Assessment of Value 2023





# Letter from the ACD Independent Non-Executive Director and Chairman of the ACD Board

Jim Black

At Scottish Widows Schroder Personal Wealth (ACD) Limited ("SPW (ACD)" in this report), we are responsible for the day-to-day management of the SPW funds, ensuring that they are managed in line with their objectives, strategy and principles. Our funds are also used in Schroders Personal Wealth's client portfolios. This report is designed to help you understand whether the funds managed by SPW (ACD) are providing value by meeting their objectives and service obligations, and whether they are doing this at an appropriate price.

Since SPW (ACD) was formed in 2019, we have continued to make a number of improvements to ensure our funds provide value to our customers, and in the last 12 months, we have reviewed and completed the actions recommended in our previous Assessment of Value (AoV) report.

We have made good progress in our efforts to negotiate tiered fees with underlying managers and will pass on savings as our funds grow. We have also simplified our share classes, implemented action plans to make the funds more cost effective and addressed under-performing funds. An opportunity to improve future outcomes for customers has been identified through mergers within the Solution fund range, which are planned for later in 2023.

Over the last couple of years, we have been on a journey to become a responsible business. We are committed to achieving this and have already come a long way, but we're delighted to have taken the next step on that journey by introducing responsible investment criteria to the way we select investments across our range of funds.

This year, the FCA introduced its 'Consumer Duty' rules, which set a higher standard of consumer protection in financial services. Putting our customer's needs first is embedded into the SPW (ACD) culture, and our existing oversight, governance and service. We are consistently reviewing our products throughout the year to make sure they are right for our customers. The Consumer Duty rules have been embedded into our business in 2023 to ensure we continue to provide good outcomes for our customers, and has been a key development of this year's Assessment of Value.

This is the third year we have asked Morningstar to provide an independent and objective analysis of our funds. Morningstar is a market leader in independent investment research with considerable analytical resources and a thorough knowledge of the UK fund industry. Their feedback helped shape our conclusions and more importantly, provides SPW with an independent review of its fund range's value.

In 2023 we have made a major investment in our people. We were delighted to appoint Dominic Sheridan as CEO in January 2023 and Alan Goodman as CIO in August of 2023. Dominic and Alan are experienced professionals who will play key roles in driving the business and improving customer outcomes.

We never take for granted the trust you put in us to manage your money effectively, and so we continually review our proposition to understand where and how we can improve our offering.

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### SPW (ACD) Board of Directors

The Scottish Widows Schroder Personal Wealth (ACD) Limited (referred to as SPW (ACD) in this report) board of directors includes the Executive Directors and Independent Non-Executive Directors. The board is responsible for administration, accountancy and providing the legal framework around the funds, including compliance. The SPW (ACD) Board represents the best interests of our customers, ensuring the assessment of our funds is clear, fair and not misleading.

#### **Executive Directors**



#### Dominic Sheridan, Chief Executive of SPW (ACD)

Dominic joined SPW in 2023 from Omnis Investments Ltd, where he was the Chief Executive Officer. He has over 25 years' wealth and investment industry experience and extensive fund governance, portfolio management, investment operations and change management expertise. Prior to his role at Omnis, he has held senior roles at PineBridge Investment Management, F&C Asset Management and Royal & Sun Alliance Asset Management.



#### Julian Walker-Hazell, Head of Fund Services

Julian has more than three decades of experience in financial services, over half of which was spent at Cazenove Capital Management and Schroders (which acquired Cazenove in 2013), where his roles included Director of Investment Operations and Head of UK Fund Services. He joined SPW as Head of Fund Services in 2019.



#### Joel Ripley, Chief Financial Officer

Joel is responsible for SPW's finance infrastructure and risk management framework. Previously, he was Finance Director of Wealth and Stockbroking at Lloyds Banking Group, having joined the bank in 2003. Prior to this, Joel held roles at JP Morgan and Deloitte. Joel is a Fellow of the Institute of Chartered Accountants in England and Wales.

#### **Independent Non-Executive Directors**



#### Jim Black

Jim has over 30 years' experience in Financial Services, during which time his roles have included MD Product Management and CEO Healthcare at Standard Life and latterly Director of Pensions Operations at Lloyds Banking Group. He has served as chairman of the board since January 2021.



#### **Dena Brumpton**

Dena has over 30 years' experience as a senior financial services professional, the large majority of which she spent at Citigroup, where her roles included Global Chief Operating Officer of Citibank Private Bank. She also worked as CEO of Barclays Savings, Investments and Wealth Management before joining SPW in 2019.



#### **Adam Seale**

Adam began his career at the Bank of England in 1983, and spent 18 years at global consulting firm Booz Allen Hamilton, where he led the UK financial services practice. His other roles have included MD Specialist Banking at HBOS, UK High Net Worth Director at Lloyds Banking Group and CEO of Interactive Investor. He was appointed to the board in 2019.



#### **Paul Simpson**

Paul has over 30 years' experience of securities, markets and financial services. Initially working in risk management and trading in investment banking, since 2000 he has worked in the asset management sector. Joining Old Mutual (now Quilter) in 2006 as a Portfolio Manager, he was appointed as Director of Investments at Old Mutual Global Investors and for 4 years held the role of CEO at Quilter Investors. Paul joined SPW in 2022.

### Introduction

This Assessment of Value report (AoV) is written on behalf of the board of Scottish Widows Schroder Personal Wealth (ACD) Limited, which is referred to as 'SPW (ACD)', 'we' or 'our' in this report. It aims to help investors in our funds have an informed view of whether their fund provides value - or not. The assessment is based on the framework provided by our regulator, the Financial Conduct Authority (FCA) and comprises seven key "pillars" – the term the FCA uses to mean different criteria of value.

One of the pillars, Comparable Services, which asks how the fees charged to a fund compare with those charged to similar funds or services offered to other customers, is not covered in this report. This is because we do not offer any funds or services other than the funds in this report and so SPW have no comparable products.

#### The report therefore covers the remaining six pillars:

- **1. Performance** have our funds performed in line with expectations?
- 2. Comparable Market Rates how do our fees compare against those of our competitors?
- 3. Classes of Shares are our customers invested in the most appropriate share class for their investment needs?
- **4. Economies of Scale** do we pass on savings to our customers as the funds grow?
- **5. Authorised Fund Manager costs** are the fees charged to the fund reasonable and appropriate?
- **6. Quality of Service** are we meeting our customers' expectations on the service we deliver?

You can find more details of each fund on the individual fund pages later in the report.

We have designed the report to be as reader friendly as possible.

By clicking on the small house icon in the bottom right-hand corner of the page, the reader can return to the contents page.

Words or terms that may need more explanation have a link to the Glossary and are highlighted in pink or blue.



# The Assessment Pillars

### Performance

#### Has the fund performed in line with expectations?

As an <u>active</u> fund manager, we consider a fund to be providing good value when it consistently meets its <u>investment objective</u>, that is ordinarily to outperform its <u>benchmark</u>, over its stated investment time horizon. We also consider how our funds performed in comparison to <u>Peers</u> over a range of time periods. More details on Peer Groups can be found in our Comparable Market Rates summary.

The majority of our funds have an investment time horizon of 5 to 7 years as we believe this will achieve the best results for customers. We became the **Authorised Corporate Director (ACD)** for 14 of the funds in this report in December 2019 and have launched 13 funds since then.

Our window to assess the performance of our funds is therefore shorter than their stated investment time horizon and so we are not able to assess the value of performance over the full recommended holding period. As a result of this, we have focused our performance assessment over 3 years and since SPW (ACD) became the ACD of the funds. Our approach is to rate a fund Green only if it has outperformed its stated benchmark over the longest period available.

Where performance figures are referenced, we show returns of the **primary share class**, but our assessment has covered all **classes** of each fund. Performance is shown to the end of June 2023.

#### **General Conclusions and Observations**

SPW (ACD) has delegated investment management to Schroder Investment Management, who act as investment adviser to provide expert advice and management of the funds. Although we have delegated this activity, our independent investment office actively reviews and challenges by the delegated manager, and has oversight of risk and compliance of the funds. We believe that having the right level of governance and oversight of our funds and our third parties is necessary to protect our customers' best interests.

Global financial markets and customers have had a challenging 12-18 months. This has been caused by events such as higher inflation following the Covid pandemic, and rising interest rates in an attempt to control inflation as well as the invasion of Ukraine by Russia. 2022 also saw an uncommon combination of steep falls in both stocks and bond markets. These conditions have caused more **volatility** in some of our funds which impacts their performance. So far in 2023 markets have broadly improved, although this year's rise is yet to offset the decline experienced last year.

Of our 27 funds, we believe 24 funds are providing value with no remedial action required. Eight funds are performing in line with our expectations with a further 16 funds underperforming their stated **benchmark** and so merit further monitoring as part of our ongoing oversight of our fund range and the delegated manager. The remaining three funds were deemed to have not provided value and have actions planned to address the under-performance. Two of the under-performing funds are planned for closure later in 2023 due to their sub-optimal size.

In August 2023, we were delighted to have appointed Alan Goodman as Chief Investment Officer of SPW (ACD). Alan will play a key role in continuing to review and improve our investment proposition. For all of our funds, we will continue to monitor performance and make sure they are providing good outcomes for our customers.

### Comparable Market Rates

How do we assess how our fees compare against those of our competitors? In order to assess the competitiveness of the pricing of our funds, We compared each fund's **ongoing charge figures (OCFs)** against the OCF of similar funds by other fund managers to see how competitive our funds are for charges.

We have asked Morningstar to independently assess which funds should be used for comparison using their own Morningstar categories and <u>Investment Association</u>
Sectors (referred to in the report as the <u>Broad Peer Group</u> or Broad Peers).
This grouping of similar funds was created based on what they invest in as well as by their prospectus objectives and investment styles.

Custom Peer Groups (referred to as the <u>Similar Peer Group</u> or Similar Peers) were also created with Morningstar, consisting of more directly comparable Peers. Here, we used the same approach to that applied in our previous AoV reports and the Similar Peers are revalidated each year to make sure we are always comparing likefor-like.

We believe a fund offers good value if relative costs were lower than both those of the Broad Peer Group **median** and the Similar Peer Group median. The final conclusion was also influenced by the size of the differences in price and the context of the fund's size, e.g. broadly we would expect a fund's charges to be lower the larger the size of the investments in the fund.

