

MPS Value for Money (VfM) Assessment

What is the MPS Value for Money Assessment?

- The 'Price and Value' outcome of the FCA's Consumer Duty aims to establish a consistent approach to price and value across financial services, and ensure products and services offer fair value to consumers.
- Firms are expected to test and monitor to determine if good consumer outcomes are being achieved via a **Value for Money (VfM)** assessment.
- LGIM's regulated UK funds already meet this outcome through the annual production of the UTM Value Assessment report, but LGIM's Model Portfolio Service must now also be assessed.
- Our assessment found that 100% of LGIM's Model Portfolios deliver value

What services are in scope for the Value for Money assessment?

- The in-scope clients for MPS sit predominantly within a pool of Standard and Bespoke Model Portfolios where there are advised retail clients at the end of the chain and therefore are captured by the Consumer Duty. The services used amongst these stakeholders are predominantly investment into regulated LGIM funds on a model portfolio basis. The types of Model Portfolios available are as follows:

Standard Model Portfolio	Bespoke Model Portfolio
MPS Blended Growth Defensive - Adventurous	Cautious
MPS Index Growth Defensive – Adventurous	Conservative
MPS ESG Defensive - Adventurous	Balanced
MPS Income Cautious – Balanced Growth	Dynamic
	Adventurous

What is LGIM's approach and process for the MPS VfM assessment?

- In assessing value, our role is to ensure that the approach and process undertaken is robust, in line with the expectations of the regulator, represents clients' best interests, and that the findings of the assessment are appropriate.
- LGIM's approach broadly mirrors the well-established Assessment of Value process conducted for UTM where relevant. In certain areas this wasn't feasible due to the nature of the service offered and the approach has been adapted accordingly.
- The underlying funds have been assessed for performance separately i.e., in the UTM Assessment of Value.
- The assessment of VfM has been undertaken by producing a dashboard at MPS level assessing 3 key criteria and weighted in line with pre agreed weightings:

Criteria	Assessment approach
Financial Margin Analysis	Review the services we provide, and the costs we incur for providing these services against the charges we levy on our clients. We review the resulting margin generated to determine whether we are providing financial value to our clients.
Comparable Market Rates	Review competitor products and how they compare on price.
Quality of Service	Use existing suite of relevant service indicators provided to Boards and Committees.

What are the results of our assessment?

We are pleased to report that all 25 portfolios we provide are delivering value, according to this assessment. We believe that these positive results capture the various ways in which we strive to help clients achieve your financial goals and uphold the high standards they have come to expect from us.

Key risks

Past performance is not a guide to the future. The value of an investment and any income taken from it is not guaranteed and can go down as well as up, you may not get back the amount you originally invested. Assumptions, opinions and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass.

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