Suitable for financial advice professionals only.

WealthSelect due diligence made easy

Your comprehensive guide to WealthSelect.

We know that choosing an investment service and creating a due diligence report to show its suitability can seem like a complex and time-consuming task.

This document gives you instant access to the due diligence questions we are frequently asked by financial advisers about WealthSelect, laid out in an easy question and answer format.

If you require any further information that is not included in this document, please contact your investment director here.

Contents

Section 1 - Organisational details

1.1 Who is Quilter plc?

- Quilter plc is a leading UK-focused wealth manager, providing advice-led investment solutions and investment platform services.
- The business is made up of two customer segments: Affluent and High Net Worth. Affluent consists of:
- Quilter Financial Planning
- Quilter's investment platform
- Quilter Investors

High Net Worth consists of:

- Quilter Cheviot
- Quilter Cheviot Financial Planning

Ownership structure of Quilter plc

Quilter plc is listed on the London Stock Exchange (LSE) with a secondary listing on the Johannesburg Stock Exchange (JSE).

Head office of Quilter plc

The head office of Quilter plc is Senator House, 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom.

History of Quilter plc

Information on the history of Quilter plc can be found here.

Key individuals of Quilter plc

Information on the leadership team of Quilter plc here.

Number of customers within Quilter plc

Information on the number of customers that Quilter plc has can be found here.

Number of employees within Quilter plc

Information on how many employees Quilter plc has can be found in the annual report here.

Total assets under management (AuM) of Quilter plc

Information on the total assets under management (AuM) of Quilter plc can be found here.

1.2 Who is Quilter Investment Platform Limited?

Quilter Investment Platform Limited is a wholly owned subsidiary of Quilter plc.

It runs an online investment platform that enables financial advisers to manage the wealth of customers efficiently and offers a wide range of investment options, tools, and services.

Quilter Investment Platform Limited is registered in England and Wales under number 1680071 and is authorised and regulated by the Financial Conduct Authority (FCA) under reference number 165359. The registered office is Senator House, 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom.

Further information on Quilter Investment Platform Limited can be found in Quilter's 'Platform due diligence made easy' document here.

The WealthSelect Managed Portfolio Service is provided by Quilter Investment Platform Limited for the Individual Savings Account (ISA), Junior ISA (JISA), and Collective Investment Account (CIA).

1.3 Who is Quilter Life & Pensions Limited?

Quilter Life & Pensions Limited is a wholly owned subsidiary of Quilter plc. It provides life insurance and pension products.

Quilter Life & Pensions Limited is registered in England and Wales under number 04163421 and is authorised and regulated by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) under number 207977.

The registered office is at Senator House, 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom.

The WealthSelect Managed Portfolio Service is provided by Quilter Life & Pensions Limited for the Collective Retirement Account (CRA) and Collective Investment Bond (CIB).

1.4 Who is Quilter Investors Limited?

Quilter Investors Limited is a wholly owned subsidiary of Quilter plc.

Quilter Investors Limited is the authorised fund manager and alternative investment fund manager, where applicable, of a range of UK-domiciled open-ended investment companies and unit trusts, which are multi-asset solutions and sub-advised funds. The sub-advised funds are used in WealthSelect.

Quilter Investors Limited is obliged to ensure the asset managers appointed to run the funds are suitable and capable of being able to deliver to the objectives of the funds. This oversight includes:

- monitoring the sub-advised funds to ensure the asset manager adheres to the guidelines within the mandate and is aligned to the originally intended design
- ensuring the receipt of annual due diligence questionnaires from each asset manager
- measuring sub-advised fund performance against mandate targets on a quarterly basis
- producing an annual assessment of value report for the Quilter Investors sub-advised funds and acting where a fund is not providing value.

Quilter Investors Limited is registered in England and Wales under number 04227837 and is authorised and regulated by the Financial Conduct Authority (FCA) under number 208543. The registered office is at Senator House, 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom.

Section 2 - Overview

2.1 What is the WealthSelect Managed Portfolio Service?

The WealthSelect Managed Portfolio Service is an intermediated, discretionary managed portfolio service (MPS).

It is a multi-asset, risk-targeted investment solution that enables advisers to outsource the asset allocation, manager selection, and day-to-day running of their investment' portfolios – for an extremely competitive cost.

2.2 Who provides the WealthSelect Managed Portfolio Service?

The WealthSelect Managed Portfolio Service is provided by Quilter Investment Platform Limited if it is accessed through the Individual Savings Account (ISA), Junior ISA (JISA), or Collective Investment Account (CIA).

WealthSelect is provided by Quilter Life & Pensions Limited if it is accessed through the Collective Retirement Account (CRA) or the Collective Investment Bond (CIB).

Quilter is the trading name of Quilter Investment Platform Limited and Quilter Life & Pensions Limited.

2.3 When did the WealthSelect Managed Portfolio Service launch?

The WealthSelect Managed Active and WealthSelect Managed Blend Portfolios were launched on 24 February 2014.

The WealthSelect Managed Passive, WealthSelect Responsible Active, WealthSelect Responsible Blend, WealthSelect Responsible Passive, and WealthSelect Sustainable Active Portfolios were launched on 8 March 2022.

2.4 What are the total assets under management (AuM)?

Information on the current assets under management (AUM) can be found here.

2.5 What is the current number of supporting advisers and customers?

Information on the number of advisers and customers using WealthSelect can be found here.

2.6 What are the different portfolios in WealthSelect?

WealthSelect consists of 56 portfolios across different risk levels, investment styles, and responsible investment options.

Managed Active | Blend | Passive			Responsible Active | Blend | Passive			Sustainable Active
Active 3	Blend 3	Passive 3	Active 3	Blend 3	Passive 3	Active 3
Active 4	Blend 4	Passive 4	Active 4	Blend 4	Passive 4	Active 4
Active 5	Blend 5	Passive 5	Active 5	Blend 5	Passive 5	Active 5
Active 6	Blend 6	Passive 6	Active 6	Blend 6	Passive 6	Active 6
Active 7	Blend 7	Passive 7	Active 7	Blend 7	Passive 7	Active 7
Active 8	Blend 8	Passive 8	Active 8	Blend 8	Passive 8	Active 8
Active 9	Blend 9	Passive 9	Active 9	Blend 9	Passive 9	Active 9
Active 10	Blend 10	Passive 10	Active 10	Blend 10	Passive 10	Active 10

2.7 What are the objectives of the WealthSelect Managed Portfolios?

The WealthSelect Managed Portfolios aim to achieve long-term capital growth over a period of five years or more through a diversified range of investments in the UK and globally.

