



Research & Due Diligence Questionnaire 2

Discretionary Managed or Model Portfolio Services (MPS) (Direct with adviser/client)

Discretionary Investment Manager:

Date:

Provided for:

Date:

Disclaimer: the accurate completion of this document is the responsibility of the service provider.

For clients of Diminimis we will engage with the service provider to confirm the consistency and clarity of the responses provided.

Background

Following the publication of the “Personal Finance Society Good Practice Guide, Adviser research and due diligence on discretionary investment managers”, Diminimis has received a great deal of positive feedback from both Advisers and Discretionary Investment Managers (DIMs). The Diminimis Suitability Matrix in particular was singled out as being useful but requiring more detail and guidance on what are the ‘right questions’ for an Adviser to ask? Interestingly, this feedback was received as often from DIMs as Advisers. DIMs are using considerable resource answering a vast array of questions from Advisers, often with no understanding of why they have been asked particular questions and how their answers will be used, [in the belief they are simply going to be stored and forgotten.]

In order to address the issues being raised, we researched the needs of the Adviser as well as gaining input from DIMs and other practitioners with an interest in achieving greater clarity of ‘who is responsible for what’ when an Adviser and a DIM deliver services to the same client.

We are very grateful to the numerous members of the DIM community, including members of the WMA , who worked through initial drafts to give critical feedback and the Personal Finance Society Practitioner Committee for their constructive comments.

The end result is a document that is asking the right qualitative questions of the DIM and will be of benefit to both the Adviser and the DIM:

Benefits to the Adviser;

- Confidence they have the right question set at the outset to conduct desk based qualitative research.
- Ability to analyse and compare the information received in a systematic manner against their pre-defined criteria.
- Enabling the selection of a shortlist of potential DIMs that are the closest match to their clients’ requirements.
- Identifying topics to address with the shortlisted DIMs when they meet.
- Identifying issues to address when reviewing an existing panel of DIMs.

Benefits for DIMs

- Ability to respond quickly to requests for DDQ’s/RFI’s.
- Requests for further information will only come from Advisers who have shortlisted the DIM.
- More efficient use of resources spent on responding to DDQ’s.
- Greater confidence in working with an Adviser, in the knowledge the Adviser is aware of their responsibilities.
- Advisers having greater confidence in the information provided, encouraging more to use the services of DIMs

A consistent comment in the research phase, from both DIMs and Advisers, is that information provided should be factual with no marketing spin.

The Diminimis Suitability Matrix has been updated following feedback and is shown below giving examples of key operating frameworks. However, there are variations in the market. In order to provide the greater clarity required we developed example Service Schedules which are used in this series of Research and Due Diligence documents. Each style of service being offered by the DIM requires a Service Schedule. The Matrix gives a good overview, but it is the Schedules that demonstrate the variations in responsibilities between the DIM and the Adviser.

Diminimis Suitability Matrix

Note Where it has 'Adviser or DIM' in a box only one entity can be responsible for the function, not both.

Operating Frameworks	DIM Suitability		Investment Suitability			Ongoing Suitability		
	Selection of DIM	Appropriateness of DIM service	Suitability of client specific portfolio construction	Suitability of portfolio or strategy selection	Suitability of portfolio transactions	On-going suitability of portfolio	Ongoing monitoring of DIM service	On-going monitoring of DIM selection
Model A Direct	Adviser	Adviser or DIM	DIM	DIM	DIM	DIM	Adviser	Adviser
Model B Hybrid	Adviser	Adviser	DIM or Adviser	DIM or Adviser	DIM	Adviser	Adviser	Adviser
Model C Agent as Client	Adviser	Adviser	Adviser	Adviser	DIM or Adviser	Adviser	Adviser	Adviser
Model D Outsourced Solution	Adviser	Adviser	Adviser/ DIM	Adviser/ DIM	Adviser/ DIM	Adviser/ DIM	Adviser	Adviser

Model A The advisory firm arranges for the Client to have a direct (contractual) relationship with the DIM.

Model B The advisory firm arranges for the Client to have a direct (contractual) relationship with the DIM but the DIM relies on the Client information provided by the Adviser, and an appropriateness assessment also by the Adviser.

