

# Quilter



## WealthSelect Managed Portfolio Service

*Due diligence made easy*

*For financial advisers only*



# Due diligence made easy

*We know that choosing an investment service and creating a due diligence report to evidence its suitability can seem like a complex and time-consuming task.*

To make things as easy as possible for you, this document gives you instant access to the information we're frequently asked for by financial advisers when they are conducting due diligence on the WealthSelect Managed Portfolio Service.

We have outlined the key areas that we think you should take into account when considering the suitability of the WealthSelect Managed Portfolio Service for your clients.

These areas are:

- Organisation details
- Investment service
- Investment process
- Functionality
- Risk management and monitoring
- Suitability and target market
- Charges
- Accessibility

## *Two ways to use this document:*

- Save it for your records in its current form
- Copy and paste the relevant information into your own reports.

## 1. Organisation details

### 1.1 Background

#### 1.1.1 Quilter

The WealthSelect Managed Portfolio Service is provided by Quilter Investment Platform Limited and Quilter Life & Pensions Limited. Registered office: Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB.

Quilter is the trading name of Quilter Investment Platform Limited, which also provides an Individual Savings Account (ISA), Junior ISA (JISA), and Collective Investment Account (CIA), and Quilter Life & Pensions Limited, which also provides a Collective Retirement Account (CRA) and a Collective Investment Bond (CIB).

Quilter Investment Platform Limited and Quilter Life & Pensions Limited are registered in England and Wales under numbers 1680071 and 4163431 respectively.

Quilter Investment Platform Limited is authorised and regulated by the Financial Conduct Authority (FCA) under number 165359. Quilter Life & Pensions Limited is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) under number 207977 and the Prudential Regulation Authority (PRA).

Quilter Investment Platform Limited and Quilter Life & Pensions Limited are part of Quilter plc, a leading UK-focused wealth manager, providing advice-led investment solutions and investment platform services.

Quilter enables you to deliver the very best service to your clients and their families, to help them achieve their financial goals. We offer a comprehensive range of products and investments through our award-winning online investment platform, which is known for its intuitive user experience that makes online processes quick and easy.

For further information on the Quilter platform, please see the '*Due diligence made easy*' document.

#### 1.1.2 Quilter Investors Limited

Quilter Investors Limited is the Authorised Corporate Director (ACD) for all of the Quilter Investors sub-advised funds managed by our WealthSelect global partners and is obliged to ensure the managers appointed to run the funds are suitable individuals and capable of being able to deliver to the funds' objectives. This oversight includes:

- monitoring the sub-advised funds to ensure the manager adheres to the guidelines within the mandate and is aligned to the originally intended design
- ensuring receipt of annual due diligence questionnaires from each sub-advised fund group
- measuring sub-advised fund performance against mandate targets on a quarterly basis
- producing an annual assessment of value report for the Quilter Investors sub-advised funds and taking action where a fund is not providing value.

Quilter Investors is a trading name of Quilter Investors Limited. Quilter Investors Limited is registered in England and Wales under number 04227837. Registered office: Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB.

Quilter Investors Limited is authorised and regulated by the Financial Conduct Authority (FCA) under number 208543.

## 1.2 Portfolio management team

### 1.2.1 Portfolio managers

#### **Stuart Clark**

Stuart has been the portfolio manager of the Quilter WealthSelect Managed Portfolio Service since its launch in February 2014. Stuart joined Quilter Investors in 2013 and has more than 20 years of experience in fund research and portfolio management at organisations including UBS Wealth Management and Julius Baer.

Stuart is a CFA charterholder and has a degree in accounting and finance from the University of Kent.

#### **Helen Bradshaw**

Helen is a portfolio manager of the Quilter WealthSelect Managed Portfolio Service and Quilter Investors Monthly Income Portfolios. Helen joined Quilter Investors in January 2019, having spent 15 years at Janus Henderson Investors. Whilst at Janus Henderson she ran several multi-asset strategies, with a particular focus on multi-asset income.

Helen holds the CFA ESG certificate. Helen has a degree in law from Exeter University and has completed the LPC at the University of Law, Guildford.

