



Assessment of Value Managed Portfolio Service

August 2024

The assessment is based on data points up to end June 2023.

The Assessment of Value that has been undertaken for the Managed Portfolio Service ("MPS") from abrDN is detailed below.

When carrying out the value assessment, it has been guided by the following principles:



The FCA Consumer Duty rules and guidance – including the factors provided by the FCA that are required to be met for a product or service to offer fair value.



Making the output of the assessment easy to understand, considering the Target Market and vulnerable clients.



Ensuring there is a clear difference between assessing value and simply measuring cost, as fair value does not necessarily mean lower costs.

Assessment of Value

Factors

The value assessment will be undertaken at least annually. The following 'factors' have been used to assess value:

Factor	Summary of value assessment
Performance	How each MPS portfolio has performed against its objectives and comparators.
Cost/expected total price	The fees and charges clients pay for the benefits and services they receive.
Service/any limitations	The quality and range of service provided by abrDN and others.
Comparable market rates	The service compared to similar solutions from other firms.
Cost to serve	How costs incurred by abrDN compare to charges levied.

Each of the MPS solutions has been assessed on its own merit, to ensure they are behaving as they should and delivering the required outcome. All factors are considered together because one factor alone is not conclusive of "fair value".

This means that the amount a consumer pays for a product or service must be 'reasonable' when compared with the benefits it offers.





Summary

After assessing all factors, it has been determined that MPS is delivering "fair value" to investors. Where any future issues are highlighted with any of the factors, actions will be taken, and progress and outcomes monitored internally.

The aim is to provide a MPS which has consistently high standards of service and delivers investment performance at a reasonable price. Money Market MPS was launched since the last published Value Assessment. We can confirm that the Money Market MPS provides fair value.

Factors	MPS
Performance	<p>This factor examines the performance of the portfolios in terms of delivery against their investment objectives and comparators. The assessment is taken over the stated investment horizon detailed in the target market.</p> <p>If a portfolio has failed to deliver a total return ahead of its respective comparator it will not necessarily be viewed as not having delivered fair value. All investments carry risk and there is never a guarantee of performance against objectives or comparators.</p> <p>With respect to the Target Return MPS – As reported in our last value assessment, this has been subject to an ongoing review of its investment approach in response to it not reaching its investment return performance targets. As at 30 June 2024, early indications are that the changes made to the portfolios over 2023 are having the desired effect, and while over the longer term Target Return MPS has not performed well these changes provide a better opportunity to reach the indicated performance targets over the next three years and beyond. The Target Return portfolio strategies have been operating within the volatility ranges for each risk profile and whilst performance has not reached the aimed for targets, it is managed within the accepted parameters for each risk profile.</p>
Cost	<p>This factor considers the fees and charges clients pay for the MPS solution. The assessment is undertaken on both published and any concessionary fee rates.</p> <p>The assessment does not perform an analysis on other elements of the value chain e.g. advice. However, as part of our on-going due diligence and future value assessments, abrdn will consider fair value when selecting other parties in the distribution chain.</p> <p>The total cost of providing the MPS (as detailed in Cost and Charges) is reviewed regularly. Focus is given, not only to the Discretionary Investment Management Charge, but also underlying Fund costs (e.g. OCFs).</p>



Service	<p>This factor looks at the range and quality of service being provided by in-house functions and services delegated to third-party suppliers. For each, consideration has been given to how they have affected clients and supported the delivery of the MPS solution. This includes if there have been any operational errors or any client Complaints.</p> <p>abrdrn MPS has retained all 3 Defaqto ratings for 2024:</p> <ul style="list-style-type: none"> • DFM Service – Gold Rating • DFM MPS On Platform – 5 Diamond Rating • DFM MPS On Platform – 5 Star Rating <p>This recognition underlines our team’s dedication to providing excellent service and our continued commitment to clients.</p> <p>The monthly Factsheets provided for use by the Financial Adviser and their end investor to assist in articulating the benefits have recently been refreshed to improve investor understanding.</p> <p>For Consumer Duty, some literature including operational collateral, marketing and website content will be tested by an independent third party.</p> <p>The Target Market information has been reviewed and a summary made available on the abrdrn website along with this Assessment of Value.</p> <p>For all key external suppliers, the following is in place:</p> <ul style="list-style-type: none"> • Contracts • Key Performance Indicators • Service reviews – e.g. platforms • Due Diligence • Risk events tracking <p>Where there are operational errors, or issues with the quality of service being provided, abrdrn can demonstrate these are recorded and resolved in a timely manner. Where exceptions occur these are closely monitored or escalated as required.</p>
Comparable market rates	<p>This factor reviewed the costs and charges for the MPS compared to similar solutions available in the UK marketplace.</p> <p>Comparable market rates are subject to a degree of commercial confidentiality and can vary depending on the size of the assets being invested. In addition, some firms might also have negotiated a different commercial contract which differs from published rates. However, where possible the published rates for the total cost of ownership under a Discretionary arrangement have been reviewed.</p>
Cost to serve	<p>Where possible abrdrn is always looking to deliver better value for clients. This can be achieved through several routes, including negotiating with third-party suppliers to receive better terms or changing suppliers where this is practical.</p>

Important Information

Investment involves risk. The value of investments, and the income from them, can go down as well as up and an investor may get back less than the amount invested. Past performance is not a guide to future results.

For more information visit abrdrn.com

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