



Assessment of value: full discretionary service

April 2024

The Assessment of Value that has been undertaken for the full discretionary service from LGT Wealth Management Limited is detailed below.

The principles

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.



Taking 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 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 LGT Wealth Management and others |
| Benefits provided (linked to performance) | Evidence the benefits are clearly understood and valued |
| Comparable market rates | The service compared to similar solutions from other firms |
| Cost to serve | Any reduction in costs made possible or additional resources added |

Each of the full discretionary service strategies 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 the full discretionary service from LGT Wealth Management Limited 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 full discretionary service which has consistently high standards of service and delivers investment performance at a reasonable price.

Performance

This factor examines the performance of the portfolio strategies in terms of delivery against their investment objectives and comparators. The assessment is taken over the stated investment horizon detailed in the target market.

If a portfolio strategy 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.

Cost

This factor considers the fees and charges clients pay for the full discretionary service strategies. The assessment is undertaken on both published and any concessionary fee rates.

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, LGT Wealth Management Limited will consider fair value when selecting other parties in the distribution chain.

The total cost of providing the full discretionary service (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).

Service

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 full discretionary service. This includes if there have been any operational errors or any client Complaints..

For all key external suppliers, the following is in place:

- Contracts
- Key Performance Indicators
- Service reviews – e.g. custodian
- Due Diligence
- Risk events tracking

Where there are operational errors, or issues with the quality of service being provided, LGT Wealth Management Limited can demonstrate these are recorded and resolved in a timely manner. Where exceptions occur these are closely monitored or escalated as required.

Benefits

This factor determines whether the benefits of the full discretionary service are clearly understood and valued.

For Consumer Duty, some literature including operational collateral, marketing and website content will be tested by an independent third party.

The Target Market information has been reviewed and a summary made available on the LGT Wealth Management website along with this Assessment of Value.

Comparable market rates

This factor reviewed the costs and charges for the full discretionary service compared to similar solutions available in the UK marketplace.

Comparable market rates are subject to a degree of commercial confidentiality and can vary depending on the size of the assets 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.

Cost to serve

Where possible LGT Wealth Management 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.

Our on-going review of client support, including support of Financial Advisers, resulted in additional roles being created specifically to support the full discretionary service.

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