#### **Bethan Dixon**

Bethan is a portfolio manager of the Quilter WealthSelect Managed Portfolio Service. Bethan's role also involves being an ESG specialist and supporting the integration of ESG factors into the investment process. Bethan joined Quilter Investors in June 2019 from Pymat International, where she spent almost five years working as an equity analyst.

Bethan is a CFA charterholder and also holds the CFA Certificate in ESG Investing and the CFA Certificate in Climate & Investing. She has a degree in natural science, with a major in physics, from the University of Bath.

### 1.2.2 Senior Managers and Certification Regime (SM&CR)

The portfolio managers hold a client dealing function under the FCA's Senior Managers and Certification Regime to enable them to undertake the management of the portfolios.

## 2. Investment service

### 2.1 WealthSelect Managed Portfolio Service

The WealthSelect Managed Portfolio Service provides a convenient and complete investment solution that enables you to outsource the asset allocation, manager selection, and day-to-day running of your clients' portfolios all for a very competitive cost.

We have designed 56 different portfolios within the WealthSelect Managed Portfolio Service that enable you, within one investment solution, to select a portfolio which aligns with your clients' preferences today, while having the flexibility to adapt in the future.

WealthSelect Managed Portfolios	WealthSelect Responsible Portfolios	WealthSelect Sustainable Portfolios
WealthSelect Managed Active 3	WealthSelect Responsible Active 3	WealthSelect Sustainable Active 3
WealthSelect Managed Active 4	WealthSelect Responsible Active 4	WealthSelect Sustainable Active 4
WealthSelect Managed Active 5	WealthSelect Responsible Active 5	WealthSelect Sustainable Active 5
WealthSelect Managed Active 6	WealthSelect Responsible Active 6	WealthSelect Sustainable Active 6
WealthSelect Managed Active 7	WealthSelect Responsible Active 7	WealthSelect Sustainable Active 7
WealthSelect Managed Active 8	WealthSelect Responsible Active 8	WealthSelect Sustainable Active 8
WealthSelect Managed Active 9	WealthSelect Responsible Active 9	WealthSelect Sustainable Active 9
WealthSelect Managed Active 10	WealthSelect Responsible Active 10	WealthSelect Sustainable Active 10
WealthSelect Managed Blend 3	WealthSelect Responsible Blend 3	
WealthSelect Managed Blend 4	WealthSelect Responsible Blend 4	
WealthSelect Managed Blend 5	WealthSelect Responsible Blend 5	
WealthSelect Managed Blend 6	WealthSelect Responsible Blend 6	
WealthSelect Managed Blend 7	WealthSelect Responsible Blend 7	
WealthSelect Managed Blend 8	WealthSelect Responsible Blend 8	
WealthSelect Managed Blend 9	WealthSelect Responsible Blend 9	
WealthSelect Managed Blend 10	WealthSelect Responsible Blend 10	
WealthSelect Managed Passive 3	WealthSelect Responsible Passive 3	
WealthSelect Managed Passive 4	WealthSelect Responsible Passive 4	
WealthSelect Managed Passive 5	WealthSelect Responsible Passive 5	
WealthSelect Managed Passive 6	WealthSelect Responsible Passive 6	
WealthSelect Managed Passive 7	WealthSelect Responsible Passive 7	
WealthSelect Managed Passive 8	WealthSelect Responsible Passive 8	
WealthSelect Managed Passive 9	WealthSelect Responsible Passive 9	
WealthSelect Managed Passive 10	WealthSelect Responsible Passive 10	

You can select a portfolio based on a range of preferences including appetite for risk, investment style, and views on responsible investing:

### 2.1.1 WealthSelect Managed Portfolios

- Eight risk levels that target a specific range of volatility.
- Choice of active, blend, or passive investment management.

#### Investment objective

The WealthSelect Managed Portfolios aim to achieve long-term capital growth over a period of 5 years or more through a diversified range of investments in the UK and globally.

The portfolios are matched to a risk profile which targets a specific range of the expected annualised volatility of global equities over the next 10 years and is managed to stay within this range most of the time.

### 2.1.2 WealthSelect Responsible Portfolios

- Eight risk levels that target a specific range of volatility.
- Choice of active, blend, or passive investment management.
- Aim to manage the environmental, social and governance ('ESG') risk of the portfolio and maintain a smaller carbon footprint than the Reference Index.
- Invest in funds that identified as leaders in the integration and management of ESG factors.
- At least 50% of the portfolio's assets will be in funds that pursue explicit environmental and/or social targets or characteristics as part of their investment process.