The portfolios are matched to a risk profile which targets a specific range of the expected annualised volatility of global equities over the next 10 years and is managed to stay within this range most of the time.

2.8 What are the objectives of the WealthSelect Responsible Portfolios?

The WealthSelect Responsible Portfolios aim to achieve capital growth over a period of five years or more, while managing the ESG risk of the portfolio and maintaining a smaller carbon footprint than the reference index. The reference index is the MSCI All Country World Index (ACWI).

The portfolios will have exposure to a diversified range of investments in the UK and globally by investing in funds that are identified as leaders in the integration and management of ESG factors. In addition to meeting these criteria, at least 50% the assets in a portfolio will be in funds that pursue explicit environmental and/or social targets or characteristics as part of their investment process.

The portfolios are matched to a risk profile which targets a specific range of the expected annualised volatility of global equities over the next 10 years and is managed to stay within this range most of the time.

2.9 What are the objectives of the WealthSelect Sustainable Portfolios?

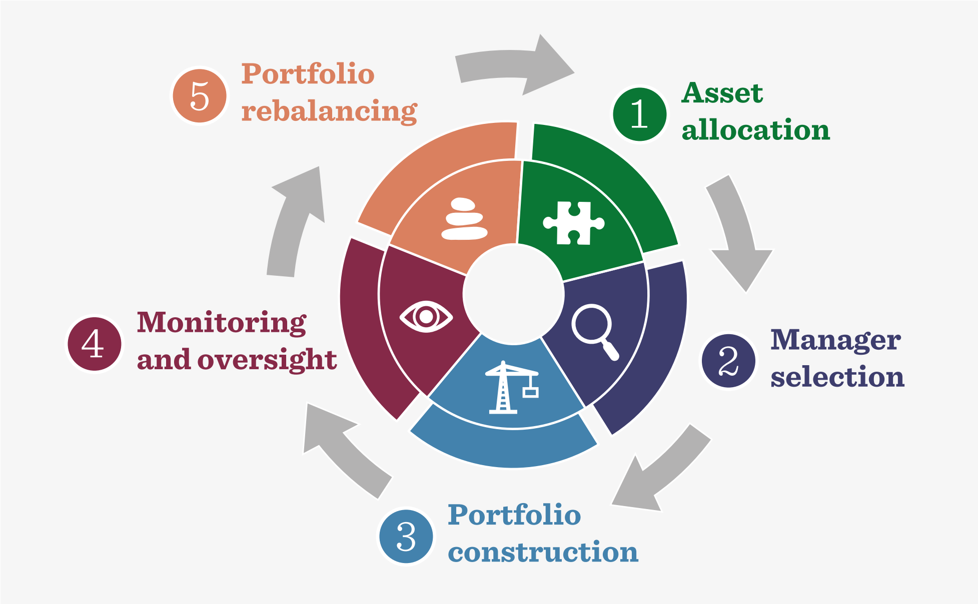
The WealthSelect Sustainable Portfolios aim to achieve capital growth over a period of five years or more, whilst seeking to support sustainable solutions to environmental and social challenges that help to achieve the objectives of the UN Sustainable Development Goals. The ESG risks of the portfolios will be managed, and exposure to unsustainable activities minimised, while maintaining a smaller carbon footprint than the reference index. The reference index is the MSCI All Country World Index (ACWI).

The portfolios are matched to a risk profile which targets a specific range of the expected annualised volatility of global equities over the next 10 years and is managed to stay within this range most of the time.

Section 3 - Investment process

3.1 What is the investment process for WealthSelect?

There are five key stages to the investment process of WealthSelect, each of which is overseen by robust governance and controls:



❶ Asset allocation

Strategic asset allocation

The strategic asset allocation (SAA) provides a starting point for the portfolio management team to build and manage the portfolios. The SAA should deliver good returns over the medium term, while also achieving the objectives of the portfolios.

The SAA is created using capital market assumptions from Willis Tower Watson (WTW). Further information can be found here. These assumptions form the base for the in-house model used to formulate the SAA.

The SAA is reviewed regularly to ensure good customer outcomes. This involves a quarterly review and a comprehensive annual assessment of the WTW capital market assumptions.

The SAA for the Responsible and Sustainable Portfolios also incorporates carbon data, helping the portfolio management team to deliver on the non-financial objectives.

Tactical asset allocation

Tactical asset allocation (TAA) positions are at the discretion of the portfolio management team to enable them to deviate from the asset allocation of the strategic asset allocation (SAA) to capture returns or mitigate losses. They can alter the overall risk exposure of a portfolio within the risk band or alter exposure to certain asset classes, regions, and investment styles.

The factors that will be considered when making TAA decisions include the relative attractiveness of a range of asset classes based on analysis of valuations, technical, and fundamentals alongside the economic outlook and geopolitical environment. There may also be consideration of additional factors in the TAA including, but not limited to, ESG risk, carbon footprint, and other features of sustainable investment themes.

TAA is not applied to the WealthSelect Managed Passive or WealthSelect Responsible Passive Portfolios.

❷ Manager selection

The manager selection process involves three key teams. These form the manager research hub:

- Manager research
- Operational due diligence
- Responsible investment

Manager research

The dedicated manager research team is responsible for identifying and researching the strategies used in WealthSelect.

When validating and assessing current asset managers and screening for new ones, the team of analysts focus on in-depth quantitative and qualitative research using a range of analytical applications, proprietary tools, and technical models.

The manager research team also conducts regular meetings with all the existing asset managers to ensure the initial rationale for holding the investment still stands.

The team tailors their manager research to meet specific portfolio constraints and requirements. They also seek to select best-in-class managers with repeatable investment processes and distinct alpha drivers.

As part of the quantitative assessment of a manager, the team will evaluate fund transparency, liquidity, and any capacity constraints.

Responsible investment tier framework

The types of funds invested in will differ depending on the portfolio. The responsible investment tier framework is used in the selection and monitoring of the investments with respect to responsible investment considerations.

Tier 1 funds

These are the basic expectations for any fund in which we invest.

The firm should have an environmental, social, and governance (ESG)/responsible investment (RI) policy, be a signatory to the Principles of Responsible Investment, and be a signatory to the Financial Reporting Council's UK Stewardship Code (or equivalent).

In addition, the manager should have access to material ESG risk data and any actively managed funds should not invest in companies involved in the manufacture of cluster munitions and anti-personnel mines.

Please note, the rules-based methodologies of passive funds may mean that some passive funds in this tier may have some exposure to companies involved in the manufacture of cluster munitions and anti-personnel mines.

