

Value of Assessment (as part of Consumer Duty)
Charteris Treasury Portfolio Managers Ltd

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01 Document control

Document owner

Name	Title
Ian Williams	CEO
Marion Williams	Head of Compliance

Revision history

Revision	Date	Summary of changes	Changes made by
1	31.12.22	Initial draft version	Charteris
2	30.03.23	Updated draft	Charteris
3	31.07.23	Final approved version	Charteris

Document sign-off

Name	Role	Date
Marion Williams	Compliance Director	31.07.23
Ian Williams	CEO	31.07.23

Related documents

Title
Consumer Duty
Cost and Charges

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Purpose

The purpose of this document is to evidence both regulatory and legal requirements that the firm has a value of assessment document. Fund Managers in the UK are required by the FCA to undertake an annual assessment of their funds in terms of how they represent 'value for money'. The new Consumer Duty obliges all firms to look at the 'value for money' that firms generate for their clients because of the products and services that they offer.

As part of our approach to Consumer Duty at Charteris Treasury Portfolio Managers ('CTPM') we have undertaken a review for all the services that we provide to ensure that they are both suitable and appropriate for our clients. This is a very subjective area and open to interpretation with varying levels of importance attached to a number of distinct aspects of 'value'. CTPM is responsible for running the portfolio within its designated risk profile.

This document looks at the objective approaches and review process that we undertake within CTPM to demonstrate the value that our services provide.

Whilst we commit to conducting this formal review on an annual basis, we regularly monitor our services to ensure that performance meets our exacting standards across all areas of the service proposition

Value of Assessment

Our Services:

BESPOKE DISCRETIONARY SERVICE - portfolios across a range of products and risk profiles.

CHARTERIS RANGE OF FUNDS (OEICs) – portfolios managed by Charteris managers which adhere to their own objectives as set out in KIID documents as well as prospectuses.

How do we assess 'value for money'?

The FCA expects Fund Managers to look at value across seven areas. These criteria are generally applicable to CTPM's services, too, so we have followed this approach.

The key metrics are as follows:

Quality of Service:	What is the range and quality of services we provide
Performance:	How have our portfolios performed in line with their objectives and strategies
Costs:	How we control costs relating to the service we provide
Economies of Scale:	Where we are able to reduce costs for the benefits of our investors
Comparable Market Rates:	How our charges compare to those of other managers
Comparable Services:	How our charges compare with similar CTPM services across all client types

When we look and assess the value of our services, we are not just looking at costs but the complete package taking into account the personal service that we offer. We have a recommended minimum investment time horizon of five years and we look to provide ongoing support which is critical to help ensure that we achieve our clients' long term financial goals.

EXECUTIVE SUMMARY

The last few years have provided a challenging market. Issues from global geopolitical crises to domestic inflation and interest rate rises have had a severe impact on the wealth of UK investors. Fortunately CTPM clients have been able to navigate these different markets without suffering the detrimental wealth effect apparently suffered by many of our competitors especially in fixed income. This can be proved by the performance of our Strategic Bond fund.

In preparation for the key Consumer Duty date, July 31, 2023, we have a clear number of objectives and actions resulting from the Consumer Duty implementation review, and these aim to benefit all our stakeholders in the long term.

Quality of service – do clients and advisers get high quality service for the fees they pay?

OVERVIEW

All bespoke portfolio clients have a dedicated investment manager, and/or a client service manager to help look after their account.

Clients are asked if they wish to have online access to monitor their investments and will receive quarterly valuations, annual tax packs, ad-hoc meetings and portfolio reviews as part of our service. We also publish a number of factsheets, articles and information updates for clients to keep them abreast of what we do and what is happening in the financial markets from investments to tax planning. At the end of each year clients are sent a fully itemised cost and charges document.

