

Morningstar Managed Portfolios

Target Market

As part of the FCA's Consumer Duty requirements we have recently carried out an assessment of the target market for the advisers wishing to use the Morningstar Managed Portfolio Service. The assessment has been completed by Morningstar Investment Management Europe Limited, the manufacturer, to guide advisers and distributors on the intended target market for the portfolios.

The portfolios are designed for investors who engage the services of a financial adviser. They can be accessed by financial advisers via specific UK platforms. The portfolios are suitable for retail investors who have a basic knowledge of investments and are looking for capital growth (and income where applicable) over at least a three year period and are prepared to accept some risk to their capital to achieve their goals.

Portfolio	Active	Passive	Governed Growth	Governed Income	Income	Real Return	ESG	International GBP	International USD
Investor Type: the type of investor for which this product is targeted									
Eligible counterparty	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Professional client	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Retail client	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Knowledge & Experience: The level of expertise the investor should have for this product to be appropriate									
Basic Investor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Informed Investor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Advanced Investor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ability to bear losses: Identifying the compatibility of the investment with the investors who have different tolerance to risk									
No capital loss	No	No	No	No	No	No	No	No	No
Limited capital loss	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
No capital guarantee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Loss Beyond Capital	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
Client Objectives & Needs: Identify the key objective or objectives of this investment									
Return Profile Preservation	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
Return Profile Growth	Yes	Yes	Yes	Neutral	Neutral	Yes	Yes	Yes	Yes
Return Profile Income	Neutral	Neutral	Neutral	Yes	Yes	Neutral	Neutral	Neutral	Neutral
Return Profile Hedging	No	No	No	No	No	No	No	No	No
Option or Leveraged Return Profile	No	No	No	No	No	No	No	No	No
Return Profile Other	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
Compatible with clients having ESG Preferences	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Yes	Neutral	Neutral

Key

Yes = Positive target market – the proposition is compatible with investors who conform to or are seeking this characteristic.

No = Negative target market – the proposition is not compatible with investors who conform to or are seeking this characteristic.

Neutral = The proposition was not expressly designed to be compatible with investors who conform to or are seeking this characteristic, but it is accepted that distributors may use the proposition in this way in certain circumstances, given that they will have a greater understanding of the client's investment objectives and knowledge and experience.

* as the following (and income where applicable)

Portfolio	Active	Passive	Governed Growth	Governed Income	Income	Real Return	ESG	International GBP	International USD
Distribution Channel: Identify the type of audience the investment is suitable for – Retail, Professional, Both or Neither									
Execution Only	Neither	Neither	Neither	Neither	Neither	Neither	Neither	Neither	Neither
Execution Only with appropriateness test or non-advised services	Neither	Neither	Neither	Neither	Neither	Neither	Neither	Neither	Neither
Investment Advice	Both	Both	Both	Both	Both	Both	Both	Both	Both
Portfolio Management	Both	Both	Both	Both	Both	Both	Both	Both	Both

Risk Tolerance and Metric Information

	Time Horizon	Max Drawdown*	Max Equity Weighting	Max Single Vehicle Exposure	Long term Volatility Range**
Cautious	Over 3 Years	-15%	30%	20%	4-8%
Moderately Cautious	Over 5 Years	-22%	50%	20%	6-10%
Moderate	Over 5 Years	-30%	70%	20%	7-12%
Moderately Adventurous	Over 7 Years	-40%	90%	20%	10-15%
Adventurous	Over 10 Years	-50%	100%	20%	12-18%

*Maximum drawdown measure is not calculated on a single time-period such as one year, but rather is a measure of loss from peak to trough, which may vary in length over time. These are indicative estimates of how much portfolios may fall in value in most scenarios but are not a guarantee that losses will always be limited to these amounts.

** Calculated using Morningstar Investment Management Europe's long-term volatility assumptions. The portfolios are not managed to stay within a realised volatility range.

MPS and Multi-Asset Fund Risk Mapping Summary

Below is a summary of Morningstar's and third-party companies' risk mappings. If your preferred portfolio is not mapped to a suitable risk profiling company, please contact your local Business Development Manager.

Multi-Asset Funds

Risk Profiles	Morningstar	Finametrica	Defaqto	Dynamic Planner	Synaptic	Oxford Risk	Evalue
CG Morningstar Multi-Asset 40	2.2	44-55	4	4	2.5/5 4/10	Please contact your regional BDM	Please contact your regional BDM
CG Morningstar Multi-Asset 60	3.2	56-67	5	5	3.3/5 5/10		
CG Morningstar Multi-Asset 80	3.9	68-84	6	6	4.3/5 7/10		