Model C The advisory firm arranges for the investment management to be carried out by the DIM but on the basis that the Client does not have a contractual relationship with the DIM. Instead, the DIM treats the advisory firm as its Client, which is acting as the agent of the end investor.

Model D This is the only true 'Outsourcing' option. It can only be used by advisory firms who hold the relevant permissions for managing investments and delegate the investment management to the DIM. The responsibility for all aspects of the investment solution remains with the Adviser*

* SYSC 8.1: If a firm outsources critical or important operational functions or any relevant services and activities, it remains fully responsible for discharging all of its obligations under the regulatory system.

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7. Other documentation to be provided to enable further research.

8. Sign Off by Compliance Director or similar.

Note regarding the Service Schedules

The schedules aim to clearly articulate ‘who is responsible for what’, either the DIM or the Adviser. The current schedules are included as a guide. Please ensure the notes accurately reflect the responsibilities as you see them in your service proposition and the correct entity is identified as being responsible. Clearly discussion can take place between the DIM and the Adviser but we are looking for who is ultimately taking responsibility for the relevant aspect of the service.

Glossary of Terms and Abbreviations Used

A glossary of terms and abbreviations to accompany this Research and Due Diligence Questionnaire is available as a PDF on the Diminimis web site www.diminimis.com

1.00	Background information on the Firm	
1.01	Contact details	
	Name of Firm	
	Address	
	Web site	
	Main contact for follow up	
	Position within the Firm	
	Direct telephone	
	Mobile	
	Email	
1.02	Major Service Providers to the Firm	
	Custodian 1	
	Custodian 2 (if applicable e.g. for offshore Clients)	
	Legal Adviser	
	Auditors	
	Bankers	
1.03	How would you describe your Firm? Private Bank/Global Asset Manager/ Stockbroker/ DIM/ Boutique	
1.04	Structure of your Firm	
	Brief introduction & history	
	Legal ownership & structure	
	Full legal name of the entity with which the Client would contract	
1.05	<i>Name of key individuals in the following roles;</i>	
	• Chairperson	
	• CEO	
	• CIO	
	• CFO	
	• COO	
	• Head of Compliance	
	Other key directors and their roles	
1.06	Please provide details of significant senior staff movements over the last 3 years	

1.07	Regulation	
	FCA Authorisation number	
	Please confirm your Firm complies with all the regulatory obligations to operate as a Discretionary Investment Manager within the UK.	
	Is the jurisdiction in which the Firm is regulated for investment business outside the UK? If so please provide details	
	Is the Firm authorised to conduct business in any other jurisdictions? If so please provide details.	
	Please specify the date of the most recent regulatory inspection (if any) and any findings you can report.	
1.08	Insurance/Investor Protection	
	Are investors covered by the FSCS?	
	Are investors covered by any guarantees provided by the Firm?	
	Does the Firm hold Professional Indemnity Insurance?	
	Please outline any other insurance held to provide Client protection	
1.09	Permanent Staff/Personnel	
	Total number of permanent staff	
	Please provide an organogram of senior management, including their respective roles	

	Please provide details of key investment personnel including members of the Investment Committee. To include background experience, & qualifications.	
	Total number of investment managers directly responsible for managing Client portfolios	
	Total number of investment managers directly responsible for managing other Client assets (e.g. in house collective funds)	
	Total number of staff responsible for investment research. If staff are responsible for both research and portfolio management, please give details	
	Please provide details of the senior management responsible for research functions and their respective roles	
	Please provide details of the senior management responsible for administration functions and their respective roles	
	What Key Man and /or succession plans are in place to ensure continuity of Client service?	

1.10	Compliance	Yes	No	
	Do you have a dedicated compliance team?			
	Do you use an external compliance consultancy? If so please provide details.			
	Does the Firm maintain a written compliance manual?			

	Does your Firm promote awareness of the requirements of all employees to Treat Customers Fairly in respect of their role?			
	Please provide details of any published disciplinary action by your Regulator in last 5 years.			

