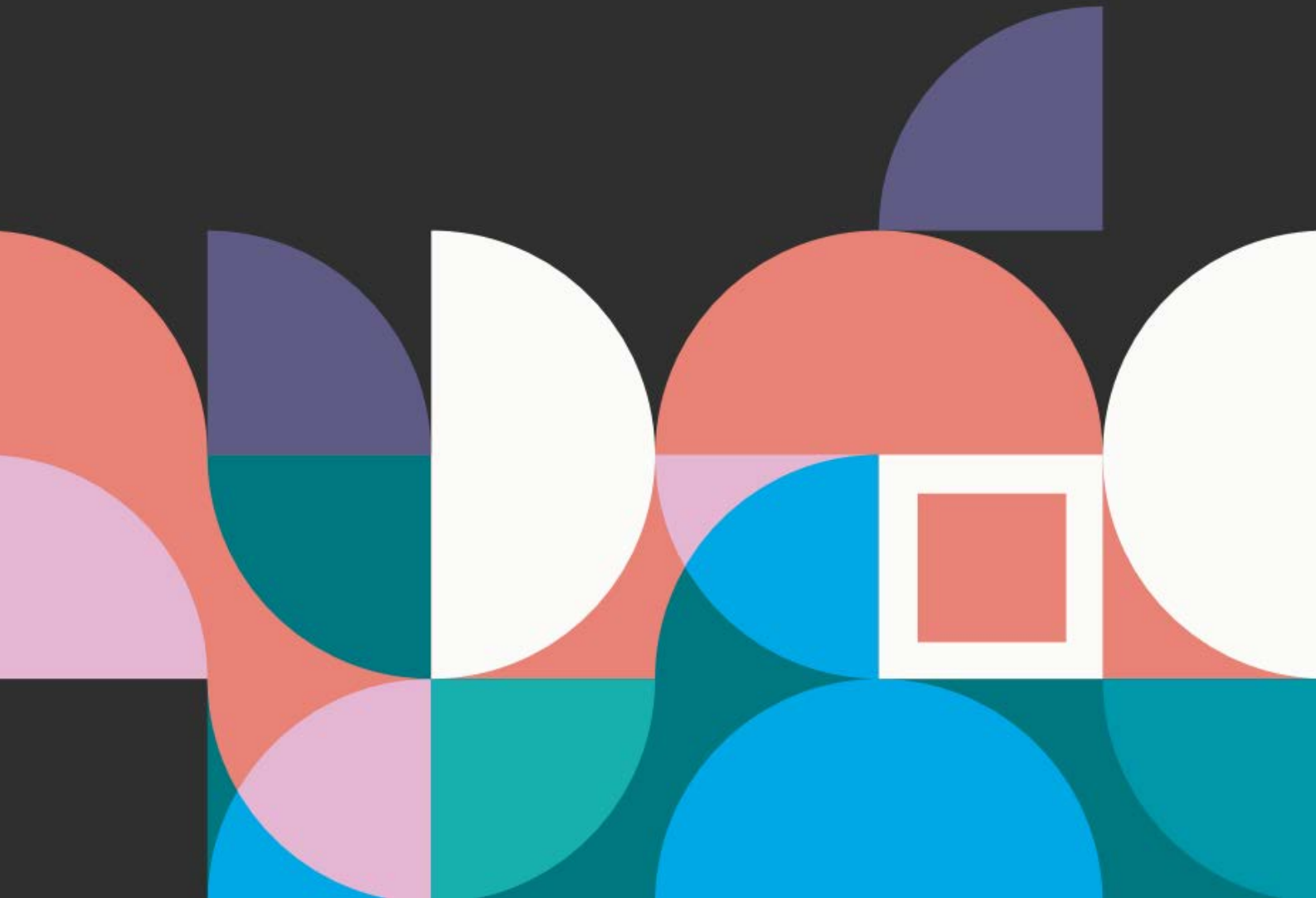


M&G Wealth Platform

Capital Gains Tax Tool

Calculating potential Capital Gains Tax gains or losses when switching between model portfolios



Calculating potential Capital Gains Tax gains or losses when switching between model portfolios

This guide will help you to calculate potential Capital Gains Tax gains/losses when moving a client between two different model portfolios on the platform. At the end of this process you'll have a high-level overview of where a client may be susceptible to capital gains tax when switching from one model to another.

This guide is broken down into two sections

- Exporting trades for the new model portfolio
- Producing a gain/loss report using the Capital Gains Tax Tool

The model portfolio functionality and Capital Gains Tax Tool are separate so you'll need to follow **all** steps of this process to generate the overview report.

