



**Tatton**  
Investment Management

# Tatton Managed 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.3.12 R (2).

## **Summary of our assessment**

We have assessed that:

- Our Managed 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 Managed Portfolio Service provides fair value to customers in the target market (i.e. the total benefits are proportionate to 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 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.

Our Managed Portfolio Service (MPS) charge of 0.15% per annum set a new benchmark for fees and is still well below the cost of the industry average for on-platform Discretionary Fund Managers (DFM's) of 0.24% per annum (Defaqto Matrix System). We have proved 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 own Financial Adviser.

# Tatton Managed Portfolio Service description

Tatton's Managed Model Portfolio Service is designed for investors who wish to have their investment portfolios managed on their behalf by a dedicated investment management firm.

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 model portfolios in line with the goals and preferences established by the individual client during their meetings with their Financial Adviser.

Portfolios are managed using our robust investment process to help meet investors desired investment outcomes. The MPS comprises a range of model portfolios, with six different levels of investment risk across our portfolio strategies (active, passive, hybrid, income and ethical) to cater for the most risk averse and risk accepting investor.

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. At the time of writing our service is available on 21 platforms.

## WHO THE TATTON MPS 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 MPS does not offer any form of capital guarantee so investors must be able to sustain capital loss.

Since our MPS 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 MPS 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 the Tatton Portal and on our website at [www.tattoninvestments.com](http://www.tattoninvestments.com).

## 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 MPS IS NOT SUITABLE 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 MPS DFM services**

**WHAT IS THE DISTRIBUTION STRATEGY OF TATTON'S MPS?**

Tatton's MPS 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 MPS 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 MPS 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 services provided.

**HOW DOES TATTON DEVELOP NEW PRODUCTS OR IMPROVE ITS MPS?**

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 continues to be monitored to ensure it delivers good 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 MPS. For example, the decision to offer investors a choice between Global and Classic allocations came from discussions / requests from Financial Advisers.

Our findings for our latest MPS 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	Most of our portfolios have exceeded the performance of external comparators. Where this is not the case causes are identified and appropriate action is taken.
<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>	<p>Tatton MPS has been priced at 0.15% since the service launched in 2013. At the time of this assessment, we compared 840 DFM MPS models using the Defaqto Matrix system – on platform only.</p> <ul style="list-style-type: none"> <li>• Average Fee: 0.22%</li> <li>• Median Fee: 0.24%</li> <li>• Lowest Fee: 0.00% (underlying funds are fettered*)</li> <li>• Highest MPS Fee: 0.74%</li> </ul> <p>The Tatton fee sits on the edge of the 1st quartile meaning it is very competitive.</p> <p>Data taken for the OCF's, again whole of market but, only for on platform discretionary fund managers MPS providers. Here the wider peer group have the following underlying cost of investing:</p> <ul style="list-style-type: none"> <li>• Average: 0.43%</li> <li>• Median: 0.42%</li> <li>• Lowest: 0.06%</li> <li>• Highest: 2.00%</li> </ul> <p>Tatton gave the following OCF's for the models:</p> <ul style="list-style-type: none"> <li>• Income &amp; Ethical: 0.63%</li> <li>• Managed: 0.57%</li> <li>• Core: 0.4%</li> <li>• Tracker: 0.2%</li> <li>• Money Market: 0.12%</li> </ul> <p>This shows Ethical models are in the 4th quartile, Core is competitive, and Tracker has one of the lowest cost in the industry.</p>	Although Tatton remains one of the lowest priced MPS providers in the market we continually review our price and service offering to ensure both deliver good customer outcomes.



Review/ Assessment Area	Key indicators and Measures	Summary outputs and actions
<b>Service Delivery</b>	<p>Tatton prides itself on its service. The Tatton portal enables Financial Advisers to:</p> <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 Investment Proposals for their clients, and</li> <li>• Create communication preferences.</li> </ul> <p>We have accessible investment communications including:</p> <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> <p>Co-branding &amp; white label available depending on platform.</p> <p>Financial Adviser support:</p> <ul style="list-style-type: none"> <li>• Dedicated point of contact in business development team for all IFA queries</li> <li>• Telephone Account Managers to support IFA firms and support staff with any Tatton related queries</li> <li>• Investment Specialist Team staff dedicated to supporting our IFA users in all technical queries relating to markets, client support or other technical questions including the provision of investment process updates and market overview sessions</li> </ul>	<p>Portal downtime and call abandonment rates are continually monitored. Portal uptime was 100% during business hours and call abandonment rates negligible during the past year. We have received a negligible number of complaints since the service started, all of which were reported to the FCA, and none referred to FOS.</p> <p>We review the services offered to Financial Advisers and their clients to ensure that we continue to meet their needs.</p>
<b>Distribution</b>	Tatton's MPS is available to UK residents who are clients of UK authorised Financial Advisers 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 processes 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>

\*Fettered Funds – Here the underlying funds are the providers own and they earn revenue by selecting these funds.

# 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 MPS. This analysis is used to ascertain whether the MPS delivers fair value for customers.

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

### Our fair value assessment has considered the following:

- Product performance
- Our fees and charges
- Target Market
- Distribution Strategy
- Financial Adviser feedback
- Customer complaints
- Product risk assessments

### Result of our assessment

Our assessment concluded that the Tatton Managed 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.

Financial Services Register number 733471.

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

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