

# Centralised Investment Proposition SAMPLE

2025

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# Background

The purpose of this document is to undertake a review of the investment strategies available and determine which are most suitable for the clients of DNA Wealth Management. This document summarises the research we have carried out to arrive at these solutions. To do this, we will incorporate all available guidance, including:

FCA Finalised Guidance – FG12-16 –  
Replacement business and  
centralised investment proposition

FCA Thematic Review TR16/1 –  
Assessing suitability: Research and  
due diligence of products and  
services (February 2016)

FCA Assessing Suitability Review –  
Results – May 2017.

As per the FCA definition, we will use the term CIP (Centralised Investment Proposition) to reflect a standardised approach to providing investment advice, including:

Portfolio advice services

Discretionary Investment  
Management

Distributor-influenced funds

# Background

We are mindful of the regulators concerns with CIPs, in particular:

## **Shoehorning**

Ensuring we do not adopt a 'one size fits all' solution

## **Churning**

Switching clients into our CIP without it being in their best interests

## **Additional Costs**

Ensuring a client does not unnecessarily incur additional costs by being switched into the CIP without there being a clear benefit

We will consider our obligations under the Product Intervention and Product Governance (PROD) directive and how any investment strategies selected for clients of DNA Wealth Management take into account both the target market we work with and the segments we choose as a business to place clients within.

We will also factor in the outcomes of the FCA's Consumer Duty guidelines that are relevant to the building of a CIP, which state that products and investment strategies recommended to clients should offer fair value, be understandable by the end client and present no foreseeable harms.

This document summarises our main investment approaches, which will be appropriate for the majority of our clients particularly those that meet target market and segment definitions.

There will naturally be clients we work with who do not meet our identified target markets or appropriate segments and in the event of working with these clients, we will consider bespoke solutions based on the whole of market.

# Background for Research

## Risk Profiling Tool



The Distribution Technology risk profiling tool provides the client with a psychometric questionnaire to measure risk tolerance along with supplementary questions to measure capacity for loss and investing experience.

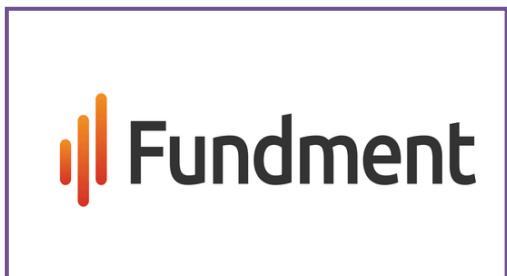
Dynamic Planner provides risk profiling over ten risk options which incorporates Client investment experience, their attitude to risk, capacity for taking risk and matches funds based on individual's risk profile.

Within the tool is their existing risk profiler which can be completed either by an app available from Apple's iOS store or link with the inputs automatically populating back into Dynamic Planner or integrated practice management back office.

The tool now uses their own question set and stochastic projections to highlight the likelihood of achieving a goal to therefore calculate the risk required. Distribution Technology also use their technology to map funds to one of their risk profiles so that we can match their clients both at an individual fund level as well as at a portfolio level.

# Background for Research

## Platform Selection



Our preferred platforms are Fundment and Transact. The majority of our clients with assets to invest for long-term investing will utilise the Fundment platform, and clients with more advanced needs will utilise the Transact platform. The research within this document will look at building suitable investment strategies to use under these platforms.



We have obtained target market information from both platforms, and we are satisfied that they both align with our existing client banks and target market.

The selection of any platform for any of our client segments is, however, dependant on the use of a platform being suitable for the client initially. When this is not the case, we are happy to research and select a provider option from the options covered in this analysis, or based on bespoke whole of market research.

# Background for Research

## Investment Philosophy

We believe that the reduced costs of passive funds, paired with the asset allocation being dictated by a methodical, evidence-based process, does more to drive the potential for long-term returns for clients compared to the chance of outperformance by full active management and stock-picking.

