



Product Governance

This Mole Valley Asset Management Ltd (MVAM) Product Governance policy is written, recognising that MVAM is both a manufacturer and distributor of its portfolio management services, including financial advice, and follows guidelines as specified in the FCA PROD Sourcebook.

For the purposes of this document, the 'product' we refer to here is a portfolio of equity shares, investment trusts, fixed income bonds, precious metals and cash, collated on behalf of each client, which is unique to them, 'manufactured' to take into consideration all factors (risk appetite, time horizon, purpose of investment, affordable loss profile, etc) as assessed during the 'know your client' process, in order to be deemed 'suitable'.

'Distribution' of the portfolio is mainly directly to a retail client by way of the MVAM Investment Manager but may also be via a select number of independent financial advisers (IFAs), with whom MVAM has established a relationship and has shared the 'Target Market Information' documentation. In this instance, the IFA retains the relationship with the retail client, and selects a 'product' based upon their knowledge of both their client and the MVAM product offering.

MVAM may also recommend investment in select products provided by third party manufacturers, where deemed appropriate, and is therefore a distributor of them. The decision on which alternative products to offer is reviewed frequently, and at least annually, by the Investment Committee, to ensure these products remain appropriate for new clients.

This document is written, and will be reviewed, by the Compliance Manager, who has the compliance oversight function. It has been approved by the MVAM Board of Directors, and all subsequent updates will be reviewed and agreed by the same, prior to further publication.

MVAM offering

Mole Valley Asset Management Ltd:

- Are active, discretionary investment managers
- Offer restricted advice, on MVAM investment product range, Prudential and Royal London – please see the [Central Investment Proposition](#) for more information.
- Offer a range of risk levels for the manufactured portfolios – Cautious, Low, Moderate, Adventurous and High Risk
- Invest mainly in listed equities, but also some government and corporate bonds and Investment Trusts, listed in UK and European markets
- May hold cash at times, whilst awaiting investment opportunity, or to make available to the client, upon request
- Financial Advice services are provided to retail clients, to review requirements and existing providers and can include recommendation of 2 third parties which are carefully

selected by the MVAM Investment Committee, where a MVAM portfolio investment may not be suitable.

Please see the document 'Target Market Information' matrix, published on the www.mvam.com website for a detailed description of the portfolio products and their associated risk levels, as well as a description of who they are, and are not, suitable for.

Clients

MVAM is authorised to service both retail and professional clients although the bias of the business model towards retail clients is likely to remain for the foreseeable future. The client types are:

- Retail & professional clients
- Individual and joint portfolios
- Small company clients
- Family Trusts
- Looking to invest for the medium to long term – generally at least 2-5 years
- Each portfolio is discreet and unique, and not shares in funds

Products

- General Investment Accounts
- ISAs, JISAs & LISAs for tax efficient saving
- SIPP's and SSASs for pension savings
- Inheritance Tax Portfolios
- Insurance

Suitability

As a manufacturer and distributor of the product of portfolio management, investment management and financial advice, MVAM undertake a detailed process of getting to know and understand each client, to understand the reason for wanting to invest in our product, the amount to be invested, overall wealth, time horizon for the investment, attitude to risk and ability to bear loss, any requirement for income etc.

Using this information, the suitable and appropriate product and risk level can be assigned, in order that the selection of product purchased, forms a portfolio to perform in line with expectations.

All portfolios are kept under close review and maintained within the agreed limits of number and type of stocks held and risk levels, including any ethical preferences.

Distribution

- The Investment Manager or Financial Adviser meets with the client to get to know them and builds a portfolio based upon the information gathered at a face-to-face or video meeting
- Recommendation by known associates of MVAM, existing clients and friends and family of staff

- IFA introduction – MVAM have relationships with a small number of independent financial advisers who may recommend our services to their existing clients. MVAM share their 'Target Market Information' with the IFA, who retains responsibility for knowing their client and selecting the appropriate portfolio make-up for the client. Any distributors used by MVAM are authorised and regulated by the FCA, and must conduct their own due diligence on MVAM and the range of products offered, in order to assess suitability for their retail clients, and provide MVAM with information about their distribution of our services
- The Transact platform is available to IFAs to place funds for management, where MVAM advise on purchases and sales on a portfolio by the IFA, but MVAM do not have a client relationship with the individual themselves.
- Local advertising through sponsorship of a girls' youth rugby team, ladies' netball team and Dorking Halls, in Dorking, the camera at Bolton Percy Cricket Club in Yorkshire and in select local publications from time to time.

Scenario Analysis

Value at Risk (VaR) is used to determine expected performance. The VaR is a statistical technique used to measure and quantify the level of financial risk within a portfolio over a specific time period. This is monitored regularly to ensure that each portfolio continues to perform within the parameters expected and advised to the client, with adjustments made if necessary.

Bloomberg stress testing is used when required, whereby the Portfolio Manager or the Board can look at a portfolio in a stress-test scenario to establish the likely outcome of various market conditions, to ensure that it would behave as expected, with adjustments made if necessary.

How We Manage Your Money

MVAM have produced a document which sets out exactly how we go about the management of a portfolio – How We Manage Your Money. This is available to clients on request and includes:

- details of attitude to risk
- return expectations
- capacity for loss (affordable loss limits)
- risk categorisation and how we measure risk (using VaR)
- portfolio options
- how we keep in touch with our clients.

Each client can expect an individual performance, as each portfolio is unique.

Charging Structure

Annual management fees are charged as a percentage of funds under management, payable at regular intervals, at a rate as specified to the client at the start of the relationship.

Performance fee of 15% is charged after a hurdle rate of 5% is achieved for qualifying portfolios.