#### **General Conclusions and Observations**

Our review shows all 27 of our funds provide value, although there are seven funds that provide value but the review recommends action or further monitoring.

These seven funds are the Solution fund range which are generally above the median compared to Peers. The funds have a **fund of funds** structure, which means the total charge includes the OCFs of any underlying funds. This is a key element driving the higher ongoing charge figure, however this approach also gives customers access to a range of high-quality fund managers and investment strategies in return along with **Tactical Asset Allocation** within the funds.

Consequently, we believe the funds provide value but we will continue to review the charging structure and underlying assets through existing governance and periodic reviews. Action has already been taken since SPW became the ACD of the fund range including a reduction of the **Annual Management Charge (AMC)** of the Balanced and Defensive Solution funds as well as planned action to merge smaller funds within the range to improve future outcomes for customers.

### Classes of Shares

#### Are customers in the most appropriate share class?

For some of our funds, we issue different types of shares or **classes of shares** that have different features such as how and by whom they are distributed, the type of end customer they serve, charges and whether they accumulate or distribute any income. Our ongoing product governance, regularly reviews share classes across our fund ranges with the aim of ensuring that our customers continue to be invested in the correct share class for their investment needs. We also look at whether it is clear to the end customer why they are invested in a particular share class.

#### **General Conclusions, Observations**

All 27 funds provide good value for their share classes. Since taking over as ACD in December 2019, we have taken action both as a result of the findings of previous value assessments as well as through work outside of the AoV process to make sure that share classes are clear, transparent and appropriate for customers. As a result of the comprehensive work we have done over the last few years, we believe the funds have a simple, easily understood share class structure and provide equality for customers with the same characteristics.

As an ACD serving a wealth management business we have different types of shareholders invested in our funds. We deem it appropriate to have separate share classes for each shareholder type.

Soon after becoming the ACD to the Solution fund range, we reviewed the existing share classes and made changes to simplify the funds. We consolidated the A share class of the funds as well as moving **cross held** holdings into the X share classes of the Multi-Manager funds to reduce rebates. This has improved clarity and transparency for customers on what they are charged.

We also consolidated our <u>Retail non-SPW advised</u> share classes into a single class and lowered the charges to the cheapest <u>retail non-SPW advised</u> fee, cutting costs for many customers.

We have continued to identify some ways to make our share classes even clearer to customers as we plan to increase the minimum investment amount of the X share classes to provide distinction from retail share classes.

### **Economies of Scale**

#### Do funds enjoy cost savings as they grow?

While the costs of running a fund can increase as it gets bigger (for example, costs linked to an increase in resource required for risk/liquidity management across a larger <u>asset</u> base), the rate of increase is rarely as high as the increase in the fund's size. We look at whether our funds are generating <u>economies of scale</u> and whether these are then being passed on to customers.

In order to assess this, we examine the costs of each fund to see how they change as the fund grows. We also consider how the fund size and charges have changed over time (primarily the period since SPW (ACD) took over management).

#### **General Conclusions and Observations**

Following our review, we find that all 27 of our funds provide good value.

We provide economies of scale on our <u>fund of funds</u> ranges (Solution funds and Portfolio funds) and component funds (Asset Allocator and IPS funds) through leveraging our scale of <u>Assets Under Management (AUM)</u>, and that of our delegated investment manager Schroder Investment Management. This allows us to access the cheapest share classes of third-party / external funds.

Similarly, for our <u>Multi-Manager funds</u>, our sizeable <u>AUM</u> allows us to negotiate lower fees for the underlying managers. SPW (ACD)'s own manager research team also undertakes both annual and ad hoc share class fee reviews to ensure that our customers are always invested in the cheapest share class available.

Many of our funds are not large enough to benefit from economies of scale currently, however the work we have done with our suppliers means that we have the necessary agreements in place to define exactly when this will happen. This means our customers could well benefit from cost savings as the funds continue to grow.

In the last 12 months, we have made progress on the tiering of the fees charged by the underlying managers, with agreed contracts in place and agreements in principle to have tiered fee structures. A tiered charging structure would see the fee drop on additional assets above a certain size, thereby passing on economies of scale to customers. Discussions are ongoing with the remaining underlying managers to enable us to pass on the benefits to customers as our funds reach the required size/scale.

Economies of scale are most apparent in the Portfolio funds and many of the SPW Multi-Manager funds where the actual charge is below the cost cap for many of the funds and therefore the savings are passed onto customers.

We also continue to consider the value provided by funds that are decreasing in size, such as our Solution fund range which are closed to new investment. As some of the funds in this range are smaller in size we want to improve future outcomes for customers and so we have mergers planned within the range (through a **scheme of arrangement**) later in 2023 to address this.

### Authorised Fund Manager (AFM) Costs

#### Are the fees charged to the fund reasonable and appropriate?

We have considered whether the costs of services we provide are appropriate for our customers. We determine the cost to us, of providing the service and compare this to what we charge to the customer to ensure that the costs and charges are fair. This ensures that the fund fees and charges remain appropriate and fair for our customers' investment(s) whilst at the same time allow us to continue to operate, ensure our customers investment remain safe and meet their objectives and continue to innovate and develop our products for our customers.

We have continued to enhance the approach to the <u>AFM Costs</u> criteria during 2023, increasing the level of granular analysis to support the board's decision making in the AoV.

#### **General Conclusions and Observations**

We regularly review our costs and fee structures to ensure that they offer value for customers. After a comprehensive review, we conclude that all 27 of our funds offer good value. We consider our profits to be reasonable and believe the costs that we pass on to the funds, and therefore customers, are fair and in line with industry practice and guidance.

All costs to the funds are considered and where a third party provides services to a fund these costs are paid by the fund's assets. We have also assessed whether the costs for services provided by delegated third parties are fair to make sure that we continue to deliver cost effective services to customers. Our findings suggest our fund range is appropriately priced based on the costs incurred by the fund including costs allocated by us, the AFM.

Services provided by SPW ACD as the AFM include:

- Our investment process maintaining oversight of the funds, monitoring fund managers, defining our responsible investment approach, and applying our investment beliefs to deliver good customer outcomes.
- Managing risk and keeping customer assets safe.
- Maintaining systems, processes and third parties used in our oversight of the funds.
- Customer administration activity answering calls and resolving any complaints.

As part of our ongoing oversight, we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

# Quality of Service

#### Are we meeting expectations on the service that we deliver?

When it comes to service, we are able to add value to customers across three main areas: how we operate the fund, customer experience and investment process/resource. In order to assess whether we have provided good value across these areas, we look at a variety of factors including the performance of our key third party suppliers, including an independent assessment of our delegated investment manager, our customer communications and the service our customers receive.

#### **General Conclusions and Observations**

Being part of a financial planning business, many of our customers benefit from additional levels of service provided by SPW (Advice Company), including ongoing financial advice from a Personal Wealth Adviser where the customer has selected this service. Our close relationship with the advice business means that we have a particular insight into the customer experience and have a source of feedback from customers on areas such as service and performance. This feedback is gained from meetings with advisers as well as customer experience surveys.

Our SPW (ACD) team aims to make sure that the funds operate efficiently and accurately to provide positive outcomes for our customers. This includes oversight and challenge of activities contracted to third parties, such as the **Depositary**, **Custodian**, **Transfer Agent** and **Fund Administrator**. We monitor whether key aspects have been met for each supplier and believe they are delivering a service that meets our, and our customers, expectations. This oversight of suppliers is a key area of Governance for us to ensure that our customers and the funds receive value and experience the right outcomes.

Additionally, we are happy that the service provided by our delegated investment manager, Schroder Investment Management, has led to good customer outcomes.

Over the last couple of years we have been on a journey to become a responsible business and in the last 12 months we have taken this step further by introducing a

responsible investment approach. We define this as incorporating environmental, social, governance (known as 'ESG'), responsible investment and sustainability factors, when researching and selecting investments. More information about how we are a responsible business can be found on our website: www.spw.com/about-us/we-are-responsible

The FCAs Consumer Duty rules were implemented in 2023 which focusses on consumer outcomes designed to drive up standards of care.

Our business exists to help our customers and change lives, so the goals of Consumer Duty already align with our own. We have built on our existing governance and customer service to make sure we embed the new rules and expectations throughout the business and in everything we do. Consumer outcomes are considered across all areas of the AoV but in particular it is evident in Quality of Service as we aim to communicate more clearly, engage with customers more efficiently, provide improved customer experience and take action where we have not met our own expectations and/or those of our customers.

One example of this is where we continue to review our processes to allow us to understand our customers' needs and adapt services where customers may need additional support to avoid harm, due to their personal circumstances.

This has included a review of how we communicate with our customers to ensure information is made accessible to all customers and enhanced training for our teams to understand customer needs and provide help.

We believe that all of our funds provide good value for quality of service and we will continue to review and look to improve the services provided to our customers, in particular our online service offering.

