

Target Market Assessment

1. PROUCT NAME

1. **Product or Service Name:** GBIM Discretionary Portfolio Management Service

2. **Product or Service Description:** Bespoke Portfolio Management for Direct and Intermediated clients

3. **Product or Service features:**

Each portfolio is bespoke meaning clients can benefit from the full range of retail asset classes such as equities, gilts, corporate bonds, and alternatives (subject to mandate), whilst still being able to hold any 'cherished investments' within their personalised portfolio.

Active and ongoing management of portfolios, with a named Investment Manager and back up taking investment decisions on behalf of clients within the pre-agreed mandate.

Direct contact with the Investment Manager i.e. the person who actually makes the decisions for the portfolio and its Construction

Face-to-face review meetings with the Investment Manager whenever the client wishes.

Other features include;

Quarterly valuations and access to the myGBIM Portal;

Capital Gains Tax annual allowance management;

Automatic ISA subscriptions (Pershing is ISA manager);

Flexible ISAs and JISAs (Pershing are ISA manager);

Regular and ad hoc payments/withdrawal and;

Custody of assets with Pershing Securities Limited or Pershing (Channel Islands) Limited depending on jurisdiction required.

4. **Date of this assessment** 30/04/2023

2. THE GROUP OR GROUPS OF CUSTOMERS SHARING COMMON FEATURES WHOSE CHARACTERISTICS, NEEDS AND OBJECTIVES THE PRODUCT OR SERVICE IS OR WILL BE DESIGNED TO MEET

This service is compatible with investors:

- i. who want an investment professional to manage their investments;
- ii. who choose to access the service through an adviser, or are direct clients of GBIM;
- iii. who are Retail;
- iv. with basic knowledge or better of investment markets;
- v. who can remain invested ideally for at least five years;
- vi. whose expected financial returns will not be excessively impacted by this service's minimum charges and any other distribution charges in total (third-party fund fees, platform fees and adviser charges);

Salisbury Office

Chequers Court, 37 Brown Street, Salisbury
Wiltshire, SP1 2AS - 01722 424444

Harrogate Office

Belvedere House, 2 Victoria Avenue, Harrogate
North Yorkshire, HG1 1EL - 01423 508040

www.gbim.co.uk

- i. who can afford to be exposed to market movements in investment values and potential losses over the term of investment and who do not require guaranteed returns;
 - ii. who may have a range of investment objectives – including capital growth, an income requirement or a balance of the two, or more specialist objectives, and wish to match these with a professionally managed investment strategy;
 - iii. who have sustainability objectives or other restrictions which, where agreed, can be met with the Investment Manager;
 - iv. who would like proactive (as appropriate) management of relevant tax allowances;
 - v. who require their investment to be held in one or more of the standard wrapper types associated with investment platforms.
- This service is compatible with clients who wish to invest through general investment accounts, stocks and shares ISAs, SIPPs and onshore/offshore bonds. Other account types may be available, please contact GBIM for more details.

Additionally, the service is compatible with clients who have vulnerability characteristics, please contact GBIM to discuss further how we can provide support and, adapt service delivery. The service can operate under Power of Attorney.

3. CHARACTERISTICS OF THE PRODUCT OR SERVICE

| | | |
|-----|---|--|
| 3.1 | In what asset classes will the product invest? | <p>Mandate dependent, the service can invest in:</p> <p>Exchange traded assets: UK equities (large, mid and small cap), AIM listed equities, gilts and bonds, international equities, other fixed interest instruments such as TIPs and EIBs.</p> <p>Collective Investments: OEICS, Unit Trusts, Investment Trusts, Investment Companies and ETFs including alternative assets such as listed property, infrastructure and other types of investment.</p> |
| 3.2 | How will assets be traded and priced? | <p>All exchange assets are priced at prevailing price at close of the prior business day. Unit Trusts are priced at mid-price at close of the prior business day. OEICs are single priced at the last dealing point.</p> <p>Portfolio valuations are as of close of last business day.</p> |
| 3.3 | What is the liquidity profile of the product? | <p>Portfolios are highly liquid and generally can be liquidated in full within 6 working days (T+5) of any request to liquidate.</p> |
| 3.4 | What is the liquidity profile of the underlying assets? | <p>Varies, but most equities are main market listed and so are Liquid and traded on T+2. OEIC/UTs have their own requirements for liquidity but could be gated (e.g. Woodford) if under pressure.</p> <p>Most investment trusts have a market size but big trades may be spread over a few days. There are circumstances in which an a share can be suspended and be untradeable, this is rare and is unlikely to be replicated across a diversified portfolio.</p> |
| 3.5 | To what extent will the product invest in derivatives? | <p>It doesn't invest directly in derivatives though may hold third-party funds which do.</p> |

