



QUILTER CHEVIOT

Assessment of Value

AIM Strategy, an inheritance tax solution

FOR YEAR ENDED 31 DECEMBER 2023



FOR FINANCIAL ADVISERS ONLY

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 Alternative Investment Market (AIM) Strategy continues to offer our clients good value for money.



Andrew McGlone
Chief Executive

AIM assessment of value basis

Overview

This document seeks to demonstrate how the AIM 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 areas can be measured. The report is produced internally and has been subjected 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 our clients and their advisers' view on the strength and culture of the firm with which they are dealing. Quilter Cheviot's focus on providing exemplary personal service and our drive to build and preserve the wealth of clients have been more than 250 years in the making. We are proud that this continues today and is demonstrated in the 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 also have direct contact with a dedicated Investment Manager and their team who are responsible for delivering the strategy and managing their portfolio. The AIM investment management team who manage the strategy are available to support advisers and both clients and advisers can rely on being able to contact Quilter Cheviot relationship managers or meet at one of our 11 offices in the UK. The AIM Strategy investment managers support advisers and clients with quarterly factsheets and investment commentaries.

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 and 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 from around the world. 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

For the AIM strategy there is also a team dedicated to the research and management of AIM portfolios due to the specialist nature of the service. Responsible investment is built into our research and the management of portfolios and this includes consideration of ESG and stewardship factors in investment selection as well as active engagement with companies including voting.

The AIM strategy requires additional research in this specialised part of the market, including using independent tax review to confirm all stocks qualify for business tax relief. There is an initial charge on investments in the strategy which covers the additional costs related to the research of existing and potential investments.

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 client's 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 managed to provide the service and investment outcomes that our clients expect.

About the AIM Strategy

This strategy is a specialist investment solution of AIM listed companies, suitable for UK retail clients with £100,000 or more of investable assets who are able to accept a high level of risk and have significant ability to accept capital loss. The decisions to trade are taken by the Investment Manager and securities are selected that qualify for business relief. The strategy is suitable for clients seeking to consider AIM investment as part of an inheritance tax mitigation strategy.

Distribution strategy

The AIM Strategy is only distributed through professional advisers, mainly regulated financial advisers and chartered tax accountants, and is solely available for clients investing in Quilter Cheviot's custody. Aspects of the relationship management with the client can be shared with the adviser.

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 cash return and the strategy benchmark as well as the expected maximum draw-down.



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 client contact, updates for suitability assessments and the interest paid on cash deposits.

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

It is based on over 30 different metrics that can be measured to provide a summary of our standard or achievement. Each item is RAG rated leading to an overall assessment.

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			
Product and Service	How does Quilter Cheviot design and manage its propositions in the interests of the end-client?	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.	
Price and Value-Performance	How have client portfolios performed and how are they expected to perform?	For the AIM Strategy, an important part of our assessment is the consideration of performance as well as the potential tax benefits. The investment strategy takes significant levels of risk, and returns were negative in absolute terms, however beat the comparator benchmark.	
Price and Value-Costs	What is the cost of the service?	The broader AIM market is not expected to generate a material positive return over the long-term, although the AIM Strategy intends to outperform the broader market through stock selection. The motivation to invest in the AIM Strategy is to secure business relief for inheritance tax where the relief can be up to 40%. This means that overall, the service provides benefit for clients.	
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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