# Summary of results

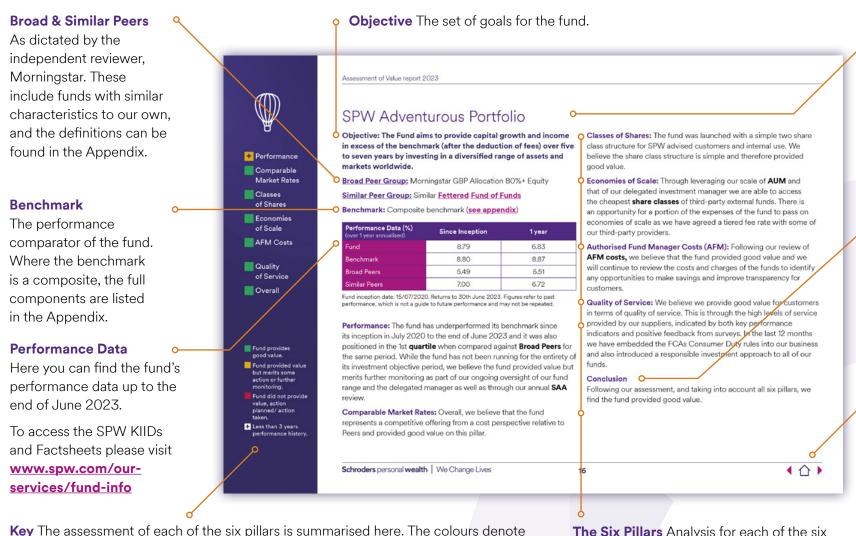
The results for each pillar by fund is illustrated in the following diagram:

the following diagram:	Performance	Comparable Market Rates	Classes of Shares	Economies of Scale	AFM Costs	Quality of Service	Overall
SPW Cautious Portfolio	+						
SPW Discovery Portfolio	+						
SPW Balanced Portfolio	+						
SPW Balanced Portfolio SPW Progressive Portfolio	+						
SPW Dynamic Portfolio	+						
SPW Adventurous Portfolio	+						
SPW Defensive Solution							
SPW Cautious Solution							
SPW Discovery Solution							
SPW Discovery Solution SPW Balanced Solution SPW Strategic Solution							
SPW Strategic Solution							
SPW Dynamic Solution							
SPW Adventurous Solution							
SPW Multi-Manager Global Real Estate Securities							
SPW Multi-Manager Asia ex Japan & Global Emerging Markets Equity	+						
SPW Multi-Manager North American Equity	+						
SPW Multi-Manager European ex UK Equity  SPW Multi-Manager Japanese Equity  SPW Multi-Manager UK Equity  SPW Multi-Manager UK Equity Income	+						
SPW Multi-Manager Japanese Equity	+						
SPW Multi-Manager UK Equity							
SPW Multi-Manager UK Equity Income							
SPW Multi-Manager Global Investment Grade Bond	+						
SPW Multi-Manager Global High Income & Emerging Markets Bond	+						
SPW Multi-Manager Global Sovereign Bond	+						
SPW IPS Growth Portfolio							
SPW IPS Income Portfolio							
SPW IPS Growth Portfolio SPW IPS Income Portfolio SPW IPS Strategic Income Portfolio SPW Asset Allocator							
SPW Asset Allocator							

Fund provided good value. Fund provided value but merits further action. Fund did not provide value, action planned/action taken. + Less than 3 years performance history.

### How to read your fund page

To help you make the most of the Assessment of Value and the individual fund commentary pages, we have created the following guide to highlight the key areas.



Name of the fund

You should review the reports for each fund in which you are invested.

#### Conclusion

Our conclusions take into account the assessments for all six pillars, for each of our funds. This contributes to an overall assessment as to whether or not we believe the fund delivers value to our customers.

#### **Navigation**

The home icon in the bottom right of each page will redirect you to the contents page. You will also see the direction arrows to take you to the previous, or next page.

The Six Pillars Analysis for each of the six pillars, including proposed actions.

the outcome of each area with a final overview status, and the + denote young funds.

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### Portfolio funds overview

We launched six Portfolio funds on 15th July 2020. The <u>multi-asset fund-of-funds</u> range was launched to provide customers with a low-cost solution for savings and retirement assets, and to complement the existing Solution fund range.

One of the main contributors to returns in a multi-asset fund is its <u>asset allocation</u>: the way it combines different types of investment. This can be split into long-term views or a <u>strategic asset allocation (SAA)</u>, and short-term views or a <u>tactical asset allocation (TAA)</u>. A SAA typically takes a five to ten year view of potential investment returns, while a TAA focuses on what might happen over the next 12 months. The second main contributor is selecting the right funds and other investments.

The investment objective of each fund is to outperform its respective <u>composite benchmark</u> over five to seven years. Performance is expected to derive from both fund selection and <u>asset allocation</u>. Given that the funds have less than three years performance history, it is difficult to give a meaningful assessment of returns against any objective, however, initial results suggest that value has been added so far with regard to performance across the range.





- + Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

### SPW Cautious Portfolio

Objective: The Fund aims to provide capital growth and income in excess of the benchmark (after the deduction of fees) over five to seven years by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 20-40% Equity

Similar Peer Group: Similar Fettered Fund of Funds

Benchmark: Composite benchmark (see appendix)

Performance Data (%) (over 1 year annualised)	Since Inception	1 year
Fund	-0.81	-0.36
Benchmark	-0.21	1.93
Broad Peers	-0.37	-0.09
Similar Peers	-0.81	-0.54

Fund inception date: 15/07/2020. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has underperformed its benchmark since its inception in July 2020 to the end of June 2023 and it was also positioned in the 3rd **quartile** when compared against **Broad Peers** for the same period. While the fund has not been running for the entirety of its investment objective period, we believe the fund provided value but merits further monitoring as part of our ongoing oversight of our fund range and the delegated manager as well as through our annual **SAA** review.

**Comparable Market Rates:** Overall, we believe that the fund represents a competitive offering from a cost perspective relative to Peers and provided good value on this pillar.

**Classes of Shares:** The fund was launched with a simple two share class structure for SPW advised customers and internal use. We believe the share class structure is simple and therefore provided good value.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest <u>share classes</u> of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided good value and we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion

Following our assessment, and taking into account all six pillars, we find the fund provided good value but merits further performance monitoring as part of our ongoing oversight of our fund range and the delegated manager as well as through our annual SAA review.





- + Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

# SPW Discovery Portfolio

Objective: The Fund aims to provide capital growth and income in excess of the benchmark (after the deduction of fees) over five to seven years by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 20-40% Equity

Similar Peer Group: Similar Fettered Fund of Funds

Benchmark: Composite benchmark (see appendix)

Performance Data (%) (over 1 year annualised)	Since Inception	1 year
Fund	1.10	1.08
Benchmark	1.62	3.33
Broad Peers	-0.37	-0.09
Similar Peers	1.10	-0.14

Fund inception date: 15/07/2020. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has underperformed its benchmark since its inception in July 2020 to the end of June 2023 but it was positioned in the 1st **quartile** when compared against **Broad Peers** for the same period. While the fund has not been running for the entirety of its investment objective period, we believe the fund provided value but merits further monitoring as part of our ongoing oversight of our fund range and the delegated manager as well as through our annual **SAA** review.

**Comparable Market Rates:** Overall, we believe that the fund represents a competitive offering from a cost perspective relative to Peers and provided good value on this pillar.

**Classes of Shares:** The fund was launched with a simple two share class structure for SPW advised customers and internal use. We believe the share class structure is simple and therefore provided good value.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest <u>share classes</u> of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided good value and we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion





- + Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

### SPW Balanced Portfolio

Objective: The Fund aims to provide capital growth and income in excess of the benchmark (after the deduction of fees) over five to seven years by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 40-60% Equity

Similar Peer Group: Similar Fettered Fund of Funds

Benchmark: Composite benchmark (see appendix)

Performance Data (%) (over 1 year annualised)	Since Inception	1 year
Fund	3.28	2.14
Benchmark	3.73	4.50
Broad Peers	1.74	1.80
Similar Peers	3.28	1.98

Fund inception date: 15/07/2020. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has underperformed its benchmark since its inception in July 2020 to the end of June 2023 but it was positioned in the 1st **quartile** when compared against **Broad Peers** for the same period. While the fund has not been running for the entirety of its investment objective period, we believe the fund provided value but merits further monitoring as part of our ongoing oversight of our fund range and the delegated manager as well as through our annual **SAA** review.

**Comparable Market Rates:** Overall, we believe that the fund represents a competitive offering from a cost perspective relative to Peers and provided good value on this pillar.

**Classes of Shares:** The fund was launched with a simple two share class structure for SPW advised customers and internal use. We believe the share class structure is simple and therefore provided good value.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest <u>share classes</u> of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs,** we believe that the fund provided good value and we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion





- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

# SPW Progressive Portfolio

Objective: The Fund aims to provide capital growth and income in excess of the benchmark (after the deduction of fees) over five to seven years by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 60-80% Equity

Similar Peer Group: Similar Fettered Fund of Funds

Benchmark: Composite benchmark (see appendix)

Performance Data (%) (over 1 year annualised)	Since Inception	1 year
Fund	6.30	3.90
Benchmark	6.29	6.24
Broad Peers	3.68	3.56
Similar Peers	4.89	3.90

Fund inception date: 15/07/2020. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has outperformed its benchmark since its inception in July 2020 to the end of June 2023 and it was also positioned in the 1st **quartile** when compared against **Broad Peers** for the same period. While the fund has not been running for the entirety of its investment objective period, we believe that it has so far provided good value, as demonstrated by its performance since inception.

**Comparable Market Rates:** Overall, we believe that the fund represents a competitive offering from a cost perspective relative to Peers and provided good value on this pillar.

**Classes of Shares:** The fund was launched with a simple two share class structure for SPW advised customers and internal use. We believe the share class structure is simple and therefore provided good value.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest <u>share classes</u> of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided good value and we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion





- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

# SPW Dynamic Portfolio

Objective: The Fund aims to provide capital growth and income in excess of the benchmark (after the deduction of fees) over five to seven years by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 80%+ Equity

Similar Peer Group: Similar Fettered Fund of Funds

Benchmark: Composite benchmark (see appendix)

Performance Data (%) (over 1 year annualised)	Since Inception	1 year
Fund	7.58	4.99
Benchmark	7.45	7.07
Broad Peers	5.49	5.51
Similar Peers	6.71	4.99

Fund inception date: 15/07/2020. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has outperformed its benchmark since its inception in July 2020 to the end of June 2023 and it was also positioned in the 1st **quartile** when compared against **Broad Peers** for the same period. While the fund has not been running for the entirety of its investment objective period, we believe that it has so far provided good value, as demonstrated by its performance since inception.

**Comparable Market Rates:** Overall, we believe that the fund represents a competitive offering from a cost perspective relative to Peers and provided good value on this pillar.

**Classes of Shares:** The fund was launched with a simple two share class structure for SPW advised customers and internal use. We believe the share class structure is simple and therefore provided good value.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest <u>share classes</u> of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided good value and we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion





- + Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

### SPW Adventurous Portfolio

Objective: The Fund aims to provide capital growth and income in excess of the benchmark (after the deduction of fees) over five to seven years by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 80%+ Equity

Similar Peer Group: Similar Fettered Fund of Funds

Benchmark: Composite benchmark (see appendix)

Performance Data (%) (over 1 year annualised)	Since Inception	1 year
Fund	8.79	6.83
Benchmark	8.80	8.87
Broad Peers	5.49	5.51
Similar Peers	7.00	6.72

Fund inception date: 15/07/2020. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has underperformed its benchmark since its inception in July 2020 to the end of June 2023 and it was also positioned in the 1st **quartile** when compared against **Broad Peers** for the same period. While the fund has not been running for the entirety of its investment objective period, we believe the fund provided value but merits further monitoring as part of our ongoing oversight of our fund range and the delegated manager as well as through our annual **SAA** review.