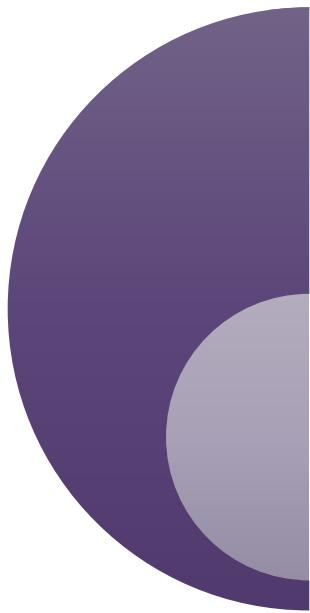
Research and historical returns have also shown that, despite the additional costs incurred for the service, actively managed funds have no consistency or inherent ability to outperform either the benchmark they have set or the underlying market they operate in. Essentially, it becomes guesswork to 'pick' the few active funds that do outperform the markets in which they operate.

As a result, our investment philosophy is to use passive funds where possible. We do accept that active funds have a place particularly those that have very specialist ideas or mandates (impact investing, in particular) or where a client expresses a preference for active oversight, including smoothing. We have traditionally used passive where possible or, when using active, using strategies that are very low in cost relative to peers. This continues to be our favoured approach.

# Investment Approach

## Client Segmentation Summary

As per our obligations under PROD (presented, in full, alongside this CIP Summary), we have two primary main client segments and, based on our investment philosophy, we will look at researching the following investment structures:



### Pre-Retirement

- Multi-Asset Fund

### Post-Retirement

- Multi-Asset Fund
- Bespoke Portfolio

We will revisit our segmentation overview at the end of this CIP summary with the chosen investment strategies. Although the investment strategies remain consistent between pre retirement and post-retirement client segments, the process in which these strategies are managed for a regular income is covered in our Centralised retirement Proposition (CRP) presented alongside this CIP summary.

# On-platform Multi-Asset Funds

For this part of our investment proposition we are generally looking for the following characteristics:

- Mixed-asset (fund-of-funds for full equity)
- Evidence-based investment philosophy underpinned by passive instruments
- Part of a fund family to allow for varying levels of risk, and mapped by Dynamic Planner
- Reasonable fund charges with justification from Collective Investment Schemes (COLL) sourcebook value for money assessment
- Available via our preferred platforms
- Strong track record and strong fund financially

# On-Platform Multi-Asset Funds

## Research Summary

Following our review of the market, we have selected the following fund provider as a suitable fund range for our clients based on their strategic (rather than tactical) investment philosophy, their stellar reputation and standing in the industry, and overall financial strength. We have a peer comparison held on file containing performance and charging information.

### Dimensional World Allocation

- 20/80
- 40/60
- 60/40
- 80/20
- Equity

In the following pages, we will consider their performance and volatility of the ranges relative to their respective Investment Association (IA) Sector benchmarks.

As part of our research process, we analysed the investment process, charges and historic performance of the Quilter Cirilium Passive, Fidelity Multi-Asset Allocator, HSBC Global Strategy Portfolios and L&G Multi-index ranges. These fund ranges also passed our initial screening process, but were ultimately not selected to be part of our final proposition. Full commentary and rationale is presented in the research process document, which accompanies this summary.

