



QUILTER CHEVIOT

# Assessment of Value

*Managed Portfolio Service (MPS) in Quilter Cheviot Custody*

FOR YEAR ENDED 31 DECEMBER 2023



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 and their advisers 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 Managed Portfolio Service (MPS) continues to offer clients good value for money.



**Andrew McGlone**  
Chief Executive



# The Managed Portfolio Service (MPS) Assessment of Value basis

## Overview

This document seeks to demonstrate how the MPS provides value to a client based on our assessment against the five pillars we have chosen, and the methodology explained below.

The five key areas of our service are chosen 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 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 extends to the client and their adviser's 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 into our people, systems and infrastructure to continue providing 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. The MPS investment management team who manage the service 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.

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, working with our investment managers, provide access to investment insights and strategies globally. Our unbiased and impartial approach means the MPS team can build investment strategies that meet the set objectives and can respond to changes to the economic outlook.

## **Investment process**

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

The MPS 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 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 customer 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 the MPS

The MPS offers a series of pre-defined strategies with a range of objectives and risk tolerances. There are seven core MPS strategies and four in the IDX series. The MPS uses funds that are managed by Quilter Cheviot (known as the Building Block funds); and MPS IDX predominately uses passive funds to fill the same asset allocations. The strategies are regularly reviewed and re-balanced to remain in line with the Quilter Cheviot asset allocation. The Building Block funds are invested in accordance with the Quilter Cheviot recommendations for each asset class or geographical area. Once a strategy is selected, the client's portfolio will be managed alongside others in the same strategy, but the client can choose if they wish to take regular withdrawals.

The portfolios can be held either in Quilter Cheviot custody or via a range of investment platforms, including the Quilter platform. When the portfolio is held on an external platform Quilter Cheviot does not have contact with the end-client and the service is solely distributed through the financial adviser. Where the portfolio is held in custody, contact with Quilter Cheviot is through an investment manager.

Quilter Cheviot can partner with financial advisers for the distribution of the service and can facilitate co-branding and in some cases include an alternative selection of funds other than the Building Block funds. These portfolios are named by the financial adviser but aligned to the core strategies. Separate factsheets are produced which will carry the branding of the adviser.

There is a total of £1.8bn invested in MPS. 6,600 clients use Quilter Cheviot as their custodian; with others invested through investment platforms.

## Distribution strategy

The MPS is distributed through two key channels, either by a regulated financial adviser or directly to clients. An adviser can either use the service on an external platform or in Quilter Cheviot custody. Where an adviser is involved, aspects of the relationship management with the client can be shared.

For portfolios held in Quilter Cheviot custody, we can facilitate initial and ongoing adviser charges and have 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](http://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.
- This pillar is applicable for both the platform and custody services.



## 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.
- This pillar is applicable for both the platform and custody services.



## Price and value - cost

- The charges for the service and costs of the portfolio including the charges of any funds that are held.
- This pillar is applicable for both the platform and custody services.



## 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.
- This pillar is applicable for only the custody services.



## 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.
- This pillar is applicable for only the custody services.

The assessment is based on over 30 different metrics 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.

There are other financial firms in the value chain that impact the service and returns received by the end-client. These firms will be producing their own assessments of value and these will be sourced for reference in future versions of this assessment.



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			
<b>Product and Service</b>	In what way does Quilter Cheviot design and manage its propositions in the interests 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 focused on providing a good outcome to the client.	
<b>Price and Value-Performance</b>	How have client portfolios performed and how are they expected to perform?	Clients experienced a positive return on their investment portfolio in line with the indicative outcome illustrated in the marketing material. The performance of portfolios (net of fees) is comparable with the strategy benchmark selected. The investment approach was changed in 2021 to move to the building block approach and this allows for an accurate implementation of the Quilter Cheviot investment process into the client portfolios. These changes are expected to generate improved returns in the future.	
<b>Price and Value-Costs</b>	What is the cost of the service?	The expected and actual cost of our MPS investment solutions that are actively offered are within arange that is modelled to provide a positive investment return for the client net of fees over the investment cycle. There are no anticipated increases to Quilter Cheviot charges.	
<b>Client Understanding</b>	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.	
<b>Client Service and Support</b>	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. When benchmarked against our peer group, our 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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