**Comparable Market Rates:** Overall, we believe that the fund represents a competitive offering from a cost perspective relative to Peers and provided good value on this pillar.

**Classes of Shares:** The fund was launched with a simple two share class structure for SPW advised customers and internal use. We believe the share class structure is simple and therefore provided good value.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest <u>share classes</u> of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs,** we believe that the fund provided good value and we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



### Solution funds overview

Our Solution funds are <u>multi-asset funds</u> of funds investing in a combination of third-party funds and the SPW <u>Multi-Manager</u> funds. We became the <u>ACD</u> of the Solution funds in December 2019.

While the **benchmark**s for each fund closely resemble those of our Portfolio funds, the composition of the funds themselves is quite different. Where the majority of each Portfolio fund's assets (at least 80%) is invested in funds provided by Schroder Investment Management, with the balance invested in third-party index-tracking funds, the Solution funds use an open architecture approach to manager selection via the SPW Multi- Manager funds.

The <u>investment objective</u> of each fund is to outperform its respective composite benchmark over five to seven years. Performance is expected to derive from both fund selection and <u>asset allocation</u>. We review the strategic asset allocation of all multi-asset funds every year with the aim of maximising the potential returns for each fund while maintaining the same levels of risk.

A scheme of arrangement is planned for the Solution funds later in 2023 which will help to increase the value provided to customers as costs will be more widely distributed as the AUM of the remaining individual funds increase.

As the Solution funds did not have a benchmark prior to March 2021, we have also assessed the performance of the funds against their internal strategic asset allocation (SAA).



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

### SPW Defensive Solution

Objective: The Fund aims to provide capital growth and income in excess of the benchmark (after the deduction of fees) over five to seven years by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 0-20% Equity

Similar Peer Group: Similar Third Party Fund of Funds

Benchmark: Composite benchmark (see appendix)

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year	5 Year
Fund	-2.37	0.17	-2.28	-0.81
Benchmark*	-	1.72	-	-
Broad Peers	-0.68	0.17	-1.09	0.53
Similar Peers	-1.79	-0.69	-1.87	-0.48

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated. \*Benchmark only available from March 21.

**Performance:** The fund did not have a client benchmark in its objective until March 2021. The fund has significantly underperformed its **SAA** over 3 years to the end of June 2023 and it was also positioned in the 4th **quartile** when compared against **Broad Peers** for the same period. We believe the fund's performance did not provide value and action has been taken to address this. The fund is also planned for closure in 2023 due to its sub-optimal size.

Comparable Market Rates: The fund is in the higher fee bracket in comparison to Peers, however, as a fund of funds, the <u>synthetic fee</u> (including the <u>OCFs</u> of any underlying funds) is a key element driving the higher ongoing charge figure. While an additional cost, this gives customers access to a range of high-quality fund managers and investment strategies. We determine that the fund provided value but merits further monitoring through existing governance and periodic reviews.

**Classes of Shares:** Since becoming the <u>ACD</u> of the fund, we have consolidated and simplified the share class structure and deem there is an appropriate number of share classes available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest <u>share classes</u> of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion

Following our assessment, and taking into account all six pillars, we find the fund provided value but further action is underway to address the under-performance. The fund is also due for closure later in 2023.



- Performance
- Comparable
  Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

### SPW Cautious Solution

Objective: The fund aims to provide capital growth and income in excess of the benchmark (after the deduction of fees) over five to seven years by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 20-40% Equity

Similar Peer Group: Similar Third Party Fund of Funds

Benchmark: Composite benchmark (see appendix)

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year	5 Year
Fund	-1.49	-0.24	-0.90	-0.24
Benchmark*	-	1.93	-	-
Broad Peers	-0.18	-0.09	-0.07	0.71
Similar Peers	-0.54	-0.67	-0.76	0.18

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated. \*Benchmark only available from March 21.

Performance: The fund did not have a client benchmark in its objective until March 2021. The fund has underperformed its **SAA** over 3 years to the end of June 2023 and it was positioned in the 3rd **quartile** when compared against Broad peers for the same period. We believe the fund provided value but merits further monitoring as part of our ongoing oversight of our fund range and the delegated manager as well as through our annual **SAA** review.

Comparable Market Rates: The fund is in the higher fee bracket in comparison to Peers, however, as a fund of funds, the **synthetic fee** (including the **OCFs** of any underlying funds) is a key element driving the higher ongoing charge figure. While an additional cost, this gives customers access to a range of high-quality fund managers and investment strategies. We determine that the fund provided value but merits further monitoring through existing governance and periodic reviews.

**Classes of Shares:** Since becoming the <u>ACD</u> of the fund, we have consolidated and simplified the share class structure and deem there is an appropriate number of share classes available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest <u>share classes</u> of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

# SPW Discovery Solution

Objective: The Fund aims to provide capital growth and income in excess of the benchmark (after the deduction of fees) over five to seven years by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 20-40% Equity

Similar Peer Group: Similar Third Party Fund of Funds

Benchmark: Composite benchmark (see appendix)

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year	5 Year
Fund	-0.47	0.82	1.18	0.22
Benchmark*	-	3.31	-	-
Broad Peers	-0.18	-0.09	-0.07	0.71
Similar Peers	0.89	0.72	1.68	1.38

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated. \*Benchmark only available from March 21.

Performance: The fund did not have a client benchmark in its objective until March 2021. The fund has underperformed its **SAA** over 3 years to the end of June 2023 and was also positioned in the 1st **quartile** when compared against **Broad Peers** for the same period. We believe the fund provided value but merits further monitoring as part of our ongoing oversight of our fund range and the delegated manager as well as through our annual SAA review.

Comparable Market Rates: The fund is in the higher fee bracket in comparison to Peers, however, as a fund of funds, the **synthetic fee** (including the **OCFs** of any underlying funds) is a key element driving the higher ongoing charge figure. While an additional cost, this gives customers exposure to a range of high-quality fund managers and investment strategies. We determine that the fund provided value but merits further monitoring through existing governance and periodic reviews.

**Classes of Shares:** Since becoming the <u>ACD</u> of the fund, we have consolidated and simplified the share class structure and deem there is an appropriate number of share classes available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest <u>share classes</u> of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- Performance
- Comparable
  Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

### SPW Balanced Solution

Objective: The Fund aims to provide capital growth and income in excess of the benchmark (after the deduction of fees) over five to seven years by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 40-60% Equity

Similar Peer Group: Similar Third Party Fund of Funds

Benchmark: Composite benchmark (see appendix)

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year	5 Year
Fund	0.93	1.34	3.20	1.22
Benchmark*	-	4.50	-	-
Broad Peers	1.04	1.80	2.21	1.76
Similar Peers	1.29	0.99	2.68	1.69

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated. \*Benchmark only available from March 21.

Performance: The fund did not have a client benchmark in its objective until March 2021. The fund has underperformed its **SAA** over 3 years to the end of June 2023 and was also positioned in the 2nd **quartile** when compared against **Broad Peers** for the same period. We believe the fund provided value but merits further monitoring as part of our ongoing oversight of our fund range and the delegated manager as well as through our annual **SAA** review.

Comparable Market Rates: The fund is in the higher fee bracket in comparison to Peers, however, as a fund of funds, the **synthetic fee** (including the **OCFs** of any underlying funds) is a key element driving the higher ongoing charge figure. While an additional cost, this gives customers access to a range of high-quality fund managers and investment strategies. We determine that the fund provided value but merits further monitoring through existing governance and periodic reviews.

**Classes of Shares:** Since becoming the <u>ACD</u> of the fund, we have consolidated and simplified the share class structure and deem there is an appropriate number of share classes available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest <u>share classes</u> of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- Performance
- Comparable
  Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

### SPW Strategic Solution

Objective: The fund aims to provide capital growth and income in excess of the benchmark (after the deduction of fees) over five to seven years by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 60-80% Equity

Similar Peer Group: Similar Third Party Fund of Funds

Benchmark: Composite benchmark (see appendix)

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year	5 Year
Fund	2.59	2.62	5.69	2.31
Benchmark*	-	6.22	-	-
Broad Peers	2.84	3.56	4.13	3.07
Similar Peers	2.53	3.22	3.82	2.26

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated. \*Benchmark only available from March 21.

Performance: The fund did not have a client benchmark in its objective until March 2021. The fund has not significantly underperformed its **SAA** over 3 years to the end of June 2023 and was also positioned in the 1st **quartile** when compared against **Broad Peers** for the same period. We believe the fund provided value but merits further monitoring as part of our ongoing oversight of our fund range and the delegated manager as well as through our annual SAA review.

Comparable Market Rates: The fund is in the higher fee bracket in comparison to Peers, however, as a fund of funds, the **synthetic fee** (including the **OCFs** of any underlying funds) is a key element driving the higher ongoing charge figure. While an additional cost, this gives customers exposure to a range of high-quality fund managers and investment strategies. We determine that the fund provided value but merits further monitoring through existing governance and periodic reviews.

**Classes of Shares:** Since becoming the <u>ACD</u> of the fund, we have consolidated and simplified the share class structure and deem there is an appropriate number of share classes available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest <u>share classes</u> of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided good value and we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

# SPW Dynamic Solution

Objective: The Fund aims to provide capital growth and income in excess of the benchmark (after the deduction of fees) over five to seven years by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 80%+ Equity

Similar Peer Group: Similar Third Party Fund of Funds

Benchmark: Composite benchmark (see appendix)

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year	5 Year
Fund	3.73	3.49	7.10	3.24
Benchmark*	-	7.07	-	-
Broad Peers	4.38	5.51	5.93	4.18
Similar Peers	3.07	3.49	4.89	2.89

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated. \*Benchmark only available from March 21.

**Performance:** The fund did not have a client benchmark in its objective until March 2021. The fund has underperformed its **SAA** over 3 years to the end of June 2023 and was also positioned in the 2nd **quartile** when compared against Broad peers for the same period. We believe the fund provided value but merits further monitoring as part of our ongoing oversight of our fund range and the delegated manager as well as through our annual SAA review.

