



SILVERWOOD

## Fair Value Assessment - Silverwood Wealth Management Managed Investment Service 31 March 2025

### **Introduction**

As part of Consumer Duty, the Financial Conduct Authority (FCA) requires UK investment managers to conduct a fair value assessment of their products and services. This covers a variety of areas from benefits to customers, as well as limitations such as costs. We are pleased to present a summary of the Fair Value Assessment for Silverwood Wealth Management's Managed Investment Service.

### **Service Overview**

To provide clients with access to a full discretionary or advisory investment service across a range of investment risk profiles.

### **Service Characteristics**

#### **Discretionary**

Our discretionary service forms the core of our business, with c. 85% of clients' portfolio by number managed on this basis. It enables our clients to place their funds in the capable hands of one of our experienced investment managers. The manager is responsible for ensuring they fully understand the clients' circumstances, needs and objectives prior to any investment, which will then be maintained throughout the relationship, by way of regular calls, meetings and annual suitability reviews. This service will invest across a range of assets, carefully selected for the clients' specific needs, and will be monitored regularly to maximise returns for the clients' desired level of risk. This service also incorporates features such as automatic ISA subscriptions, management of the portfolio's capital gains tax (where applicable) and access to our online portal if required.

This service can cater for clients across the risk spectrum, ranging from conservative to growth, with gradually increasing exposure to equity markets from the former to latter. Clients can elect to invest purely through managed funds or for clients above £250k, utilising direct equity investment for the UK equity element of their portfolio.

#### **Advisory**

Our managed advisory service is for clients wishing to have the final say on their investment decisions. In principle, this service works the same way as our discretionary option, offering an understanding of clients' circumstances, needs and objectives, but the investment manager will only recommend investments and it will be up to the client to make the final decision on whether to accept or reject the recommendation(s).

#### **Execution Only**

Our execution only service is for clients wishing to make their own investment decisions. This is a small part of our overall service and is typically offered to existing discretionary or advisory managed clients who have cherished holdings or wish to place occasional trades on an execution only basis. With this service, we do not offer any advice or recommendations and clients' investments will not be reviewed. Execution only clients still receive quarterly valuations, tax packs and access to our client portal.

## Price & Value

We have assessed the following criteria as being relevant when determining whether the service has delivered fair value to clients:

Criteria	Performance against objectives	Costs including vs comparable services	Quality of service	Overall Assessment
Current Assessment				

Evaluation of criteria:

**In line with or above expectations**  
**Monitoring and/or minor enhancements completed or under way**  
**Monitoring and significant actions are required or already under way**

**Performance against objectives:** Performance over the period in question has been broadly in line with benchmark across all profiles and in all instances remains ahead of benchmark over the longer term time frame our strategies are typically designed for (5 years plus). Please see Appendix 1 - Performance Summary.

On a RAG (red/amber/green) basis we would rate the performance as **GREEN**.

**Cost including versus comparable services:** Our investment in systems and efficiency enabled us operate the service under what we feel is a very attractive pricing structure from the outset. Based on the information available to us (see Appendix 2 - table sourced from FT and company websites), our annual management fee compares favourably to competitor services within the market. For example, our analysis has shown that annual management charges for a portfolio valued at £250k range from 0.5% to 2%, with an average of 1.05%, cf our own charge under the discretionary service of 1.1% (split 0.6%+VAT management fee and 0.4% custody fee). For a portfolio valued at £500k these charges range from 0.35% to 2%, with an average of 1%, cf our own charge of 1.1% (calculated as above). The charges used in the comparison are for our discretionary option as this is the most commonly selected option for clients. We would highlight that these services are not all directly comparable, with the lowest charge offering being a modelled service. We have assumed that underlying fund charges are not materially different for similar portfolio management services. It is very difficult to obtain up to date information on this, however our understanding based on portfolio structures we have seen from other firms suggests this is a reasonable approach. Underlying fund costs for the period range from 0% to 1.20%, with a median figure of 0.42%.

Our management charges are attached at the end of this document (appendix 3). Standard charges are the same for all clients irrespective of their introduced or direct nature and so are consistent with no differential charging for different client groups. We offer a range of different charging options (conventional, performance fee and index-linked) which clients can select based on their personal preference and switch at no charge. Client outcomes regarding charges will be monitored by the process explained in the Products & Services outcome section.

On a RAG basis we would rate this as **GREEN**.

**Quality of service:** Many of our competitors offer a modelled portfolio service approach, where the investment management of portfolios is handled by a central team with no client relationship responsibilities. In contrast, all clients within our service are assigned to named individual investment managers who they can contact with any queries via secure message, email, phone or post as preferred. Given our typically lower costs in comparison to competitor firms we feel this offers a distinct differentiator and is a strong indicator of the value clients receive.