Tier 2 funds (leading ESG integration)

The WealthSelect Responsible Portfolios invest in funds identified as tier 2 funds (leading ESG integration).

A rigorous investment due diligence process is undertaken, applying both quantitative and qualitative analysis. The process focuses on the '4Ps' (philosophy, process, people, and portfolio).

For a fund to be classified as a tier 2 fund it must meet the tier 1 criteria and the following:

Philosophy

- Have ESG integration as a core part of the investment philosophy.

Process

- Have ESG considerations systematically integrated throughout the investment process.
- Evidence strong active ownership.
- Provide case study examples to show systematic integration of ESG factors in their investment decision process.
- Monitor ESG risks and opportunities as part of the risk management process.

People

- Have a portfolio management team with credibility in a RI/ESG field as evidence of ESG expertise and ongoing development in the team.
- Have a portfolio management team who can still demonstrate sound understanding even if there is a specialist RI/ESG team undertaking research and/or providing support.

Portfolio

- Demonstrate a well-controlled level of ESG risks or a good rationale for higher risk.
- Clearly articulate their approach to controversial and unsustainable areas.

Where the availability of funds that are leaders in ESG integration is limited in an asset class, and exposure is required to achieve a diversified portfolio, the Responsible Portfolios may invest in funds that are not leaders in ESG integration, and are not classed as tier 2 funds.

Please note, due to the rules-based methodologies of passive ESG funds, the analysis of passive ESG funds is focused on the index construction, index rebalancing, and active ownership.

Tier 3 funds (sustainable outcomes)

The WealthSelect Sustainable Portfolios invest in funds identified as tier 3 funds (sustainable outcomes).

A rigorous investment research process is undertaken to identify funds that are leaders in the integration and management of ESG factors. A further sustainable outcomes assessment then identifies the funds that target sustainable outcomes.

For a fund to be classified as a tier 3 fund it must meet the tier 2 criteria and:

- systematically integrate relevant ESG factors into the investment process
- ensure material ESG issues and risks are identified, assessed, and are a formal part of the overall investment process
- demonstrate additional focus on sustainable outcomes
- intentionally invest to be sustainable and demonstrate the outcomes of investments from a sustainable perspective
- employ an exclusionary framework and align it, where possible, to the unsustainable areas that are excluded and avoided in the portfolios
- invest in line with the UN Global Compact Principles and monitor regularly to ensure compliance
- be transparent on their holdings and their interactions/alignment and reporting
- demonstrate active stewardship that is meaningful and aligned with best practice.

Where the availability of funds that target sustainable outcomes is limited in an asset class, and exposure is required to achieve a diversified portfolio, the Sustainable Portfolios may invest in funds that do not target sustainable outcomes and are not classed as tier 3 funds.

Investment universe

The WealthSelect Managed Portfolios harness the power of a select group of high-quality asset managers and brings them together in one place. The WealthSelect global partners offer a wide choice of different investment strategies across a broad range of asset classes, sectors, and geographies.

The WealthSelect Responsible and Sustainable Portfolios can also access solutions from the WealthSelect global partners. However, they also have access to a wider universe of solutions that can help the portfolios meet their non-financial objectives.

More information on the WealthSelect global partners can be found here.

Sub-advised mandates

Where appropriate, the WealthSelect global partners are asked to manage a selected investment strategy as a sub-advised mandate.

A sub-advised mandate is a Quilter Investors fund where a mandate is set and then a third-party asset manager is appointed to run the mandate based on their experience, style, and expertise.

The fund has the Quilter Investors prefix in the fund title. However, the third-party asset manager acts as the investment adviser to the fund.

All sub-advised mandates are UK-domiciled funds and have the usual Financial Services Compensation Scheme (FSCS) protection. This is advantageous when the equivalent retail strategy is a non-UK fund. The sub-advised mandate structure allows us access to asset managers and strategies not otherwise available to the UK retail market.

This approach can offer multiple benefits and advantages to advisers and customers:

Enhanced control

The investment adviser typically runs the sub-advised mandate in a similar way to a retail fund. However, the sub-advised mandate allows certain aspects to be refined, such as the investment strategy.

Refining the investment strategy ensures it aligns to the objective of the sub-advised mandate. For example, refinements can be made to where the fund invests, its exposure to unlisted stocks, or where it sits on the market-cap spectrum.

The sub-advised mandate also allows for greater control of the liquidity profile of a fund, ensuring it is not subject to the influence of large external investors.

The sub-advised mandate is operationally optimised for platforms, with standardised dealing and settlement cycles. This reduces the overall time it takes for a rebalance to complete and ensures less time out of the market.

Greater transparency

Sub-advised mandates offer us access to the underlying holdings, providing sight of every individual trade and deal placed. This contrasts with investing directly in a retail fund, where the holdings would normally be shared monthly. This transparency allows the portfolio managers to understand any risks and ensure the investment adviser is running the strategy in the expected way.

This enhanced visibility also allows better insight for the portfolio managers, as well as more robust oversight from the investment risk, manager research, and responsible investment teams.

The visibility that a sub-advised mandate provides also allows for enhanced reporting for customers.

Increased flexibility

Each investment adviser is selected with a long-term view, but the flexibility provided by a sub-advised mandate makes it easier to change an investment adviser compared to a switch from one fund to another. This can result in lower transition costs and time out of the market. This can also result in capital gains tax (CGT) advantages for unwrapped customers.

Due diligence process for non-UK-domiciled funds

Regardless of whether an investment is in onshore or non-UK-domiciled funds, the operational due diligence team assesses the ability of the asset manager to manage money in a safe and compliant manner. The exact same due diligence is conducted for both onshore and non-UK-domiciled funds.

Operational due diligence

After the manager research team has identified a potential strategy, operational due diligence is undertaken to assess the financial stability and operational resilience of the asset manager, including their investment and operational processes, systems, and resources.

This assessment is completed by the operational due diligence team to determine the suitability of the asset managers identified by the manager research team.

The operational due diligence team aims to identify and mitigate operational risk before and after investment.

This in-depth analysis is broken down into several component parts, including:

- Organisational structure and governance
- Reputation
- Responsible investment
- Operations and technology
- Compliance and audit
- Human resources
- Fund structure

Responsible investment

The responsible investment team works in conjunction with the manager research and operational due diligence teams to integrate environmental, social, and governance (ESG) factors and stewardship practices into the investment and operational due diligence processes.

3 Portfolio construction

Portfolio construction brings together the three initial stages of the investment process: strategic asset allocation (SAA), tactical asset allocation (TAA), and manager selection.

The portfolio management team has full discretion to blend asset classes and underlying exposures to construct the final portfolio. However, the portfolio management team must ensure that the final portfolio meets the objective of the portfolio and is in line with the internal risk controls.