1.11	Anti Money Laundering			
	Please confirm the Firm has well documented Anti Money Laundering (AML) procedures in place.			
1.12	Business Continuity			
	Please confirm the Firm has a formal business continuity management plan			
	Please describe the basic provisions			
1.13	In House Financial Planning			
	Do you have financial planning capability within your firm/group?			
	If yes, please explain how you ensure Clients introduced by external Advisers are protected from cross-selling and marketing communication			
	Has the firm acquired a Financial Planning organisation? If so, please provide details of acquisitions over the last 5 years			
	Additional comments/information			

1.14	Other specialist services offered (supplementary DDQ's are applicable for these services)			
	Core competency is defined as; it is supported by a specialist investment management team, with specialist research (either internal or external). Please provide data demonstrating the AUM/fee income is significant to the Firm.			

		Yes	No	
	Do you offer Ethical Investments as a core competency?			
	Do you offer Investing for Charities as a core competency?			
	Do you offer AIM portfolios as a core competency?			
	Do you offer \$ portfolios as a core competency?			
	Any other specialist investment mandates you feel are a core competency of your firm?			
	Please add the % of assets or total AUM in each of the above where you have identified the area as a core competency or please state if it is a new service.			

1.15	Business development support	
	Do you have a dedicated business development support team?	
	Please provide details	
	Do you provide DIM services to a local, regional area or nationally? If so, please provide an outline of the area you are able to support	
1.16	Other support to the Adviser	
	Do you support Investment seminars?	
	Do you run Road Shows with the Adviser?	
	Do you provide CPD training sessions?	
	Do you provide a critique on an existing portfolio?	
	Please provide details of any other services or support provided to the Adviser.	

	What do you consider to be your Firm's No.1 strength when offering your services to the Adviser community?	
	Please outline any awards your firm has been awarded or nominated for over the last 3 years	

1.17	Management Information			
	Total Assets Under Management (AUM) at end of last 3 years.	Year End		£
		2015		
		2014		
		2013		
	Gross and Net New Client assets for past 3 years	Year End	Gross Inflow £	Net Inflow £
		2015		
		2014		
		2013		
	Of your UK assets, what % do the following services make up?	%		
	• Discretionary			
	• Advisory			
	• Execution Only			
	Of your UK assets, what % of your portfolios (or AuM?) are received from UK Advisers?			
	Of the above figure, what % is received from your in-house Advisers?			
	% of assets received from the following introducers	Introducer		%
		Private Clients		
		Institutional		
		Charities (direct)		
		Lawyers		
		Accountants		
	% of assets managed in £/Sterling			
	% managed in other currencies			
	Average size of Client relationship			
	Additional comments/information			

2	Model or Managed Portfolio Service Direct with Adviser or Client
Name of the service	
Entry Level £	

The Operating Framework; for a discretionary investment management service where a range of model portfolios are provided based upon pre-determined criteria established by the DIM. Only clients for whom the criteria of the model(s) are appropriate will be introduced to the service.

Clarifying the obligations of the DIM and the Adviser. The following schedules look at the various stages of the client (Investor) journey where appropriateness/suitability aspects of the discretionary investment service are assessed. Three examples are included to reflect variations available in the market. *Please amend the schedule(s) to reflect the service proposition(s) you offer and delete any version you do not offer.*

2.1.A reflects Model A in the Diminimis Suitability Matrix.

The advisory firm arranges for the Client to have a direct (contractual) relationship with the DIM.

2.1.B reflects a version of Model B in the Diminimis Suitability Matrix

The advisory firm arranges for the Client to have a direct (contractual) relationship with the DIM but the DIM relies on the Client information provided by the Adviser, and an appropriateness assessment also by the Adviser.

2.1.C reflects a version of Model C in the Diminimis Suitability Matrix

The advisory firm arranges for the investment management to be carried out by the DIM but on the basis the Client does not have a contractual relationship with the DIM. Instead, the DIM treats the advisory firm as its Client, which is acting as the agent of the end investor.

