

PACIFIC MODEL PORTFOLIO SOLUTIONS

PASSIVE RANGE

The range provides multi-asset, cost-effective globally diversified investments through low-cost passive investments to meet a range of client investment objectives.

Vulnerable Clients

There is no direct relationship or interaction between Pacific Asset Management and the end retail client. However, we recognise we have an indirect material influence on retail client outcomes. Any client could find themselves in vulnerable circumstances at any time. Our aim is to ensure that vulnerable clients invested in our portfolios continue to receive the same fair treatment and outcomes as other clients.

TARGET MARKET

Type of Client

Targeted at retail and professional clients:

- with all levels of knowledge (basic, informed and advanced); the portfolios have no complex features that would require more than a basic understanding of investment markets or instruments.
- who are seeking investment growth over the medium term - not less than 5 years; in line with the portfolios risk and objectives (detailed below);
- have the capacity to absorb a capital loss; clients will have no risk of loss greater than their invested amount. As a portfolio with exposure to financial instruments, clients should be aware that there is a risk that they may get back less than they paid in;
- who have a regulated and authorised Financial Adviser who is responsible for assessing the suitability of the MPS portfolios for the client, taking into account their circumstances.

Advisers are encouraged to read the Strategy Sheets which contain further information on allocation and weightings of holdings in addition to performance and risk data.

Negative Target Market

The Portfolio may not be suitable for certain clients, including but not limited to those:

- who are not willing to take any investment risk i.e. whose objectives and needs are not consistent with the nature of the portfolio;
- who do not have sufficient resources to bear any loss which may result from an investment in the portfolio;
- who are seeking a bespoke investment service tailored to their individual needs;
- who are interested in complex investment options; or require access to more specialist investments than those offered within the portfolios; and
- who are seeking an investment time horizon of less than 5 years.

The portfolios are not committed to meeting any specific environmental, social, governance restrictions which some clients may be seeking.

Distribution

The Portfolio is designed for distribution on an advised basis.

PORTFOLIO OBJECTIVES & RISK PROFILE

Defensive	The portfolio prioritises capital preservation, with a bias towards lower risk passive investments. It seeks to protect against the erosive effects of inflation. To reduce investment risk, the portfolio maintains a bias towards fixed income and cash, with equity holdings weighting limited to 35%. It is designed for investors who have a lower risk tolerance.
Conservative	The portfolio aims to achieve capital growth with a focus on capital preservation, generating steady long term returns by combining lower risk investments and equity market exposure using low-cost passive investments. To provide the potential for greater returns than those available from fixed income and cash the portfolio may have a bias towards equity holdings, limited to 60%. It is designed for investors who have a lower risk tolerance.
Balanced	The portfolio aims to achieve capital growth using low cost passive investments, balancing capital preservation and equity market exposure. To provide the potential for greater returns than those available from fixed income and cash the portfolio may have a bias towards equity holdings, limited to 85%. It is designed for investors who have a medium risk tolerance.
Adventurous	The portfolio aims to achieve capital growth, with a bias towards equity market exposure. To meet its objective the portfolio is expected to maintain a bias towards equity holdings which could account for 100%. As such, the portfolio could display high levels of volatility and clients should seek to understand the risks involved. It is designed for investors who have a high risk tolerance.
Aggressive	The portfolio aims to maximise capital growth using low-cost passive investments, with a significant bias towards equity market exposure which could account for 100%. In seeking to maximise returns the portfolio may also include exposure to some specialist or thematic collective investments which can display heightened volatility, and so clients should ensure that they understand the risks involved. It is designed for investors who have a high risk tolerance.

FAIR VALUE ASSESSMENT

We have developed a comprehensive assessment process which considers a number of aspects to determine the value of our offering. They include:

- Risk management - portfolios are managed in line with long term risk targets.
- Institutional Investment Expertise - Investment team with 50+ years combined industry experience across multi-asset, equities, fixed income, absolute return and sustainable investing. The portfolio management team have access to underlying fund managers.
- Costs will be lower compared to an actively managed solution.
- Economies of scale - due to the size of the assets managed by Pacific Asset Management within our model portfolio service we have been able to use our scale to negotiate access to the cheapest share classes available for all our Vanguard and L&G fund holdings, meaning a lower overall portfolio cost to clients. Further to this, our scale continually allows us to negotiate for lower fees for all funds held in the model portfolios.
- Type of investment - all underlying portfolio constituents are liquid; diversified portfolio investing across all asset classes.
- Opportunity to work with an experienced sales team constantly available to help with your needs and queries.
- Access to Pacific AdviserLab, giving access to strategy performance in real-time, as well as access to a suite of materials including strategy factsheets, and investment commentaries and outlooks
- Adviser branded materials to enhance your value proposition with your clients, ensuring better outcomes through education and technology.

We consider the investment performance of the portfolio against its stated investment objective, as well as against the benchmarks and our fees. The outcomes of our assessment are reviewed on an ongoing basis, enabling any challenge and further investigation.

PRODUCT APPROVAL PROCESS

As a manufacturer of investment products and services, Pacific Asset Management is committed to following a robust approval process for each new initiative (or significant change to existing) prior to distribution.

The firm has a well-established Product Approval Process and a Product Governance Committee (“PGC”) which supports and is responsible for the review and approval of new initiatives.

Teams and colleagues across the business will participate to research and analyse new initiatives to progress the development. A proposal will be submitted to the PGC for consideration. The Committee will have regard to a number of factors in determining whether to reject or approve the proposal, including (but not limited to):

- rationale for the new product/service;
- conflicts of interests and the potential impact on the firm and products/services;
- charging structures, ensuring this does not undermine return expectations and is appropriately transparent for the identified target market;
- proposed distribution strategy and target market; and
- compliance with regulatory requirements.

Annually, the PGC will review management information on the performance of the firm’s products/ services, and where appropriate consider and instruct any remedial actions, if required.

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