#### Investment objective

The WealthSelect Responsible Portfolios aim to achieve capital growth over a period of 5 years or more, while managing the Environmental, Social and Governance ('ESG') risk of the portfolio and maintaining a smaller carbon footprint than the Reference Index.

The portfolios will have exposure to a diversified range of investments in the UK and globally by investing in funds that we identify as leaders in the integration and management of ESG factors. In addition to meeting these criteria, at least 50% of a portfolio's assets will be in funds that pursue explicit environmental and/or social targets or characteristics as part of their investment process.

The portfolios are matched to a risk profile which targets a specific range of the expected annualised volatility of global equities over the next 10 years and is managed to stay within this range most of the time.

### 2.1.3 WealthSelect Sustainable Portfolios

- Eight risk levels that target a specific range of volatility.
- Active investment management.
- Seek to support sustainable solutions to environmental and social challenges.
- Aim to manage the environmental, social and governance ('ESG') risk of the portfolio and maintain a smaller carbon footprint than the Reference Index.
- Minimise exposure to unsustainable activities.
- Invest in funds that identified as leaders in the integration and management of ESG factors, and target sustainable outcomes.

#### Investment objective

The WealthSelect Sustainable Portfolios aim to achieve capital growth over a period of 5 years or more, whilst seeking to support sustainable solutions to environmental and social challenges that help to achieve the objectives of the UN Sustainable Development Goals. The Environmental, Social and Governance ("ESG") risks of the portfolios will be managed and exposure to unsustainable activities minimised while maintaining a smaller carbon footprint than the Reference Index.

The portfolios will have exposure to a diversified range of investments in the UK and globally and will invest a substantial portion of its assets in funds that target a broad range of sustainable outcomes, and which are leaders in the integration and management of ESG factors, with exceptions where necessary to achieve an appropriately diversified portfolio.

The portfolios are matched to a risk profile which targets a specific range of the expected annualised volatility of global equities over the next 10 years and is managed to stay within this range most of the time.

### **3. Investment process**

There are five key stages of the investment process, each of which is overseen by various governance and controls processes:

- Strategic asset allocation
- Tactical asset allocation
- Manager selection
- Investment selection
- Performance measurement

#### **3.1 Strategic asset allocation (SAA)**

The SAA for the Responsible and Sustainable portfolios also incorporate carbon data, helping the portfolio management team to deliver on this part of the solution's objective.

The SAA provides a starting point for the portfolio management team to build and manage the portfolios. The SAA also acts as a baseline against which to measure tactical asset allocation positioning. The SAA allocations should deliver good returns over the medium term, whilst also achieving the objectives of the portfolios (for example, to target a specific range of volatility). The SAA is regularly reviewed to ensure good customer outcomes.

#### **3.2 Tactical asset allocation (TAA)**

Tactical positions are at the discretion of the portfolio management team to enable them to deviate from the asset allocation of the SAA to capture returns or mitigate losses. They can alter the overall risk exposure of a portfolio within the risk band or alter exposure to certain asset classes, regions, and investment styles.

The factors that will be considered when making TAA decisions include the relative attractiveness of a range of asset classes based on analysis of valuations, technical, and fundamentals alongside the economic outlook and geopolitical environment. There may also be consideration of additional factors in the TAA including, but not limited to, ESG risk, carbon footprint, and other features of sustainable themes.

We do not apply the TAA views to the WealthSelect Managed Passive or WealthSelect Responsible Passive Portfolios.

#### **3.3 Manager selection**

The research hub was launched in late 2022 to enhance our fund manager research capabilities. The hub is formed of three teams:

- Manager research
- Operational due diligence
- Responsible investment

The responsible investment team works in conjunction with the manager research and operational due diligence teams to integrate ESG factors and stewardship practices into the investment and operational due diligence processes.

### 3.3.1 Manager research

Our dedicated manager research team is responsible for identifying and researching the strategies from our WealthSelect global partners.