2.1.A	DIM	Adviser	Notes to clarify responsibilities
			Front end obligations
Selection of DIM as provider of Model Portfolio Discretionary Investment Management Service		Adviser	The Adviser will conduct sufficient research and due diligence on DIM to recommend DIM as appropriate to provide a Model Portfolio discretionary investment management service to the Client (Investor).
KYC – ATR, need for risk, capacity for loss		Adviser	The Adviser will perform an assessment of the Client's attitude to risk; need to take risk, capacity for loss and overall financial planning objectives to ensure a discretionary investment service is appropriate for the Investor.
Appropriateness of a DIM Solution	DIM		The DIM will perform an assessment of the Client's overall circumstances, financial planning objectives, knowledge and experience to ensure they have sufficient information to meet their KYC requirements and to determine that a model portfolio discretionary investment management service is appropriate for the Client.

Establishment of portfolio mandate, initial model portfolio construction, initial portfolio selection			
Establishment of Portfolio Investment Mandate	DIM		The DIM has created a series of model portfolios, each with a clearly articulated Investment Mandate. These will not be specific to any one Client.
Portfolio Construction to meet the Investment Mandate	DIM		The DIM will construct the model portfolio to meet the Investment Mandate as articulated. This will not be specific to any one Client. The initial construction was established at the outset of the MPS and will have changed over time within the terms of the Investment Mandate.
Portfolio Selection	DIM		The DIM will select the appropriate Model Portfolio for the Client on the basis it meets the Client's investment objectives including the risk parameters and timescales and will ensure the Client is able financially to bear any related investment risks; and that the Client has the necessary experience and knowledge in order to understand the risks involved in the management of the portfolio.

Ongoing obligations			
Suitability of all transactions to meet the specified mandate	DIM		The DIM will ensure that all transactions are consistent with the terms of the Investment Mandate
On-going suitability of the portfolio to meet the specified mandate	DIM		The DIM will ensure the Model Portfolio continues to meet the investment objectives as described in the Investment Mandate and the mandate remains suitable for the client.
Ongoing monitoring of DIM service to ensure it remains appropriate for the Client		Adviser	The Adviser will monitor the performance of the portfolio to ensure the ongoing appropriateness of a model portfolio discretionary investment management service for the Client's overall financial planning and investment objectives.
Ongoing monitoring of DIM selection to ensure the DIM remains a suitable provider of the service		Adviser	The Adviser shall monitor the performance and service standards of the DIM to ensure the ongoing appropriateness of the selection of the DIM as the provider of Model Portfolio Discretionary Investment Management Services.

2.1.B Example service schedule for a Model B arrangement.

2.1.B	DIM	Adviser	Notes to clarify responsibilities
			Front end obligations

Selection of DIM as provider of Discretionary Investment Management Service		Adviser	The Adviser will conduct sufficient research and due diligence on DIM to recommend DIM as appropriate to provide a bespoke or tailored discretionary investment management service to the Client (Investor).
KYC – ATR, need for risk, Capacity for loss		Adviser	The Adviser will perform an assessment of the Client's attitude to risk; need to take risk, capacity for loss and overall financial planning objectives to ensure a discretionary investment service is appropriate for the Investor.
Appropriateness of a DIM Solution		Adviser	The Adviser will perform an assessment of the Client's overall circumstances, financial planning objectives, knowledge and experience to ensure they have sufficient information to meet their KYC requirements and to determine that a bespoke or tailored discretionary investment service is appropriate for the Client.

Establishing the investment mandate & Initial portfolio construction			
Establishment of Client's Portfolio Investment Mandate		Adviser	The Adviser will establish the Client's Investment Mandate outlining the investment objectives, the risk parameters and timescales and will confirm the Client is able financially to bear any related investment risks; and that the Client has the necessary experience and knowledge in order to understand the risks involved in the management of the portfolio.
Mandate Suitability Oversight	DIM		DIM will take reasonable steps to assess if the Investment Mandate is suitable for the Client
Portfolio Construction to meet the Client's mandate	DIM		The DIM will construct the Client's initial portfolio to meet the Client's investment objectives as described in the Investment Mandate

