



Fair Value and Target Market Assessment

Flying Colours Core and Environmental, Social & Governance (ESG) Discretionary Managed Portfolio Services

Date of assessment: 31st July 2023

This summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2).

Summary of our assessment

Flying Colours Investment Management has evaluated via our annual product governance assessment process that:

- Our Core and ESG Discretionary Managed Portfolio Services continue to meet the needs, characteristics, and objectives of clients in the identified target market;
- The distribution strategy remains appropriate for the target market;
- The Core and ESG Discretionary Managed Portfolio Services provide fair value to clients in the target market. This means that we have concluded that the total benefits are proportionate to total costs; and
- The date of the next assessment is to be completed and published by the 31st July 2024. Whilst this is a formal annual review process we continually assess and monitor the Core and ESG Discretionary Managed Portfolio Services, therefore, the next formal review and assessment may take place before this date.

Introduction

Flying Colours Investment Management Limited provides competitively priced Core and ESG Discretionary Managed Portfolio Services to UK Retail clients exclusively through its sister company Flying Colours Advice Limited.

The Flying Colours Group was established in 2015 and has a mission to deliver low-cost, high-quality investment solutions to UK Retail Clients via UK Retail Investment Platforms. This coupled with a discretionary management charge of 0.24% per annum is highly competitive and provides professional management services to help clients achieve their long-term financial goals which investors have agreed with their Flying Colours Advice Limited independent financial adviser.

Details of the Discretionary Managed Portfolio Service

The Discretionary Managed Model Portfolio Service is designed for investors who wish to have their investment portfolios managed on their behalf by a dedicated investment management firm. Flying Colours Investment Management Limited does not provide financial advice and does not accept Retail client investments directly.

Flying Colours Investment Management Limited believes that investments need to form part of a financial planning process, overseen by a suitably qualified independent financial adviser. As a professional investment management firm, Flying Colours Investment Management Limited manages both the Core and ESG Discretionary Managed Model Portfolio Services in line with the goals and preferences established with clients during the course of their engagement with their Flying Colours Advice Limited independent financial adviser.

The Core and ESG Discretionary Managed Portfolio Services are managed using our robust investment process (see page 6) to help clients meet their financial goals and objectives. The Discretionary Managed Portfolio Service comprises a range of model portfolios, with six distinct levels of investment risk across our Core and ESG portfolios to cater for cautious to more adventurous investors. All the Discretionary Managed Portfolios have a combination of funds which are selected based on an extensive research and ongoing review process. The portfolios are managed through UK Retail Investment Platforms only.

Who is the Discretionary Managed Portfolio Service (DMPS) suitable for?

The service is designed for UK Retail Clients who have medium to long-term investment goals which are a minimum of five years. The Core and ESG Discretionary Managed Portfolio Services are only available to clients of Flying Colours Advice Limited who are regarded as being UK residents and clients.

The Core and ESG Discretionary Managed Portfolio Services do not offer any form of capital guarantee, so investors must be able to sustain capital loss. Our Core and ESG Discretionary Managed Portfolio Services are available through Flying Colours Advice Limited and investors range from those who have a basic level of investment knowledge to individuals with significant investment knowledge and expertise.

Our DMPS is designed to work towards the financial goals that have been agreed with the investor's Flying Colours Advice Limited independent financial adviser.

The Target Market Client for the Core and ESG Discretionary Managed Portfolio Services are:

Core

- **Type of client** – Primarily the products and services provided by Flying Colours Investment Management Limited are targeted at retail clients who have:
 - **Low-Cost Risk Targeted Multi-Asset Funds** - £20,000 or more to invest (new monies or existing assets); and
 - **Flying Colours Discretionary Managed Portfolios** - £50,000 or more to invest (new monies or existing assets).Clients who are advice seekers looking for a long-term relationship with a business where financial planning and investment management are at the heart of its client offering.
- **Client's knowledge and experience** – Flying Colours Investment Management Limited offers product and fund solutions that are designed to be lower cost. As such Flying Colours Investment Management Limited products and services are suitable for clients with varying levels of knowledge and experience.
- **Client's financial situation and risk tolerance** – Flying Colours Investment Management Limited only offers "plain vanilla" products and services to its Target Market Clients and will not consider any type of product that will expose their clients to any risk of total loss. As part of our "Know your client" process, all clients are assessed for their Risk Profile which takes into account their need to take risk, attitude to risk and capacity for loss. Risk profiles are rated on a scale of 1 to 10 and we will only offer products and services to clients who fall between risk levels 2 to 8. Each of these risk levels have an assessed range of potential losses and any products or services recommended are mapped to the clients Risk Profile. In addition, the clients Risk Profile is assessed annually via the review process.
- **Client's objectives and needs.** As part of its "know your client" process Flying Colours Investment Management Limited fully assess a potential client's circumstances, needs, objectives, risk profile and time horizons to assess whether Flying Colours Investment Management Limited offer suitable products to meet their requirements. Where our products and services are not suitable for the potential client, we will not make a recommendation for them to become a client.

