



**Tatton**  
Investment Management

# Tatton Bespoke Portfolio Service

## Fair Value and Target Market Assessment

### Information for Financial Advisers

#### **Assessment date: 1st March 2024**

This summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12R (2).

#### **Summary of our assessment**

We have assessed that:

- Our Tatton Bespoke Portfolio Service continues to meet the needs, characteristics and objectives of customers in the identified target market
- The distribution strategy remains appropriate for the target market
- The Tatton Bespoke Portfolio Service provides fair value to customers in the target market (i.e. the total benefits are proportionate to the total costs).
- Date of next assessment to be completed 1st March 2025. We continually monitor our service and the next review and assessment may take place before this date and the document updated accordingly.

# Introduction

Tatton Investment Management Limited (Tatton) was created to bring competitively priced discretionary fund management services to retail investors exclusively through FCA authorised Financial Advisers. Traditionally only available to the very well off, we wanted to make discretionary services accessible and affordable and by using UK Retail Investment Platforms to administer client's portfolios. This meant we could transform a client's investment strategy without having to move or transfer any assets. It also meant that our fees would be for our investment management services only – a sea change for discretionary investment management.

Building on the success of our Managed Portfolio Service (MPS) the Tatton Bespoke Portfolio Service (BPS) takes advantage of platform custody to provide a tailored discretionary investment service at significantly lower cost than comparable competitor offerings. This demonstrates that using a

professional investment management firm does not need to be difficult or expensive, and by working with Financial Advisers we know the decisions we make are in harmony with the long-term goals and financial plans that investors have agreed with their respective Financial Adviser.

# Tatton Bespoke Portfolio Service description

Tatton's BPS is designed for investors who wish to have their investment portfolios managed on their behalf by a dedicated investment management firm and require a greater degree of personalisation than can be provided with a Managed Portfolio Service.

Tatton does not provide financial advice and does not accept private client investments directly. We believe that investments need to form part of a financial planning process, overseen by a suitably qualified Financial Adviser. As an investment manager our part in the investment process is to manage our Bespoke Portfolios in line with the goals and preferences established by the individual client during their meetings with their Financial Adviser.

The Bespoke Portfolio Service is customisable, flexible, highly diversified, and cost-effective and available exclusively on UK Retail Investment Platforms. The individual portfolio will be invested in a diversified blend of assets and these can be managed in any general investment account, ISAs, SIPPs, trusts and investment bonds. Our investment team follows a core and satellite approach to building portfolios that offer simplicity and flexibility. Each portfolio is designed to achieve an expected investment return but also with the corresponding risk. All portfolios have a combination of managed investments selected based on extensive internal and external research.

The portfolios are managed through UK Retail Investment Platforms only. Tatton is agnostic to which platform a Financial Adviser and their client use or how they approach defining their risk tolerance. Our service is currently available on 21 platforms.

## WHO THE TATTON BPS IS DESIGNED FOR:

The service is designed for private investors with medium to long term investment goals of a minimum of five years. They must be UK residents and clients of UK authorised and regulated Financial Advisers.

Tatton's BPS does not offer any form of capital guarantee so investors must be able to sustain capital loss.

Since our BPS is available through Financial Advisers only investors can have a basic level of investment knowledge or be informed or expert such as Eligible Counterparty investors. These are typically investment firms, credit institutions, insurance companies, UCITS and their management companies and other regulated financial institutions. They are considered to be the most sophisticated investors or financial markets participants.

Our BPS is designed to work towards the financial goals that an investor has agreed with their Financial Adviser.

Full details of the target market assessment is available on the Tatton portal and our website at [www.tattoninvestments.com](http://www.tattoninvestments.com).





Marketing and promotion of Tatton's BPS is targeted at Financial Advisers.

### INVESTORS WITH CHARACTERISTICS OF VULNERABILITY

This service is designed for a broad target market and not to meet any inherent characteristics of vulnerability in the target market. Financial Advisers should consider individual customer needs in this regard and whether the potential for capital loss as a pre-requisite remains acceptable and appropriate.