Ongoing obligations			
Suitability of all transactions to meet the specified mandate	DIM		The DIM will be responsible for all transactions within the portfolio being consistent with the terms of the Investment Mandate
On-going suitability of the portfolio to meet the specified mandate	DIM		The DIM will ensure the Client's portfolio continues to meet the Client's investment objectives as described in the Investment Mandate
Ongoing monitoring of DIM service to ensure it remains appropriate for the Client		Adviser	The Adviser will monitor the performance of the portfolio to ensure the ongoing appropriateness of a bespoke/tailored discretionary investment management service for the Client's overall financial planning and investment objectives. Adviser will confirm to DIM at a frequency agreed and inform DIM of any material change to client circumstances.
Ongoing monitoring of DIM selection to ensure the DIM remains a suitable provider of the service		Adviser	The Adviser will monitor the performance and service standards of the DIM to ensure the ongoing appropriateness of the selection of the DIM as the provider of Discretionary Investment Management services.

2.1.C the DIM treats the adviser as their client.

2.1.C	DIM	Adviser	Notes to clarify responsibilities
			Front end obligations
Selection of DIM as provider of Discretionary Investment Management Service		Adviser	The Adviser will conduct sufficient research and due diligence on DIM to recommend DIM as appropriate to provide the selected discretionary service
KYC – ATR, need for risk, Capacity for loss		Adviser	Will perform an assessment of the Client's attitude to risk; need to take risk, capacity for loss and overall financial planning objectives to ensure a discretionary investment service is appropriate for the Investor.
Appropriateness of a DIM Solution		Adviser	Will perform an assessment of the Client's overall circumstances, financial planning objectives, knowledge and experience to ensure they have sufficient information to meet their KYC requirements and to determine that a discretionary investment service is appropriate for the Client.

Establishing the investment mandate & Initial portfolio construction			
Establishment of Client's Portfolio Investment Mandate		Adviser	Will establish the Client's Investment Mandate outlining the investment objectives, the risk parameters and timescales and will confirm the Client is able financially to bear any related investment risks; and that the client has the necessary experience and knowledge in order to understand the risks involved in the management of the portfolio.
Selection of appropriate strategy		Adviser	The adviser will select the appropriate strategy from the range available from the DIM taking into account the clients objectives, timeframes, KYC, ATR etc.
Portfolio Construction is based upon a pre defined strategy.	DIM		Will construct the initial portfolio in line with the identified strategy to meet the investment objectives as described in the Investment Mandate. Local IM will have some flexibility in asset allocation and securities held.

Ongoing obligations			
Suitability of all transactions to meet the pre-defined strategy.	DIM		Will be responsible for all transactions within the portfolio being consistent with the terms of the Investment Mandate

On-going suitability of the portfolio to meet the specified strategy	DIM		Will ensure the portfolio continues to meet the investment objectives as described in the Investment Mandate
Ongoing monitoring of DIM service to ensure it remains appropriate for the client		Adviser	The Adviser will monitor the performance of the portfolio to ensure the ongoing appropriateness of the discretionary investment management service for the Client's overall financial planning and investment objectives.
Ongoing monitoring of DIM selection to ensure the DIM remains a suitable provider of the service.		Adviser	The Adviser will monitor the performance and the service standards of the DIM to ensure the ongoing appropriateness of the selection of the DIM as the provider of Discretionary Investment Management services.

Please outline any criteria the adviser firm would need to meet in order to work with you on the operating frameworks outlined above.	
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2.2	Your relationship with Client/Adviser	Yes	No	Comments
	Do you adopt the underlying Investor/Client as a retail Client?			
	Do you provide a full outsource option for Advisers with appropriate permissions?			
	Please confirm if you offer your discretionary investment management service on the basis of "Agent as Client"			
	Please confirm what regulatory permissions/legal requirements an adviser firm must have in order to act as your client in the 'Agent as Client' arrangement.			
	Do you treat the Adviser as a professional client? If so why?			