Comparable Market Rates: The fund is in the higher fee bracket in comparison to Peers, however, as a fund of funds, the <u>synthetic fee</u> (including the <u>OCFs</u> of any underlying funds) is a key element driving the higher ongoing charge figure. While an additional cost, this gives customers exposure to a range of high-quality fund managers and investment strategies. We determine that the fund provided value but merits further monitoring through existing governance and periodic reviews.

**Classes of Shares:** Since becoming the <u>ACD</u> of the fund, we have consolidated and simplified the share class structure and deem there is an appropriate number of share classes available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest <u>share classes</u> of third-party external funds. There is an 5opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

### SPW Adventurous Solution

Objective: The Fund aims to provide capital growth and income in excess of the benchmark (after the deduction of fees) over five to seven years by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 80%+ Equity

Similar Peer Group: Similar Third Party Fund of Funds

Benchmark: Composite benchmark (see appendix)

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year	5 Year
Fund	4.44	4.63	8.07	3.71
Benchmark*	-	8.82	-	-
Broad Peers	4.38	5.51	5.93	4.18
Similar Peers	4.18	3.43	5.50	3.38

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated. \*Benchmark only available from March 21.

Performance: The fund did not have a client benchmark in its objective until March 2021. The fund has underperformed its **SAA** over 3 years to the end of June 2023 and was also positioned in the 1st **quartile** when compared against **Broad Peers** for the same period. We believe the fund provided value but merits further monitoring as part of our ongoing oversight of our fund range and the delegated manager as well as through our annual **SAA** review.

Comparable Market Rates: The fund is in the higher fee bracket in comparison to Peers, however, as a fund of funds, the <u>synthetic fee</u> (including the <u>OCFs</u> of any underlying funds) is a key element driving the higher ongoing charge figure. While an additional cost, this gives customers access to a range of high-quality fund managers and investment strategies. We determine that the fund provided value but merits further monitoring through existing governance and periodic reviews.

Classes of Shares: Since becoming the <u>ACD</u> of the fund, we have consolidated and simplified the share class structure and deem there is an appropriate number of share classes available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest <u>share classes</u> of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided good value and we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion

### Multi-Manager funds overview

The portfolios of our Multi-Manager funds are split into various sub-portfolios, the management of which is outsourced to sub-investment managers. This approach provides increased levels of diversification and allows each fund to benefit from a number of best-in-class managers. These include managers such as Blackrock, PIMCO, T Rowe Price and Man GLG. Schroders investment managers accounted for less than 10% of the managers used in our Multi-Manager funds at the end of June 2023, with the balance invested in other external investment managers.

Broad Peer Groups remain the same as 2022 for all funds, with the Multi-Manager equity funds using the relevant IA Sector and all other funds using the relevant Morningstar Category.

The SPW Multi-Manager funds are currently not distributed to be held as standalone funds as they are used by SPW (Advice Company) in model portfolios. Furthermore, the Solution funds invest in the SPW Multi-Manager funds.



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

### SPW Multi-Manager Global Real Estate Securities Fund

Objective: The fund aims to provide income and capital growth in excess of the MSCI World Investable Market Core Real Estate (Net Total Return) index (after fees have been deducted) over five to seven years by investing in property securities worldwide.

**Broad Peer Group:** Morningstar Property – Indirect Global

Similar Peer Group: Similar Global REIT funds

**Benchmark:** MSCI World Investable Market Core Real Estate Index

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year	5 Year
Fund	-1.22	-8.42	3.17	1.86
Benchmark	-3.04	-8.78	1.99	0.53
Broad Peers	-2.91	-9.80	1.02	0.46
Similar Peers	-1.61	-10.49	0.59	1.96

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has outperformed its benchmark and was positioned in the 1st **quartile** when compared against **Broad Peers** over 3 years to the end of June 2023, we therefore determine the fund provided good value.

**Comparable Market Rates:** Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers. Therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** Since becoming the <u>ACD</u> of the fund, we have consolidated and simplified the share class structure and deem there is an appropriate number of share classes available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Our sizeable <u>AUM</u> allows us to negotiate lower fees for the underlying managers of the fund. We also have tiered charging structures in place for many of the underlying managers of the fund which means the fees customers pay will be reduced as the fund size increases. Therefore, we believe the fund provided good value on this pillar.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- + Performance
- Comparable
  Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

# SPW Multi-Manager Asia ex Japan & Global Emerging Markets Equity Fund

Objective: The fund aims to provide capital growth and income in excess of the custom benchmark (after fees have been deducted) over five to seven years by investing in the equities of companies in the Asia Pacific region (excluding Japan) and in global emerging markets.

**Broad Peer Group:** IA Global Emerging Markets

<u>Similar Peer Group</u>: Similar Global Emerging Markets Funds (with high Asia weighting)

**Benchmark:** 50% MSCI Emerging Markets Index and 50% MSCI AC Asia ex Japan Index

Performance Data (%) (over 1 year annualised)	Inception	1 Year
Fund	-8.47	-1.57
Benchmark	-6.96	-3.25
Broad Peers	-7.85	-0.31
Similar Peers	-10.94	-2.35

Fund inception date: 09/07/2021. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has underperformed its benchmark since its inception to end of June 2023 and was positioned in the 3rd **quartile** when compared against **Broad Peers** for the same period. As the fund was only launched in July 2021, there is not a sufficient track record to form a view as to whether the fund is providing value, but we believe it warrants further monitoring as part of our ongoing oversight of our fund range and the delegated manager.

**Comparable Market Rates:** Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers. Therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** After reviewing the fund, we deem there is an appropriate number of **share classes** available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Our sizeable <u>AUM</u> allows us to negotiate lower fees for the underlying managers of the fund. We also have tiered charging structures in place for many of the underlying managers of the fund which means the fees customers pay will be reduced as the fund size increases. Therefore, we believe the fund provided good value on this pillar.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs,** we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- + Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

# SPW Multi-Manager North American Equity Fund

Objective: The fund aims to provide capital growth and income in excess of the MSCI North America (Net Total Return) index (after fees have been deducted) over five to seven years by investing in the equities of North American companies.

**Broad Peer Group:** IA North America

Similar Peer Group: Similar North American Equity Funds

**Benchmark:** MSCI North America Index

Performance Data (%) (over 1 year annualised)	Inception	1 Year
Fund	4.80	6.92
Benchmark	5.17	13.09
Broad Peers	3.38	11.92
Similar Peers	6.22	11.59

Fund inception date: 09/07/2021. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has underperformed its benchmark since its inception to end of June 2023 and was positioned in the 3rd **quartile** when compared against **Broad Peers** for the same period. As the fund was only launched in July 2021, there is not a sufficient track record to form a view as to whether the fund is providing value, but we believe it warrants further monitoring as part of our ongoing oversight of our fund range and the delegated manager.

**Comparable Market Rates:** Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers. Therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** After reviewing the fund, we deem there is an appropriate number of **share classes** available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Our sizeable <u>AUM</u> allows us to negotiate lower fees for the underlying managers of the fund. We also have tiered charging structures in place for many of the underlying managers of the fund which means the fees customers pay will be reduced as the fund size increases. Therefore, we believe the fund provided good value on this pillar.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

# SPW Multi-Manager European ex UK Equity Fund

Objective: The fund aims to provide capital growth and income in excess of the MSCI Europe ex UK (Net Total Return) index (after fees have been deducted) over five to seven years by investing in the equities of European companies, excluding the UK.

Broad Peer Group: IA Europe Excluding UKSimilar Peer Group: Similar European FundsBenchmark: MSCI Europe ex UK NR Index

Performance Data (%) (over 1 year annualised)	Inception	1 Year
Fund	2.80	20.66
Benchmark	2.79	19.00
Broad Peers	1.53	18.63
Similar Peers	2.76	19.86

Fund inception date: 09/07/2021. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has outperformed its benchmark since its inception to end of June 2023 and was also positioned in the 2nd **quartile** when compared against **Broad Peers** for the same period. As the fund was only launched in July 2021, there is not a sufficient track record to form a view as to whether the fund is providing value, but we believe it is performing in line with expectations.

**Comparable Market Rates:** Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers. Therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** After reviewing the fund, we deem there is an appropriate number of **share classes** available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Our sizeable <u>AUM</u> allows us to negotiate lower fees for the underlying managers of the fund. We also have tiered charging structures in place for many of the underlying managers of the fund which means the fees customers pay will be reduced as the fund size increases. Therefore, we believe the fund provided good value on this pillar.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

# SPW Multi-Manager Japanese Equity Fund

Objective: The fund aims to provide capital growth and income in excess of the MSCI North America (Net Total Return) index (after fees have been deducted) over five to seven years by investing in the equities of North American companies.

**Broad Peer Group:** IA Japan

**Similar Peer Group:** Similar Japanese Equity Funds

**Benchmark:** MSCI Japan NR Index

Performance Data (%) (over 1 year annualised)	Inception	1 Year
Fund	4.66	14.18
Benchmark	1.88	12.85
Broad Peers	-0.14	12.39
Similar Peers	3.27	13.21

Fund inception date: 09/07/2021. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has outperformed its benchmark since its inception to end of June 2023 and was also positioned in the 1st **quartile** when compared against **Broad Peers** for the same period. As the fund was only launched in July 2021, there is not a sufficient track record to form a view as to whether the fund is providing value, but we believe it is performing in line with expectations.

**Comparable Market Rates:** Against the Similar Peer Group, the fund appears slightly expensive but it is cheaper than the Broad Peer Group. Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers, therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** After reviewing the fund, we deem there is an appropriate number of **share classes** available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Our sizeable <u>AUM</u> allows us to negotiate lower fees for the underlying managers of the fund. We also have tiered charging structures in place for many of the underlying managers of the fund which means the fees customers pay will be reduced as the fund size increases. Therefore, we believe the fund provided good value on this pillar.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

# SPW Multi-Manager UK Equity Fund

Objective: The fund aims to provide capital growth and income in excess of the MSCI UK Investable Market (Gross Total Return) index (after fees have been deducted) over five to seven years by investing in the equities of UK companies.