#### WHO THE TATTON BPS IS NOT DESIGNED FOR:

- **Investors who do not have a Financial Adviser with a Firm Agreement with us.**
- **Investors unable to bear any capital loss.**
- **Investors who cannot invest capital for a period of at least five years.**
- **Investors who are unwilling to use a UK Retail Investment Platform that can facilitate BPS DFM services.**

### WHAT IS THE DISTRIBUTION STRATEGY OF TATTON'S BPS?

Tatton's BPS is only available to investors through FCA authorised Financial Advisers who have a Firm Agreement with us and who consider the service appropriate to help achieve their client's investment objectives.

Marketing and promotion of Tatton's BPS is targeted at Financial Advisers. We do not target the end retail client since this would undermine the vital role played by Financial Advisers in retail financial planning and also undermine trust between Tatton and the Financial Adviser community.

Tatton distributes its BPS under the Reliance on Others model, which is a cornerstone of our distribution strategy. Under this model Financial Advisers sign a separate firm agreement with Tatton. There is a clear separation of roles and responsibilities: Tatton provides investment management services, and the Financial Adviser is responsible for

know your client, customer due diligence, the advice and ongoing suitability of any investments provided.

### HOW DOES TATTON DEVELOP NEW PRODUCTS OR IMPROVE ITS BPS?

Tatton's vision when it was created was to open up the market for discretionary fund management using Investment Platform technology and at the same time reduce the cost of investing. At a top level whenever we consider developing a new product or making changes to an existing product it has to be consistent with these values and support the principle of mutual benefit to Tatton and Financial Advisers and their clients.

When launching new products/services or making significant changes to existing products/services we follow a robust internal governance process. This provides effective management and oversight of matters relating to the initiation, development and ongoing review of products, services, and distribution channels. In terms of our own internal value assessment all products have to be compatible with our commitment to be distributed through Financial Advisers and also to drive down the cost of investing through competitive charging structures.

#### We ensure the following areas are assessed and approved:

- Identification of the target market and non-target market
- Distribution methods are aligned to the target market
- Ensure the fees are appropriate for the product/service and represent good value for our investors
- Ensure that our investor communications are clear, easy to understand and timely
- Following launch the product/service is monitored to ensure it delivers appropriate customer outcomes

At all stages of product development we test the new product / service ideas / concepts with our intermediary introducing Financial Adviser firms. Direct engagement and feedback from Financial Advisers is a vital checking process and has directly led to enhancements to our BPS.

Our findings for our latest product reviews are summarised below.

Review/ Assessment Area	Key indicators and Measures	Summary outputs and actions
<b>Product Performance</b>	Performance of portfolios is measured both against our internal benchmarks and against externally used comparators	The Bespoke portfolio has outperformed our internal static and ARC Benchmarks in all but the defensive risk profiles which had mixed results.
<b>Characteristics of the product that meet the needs of the target market</b>	Only available through UK authorised Financial Advisers. Suitable for investors of basic or advanced investment knowledge and whether income or investment growth is the desired outcome.	Investors without a UK Financial Adviser are not permitted to use the service.
<b>Price</b>	Tatton BPS is priced at 0.45% incl. VAT. Tatton is the only major DFM who offers BPS on UK Retail Platforms. As such this does not allow for a wide ranging comparison of total costs and value of service. However, considering a £1m GIA portfolio (incl. VAT) the ongoing costs (AMC plus custody) for: <ul style="list-style-type: none"> <li>• Tatton BPS Transact Platform is: £7,000</li> <li>• Tatton BPS Hubwise Platform is: £5,113</li> <li>• Tatton BPS Nucleus Platform is: £7,100</li> </ul>	Tatton continually reviews our price and service offering to ensure both deliver good customer outcomes.
<b>Service Delivery</b>	Tatton prides itself on its service. The Tatton portal enables Financial Advisers to: <ul style="list-style-type: none"> <li>• View all their clients online</li> <li>• Download Tatton documents</li> <li>• Create e-signature agreements</li> <li>• Create communication preferences</li> </ul> We have accessible investment communications including: <ul style="list-style-type: none"> <li>• The Tatton Weekly</li> <li>• Monthly factsheets and quarterly reports</li> <li>• Client suitable market update video content</li> <li>• Quarterly podcasts &amp; videos</li> </ul>	Portal downtime and call abandonment rates are continually monitored. Portal uptime was 100% and call abandonment rates negligible over the past year.