2.3	Client investment suitability
	How is the split of responsibilities communicated to the Client?
	To meet your Client obligations of investment suitability please outline your approach to the following as raised in the FCA's Thematic Review TR 15/12 "Wealth Management Firms and Private Banks; Suitability of investment portfolios"
	Governance and control environment

	The oversight arrangements	
	Your monitoring procedures	

2.4	The team delivering the service to the Adviser firm	
		Insert names and description of role
	Lead Investment manager	
	Deputy/Assistant	
	Others with Investment Management roles	
	<ul style="list-style-type: none"> Relationship Management Team 	
	<ul style="list-style-type: none"> Administration Support 	
	<ul style="list-style-type: none"> Business Development 	
	Please outline what makes this team's (i.e. the Discretionary Investment Management team's?) approach different to the core house proposition	
	Please outline the team's current capacity to provide the service/grow the business and how you define full capacity	
	Current assets under management	
	Average portfolio size	
	Investment team remuneration. Please provide a description of how team members are remunerated, specifically if any aspect is tied to Client returns or new assets under management	

2.5	Portfolio construction & Risk Management	
	Do you provide Client risk profiling? If so, please provide details	
	How do you ascertain the Clients' attitude to risk?	

	Do you map your portfolios to any external risk profiling tools? Please provide the name of each provider.	
	Please explain the process you go through with each provider.	
	Do you guarantee your portfolios will remain within the risk category at all times?	
	What is the basis of portfolio construction for your range of Management Portfolio Service (MPS) portfolios	
	How does portfolio construction work for a specific Client?	
	Does the Client Investment Manager/Relationship Manager have any flexibility in the construction?	
	How much involvement can the Client have?	
	How do you incorporate any Client preferences/restrictions?	
	How much involvement can the Adviser have?	
	Can 'Treasured Assets' be taken into account when the portfolio construction is discussed and agreed?	

3. YOUR APPROACH TO INVESTMENT MANAGEMENT

To complete this section please provide a top level overview. The information provided will form a basis for further follow up and presentation of your investment approach.

If you subscribe to any form of external performance analysis please insert any appropriate information or attach the report to this document.

If you subscribe to any form of external style analysis please insert any appropriate information or attach the report to this document.

Please confirm if you have done this ☐

Please confirm if this is **team specific analysis** (preferable) ☐ or **company wide** ☐

3.1	Investment Process	Yes	No	Comments
	Please outline your investment process			

	Is Asset Allocation controlled centrally?			
	Are there unique characteristics to your approach you would highlight?			
	Has your investment approach undergone any major revision over the last 5 years?			
	Please provide outline of range of asset classes considered			
	Are there asset classes you specifically avoid/do not cover?			
3.2	Breadth & Range of investment vehicles used			
	<i>Do you use the following as standard within your portfolios;</i>			
	<ul style="list-style-type: none"> Direct securities only? Please give details 			
	<ul style="list-style-type: none"> Collective/Funds only? Please give details? 			
	<ul style="list-style-type: none"> A blend of direct securities/collectives? 			
	<ul style="list-style-type: none"> A purely passive only solution? 			
	<ul style="list-style-type: none"> A blend of active and passive, depending upon market opportunities? 			
	<ul style="list-style-type: none"> Alternative asset classes? Please outline those used 			
	<ul style="list-style-type: none"> Investment trusts? 			
	Any other investment vehicles within your core portfolios e.g. derivatives			
3.3	Do you use in-house/in group collective funds;			
	<ul style="list-style-type: none"> On a best of breed basis only 			
	<ul style="list-style-type: none"> As a key building block in the portfolio construction process 			
	<ul style="list-style-type: none"> Not used 			

3.4	Please give details of your investment risk management policy	
	What risk system/software is used in your middle office to support the investment management team?	
	Please explain your policy for monitoring your exposure to counterparty risk?	
3.5	Have any investments within your portfolios been written down to zero value in the last 5 years?	
	Please give details of your currency hedging policy	
	Can Client's accounts be aggregated for management purposes?	
	Please give examples	
	Additional comments/information	

3.6	Investment Research	It is assumed the section completed for previous service applies here unless you indicate otherwise		
	Please provide details of processes for selecting;			
	• Direct securities			
	• Funds/collective investments			
	• Alternatives			
	• Other investments			

