

Whitechurch Securities Ltd

**Assessment of Value Report April 2023**

For professional advisers only

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### Important Notes

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# Introduction

Under the new Consumer Duty rules the Financial Conduct Authority now requires all wealth managers to complete an annual value assessment for each product and service we manage. For the purposes of Consumer Duty, Whitechurch Securities is a manufacturer of the investment services included in this guide.

The FCA defines 'value' as the relationship between the overall price the client pays for the products or services and the benefits they are likely to receive.

Within this document, you will find details on our methodology and how we have approached our analysis, a high-level summary of our findings and a more detailed breakdown of each of the individual services.

## Your Duty

As an Intermediary and/or distributor of our products/services where there is a retail investor at the end of the distribution chain, you are subject to certain expectations and requirements under the Duty.

We and you, where you are an FCA-authorized firm, will become directly subject to the Duty on 31 July 2023. As required thereunder, certain information-sharing requirements will apply between us in relation to our respective roles in the distribution chain.

We will continue to make available to you information on the target market for our fund strategies through our PROD factsheet. As you will be aware, this makes available to you information on our strategies and the target market. The factsheet provides general information on our services and the target investor (including their type, knowledge and/or experience, ability to bear losses, risk tolerance and investment objective). It also contains details regarding both the proposed distribution strategy. In turn, we will continue to expect you to provide the information necessary for us to carry out reviews and to check that our services remain consistent with the needs, characteristics, and objectives of their target market. We expect this to include (among other categories):

- Information on sales, including summary information on the type of investor to whom a fund has been distributed and identifying any sales made outside the target market that we have identified.
- A summary of complaints received.
- Responses from investors to questions that we have suggested for the purposes of obtaining feedback from a client sample; and
- Information on the product governance reviews carried out by you.

We will rely on you, as a distributor, to ensure that you have the necessary understanding and knowledge of the services to see that each is distributed in accordance with the needs, characteristics and objectives of its target market and not made available to any investors for whom the portfolio is not suitable.

Feedback will continue to be requested via the annual questionnaire.

# Our Approach to Value Assessment

The report covers our assessment as at 30th April 2023.

The assessment is made around five main pillars:

## Quality of Service

To assess the quality of service we have looked at the client journey split into three stages and assessed our performance:

- Initial application, account set up and investment.
- Ongoing service including quality of investment process, response times to queries, instructions and communications.
- Withdrawals and transfers including ease of encashment.

## Performance

We believe investment performance should be assessed over the medium to long term and have assessed performance over a 5-year period versus the relevant benchmark, net of fees. Performance measurement is based on the model portfolio in the strategy and is not an individual portfolio value assessment as there can be many reasons for divergence of performance and in the service provided.

## Mandate

We have assessed each portfolio versus its mandate to ensure it conforms to all parameters including yield, risk, and ethical parameters.

## Cost

We have considered both the direct and indirect costs incurred to deliver the range of services to clients which include:

- Costs exclusive to portfolio management such as investment team and administration teams.
- Costs to support the services such as sales, marketing and compliance.
- Standard business overhead such as technology and office running costs.





## Price (Comparable Market Rates)

In the meantime, we have considered the total cost of our portfolios, by looking at:

**Investment service fees** - Annual management charge and custody.

**Underlying product charges** - Including underlying fund costs.

**Any other additional charges** - Such as dealing fees on direct equities and investment trusts.

Whilst we have not included the costs associated with advice, we have considered these in our assessment as our services are sold via financial advisers.

We have assessed the 'Total cost' of each strategy in relation to other comparable strategies we run and in relation to the total costs of similar products offered by a range of competitors.

## Summary of Findings

**Key features and benefits** - We have found that our discretionary management services' range of features and benefits can meet a broad variety of client needs.

**Quality of service** - Overall our quality of service is good and reflected in a low number of client complaints and positive feedback.

**Performance** - In the main period over the medium to long-term, performance has been good and provided value for clients. Where any service has underperformed, we have provided an explanation.

**Price** - Our charges and fee structures were found to be reasonable for most of our services versus comparable services on the market with similar-sized companies.