| | | |
|------|--|--|
| 3.6 | What are the key risks of this product? | <p>Permanent capital loss in the long and short term is the key risk of the service in general. Volatility of returns is an additional risk in the short term. Fees will also reduce returns generated.</p> <p>There is no guarantee of a positive return.</p> |
| | What are the potential benefits? | <p>Financial goals can be achieved over the long-term. Professionally managed portfolios that can adapt as market conditions change in line with the agreed mandate. Access to a wide range of assets (where applicable). ISA subscriptions and CGT planning is also part of the service if relevant.</p> <p>Personal contact with the Investment Manager and easy to understand reporting including online portal.</p> |
| 3.8 | Any conduct risks associated to this product? Negative target market, vulnerable clients, fee structure, etc.. | <p>Negative target market considerations are that the service is not suitable for clients that are:</p> <ul style="list-style-type: none"> a) Seeking full capital protection b) Have no ability to bear losses (capital and/or income) c) Require a guaranteed income or return d) Wish to access an execution only service e) Have investment preferences we are unable to facilitate f) Who prefer to manage their own investments g) Seeking compliance with a non UK regulator or tax regime h) An investment time horizon of less than 3 years (except for AIM and Capital Preservation) |
| 3.9 | How many share classes will there be? A question for a UCITS fund products only. | N/A |
| 3.1 | What are the minimum and maximum investments? | No minimum portfolio size (though there is a minimum Investment Management Fee which takes effect around £120,000) but portfolios less than £50k should be discussed with GBIM to confirm if value can be provided by GBIM. |
| 3.11 | What are the entry and/or exit fees, if any? | None |
| 3.12 | What market timing or arbitrage risks exist and how will they be mitigated? | New portfolios in cash are gradually invested into the market. |

| | | |
|------|---|--|
| 3.13 | How have you satisfied yourself that the product will deliver fair outcomes to customers? | Yes |
| 3.14 | How is it ensured that effective due diligence is conducted on every investment opportunity? How is this balanced with the desire to invest proceeds quickly when opportunities present themselves? | <p>All assets approved for purchase have been reviewed and approved by GBIM CIO and added to the matrix. AIM stocks are reviewed by the AIM team for assessment as an investment opportunity and/or eligibility of potential Business Relief.</p> <p>As part of the integration into Hawksmoor there will be increasing involvement and alignment of investment research, data and processes.</p> <p>The resources under Hawksmoor Group are greater than previously experienced by GBIM as an independent company. This includes investment research, HR, finance and compliance.</p> |
| 3.15 | How have you pre-empted potential regulatory challenge and mitigated the possibility of product intervention? | <p>As part of the adoption of the Hawksmoor process the firm will move to a more active position in terms of recommending the service and mandates to direct clients.</p> <p>A change of control of GBIM was approved by the FCA in 2022 which included extensive due diligence from independent parties.</p> <p>For clients of financial advisers, the intermediary retains responsibility for assessment, suitability and client understanding.</p> <p>GBIM informs and discusses with IFAs the service offered to seek good outcomes for clients.</p> |

4. GBIM'S ROLE:

- ☒ Manufacturer
☐ Co-Manufacturer
☐ Neither

If co-manufacturer, detail the firm who is also involved in the manufacturing process and what is the extent to their influence to be included in the co-manufacturing agreement.

5. WILL THIS PRODUCT BE DISTRIBUTED AND, IF SO, HOW?

Service is distributed by two methods:

- Intermediaries with whom a GBIM IM has a relationship, and
- word of mouth including referrals from existing clients.

6. CHARGING STRUCTURE:

Management fees are charged quarterly in arrears based on the portfolio value. A pro-rata charge is made for portfolios that are transferred in or out of the service in the quarter.

Where the client is that of an IFA a flat fee of 0.75% +VAT is charged.

For direct clients a sliding Investment Management fee scale is applied:

0.85% first £500k, 0.75% next £500k, 0.50% next £1m and 0.35% thereafter. VAT is applicable as well. In addition, a custody and administration fee of 0.25% (VAT exempt) is also levied. Related accounts such as members of the same family are aggregated to take advantage of the sliding fee scale above thus allowing a lower fee rate to apply to relevant accounts.

Third party fees may also be applicable such as use of third-party fund managers. A personalised ex ante illustration showing these charges and the effect on the portfolio is provided before any account is opened, and an ex post report showing the overall Total Expense Ratio provided once a year.