## **Investment Process**

The investable universe of funds registered for sale in the UK is screened to identify those funds with consistently above average performance relative to their peer group over rolling one three and five-year periods. This screening is not prescriptive but is intended to help identify good performing funds and is used as a selection tool to help narrow the universe to select funds for further qualitative assessment. Some funds will not qualify for quantitative screening against a peer group, for these performance will be considered relative to the funds own objectives over rolling one, three and five year periods. New funds will be considered if the manager has a strong record in managing a similarly run fund.

## **Long list selection**

Funds which screen well on a quantitative basis may be considered for additional qualitative assessment. Desk research is done to establish a fund manager's investment style and consistency of approach. Where possible attribution analysis will also be reviewed before considering the manager's long term record and the experience of the supporting team. The fund's prospectus and audited annual report will be reviewed as will a recent portfolio valuation.

### ***Selection interview***

Those funds which rank highly on a quantitative basis and fit a known investment need may be selected for a qualitative interview with the fund manager with overall responsibility for security selection and portfolio construction to assess the quality and effectiveness of the investment process, portfolio construction, investment disciplines and controls and the manager's skill and flair.

### ***Qualitative assessment***

Following the interview an assessment of the fund will be completed to assess the fund manager (relative to peers) across a range of criteria which include the quality of the investment group which runs the fund, the experience of the manager and team and how stable the team has been, how well the manager uses the resources available to him/her and the consistency of the manager's approach. An assessment will be made of whether the performance of the fund is what may be expected from the manager in a given set of market circumstances. An assessment will also be made as to whether the manager's other responsibilities are a distraction from the focus of the management of the fund under consideration. Finally, the fund's fees, its legal structure, liquidity and any other pertinent factors are taken into account.

### ***Ongoing monitoring of long list funds***

Performance of selective funds is monitored daily relative to their individual peer group. Should the performance of a fund become a cause for concern it may be appropriate to contact the manager to discuss the reasons for underperformance. If necessary an adjustment to the fund's exposure to the model can then be made from an informed position.

### ***Maintenance interview***

On a change of fund manager or senior team member, or if there are developments at the investment group which may impact the fund, a follow up interview will be requested. If significant style drift becomes apparent from regular monitoring, or if performance deviates widely from what may be expected, a maintenance interview may also be requested.

### ***Ad hoc meetings***

Ad hoc meetings with fund managers whose funds are not represented in our models are also conducted in order to maintain good general knowledge of the funds industry. These meetings are often shared with other trading names under the RCBIM umbrella, but investment decisions are made separately by each trading style.

On a RAG basis we would rate this as **GREEN**.

**Price & Value Conclusion:** We have evaluated the service against the three criteria we feel are relevant and believe this has met our expectations in all of these. We therefore believe that, overall, it offers a fair price and value to clients and accordingly have rated it as **GREEN**. This will be continue to be reviewed on an annual basis.

### **Consumer Understanding**

The nature of our portfolio services, with a named investment manager allocated to each client, means they are well positioned to support clients' understanding, with the ability to tailor our communications to them depending on their own needs, understanding and any characteristics of vulnerability. We have evolved our client documentation and communications over time, at times based on feedback from clients or intermediaries and others driven by our own development process, in order to ensure they are as clear, understandable and relevant as possible. We also offer clients the option of communicating either in physical paper format or electronically, with no additional charge or cost differential between the two routes despite the different underlying cost to the firm. We have also proactively developed different approaches such as quarterly update videos which aim to improve client understanding and engagement. Finally, we go to great lengths to ensure our communications to clients are undertaken on a timely basis. For example, within Silverwood WM our quarterly reports are typically distributed to clients by the end of the first working week of each quarter, ensuring they are timely and relevant. We therefore feel our current process remains fit for purpose with the Duty in mind and will continue to follow this iterative approach in the future.

We recognise that each client has different preferences and are always keen to evolve our services and communications to best suit these requirements. To this end we will introduce a periodic survey of clients with a view

to testing more broadly how our current approach is received and what changes we can make to support understanding and ensure good outcomes for clients.

### **Consumer Support**

This outcome is closely correlated to the Consumer Understanding Outcome. As with the above, we can evidence that our customer service and support is well regarded by clients and their advisers. We offer clients different routes of communication (phone, post, email or secure message) and all messages are responded to very quickly, irrespective of method. The small size of our firm enables us to easily share details which are pertinent and typically many members of the team would be aware of an individual client's position and requirements. This is particularly relevant where clients may have characteristics of vulnerability, as we can be very flexible in assisting with their individual requirements.

Our highly efficient back office avoids negative friction points ('sludge practices'), ensuring that, for example, where a client wishes to transfer their portfolio to another firm, this is undertaken swiftly. We have also recently invested in a new system to introduce electronic transfers, which should serve to improve this further. We do not levy unreasonable additional costs and simply look to recover our own costs, for example charging £5 per in specie transfer vs the £25 or £30 which seems to be the industry norm.

We have received a very small number of complaints since the private client business was started, however where these have been received, they have been dealt with promptly to ensure no client detriment.

### **Mitigating foreseeable harm**

We define a target market for our portfolio service, as well as a negative market, more details for both can be found in our Target Market Statement.