**Costs** - For the majority of the services offered we have found the costs of the portfolios are reflective of the cost to deliver the service and are appropriately managed at corporate level.

The assessment is based on a number of different criteria for each area that can be measured to provide a summary of our standard.

Each item is Red-Amber-Green rated leading to an overall assessment.



Provides good value, expected standard achieved



Provides good value but improvement needed



Does not provide good value: Action needed to improve or change

# Prestige Range

Strategy	Performance	Mandate	General Cost	Comparable Market Rates	Quality of Service	Overall Rating
Income 3	●	●	●	●	●	●
Income 4	●	●	●	●	●	●
Income 5	●	●	●	●	●	●
Income 6	●	●	●	●	●	●
Income & Growth 3	●	●	●	●	●	●
Income & Growth 4	●	●	●	●	●	●
Income & Growth 5	●	●	●	●	●	●
Income & Growth 6	●	●	●	●	●	●
Income & Growth 7	●	●	●	●	●	●
Capital Growth 3	●	●	●	●	●	●
Capital Growth 4	●	●	●	●	●	●
Capital Growth 5	●	●	●	●	●	●
Capital Growth 6	●	●	●	●	●	●
Capital Growth 7	●	●	●	●	●	●
Capital Growth 8	●	●	●	●	●	●
Ethical Income & Growth 4	●	●	●	●	●	●
Ethical Income & Growth 5	●	●	●	●	●	●
Ethical Income & Growth 6	●	●	●	●	●	●
Ethical Income & Growth 7	●	●	●	●	●	●

## PMS Active Range

Strategy	Performance	Mandate	General Cost	Comparable Market Rates	Quality of Service	Overall Rating
Cautious Growth						
Monthly Distribution						
Global Income & Growth						
Stockmarket Growth						
Energy & Global Shift						
PMS Ethical Balanced						

## PMS Dynamic Range

Strategy	Performance	Mandate	General Cost	Comparable Market Rates	Quality of Service	Overall Rating
Dynamic Defensive						
Dynamic Cautious						
Dynamic Balanced						
Dynamic Steady Growth						
Dynamic Growth						
Responsible Dynamic Defensive						
Responsible Dynamic Cautious						
Responsible Dynamic Balanced						
Responsible Dynamic Steady Growth						
Responsible Dynamic Growth						

## Personally Tailored, Direct Equity and Bespoke Services

Strategy	Performance	Mandate	General Cost	Comparable Market Rates	Quality of Service	Overall Rating
Direct Equity Growth	●	●	●	●	●	●
Direct Equity Income & Growth	●	●	●	●	●	●
Direct Equity Yield	●	●	●	●	●	●
Personally Tailored Growth 5	●	●	●	●	●	●
Personally Tailored Growth 7	●	●	●	●	●	●
Personally Tailored Income & Growth 5	●	●	●	●	●	●
Personally Tailored Income & Growth 6	●	●	●	●	●	●
Personally Tailored Bespoke	●	●	●	●	●	●



# Prestige Investment Management Service

## Key Features and Benefits

This is a managed portfolio service offering clients a choice of 19 portfolios managed to a choice of Income, Income & Growth, and Capital Growth across a range of risk levels from 3-8. There are 4 ethical portfolios available within this range which are managed to strict ethical parameters and ESG criteria.

The portfolios are actively managed on a discretionary basis and invested predominantly in active funds.

Performance is published monthly along with a monthly market commentary. The clients are also sent quarterly reports that contain a market commentary for the 3-month period. Quarterly performance figures and asset allocation are also published quarterly and available on the website.

Clients invest directly via Whitechurch who provide in-house custody and administration. The Ethical range of portfolios is available on a limited number of platforms.

## Quality of Service

Overall, we believe we offer a good quality of service to clients with excellent levels of customer service which is reflected in good client feedback and a very low level of complaints. We acknowledge there are areas surrounding our technology which need improvement to facilitate a better client/adviser experience and continue to look at options to enhance this.