3.7	Investment Performance			
	Which of the following Benchmarks do you use?			
	a) Relative	Yes	No	Comments
	• IA indices			
	• WMA Private Investor Indices			
	• ARC/PCI			
	• Composite – please provide details			

	<ul style="list-style-type: none"> Other – please provide details 			
	b) Absolute	Yes	No	Comments
	<ul style="list-style-type: none"> Targeted Returns 			
	<ul style="list-style-type: none"> Cash + 			
	<ul style="list-style-type: none"> Other 			
	<i>Is your track record available via independent sources? For example-</i>			
	<ul style="list-style-type: none"> ARC 			
	<ul style="list-style-type: none"> Morningstar 			
	<ul style="list-style-type: none"> Other 			
	Is your performance track record only available from internal sources?			
	If this is the case, please provide indicative performance figures for your range of core strategies over 1, 3 & 5 yrs. The figures will be discussed when we meet.			

4. Miscellaneous

4.1	Client information – How you receive this and the role of the Adviser	Yes	No	Comments
	Do you require full Client information on your documentation?			
	Do you accept the Adviser information about the Client at outset but require everything clarified on your own documentation following the Client meeting?			
	Do you accept all information about the Client from the Adviser?			

4.2	Initial Client Meetings			
	Is the Initial Client meeting held with the Investment Manager (IM) (CF30/QCF Level 6) and the Adviser?			
	Is the Initial Client meeting held with the Relationship Manager (RM) (minimum QCF level 4) and the Adviser (therefore the RM represents the Investment Management team)?			
	Is the Initial Client meeting with the Adviser only?			

4.3	Client reviews
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	Are reviews held with the same IM as at initial Client meeting?			
	Are reviews held with the same RM or a member of the IM team?			
	Are reviews held with the Adviser only?			
	Does the RM from the DIM firm attend purely to support the Adviser without giving investment advice?			

4.4	Tax issues			
	Do you automatically use the Clients' annual CGT allowance (if available)?			
	Do you automatically use the Clients' annual ISA allowance (if available)?			
	Do you use any other tax planning vehicles? Please provide details			
	Do you provide annual UK tax reporting pack?			
	Do you provide other tax reporting packs? Please provide details			
	Tax reclamation service for UK pensions			

Can the following Management Information (MI) be provided in summary format for all Clients for agreed review dates? If you can readily provide alternative data please provide details.

4.5	Systems and Controls for regular reviews between the Adviser & DIM	Yes	No	Comments
	Performance net of management fees since inception against target (accounting for capital movements)			
	Performance net of management fees over last 12/24/36 months against target			
	Attribution analysis			
	Current Asset Allocations per risk classification			
	Capital movements in/out			
	On line access to all Client portfolios. Please outline the functionality			

4.6	Links with tax wrappers			
	Please provide details of SIPP providers you are set up to work with. If there are additional costs, please give details			

	Please provide details of Offshore Bond providers you work with. If there are additional costs, please give details	
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4.7	Do you support any of the following links to back office support systems;	
	• Intelliflo	
	• Intelligent Office	
	• IRESS	
	• Curo	
	• Others	
	Additional comments/information	

5	ADMINISTRATION/OPERATIONS			
	Operational Risk for outsourced functions, systems & controls			
	Please provide your AAF 01/06 Report, a Reasonable Assurance Report or any other document from your auditors to confirm your firm has Clean Opinions on adequacy of systems			
	If the above is not available, please explain your internal control mechanism for monitoring adequacy of systems			
	Please explain your due diligence (DD) process prior to the appointment of an outsourced service provider			
	Please specify if this is different for different service providers			
		Yes	No	Comments
	Does the Firm conduct periodic reviews of outsourced service providers?			
	Do you hold Client Money?			
	If not, what legal entity will hold the Client money?			
	Do you have your own Nominee?			
	Do you outsource to a 3rd party Nominee? Please provide details			

	Are Client assets held in segregated accounts?			
	Are Client assets held in pooled accounts?			