CONCLUSION

We are a staff and family-owned business. We understand how important service and communication are for clients. Therefore, we will always aim to exceed expectations and deliver a service that is personalised, clear and quickly reactive to clients' changing needs. The ability to sustain this high service level throughout a long-term relationship and the changing circumstances of clients, including vulnerabilities, is what attracts and retains clients

AREAS OF INCREASED FOCUS

We are committing a significant amount of time and resource to developing our digital footprint. This will enhance our communication to advisers and clients on our service and related activities. Our client experience shows manager's activities and also highlights areas that we can address and improve upon.

Performance – are our portfolios achieving their performance objectives?

OVERVIEW

We operate in a governance framework and investment process to ensure that we rigorously assess asset allocation and asset selection. These key topics are discussed on both a qualitative and quantitative basis.

We benefit from multi decades experience across all asset classes of our research and investment team. This allows us to run an investment process that is well monitored and can react to market moves in a timely manner.

We run the majority of our portfolios under 'cash' mandates which means that their benchmarks are linked to cash. This is a transparent, easily understandable and relatable benchmark for clients. It does mean however that our underlying asset choice and asset allocation can be difficult to compare to firms that run relative return mandates or their own in-house constructed benchmarks.

When and if portfolios suffer periods of downside performance or under-performance we double down on our research to examine the reasons. Our approach means we will always focus on the long-term performance of the portfolio whilst ensuring that clients who entrust us with monies understand this approach. This avoids knee-jerk reactions and irrational actions in times of market stress but aims to achieve positive returns over the longer term whilst not taking excessive risk to chase headline returns. As we operate four specialist funds (OEICs) these give an excellent picture/overview of how well or badly our investment policy is working especially as these funds are valued on a daily basis.

CONCLUSION

We continue to deliver competitive returns across our portfolio services over the long term. If anything, we believe that our bespoke portfolios and our approach to asset allocation and the underlying securities offer significant opportunities in the current environment for new client portfolios.

We monitor client portfolios within our alignment and risk reporting to identify any portfolios deviating from the normalised returns and asset allocation and will ensure any significant deviations are understandable and explainable.

Costs – how are costs controlled to improve value for clients?

OVERVIEW

CTPM provides a number of services to support a bespoke discretionary service that provides value for money and a high service level for clients. We actively monitor new technologies to invest in more advanced systems as well as employ third parties to ensure a seamless and high level of client experience including online access for all clients.

- Investment Management:
- Research team and in-house information resources
 - Investment team participate in asset allocation and underlying asset discussion
 - Dedicated Investment Manager
 - Risk and Compliance

Client Services (in conjunction with outsourced suppliers):

- Automated Record Keeping
- Face to face meetings when requested or required
- Portfolio updates and specific information requests
- Quarterly valuations, tax packs
- Client online portal
- Full cost and charges document sent annually

Third Party Partners

- Data providers for investment research
- IT and Security
- Custodial, reporting, fully automated dealing and front & back office systems

We aim to maintain a work and compensation environment to attract and retain staff and encourage all staff to commit to the long term in the business. All employees are on salary only and we do not pay performance related bonuses.

Our third-party suppliers are subject to Service Level Agreements. This approach ensures that we maintain a strong service offering for the consideration paid throughout the lifetime of the arrangement.

CONCLUSION

Our size and established position enables us to ensure that our costs are tightly controlled.

AREAS OF INCREASED FOCUS

Given inflationary pressures, we will maintain a tight oversight of all our costs and look to reduce costs such as paper printing and postage. CTPM will monitor costs to ensure increases are manageable and controllable should the need arise.

Economies of scale – do our services provide economies of scale?

OVERVIEW

We offer several different services across our tailored investment process. We benefit from the economies of scale that arise from this approach. We will continue to review any services that have minimal amount of assets invested to ensure they are offering the appropriate risk/reward characteristics for the relevant target market.

AREAS OF INCREASED FOCUS

We will continue to review our fees, underlying assets, and costs to ensure clients benefit from a wide range of services that are suitable for their specific circumstances. This is achieved whilst knowing that the longevity and size of our business enables them to take assurance that they are benefitting from institutional services and costing from a well-resourced and run business which has been in existence for nearly forty years.

