

A detailed line drawing of a city skyline. In the foreground, a large bridge with a complex truss structure spans across the frame. Behind the bridge, various buildings of different heights and styles are visible, including a prominent domed building on the left. The entire scene is rendered in a sketchy, architectural style with fine lines and cross-hatching for shading.

Product Governance & Target Market Information

1. Introduction

This document sets out our approach to Product Governance under MiFID II in relation to our Managed Portfolio Service (MPS). It details -

- whether we are a manufacturer or distributor of financial instruments
- whether we invest in complex or non-complex products
- the nature of our services and the client/investor types they are designed for (i.e. our target market)
- the types of client/investor for whom we do not consider our services to be appropriate (i.e. negative target markets)

Our Managed Portfolio Service delivers a range of model portfolios available across a number of platforms.

The ongoing monitoring and controls are managed by the MPS Management Committee with day to day management by dedicated Portfolio Managers under the overall control of CEO Ken Rayner. There is a separate MPS Board to provide additional governance and oversight which ultimately reports to the main RSMR Board.

The portfolios are managed under our FCA discretionary permissions based on the 'Agent as Client' operating model using mainly RSMR rated funds and can only be accessed by retail clients that have been advised. Our investment research process provides a framework for the selection and ongoing review of such funds and their inclusion in the portfolios.

The portfolios can be assigned to general investment accounts or tax wrapped accounts such as ISAs, pensions (SIPPs and PPs), offshore and onshore bonds with such accounts belonging to individuals, trusts, charities and other corporate entities.

2. Conflicts of Interest

RSMR Portfolio Services Limited is wholly owned by RSMR. The shareholding of Rayner Spencer Mills Research Limited (RSMR) is split between two of the original founders (Ken Rayner & Geoff Mills), who own 51%, and Benchmark Capital Limited (BMC) who made a strategic investment in RSMR in 2018 and own the remaining 49%. On 16th July 2024 it was announced that BMC has agreed to sell its 49% shareholding to Fintel plc. The overall deal is still subject to regulatory approval.

BMC is wholly owned by Schroders plc and as a result the need for additional scrutiny was agreed as appropriate to ensure we maintain our impartiality in all our rating and selection processes and can demonstrate this to the wider marketplace.

The use of Schroders funds is not mandated and where any such funds are used in portfolios they are subject to the RSMR independent research and analysis and would only be used where appropriate. All recommendations are made in the best interests of our clients and the end investor, not the business. Schroders have no operational or strategic input in the day to day running of RSMR and do not sit on either Company Board or any internal Governance committee.

The MPS Management Committee and the MPS Board maintain oversight and control and procedures are in place to monitor and manage potential conflicts of interest.

3. Manufacturer or Distributor

RSMR Portfolio Services Limited is categorised as both a distributor and a manufacturer of the portfolios and services we provide. We are a manufacturer of the service we provide and a distributor of the portfolios. These instruments are researched, selected and combined based on research provided by RSMR plus the experience of our dedicated Portfolio Managers.

The composition of the model portfolios can change over time, depending on the ongoing RSMR research and our views on economic conditions, market expectations for different asset classes and the financial instruments themselves led by the appropriate Asset Allocation Committee.

See the Investment Mandates for further information.

4. Complex or non-complex products

The portfolios comprise predominantly non-complex funds but we reserve the right to include complex funds to form part of a portfolio for diversification purposes or as alternative sources of return or protection.

The FCA define complex products as all non-UCITS funds (including Alternative Investment Funds) that do not meet the tests for being non-complex (as highlighted below and also under MiFID II requirements), and any structured UCITS fund that embeds a derivative. All other funds are therefore non-complex.

Essentially, non-complex instruments must be assessed against a set criterion within MiFID, including; shares, bonds or other forms of securitised debt in companies admitted to trading on a regulated market, an equivalent third country market or a Multilateral Trading Facility (MTF), except those that embed a derivative and units in a collective undertaking that is not a UCITS.

5. Target Market & negative target market

| Target Market Category | Target Market |
|--|--|
| Client type | Our investment solutions are only available to Retail and Professional investors (as defined by the FCA) via financial advisers. |
| Distribution channels | Advice on discretionary portfolio management services can only be given by professional advisers (such as Independent Financial Advisers). Our services are not intended to be sold on an Execution Only basis. |
| Knowledge and experience | Our services are available to all levels of investor knowledge and experience (Low, Medium and High). |
| Client objectives and needs | Our services are designed for investors seeking a range of financial objectives, including capital growth, income provision, or a combination of both. |
| Life stages | Our portfolios may be suitable for customers accumulating/consolidating assets, those planning for retirement, or those taking retirement benefits. |
| Financial situation and ability to bear losses | Investors in our portfolio services should be willing and able to bear a partial loss of their investment. |
| Investment time horizon | Our services are designed for investors with a time horizon of at least five years. |
| Negative target markets | <p>We would not expect our portfolios to be recommended to:</p> <ul style="list-style-type: none"> • Clients requiring full capital protection; • Clients seeking full, on-demand, repayment of the amounts invested; • Clients who have no tolerance for any loss. |

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RSMR Portfolio Services Limited

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Important Information

This is intended for investment professionals and should not be relied upon by private investors or any other persons. Past performance is not a guide to future performance. The value of investments and any income from them can fall as well as rise, is not guaranteed and your clients may get back less than they invest. RSMR MPS is provided by RSMR Portfolio Services Limited. RSMR Portfolio Services Limited is a limited company registered in England and Wales under Company number 07137872. Registered office at Number 20, Ryefield Business Park, Belton Road, Silsden BD20 0EE, RSMR Portfolio Services Limited is authorised and regulated by the Financial Conduct Authority under number 788854. RSMR is a registered Trademark.