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PRIVATE WEALTH PORTFOLIO

PRODUCT
GUIDE

LEADERS IN THE NEW ERA OF WEALTH PLANNING

PORTUGAL

A WEALTH *of* DIFFERENCE

utmost™
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This is marketing material.



Capitalised terms used and not defined in this document shall have the meanings given to them in the **Policy Terms and Conditions** applicable to Private Wealth Portfolio Portugal.

ABOUT UTMOST GROUP

Utmost Group is a leading provider of insurance and savings solutions. Its principal businesses are Utmost International and Utmost Life and Pensions, which together are responsible for approx. £58bn (€67bn) of primarily unit-linked policyholder assets for around 550,000 policyholders as at 30 June 2022.

Utmost Group is subject to Group Supervision by the Bank of England's Prudential Regulatory Authority.



ABOUT UTMOST INTERNATIONAL

Utmost International is a leading provider of insurance-based wealth solutions through its Utmost Wealth Solutions business, and provides employee benefit products through its Utmost Corporate Solutions business. Utmost International operates across the UK, Europe, Latin America, Asia and the Middle East. Its wealth management solutions are based on unit-linked insurance policies. Utmost International manages £52bn (€60bn) assets under administration and has c. 210,000 policyholders as at 30 June 2022.

ABOUT UTMOST WEALTH SOLUTIONS

Utmost Wealth Solutions has a clear focus on being a leader in the creation of insurance-based wealth solutions for the international affluent, high-net-worth and ultra-high-net-worth market.

We have offices in the well-regulated jurisdictions of Ireland, the Isle of Man and Guernsey as well as branches in Singapore, Switzerland, Hong Kong and Dubai. We provide insurance-based savings, investment and wealth planning solutions for UK, European and international clients. Our solutions are based on unit-linked policies which can be tax efficient and provide investment flexibility.

We strive to offer outstanding service and focused expertise to our clients and their advisers who are seeking intelligent and efficient ways to manage and pass on their wealth.

As at 30 June 2022, Utmost Wealth Solutions had c. £51bn (€59bn) in assets under administration and c. 210,000 policyholders.

FITCH RATINGS

Fitch Ratings has assigned Utmost Group an Issuer Default Rating ("IDR") of 'A-' with a Stable Outlook. The three rated operating entities of Utmost Group - Utmost International Isle of Man Limited, Utmost PanEurope dac and Utmost Worldwide Limited - have been assigned Insurer Financial Strength (IFS) Ratings of 'A' with Stable Outlooks.

Issuer Default Ratings represent an issuer's relative vulnerability to default on financial obligations. Insurer Financial Strength Ratings are an assessment of the financial strength of an insurance organisation and reflect an insurer's ability to pay obligations to policyholders.

Please read more about Fitch's Rating criteria for insurance companies here: www.fitchratings.com

PRIVATE WEALTH PORTFOLIO

A WEALTH OF DIFFERENCE

Private Wealth Portfolio is a highly specialised life insurance investment solution designed exclusively for the needs of high and ultra-high-net-worth individuals.



Private Wealth Portfolio's structure brings a range of advantages that provide clients with exceptional flexibility. Cross-border unit-linked life insurance is also an efficient wealth management vehicle and a versatile wealth structuring solution for international clients. Life insurance is an internationally recognised product which can be combined with other wealth ownership structures to achieve a highly effective wealth management strategy in terms of confidentiality, asset protection, tax planning and inheritance planning.

The following sections identify a number of the product features that make Private Wealth Portfolio an essential tool in your wealth management armoury and the specific benefits it can offer to your clients.

WHAT PRIVATE WEALTH PORTFOLIO OFFERS

Private Wealth Portfolio is a single premium life insurance contract that is invested in a portfolio of assets following the strategy or strategies selected by the Policyholder.

