

# Target Market Information for the MAPS model portfolio service – January 2022

## Making sure the MAPS models are the right fit for your clients

The MAPS model portfolio service ("service") is a portfolio management service which is only available to FCA authorised financial advisers to select for their retail clients, where the account and portfolio are held on a third-party platform recommended to the end client by the financial adviser.

The direct contractual relationship is between MAPS and the FCA authorised financial adviser, who is treated for the purposes of the platform relationship and the FCA rules, as a professional client, and with the platform. Both the FCA authorised financial adviser and the platform target their services to retail clients. The underlying retail client is not the client of MAPS.

MiFID II and good business practice requires manufacturers (such as asset managers) and distributors (such as Financial Advisers and Planners) to ensure products are recommended to appropriate end clients. To help our financial adviser partners with that task we have produced this document that outlines who we have identified as target end clients for the MAPS service.

Please do not hesitate to contact us if you have any questions at [advisersupport@tcfinvestment.com](mailto:advisersupport@tcfinvestment.com)

## Ten key features about our target end customers

1. **Who are the end clients?** - UK Retail investors with ISA, SIPP / SSAS / Pensions, GIA or Investment Bond products. Importantly these will be advised clients of professionally qualified financial advisers. The portfolios within the service may be suitable for investors who seek growth or income.
2. **How long should the clients plan to make their investment?** - We would expect investors to have a medium- or long-term investment time horizon – usually at least 5 years. The portfolios in the service are not targeting a fixed maturity date.
3. **What MiFID II client category are the end clients?** - Retail





4. **How much knowledge should these clients have of this particular type of product and its features?** - No specific investment or instrument knowledge is required. The client must have an FCA authorised financial adviser who is responsible for assessing suitability and can help their clients understand the risk / reward profile and features of the MAPS service, advise on risks and time horizon. The adviser should ensure they are aware of the risks in investment markets and the risks of investing in the model portfolios. The service is NOT suitable for investors seeking a "smoothed", "absolute" or "guaranteed return". The service is NOT suitable for customers seeking a cash (upward only) return.
5. **How much experience should these clients have of that type of product? How long should they have been active in the market?** - The clients, with a financial adviser, do not need any specific expertise or active time in markets. The nature of the portfolios in the service is wide diversification (managers and instruments), long term, relatively low cost (compared to the peer group), typically liquid (the underlying instruments are daily priced, daily dealt instruments). Note there may be some exposure to commercial property vehicles in the portfolios which may at any time become less liquid. The products, appropriately advised, are suited for "first time" investors or expert investors equally.
6. **What percentage of loss would the client be willing and able to afford?** - The client must have the capacity to absorb a loss. The MAPS service does not have any capital guarantees. We offer a range of risk profiles (asset allocations) that allow the adviser to select the most appropriate portfolio based on their assessment of the client attitude to risk, capacity for loss and need for return.
7. **Would the client be willing to accept additional payment obligations exceeding the amount of the investment?** - No.
8. **What is the client's risk appetite?** - The client must be happy to accept some degree of investment risk. Our products are NOT suitable for investors seeking a "smoothed", "absolute" or "guaranteed return". Our products are not suitable for customers seeking a cash (upward only) return. Several different risk profiles are offered as part of the MAPS service and the financial adviser is responsible for selecting a suitable one having assessed the client.
9. **What are the client's financial goals? Do they have an investment strategy?** - This should be worked out in conjunction with their financial adviser. We offer a range of risk profiles that allow the adviser to select the most appropriate portfolio based on their assessment of the client attitude to risk, capacity for loss and need for return. We would expect them to have an investment strategy with at least a 5-year time horizon.





10. **Are there any external factors which could lead to a change in your target market?**
  - None that are envisaged, but we monitor it regularly at the TCF Management Committee.

## Negative target market

If there is no FCA authorised financial adviser or the FCA authorised financial adviser no longer provides advice or acts for the client, then the service would not be fit for the client target market as there is no ability to assess suitability. The service is NOT suitable for investors seeking a "smoothed", "absolute" or "guaranteed return". The service is NOT suitable for customers seeking a cash (upward only) return.

## Which target segments are the MAPS model portfolios potentially suitable for?

Compared to the FCA customer segmentation we have flagged in ■ **Red** (not suitable), ■ **Amber** (unlikely to be suitable) and ■ **Green** (potentially suitable) where we would expect the service to be sold:

1. ■ **Retired with resources** – usually homeowners, members of this group are financially savvy, with a high level of savings and little debt. They are usually risk averse when it comes to investment
2. ■ **Retired on a budget** – have a low income and are careful about spending any of their limited funds
3. ■ **Affluent and ambitious** – usually in the 35-60 age group, highly educated and earning high incomes. They are confident about making financial decisions
4. ■ **Mature and savvy** – have above average levels of income and savings, and have a good knowledge of financial matters
5. ■ **Living for now** – earning a low income. Not confident with financial matters but prepared to take more risks than the average person. They are also computer literate and make regular use of the internet
6. ■ **Striving and supporting** – on a low income and struggling to meet regular outgoings. The majority of this group have dependent children. Generally, risk averse
7. ■ **Starting out** – highly educated, but with a below average income. Comfortable with technology. Almost all members of this group are under 45, single with no dependents, and rent their home





8. ■ **Hard pressed** – earning a low income, struggling to pay bills, not confident financially and may have no savings at all
9. ■ **Stretched but resourceful** – homeowners who are confident about financial matters but who are busy people and are pressed for time
10. ■ **Busy achievers** – high earners who have mortgages, savings and their own pension arrangements

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