4 Monitoring and oversight

The WealthSelect portfolio managers employ a comprehensive and structured approach to monitoring and oversight, continuously seeking to improve the process over time.

The portfolio managers can review the underlying holdings, with enhanced visibility when investing in sub-advised mandates. With support from the manager research team, the WealthSelect portfolio managers can communicate regularly with all the underlying fund managers and are able to meet with the managers directly, should the need arise. The portfolio managers also work closely with the investment risk team (see section 6 here) and the responsible investment teams. They are also supported by a robust governance framework (see section 8 here).

The investment risk team supports the portfolio managers by reporting on associated risks, liquidity, attribution, stress-testing, and holdings. They monitor risk at various levels, including portfolio, asset class, sub-asset class, and sector, ensuring adherence to volatility bands and investigating any breaches. Regular stress-testing against different market scenarios and adherence to liquidity policies further enhances the robustness of the monitoring process.

Minimising exposure to unsustainable activities in the Sustainable Portfolios

As environmental and social preferences are at the heart of these portfolios, exposure to unsustainable activities is minimised.

This is done in two main ways:

1. Exclude exposure to companies that engage in activities that are contrary to the sustainability outcomes the portfolios are trying to be achieved is excluded.
2. Normally avoid exposure to companies where a meaningful part of their business activities is unsustainable.

Information on how exposure to unsustainable activities is minimised can be found here.

Specifically, in relation to the Responsible and Sustainable Portfolios, the investment risk team, with support from the responsible investment team, monitors the portfolios against their respective responsible investment objectives. The responsible investment team also supports the portfolio management team to monitor the overall environmental, social, and governance (ESG) risk of the portfolios.

The responsible investment team also supports the manager research team to monitor the underlying managers against the responsible investment tiering requirements on an ongoing basis, alongside structuring, coordinating, and monitoring engagement activity with underlying managers, if issues do arise.

Additionally, the governance framework (see section 8 here) includes multiple committees, such as the Affluent investment committee and the Quilter Investors product and customer committee, which provide oversight and ensure the portfolios are managed in the best interests of investors.

This multi-layered oversight makes sure the portfolios continue to meet their objectives and deliver good customer outcomes.

5 Portfolio rebalancing

Frequency of rebalances

All the portfolios are rebalanced quarterly. However, the portfolio management team has full discretion to rebalance whenever they deem necessary. This is known as an ad hoc rebalance.

Example of an ad hoc rebalance

In January 2025, following government bond market performance, the portfolio managers reviewed the fixed-interest positioning within the portfolios and undertook an ad hoc rebalance across the Active and Blend portfolios, increasing the fixed interest allocation at the lower risk levels.

While the rebalance considered bond markets broadly, the underperformance of gilts leading up to this rebalance meant the holding was both topped up to its previous level as well as benefiting from the higher overall fixed interest allocation. The portfolio managers were not trying to time the bottom of the government bond market but actively manage the overall position of the portfolios by leaning into market weakness.

Managing portfolio drift

Intra-quarter the portfolios are allowed to drift from the model weights in line with the performance of the underlying holdings. The portfolio management team and investment risk team will closely monitor the drift, and if it is prudent to rebalance the portfolios back to target then they will do so if the market conditions are right.

Section 4 - Performance

4.1 How is performance measured?

All of the portfolios aim to provide capital growth with a specific level of risk, measured as volatility, on an ongoing basis. The portfolios do not have benchmarks.

4.2 What are the performance comparators?

For each portfolio, customers are invited to compare the performance against the performance comparator.

Risk level	Performance comparator
3	IA Mixed Investment 0-35% Shares
4	IA Mixed Investment 20-60% Shares
5	IA Mixed Investment 20-60% Shares
6	IA Mixed Investment 40-85% Shares
7	IA Mixed Investment 40-85% Shares
8	IA Flexible Investment
9	IA Flexible Investment
10	IA Global

Managed Portfolios

The Investment Association (IA) sector is representative of funds with exposure to a broad mix of asset types and similar levels of risk. The allocation of the portfolios to these asset types may be different to the average sector allocation and therefore the performance of the portfolios and the comparators may differ.

Responsible Portfolios

The Investment Association (IA) sector is representative of funds with exposure to a broad mix of asset types with similar levels of risk. The allocations to these asset types are likely to be different to the average sector allocation and therefore the performance of the portfolios and the comparators may differ significantly.

Sustainable Portfolios

The Investment Association (IA) sector is representative of funds with exposure to a broad mix of asset types with similar levels of risk. The allocations of the portfolios to these asset types will be different to the average sector allocation and therefore the performance of the portfolios and the comparators may differ substantially.

4.3 How is performance against non-financial objectives measured?

The performance of the non-financial objectives of the portfolios is evidenced as part of the responsible investment (RI) reporting.

To calculate correct and helpful data, every fund in the portfolios is analysed, right down to the individual companies the funds invest in.

The portfolio managers then work with two of the largest providers of environmental, social, and governance (ESG) data, MSCI and ISS, to understand how those companies are impacting the environment and society.

In the RI reporting, the same metrics for the MSCI All Country World Index (MSCI ACWI) are shown as we do for the portfolios. The MSCI ACWI is a market index that includes a wide range of global companies, so is an appropriate reference point for the portfolios.

Information on the RI reporting can be found here.

Section 5 - Investment team

5.1 Who manages the portfolios?

The portfolios are managed by the WealthSelect portfolio management team.

Stuart Clark

Stuart has been the portfolio manager of the Quilter WealthSelect Managed Portfolio Service since its launch in February 2014. Stuart joined Quilter in 2013 and has more than 20 years of experience in fund research and portfolio management at organisations including UBS Wealth Management and Julius Baer.

Stuart is a CFA charterholder and has a degree in Accounting and Finance from the University of Kent.

Helen Bradshaw

Helen is a portfolio manager of the Quilter WealthSelect Managed Portfolio Service and Quilter Monthly Income Portfolios. Helen joined Quilter in January 2019 having spent 15 years at Janus Henderson Investors. Whilst at Janus Henderson, Helen ran several multi-asset strategies, with a particular focus on multi-asset income.

Helen holds the CFA ESG certificate and has a degree in Law from Exeter University, as well as the LPC certificate from the University of Law.

Bethan Dixon

Bethan is a portfolio manager of the Quilter WealthSelect Managed Portfolio Service. Bethan is also an environmental, social, and governance (ESG) specialist and supports the integration of ESG factors into the investment process. Bethan joined Quilter in June 2019 from Pyrford International where she spent almost five years working as an equity analyst.

