



Managed Portfolio Service Fair Value and Target Market Assessment

Information for Financial Advisers

Assessment date: 1st March 2025

www.baronandgrant.com

Baron & Grant Investment Management Limited is authorised and regulated by the Financial Conduct Authority

Reference number: 930300

2025 V1.0

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Summary

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

We have assessed that:

- Our Managed Portfolio Service continues to meet the needs, characteristics, and objectives of customers in the identified target market.
- The distribution strategy remains appropriate for the target market.
- The Managed Portfolio Service provides fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).
- Date of next assessment to be completed 1st March 2026.
- We continually monitor our service and the next review and assessment may take place before this date and the document updated accordingly.

About Baron & Grant

Granton Investment Management Limited was established and incorporated by Christopher Grant and Thomas Poynton on 16th August 2019.

The name of the business was changed to Baron & Grant Investment Management Limited (B&G) when John Baron decided to join the business in July 2020. B&G received Financial Conduct Authority (FCA) authorisation on 4th January 2021.

We are specialists in managing investment trust focused portfolios, complemented by a carefully selected range of exchange-traded funds (ETFs).

This approach is different from the vast majority of investment or wealth managers, who run portfolios consisting largely of direct equities and other forms of collective funds, such as unit trusts and open-ended investment companies (OEICS). Such funds, on average, have been shown to underperform investment trusts over the long term.

We founded B&G to harness the many advantages of investment trusts for the benefit of your clients. A track record of outperformance, a bespoke service, and portfolios tailored to individual circumstances make for a powerful combination.

With the help of others, we also hope to help advisers better understand how investment trusts can achieve financial objectives and dispel some of the perceived myths that have stopped them from recommending them to clients in the past.

Company Information

B&G is a company registered in England & Wales. Registration number: 12161169.

Our registered office is at 66 Lincoln's Inn Fields, London, WC2A 3LH. Our principal office is located at 12A Main Street, Rosliston, Swadlincote, Derbyshire, DE12 8JW.

B&G is authorised and regulated by the FCA. Firm Reference Number (FRN): 930300.

Our general contact number is +44 (0)1283 387070.

Our general enquiry email address is info@baronandgrant.com.

B&G Managed Portfolio Service (MPS)

B&G's Managed Portfolio Service (MPS) is designed for investors who wish to have their investment portfolios managed on their behalf by a dedicated investment management firm.

What is the B&G MPS?

B&G does have permission to provide financial advice; however, our MPS is focused on providing an outsourced discretionary fund management (DFM) solution to Financial Advisers through UK Retail Investment Platforms only.

We believe investment solutions are a critical part of a financial planning process, overseen by a suitably qualified Financial Adviser. As investment managers, our part in the investment process is to manage our model portfolios in line with the goals and preferences established by the individual clients during their meetings with their Financial Advisers.

Our MPS is a risk-mapped, objective-orientated investment solution that seeks to achieve specific outcomes for investors, such as growth, income, or managing within a particular risk remit.

It is a genuinely differentiated investment solution focused on harnessing the power and long-term potential of investment trusts.

Portfolios are managed using our robust investment process to help meet investors desired investment outcomes.

We offer eleven model portfolios that span the full spectrum of risk-adjusted returns, enabling us to fully accommodate different investment objectives and profiles.

Seven portfolios are risk-mapped to the volatility bandings of Distribution Technology's Dynamic Planner Risk Profiles 4 to 8 – the risk/reward remit increases with the profiles.

Five portfolios (B&G 4, 5, 6, 7, and 8) are focused on capital growth, while two are income-orientated, aligned to risk profiles 5 and 7, with a targeted yield in excess of 5%.

We also offer four unconstrained portfolios - a Positive Impact, ISA, High Yield (with a targeted yield in excess of 6%) and Best Ideas portfolio – the latter encompassing an unconstrained, high-risk/reward approach.

Each portfolio is designed to achieve the best risk-adjusted returns net of all costs and charges.

Who is the B&G MPS designed for?

The B&G MPS is tailored for private investors with medium to long-term investment goals of at least five years. To be eligible, investors must be UK residents and clients of UK-authorised and regulated Financial Advisers.

B&G's MPS does not offer any form of capital guarantee, so investors must be able to sustain capital loss.