When validating and assessing current managers and screening for new ones, the team of six analysts focuses on in-depth quantitative and qualitative research using a range of analytical applications, proprietary tools, and technical models.

The manager research team also conducts regular meetings with all of our existing managers to ensure the initial rationale for holding the investment still stands.

### 3.3.2 Operational due diligence

After the manager research team has identified a potential strategy, operational due diligence is undertaken to assess the asset manager's financial stability and operational resilience including their investment and operational processes, systems, and resources.

This assessment is completed by our operational due diligence team to determine the suitability of the investment managers identified by our manager research team.

The operational due diligence team aims to identify and mitigate operational risk before and after investment.

This in-depth analysis is broken down into a number of component parts, including:

- Organisational structure and governance
- Reputation
- Responsible investment
- Operations and technology
- Compliance and audit
- Human resources
- Fund structure

### 3.3.3 Responsible investment

At Quilter, we invest, advise, and act responsibly, seamlessly integrating responsible investment principles into our processes and practices.

On behalf of your clients, we assess both the risks, and for certain investments, the opportunities, and outcomes. From a risk perspective we assess the investments we make by a range of environmental, social, and governance (ESG) factors.

We aim to provide you with multi-asset investment solutions that meet the unique needs and preferences of your clients.

We believe the integration of (ESG) factors into our investment process is the first step we need to take to successfully implement our responsible investment principles. We do this through our responsible investment tier framework.

Our responsible investment tier framework starts at the research stage where we undertake a rigorous investment due diligence process, applying both quantitative and qualitative analysis, to assign each fund to a responsible investment tier. The process focuses on the '4Ps' (philosophy, process, people, and portfolio).

We continually source and maintain data and information which is vital to ensure you and your clients are kept up to date about your investments.

The information and data we maintain is also crucial for the ongoing management of our investment solutions, as well as identifying priorities relating to our thematic priorities: climate change, human rights, and natural capital. It also ensures we can knowledgeably engage with managers as part of our commitment to good stewardship.

Our responsible investment approach is overseen by a strong internal governance framework that supports Quilter's sustainability commitments.



### 3.3.3.1 Voting

We invest through funds rather than directly, and therefore, our voting action relates to the external managers. We expect our sub-advised managers to vote at all AGMs (and on all resolutions) of the companies held in our funds.

## 3.4 Investment selection

Investment selection brings together the three initial stages of the investment process: SAA, TAA, and manager selection. The portfolio management team has full discretion to blend asset classes and underlying exposures to construct the final portfolio. However, the portfolio management team must ensure that the final portfolio meets the portfolio's objective and is in line with our internal risk controls.

### 3.4.1 Sub-advised mandates

The portfolios may invest in Quilter Investors sub-advised funds and directly in funds managed by other fund groups. The portfolio manager has sole discretion over manager selection and allocation to each fund. The sub-advised mandates are primarily used within our Managed Portfolios.

The sub-advised funds are specifically designed to provide the portfolios with exposure to high-quality managers and strategies. This approach can offer many benefits and advantages to you and your clients.

#### Enhanced control

The investment adviser typically runs the sub-advised mandate in a similar way to their main retail fund. However, the sub-advised mandate allows us to refine the investment strategy to reflect a desired customer objective. For example, we can choose where the fund invests, its exposure to unlisted stocks, or where it sits on the market-cap spectrum.

We can also choose if we want the fund to be subject to currency risk. When we make international equity investments, we take the currency risk too, assessing this as part of the decision-making process. When we make international bond or alternatives investments, we typically invest in hedged share classes.

#### Greater transparency

Sub-advised mandates offer us real-time access to the underlying holdings, providing sight of every individual trade and deal placed. We can easily understand any risks and ensure the investment adviser is running the strategy in the way we would expect.

This enhanced visibility also allows better insight for our portfolio managers and enhanced reporting for your clients.

#### Increased flexibility

We select each investment adviser with a long-term view, but the flexibility provided by a sub-advised mandate can be very beneficial to you and your clients.

If we want to change an investment adviser, the flexibility of the sub-advised mandate means this can be managed far more efficiently than a standard switch from one fund to another.

### 3.4.2 Responsible investment tier framework

We use our responsible investment tier framework in the selection and monitoring of our investments with respect to environmental, social, and governance (ESG) factors.