**Broad Peer Group:** IA UK All Companies

<u>Similar Peer Group:</u> Similar UK Equity Funds

Benchmark: MSCI UK Investable Market Index

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year	5 Year
Fund	3.94	11.59	10.37	2.62
Benchmark	4.28	7.01	10.46	3.35
Broad Peers	1.93	6.06	7.29	1.46
Similar Peers	3.44	8.97	10.33	2.56

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has underperformed its benchmark and was positioned in the 1st **quartile** when compared against **Broad Peers** over 3 years to the end of June 2023. We believe the fund provided value but merits further monitoring as part of our ongoing oversight of our fund range and the delegated manager.

**Comparable Market Rates:** Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers. Therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** Since becoming the <u>ACD</u> of the fund, we have consolidated and simplified the share class structure and deem there is an appropriate number of <u>share classes</u> available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Our sizeable <u>AUM</u> allows us to negotiate lower fees for the underlying managers of the fund. We also have tiered charging structures in place for many of the underlying managers of the fund which means the fees customers pay will be reduced as the fund size increases. Therefore, we believe the fund provided good value on this pillar.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

## SPW Multi-Manager UK Equity Income Fund

Investment Objective: The fund aims to provide income and capital growth in excess of the MSCI UK Investable Market (Gross Total Return) index (after fees have been deducted) over five to seven years by investing in the equities of UK companies. The fund will also aim to provide a dividend yield that is at least equal to that of the MSCI UK Investable Market (GTR) index on a three year rolling basis.

**Broad Peer Group:** IA UK Equity Income

**Similar Peer Group:** Similar UK Equity Funds

**Benchmark:** MSCI UK Investable Market Index

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year	5 Year
Fund	4.88	6.47	12.04	3.03
Benchmark	4.28	7.01	10.46	3.35
Broad Peers	2.44	3.98	9.05	1.75
Similar Peers	3.86	7.54	9.39	3.14

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has outperformed its benchmark and was positioned in the 1st **quartile** when compared against **Broad Peers** over 3 years to the end of June 2023, we therefore determine the fund's performance provided good value.

**Comparable Market Rates:** Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers. Therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** Since becoming the <u>ACD</u> of the fund, we have consolidated and simplified the <u>share class</u> structure and deem there is an appropriate number of share classes available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Our sizeable <u>AUM</u> allows us to negotiate lower fees for the underlying managers of the fund. We also have tiered charging structures in place for many of the underlying managers of the fund which means the fees customers pay will be reduced as the fund size increases. Therefore, we believe the fund provided good value on this pillar.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- + Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

## SPW Multi-Manager Global Investment Grade Bond Fund

Objective: The fund aims to provide income and capital growth in excess of Bloomberg Global Aggregate Corporate (Total Return) Value GBP Hedged index (after fees have been deducted) over five to seven years by investing in a range of bonds issued by companies worldwide.

**Broad Peer Group:** Morningstar Global Corporate Bond – GBP Hedged

<u>Similar Peer Group:</u> GBP Hedged Corporate Bond Funds

**Benchmark:** Bloomberg Global Aggregate Corporate Index

Performance Data (%) (over 1 year annualised)	Inception	1 Year
Fund	-5.74	-0.29
Benchmark	-5.31	0.26
Broad Peers	-5.60	0.32
Similar Peers	-5.55	0.45

Fund inception date: 09/07/2021. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has underperformed its benchmark since its inception to end of June 2023 and was positioned in the 3rd **quartile** when compared against **Broad Peers** for the same period. As the fund was only launched in February 2021, there is not a sufficient track record to form a view as to whether the fund is providing value, but we believe it warrants further monitoring as part of our ongoing oversight of our fund range and the delegated manager.

**Comparable Market Rates:** Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers, therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** After reviewing the fund, we deem there is an appropriate number of **share classes** available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Our sizeable <u>AUM</u> allows us to negotiate lower fees for the underlying managers of the fund. We also have tiered charging structures in place for many of the underlying managers of the fund which means the fees customers pay will be reduced as the fund size increases. Therefore, we believe the fund provided good value on this pillar.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

## SPW Multi-Manager Global High Income & Emerging Markets Bond Fund

Objective: The fund aims to provide income and capital growth in excess of the composite benchmark (after fees have been deducted) over five to seven years by investing in a range of bonds issued by governments and companies worldwide.

**Broad Peer Group:** Morningstar Global High Yield Bond – GBP Hedged

<u>Similar Peer Group</u>: GBP Hedged High Yield Funds with high Emerging Market Debt exposure

**Benchmark:** The composite benchmark comprises 50% Bloomberg Global High Yield Corporate (Total Return) Value GBP Hedged index and 50% Bloomberg Emerging Market Debt (Total Return) Value GBP Hedged index.

Performance Data (%) (over 1 year annualised)	Inception	1 Year
Fund	-5.24	4.63
Benchmark	-4.39	6.00
Broad Peers	-1.88	7.04
Similar Peers	-5.15	4.58

Fund inception date: 09/07/2021. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has significantly underperformed its benchmark since its inception to end of June 2023 and was positioned in the 4th **quartile** when compared against **Broad Peers** for the same period. Although the fund was only launched in February 2021, we believe the performance did not provide value and action is planned through enhanced oversight and a performance deep dive with our delegated investment manager.

**Comparable Market Rates:** Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers. Therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** After reviewing the fund, we deem there is an appropriate number of **share classes** available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Our sizeable <u>AUM</u> allows us to negotiate lower fees for the underlying managers of the fund. We also have tiered charging structures in place for many of the underlying managers of the fund which means the fees customers pay will be reduced as the fund size increases. Therefore, we believe the fund provided good value on this pillar.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds

#### Conclusion

Following our assessment, and taking into account all six pillars, we find the fund provided value but further action is underway to address the under-performance.



- + Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

## SPW Multi-Manager Global Sovereign Bond Fund

Objective: The fund aims to provide income and capital growth in excess of the Bloomberg Global Aggregate Treasury (Total Return) Value GBP Hedged index (after fees have been deducted) over five to seven years by investing in a range of bonds issued or guaranteed by governments worldwide.

**Broad Peer Group:** Morningstar Global Bond – GBP Hedged

**Similar Peer Group:** Similar GBP Hedged Global Bond Funds

**Benchmark:** Bloomberg Global Aggregate Treasury Index

Performance Data (%) (over 1 year annualised)	Inception	1 Year
Fund	-4.41	-1.37
Benchmark	-3.91	-1.18
Broad Peers	-4.48	-0.74
Similar Peers	-4.41	-2.64

Fund inception date: 09/07/2021. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** The fund has underperformed its benchmark since its inception to end of June 2023 and was positioned in the 3rd **quartile** when compared against **Broad Peers** for the same period. As the fund was only launched in February 2021, there is not a sufficient track record to form a view as to whether the fund is providing value, but we believe it warrants further monitoring as part of our ongoing oversight of our fund range and the delegated manager.

**Comparable Market Rates:** Against the Broad Peer Group, the fund looks slightly expensive but it is in line with Similar Peers. Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers. Therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** After reviewing the fund, we deem there is an appropriate number of **share classes** available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Our sizeable <u>AUM</u> allows us to negotiate lower fees for the underlying managers of the fund. We also have tiered charging structures in place for many of the underlying managers of the fund which means the fees customers pay will be reduced as the fund size increases. Therefore, we believe the fund provided good value on this pillar.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion

## Component funds overview

Four of our funds, SPW Asset Allocator, SPW IPS Growth, SPW IPS Income and SPW IPS Strategic Income are specifically designed to be used as component funds in conjunction with other funds in various proportions to create model portfolios aligned to different risk profiles. The funds invest in the SPW Multi-Manager funds.

The Component funds are not designed to be standalone funds and are not distributed as such.

Each component fund has an internal strategic asset allocation (SAA) but no **benchmark**. This makes any benchmark- and Peer-relative assessment challenging, although we have endeavoured to give a view using the fund's **SAA** and the Similar Peer Groups created by Morningstar.

SPW IPS Strategic Income fund is planned for closure later in 2023.



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

## SPW IPS Growth Portfolio

Objective: The fund aims to provide income and capital growth by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar Other Allocation

**Similar Peer Group:** Similar Fund of Funds

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year	5 Year
Fund	5.98	6.01	8.67	5.35
Similar Peers	4.18	3.43	5.50	3.38

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** We do not quote a benchmark or performance target for the fund. This is because it is used in conjunction with either SPW IPS Income or SPW IPS Strategic Income to form a range of aggregated **multi-asset** portfolios (that each have their own respective benchmarks at the portfolio level). The fund has, however, outperformed its **SAA** over 3 years to the end of June 2023 and we therefore determine the fund's performance provided good value.

**Comparable Market Rates:** Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers. Therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** After reviewing the fund, we deem there is an appropriate number of **share classes** available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest share classes of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

#### SPW IPS Income Portfolio

Objective: The fund aims to provide income and capital growth by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar Other Allocation

Similar Peer Group: Similar Fund of Funds\*

\*As the number of peers with sufficiently low equity was so narrow, fettered fund of funds were also included.

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year	5 Year
Fund	-1.83	-0.17	-1.76	-0.07
Similar Peers	-1.22	0.50	-1.76	-0.11

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

Performance: We do not quote a benchmark or performance target for the fund. This is because it is used in conjunction with either SPW IPS Growth or SPW IPS Strategic Income to form a range of aggregated multi-asset portfolios (that each have their own respective benchmarks at the portfolio level). The fund has underperformed its SAA over 3 years to the end of June 2023 and we therefore determine the fund provided good value but merits further monitoring as part of our ongoing oversight of our fund range and the delegated manager as well as through our annual SAA review.

**Comparable Market Rates:** Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers. Therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** After reviewing the fund, we deem there is an appropriate number of **share classes** available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest share classes of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we willcontinue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

## SPW IPS Strategic Income Portfolio

Objective: The fund aims to provide income by investing in a diversified range of assets and markets worldwide. The Fund also aims to provide capital growth.

**Broad Peer Group:** Morningstar Other Allocation

**Similar Peer Group:** Similar Fund of Funds

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year	5 Year
Fund	-2.92	0.62	-1.97	-0.61
Similar Peers	-0.77	0.22	-1.36	-0.15

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

Performance: We do not quote a benchmark or performance target for the fund. This is because it is used in conjunction with either SPW IPS Income or SPW IPS Growth to form a range of aggregated multi-asset portfolios (that each have their own respective benchmarks at the portfolio level). The fund has significantly underperformed its SAA over 3 years to the end of June 2023 and significantly underperformed since inception of SPW (ACD). We therefore believe the fund's performance did not provide value and action has been taken to address this. The fund is also planned for closure in 2023 due to its sub-optimal size.