	Frequency of reconciliation of Client statements/custodian statements?	
	How are exceptions from the reconciliation process investigated & cleared?	
	Please outline your custodian due diligence policy	
5.2	Client Administration	
	How often are portfolio valuations sent to the Client?	
	How soon after the tax year end is the annual tax pack delivered to Clients?	
	Is this monitored for accuracy & quality control?	
	Are ad hoc valuations available?	

5.3	Functionality of online reporting systems	Yes	No	Comments
	Is a link to the Adviser's website provided?			
	Do you offer online reporting in white labeling format? If so, please provide details for a demonstration/link up			
	Additional comments/information			

6	Fees and Charges	
	Please provide a full breakdown of all costs associated with portfolios you manage on behalf of Clients as requested below.	
	Your AMC – please provide breakdown of applicable tiers	
	<ul style="list-style-type: none"> E.g Up to £250,000 E.g. Above £250,000 	

	•	Yes	No	Comments/Further details
	Is VAT applicable?			
	Do you have an initial charge? If so please provide details.			
	Does the AMC apply to cash balances within your portfolio?			
	Do you levy Performance Fees?			
	Do you levy transaction charges – in addition to the AMC?			
	Do you levy transaction charges with no AMC?			
	Do you make a turn on broking commissions?			
	Does the AMC apply to in-house/group collectives in addition to the collectives own fee?			
	Do in-house/group collectives charge their full fee when used in portfolios?			
	Turn on cash holdings - % difference between BoE base & rate paid to Client account.			
	Do you charge any of the following? If so please provide details;			
	Custody charges			
	Other admin charges			
	Distribution fee			
	In specie transfer out			
	In specie transfer in			
	Money transfer fees			
	A fee for providing investment advice?			
	Are Client's portfolios aggregated for charging purposes			
	Are family portfolios aggregated for charging purposes?			

	Are there any other charges a Client's portfolio may be subject to?			
	Portfolio turnover *– please provide the turnover of your equivalent WMA Balanced Portfolio for the last 12 months			
	Please confirm you can facilitate Adviser agreed remuneration			
	Please confirm you can facilitate an initial fee agreed between the Adviser and the Client			

* This will be used for comparative analyses if there are variable charges associated with transactions but also for analyses as per the good practice outlined in TR15/12.

7	Please provide the following documentation for further research.		
		Confirmation the documents have been sent	
	Standard Client T&Cs		
	Standard fee/rate card		
	Risk Management Policy		
	Risk profiling documents		
	Intermediary ToBA		
	Compensation policy for key members of staff		
	Intermediary marketing brochure		
	Example Client initial investment proposal		
	Example Client review document		
	Example Client tax pack		
	Most recent audited accounts		

8	COMPLETION AND SIGN OFF		
	Document Completed by		
	Position		
	Signed off by		
	Position	Compliance Director, COO or similar	
	Date		



About the Personal Finance Society

The Personal Finance Society is the UK's leading professional body for financial planners and those in related roles. With over 36,000 members, it encourages the highest standards of professionalism by setting standards for technical knowledge, ethical practice and professional development. The Personal Finance Society is uniquely placed to support consumer demands for trusted and professional financial advice by working with the regulator and Government to help shape the future environment within which professional financial advice is given.

The Personal Finance Society is part of the Chartered Insurance Institute group (CII), the world's leading provider of professional training, qualifications and thought leadership to the insurance and financial planning profession. The CII has been at the forefront of setting professional standards for over a century and now has over 120,000 members or affiliates in over 150 countries. Both the Personal Finance Society and the CII are focused on engendering public confidence and trust in the financial planning profession by setting standards and increasing professionalism.

About Diminimis Ltd

Diminimis has been established to assist Advisers in the research, due diligence, short listing and implementation of an effective working relationship both when selecting a DIM or reviewing existing relationships. The service is dynamic as it addresses the ongoing need of the Adviser to monitor their panel and the wider market.

Diminimis works on behalf of our Adviser client. We are not 'pay to play'. We concentrate on providing a personal service and support for Advisers which removes any conflicts of interest when researching DIMs. This ensures our clients receive truly independent advice on anything that affects the Adviser/DIM relationship.

Ref/0516/RDD2