ESG

- **Type of client** – Primarily targeted at retail clients who have:
 - £50,000 or more to invest (new monies or existing assets).
 - Who are advice seekers and looking for a long-term relationship with a business where financial planning and investment management are at the heart of its client offering.
 - A stated preference for more a socially responsible investment solution with a preference for mild ESG (i.e. a “light green” exposure for ESG investing), which is defined as clients who are willing to have an ESG exposure to their investments without compromising a significant amount of risk controls or performance.
- **Client’s knowledge and experience** – Flying Colours Investment Management Limited offers an ESG investment solution that is designed to be lower cost. As such this discretionary managed portfolio service is suitable for clients who meet the above criteria and have varying levels of knowledge and experience.
- **Client’s financial situation and risk tolerance** – As part of its ESG discretionary managed portfolio service, Flying Colours Investment Management Limited only offers “plain vanilla” products and services to its Target Market Clients and will not consider any type of product that will expose their

clients to any risk of total loss. As part of our “Know your client” process, all clients are assessed for their Risk Profile which takes into account their need to take risk, attitude to risk and capacity for loss. Risk profiles are rated on a scale of 1 to 10 and we will only offer products and services to clients who fall between risk levels 2 to 8. Each risk level has an assessed range of potential losses, and any products or services recommended are mapped to the clients Risk Profile. In addition, the clients Risk Profile is assessed annually via the review process.

- **Client’s objectives and needs** – In terms of ESG solutions, as part of its “know your client” process Flying Colours fully assess a potential client’s circumstances, needs, objectives, risk profile and time horizons to assess whether the Flying Colours Investment Management Limited ESG Discretionary Managed Portfolio Service meets their ESG requirements. Where our products and services are not suitable for the potential client, we will not make a recommendation for them to become a client. Where an ESG client is seeking a “dark green” ESG solution, Flying Colours Investment Management Limited will effect an introduction to their chosen ESG Bespoke Portfolio partner, who will then work alongside the Flying Colours Advice Limited independent financial adviser to build a bespoke investment solution based on the client’s ESG preferences.

What about clients who are classified a vulnerable?

This service is designed for a broad target market and not to meet any inherent characteristics of vulnerability in the target market. Therefore, Flying Colours Advice Limited independent financial advisers are required to consider individual client needs in this regard and whether an investment solution with the potential for capital losses is acceptable and appropriate for the vulnerable client in question.

Who is the Discretionary Managed Portfolio Service not suitable for?

- Investors who do not have an independent financial adviser who does not have a firm agreement with Flying Colours Investment Management Limited.
- Investors with investment time horizons of less than five years.
- Investors who are unable to bear any capital loss.
- Investors who are unwilling to use a UK retail investment platform, which can facilitate the use of the Core or ESG Discretionary Managed Portfolio Service.

What is the distribution strategy for the Discretionary Managed Portfolio Service?

As part of its business planning process Flying Colours Investment Management Limited has developed a distribution strategy. This distribution strategy ensures that we only market our products and services to suitable Target Market Clients and this process is proactively managed and monitored by the Board of Flying Colours Investment Management Limited.