**Comparable Market Rates:** Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers. Therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** After reviewing the fund, we deem there is an appropriate number of **share classes** available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest share classes of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion

Following our assessment, and taking into account all six pillars, we find the fund provided value but further action is underway to address the under-performance. The fund is also due for closure later in 2023.



- Performance
- Comparable Market Rates
- Classes of Shares
- Economies of Scale
- AFM Costs
- Quality of Service
- Overall

- Fund provides good value.
- Fund provided value but merits some action or further monitoring.
- Fund did not provide value, action planned/ action taken.
- + Less than 3 years performance history.

### SPW Asset Allocator Fund

Objective: The fund aims to provide capital growth and income by investing in a diversified range of assets and markets worldwide.

**Broad Peer Group:** Morningstar GBP Allocation 40-60% Equity

**Similar Peer Group:** Similar Fund of Funds

Performance Data (%) (over 1 year annualised)	ACD Change	1 Year	3 Year
Fund	1.09	-1.53	3.63
Similar Peers	1.83	1.20	2.78

ACD change date: 09/12/2019. Returns to 30th June 2023. Figures refer to past performance, which is not a guide to future performance and may not be repeated.

**Performance:** We do not quote a benchmark or performance target for this fund. It is used to implement asset allocation changes within broader model portfolios without creating capital gains tax events for customers. The fund has outperformed its **SAA** over 3 years to the end of June 2023 and we therefore determine the fund's performance provided good value.

**Comparable Market Rates:** Overall, we concluded the fund represented a competitive offering from a cost perspective relative to Peers. Therefore, we deemed the fund to provide good value on this pillar.

**Classes of Shares:** After reviewing this fund, we deem there is an appropriate number of **share classes** available for the different types of customers who are invested in the fund. Therefore, we conclude the fund provided good value on this pillar.

**Economies of Scale:** Through leveraging our scale of <u>AUM</u> and that of our delegated investment manager we are able to access the cheapest share classes of third-party external funds. There is an opportunity for a portion of the expenses of the fund to pass on economies of scale as we have agreed a tiered fee rate with some of our third-party providers.

**Authorised Fund Manager Costs (AFM):** Following our review of **AFM costs**, we believe that the fund provided value but we will continue to review the costs and charges of the funds to identify any opportunities to make savings and improve transparency for customers.

**Quality of Service:** We believe we provide good value for customers in terms of quality of service. This is through the high levels of service provided by our suppliers, indicated by both key performance indicators and positive feedback from surveys. In the last 12 months we have embedded the FCAs Consumer Duty rules into our business and also introduced a responsible investment approach to all of our funds.

#### Conclusion

# Appendix

## Portfolio funds benchmarks

Asset Class	Sector	Region	Benchmark	SPW Cautious Portfolio	SPW Discovery Portfolio	SPW Balanced Portfolio	SPW Progressive Portfolio	SPW Dynamic Portfolio	SPW Adventurous Portfolio
	Government	Global	Bloomberg Global Aggregate Treasury Total Return GBP Hedged Index	13.00%	10.00%	7.00%	3.00%	2.00%	0.00%
Fixed Income	Investment Grade	Global	Bloomberg Global Aggregate Corp Hedged	46.00%	36.00%	26.00%	13.00%	8.00%	0.00%
rixea income	High Yield	Global	Bloomberg Global High Yield Corporate 100% Hedged to GBP Index	4.00%	3.50%	2.50%	1.50%	1.00%	1.00%
	Emerging Market Debt	Global	Bloomberg EM Hard Currency Aggregate 100% GBP Hedged Index	4.00%	3.50%	2.50%	1.50%	1.00%	1.00%
Equity	UK	United Kingdom	MSCI UK IMI (TR Gross) GBP	5.00%	8.00%	13.00%	18.00%	21.00%	15.00%
Equity	Global	Global	MSCI All Country World Net Index in GBP	11.00%	22.00%	32.00%	47.00%	55.00%	74.00%
	Property	Global	MSCI World IMI Core Real Estate (TR Net) GBP	4.00%	4.00%	4.00%	5.00%	5.00%	5.00%
Alternative Investments	Absolute Return	Other	SONIA (Sterling Over Night Index Average) + 2%	7.00%	7.00%	6.00%	4.00%	0.00%	0.00%
	Commodities	All Commodities	Bloomberg Commodity Index Total Return in GBP	2.00%	2.00%	3.00%	3.00%	3.00%	2.00%
Cash	Cash	UK	SONIA (Sterling Over Night Index Average)	4.00%	4.00%	4.00%	4.00%	4.00%	2.00%
Total				100%	100%	100%	100%	100%	100%

## Solution funds benchmarks

Asset Class	Sector	Region	Benchmark	SPW Defensive Solution	SPW Cautious Solution	SPW Discovery Solution	SPW Balanced Solution	SPW Strategic Solution	SPW Dynamic Solution	SPW Adventurous Solution
	Government	Global	Bloomberg Global Aggregate Treasury GBP Hedged Index	15.00%	13.00%	10.00%	7.00%	3.00%	2.00%	0.00%
Fixed Income	Investment Grade	Global	Bloomberg Global Aggregate Corporate GBP Hedged	54.00%	46.00%	36.00%	26.00%	13.00%	8.00%	0.00%
rixed ilicollie	High Yield	Global	Bloomberg Global High Yield Corporate GBP Hedged	5.00%	4.00%	3.50%	2.50%	1.50%	1.00%	1.00%
	Emerging Market Debt	Global	Bloomberg Emerging Markets Hard Currency Aggregate GBP Hedged	5.00%	4.00%	3.50%	2.50%	1.50%	1.00%	1.00%
	UK	United Kingdom	MSCI UK IMI (TR Gross) GBP	3.00%	5.00%	9.00%	14.00%	20.00%	23.00%	18.00%
	North America	North America	MSCI North America (TR Net) GBP	3.10%	6.90%	13.20%	19.50%	28.40%	33.50%	44.80%
Equity	Europe ex l	Europe ex UK	MSCI Developed Europe ex UK (TR Net) GBP	0.70%	1.50%	2.90%	4.30%	6.20%	7.30%	9.70%
Equity	Japan	Japan	MSCI Japan (TR Net) GBP	0.40%	0.80%	1.50%	2.20%	3.20%	3.80%	5.10%
	Asia Pacific ex Japan	Asia Pacific ex Japan	MSCI Asia Pacific x Japan (TR Net) GBP	0.40%	0.90%	1.70%	2.50%	3.60%	4.20%	5.70%
	Emerging Markets	Emerging Markets	MSCI Emerging Market Equity (TR Net) GBP	0.40%	0.90%	1.70%	2.50%	3.60%	4.20%	5.70%
	Property	Global	MSCI World IMI Core Real Estate (TR Net) GBP	2.00%	4.00%	4.00%	4.00%	5.00%	5.00%	5.00%
Alternative Investments	Absolute Return	Other	GBP SONIA (Sterling Over Night Index Average) + 2%	8.00%	7.00%	7.00%	6.00%	4.00%	0.00%	0.00%
	Commodities	All Commodities	Bloomberg Commodity Index Total Return in GBP	0.00%	2.00%	2.00%	3.00%	3.00%	3.00%	2.00%
Cash	Cash	UK	GBP SONIA (Sterling Over Night Index Average)	3.00%	4.00%	4.00%	4.00%	4.00%	4.00%	2.00%
Total				100%	100%	100%	100%	100%	100%	100%

# Glossary

**Absolute Return** The return an asset achieves over a specified period, without being compared to a benchmark or comparator. This measure is expressed as a percentage and for time periods greater than 12 months is annualised. For example, for £100 invested, a 10% absolute return over one year, would give a £10 return, taking the total to £110.

ACD (Authorised Corporate Director) An ACD is a corporate body which is given powers and duties under FCA regulations to operate an Investment Company with Variable Capital (ICVC). The ACD is responsible for administration and accountancy as well as providing the legal framework around the funds, including compliance.

**Active Fund** Unlike a passive fund, which seeks to match the return of an index, an active fund seeks to outperform the return of an index. It does this by investing in companies whose share price the manager thinks will increase more than that of the index.

**Accumulation Share Class** A share class that automatically reinvests its income (derived from dividends or interest of the underlying securities) back into the fund.

**Authorised Fund Manager (AFM) Costs** The costs that the Authorised fund manager incurs for running the fund.

All-in Charge A single charge that captures all of the costs of managing a fund, which include the annual management charge, the administration charge and other "operating costs". The All-in charge represents a maximum charge – should costs exceed the stated All-in figure, the excess costs are born by the ACD; should the costs be below the stated All-in figure, the difference will be paid into the fund. The All-In charge

does not include the costs of buying and selling the fund's assets. Some of SPW's funds have adopted an All-in charge approach.

**Annual Management Charge (AMC)** The annual fee taken by the fund manager for making investment decisions, usually a percentage of the amount invested.

**Annualised** An annualised rate of return is the return over a period of time, calculated down to a 12-month period. This scaling process allows customers to objectively compare the returns of any assets over any period.

**Asset** A resource or security with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit.

Asset Allocation This asset mix within a fund, usually broken down into equities (stocks), fixed income (bonds), cash and alternatives such as commodities or property. This may be broken down by geographic region or sector.

**Assets Under Management (AUM)** The total market value of the investments that a person or entity manages on behalf of customers.

**Bps (basis points)** A basis point is one hundredth of one per cent. For example, 10bps = 0.1%, 50bps = 0.5%.

**Benchmark** A standard, (usually an index or a market average) that an investment fund's performance is measured against. A fund's benchmark is usually disclosed in its prospectus. A composite benchmark is one that is comprised of different modules / indexes to create a benchmark more reflective of the fund itself.

**Broad Peer Group** This is the Morningstar Category or IA sector in which a given SPW fund is categorised by Morningstar.

**Composite** When referring to benchmarks, a composite is a collection of indices that may be weighted differently to create a truer benchmark for a particular fund to better reflect its investable universe.

Cross held (share class) Customers in this share class have the rights to hold these shares as a second scheme within a fund. To avoid double charging, an annual management charge is typically not levied on these shares. Access to this share class should only be granted if made from an appropriate primary scheme of SPW (ACD) or associated parties of SPW.