Bethan is a CFA charterholder and holds a degree in Natural Science, with a major in Physics, from the University of Bath. Bethan also holds the CFA ESG and CFA Climate and Investing certificates.

5.2 What is the portfolio manager turnover?

Stuart Clark joined Quilter in 2013 shortly before the launch of WealthSelect in February 2014. Bethan Dixon joined the WealthSelect portfolio management team in 2022, and Helen Bradshaw joined the team in 2023. There have been no other portfolio managers or changes.

5.3 What are the responsibilities of the portfolio managers under the Senior Managers and Certification Regime (SM&CR)?

The portfolio managers hold a client-dealing function under the Financial Conduct Authority's (FCA's) Senior Managers and Certification Regime (SM&CR) to enable them to undertake the management of the portfolios.

5.4 Are incentives offered to the portfolio managers to encourage tenure?

The bonuses to portfolio managers are discretionary awards allocated to participants with reference to the balanced scorecard of each of the portfolio managers. The scorecard comprises achievement against performance objectives, cultural behaviors, and conduct. A proportion of any discretionary bonus awarded to the portfolio managers is also deferred into the portfolios.

The portfolio managers may also be eligible to participate in the performance share plan, which awards shares in Quilter plc that are subject to a three-year vesting period.

5.5 What other roles support the portfolio managers?

The portfolio managers are supported by a depth and breadth of investment talent across different teams, including:

- Manager research
- Operational due diligence
- Responsible investment
- Investment risk
- Implementation and trading
- Investment strategy
- Investment governance

Section 6 - Risk management and monitoring

6.1 What is the process for investment risk oversight?

The investment risk team supports the portfolio managers to ensure that the market risk of each portfolio is appropriate to its purpose and strategy by reporting on the associated risks, liquidity, attribution, stress, and holdings.

6.2 How is the risk of the portfolios monitored?

Risk, measured by implied volatility, is monitored at portfolio, asset class, sub-asset class, and sector level by the portfolio managers and the investment risk team.

The investment risk team further monitors the positioning of the portfolios to a set of volatility bands (respective of the risk level of the portfolios) that the portfolios are expected to remain inside most of the time. Soft limits are in place to alert the portfolio managers when they are close to a breach.

Every day the risk team calculates the value at risk of the portfolios to investigate any large daily changes, and in addition they review the volatility band position of the portfolios on a weekly basis for adherence to the risk limits. A fuller risk analysis is carried out each month. Any breaches are investigated and highlighted to the portfolio management team. The investment risk team then collaborates with them to agree appropriate mitigation.

6.3 How is the risk of the portfolios measured?

The investment risk team calculates a series of ex-ante risks (eg volatility and tracking error), sensitivities (eg duration and duration time spreads), and exposures (eg style or market cap structure).

They aggregate these ex-ante risks into a dashboard view that provides a holistic view of the portfolios. Aside from this, a proprietary risk tool has been developed by the investment risk team to delve deeper into risk profiles and look at risk, sensitivities, and exposures in different buckets (eg regions, sectors, and currencies). For the ex-ante calculations, the investment risk team employs FactSet's MAC3 fat-tailed model on look-through to accurately analyse sensitivities of the portfolios to market risks.

6.4 How is currency risk managed?

When the portfolio managers make international equity investments, they typically take the currency risk too, assessing this as part of the decision-making process. International fixed income or international alternatives investments, are typically invested in hedged share classes.

There are multiple reasons the portfolio managers prefer unhedged equity exposure to hedged fixed income and alternatives exposure. Strong domestic growth is usually regarded as a positive for both currency value and for equity returns. Consequently, equity and currency returns are often positively correlated. As a result, the portfolio managers are comfortable taking currency risk alongside equity exposure.

The volatility of an asset class is also relevant. For lower-volatility asset classes such as fixed income and alternatives, taking exposure on an unhedged basis would lead to currency volatility dominating the overall volatility of the investment, which is not desirable.

6.5 What is the policy for managing liquidity risk?

The portfolios are highly liquid and consist of daily-dealing collective investments.

The liquidity of the portfolios is monitored according to the investment risk control framework by the investment risk team. They will report their findings to two internal oversight bodies: the Affluent investment committee and the liquidity oversight forum.

The investment risk team monitors liquidity each month. Whilst the funds in the portfolios are daily dealing, the variations in volume observed from the long-term mean in normal markets are sufficiently slow and small as to make monthly assessment reasonable. In the case of stressed markets or specific market or fund events, the analysis is made at a higher frequency, up to daily. Over a rebalance, investment risk will reassess the liquidity profile of the WealthSelect Portfolios.

The liquidity profile of each of the portfolios is calculated and assessed against four control points across several time horizons (one day, one week, one month, and three months), with a series of soft control points in place.

6.6 Are the portfolios and sub-advised funds stress tested?

The investment risk team runs a series of single-scenario and historical stress tests to ascertain the response to that event. This is conducted for the WealthSelect Portfolios and the sub-advised funds.

Section 7 - Compliance and regulation

7.1 Who is the regulator?

Quilter Investment Platform Limited is authorised and regulated by the Financial Conduct Authority (FCA) under reference number 165359.

Quilter Life & Pensions Limited is authorised and regulated by the Prudential Regulation Authority (PRA) and regulated by the FCA under number 207977.

Quilter Investors Limited is authorised and regulated by the FCA under number 208543.

7.2 How is the regulatory structure organised?

Quilter has proactive engagement with the supervisory teams from both the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA). This process involves members of the executive management team and non-executive directors attending meetings with the PRA and the FCA regularly throughout the year.

Quilter is subject to ad hoc thematic and formal regulatory reviews in accordance with the schedules of the regulators. As Quilter is a fixed portfolio firm, they are frequently asked to contribute to the information-gathering and thematic work of the FCA and the PRA.

7.3 Is there a dedicated compliance team?

There is no dedicated compliance team. However, there is a central risk function led by the chief risk officer who is responsible for compliance. There are also separate compliance teams covering advice, monitoring, regulatory liaison, financial crime, and data protection.

7.4 Have there been any compliance or regulatory actions in the last five years?

During the last five years, Quilter's platform has not been subject to any financial penalties, public censure, or restrictions for failure to comply with Financial Conduct Authority (FCA) regulations.

7.5 Is Quilter the focus of any litigation, investigation, or administrative proceedings?

During the last five years, neither Quilter plc nor its subsidiaries have been subject to material litigation.