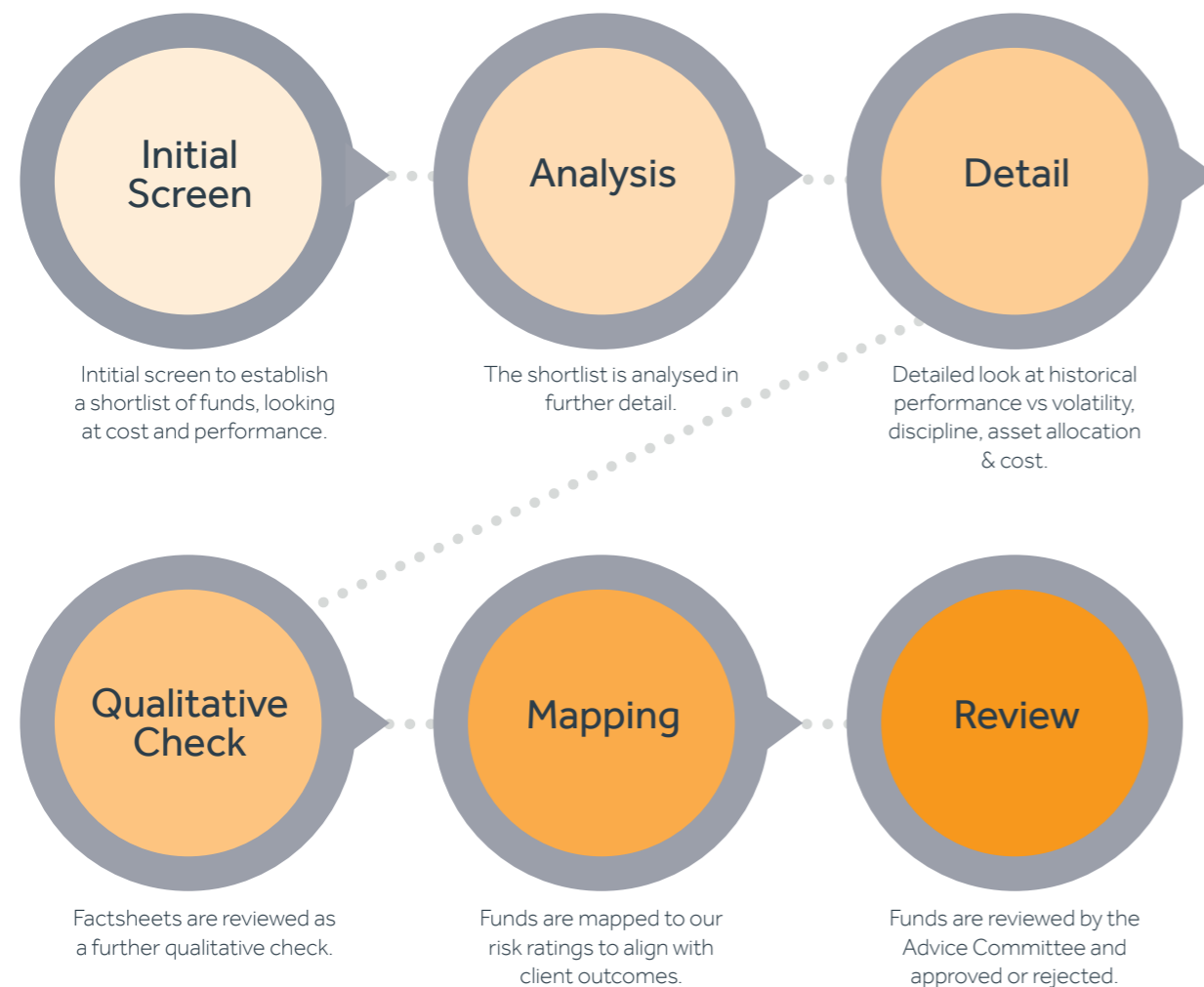
As part of this distribution strategy the Flying Colours Investment Management Limited Board utilises the Flying Colours Investment Management Limited Investment Committee and the Flying Colours Advice Limited Advice Committee to ensure that we carefully consider:

- (a) The nature of the Products to be offered and how they fit with the client’s needs and risk appetite;
- (b) The impact of charges;
- (c) The financial strength of the manufacturer; (a manufacturer is any financial organisation which creates, develops, issues, and/or designs investments)
- (d) The quality of the manufacturing support and administration; and
- (e) How efficiently and reliably the manufacturer will deal with the client’s complaint.

How do we manage the Discretionary Managed Portfolio Service (DMPS)?

Flying Colours Investment Management Limited has adopted an outcome-oriented approach to product design, which we believe assists in delivering good client outcomes. There are six model portfolios across the Core and ESG DMPS range matching the client's risk profile. A client's risk profile is determined using a risk assessment tool, along with a detailed discussion with the client's financial adviser about their knowledge, experience and investment sophistication.

Our Process



Conclusion of the Fair Value and Target Market Assessment process

Our assessment of value

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our DMPS. This analysis is used to ascertain whether the DMPS delivers fair value for clients.

The outcomes of the assessment process are presented to the board of directors allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

Our fair value assessment has considered the following:

- Performance of the Discretionary Managed Portfolio Service versus its benchmarks
- Fees and charges
- Target Market assessment
- Distribution Strategy
- Adviser and client feedback
- Client complaints
- Product risk assessments
- Result of our annual Product Governance assessment process

The assessment undertaken by the Flying Colours Investment Management Limited Board has concluded that the Discretionary Managed Portfolio Service continues to deliver fair value for clients for its target market clients and that the distribution strategy remains appropriate.

Service delivery

We provide access to investment information including:

- Ad-hoc updates on significant market movements.
- Monthly factsheets and market commentaries.
- Quarterly Investment Reports.
- Informative monthly videos on investment topics.

Financial Adviser support

- Dedicated point of contact in the investment team for all queries from independent financial advisers.
- Our specialist investment management team provides dedicated support to independent financial advisers in all technical queries relating to markets, client support or other technical questions including the provision of investment process updates and market overview sessions.



☎ 0333 305 1122

✉ hello@flyingcolours.investments

📍 1301 Ocean House, The Ring, Bracknell,
Berkshire, RG12 1AX

🌐 www.flyingcolours.investments

Calls to and from our landlines are recorded to meet regulatory requirements

Flying Colours Investment Management Limited is authorised and regulated by the Financial Conduct Authority under number 922882.

We are registered in England and Wales under company number 12433663 at 1301 Ocean House, The Ring, Bracknell, Berkshire, RG12 1AX