- › The Policyholder is the owner of the Policy, but not the underlying portfolio.
- › Each insurance policy is linked to a segregated underlying portfolio held by an independent Custodian.
- › The Policyholder can fully or partially Surrender at any time.
- › Beneficiaries can be changed at any point by the Policyholder (if they are not appointed on an irrevocable basis).
- › The Policyholder is entitled to recommend a portfolio manager as well as a Custodian bank (based in Portugal or elsewhere) for consideration for appointment to manage the assets on behalf of the insurer.

This type of life insurance avails of favourable tax treatment in Portugal and at the same time allows for efficient estate planning.

PRIVATE WEALTH PORTFOLIO IN PORTUGAL

Private Wealth Portfolio is regarded Instrumentode Captação de Aforro Estruturado ("ICAE") in Portugal. Income from an ICAE is subject to Personal Income Tax ("PIT") but taxation is postponed until Partial or Full Surrender.

As long as the Policy is not surrendered, there is no taxation on capital gains, and losses are offset internally within the policy portfolio, which is a significant advantage compared to the direct holding of other financial products for Portuguese taxpayers.

If a Full or Partial Surrender is made, the proportional capital gain is subject to PIT, with the following reductions (provided that Premiums paid in the course of the first half of the policy term are at least 35% of total Premiums):

YEARS LIFE POLICY IS HELD	TAX RATE	AMOUNT OF TAXABLE INCOME SUBJECT TO TAX	EFFECTIVE TAX RATE
FIVE YEARS OR LESS	28%	100%	28.0%
MORE THAN FIVE YEARS AND LESS THAN EIGHT	28%	80%	22.4%
MORE THEN EIGHT YEARS	28%	40%	11.2%

Life insurance premiums are excluded from Imposto do Selo ("Portuguese stamp duty") and Value Added Tax ("VAT"). No VAT is applied either on portfolio management or custody fees because the insurance company is based in Ireland.

Insurance premiums of any type are subject to a parafiscal charge of 0.048%, as set by the Autoridade de Supervisão de Seguros e Fundos de Pensões, or ("ASF").

Payments to beneficiaries of insurance policies are out of the scope of Portuguese stamp duty even for distant or non-existent degrees of kinship.

BENEFITS

BENEFITS FOR YOUR CLIENT

Tax advantages

Our solutions allow the Policyholder to enjoy the favourable treatment afforded to clients in certain jurisdictions when they adopt an insurance-based approach to wealth protection. Utmost PanEurope's offerings are issued by an Irish-based life assurance company and do not incur capital gains tax, corporation tax or income tax in Ireland on the investments held within the Policy.

Planning opportunities

Insurance solutions provide a highly versatile platform for effective financial and generational planning, including tax planning, wealth planning, and succession or inheritance planning opportunities.

Ring-fencing of client assets

Clients can enjoy peace of mind knowing that their assets are secure and backed up by the Irish regulatory regime, which offers one of the highest levels of asset and investor protection in Europe. Irish law, specifically Regulations 79 and 80 of the European Union (Insurance and Reinsurance) Regulations 2015 and Art 14 of the Insurance Act, 1989 as amended by S.I. 168/2003, requires life insurance companies to maintain a separate fund (the Life Assurance Fund) for their life assurance assets and to segregate it from the rest of the assets of the company.

Continuity

Clients' existing banking and investment relationships can continue without disruption within this structure if the recommended Asset Manager and/or Custodian is approved by Utmost PanEurope.

Investment Choice

Private Wealth Portfolio permits investment in a wide range of assets, including bonds, shares, investment funds, structured products and Complex Assets.

Options

Insurance is set up in a quick and simple way, compared to the complexity, timing and costs of other bespoke cross-border vehicles, such as SIFs, SICAVs, SPFs or trusts. Insurance policies can be pledged to obtain liquidity if for any reason the client does not want to Surrender it.

Privacy

As Private Wealth Portfolio is not a company, there is no public registry of board members, investments or personal data, as there is with a private life company or similar vehicle. Although insurance is subject to inclusion in the Portuguese Central Register of Life Policies¹, it can only be checked after the death of the insured person indicated in the Policy and only those with a legitimate interest have the right to request information.

