

## A Guide to our Enhanced Passive Portfolios

We ensure that all the products and services we offer are specifically designed to meet the needs of clients, and sold only to those whose needs they meet. As we distribute our products through qualified financial advisers, we have provided a summary to assist with the distribution outcomes we seek.

If you have further questions relating to this document, please contact us directly.

### Service Description

YOU traces its investment roots back to 2004 along with its range of actively managed multi-asset model portfolios. These offer a risk-rated active model portfolios ranging from 01 to 10 (with 01 lowest risk and 10 highest). This means we select the funds we feel appropriate for an investor's attitude to risk and build a suitable portfolio.

Using predominantly passive funds, we offer the same set of 10 risk-rated portfolios. We enhance clients' return through the application of our current tactical asset allocation positioning but these portfolios are ultimately designed to deliver an enhanced market-like return. Since launch in 2014, these portfolios have delivered industry leading performance.

### Objective

The objective of these portfolios is to increase the value of an investment over a minimum of 5 years, through a combination of capital growth, which is profit on an investment, and income, which is money paid out from an investment such as interest and dividends

### Target Market

YOU's portfolios are made up of financial instruments whose manufacturers are required to identify target markets. As a distributor, we are required to take into account the manufacturers' assessments but also to make our own assessment about target markets.

For each of our model portfolios, we must identify a target market of clients to whom the portfolio may be sold and consider the distribution strategies which may be used. In order to do this, we must obtain from the manufacturers of the financial instruments held in the portfolios their own assessment of target market and distribution channels. If this information cannot be obtained, we will take reasonable steps to obtain the information. However, YOU must make its own assessment of the correct target market.

This data is available through FE Analytics and this will be our primary source of information. From January 2021, all funds being considered for addition to our portfolios will undergo an assessment of their target markets prior to inclusion.

In deciding on a target market, we consider among other factors:

- the nature of the financial instruments concerned,
- the effect of charges on the outcome for clients,
- the financial position of the manufacturer,
- the ability of the manufacturer to provide information and to deal with the needs of clients effectively.

Since we are using financial investments to construct portfolios for clients, we may include within a portfolio financial instruments that are not aimed at the target market for the particular portfolio, provided this is done with the objective of diversification or hedging and the portfolio as a whole meets the client's needs.

## Target Market (Continued)

When identifying the target market for a particular product, we will take into account the nature of the product, including its risk/reward profile and the needs of the target clients, including their risk appetite and financial situation.

For the Enhanced Passive Portfolios, we target a wide range of clients who are seeking long-term capital growth. Our expectation is that the majority of clients for whom this proposition will be suitable will fall into the "retail client" category and will have the ability to withstand capital losses in line with the portfolio's historic performance (all performance data is available to advisers through Financial Express).

We consider client education to be an important factor when an adviser is making a recommendation but the portfolios are designed using collective investment vehicles which are authorised or recognised by the FCA. We believe this simplicity makes the portfolios easier for clients of all levels of sophistication to understand.

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## Availability & Distribution

YOU will only distribute products to clients for whom they are suitable. In order to do this, we distribute our portfolios through financial advisers who obtain information about the client's knowledge and experience of investing, their financial situation and their investment objectives including their risk tolerance. Clients are supplied with a suitability report by their adviser who agrees to take full regulatory responsibility for the initial and ongoing assessments of suitability.

You can also invest in these portfolios through your adviser who will recommend one of our Investment Partners: 7IM, abrdn, Aegon Retirement Choices, Aviva, Parmenion, Quilter and Transact.

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## Communication

We report monthly and quarterly via Factsheets and Quarterly Reviews.

We believe transparency is key and provide full portfolio disclosure and explain portfolio positioning on a strategic and tactical basis. If a client requires a more frequent update, they can access monthly factsheets via our website and/or login to their online portal for real-time performance. In addition to our literature, Shane Balkham, CIO also regularly speaks at client-focused seminars hosted via our IFA partners.

On a less formal basis, we also circulate weekly market commentary by email titled 'The World In A Week'. The aim of this communication is to inform advisers of key events from the previous week and, where appropriate, alert them to announcements or data releases in the week ahead.

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## Investment Range

We invest only in Collective Investment Schemes which are either authorised or recognised by the FCA. Our portfolios may contain schemes which are domiciled overseas so may be subject to the host-regulator's compensation scheme.

For the Enhanced Passive range, we only select Passive fund managers.

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## Charges

YOU's annual charge for the Enhanced Passive Portfolios is 0.26% of the value of a client's portfolios. These payments are deducted by the platform and are typically paid monthly. There are additional costs for the platform and the underlying funds and all ex-ante costs will be presented by the illustrations provided by our platform partners.