

PACIFIC MODEL PORTFOLIO SOLUTIONS

PASSIVE RANGE

Balanced

TARGET MARKET & DISTRIBUTION

The range provides multi-asset, cost-effective globally diversified investments through low-cost passive investments to meet a range of client investment objectives.

Portfolio

The Portfolio aims to achieve capital growth, balancing capital preservation and equity market exposure, using low-cost passive investments. It consists of a range of low-cost passive instruments (including tracker funds and exchange traded funds) to provide diversity across regions and asset classes. Although the portfolio may have a bias towards equity holdings this will be limited to 85%.

Vulnerable Clients

Any client could find themselves in vulnerable circumstances at any time. Our aim is to ensure that vulnerable clients invested in our Portfolios continue to receive the same fair treatment and outcomes as other clients.

TARGET MARKET

Type of Client

Targeted at retail clients, professional clients, and eligible counterparties.

Clients' knowledge and experience

The Portfolio is suitable for clients with all levels of knowledge (basic, informed and advanced) on an advised basis, who are comfortable that their investment may fall and rise in value over time.

The Portfolio has no complex features that would require more than a basic understanding of investment markets or instruments.

Clients are encouraged to read the Strategy Sheets which contain further information on allocation and weightings of holdings in addition to performance and risk data.

Clients' risk tolerance

The portfolio adopts a moderate to higher approach to risk and it is anticipated its volatility will not exceed 85% of global market equity volatility. It is therefore compatible with clients who have a medium risk tolerance.

Clients' financial situation and ability to bear losses

The Portfolio is designed for clients who seek a lower-cost means of achieving investment growth over the medium term - not less than 5 years and who are prepared to accept periodic capital losses to achieve a higher return.

Clients will have no risk of loss greater than their invested amount. As a Portfolio with exposure to financial instruments, clients should be aware that there is a risk that they may get back less than they paid in.

Clients' objectives and needs

The clients' objectives should be in line with the Portfolio's investment objective, which aims to achieve capital growth, balancing capital preservation and equity market exposure, using low-cost passive investments, over not less than 5 years.

Clients who should not invest (the "negative-target market")

The Portfolio may not be suitable for certain clients, including but not limited to those:

- who are not willing to take any investment risk i.e. whose objectives and needs are not consistent with the nature of the Portfolio;
- who do not have sufficient resources to bear any loss which may result from an investment in the Portfolio.

The Portfolio is also not committed to meeting any specific environmental, social, governance restrictions which some clients may be seeking.

Distribution

The Portfolio is designed for distribution on an advised basis.

FAIR VALUE ASSESSMENT

Passive Range

We have developed a comprehensive assessment process which considers a number of aspects to determine the value of our offering. For the Passive Range, they include:

- Risk management - portfolios are managed in line with long term risk targets.
- Institutional Investment Expertise - Investment team with 50+ years combined industry experience across multi-asset, equities, fixed income, absolute return and sustainable investing. The portfolio management team have access to underlying fund managers.
- Costs will be lower compared to an actively managed solution.
- Economies of scale - due to the size of the assets managed by Pacific Asset Management within our model portfolio service we have been able to use our scale to negotiate access to the cheapest share classes available for all our Vanguard and L&G fund holdings, meaning a lower overall portfolio cost to clients. Further to this, our scale continually allows us to negotiate for lower fees for all funds held in the model portfolios.
- Low tracking error, meaning underlying investments are projected to perform in-line with corresponding reference benchmarks.
- Opportunity to work with an experienced sales team constantly available to help with your needs and queries.
- Access to Pacific AdviserLab, giving access to strategy performance in real-time, as well as access to a suite of materials including strategy factsheets, and investment commentaries and outlooks.
- Adviser branded materials to enhance your value proposition with your clients, ensuring better outcomes through education and technology.

We have considered the investment performance of the portfolio against its stated investment objective, as well as against the benchmarks and our fees.

The outcomes of our assessment are reviewed on an ongoing basis, enabling any challenge and further investigation.

PRODUCT APPROVAL PROCESS

As a manufacturer of investment products and services, Pacific Asset Management is committed to following a robust approval process for each new initiative (or significant change to existing) prior to distribution.

Product Approval Process and a Product Governance Committee

The firm has a well-established Product Approval Process and a Product Governance Committee ("PGC") which supports and is responsible for the review and approval of new initiatives.

Teams and colleagues across the business will participate to research and analyse new initiatives to progress the development. A proposal will be submitted to the PGC for consideration. The Committee will have regard to a number of factors in determining whether to reject or approve the proposal, including (but not limited to):

- rationale for the new product/service;
- conflicts of interests and the potential impact on the firm and products/services;
- charging structures, ensuring this does not undermine return expectations and is appropriately transparent for the identified target market;
- proposed distribution strategy and target market; and
- compliance with regulatory requirements.

Annually, the PGC will review management information on the performance of the firm's products/services, and where appropriate consider and instruct any remedial actions, if required.

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PACIFIC
ASSET MANAGEMENT
> MOVE FORWARD

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