months for disposals on or after 6 April 2019; and
- ✓ introducing a new anti-abuse rule to prevent loans being used to preserve and return equity capital to investors, with effect on and after Royal Assent of Finance Bill 2018.

### Risk to capital

A new “risk to capital condition” will be included in the EIS and VCT legislation, requiring that investee companies are genuine entrepreneurial companies. The measures will take the form of a principles-based test to determine if, at the time of the investment, a company is a genuinely entrepreneurial company, requiring a conclusion to be reached as to whether the company has objectives to grow and develop and whether there is significant risk of loss of capital. This change is being introduced in order to exclude investments which are perceived by HMRC as purely tax-motivated, which receive tax relief but with limited risk to the investor’s capital.

The changes will take effect for investments made on and after Royal Assent of Finance Bill 2018 and detailed guidance is expected after publication of the Finance Bill 2018 which is scheduled for 1 December 2018.

You can invest a maximum of £200,000 each year through VCTs.

## What is an Enterprise Investment Scheme (EIS)?

The UK government set up the Enterprise Investment Scheme in 1994. Today, it offers a number of tax breaks to investors who buy shares in small, private companies:

- ✓ Investors will receive **income tax relief** of 30 per cent. So, if you invest £10,000 in a company that is eligible for EIS, you will be able to deduct £3,000 from your income tax bill in the year that you invest.
- ✓ There is **no capital gains tax** on any profits an investor makes from an EIS investment. So if you invest £10,000 and five years later sell your shares for £20,000, you will benefit from the entire £10,000 profit, saving you at least £1,800.
- ✓ If you make a loss on your investment, you can **offset that loss** against income tax. To qualify for loss relief, the value of an investment when it is sold has to have fallen below what's called the effective cost. The effective cost is the amount invested minus whatever you previously claimed in income tax relief. For example, if you invested £10,000 into an EIS-qualifying investment and you then claimed upfront income tax relief of £3,000 (equal to 30% of the amount you invested), the effective cost of that investment would be £7,000. If the value of this investment then falls to zero, you can then opt to offset loss relief against either income tax or against capital gains tax – for basic taxpayers this would amount to £1400 and for higher rate taxpayers £2800 of loss relief. For further details visit HMRC [<https://www.gov.uk/guidance/venture-capital-schemes-apply-for-the-enterprise-investment-scheme>]
- ✓ There's **no inheritance tax** to pay on shares bought through EIS. To be eligible for these reliefs, you generally have to hold the shares for at least three years before selling them.

There are a few more rules applicable to EIS investments. You still have to pay tax on any dividends – but most small private companies do not pay dividends. There are certain restrictions as to what kind of business you can invest in (for example, it can't be a bank, a farm or a nursing home), and you can't be connected to the company or have a stake of more than 30 per cent in it.

You can invest a maximum of £2 million each year through EIS, provided that the excess over £1m is invested in qualifying "knowledge-intensive" companies.

The annual limit on funding which a qualifying company may attract under the EIS, as well as the VCT regime will also be increased from £5m to £10m.

## What is a Seed Enterprise Investment Scheme (SEIS)

The Seed Enterprise Investment Scheme is much newer than its parent initiative, EIS, having been set up in 2012.

It is very similar to EIS but designed for investing in even smaller companies, and providing even more generous tax breaks.

While the maximum workforce and gross assets allowable under EIS are 250 staff and £15 million respectively, SEIS has lower limits of 50 staff and £200,000 gross assets. Businesses must also be less than two years old (there are no age restrictions under EIS).

The tax breaks are as follows:

- ✓ **Income tax relief** is 50 per cent, not 30 per cent. So you get £5,000 off your income tax bill for investing £10,000 under SEIS for example.
- ✓ As with EIS, there's **no capital gains tax** to pay on profits, **no inheritance tax**, and you can claim **loss relief** in the same way. See above for details.

There is an extra relief called **capital gains reinvestment relief**. This is useful to you if you have recently paid capital gains tax on other investments. You can reclaim up to 50 per cent of the tax paid if you reinvest that money into SEIS. (This was originally introduced as a temporary measure, but in the 2014 Budget, Chancellor George Osborne made it permanent.)

For further details on tax relief, please visit our website.

The maximum you can invest through SEIS in any tax year is £100,000.

## What is BR IHT?

Business Property Relief, now known as Business Relief (BR) was introduced by the 1976 Finance Act, with the aim of promoting investments in unquoted businesses. It allowed a family-owned company to be bequeathed free of inheritance tax (IHT) implications. Individuals can therefore claim business relief on transfers of certain types of business and business assets (including shares in unquoted trading companies) if they qualify as “relevant business property” and the transferor has owned them for a minimum period. BR can be claimed for transfers made during a person’s lifetime or upon their death.

For further information on BR IHT and related products, please visit the website. If you have any specific queries on these products, please contact us.

## What is AIM IHT?

Certain AIM companies benefit from BR, which makes the shares exempt from IHT as long as you hold them for at least two years and at death. AIM-quoted stocks are eligible for inclusion in ISAs, meaning you can also shelter them from income tax and capital gains tax. The executor of your estate will claim the tax exemption when you die, so as long as you’ve met the two-year holding rule and the companies qualify for BR, your descendants will be spared a 40% IHT bill on your ISA.

For further information on AIM IHT please visit the website. If you have any specific queries on these products, please contact us.