Simplification of reporting requirements

Detailed tax reporting of each interest, dividend or capital gain realised is no longer required as the whole investment portfolio is wrapped in a single position with gross roll-up of gains for tax purposes. Investment losses are also offset inside the Policy thus optimising taxation. The insurance company takes care of including the Policy in the Portuguese Central Register of Life Policies.

¹ 'Registo central de contratos de seguro de vida, de acidentes pessoais e de operações de capitalização com beneficiários em caso de morte do segurado ou do subscritor' established by Decreto-Lei n.º 384/2007, of 19th November. A guarantee that all policies are paid to beneficiaries.



UTMOST WEALTH SOLUTIONS
A TRUSTED PARTNER

THE IRISH ADVANTAGE

Selecting your client's life insurance provider is an important decision. Choosing a provider from Ireland allows you to make that decision with confidence.

As Utmost PanEurope is located in Ireland, there are many associated advantages for our partners and their clients. Irish regulations are governed by EU insurance directives and provide maximum Policyholder protection in an optimal tax environment. And, while Ireland offers similar advantages for insurance Policyholders as other jurisdictions, it excels in the areas of asset protection, investment flexibility and provides a confidential and tax efficient environment for life insurance policies.

Life companies are highly regulated entities in Ireland, and the Central Bank of Ireland (the Irish Regulator) is not only responsible for the regulation of all financial services organisations but it also plays an important role in the protection of those that hold their assets with such firms.

INDUSTRY

Experience¹

Ireland is one of the largest cross-border life insurance centres in Europe, and the fourth-largest provider of wholesale financial services in the European Union. Ireland's established presence as a global hub for the international insurance industry is due to a combination of factors including its knowledgeable and experienced workforce. Insurance alone, directly and indirectly, employs approximately 28,000 people.

Scale

Over the past two decades, Ireland has emerged as one of the leading cross border life assurance jurisdictions. In 2019 (the last year for which figures are available), Irish cross border life assurance carriers generated in excess of €15.5bn in new single premium income, 90% of which is unit-linked business. Irish life insurance accounts for over €131bn in assets under management².

The Irish-cross border sector now writes business into more than 110 countries with more than 25 million customers³.

GOVERNANCE

Regulations

Ireland has an excellent record with no insolvencies of authorised life insurers.

Ireland is an EU member and the regulatory system is fully in line with requirements.

Irish life insurers must name a Head of Actuarial Function who independently certifies the technical provisions of the company and independently reports any material risk to the Central Bank of Ireland. Those actuarial certifications are subject to further formal peer review.

Obligations

Technical provisions that match the total value of all Policyholder liabilities must be maintained by life insurance companies.

External auditors must report to the Central Bank of Ireland and include any breach of requirements or risk that may affect an insurer's ability to meet its obligations.

Life insurers are required to comply with the capital requirements introduced under the Solvency II Directive in 2016.

¹ Insurance Ireland | Ireland for Insurance | October 2018 II Jurisdiction Brochure v6.2.2aw digital 2018.pdf

² Insurance Ireland Factfile 2021.

³ Insurance Ireland publication 14 February 2019. (www.insuranceireland.eu/news-and-publications/importance-of-cross-border-insurance-forcustomers-and-the-economy-emphasised-at-insurance-ireland-board-meeting-with-eiopa-chairman-gabriel-bernardino).

FOCUS ON VAT

THE VAT SAVING ADVANTAGE OFFERED BY IRISH-BASED INSURERS

In unit-linked life insurance, the asset manager and the Custodian bank invoice their commissions directly to the insurance company.

According to the VAT rules, the 'place of supply of service' among professionals is the country in which the insurance company is based, that is, Ireland or Luxembourg, irrespectively of the country of the provider (asset manager or custodian).

