

Assessment of Value Policy

Introduction

This document is addressed to the Adviser Clients of Hymans Robertson Investment Services' ("HRIS"). It provides an overview of our approach to assessing value when managing investment portfolios. This policy applies to all the portfolios that HRIS operates under its discretionary permissions.

Assessment of Value framework

HRIS recognise that it is important to deliver value for money ("VfM") for its Adviser Clients (financial advice firms) and ultimately for their clients ("retail investors"). We also recognise that VfM is not just about price and any VfM assessment should take into account all the features and benefits being provided as part of its proposition. There isn't a strict definition of VfM; however [PRIN 2A of the FCA](#) Handbook states that any assessment of value:

Must:

- Ensure that its products provide fair value to retail customers in the target markets for those products; and
- Carry out a value assessment of its products and review that assessment on a regular basis appropriate to the nature and duration of the product.

AND must consider:

- The nature of the product, including benefits provided (including non-financial benefits)
- The expected total price to be paid by the retail customer
- Any limitations of the product
- Any characteristics of vulnerability that retail customers in the target market display and the impact these characteristics have on the likelihood that retail customers may not receive fair value from its products.

Should have regard to:

- How the cross-cutting obligations (act in good faith, avoid foreseeable harm, enable and support retail customers) and other outcome rules are met in respect of the product.

May also consider:

- The costs incurred by the Firm in manufacturing the product
- The market rate and charges of comparable products
- Any accrued costs and benefits for existing products
- Whether there are any products that are priced significantly lower for similar benefit.

Summary

Taking the above points into account we have designed a framework with 3 high level categories, focusing on:

- Quality of service
- Performance
- Fees and costs

HRIS will carry out a regular assessment, demonstrating how it provides value for retail customers invested in its model portfolios. The findings of this assessment will be reported to HRIS' Adviser Clients. If our assessments identify that our portfolios are deemed to no longer meet our criteria for fair value, we will take appropriate action to rectify this.

Policy statements

Quality and service

HRIS will:

- Undertake significant ongoing research and analysis to build investment portfolios that offer attractive outcomes for retail customers. This includes quantitative modelling (accounting for thousands of potential economic scenarios), extensive asset class research and detailed fund manager due diligence, thereby allowing us to build robust model portfolios at attractive prices.
- Implement a wide range of operational processes (including aspects such as platform configuration, model portfolio administration, and reconciliation), with the aim of ensuring that our adviser clients' portfolios are being administered accurately and as efficiently (e.g. minimising transaction costs and time out of market).
- Provide investment portfolios that are aligned to the stated target market, with regular and rigorous testing taking place to confirm alignment to these target markets and thereby give retail investors confidence that the portfolios remain aligned to their investment objective.
- Give regular updates on markets and topical investment matters to help inform retail investors' decision-making.
- Carry out regular portfolio rebalancing in line with HRIS rebalancing policy (unless otherwise stated), with the aim of ensuring the portfolios remain aligned with their target asset allocation and target market.
- Provide regular management information to our Adviser Clients to help evidence their adherence to the Consumer Duty.
- (Where agreed with the Adviser client) provide additional services e.g. training, attend investment committee meetings, provide access to our Sustainable Income Tool. This is with the aim of ultimately helping retail investors make informed decisions relating to HRIS' portfolios.

Performance

HRIS will:

- Carry out regular investment monitoring to assess if funds and asset allocations remain suitable for the portfolios' given objective.
- Carry out regular assessments to understand how underlying funds have performed relative to their peers and/or their objectives.
- Take projected future returns into account when determining future portfolio asset allocations.
- Provide regular updates of portfolio performance to help give retail investors an understanding of their underlying performance.

Fees and costs

HRIS will:

- Take fees and costs into account when assessing funds, including (where available) reviewing the findings of the relevant underlying managers' Assessment of Value reports to help make informed decisions as to whether the underlying funds are providing value for money.
- Look to negotiate fees with managers and pass any savings achieved from these negotiations onto retail investors in an efficient manner e.g. considering any potential cost/risk associated with moving to the lower fee share class of a fund used within a model portfolio.
- Aim for fees and charges to be transparent (and communicated to Adviser clients on a regular basis) to help retail investors understand what they are paying and assess if they offer value for money given the services being provided.
- Apply a DFM fee that reflects the benefits that are provided to our Adviser Clients.
- Build portfolios with an overall cost that is aligned to the Adviser Clients' goals for the end retail investor. This building process includes prioritising the areas of active management "spend" according to where we have greatest confidence in getting rewarded for the additional cost associated with active management.

Appendix 1: Assessment of value criteria

Quality & Service	Performance	Fees and Costs
Extensive research & analysis supporting investment portfolios	Assessment of performance relative to objectives	Fund fees and costs a key consideration when selecting funds (incl. assessment of value reports)
Robust platform administration	Regular portfolio performance updates	Negotiation of fees with fund managers
Portfolios aligned and tested to target market	Regular investment monitoring (e.g., underlying fund performance)	Costs & fee transparency, on an ongoing basis
Support and communication, including (where agreed with Adviser clients) IC attendance, training etc		DFM fee that reflects the benefits of the HRIS proposition
Ongoing reporting and analysis, topical market updates		
Sustainable income tool, aiding understanding of models		
Regular portfolio rebalancing		