## Performance

We have assessed the portfolios over a 5-year period versus their relevant benchmarks which shows: The low-risk (3) portfolios have significantly underperformed the benchmark Bank of England +2% over the period, however, this has been driven by the significant rise in interest rates in the last two years due to high inflation. We continue to monitor and review this situation.

Our risk level four portfolios have consistently outperformed the benchmark, whilst our higher risk portfolios have in some cases outperformed and, in some cases, underperformed. This has been dictated by investment objective/style, with the ethical portfolios showing higher levels of outperformance.

Portfolio performance will vary throughout the investment cycle and the underlying client portfolios will be further affected by product wrappers. For further information on portfolio performance please see the factsheets and literature available on the website.

## Price

The service has a scaled pricing structure to ensure clients pay a fair rate and those with higher portfolios will not pay high nominal fees that cannot be justified as increased management is not needed.

Entry and exit fees are not typically charged although there may be additional admin costs in some situations such as in specie transfers.

The portfolios invest solely in third-party funds meaning a significant part of the total cost is made up of underlying fund costs. Underlying fund costs are considered as part of our investment process to ensure we get competitive rates and keep these costs as low as possible for clients.

In comparison to other Whitechurch services, this service is more expensive than the passive range due to a higher level of active management and fund research required.

We have compared the total cost to clients of this service with other firms of comparable size to Whitechurch, and offering a similar service, and have found it to sit at the higher end of the range but remain comparable with competitors.

## Cost

The majority of the costs attributable to the running of the strategies are staff costs associated with the investment and administration teams with smaller costs coming from support costs from marketing, sales, compliance and general overheads.

We feel the charges of the Prestige service are reflective of the costs involved in running the service.

## Conclusion

Based on our analysis we believe the Prestige Investment Management Service represents value for money for clients and the total costs are proportionate and fair.



# PMS Active Range

## Key Features and Benefits

This is a managed portfolio service offering clients a choice of 6 portfolios managed to a choice of Income, Income and Growth, and Capital Growth across a range of risk levels from 4-8, including one ethical portfolio which is managed to strict ethical parameters and ESG criteria.

The portfolios are actively managed on a discretionary basis and invested predominantly in active funds.

Performance is published monthly along with a monthly market commentary. The clients are also sent quarterly reports that contain a market commentary for the 3-month period. Quarterly performance figures and asset allocation are also published quarterly and available on the website.

Clients invest directly via Whitechurch who provide in-house custody and administration, and the PMS Ethical Balanced portfolio is offered on several platforms.

## Quality of Service

Overall, we believe we offer a good quality of service to clients with excellent levels of customer service which is reflected in good client feedback and a very low level of complaints. We acknowledge there are areas surrounding our technology which need improvement to facilitate a better client/adviser experience and continue to look at options to enhance this.

## Performance

We have assessed the portfolios over a 5-year period versus their relevant benchmarks, which shows:

The underperformance of the active range versus the relevant benchmark except for the PMS Ethical Balanced portfolio which has outperformed. Some portfolios' performance has improved over shorter timeframes and the situation is being reviewed.

## Price

The service has a flat pricing structure as it is aimed at smaller-value clients across a narrower value range.

Entry and exit fees are not typically charged although there may be additional admin costs in some situations such as in specie transfers. Where we invest in Investment Trusts or ETFs (exchange-traded funds) we employ an external broker to execute the trades which creates an additional cost when entering or exiting the portfolio in addition to the stamp duty payable for buying these instruments. Whilst we actively monitor these costs and endeavour to ensure we obtain competitive rates we have seen the cost of trading increase significantly since this service was first launched.

The portfolios invest solely in third-party funds meaning a significant part of the total cost is made up of underlying fund costs. Underlying fund costs are considered as part of our investment process to ensure we get competitive rates and keep these costs as low as possible for clients.

In comparison to other Whitechurch services, this service is more expensive than the passive range due to a higher level of active management and fund research required.

We have compared the total cost to clients of this service with other firms of comparable size to Whitechurch, and offering a similar service, and have found it does cost more than comparable services and we are reviewing this.