Before you start

- To carry out the steps in this guide your firm will require access to be able to trade and link portfolios.
- If the model you're rebalancing into is run by a new Discretionary Fund Manager (DFM), or the charging structure differs to the current one, we'll require a completed DFM form sent in.

Exporting trades for the new model portfolio

In these steps we will walk you through linking the client to the portfolio you wish to rebalance them to. This will allow you to work out which funds will need to be sold to put through the Capital Gains Tax Tool.

Please note: It is your responsibility to ensure clients are unlinked once you have the calculations required for the Capital Gains Tax Tool. While a client is linked to a model portfolio, if a Discretionary Fund Manager (DFM) rebalances, the client will be rebalanced into that model.

Step 1 Attaching the client to the new model

Open the 'model portfolio' dashboard and click 'model management'.

Select the model you wish to attach the client's account(s) to. Then select the 'client accounts' tab, you can search by client name or account number, and click 'attach selected client accounts to model'.

You'll now see the client details in the 'client accounts attached to this model' section

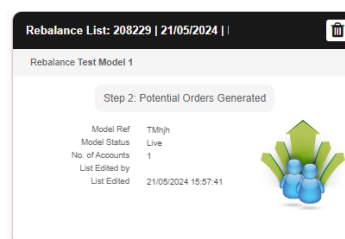
Step 2 Setting up the rebalance and generating orders

Follow parts 1, 2 and 3 from our [rebalancing guide](#).

Once you complete part 3, **do not move on to part 4**, instead return to this guide.

Step 3 Potential orders generated

Once the system has worked out what buys and sells need to happen you'll see this box. By clicking on the box, you will be able to see the trades required. This will bring up the information you'll need for the Capital Gains Tax Tool.



Step 4 Exporting the trades

Scroll to the bottom of the potential orders generated screen.

On the left you'll see an 'Export all potential trades' button, click this to export these trades in an Excel format. This is the file you'll need for your Capital Gains Tax calculations.

Warning!

In this last screen, there is an option to confirm the orders. If you click on this, the platform will submit the trades and the rebalance will be placed. You should not click this unless you are actually physically rebalancing and have authority from the client to do so.

Step 5 Understanding the trades.

Once the trades have been exported this is how they'll look.

The sell trades are what you should emulate in the Capital Gains Tax Tool.

A	B	C	D	E	F	G	H	I	J
Account No.	Account Name	Client Name & No.	Asset	ISIN	Buy/Sell	Value	Below Minimum Trade Value?	Order Removed?	
A20067160	General Investment Account	40000002	Policy Selection Assured Fund C Acc GBP	KYG0585W1548	Sell	£14.13	N	N	
A20067160	General Investment Account	40000002	BlackRock Asia Fund D Acc GBP	GB00B7V56556	Buy	£3.39	Y	N	
A20067160	General Investment Account	40000002	Barings ASEAN Frontiers Fund I Acc GBP	IE00B3BC5W20	Buy	£3.39	Y	N	
A20067160	General Investment Account	40000002	BlackRock Global Funds Asian Dragon Fund D2 Acc GBP	LU0827875187	Buy	£3.39	Y	N	
A20067160	General Investment Account	40000002	JPM Middle East Africa and Emerging Europe Opportunities C Dist GBP	LU2539336664	Buy	£3.39	Y	N	

Step 6 Unlinking

Before putting the trade scenarios into the Capital Gains Tax Tool, you must go back and unlink the client from the portfolio.

To do this, go to the 'model management' screen and select the 'client accounts' tab. In the bottom section of the screen you'll see the clients attached to the model. Select the account you wish to detach and click on 'Detach Selected Client Accounts from Model'.

Please note: This step is important as it prevents the risk of a Discretionary Fund Manager (DFM) or Model Portfolio Manager submitting a rebalance while you are assessing any potential Capital Gains Tax gains or losses.

Producing a gain/loss report using the Capital Gains Tax Tool

You should now have what you need to produce a gain/loss report using our in-platform Capital Gains Tax tool.

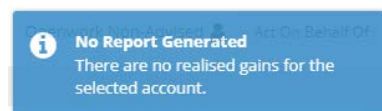
Step 1 Select the tool.

Go to the Tools Hub and select the Capital Gains Tax Tool.

Step 2 Check any gains / losses realised.

Click 'Reports' and run a realised gain report for the tax year required. Export this report as a PDF or Excel file.

Please note: If gains have not been made then this pop up will appear.



This report will highlight any gains that may have already been made, such as sell downs for fees and charges or withdrawals the client may have made in that tax year. With this, you'll be able to give a more accurate picture of any gains already made or lost.

On this report, pay attention to the base costs of the funds. If a fund has been re-registered over and no base cost has been input, the tool will not allow for this until the costs have been updated.