# On-Platform Multi-Asset Funds

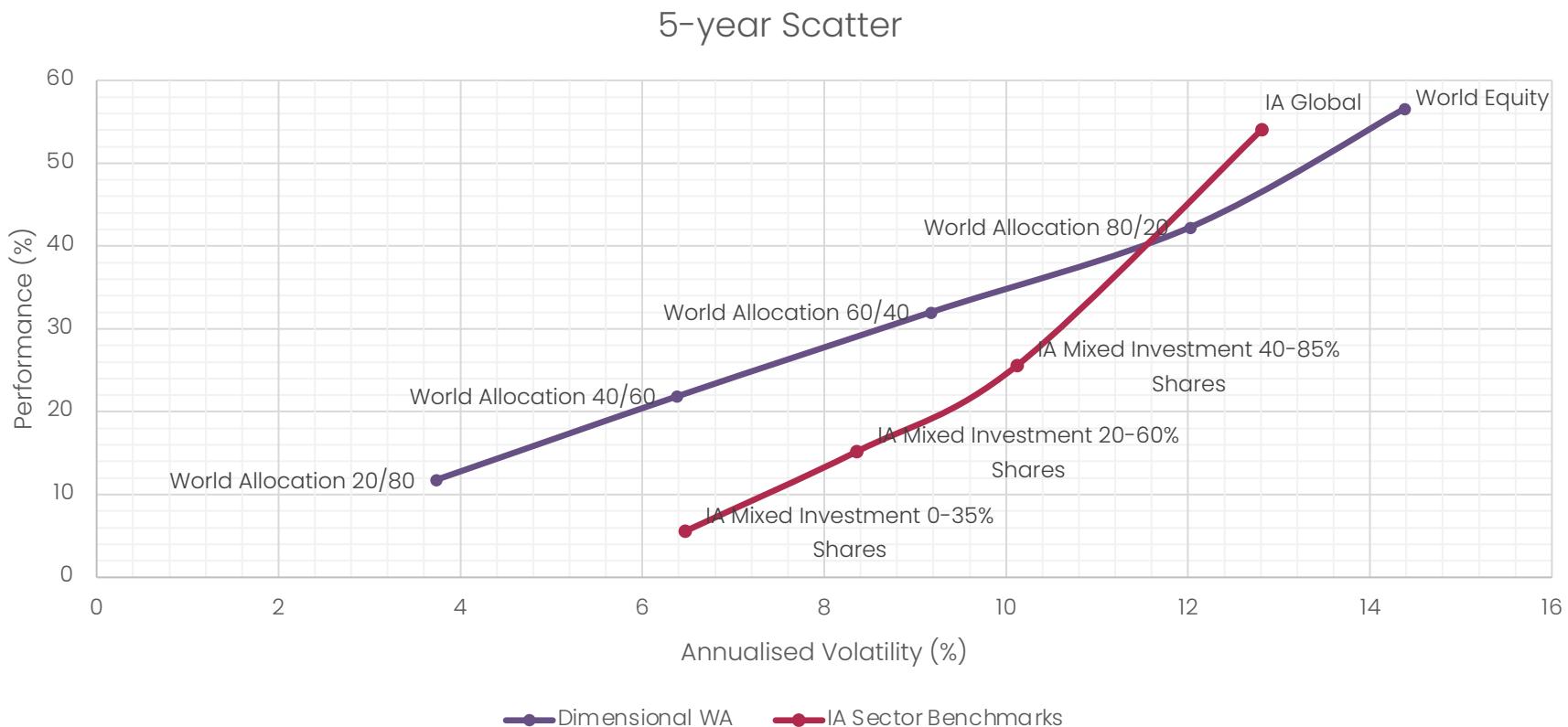
## Dimensional World Allocation

The following table contains information on the Dimensional World Allocation range as sourced from FE Fundinfo.

Fund	Sector	SEDOL	OCF (%)	Trans. (%)	DT Risk
World Allocation 20/80	IA Mixed Investment 0-35% Shares	BYTYTV4	0.31	0	4
World Allocation 40/60	IA Mixed Investment 20-60% Shares	B56FVB1	0.3	0.01	5
World Allocation 60/40	IA Mixed Investment 40-85% Shares	B416SD3	0.33	0.01	5
World Allocation 80/20	IA Mixed Investment 40-85% Shares	BYTYV18	0.35	0.02	6
World Equity	IA Global	B3Z8MM5	0.35	0.03	7

# On-Platform Multi-Asset Funds

## Dimensional World - Performance



The 20/80, 40/60 and 60/40 funds offer higher returns compared to their assigned IA benchmark with a notable decrease in volatility. The 80/20 and World Equity funds offer superior returns to the Mixed Investment 40-85% shares and IA Global sectors, respectively, albeit with higher levels of volatility. This risk-return relationship is evidence that Dimensional's factor-based approach is working as intended.