7.6 Are regular compliance assessments conducted?

Regular compliance assessments are conducted to ensure that all processes and operations adhere to the established standards and regulations. These assessments help identify any areas of non-compliance and provide recommendations for corrective actions to maintain the integrity and effectiveness of the compliance programme. Regular assessments are crucial for mitigating risks and ensuring continuous improvement in compliance practices.

7.7 What policies are in place to ensure sufficient regulatory compliance, monitoring, and control?

There is a central suite of policies and standards that cover a wide range of regulatory requirements, for example, on market conduct, anti-bribery and corruption, conflicts of interest, gifts, and hospitality.

A variety of processes and systems are used to support ongoing monitoring of compliance with the regulations and policies.

7.8 Which regulatory regimes apply?

WealthSelect operates under the UK Markets in Financial Instruments Directive (MiFID) framework. The majority of funds in which WealthSelect invests are UCITS-like structures.

Section 8 - Governance

8.1 How is the governance model structured?

The Affluent governance model is designed around three key areas:

- Customer
- Running the business
- Managing the risk

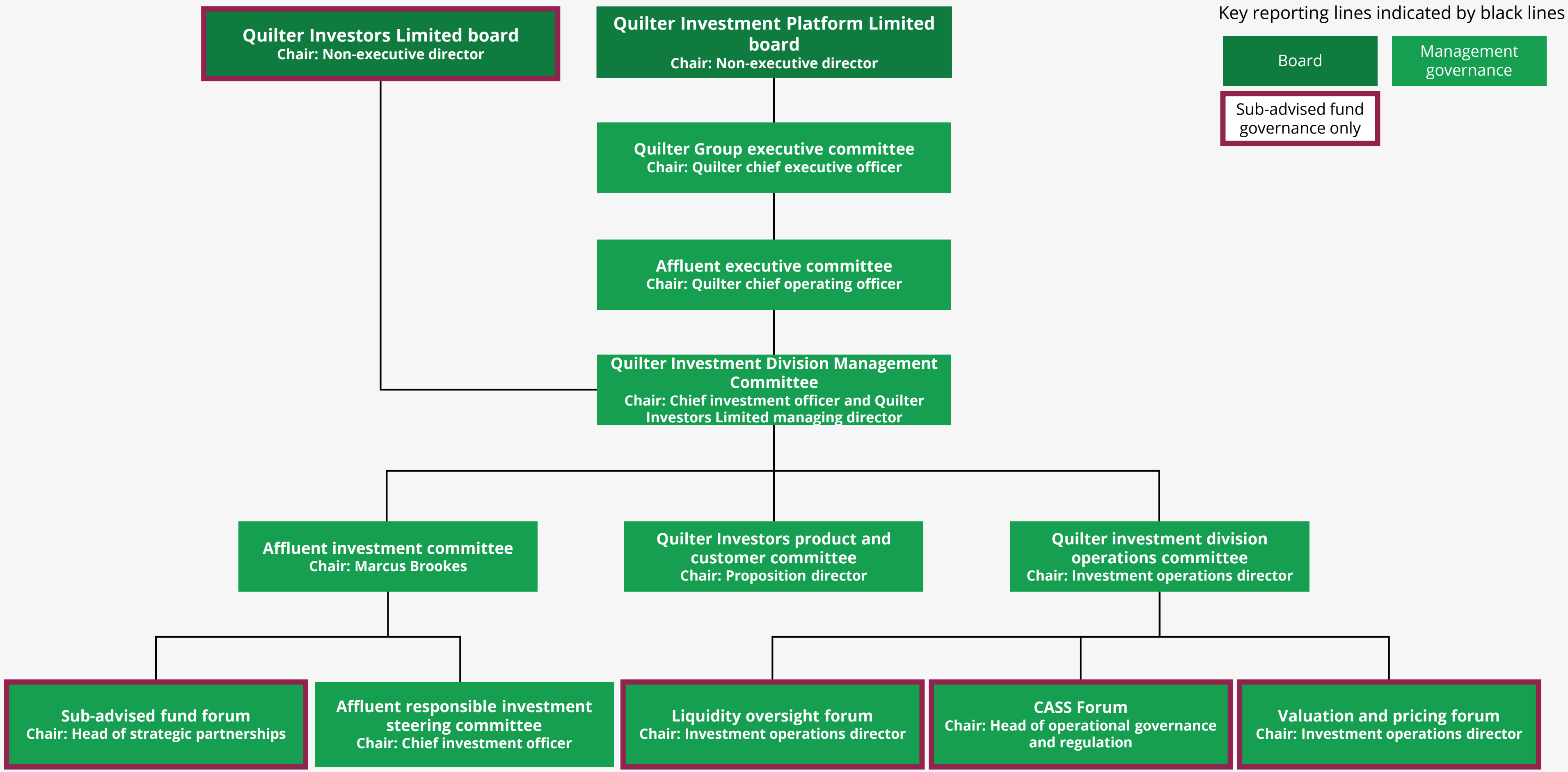
The governance model focuses on delivering the best customer outcomes, rather than focusing on the legal entity ownership. Therefore, the sub-advised funds and WealthSelect are in scope for most investment governance meetings.

8.2 What is the investment governance framework?

The Quilter Investment Platform Limited board is accountable for the WealthSelect Managed Portfolio Service and the effective management and oversight of the sub-advised funds.

The Quilter Investors Limited board is the authorised fund manager of the funds. Although it has delegated the investment management to Quilter Investment Platform Limited, it remains accountable for overseeing their management.

Governance framework



The table below outlines the responsibility of each governance meeting, its scope, and chair:

Committee	Scope	Key responsibilities for WealthSelect	Chair
Quilter Investors Limited board	Sub-advised funds	Has ultimate accountability for ensuring that Quilter Investors Limited's funds are managed inline with their documents and regulatory rules, and in the best interests of customers.	Non-executive director
Quilter Investment Platform Limited board	WealthSelect	The ultimate decision-making body for matters relating to WealthSelect and the oversight of the sub-advised funds.	Non-executive director
Quilter Group executive committee	WealthSelect and sub-advised funds	Supports and advises the Quilter chief executive officer in the day-to-day running of Quilter plc and the development of the strategy and the strategies of the respective businesses.	Quilter chief executive officer
Affluent executive committee	WealthSelect and sub-advised funds	Oversees the day-to-day management of the Affluent segment, focusing on good customer outcomes, the avoidance of foreseeable harm, and adherence to the requirements and spirit of the Consumer Duty.	Quilter chief operating officer
Quilter Investment division management committee	WealthSelect and sub-advised funds	Oversees the delivery of the investment solutions manufactured by Quilter's Affluent segment by: – ensuring that the funds, portfolios, and services for which Quilter Investors Limited, as the authorised fund manager, is responsible, are managed within regulatory requirements, and meet customer expectations of performance and value – delivery of the model portfolio services, investment advisory services, and other Affluent portfolio management services.	Chief investment officer and Quilter Investors Limited managing director
Affluent investment committee	WealthSelect and sub-advised funds	Assists the chief investment officer in the oversight of the investment management activities for which he holds accountability, including investment performance (including regular deep dives into the decision-making of the portfolio managers), investment risk (including liquidity), investment process, responsible investment, and ensuring good customer outcomes.	Chief investment officer
Quilter Investors product and customer committee	WealthSelect and sub-advised funds	Ensures that there is an effective and adequate framework in place to design, approve, market, and manage products that meet customer needs throughout their lifecycle to meet legal, regulatory, and Quilter policy requirements.	Proposition director
Quilter Investment division operations committee	Sub-advised funds	Monitors and challenges the performance of the investment operations function against agreed performance indicators, ensuring the business remains operationally resilient, operates within risk appetite, and ensures the delivery of good customer outcomes.	Investment operations director
Sub-advised fund forum	Sub-advised funds	Ensures the fund groups providing investment management services to the sub-advised fund range are performing in accordance with expectations.	Head of strategic partnerships
Affluent responsible investment steering committee	WealthSelect	Oversees responsible investment working practices across the Affluent segment, considering topics such as the approach to sustainability and environmental, social, and governance (ESG) integration, oversight of Task Force on Climate-Related Financial Disclosures (TCFD), Sustainability Disclosure Requirements (SDR), climate change activity, and the responses to new regulations and markets.	Chief investment officer
Liquidity oversight forum	Sub-advised funds	Oversees the liquidity profile of Quilter Investors Limited's funds, ensuring that the liquidity toolkit, the application of liquidity tools, and the liquidity policies are reviewed regularly, ensuring alignment with regulatory requirements and industry best practices.	Investment operations director
CASS forum	Sub-advised funds	Oversees the adherence of Quilter Investors Limited to the Financial Conduct Authority's (FCA) CASS sourcebook and the monitoring of customer money, ensuring that it is always adequately safeguarded.	Head of operational governance and regulation
Valuation and pricing forum	Sub-advised funds	Oversees the fair value pricing for the assets held in Quilter Investors Limited's funds.	Investment operations director

8.3 What is the value assessment process?

Although the value assessment process for WealthSelect, as a managed portfolio service (MPS), is less prescriptive than the assessment of value process for funds, the same rigour is applied to ensure the results accurately reflect customer outcomes.

The latest annual value assessment of WealthSelect can be found here.

The assessment of value for the sub-advised funds can be found here.

8.4 What are the potential conflicts of interest?

There are some potential conflicts of interest relating to WealthSelect arising from the structure of Quilter.

Quilter Investors sub-advised funds

The use of sub-advised mandates could result in customer detriment if Quilter's strategy for growth and/or its interest in selling in-house products and services are put ahead of the best interests of customers or fail to consider individual customer needs.

There are clear governance and oversight processes in place to ensure the WealthSelect Portfolios are run and operated in the interests of investors. These include:

- Running the portfolios to specific parameters (such as risk targets) and/or responsible investment (RI) criteria and having limits in place in terms of the maximum exposure to any one fund or fund group. This is overseen by the Affluent investment committee and the Quilter Investors Limited board.
- Basing the remuneration of portfolio managers on the investment performance of the portfolios, not on the profitability of Quilter. This means that their focus is on securing access to strong investment managers, rather than the commercial impact.
- Ensuring commercial negotiations with investment managers are independent of the investment process and do not involve the manager research team or the portfolio managers.
- Reviewing the portfolios regularly (deep dives) with a technical audience, chaired by the chief investment officer with data provided by the investment risk team to challenge the portfolio managers on their decision-making.
- Populating the boards with independent non-executive directors who are briefed on their entity-level responsibilities and duties. The oversight provided by the boards is underpinned by strong management governance with clearly articulated senior management function responsibilities.

Third-party funds

The use of third-party funds could result in a conflict of interest arising between the commercial interests of Quilter and those of its customers caused by using the manager research hub to find potential external fund managers. This could result in promotion of external fund managers due to commercial interests rather than the best interests of customers. It could also unduly affect the appointment and replacement of investment managers, whose strategies are not in the best interests of customers or do not align to stated investment goals.

This conflict is mitigated through the transparency of decision-making and challenge provided in various governance meetings.

Management of conflicts of interest around fund selection

The Affluent investment committee and sub-advised fund forum seek assurance that the Quilter Investors sub-advised funds remain suitable by noting why they are held, confirming that the research hub, affluent investment committee, and sub-advised fund forum retain conviction in the manager, and providing challenge with regards to underperforming funds.

This includes monitoring that the sub-advised funds are providing fair value and continue to provide good customer outcomes. There are second-line risk and compliance representatives at the Affluent investment committee.

The sub-advised fund forum specifically oversees the performance of the investment advisers to the sub-advised funds and is empowered to recommend manager changes, with input from those business areas with responsibility for sub-advised fund oversight. The sub-advised fund forum in turn can escalate issues to the Quilter Investors product and customer committee and/or Quilter Investment division management committee.

8.5 Who is the custodian for the sub-advised funds?

Quilter Investment Limited uses Citibank as a custodian for the sub-advised funds. This is an established relationship since 2015. Quilter performs regular service reviews, as well as annual due diligence on the custodian supplier.

Section 9 - Suitability and target market

9.1 How do you prove customer suitability?

The Financial Conduct Authority (FCA) Thematic Review TR 15/12 (Wealth management firms and private banks: Suitability of investment portfolios) confirms that firms providing discretionary and advisory portfolio management services to retail customers must ensure that they can show that their customer portfolios are suitable. Target market information for WealthSelect can be found here.

The WealthSelect Managed Portfolio Service is designed with customer suitability at its core. This is shown through:

Clear and unambiguous objectives

WealthSelect offers risk-targeted solutions that can be closely matched to the risk profiles of customers on an ongoing basis. A risk-targeted approach gives customers much greater clarity from the outset about the kind of investment journey they can expect, as compared to a risk-rated approach, which uses past performance to assess fund risk, giving the investor little certainty that this level of risk is going to remain the same in the future.

Value for money

WealthSelect is a fully outsourced, actively managed solution at a competitive rate. The size and scale of Quilter offers significant buying power in the market, and by working with a limited number of leading fund groups, costs have been driven down even further for customers without compromising on quality. The ability to access managers through sub-advised mandates enables the delivery of high-quality solutions that offer outstanding value for money.