When looking at the 'Notes' column please check to ensure you are happy with the historical base costs of the assets. If the base cost has been entered by yourself as part of a re-registration, then you need to make sure you are happy the asset has been updated correctly.

For any other asset transactions, such as corporate actions, the tool updates these automatically.

The definitions for each marker in the 'Notes' column can be found at the bottom.

Example

In this example report you can see only corporate actions have taken place as the markers in the 'Notes' column is (X).

If one of these funds had a (Z) or a (Y), this indicates you need to have a quick check of the base costs of the funds. This is to ensure you're happy with the data being fed through the calculations.

Investment	Notes	Unit/Share Holding	Acquisition Cost	Market Value	Price Date	Potential Gain/Loss
Cash Account			£6.90	£6.90		
Omnis Absolute Return Bond Fund A Inc	(X)	1.1992	£1.20	£1.11	20 May 2024	£(0.09)
Omnis Asia Pacific (ex-Japan) Equity Fund A Inc		2.3437	£2.39	£2.99	20 May 2024	£0.60
Omnis Diversified Returns Fund A Inc	(X)	2.3983	£2.39	£2.60	20 May 2024	£0.21
Omnis European Equity Leaders Fund A Inc	(X)	4.0167	£3.81	£6.10	20 May 2024	£2.29
Omnis European Equity Opportunities Fund A Inc	(X)	4.0167	£3.82	£5.61	20 May 2024	£1.79
Omnis Global Bond Fund A Inc		3.9008	£4.78	£4.05	20 May 2024	£(0.73)
Omnis Global Emerging Markets Equity Leaders A Inc	(X)	4.62	£4.76	£5.52	20 May 2024	£0.76
Omnis Global Emerging Markets Equity Opps A Inc	(X)	4.62	£4.77	£5.15	20 May 2024	£0.38
Omnis Japanese Equity Fund A Inc		4.8376	£4.32	£5.52	20 May 2024	£1.20
Omnis Short-Dated Bond Fund A Inc	(X)	1.1992	£1.20	£1.15	20 May 2024	£(0.05)
Omnis Sterling Corporate Bond Fund A Inc		5.5792	£5.72	£4.90	20 May 2024	£(0.82)
Omnis UK All Companies Fund A Inc		25.0219	£25.01	£27.64	20 May 2024	£2.63
Omnis UK Gilt Fund A Inc		13.0321	£13.41	£9.70	20 May 2024	£(3.71)
Omnis UK Smaller Companies Fund A Inc		2.9968	£2.86	£3.52	20 May 2024	£0.66

Notes

(U) This investment (or part thereof) was involved in an Inter-person Asset Transfer that you, the Financial Adviser have indicated is considered taxable. An Inter-person Asset Transfer is defined as an internal asset transfer between individuals by way of gift or inheritance.

(V) This investment (or part thereof) was involved in an Inter-person Asset Transfer that is considered not taxable.

(X) This investment was involved in a Corporate Action. The Acquisition Cost and Acquisition Date are derived from the investment's pre-corporate action transaction history.

(Y) This investment (or part thereof) was made via an in-specie transfer / re-registration. The acquisition cost has been derived by information entered by you, the Financial Adviser.

(Z) This investment (or part thereof) was made via an in-specie transfer / re-registration. The acquisition cost has not been validated by us and should be verified by you, the Financial Adviser.

Step 3 Run a scenario.

You can now input any remaining allowance that the client has for the year. Once input, you need to click on 'Simulate Asset Sales'.

This is the part of the tool where you'll be able to input any sales that the rebalance tool has said that it will make.

Step 4 Input the sales in the scenario tool.

Input the information from the Excel spreadsheet you generated earlier using the rebalance tool. This is done by inputting the sale amounts next to the funds to be sold.

Step 5 Simulate the sales

Once you have checked the information, click the 'Generate Summary' button. This will take you to the Capital Gains Tax summary page.

Step 6 Summary Page

You now have the option to download the results as a PDF or export them as an Excel spreadsheet.

This final report will show any calculated gains or losses for moving a client between the model portfolios.

This Capital Gains Tax Tool is designed to act as a guide to capital gains position relating to General Investment Accounts with Investment Funds Direct Limited and cannot be relied upon to provide a definitive statement of overall capital gains position.

Taxation legislation and regulations regarding capital gains are complex and there are many exceptions, exemptions and different tax treatments for which this tool does not cater.

All calculations within this tool are dependent upon information provided from various sources. Whilst reasonable care has been taken to produce accurate information, Investment Funds Direct Limited accepts no responsibility or liability for any errors or omissions in this tool or for any action taken on reliance on the tool or its contents. Tax legislation and regulations are amended from time to time and therefore this tool will not, necessarily, take immediate account of such amendments.