In Ireland all management, advice, custody and administration fees are **exempt from VAT**.

On the contrary, in Luxembourg, insurance companies must deduct VAT, at 16%¹ on management fees and 13%¹ on custody fees, billed by the investment manager and the Custodian. VAT is therefore charged to the policy account.

This represents an additional cost of the vehicle for the end-client simply by choosing an insurer domiciled in Luxembourg.

PROTECTION

Central Bank of Ireland

The Central Bank of Ireland has powers to intervene in cases of doubtful solvency, deteriorating financial condition or in circumstances where a customer suffers loss or damage as a result of the product features.

Central Bank of Ireland approval is required for key role holders such as the Head of Actuarial Function and Head of Compliance in life insurance companies.

Asset segregation

All policy assets held by a life insurer must be placed in a segregated life insurance fund. These fund assets can only be used to pay Policyholder benefits.

In the unlikely event of insolvency, once the costs of liquidation have been met, Policyholder claims have absolute priority over all other claims on the fund assets.

TAX BENEFITS

Gross roll-up

The underlying investments of the policy grow tax free until there is a chargeable event.

Discretionary Fund Management (DFM) fees

VAT is not charged on DFM fees unlike in some other jurisdictions where VAT may be applicable to such fees.

Irish taxation

No Irish withholding tax on either the policy premiums paid or any gains made by non-Irish residents.

Ireland currently has 73 double taxation agreements in force which may be used for reduced rates or reclaiming withholding tax on dividends.

¹ Luxembourg VAT rates correct at 1 January 2023, but are subject to change.

ALL THE SUPPORT YOU NEED

We believe in creating positive working relationships based on a close partnership between your business and ours. Utmost PanEurope offers our partners its wealth of knowledge and experience in all aspects of our working relationship. We work with highly skilled sales professionals who operate at a local level to provide the right solution to match your clients' insurance needs.

Bespoke customer service

Based in Ireland, our Corporate Customer Services team are there to attend to all that is needed to establish and manage your client's policy. We have native speaking staff on hand to provide our partners with a highly personalised day-to-day service in their local language.

Solid partner relations

Our Partner Oversight team will assist you through our product oversight and governance programme which has been designed to ensure compliance with EU customer protection and insurance distribution regulations.

A truly personal service

Utmost PanEurope has experienced sales professionals in each territory who develop local relationships with our partners. Our sales teams can not only assist with product training and the technical aspects of Private Wealth Portfolio but they can also help client relationship managers to identify applications for insurance solutions in the financial planning process. Our sales support team are also available from the initial on boarding of new partners through to the management of the ongoing relationship.

Technical expertise





Our technical team is comprised of experienced lawyers and specialists who offer unrivalled expertise in the areas of product development, legal, regulatory, fiscal and trust law support.



This document has been prepared in accordance with our understanding of relevant laws and fiscal legislation as at April 2023. These laws and fiscal legislation may be set aside, updated, re-enacted or replaced from time to time. The document does not constitute tax or legal advice and we accept no responsibility for, any action or failure to act based on its content.

CONTACT US

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Telephone calls may be recorded.

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WEALTH SOLUTIONS

This information does not exempt the consultation of the pre-contractual and contractual information required by law.

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Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

Utmost PanEurope dac (Regd. No. 311420) is regulated by the Central Bank of Ireland. Its registered office is Navan Business Park, Athlumney, Navan, Co. Meath C15 CCW8, Ireland.

Utmost PanEurope dac is a Category A Insurance Permit holder with the Jersey Financial Services Commission.

Utmost Wealth Solutions is registered in Ireland as a business name of Utmost PanEurope dac.

Utmost PanEurope dac is duly registered for the pursuit of the life insurance business in Portugal on a freedom to provide services basis, and is duly registered for such purposes with the Portuguese Insurance Supervisory Authority (Autoridade de Supervisão de Seguros e Fundos de Pensões or 'ASF') under the number 4693.

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