#### 3.4.2.1 Tier 1 funds

These are the basic expectations for any fund that we invest in.

We expect the firm to have an ESG/responsible investment (RI) policy, or be a signatory to the Principles of Responsible Investment (PRI), or be a signatory to the Financial Reporting Council's (FRC) UK Stewardship Code (or equivalent).

In addition, the manager should have access to material ESG risk data and any actively managed funds should not invest in companies involved in the manufacture of cluster munitions and anti-personnel mines.

Please note, the rules-based methodologies of passive funds may mean that some passive funds in this tier may have some exposure to companies involved in the manufacture of cluster munitions and anti-personnel mines.

#### **3.4.2.2 Tier 2 funds (leading ESG integration)**

The Responsible Portfolios invest in funds that we identify as tier 2 funds (leading ESG integration).

We undertake a rigorous investment due diligence process, applying both quantitative and qualitative analysis. The process focuses on the '4Ps' (philosophy, process, people, and portfolio).

For a fund to be classified as a tier 2 fund it must meet the tier 1 criteria and:

##### **Philosophy**

- Have ESG integration as a core part of the investment philosophy.

##### **Process**

- Have ESG considerations systematically integrated throughout the investment process.
- Evidence strong active ownership.
- Provide case study examples to show systematic integration of ESG factors in their investment decision process.
- Monitor ESG risks and opportunities as part of the risk management process.

##### **People**

- Have a portfolio management team with credibility in an RI/ESG field as evidence of ESG expertise and ongoing development in the team.
- Have a portfolio management team who can still demonstrate sound understanding even if there is a specialist RI/ESG team undertaking research and/or providing support.

##### **Portfolio**

- Demonstrate a well-controlled level of ESG risks or a good rationale for higher risk.
- Clearly articulate their approach to controversial and unsustainable areas.

Where the availability of funds that are leaders in ESG integration is limited in an asset class, and exposure is required to achieve a diversified portfolio, the Responsible Portfolios may invest in funds that are not leaders in ESG integration and are not classed as tier 2 funds.

Please note, due to the rules-based methodologies of passive ESG funds, the analysis of passive ESG funds is focused on the index construction, index rebalancing, and active ownership.

#### **3.4.2.3 Tier 3 funds (sustainable outcomes)**

The Sustainable Portfolios invest in funds that we identify as tier 3 funds (sustainable outcomes).

We undertake a rigorous investment research process to identify funds that are leaders in the integration and management of ESG factors. We then undertake a further sustainable outcomes assessment to help us identify the funds that target sustainable outcomes.

For a fund to be classified as a tier 3 fund it must meet the tier 2 criteria and:

- systematically integrate relevant ESG factors into the investment process

- ensure material ESG issues and risks are identified, assessed, and are a formal part of the overall investment process
- meet tier 2 expectations and then demonstrate additional focus on sustainable outcomes
- intentionally invest to be sustainable and demonstrate the outcomes of investments from a sustainable perspective
- employ an exclusionary framework and align it, where possible, to the unsustainable areas we exclude and avoid
- invest in line with the UN Global Compact Principles and monitor regularly to ensure compliance
- be transparent on their holdings and their interactions/alignment and reporting
- demonstrate active stewardship that is meaningful and aligned with best practice.

Where the availability of funds that target sustainable outcomes is limited in an asset class, and exposure is required to achieve a diversified portfolio, the Sustainable Portfolios may invest in funds that do not target sustainable outcomes and are not classed as tier 3 funds.

### 3.4.3 Liquidity

The portfolios are highly liquid and consist of daily dealing collective investments. The liquidity of the portfolios is monitored by the independent investment risk team.

## 3.5 Performance measurement

### 3.5.1 Benchmarks

The portfolios do not have benchmarks. All our portfolios aim to provide capital growth with a specific level of risk, measured as volatility, on an ongoing basis. We believe a risk-targeted approach gives clients a much clearer idea of what your client can expect from their investments than the risk-rated approach adopted by many of our competitors, which tends to select funds by assessing their risk based on past performance and so gives investors little certainty that this level of risk is going to remain in the future.