Custodian and Depositary The Custodian and Depositary are financial institutions which play an important role in investor protection and are responsible for the safekeeping of the fund's assets including operational and compliance aspects of managing investment funds. Their role is to protect the fund's assets and ensure they are managed in line with regulatory requirements and the fund's prospectus. Their services help maintain the security and transparency of fund assets, providing confidence to investors and regulatory authorities.

Cyclicals Companies whose performance moves in line with the general health of the economy. Share prices are strong when growth is good but suffer severely during a recession. Examples are automobiles, construction, and manufacturing companies. These include aerospace and aerospace industries, building supplies, industrial-building products, business equipment, chemicals, machinery (both light and industrial), metals fabrication (iron, steel, coal, and rare metals), paper and packaging, and photo equipment.

**Economies of Scale** An economic principle stating that as the volume of production increases, the cost of producing each incremental unit decreases. As applied to the fund business, the implication is that as the assets in a fund increase, the percentage cost of managing and/or servicing those assets decreases.

**Fettered funds** A term usually used in relation to a fund of funds. It means the fund of funds is restricted to investing only in the internal funds run by the same fund management group. The opposite is an unfettered fund of funds.

**Financial Conduct Authority (FCA)** The FCA regulates authorised investment funds. The FCA is the UK regulator of Financial Services and requires firms to adhere to strict rules, principles and guidance.

**Fixed Income** Securities such as bonds on which the holder typically receives a predetermined interest pattern on the face value. However, the term is also used for debt securities even when there is no regular interest and when interest varies.

**Fund Administrator** Provide administrative solutions to asset and fund managers. This can include fund accounting, trade settlement and investor communications.

**Fund of Funds** A fund that invests the money raised from investors in a range of funds.

**Fund Management** Investment and administration of a quantity of money on behalf of the fund's owners.

**Growth (Strategy)** Refers to an investment strategy that selects shares with a record of past growth and the potential for future increases in capital value. Usually, that means companies with high growth in earnings or expected earnings, and hence the potential for big increases in their share price. If the company fails to deliver growth however, the price can fall dramatically.

**Income Shares** A share class that pays out its income (derived from dividends or interest of the underlying securities).

Index Fund A fund whose objective is to match the total investment performance of a publicly recognised securities market index. A fund designated as 'pure index' is passively managed and invests a majority of its assets in virtually all the securities of the targeted index, rebalancing regularly to mimic the proportions of the index. The performance of such a fund is likely to track its index very closely.

#### Investment Association (IA) and IA sectors

The Investment Association is the trade body that represents UK Investment managers. The IA maintains a classification scheme, IA sectors, that groups funds based on their investment objective.

**Investment Objective** The set goal / target for the fund, usually to aim to beat a benchmark or criteria over a specific time period.

Lloyds Banking Group (LBG) Advised Customers in this share class have the right to hold shares as part of a product managed by LBG but advised by SPW (Advice Company). This share class type should be reserved exclusively for the use of customers accessing shares via a commercial arrangement with SPW (Advice Company). The AMC is set at a suitable discount to the retail class to ensure the shares are commercially competitive and with consideration of other costs customers may bear in accessing this class.

Legacy Customers A legacy customer is an SPW (ACD) customer who purchased the fund either directly or via an advice event but who no longer has an ongoing relationship with the company that advised them. Legacy customers may include those advised by SPW (Advice Company), Lloyds Wealth or Scottish Widows. These customers typically hold the funds directly in their own name or via a separate nominee.

**Mean** The arithmetic average of a group of numbers. competitive and with consideration of other costs customers may bear in accessing this class.

**Median** A value in an ordered set of values (sorted from largest to smallest) below and above which there is an equal number of values; or a value that is the arithmetic mean of the two middle values if there is no one middle number.

**Multi-Asset** A combination of asset classes (such as cash, equity and/or bonds) used as an investment. A multi-asset class investment contains more than one asset class, thus creating a group or portfolio of assets.

**Multi-Manager** A multi-manager arrangement is one in which there are a number of different submanagers each responsible for a particular element within the fund. A portfolio's assets are divided into sub-portfolios, which are managed separately by the individual sub-managers.

**Net Asset Value (NAV)** The fund's per-share value as calculated by the sum of underlying investment assets, after deducting all liabilities and accrued unpaid charges, divided by the number of shares outstanding.

# Open-ended investment companies (OEICs) / Investment Company with Variable Capital (ICVC)

An Open Ended Investment Company (OEIC) or Investment Company with Variable Capital (ICVC) is a professionally managed collective investment scheme that pools your money with that of other customers. OEICs and ICVCs issue shares, each time someone invests and the size of the fund will grow or shrink to mirror the buying and selling of shares.

Ongoing Charges Figure (OCF) The OCF is made up of the Annual Management Charge (AMC) and other operating costs. Other operating costs include the costs for other services paid for by the fund, such as the fees paid to the trustee (or depositary), custodian, auditor and regulator.

**Open Architecture** See Unfettered funds.

**Peer / Peer Group** A selection of funds from competitors that have similar attributes to an SPW fund, allowing for competitor analysis.

**Primary Share Class** As defined by SPW (ACD), this is the share class that is used for new business, most widely available or holds the most assets.

**Quartile** Four equal groups into which a population of subjects, (e.g. a fund) can be divided according to a particular variable (e.g. performance).

**Rebate** When a fund manager wants to offer a customer a more favourable fee than those for any existing share classes of a fund, they may offer a rebate to the customer. This sees the customer pay the full OCF of a share class, but receive a partial refund, the 'rebate', from the fund manager thereby creating an artificially lower OCF.

**Redemption** A fund redemption is the term for when a customer sells their shares in a fund. The fund manager typically meets the redemption by providing cash from the sale of the corresponding underlying assets.

**Relative Return** The return an asset achieves over a specified period, when compared to a benchmark. When focused on active portfolio management this can be referred to as Alpha.

Representative Cost ex Transaction Fee An indication of the known recurring costs for the share class as levied by the management group, excluding transaction costs incurred by the fund in trading its holdings. This measure does not include one-off costs, or costs levied by third parties such as investment advisors or platforms. This data is annualised and indicates the fees that would be payable over a year.

Retail Non-SPW Advised Customers in this share class have the right to hold shares without having an advice relationship with SPW (Advice Company). These customers will be direct customers of SPW (ACD) and will not bear the same distribution costs associated with accessing the fund via other methods such as the platform fee. As SPW (ACD) does not actively provide funds for distribution outside of SPW (Advice Company) all retail customers should be customers who have had a previous commercial relationship with SPW (Advice Company) or an associated party who originally distributed the fund. Types of customers in this class include Individuals, 3rd-Party Nominees, Charities, Corporates, Life Companies and Trusts.

**Risk-Adjusted Returns** A calculation of the profit or potential profit from an investment that takes into account the degree of risk that must be accepted in order to achieve it.

Scheme of Arrangement In relation to a fund, a Scheme of Arrangement is a tax efficient method of moving customers into a different fund without forcing a costly redemption and re-investment. The customer will receive units in the target fund and their units in the existing fund will be cancelled.

**Share Classes** A fund can have different classes of shares. These classes will vary depending on how they are distributed, the type of end customer they serve and whether they accumulate or distribute any income derived from the underlying holdings. Share classes will typically have different annual management charges and ongoing charges figures, so this can result in different returns between classes.

**Similar Peer Group** A group of funds, chosen by Morningstar, that have similar characteristics to the SPW fund under review.

SPW Advised (Share Class) Customers in this share class have the right to hold shares as part of a product sold by SPW (Advice Company) or an associated party of SPW (Holdings Company). This share class should be reserved exclusively for the use of customers accessing shares via an advised arrangement with SPW (Advice Company). The Annual Management Charge is set at a suitable discount to the retail class & LBG Advised class to ensure the shares are commercially competitive and with consideration of other costs customers may bear in accessing this class in particular platform costs not incurred by retail and LBG Advised customers.

**SPW (Advice Company)** Scottish Widows Schroder Personal Wealth Limited, referred to as SPW (Advice Company) in this report, is a wealth advice company that invests primarily in SPW (ACD) funds.

**SPW (Holdings Company)** Scottish Widows Schroder Wealth Holdings Limited, referred to as SPW (Holdings Company) in this report, is the holdings company that owns SPW (ACD) and SPW (Advice Company).

**Strategic Asset Allocation (SAA)** The longer-term average asset allocation of an investment portfolio across different kinds of assets such as absolute return strategies, bonds, property, equities, and commodities that is designed to meet the aims and objectives of a customer.

**Sub-manager Fee** Fees paid to any third party (other than the investment manager) that has been selected by the investment manager to manage all or a portion of the assets of the fund.

**Synthetic Fee** Fees paid to underlying funds in a fund of funds structure (being a structure whereby the fund primarily invests into other investment funds).

**Tactical Asset Allocation (TAA)** The short-term actual asset allocation of an investment portfolio across different kinds of assets, which varies from the long-term strategic asset allocation to take advantage of investment opportunities in the marketplace. TAA amendments can be made to an investment portfolio at any time.

**Transaction Costs** The costs associated with buying and selling assets in the funds. Transaction costs are important because they are one of the key determinants of net returns.

**Transfer Agent** A financial intermediary responsible for facilitating the transfer of ownership and record-keeping related to the shares or units of an investment fund. Transfer agents play a vital role in ensuring the smooth functioning of the funds administrative processes.

**Unfettered funds** A term usually used in relation to a fund of funds. It means the fund of funds can invest in both internal and external or third party funds. The opposite is a fettered fund of funds.

**Value (strategy)** An investment strategy that selects shares that are attractively priced, relative to the earnings or the internal value of the company – or, in some cases, relative to the market. The theory is that the share price of these companies will eventually rise to reflect the true value. Many consider value investing safer than growth investing, since prices of value stocks tend to be less volatile.

**Volatility** The speed and magnitude of price change over time, measured by standard deviation or variance.

Wrapper / Wrapped fund A wrapper fund consolidates an customers investment portfolio, typically through investing in a combination of collective investment schemes held in specified proportions to achieve a specific investment goal.

**Yield** The annual rate of return on an investment, as paid in dividends or interest. It is expressed as a percentage, generally obtained by dividing the annual dividend or interest payment into the current market price for a stock or bond.

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