## Cost

The majority of the costs attributable to the running of the strategies are staff costs associated with the investment and administration teams with smaller costs coming from support costs from marketing, sales, compliance and general overheads.

We are currently collecting additional data and reviewing the charges of the PMS Active funds in relation to the costs associated with running the portfolios.

## Conclusion

Based on our analysis we believe the PMS Active Range falls short of representing good overall value for money for clients and are undertaking further review.



# PMS Dynamic Range

## Key Features and Benefits

This is a managed portfolio service offering clients a choice of 10 portfolios across a range of risk levels from 3-7. The Responsible Dynamic range incorporates ethical screening and ESG criteria.

The portfolios have active asset allocation but are predominantly invested in passive funds making this a cheaper investment option. The portfolios are managed on a discretionary basis in line with the in-house investment process.

Performance is published monthly along with a monthly market commentary. The clients are also sent quarterly reports that contain a market commentary for the 3-month period. Quarterly performance figures and asset allocation are also published quarterly and available on the website.

Clients can invest directly via Whitechurch who provide in-house custody and administration or via a range of third-party platforms.

## Quality of Service

Overall, we believe we offer a good quality of service to clients with excellent levels of customer service which is reflected in good client feedback and a very low level of complaints. We acknowledge there are areas surrounding our technology which need improvement to facilitate a better client/adviser experience and continue to look at options to enhance this.

## Performance

We have assessed the portfolios over a 5-year period versus their relevant benchmarks which shows:

The low-risk (3) portfolios have underperformed the 'Bank of England +2%' benchmark over the period, however, this has been driven by the significant rise in interest rates in the last two years due to high inflation. We continue to monitor and review this situation.

All other PMS Dynamic portfolios have outperformed the benchmark over the 5-year period.

The Responsible Dynamic portfolios do not yet have a long-term track record, with the exception of the Responsible Dynamic Defensive (risk 3). All the portfolios have outperformed or performed in line with their relevant benchmarks.

## Price

The service has a flat pricing structure as it is aimed at smaller value clients across a narrower value range and is designed to be accessible both directly and via platforms where scaled pricing structures are not available.

Entry and exit fees are not typically charged although there may be additional admin costs in some situations such as in specie transfers.

The portfolios invest solely in third-party funds meaning a significant part of the total cost is made up of underlying fund costs. Underlying fund costs are considered as part of our investment process to ensure we get competitive rates and keep these costs as low as possible for clients. Where we use ETFs (exchange-traded funds) within the portfolios we employ an external broker to execute the trades which creates an additional cost when entering or exiting the portfolio in addition to the stamp duty payable for buying direct shares. Whilst we actively monitor these costs and endeavour to ensure we get competitive rates we have seen the cost of trading increase significantly since this service was first launched.

In comparison to other Whitechurch services, this service is considerably cheaper than our active offering reflecting the lower level of fund research required.

We have compared the total costs to clients of this service with other firms of comparable size to Whitechurch, and offering a similar service, and have found the pricing is comparable.

## Cost

The majority of the costs attributable to the running of the strategies are staff costs associated with the investment and administration teams with smaller costs coming from support costs from marketing, sales, compliance and general overheads.

We feel the charges of the PMS Dynamic service are reflective of the costs involved in running the service.

## Conclusion

Based on our analysis we believe the PMS Dynamic range represents value for money for clients and the total costs are proportionate and fair.



# Personally Tailored Bespoke Services

## Key Features and Benefits

The Personally Tailored service allows the investment managers to work with the adviser and their client to construct and manage a portfolio very specific to the individual clients needs and can take into consideration specific parameters such as specific ethical requirements, income requirements or capital gains tax requirements.

The portfolios are actively managed on a discretionary basis and invested predominantly in active funds.

Clients invest directly via Whitechurch who provide in-house custody and administration and the Ethical range of portfolios are available on a limited number of platforms.

## Quality of Service

Overall, we believe we offer a good quality of service to clients with excellent levels of customer service which is reflected in good client feedback and a very low level of complaints. We acknowledge there are areas surrounding our technology which need improvement to facilitate a better client/adviser experience and continue to look at options to enhance this.

