

PACIFIC MODEL PORTFOLIO SOLUTIONS

SUSTAINABLE RANGE

Balanced

TARGET MARKET & DISTRIBUTION

The range consists of three risked targeted multi-asset portfolios designed for those clients who seek to grow the value of their capital but wish to ensure that strict environmental, social, governance (ESG) principles are applied to the underlying choice of the investments. Our portfolios accommodate a range of client risk appetites and returns expectations.

Portfolio

The Portfolio aims to achieve capital growth using sustainable investments, balancing capital preservation and equity market exposure. It provides diversity across regions and asset classes through exposure to a range of collective investments and exchange traded funds (ETFs) selected from a limited, but growing, universe of investments which incorporate ethical, socially responsible or environmental considerations in the choice of their underlying securities. The Portfolio is expected to have a bias towards equity holdings although this is unlikely to exceed 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 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.

Distribution

The Portfolio is designed for distribution on an advised basis.

Clients' financial situation and ability to bear losses

The Portfolio is designed for clients who seek capital growth over the medium term - not less than 5 years through investment in a diversified range of ethically screened assets and are prepared to accept the prospect of some short-term capital losses to achieve a high 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 using sustainable investments, balancing capital preservation and equity market exposure, over not less than 5 years.

FAIR VALUE ASSESSMENT

Sustainable Range

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

- Risk management - portfolios are managed in line with long term 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.
- Positions must meet the minimum screening requirements set by Pacific Asset Management (“PAM”).
- PAM conduct both an ongoing performance review and sustainable review annually but can also be on an ad-hoc basis. Sustainable reviews consider factors such as engagement and impact reports, and other criteria which can be used to access the Sustainable credentials on an investment.
- Ability to scan the models for underlying positions and exposures through a proprietary ESG database; able to engage with managers regarding positions which have been drawn to our attention through media.
- Due diligence process is undertaken for each of the funds.
- 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.
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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 internally, 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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