Since our MPS is available through Financial Advisers only, investors can have a basic level of investment knowledge or be informed or experts.

Our MPS is designed to work towards the financial goals that an investor has agreed with their IFA.

Our specialism with investment trusts is almost unique in the DFM marketplace. We are unaware of another DFM with a core investment proposition built around investment trusts.

Investors with characteristics of vulnerability

This service is designed for a broad target market and does not address any inherent vulnerability characteristics in the target market. Financial Advisers should consider individual customer needs in this regard and whether the potential for capital loss as a prerequisite remains acceptable and appropriate.

Who is the B&G MPS not suitable for?

- Investors who want to remain in cash
- Investors who do not want to take any investment risk
- Investors unable to bear any capital loss
- Investors who want to be in control of their decision-making
- Investors who do not have a Financial Adviser with a Firm Agreement with us
- Investors who cannot invest capital for at least five years
- Investors who are unwilling to use a UK Retail Investment Platform that can facilitate MPS DFM services
- Investors who are seeking a purely passive investment management approach

Limitations of the B&G MPS

- No investor input/control over the underlying assets within the portfolio
- MPS is managed on a collective, not individual, basis
- Taxation (no capital gains tax management)

What is the distribution strategy of B&G's MPS?

B&G's MPS is only available to investors through FCA-authorised Financial Advisers who have a Firm Agreement with us and who consider the service appropriate to help achieve their client's investment objective-.

Marketing and promotion of B&G's MPS is targeted at Financial Advisers.

B&G distributes its MPS under the 'agent-as-client' model. Under this model (COBS 2.4.3R), the regulatory system allows a DFM to treat the adviser firm as its client rather than the underlying investor, so long as the DFM is aware that the adviser is acting as an agent. The 'agent-as-client' arrangement is often used for platform-intermediated solutions where the DFM has no knowledge of the underlying client, such as when the DFM makes its solutions available on third-party platforms.

There is no direct contractual relationship between the DFM and the underlying investor. However, the investor will need to give permission for the DFM's fee to be deducted from the portfolio through their agreement with the adviser covering the use of a discretionary investment solution.

There is a clear separation of roles and responsibilities; B&G provides discretionary investment management services, and the Financial Adviser is responsible for 'know your client', customer due diligence, advice, and ongoing suitability of any investments recommended.

Other structural arrangements are available depending upon the desired relationship e.g. 'reliance on others'.

How does B&G develop new products or improve its MPS?

B&G offers a genuinely differentiated investment solution focused on harnessing the power and long-term potential of investment trusts - almost unique in the DFM marketplace.

At B&G, when we introduce new products or services, or make significant changes to existing ones, we follow a strict internal governance process. This process is designed to ensure effective management and oversight of the initiation, development, and ongoing review of our products, services, and distribution channels.

We ensure the following areas are assessed and approved:

- Identification of the target market and non-target market.
- Distribution methods are aligned to the target market.
- Ensure the fees are appropriate for the product/service and represent good value for our investors.
- Ensure that our investor communications are clear, easy to understand and timely.
- Following launch, the product/service is monitored to ensure it delivers appropriate customer outcomes.

At all stages of product development, we test new product/service ideas/concepts with our intermediary introducing Financial Adviser firms.

Review/Assessment Area	Key indicators and measures	Summary outputs and actions
Product Performance	Portfolio performance is measured against appropriate benchmarks and externally used comparators.	Most of our portfolios have exceeded the performance of appropriate benchmarks and external comparators over the long-term.
Characteristics of the product that meet the needs of the target market	Only available through UK authorised Financial Advisers. Suitable for investors of basic or advanced investment knowledge and whether income or investment growth is the desired outcome.	Investors without a UK Financial Adviser are not permitted to use the service.
Price	<p>Our B&G MPS is priced at 0.6% per annum. According to the latest NextWealth Benchmark Report, the industry average DFM fee in 2024 was 0.35%.</p> <p>For many investment solutions, cost is the primary driver for investment management and selection. At times, this can limit an investible universe, reduce portfolio diversification, or result in an unsuitable investment vehicle/structure being selected for a particular asset class e.g. holding illiquid assets in an open-ended structure.</p> <p>Whilst we are very cost-conscious in portfolio construction and investment selection, our primary goal is to generate the best risk-adjusted returns for clients net of all costs and charges.</p> <p>There has been an ongoing debate for a number of years around the disclosure of investment trust costs within retail products and services.</p>	<p>Our proposition is almost unique in the DFM marketplace. We are unaware of another DFM with a core investment proposition built around investment trusts.</p> <p>The industry average DFM fee is centred around investment propositions dominated by the inclusion of open-ended funds and ETFs.</p> <p>We offer leading experience and expertise within the investment trust space.</p>

*Fettered Funds – Here the underlying funds are the providers own and they earn revenue by selecting these funds.