### 3.5.2 Performance comparators

For each portfolio, we provide a performance comparator against which we invite investors to compare the portfolio's performance:

Risk level 3: IA Mixed Investment 0-35% Shares

Risk level 4: IA Mixed Investment 20-60% Shares

Risk level 5: IA Mixed Investment 20-60% Shares

Risk level 6: IA Mixed Investment 40-85% Shares

Risk level 7: IA Mixed Investment 40-85% Shares

Risk level 8: IA Flexible Investment

Risk level 9: IA Flexible Investment

Risk level 10: IA Global

**Managed Portfolios:** The IA sector is representative of funds with exposure to a broad mix of asset types. The portfolio's allocations to these asset types may be different to the average sector allocation and therefore the performance of the portfolio and the comparator may differ.

**Responsible Portfolios:** The IA sector is representative of funds with exposure to a broad mix of asset types. The portfolio's allocations to these asset types are likely to be different to the average sector allocation and therefore the performance of the portfolio and the comparator may differ significantly.

Sustainable Portfolios: The IA sector is representative of funds with exposure to a broad mix of asset types. The portfolio's allocations to these asset types will be different to the average sector allocation and therefore the performance of the portfolio and the comparator may differ substantially. This is due to the positive and negative screenings applied to the funds in which the Sustainable Portfolios will invest.

### **3.5.3 Reference index**

In our responsible investment reporting, we show the same metrics for the MSCI All Country World Index (MSCI ACWI) as we do for the portfolios. The MSCI ACWI is a market index that includes a wide range of global companies, so is an appropriate reference point for the portfolios.

## *4. Functionality*

### **4.1 Rebalancing**

#### **4.1.1 Frequency**

All the portfolios are rebalanced quarterly. However, the portfolio management team has full discretion to rebalance whenever they deem necessary.

#### **4.1.2 Portfolio drift**

Intra-quarter the portfolios will be allowed to drift from the model portfolio in line with the performance of the underlying holdings. The drift will be closely monitored by the portfolio managers and investment team, and if it is prudent to rebalance the portfolios back to target then they will do so if the market conditions are right. In normal market conditions turnover of the portfolio will be low.

## *5. Risk management and monitoring*

### **5.1 Investment oversight**

The investment risk team supports the portfolio managers to ensure that each portfolio's market risk is appropriate to its purpose and strategy by reporting on the associated risks, liquidity, attribution, stress, and holdings.

Every day the team reviews all the portfolios for adherence to risk limits and undertakes a fuller risk analysis each month. Any breaches are investigated and the team highlights issues to the portfolio management team and works with them to agree appropriate mitigation.

The head of investment risk reports to the Quilter Investment Oversight Committee on a quarterly basis, confirming all investment risk limits have been monitored. Details of any breaches are supplied along with details of the corrective action taken. The head of investment risk is responsible for the oversight of investment risk and the risk management policy.

### **5.2 Governance**

The governance meetings supporting the investment process are described below. The formal meetings support the chair in their decision-making, while providing mitigation for the key conflicts of interest that could arise because of our organisational and product structures.

#### **5.2.1 Quilter board**

The Quilter board carries ultimate responsibility for the governance of the Managed Portfolio Service as well as the sub-advised funds. The board meets quarterly, with several ad hoc meetings or calls throughout the year.

### 5.2.2 Quilter Investment Oversight Committee

The Quilter Investment Oversight Committee (IOC) meets quarterly to provide independent oversight of portfolio management activities with the aim of ensuring that investors are provided with products that perform as expected.

The members are independent non-executive directors who are supported by the chief executive officer, chief investment officer, chief risk officer, and risk director. The IOC reports to the Quilter board.

### 5.2.3 Affluent Investment Committee

The Affluent Investment Committee (AIC) meets monthly and assists the chief investment officer in the oversight, challenge, and monitoring of portfolio management activities, including:

- Investment performance
- Investment process
- Investment risk and management control
- Responsible investment
- Assessment of value (performance only)
- Trade management

### 5.2.4 Sub-advised Fund Forum

The primary responsibility of the Sub-advised Fund Forum is to provide independent oversight of the investment advisers of the sub-advised funds and the activities they perform by:

- providing a reporting platform for each business area responsible for sub-adviser and/or sub-advised fund oversight
- creating a holistic overview of the sub-advised funds
- avoiding potential foreseeable harm to customers by recommending replacement of a sub-adviser
- approving new or replacement sub-advised managers.