Comparable market rates – how do our fees compare with competitors?

INTRODUCTION

We review our rates versus other similar firms but these can be difficult to compare on a 'like for like' basis due to the difficulty of obtaining the information. We keep these rates under review to conform to the FCA Consumer Duty programme.

As far as we can see our fees are extremely competitive on a true 'like for like' basis when taking into account all the associated fees that the client pays.

For Example: Most of our competitors of a similar size do not seem to invest directly into asset classes such as equities but prefer a 'Fund of Funds' approach which can greatly increase the total charges paid by the client as the client ends up paying two sets of investment management fees. CTPM does not undertake a Fund of Fund strategy but pursues a policy of maximum direct investment where practical which produces consistently lower fees for the client. It also does not charge for setting up the account or transferring of assets into a new client account or charge performance fees.

Also, most of our competitors charge significant Custody Fees (circa 20 basis points per annum) in addition to their Annual Management Fee (AMC) but we have very competitive arrangements with our Custodians that enable Charteris clients to benefit from a cheaper custody arrangement (see client specimen example inside cost and charges document) than our competitors. We also offer multi-currency portfolios in US Dollars, Euros, etc as well as Sterling. This facility also offers access to every stock exchange in the world. As far as we can ascertain, no other UK boutique investment manager of our size can offer this multi-currency facility.

In addition, we do not run model portfolios as each client is treated as an individual with a truly bespoke service. It is our understanding that the reason our competitors prefer a model portfolio approach is that it is cheaper for them to operate whether it benefits the client or not.

CONCLUSION

We are comfortable that our bespoke DFM (discretionary fund management) service offers outstanding value for money relative to what is offered elsewhere as we eschew model portfolio and fund of funds approach in favour of a truly bespoke approach that seems to be somewhat unique for fund managers of our size. All these factors are kept under regular review

AREAS OF INCREASED FOCUS

We will continue to monitor competitors to ensure our pricing remains competitive and quality of service

Comparable services – How do charges compare with similar mandates?

INTRODUCTION

Our bespoke discretionary service is not directly comparable to competitor model portfolio services. Our bespoke service(s) that we manage have a greater use of direct assets whereas our competitors seem to prefer a fund of fund approach.

CONCLUSION

We offer services that are consistent in terms of delivery and quality across client ranges for the relevant portfolios. We will not restrict ourselves from considering new securities to include inside client portfolios if they meet individual client objectives and risk grades




Value Assessment Summary

Service	Overall quality of service	Performance	Service costs	Economies of scale	Comparable market rates	Comparable services	Overall Assessment
Bespoke Discretionary Service							Good value however we will continue to monitor going forward
ISA accounts							Good value however we will continue to monitor going forward
SIPP accounts							Good value however we will continue to monitor going forward

After reviewing the seven key criteria, the Firm has considered its overall RAG rating based upon primarily on all of the criteria and whether we are of the opinion that the Fund is delivering overall value to its investors.

Our overall RAG rating is as follows:

RAG Description

-  Not delivering consistently
-  While delivering satisfactory value, monitoring is under way looking forward
-  Delivering consistent overall value

Risk Warnings

The information contained in the document is provided for financial advisers for information purposes only and should not be communicated to any other party. Past performance is not a guide for future performance. The value of a client's investment portfolio can fall, and they may not get back the amount invested. Different investments have varying levels of and exposure to risk.

This notice cannot disclose all the risks associated with investments and investment services. The client should not invest in or deal in any financial product unless they understand its nature and the extent of their exposure and risks associated with it. The investment services discussed or offered by us may not be suitable for all investors and any change in individual circumstances should be sent in writing. If you have any doubts as to the merits or suitability of an investment, you should raise this with your investment manager

Whilst we believe the information within the document to be correct, we cannot assume liability for any errors or omissions, except insofar as liability cannot be excluded.

Charteris Treasury Portfolio Managers Limited
8-9 Lovat Lane London EC3R 8DW
+44 (0)20 7220 9780
charteris.co.uk

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