Review/ Assessment Area	Key indicators and Measures	Summary outputs and actions
<b>Service Delivery</b>	Financial Adviser support: <ul style="list-style-type: none"> <li>• Individual investment proposals based on the client mandate provided by the Financial Adviser. This proposal is tailored to the client's specific requirements and includes a full MiFID II breakdown of costs and charges.</li> <li>• Individual comparison report (where appropriate) provides a reflection of what investments may change in a client's Tatton BPS proposal versus the client's current investment portfolio.</li> <li>• Annual review designed for the Financial Adviser to explain in more detail what has occurred in the client's portfolio/s, performance contribution and why these actions have been taken plus a market outlook.</li> <li>• Suitability wording on the Tatton BPS service for Financial Advisers to assist them in explaining the operation and investment process of the Bespoke Service including the various strategies it can employ for the client circumstance.</li> <li>• Full MiFID II target market assessment</li> <li>• Full breakdown and explanation on MiFID II ex ante costs and charges</li> <li>• A Financial Adviser brochure which provides a high-level overview of the Bespoke Service</li> <li>• Factsheets both monthly and quarterly that provide up to date information on the main risk profiled portfolios returns and performance contributions.</li> </ul> For retail clients: <ul style="list-style-type: none"> <li>• A BPS brochure which provides a higher-level overview of the Bespoke service.</li> <li>• A 'Client Investment Guide' that explains in more details Tatton BPS and the various assets and types of investment vehicles that can typically be included in a client's BPS portfolios.</li> </ul>	

Review/ Assessment Area	Key indicators and Measures	Summary outputs and actions
<b>Service Delivery</b>	<p>Understanding your client's requirements is a key feature of the Tatton BPS service. We understand that there are times when a client may not wish to have investments in a specific region or asset class. Tatton BPS can accommodate this request but will discuss each one individually with the Financial Adviser and if appropriate the client to ensure everyone is aware of risks and the potential impact on performance returns.</p> <p>We also understand that some clients find value in the management of the tax wrappers and any cherished holdings that they wish to continue to have as part of their holistic investment wealth.</p> <p>For Capital Gains Tax (CGT) your dedicated Tatton BPS investment manager will monitor and consider your client's CGT position on an ongoing basis.</p> <p>Tatton BPS cannot guarantee they can keep the client's gain within the CGT yearly allowance.</p> <p>Cherished holdings: Part of the value of BPS is being able to manage a client's holistic position. We understand that the portfolio should reflect the values of the client and as such they may wish to hold onto legacy investments or invest in areas that are off specific interest to them. We can monitor these investments and take account of them in managing the concentration of risk of the portfolio going forward.</p>	
<b>Distribution</b>	Tatton's BPS is available to clients of UK authorised Financial Advisers only, who have a Firm Agreement with us.	None
<b>Assurance Activity</b>	To ensure that we meet our PROD obligations, the appropriate governance arrangements are in place including policies and approval process to ensure that our service is designed to meet the needs of the identified target market.	<p>Annual review of Product Development Process, product review reports.</p> <p>Annual Compliance Monitoring activity.</p>



# Our assessment of value

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our BPS. This analysis is used to ascertain whether the BPS delivers fair value for customers.

The outcomes of the assessment process are presented to board of directors allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

- Target market
- Distribution strategy
- Product performance
- Fees and charges
- Financial Adviser feedback and interviews
- Customer complaints
- Product risk assessments

## Result of our assessment

Our assessment concluded that the Tatton Bespoke Portfolio Service continues to deliver fair value for customers in its target market and the distribution strategy remains appropriate.





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All calls to and from our landlines and mobiles are recorded to meet regulatory requirements

Tatton is a trading style of Tatton Investment Management Limited, which is authorised and regulated by the Financial Conduct Authority.

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Tatton Investment Management Limited is registered in England and Wales No. 08219008.

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