The Sub-advised Fund Forum meets quarterly and is chaired by the head of strategic partnerships, who provides a quarterly update to the AIC and a written summary of matters discussed to the IOC. Escalations can also be made to the Quilter Investors Product and Customer Forum.

### 5.2.5 Quilter Investors Product and Customer Forum

The Quilter Investors Product and Customer Forum meets monthly and is chaired by the commercial proposition director. The forum receives escalations from the AIC on product-related matters. The forum's responsibilities are to:

- set and review appropriate product and customer strategies
- provide oversight of new and existing products
- provide oversight of good customer outcomes.

The Quilter Investors Product and Customer Forum can escalate concerns to the Quilter Investors Board via the Quilter Investors Management Committee.

## 6. *Suitability and target market*

### 6.1 Suitability

The FCA Thematic Review TR 15/12 (Wealth management firms and private banks: Suitability of investment portfolios) confirms that firms providing discretionary and advisory portfolio management services to retail customers must ensure that they can demonstrate that their customer portfolios are suitable.

The WealthSelect Managed Portfolio Service is designed with client suitability at its core. This is evidenced through:

- **clear and unambiguous objectives:** we offer risk-targeted solutions that can be closely matched to individuals' risk profiles on an ongoing basis. A risk-targeted approach gives investors much greater clarity from the outset about the kind of investment journey they can expect, as compared to a risk-rated approach, which uses past performance to assess fund risk, giving the investor little certainty that this level of risk is going to remain the same in the future
- **value for money:** we offer a fully outsourced, actively managed solution at a very competitive rate. Our size and scale gives us significant buying power in the market and by working with a limited number of leading fund groups, we have been able to drive costs down even further for our clients without compromising quality. Our ability to access managers through sub-advised mandates enables us to deliver high-quality solutions that offer outstanding value for money
- **compatibility risk-profiling process:** the portfolios have been mapped to major risk-profiling tools including Defaqto, Dynamic Planner, Synaptic Risk, Finametria, eValue, and Oxford Risk.

### 6.2 Target market

For information about the target market for our WealthSelect Managed Portfolio Service, please see our '[Target market information guide](#)'.

## 7. *Charges*

### 7.1 Fees and other costs

#### 7.1.1 Managed Portfolio Service charge

The WealthSelect Managed Portfolio Service charge is the amount charged annually by Quilter for running the portfolios. We will deduct the charge monthly. The charge is expressed as a percentage of the investment held within the WealthSelect Managed Portfolio Service.

The WealthSelect Managed Portfolios have a charge of 0.15%.

The WealthSelect Responsible Portfolios and the WealthSelect Sustainable Portfolios have a charge of 0.20%.

#### 7.1.2 Weighted ongoing fund charge

For the latest WealthSelect Managed Portfolio Service information including costs and charges, please visit [www.quilter.com/investments/platform-funds/portfolio-construction/strategic-asset-allocations/standard-asset-allocations/wealthselect-portfolio-information/](http://www.quilter.com/investments/platform-funds/portfolio-construction/strategic-asset-allocations/standard-asset-allocations/wealthselect-portfolio-information/)

#### 7.1.3 Transaction fees

We do not levy a transaction charge for buying and selling funds. Customers may incur transaction costs, which are applied within the funds, when we buy or sell funds within the portfolios. The exact costs will vary by fund.

Purchase trades will be placed once all prices are received for the sell trades when rebalancing or changing funds in the portfolios.

## 8. *Accessibility*

The WealthSelect Managed Portfolios are available via Quilter's platform and other third-party platforms. Please contact your Quilter wealth management consultant for more information.

### 8.1 Minimum investment amount

If investing via Quilter's platform there is no minimum investment amount stipulated, please see the platform '*Due diligence made easy*' document for the minimum requirements for the platform and for the ISA, JISA, CIA, CIB, and CRA. For other third-party platforms this may vary, please contact them for more information.

### 8.2 Contractual agreement

The contractual agreement for the WealthSelect Managed Portfolio Service is between you and your client in the case of investments via other third-party platforms, and the ISA, JISA, and CIA via Quilter's platform.