Dealing Fees are charged on each trade, plus any statutory taxes such as Stamp Duty, but no entry or exit fees at portfolio set-up or closure.

All details can be found in our Fair Fees document posted in the Products section of our website www.mvam.com

Taking these dealing fees into consideration, we show below both the expected start-up costs in a table and the impact of expected fees and costs for the life of an investment made at MVAM. It does not include the management fee which is based upon the portfolio valuation at a given point in time.

Estimated Costs of Fund Set Up and Dissolution

Set out below are the expected costs of setting up your fund and the costs of redeeming it. We do not charge any fees for setting up or closing a portfolio, however we charge a dealing fee when buying and selling investments that will be taken when setting up or dissolving your portfolio. We have estimated these costs below.

Cost of Set Up (£)						Cost of Redemption (£)				
£	Bid Offer Spread	Stamp Duty	Dealing Fees	Total	%	£ invested	Bid Offer Spread	Dealing Fees	Total	%
50,000	250	175	200	625	1.25%	50,000	250	200	450	0.90%
100,000	500	350	400	1250	1.25%	100,000	500	400	900	0.90%
250,000	1250	875	1000	3125	1.25%	250,000	1250	1000	2250	0.90%
1,000,000	5000	3500	4000	12500	1.25%	1,000,000	5000	4000	9000	0.90%

These calculations:

- Assumes stamp duty on 70% of purchases and an average 0.5% bid offer spread.
- If your portfolio is entirely made up of small stocks the bid offer spread may be larger.

Client Outcomes and Consumer Duty

MVAM adhere to the Consumer Duty, as specified by the FCA, which came into effect on 31st July 2023, and which supersedes the Treating Clients Fairly rules which previously governed the way in which a firm interacts with clients.

The Consumer Duty introduced an additional consumer principle:

- *A firm must act to deliver good outcomes for retail customers*

Basically, the consumer duty aims to ensure firms deliver a higher standard of client care and protection, equip clients to make effective decisions and remove barriers clients face to pursue their financial objectives. It sets higher standards of consumer protection across financial services and requires firms to put their customers' needs first.

The rules include cross-cutting rules require firms to

- Act in good faith toward retail clients
- Avoid foreseeable harm to retail clients
- Enable and support retail clients to pursue their financial objectives

Therefore, MVAM must take the additional principle and cross-cutting rules into consideration when designing any process and procedures for the provision of its services.

Research

MVAM pays for investment research out of the firm's operational account and does not add research costs to client fees.

With the payment for research, MVAM reviewed over 20 brokers, their services and costs. From these offers MVAM has relationships with between 4 & 12 broking houses at any time. Given the size of MVAM's Funds Under Management it is clear that the value of the research to MVAM and its clients does not equal the same value to that of a larger investment house due to the quantum difference in money returns that a larger house can achieve by following the same set of recommendations. Therefore, MVAM has opted for a relatively low touch service to ensure that it achieves broad coverage of its UK and European stock universe, in the knowledge that it has the capabilities inhouse to research individual companies from any sector or geography.

MVAM does not rely on third party research alone, as it has an experienced team that is capable of doing their own research, visiting companies and modelling outcomes and thus, the importance of third-party research is down to understanding where the market stands, rather than the analysis of the individual companies.

Client Reporting

MVAM have an Investor Portal and MoneyLocker for use by clients, giving access to their specific portfolio valuation, performance and trading activity, which is available 24 hours per day, whenever the client wishes to look at it.

There is also a report section where we make available specific reports generated for clients.

Hard copy versions can be made available upon request.

Monthly Report - valuation, full breakdown of trades and costs plus performance for the year and since inception, and a brief performance comment.

Semi-Annual Report - contains a full breakdown of trading, valuation and performance.

Risk Fee Suitability Report – given to client at inception setting out the aims of the investment, assumptions made, risks taken, affordable loss limits, and client suitability for the investment risks being taken. It is updated as client circumstances change and reviewed at every subsequent client meeting.

Risk & Fee Report – sent annually, clearly showing the costs and charges paid during the preceding year, and an estimate of costs and charges for the coming year.

CGT report - annual for capital gains tax information to assist a client with completing a tax return.

CTC report - annual for dividends and coupons received, to assist with completing a tax return.

Conflicts of Interest

MVAM manage conflicts of interest by ensuring MVAM staff portfolios do not trade at the same time as clients where the market capitalisation of the company is less than £1 billion, in order

that inclusion of staff portfolios do not influence the prices attained for MVAM clients (it is assumed that where the market capitalisation is £1billion or more for a company, for the size of trades that we are executing, the inclusion of staff trades will not affect the price attained).

Staff are strictly prohibited from the purchase of equity direct from clients, and vice versa – any transfer of equity would have to be done in a transparent manner on the market.

MVAM staff are required to declare any interests in any equity held outside of the MVAM systems, in order that they may not unduly exercise influence in the purchase or sale of the equity for clients, nor benefit unfairly due to information available as part of their role at MVAM.

MVAM operates a strict gifts and inducements policy, monitoring any offers of gifts to staff to ensure that there is no suggestion of bribery or inducement in any form.

Governance & Compliance Monitoring

As distributors and manufacturers of portfolio management services, MVAM Board and our compliance manager will review these product governance arrangements at least annually and take any appropriate actions to ensure that they remain robust and fit for purpose.

The MVAM Board also receives regular management information regarding investment performance, AUM, complaints, breaches and errors (including near misses), distribution and product reviews.

In designing any new product manufacture, sign off is required by the MVAM Board, with consideration for the compliance with all applicable regulation, whose responsibility it is to ensure that the product is suitable for its intended target market and distribution channels.