# On-Platform Multi-Asset Funds

## MiFID Target Market Information – Dimensional World Allocation

As sourced from Morningstar, the Dimensional World Allocation funds consider the following target market:

Classification	Knowledge	Capacity for Loss	Return Profile	Method
Retail Investor	✓	Basic	✓ None	✗ Preservation Execution only
Professional	✓	Informed	✓ Limited	- Growth Non-advised
Eligible Counterparty	✓	Advanced	No capital guarantee	✓ Income Advised
			Loss beyond capital	✓ Hedging Leveraged

We are satisfied that the target market information above is matched to the funds managed by Dimensional. We are also satisfied that the target market information above aligns with the features of clients in the respective segments.

# Managed Portfolio Service (MPS)

When looking for MPS providers to use as part of our investment proposition, we consider the following as essential criteria:

- Evidence-based investment philosophy underpinned by passive instruments
- A minimum of 5 risk profiles with mapping by Dynamic Planner covering profiles 3 - 7.
- ESG-integrated option
- Minimum 5-year track record
- Available on our preferred platforms.

# Managed Portfolio Service

## Provider Selection

Following our review of the market, we have selected the following providers as a suitable MPS provider on their evidence-based investment philosophy, reputation and standing, and low portfolio manager fees.



Timeline portfolios have history dating back to 2014 when they were originally set up to provide a robust investment solution for financial advisers, followed by the Betafolio Turnkey MPS going live in March 2020. Following the consolidation of the Timeline and Betafolio brands, they went from strength to strength, passing the £2bn AUM mark in Q1 2023; the £3bn AUM mark in Q3 2023 and £6bn AUM mark in July 2024.

As part of our research process, we analysed the investment process, charges and historic performance of the Sparrows Capital and EBI MPS ranges. These providers also passed our initial screening process, but were ultimately not selected to be part of our final proposition. Full commentary and rationale is presented in the research process document, which accompanies this summary.

In the following pages, we will outline the reasons for the selection of Timeline, and consider their overall performance and volatility relative to their relevant benchmarks.

# Managed Portfolio Service

## Timeline MPS

Range	Charges
Classic	ESG Classic
Platform	Performance
The Timeline portfolios will be accessed via Fundment and Transact platforms.	We will use the Timeline portal to monitor and review performance and charges. Each portfolio is updated regularly with current performance and asset allocations. Portfolio performance is detailed in the following slides and is as expected across the range given current market conditions.
Investment Process	
Timeline provide a low-cost, evidence-based discretionary model portfolio service (MPS), exclusively to financial planners. Timeline's robust and disciplined approach to investing is founded upon Nobel Prize-winning academic research, and harnesses sophisticated tools to properly test investment solutions. There are 11 portfolios in each range, with equity content starting at 0% and increasing to 100%, and feature tolerance-based rebalancing. All portfolios are risk-mapped by Dynamic Planner.	
Timeline offer multiple philosophies to cater for a wide range of core investment needs:	
<ul style="list-style-type: none"><li>Classic - Globally diversified portfolios with exposure to key alternative beta factors such as the small and value premia. The portfolios range from 0% to 100% equity allocation.</li><li>ESG Classic - The ESG Classic portfolio is a globally diversified portfolio that is well-positioned to capture the value and small-cap premium whilst improving on the portfolio's current ESG credentials. All four equity funds in the portfolio are designated sustainable funds with an explicit low carbon philosophy.</li></ul>	