Review/Assessment Area	Key indicators and measures	Summary outputs and actions
<p>Price</p>	<p>Previously, trusts were subject to the Packaged Retail and Insurance-based Investment Products (PRIIPs) regulation and the Markets in Financial Instruments Directive (MiFID), both adopted directly into UK law before Brexit.</p> <p>Investment trusts are listed companies with a share price and a NAV/share, just like Marks & Spencer or BP – investors receive the share price performance and not the NAV performance.</p> <p>Stock markets enable foreseeable costs to be fully accounted for (or “discounted”) in the share price. Requiring the ongoing costs of investment trusts to be aggregated in the product costs of portfolios that held them resulted in the ‘double counting’ of those costs.</p> <p>In acknowledgement of the issue, the FCA issued forbearance in November 2023 to give investment trusts greater ability to explain their costs and charges to consumers.</p> <p>On 19 September 2024, the Treasury and the FCA issued new regulatory forbearance to temporarily exempt investment trusts from complying with cost disclosure requirements, with the aim of bringing in wider reforms in 2025.</p> <p>On 7 October 2024, the government published draft legislation for a new Statutory Instrument called ‘The Packaged Retail and Insurance-based Investment Products (Retail Disclosure) (Amendment) Regulations 2024’.</p>	<p>We continually review our price and service offering to ensure both deliver good customer outcomes.</p> <p>When the firm is able to benefit from greater economies of scale, we will look to pass this on.</p>

Review/Assessment Area	Key indicators and measures	Summary outputs and actions
Price	<p>The draft bill seeks to permanently exclude investment trusts from PRIIPS and MiFID regulation and proposes that they will not have to produce a Key Information Document (KID) - a standardised information document prepared for products in the scope of the PRIIPs.</p> <p>A striking line from the draft bill said, <i>"It is broadly accepted by industry and the government that the single aggregated figure that is being produced under current EU-inherited rules is not an accurate representation of the actual cost of investment in shares in an investment trust."</i></p> <p>As a result, the single aggregated ongoing charges figure (OCF) of our portfolios is the weighted cost of the ETFs – c.0.05% to 0.20%.</p> <p>Some of our unconstrained portfolios contain solely investment trusts; hence, the OCF of these portfolios is zero.</p>	
Service Delivery	<p>B&G prides itself on its service. We have accessible investment communications including:</p> <ul style="list-style-type: none"> • Monthly commentary • Quarterly factsheets and reports <p>Financial Adviser support:</p> <ul style="list-style-type: none"> • Dedicated point of contact in business development team for all IFA queries • Direct access to members of the investment team to discuss markets, investment process or selection 	<p>We review the services offered to Financial Advisers and their clients to ensure that we continue to meet their needs.</p>
Distribution	<p>B&G's MPS is available to UK residents who are clients of UK authorised Financial Advisers who have a Firm Agreement with us.</p>	<p>None</p>

Review/Assessment Area	Key indicators and measures	Summary outputs and actions
Assurance Activity	To ensure that we meet our PROD obligations, the appropriate governance arrangements are in place including policies and approval process to ensure that our service is designed to meet the needs of the identified target market.	Annual review of Product Development Process, product review reports.

Our fair value assessment - Conclusion

Our senior management team has completed a value assessment of the products and services we manufacture.

Our firm is committed to making sure products and services we manufacture are fit for purpose and represent fair value for our clients.

When assessing fair value, we have regard to relevant cross-cutting obligations in addition to the rules/guidance for the 4 consumer outcomes.

Our fair value assessment has considered the following:

- Product performance
- Fees and charges
- Target Market
- Distribution Strategy
- Financial Adviser feedback
- Customer complaints
- Product risk assessments

Our assessment concluded that the B&G MPS continues to deliver fair value for customers in its target market and the distribution strategy remains appropriate.