## Performance

As our bespoke portfolios are truly bespoke, they can vary versus benchmark due to capital gains tax or other restrictions. Performance is on a portfolio-by-portfolio basis.

## Price

The service has a scaled pricing structure to ensure clients pay a fair rate and those with higher portfolios will not pay high nominal fees that cannot be justified as increased management is not needed.

Whilst there are no Whitechurch entry and exit fees for these portfolios we employ an external broker to execute the trades which creates an additional cost when entering or exiting the portfolio in addition to the stamp duty payable for buying direct shares. Whilst we actively monitor these costs and endeavour to ensure we get competitive rates we have seen the cost of trading increase significantly since this service was first launched.

The portfolios invest in third-party funds as well as direct equities meaning a significant part of the total cost is made up of underlying fund costs. Underlying fund costs are considered as part of our investment process to ensure we get competitive rates and keep these costs as low as possible for clients.

In comparison to other Whitechurch services, this service is more expensive than the passive range due to a higher level of active management and fund research required, but similar to the Prestige range.

We have compared the total costs to clients of this service with others offering a similar service and have found it to sit at the lower end of the range when compared with competitors.

## Cost

The majority of the costs attributable to the running of the strategies are staff costs associated with the investment and administration teams with smaller costs coming from support costs from marketing, sales, compliance and general overheads.

We feel the charges of the Personally Tailored Bespoke service are reflective of the costs involved in running the service.

## Conclusion

Based on our analysis we believe the Personally Tailored Bespoke Services represents value for money for clients and the total costs are proportionate and fair.



# Direct Equity Services

## Key Features and Benefits

The direct equity portfolios were designed to allow clients to invest a lump sum directly into UK equities from £50,000 and offer a choice of three objectives, Growth, Income, and Growth and Yield (Income) at a risk rating of 7.

The portfolios are actively managed on a discretionary basis and invested in UK stocks within the main large and mid-cap indices.

Performance is published monthly along with a monthly market commentary. The clients are also sent quarterly reports that contain a market commentary for the 3-month period. Quarterly performance figures and asset allocation are also published quarterly and available on the website.

Clients invest directly via Whitechurch who provide in-house custody and administration with dealing provided by an outside broker.

## Quality of Service

Overall, we believe we offer a good quality of service to clients with excellent levels of customer service which is reflected in good client feedback and a very low level of complaints. We acknowledge there are areas surrounding our technology which need improvement in order to facilitate a better client/adviser experience and continue to look at options to enhance this.

## Performance

Two of the three strategies have outperformed over the five-year period with one strategy underperforming versus their respective benchmarks. We acknowledge that sometimes portfolios will underperform during points in the investment cycle and more detailed performance information is available via the factsheets on our website.

## Price

The pricing of this portfolio reflects the underlying research which goes into the individual companies.

Whilst there are no Whitechurch entry and exit fees for these portfolios we employ an external broker to execute the trades which creates an additional cost when entering or exiting the portfolio in addition to the stamp duty payable for buying direct shares. Whilst we actively monitor these costs and endeavour to ensure we get competitive rates we have seen the cost of trading increase significantly since this service was first launched.

Given the specialist nature of this service, there are limited comparable services on the market, we have compared the total cost and considered cost of entry/exit to service and found it to be very high versus our other services.

## Cost

The majority of the costs attributable to the running of the strategies are staff costs associated with the investment and administration teams with smaller costs coming from support costs from marketing, sales, compliance and general overheads.

We are currently collecting additional data and reviewing the charges of the Direct Equity service in relation to the costs associated with running the portfolios.

## Conclusion

Whilst we believe the basic management costs offer fair value, we accept that the entry/exit costs due to the purchase/sale of shares via an external broker mean the total cost of this service is considerably higher than our other services. In light of this, we are reviewing and likely to withdraw the service as we do not feel it represents value for money for clients.

**Whitechurch**  
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WEALTH MANAGERS

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