As part of the Consumer Duty, Quilter is required to clearly explain who its products and services are suitable for and the value that they provide to customers. Whilst there is no regulatory format for how providers conduct their value assessment for managed portfolio services (MPS), the assessment of WealthSelect is structured around the four Consumer Duty outcomes. This is a comprehensive and robust approach to assess the value provided to the target market. The latest assessment of value report can be found here.

Compatible risk-profiling process

As well as being risk targeted, each WealthSelect Portfolio also has a risk rating from various third-party risk-rating providers. This is a 'moment in time' quantitative assessment of risk.

The portfolios have been mapped to major risk-profiling tools including Defaqto, Dynamic Planner, Synaptic Risk, Finametrica, eValue, and Oxford Risk.

More information can be found here.

Section 10 - Charges

10.1 What are the costs and charges?

Information on the weighted fund charge, managed portfolio service (MPS) charge, weighted total cost (MiFID II), and one-off costs of the portfolios can be found here.

Information on the costs and charges of Quilter's platform can be found here.

10.2 Are bespoke terms offered?

Bespoke terms can be offered for Quilter's platform but not in relation to the charges and fees of WealthSelect.

10.3 How are EU VAT exemptions measured?

Quilter treats WealthSelect as VAT exempt regardless of account or wrapper type, as such there is no VAT on the managed portfolio service (MPS) charge. This is based on HMRC and external guidance in 2020.

Section 11 - Contractual relationship

11.1 What is the contractual relationship?

The contractual relationship depends on the product you choose when investing in WealthSelect.

In the case of the Individual Savings Account (ISA) and Collective Investment Account (CIA), the contractual relationship for WealthSelect is between the adviser and Quilter Investment Platform Limited on an 'agent as client' basis. The customer has a direct relationship in place with Quilter Investment Platform Limited at a platform level but not at an investment management level.

In the case of the Collective Retirement Account (CRA) and Collective Investment Bond (CIB), the contractual relationship for WealthSelect is between the customer and Quilter Life & Pensions Limited on a 'reliance on others' basis. WealthSelect is an option within the terms and conditions of the insurance policy of the customer. The customer has a direct relationship with Quilter Life & Pensions Limited at a platform and investment management level.

On third-party platforms the contractual relationship is on an 'agent as client' basis.

11.2 Can the assets of a customer become delinked?

With a contractual relationship on an 'agent as client' basis, assets in a managed portfolio service (MPS) can become delinked from the account of a customer. WealthSelect is no different in this regard.

Delinking can occur due to a change in the status of an adviser (such as the customer moving to a new adviser under a separate firm reference number) or by a change in the circumstances of the customer (such as a bond being placed into trust), which can cause the portfolio management service to cease. This includes ongoing risk management, rebalancing, switches, and any ad hoc instructions.

However, advisers can reinstate the link between the account and the portfolio both quickly and digitally. This will then ensure that the customers will be re-aligned in terms of risk, asset allocation, and ongoing rebalancing.

11.3 Do customers have Financial Services Compensation Scheme (FSCS) rights?

Yes. They have protections in much the same way as other Quilter Investment Platform Limited investors.

More information on the protection offered under the Financial Services Compensation Scheme (FSCS) can be found here.

11.4 Do the portfolios invest in non-UK-domiciled funds?

The portfolios invest in some non-UK-domiciled funds within the WealthSelect Portfolios. This allows the portfolio managers to widen the choice of investment strategies available beyond UK-domiciled funds as well as providing broader investment opportunities.

Regulatory protection for non-UK-domiciled funds

The protection offered under the Financial Services Compensation Scheme (FSCS) is provided under UK regulation and may not apply to non-UK-domiciled funds. This means investors may not be able to recover any losses from the small number of non-UK-domiciled funds held in the portfolios. However, the customer may be able to claim compensation from a compensation scheme in the domicile of the fund.

More information on the protection offered under the FSCS can be found here.

Additional tax considerations due to holdings in non-UK-domiciled funds

Due to WealthSelect investing in some non-UK-domiciled funds, customers may need to report excess reportable income (ERI) on their self-assessment tax return. ERI is the income from a non-UK-domiciled fund that has not been distributed to investors, either as dividends or interest, but has been retained within the fund.

ERI only applies to non-UK-domiciled funds and to investments held 'unwrapped', for example in a Collective Investment Account (CIA). Although the ERI is not distributed, for UK tax purposes it is treated as if the customer received it on the distribution date and should be reported in their self-assessment tax return.

Section 12 - Investing

12.1 How can I access WealthSelect?

The WealthSelect Managed Portfolios are available via Quilter's platform and other third-party platforms.

Information on the third-party platforms where WealthSelect is available can be found here.

12.2 What is the minimum investment amount?

Minimum investment amounts for the different products available on Quilter's platform may apply. They can be found here.

For other third-party platforms this may vary, please contact them directly for more information.

Section 13 - Business continuity and disaster recovery

13.1 What is the business continuity and disaster recovery plan?

Quilter Investors Limited

Quilter Investors Limited focuses on operational resilience, investing in infrastructure that significantly reduces the risk of component or full-scale interruptions. The key to this strategy is ensuring dual production environments to avoid single points of failure. It is also recognised that a sizeable proportion of the operating model is outsourced to third parties, particularly Citibank Europe plc and SS&C. Their operational resilience and disaster recovery plans are regularly reviewed.

Quilter Investors Limited uses disaster recovery plans. These plans are tested periodically with alternative working locations key to this process. They also focus on the disaster recovery plans of key outsourced providers ensuring they are also tested, and evidence of testing is provided.

Quilter Investment Platform Limited

Information on the business continuity and disaster recovery plan for Quilter Investment Platform Limited can be found in Quilter's platform 'Platform due diligence made easy' document here.

Section 14 - Useful links

Web page

Value assessment report

Monthly commentaries

Monthly factsheets

Quarterly responsible investment reports

Risk profile matrix

Guide to responsible investment reporting

Target market information

Guide to our global partners

Asset allocation process and assumptions

Quilter's platform

Platform at a glance – charge basis 3

How your money is protected

Platform due diligence made easy

Quilter Investors

Quilter Investors assessment of value report for sub-advised funds

Quilter plc

Annual report

About us

Thank you for considering WealthSelect.

If you have any further questions that are not answered by this document, please speak to your consultant or email ***ask@quilter.com***.

Investment involves risk. The value of investments may go down as well as up and investors may not get back the amount originally invested. Exchange rates may cause the value of overseas investments to rise or fall.

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Please be aware that calls and electronic communications may be recorded for monitoring, regulatory, and training purposes and records are available for at least five years.

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