

Assessment of Value

Positive Change

FOR YEAR ENDED 31 DECEMBER 2023



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SPECIALISTS IN INVESTMENT MANAGEMENT

Welcome to the Quilter Cheviot annual assessment of value report

We produce this report to provide both existing and potential clients with the results of our annual assessment of the value of our services and to provide insight into the activities we have completed during the period.

The report has been compiled in line with Quilter Cheviot's current understanding of the requirements set out by our industry regulator, the Financial Conduct Authority, and we have embraced the ideals it represents and the monitoring required to support our conclusions, as a permanent and ongoing part of our business culture.

It should be noted that this is the second year this report has been compiled in this way, and it is expected to develop and be enhanced over time.

Based on the assessment work conducted by Quilter Cheviot, the outcome of the assessment is that the Positive Change Service continues to offer our clients good value for money.



Andrew McGlone
Chief Executive

Discretionary Portfolio Service: Positive Change assessment of value basis.

Overview

This document seeks to demonstrate how the Positive Change Strategy provides value for a client based on our assessment against the 5 pillars we have chosen, and the methodology explained below.

The five key areas are based on the areas identified in the FCA Consumer Duty rules (PRIN rules) and to avoid being too subjective, most of the topics are items that can be measured. The report is produced internally, and has been subject to challenge by our Governance function, Executive Committee and by our Board which includes Non-Executive Directors.

Brand

It is our belief that the perception of value also extends to the client and their adviser's view on the strength and culture of the firm that they are dealing with. Quilter Cheviot's focus on providing exemplary personal service and our drive to build and preserve the wealth of clients has been more than 250 years in the making. We are proud that this continues today and is demonstrated in long-standing relationships with over 38,500 clients. Quilter Cheviot and our parent company continue to invest in our people, systems and infrastructure to provide services and products to meet our clients' requirements and meet the rules and expectations of our Regulators.



Our people

Clients can have confidence in the level of continuity, stability and expertise they receive. Clients and financial advisers have direct contact with a dedicated investment manager who is responsible for delivering the service and managing their portfolio. With 14 offices across the UK, Ireland, Jersey and Dubai, clients can meet their investment manager and their team at the office that is most convenient for them.

We pride ourselves on the expertise of our investment managers, who have an average of over 10 years service at Quilter Cheviot and 19 years in the financial sector. All undertake continual professional development to keep them abreast of changes in the investment world and in client care, including understanding vulnerability and inclusion.

Research is the cornerstone of our business. Our 20-strong research team work with our investment managers to provide access to investment insights and strategies globally. Our unbiased and impartial approach means the investment manager can build an investment portfolio that is tailored to the client's needs and can evolve with them.

Investment process

Responsible investment is built into our research and the management of portfolios. This includes consideration of ESG and stewardship factors in investment selection as well as active engagement with companies, including voting.

The service offers multi-asset portfolios, so all clients benefit from all the research conducted by the firm, whether this relates to asset allocation, stock, bond or fund selection.

Financial Strength

Our operational efficiency and processes are key to the smooth running of accounts and provide assurance that our custody arrangements are secure and clients' money is kept safe.

Quilter Cheviot is regulated by the FCA and is part of Quilter plc, a leading provider of financial advice, investments and wealth management with over £106.7 billion in client investments (as at 31 December 2023). This comes with financial strength and assurance to give confidence to our clients that Quilter Cheviot is equipped and manages to provide the service and investment outcomes that our clients expect.

About Positive Change

Positive Change is a strategy for clients who would like environmental, social and governance (ESG) considerations to be a key driver of investment selection, alongside long-term financial returns. This service offers the selection and ongoing management of investments to meet the needs and requirements of the clients, with the decision to make changes to the portfolio taken by the investment manager. Each client has a dedicated investment manager who can work with the client's financial adviser as required.

The service includes the investment management of the portfolio, suitability assessment of the investments, full portfolio reporting, payment of withdrawals from the portfolio or reinvestment of income, client meetings and custody of the assets.