7. RISK PROFILE, COMPLEXITY AND NATURE OF THE PRODUCT OR SERVICE

| | | | |
|---|-------------------------------------|---|---|
| Investor Type suitability (specify to which type of client the product is targeted). | <input checked="" type="checkbox"/> | Retail | Additional Remarks All GBIM clients are classified as Retail. |
| | <input type="checkbox"/> | Professional | |
| | <input type="checkbox"/> | Eligible Counterparties | |
| Knowledge and Experience of the target market. | <input type="checkbox"/> | Basic – Typically, these investors have one, or more, of the following characteristics: <ul style="list-style-type: none"> ○ limited ability to understand relevant complicated financial instruments ○ limited or no investment holdings ○ infrequent or no trading/investment activity ○ no financial industry experience, interest, or knowledge | Additional Remarks There are no restrictions on knowledge and experience for this service, and clients may range from those with very limited knowledge and experience through to FCA regulated persons. |
| | <input type="checkbox"/> | Informed – Typically, these investors have one, or more, of the following characteristics: <ul style="list-style-type: none"> ○ average ability to understand relevant complicated financial products ○ understands derivatives ○ a number of investment holdings ○ fairly frequent trading activity ○ some financial industry experience and interest | |
| | <input type="checkbox"/> | Advanced – Typically, these investors have one, or more, of the following characteristics: <ul style="list-style-type: none"> ○ robust ability to understand a wide range of complicated financial products and transactions ○ a large number of diverse investment holdings ○ frequent trading activity, previous exposure to high-risk or complex investments ○ strong financial industry experience, interest, and knowledge | |

| | | |
|--|--|---|
| <p>Investor financial situation, with a focus on their ability to bear losses</p> <p><i>Seeking to understand groups of customers where the needs, characteristics and objectives of the product are not compatible and where they might suffer harm</i></p> | <div> <input type="checkbox"/> Investors with no tolerance for loss in their investment or initial amount </div> <div> <input type="checkbox"/> Investors who can tolerate a limited capital loss in their investment or initial amount </div> <div> <input type="checkbox"/> Investors who can tolerate a potential capital loss in their investment or initial amount </div> <div> <input type="checkbox"/> Investors who can tolerate significant losses in their investment or initial amount </div> | <p>Additional Remarks</p> <p>No capital guarantee is in place. The service is for those who can bear losses on capital invested and/or income generated.</p> <p>Clients must be able to bear the losses as witnessed in history and have a suitable time horizon for risk undertaken.</p> <p>Higher risk investors should consider that heavy losses could occur.</p> |
| <p>Target Market Investor Objectives and Needs</p> <p><i>Seeking to understand groups of customers where the needs, characteristics and objectives of the product are not compatible and where they might suffer harm</i></p> | <p>Term of Investment:</p> <div> <input type="checkbox"/> Maturity Date (if available) </div> <div> <input type="checkbox"/> Short Term (0-5 years) </div> <div> <input type="checkbox"/> Medium Term (5-10 years) </div> <div> <input type="checkbox"/> Long Term (10 years +) </div> <p>Investment Objective:</p> <div> <input type="checkbox"/> Capital protection </div> <div> <input type="checkbox"/> Capital growth </div> <div> <input type="checkbox"/> Income </div> <div> <input type="checkbox"/> Limited capital loss </div> <div> <input type="checkbox"/> Balance between Income and Growth </div> | <p>Additional Remarks</p> <p>The minimum investment horizon is dependent on the interaction with the client and the Investment Manager or the client and their financial advisor.</p> <p>For shorter time horizons (3-5 years) generally a lower risk portfolio is more appropriate (except for AIM IHT) than a higher risk mandate.</p> <p>Fixed term portfolios are not available.</p> <p>Additional Remarks</p> <p>A range of investment objectives are available including capital growth, an income requirement or a balance of the two.</p> <p>Specialised objectives are also available including AIM IHT and Capital Preservation (not guaranteed or limited capital loss)</p> |
| <p>Appropriateness of fee charging model given the target customer group</p> <p>For example, the inclusion of high fixed minimum fees in its adviser charging model means that the target market should be refined to exclude customers with very small investment amounts.</p> | <p>Term of Investment:</p> <div> <input type="checkbox"/> Investment between £0 and £100k </div> <div> <input type="checkbox"/> Investment between £100k to £200k </div> <div> <input type="checkbox"/> Investment between £200k to £500k </div> <div> <input type="checkbox"/> Investment over £500k </div> <div> <input type="checkbox"/> Annual reviews </div> <div> <input type="checkbox"/> More than one review per year </div> | <p>Additional Remarks</p> <p>No minimum portfolio size but portfolios less than £50k should be discussed with GBIM to confirm if value can be provided by GBIM.</p> <p>Reviews are delivered as often as required with the expectation it is at least annual. For IFA</p> |

| | | |
|---|--|--|
| | | clients this review may be with IFA rather than underlying client. |
| 8. FAIR VALUE | | |
| GBIM has undertaken a value assessment of this service and determined it represents fair value as of April 2023. This will be reviewed on a regular basis. | | |
| A number of factors were used within the value assessment, including; | | |
| — a review of service features, benefits (including past performance) and service limitations | | |
| — total costs and charges (as defined above) | | |
| — market rates and charges associated with other comparable competitor services | | |
| For intermediated clients: | | |
| Where additional charges are incurred by advisers, other intermediaries and product providers these will also be needed to factored into the adviser's own value assessment. | | |