Active Portfolios

Risk Profiles	Morningstar	Finametrica	Defaqto	Dynamic Planner	Synaptic	Oxford Risk	Evalue
Cautious	1.5/5	30-43	2	3	2.2/5 3/10	1/5 2/7	Please contact your regional BDM
Moderately Cautious	2.4/5	44-55	4	4	2.6/5 4/10	2/5 3/7	
Moderate	3.3/5	56-67	5	5	3.4/5 5/10	3/5 4/7	
Moderately Adventurous	4.4/5	68-84	6	6	4.4/5 7/10	4/5 5/7	
Adventurous	5.2/5	80-100	8	7	5.1/5 9/10	5/5 6/7	

Passive Portfolios

Risk Profiles	Morningstar	Finametrica	Defaqto	Dynamic Planner	Synaptic	Oxford Risk	Evalue
Cautious	1.4/5	30-43	2	3	2.1/5 3/10	1/5 2/7	2/5 2/7 3/10
Moderately Cautious	2.3/5	44-55	3	4	2.6/5 4/10	2/5 3/7	3/5 4/7 5/10
Moderate	3.2/5	56-67	5	5	3/4/5	3/5	4/5 5/7 7/10
Moderately Adventurous	4.1/5	68-84	6	6	4.3/5 7/10	4/5 5/7	4/5 6/7 8/10
Adventurous	4.9/5	80-100	8	7	5.0/5 9/10	5/5 6/7	5/5 7/7 10/10

Income Portfolios

Risk Profiles	Morningstar	Finametrica	Defaqto	Dynamic Planner	Synaptic	Oxford Risk	Evalue
Moderately Cautious	2.2/5	44-55	Please contact your regional BDM	4	2.3/5 3/10	Please contact your regional BDM	Please contact your regional BDM
Moderate	3.2/5	56-67		5	2.8/5 4/10		

Governed Portfolios

Risk Profiles	Morningstar	Finametrica	Defaqto	Dynamic Planner	Synaptic	Oxford Risk	Evalue
Cautious Growth	1.5/5	30-43	2	3	2.2/5 3/10	Please contact your regional BDM	Please contact your regional BDM
Moderately Cautious Growth	2.4/5	44-55	3	4	2.6/5 4/10		
Moderate Growth	3.4/5	56-67	5	5	3.4/5 5/10		
Moderately Adventurous Growth	4.4/5	68-84	6	6	4.3/5 7/10		
Adventurous Growth	5.1/5	80-100	8	7	5.1/5 9/10		
Moderately Cautious Income	2.2/5	47-58	2	–	2.3/5 3/10		

ESG Portfolios

Risk Profiles	Morningstar	Finametrica	Defaqto	Dynamic Planner	Synaptic	Oxford Risk	Evalue
Cautious	1.2/5	30-43	2	Please contact your regional BDM	2.1/5 3/10	Please contact your regional BDM	Please contact your regional BDM
Moderately Cautious	2.2/5	44-55	3		2.6/5 4/10		
Moderate	3.1/5	56-67	5		3.4/5 5/10		
Moderately Adventurous	3.9/5	68-84	6		4.3/5 7/10		
Adventurous	4.5/5	80-100	8		5.0/5 9/10		

Real Returns Portfolios

Risk Profiles	Morningstar	Finametrica	Defaqto	Dynamic Planner	Synaptic	Oxford Risk	Evalue
100	1.5/5	34-46	Please contact your regional BDM	Please contact your regional BDM	2.6/5 4/10	Please contact your regional BDM	Please contact your regional BDM
300	3.0/5	53-64			3.3/5 5/10		
500	4.4/5	72-92			4.4/5 7/10		
Flex	3.5/5	59-71			3.6/5 6/10		

International Portfolios (GBP)

Risk Profiles	Morningstar	Finametrica	Defaqto	Dynamic Planner	Synaptic	Oxford Risk	Evalue
Cautious	1.4/5			Please contact your regional BDM			
Moderately Cautious	2.3/5						
Moderate	3.2/5						
Moderately Adventurous	4.1/5						
Adventurous	4.8/5						

International Portfolios (USD)

Risk Profiles	Morningstar	Finametrica	Defaqto	Dynamic Planner	Synaptic	Oxford Risk	Evalue
Cautious	1.0/5			Please contact your regional BDM			
Moderately Cautious	1.7/5						
Moderate	2.7/5						
Moderately Adventurous	3.7/5						
Adventurous	4.7/5						

To find out more

For more information please contact us on 0203 107 2930
or the team at ukmanagedportfolios@morningstar.com

Important Information

Data correct as at 21st February 2023. For information purposes only.

Morningstar Investment Management Europe Ltd suggests advisers familiarise themselves with the associated scoring approach, applied by the individual 3rd party risk profiling companies, before considering the data provided. Advisers should refer accordingly to the requisite information on the Managed Portfolio website. Please note, the risk tolerance scores, presented by Finametrica in the above tables, comprise the OK risk tolerance scoring range. For the EValue Risk scores we have used their 10 Year terms. Please see their website or the full report under the Insights tab on the Morningstar Managed Portfolio website for the other terms <https://mp.morningstar.com/articles/adviser-documents>.

Disclosures

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