### **Conclusion**

Overall, we believe the Silverwood WM's Managed Investment Service offers fair value to customers. We are confident that the service is well-positioned to continue providing good outcomes and fair value for its customers. This document provides a summary of the fair value assessment for Silverwood WM's Managed Investment Service. In carrying out the fair value assessment of our service, we are satisfied that we have considered the relevant factors and available information relating to the service and the impact of this on customers.

## Appendix 1 – Performance Summary

### Cumulative Performance To 31 March 2025

	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
Cautious Managed	-1.0%	1.6%	-1.7%	20.8%	8.6%	23.0%
Cautious Direct	-	-	-	-	-	-
<i>ARC Cautious</i>	0.2%	3.2%	3.1%	16.6%	16.5%	23.9%
Cautious Balanced Managed	-1.8%	1.7%	1.4%	33.4%	17.7%	39.2%
Cautious Balanced Direct	-0.7%	3.3%	6.1%	39.6%	26.1%	48.4%
<i>ARC Balanced</i>	-0.7%	2.7%	5.1%	28.2%	25.1%	37.6%
Balanced Managed	-2.2%	1.9%	3.6%	43.3%	24.4%	50.9%
Balanced Direct	-1.1%	3.2%	8.3%	49.2%	32.7%	59.8%
<i>ARC Steady Growth</i>	-1.6%	2.1%	6.5%	37.6%	33.8%	53.1%
Balanced Growth Managed	-2.7%	1.6%	4.6%	49.8%	28.3%	57.9%
Balanced Growth Direct	-1.3%	3.6%	10.1%	57.5%	38.9%	69.9%
<i>ARC Steady Growth</i>	-1.6%	2.1%	6.5%	37.6%	33.8%	53.1%
Growth Managed	-3.2%	1.9%	7.5%	59.0%	35.9%	70.6%
Growth Direct	-1.6%	2.5%	11.2%	-	-	-
<i>ARC Equity Risk</i>	-2.9%	1.3%	7.2%	46.5%	42.0%	66.8%

### Discrete Annual Performance to 31 March 2025

	Year to 31/03/21	Year to 31/03/22	Year to 31/03/23	Year to 31/03/24	Year to 31/03/25
Cautious Managed	20.3%	1.0%	-8.3%	5.6%	1.6%
Cautious Direct	18.2%	3.8%	-3.0%	-	-
<i>ARC Cautious</i>	11.3%	1.6%	-4.3%	4.3%	3.2%
Cautious Balanced Managed	26.9%	2.2%	-7.7%	7.9%	1.7%
Cautious Balanced Direct	24.8%	4.5%	-5.1%	8.1%	3.3%
<i>ARC Balanced</i>	17.9%	3.5%	-4.5%	7.2%	2.7%
Balanced Managed	32.1%	3.0%	-7.2%	9.3%	1.9%
Balanced Direct	29.4%	5.4%	-4.4%	9.5%	3.2%
<i>ARC Steady Growth</i>	23.5%	4.6%	-4.5%	9.2%	2.1%
Balanced Growth Managed	36.1%	3.4%	-6.9%	10.4%	1.6%
Balanced Growth Direct	33.6%	5.8%	-4.3%	10.9%	3.6%
<i>ARC Steady Growth</i>	23.5%	4.6%	-4.5%	9.2%	2.1%
Growth Managed	39.3%	4.2%	-6.2%	12.2%	1.9%
Growth Direct	-	-	-3.4%	12.0%	2.5%
<i>ARC Equity Risk</i>	30.4%	4.8%	-4.6%	11.0%	1.3%

Performance figures are calculated on a total return basis, net of fees.



## **Appendix 3 – Silverwood Wealth Management Fee Schedule**

### **SCHEDULE OF FEES**

Investment Management Fees (VAT will be added at the applicable rate)

Please select **ONE** of the following fee options:

	<b>Discretionary</b>	<b>Managed Advisory</b>
Custody Fee	0.4%	0.4%
Management Fee ≤ £1.5m	0.6%	0.8%
Management Fee ≥ £1.5m	0.5%	0.7%

Notes:

- a) Fees are calculated calendar monthly and charged according to the total portfolio value at the month end.
- b) All fee options are INCLUSIVE of trading, custody and administration costs.

Adviser's Fees (VAT may be added at the appropriate rate)

In addition to the above charges, an initial and/or ongoing service charge may be paid by you to the adviser who introduced you to us. The amount agreed between you and your adviser can be paid from your portfolio, on request.

Managed Funds

Investments in managed funds (OEICs) may be subject to charges by the underlying provider including an annual management charge. We will negotiate these on your behalf and therefore they will vary. Full details are available on request.

Other Fees (VAT may be added at the appropriate rate)

We do not normally charge for reports or other work undertaken for you or your adviser, but we reserve the rights to do so if we would incur unreasonable costs or are asked to act outside the normal scope of our services. On termination of this agreement we reserve the right to charge for liquidating or transferring investments out of our nominee account at £5 per line for electronic transfers and £10 per line for certificated.