The contractual arrangement is between Quilter Life & Pensions Limited and your client in the case of the CRA and CIB via Quilter's platform.

#### 8.2.1 Third-party platforms and ISA, JISA, and CIA via Quilter's platform – Agent as client

For investments via other third-party platforms, and the ISA, JISA, and CIA via Quilter's platform, the provider is Quilter Investment Platform Limited. The Managed Portfolio Service is set up on an 'agent as client' basis under 'COBS 2.4 – Agent as client and reliance on others'. This allows us to treat you as the client for the purpose of the WealthSelect Managed Portfolio Service. It works very well in a platform environment where we can run the specific model to the required mandate and do not need to have a direct relationship with your client. You manage the client relationship, the advice to use the WealthSelect Managed Portfolio Service, and the initial and ongoing suitability. It also enables you to offer the WealthSelect Managed Portfolio Service to your client without needing to hold discretionary permissions.

It is our view that this is the most appropriate model to run the service as it protects your relationship with your client:

- We issue communications to you and you can use your discretion to select which of these are appropriate to forward to your client.
- You are required to ensure ongoing suitability of the service for your client, which continues to demonstrate the value of your advice.

#### 8.2.2 CRA and CIB via Quilter's platform – Client contract

Quilter Life & Pensions Limited is an insurance firm and the WealthSelect Managed Portfolio Service is provided as an option within the Terms & Conditions of your client's insurance policy (CRA/CIB). This is their contract with us. One of the conditions of choosing this option is the client must have an adviser appointed while the service is in use.

This is because you must complete the suitability assessment, select the appropriate portfolio on behalf of your client, and also ensure the ongoing suitability for your client.

Please note that although this is different to the 'agent as client' basis operated by Quilter Investment Platform Limited, in practice the WealthSelect Managed Portfolio Service is managed in exactly the same way by Quilter Investment Platform Limited and Quilter Life & Pensions Limited, with both requiring ongoing advice and the assessment of suitability to be provided by you.

### 8.3 Regulatory protection

Your clients benefit from full regulatory protection in relation to the service and to their underlying fund holdings on the platform. However, there are some nuances of which you, and your clients, should be aware:

- Complaints about the suitability of the advice received would be handled as normal between your client and you, with the Financial Ombudsman Service available as normal.
- Complaints about the platform, products, or the way that instructions were processed would be handled in the normal way by the platform.
- Complaints about the WealthSelect Managed Portfolio Service and whether it has been appropriately run in line with its mandate, would be handled slightly differently depending on the products:
  - third-party platforms and ISA, JISA, and CIA via Quilter's platform – Complaints would need to be handled by you, who in turn could complain to Quilter Investment Platform Limited, as the product provider.
  - CRA and CIB via Quilter's platform – Complaints would be considered by Quilter Life & Pensions Limited, as the product provider, directly with the client.



## *Important information*

***Further information on the WealthSelect Managed Portfolio Service can be found at [quilter.com/wealthselect](https://quilter.com/wealthselect)***

***Past performance is not a guide to future performance and may not be repeated. Investment involves risk. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Because of this, an investor is not certain to make a profit on an investment and may lose money. Exchange rates may cause the value of overseas investments to rise or fall.***

## *quilter.com*

*Please be aware that calls and electronic communications may be recorded for monitoring, regulatory, and training purposes, and records are available for at least five years.*

*The WealthSelect Managed Portfolio Service is provided by Quilter Investment Platform Limited and Quilter Life & Pensions Limited. "Quilter" is the trading name of Quilter Investment Platform Limited (which also provides an Individual Savings Account (ISA), Junior ISA (JISA), and Collective Investment Account (CIA)) and Quilter Life & Pensions Limited (which also provides a Collective Retirement Account (CRA) and Collective Investment Bonds (CIB)).*

*Quilter Investment Platform Limited and Quilter Life & Pensions Limited are registered in England and Wales under numbers 1680071 and 4163431 respectively. Registered Office at Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB. Quilter Investment Platform Limited is authorised and regulated by the Financial Conduct Authority. Quilter Life & Pensions Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Their Financial Services register numbers are 165359 and 207977 respectively. VAT number 386 1301 59.*