Our investment process supports 3 main strategies at an asset allocation level and maintains a number of models per strategy. The client's portfolio is aligned to one of these models depending on their objectives, requirements and personal preferences.

Distribution strategy

The Positive Change Strategy is distributed through two key channels, either advised by a regulated financial adviser or directly to clients. Where an adviser is involved, aspects of the relationship management with the clients can be shared.

Quilter Cheviot facilitates initial and ongoing adviser charges and has controls in place to ensure that the levels of charges are reasonable.

The service is distributed in line with the target market www.quiltercheviot.com/target-market



The Assessment

The assessment is based around five main pillars:



Product and service design

- How Quilter Cheviot ensures that our products and services are designed and supported to meet the needs of the client including those with vulnerabilities.



Price and value - performance

- As part of the client outcome, we look at the performance of the portfolios against a cash return and the strategy benchmark as well as the expected maximum drawdown.



Price and value - cost

- The charges for the service and costs of the portfolio including the charges of any funds that are held.



Client understanding

- How we ensure that our documentation including our cost and charges reports are understood by the client and how we ensure that we meet the needs of vulnerable clients.



Client service and support

- An assessment of the service we offer, the timely delivery of reporting, the security of data, the quality of client contact, updates for suitability assessments and the interest paid on cash deposits.

The assessment is based over 30 different topics that can be measured to provide a summary of our standard or achievement. Each item is red-amber-green (RAG) rated leading to an overall assessment.

For the Positive Change, an important part of our assessment is the consideration of performance. Please note that this is based on the average return achieved for portfolios aligned to the strategies and is not an individual portfolio value assessment as there can be many reasons for divergence in performance and in the service provided.

What our ratings mean:



Provides good value: expected standard achieved



Provides good value: expected standard achieved but improvement needed



Does not provide good value: action needed to improve or change

Assessment of value - summary of our findings

Assessment of value - summary			
The Quilter Cheviot Discretionary service and the discretionary focused service provides value to clients who want their investments managed.			
Product and Service	How does Quilter Cheviot design and manage its propositions in the interest of the end-clients?	The firm's culture puts the client in the centre of the business. The investment managers, research team, operational team and governance of Quilter Cheviot are resourced and focused on providing a good outcome to the client. Positive Change offers a strategy for clients who would like ESG considerations to be a key driver of investment selection.	
Price and Value-Performance	How have client portfolios performed and how are they expected to perform?	<p>Clients experienced a positive return on their investment portfolio in line with the indicative outcome illustrated in the marketing material. Since inception of the Positive Change strategies all have exceeded the return on cash. Where the portfolio performance is assessed against comparable services by an external agency, Quilter Cheviot is in line with peers over a 5-year period.*</p> <p>*The Positive Change strategies have a higher volatility than the core DPS strategies, therefore may not perform in-line with compared services every 5-year period.</p>	
Price and Value-Costs	What is the cost of the service?	The expected and actual cost of the Positive Change strategies are within a range that is modelled to provide a positive investment return net of costs over the investment cycle. There are no changes anticipated to Quilter Cheviot charges.	
Client Understanding	Does the information provided help the client to understand the service and their portfolio?	Our biennial client survey gained client feedback and confirmation of their understanding of the information we publish. In the 2023 survey the client experience results, and overall satisfaction were high; and in response to client feedback, we produced a guide to investment reports to help clients gain an understanding of each page of our quarterly reports. Information documents including cost and charges reports are provided on time. We have mature processes in place to support vulnerable clients and have implemented changes to our website to improve access and understanding.	
Client Service and Support	Have clients received an appropriate level of client service (and do we expect to provide good service in the future)?	The service offered to clients has been delivered to the expected standard. When benchmarked against our peer group, the client survey indicated that our service levels are above average.	

A more detailed breakdown of our Assessment of Value is available on request from your investment manager or Business Development Manager.



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Disclaimer

Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is no guarantee of future returns.
You may not recover what you invest.

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QC00621 (07/2024)