# Managed Portfolio Service

## Timeline MPS

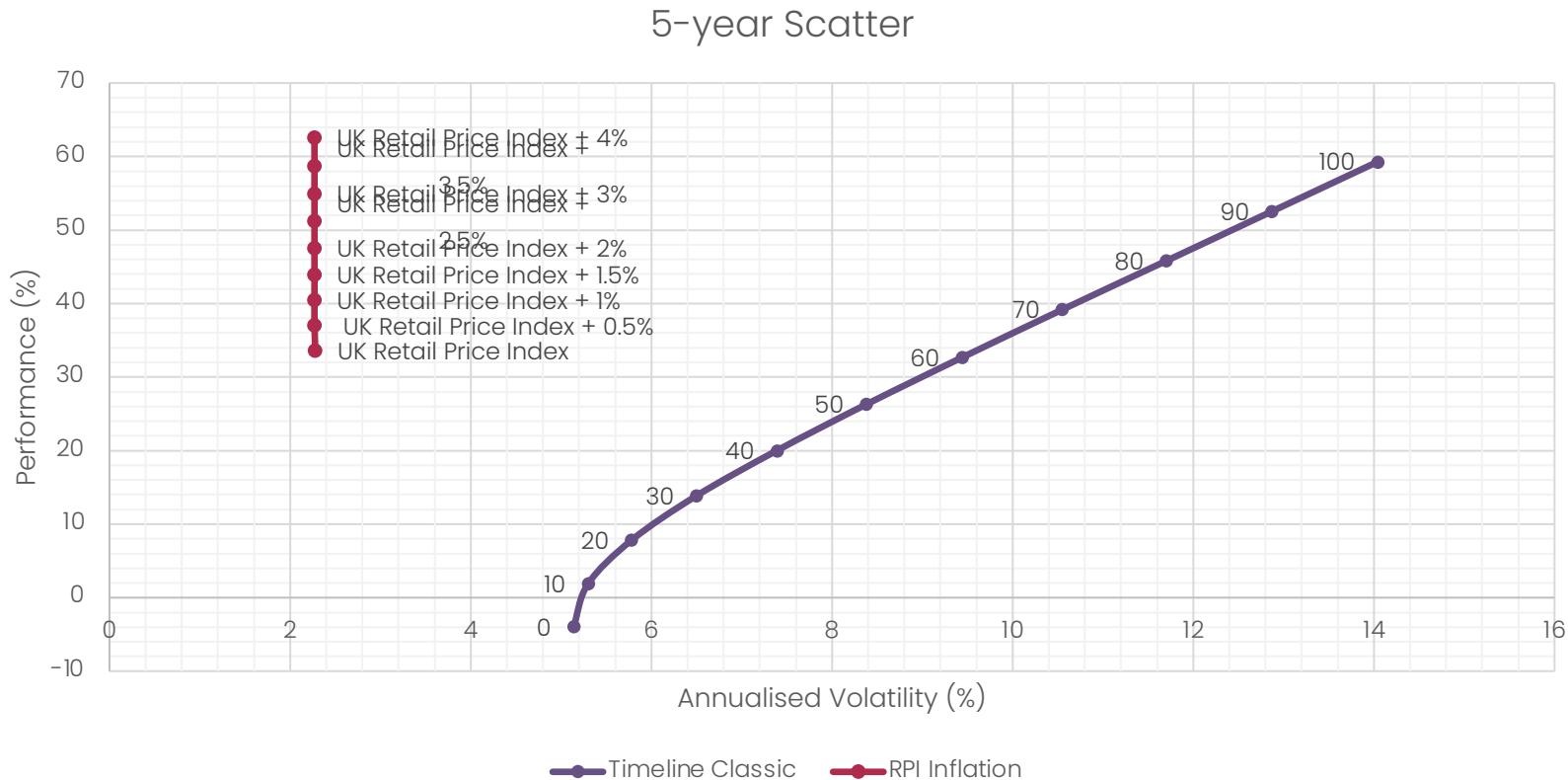
The following table includes benchmarking information on the Timeline MPS ranges:

Portfolio	Benchmark	DT Risk
Classic & Classic ESG	RPI	2
Classic & Classic ESG 10	RPI	3
Classic & Classic ESG 20	RPI	3
Classic & Classic ESG 30	RPI +0.5%	4
Classic & Classic ESG 40	RPI +1%	4
Classic & Classic ESG 50	RPI +1.5%	5
Classic & Classic ESG 60	RPI +2%	5
Classic & Classic ESG 70	RPI+2.5%	6
Classic & Classic ESG 80	RPI +3%	7
Classic & Classic ESG 90	RPI +3.5%	7
Classic & Classic ESG 100	RPI +4%	7

Each portfolio's performance will be considered against their benchmark in the following pages.

# Managed Portfolio Service

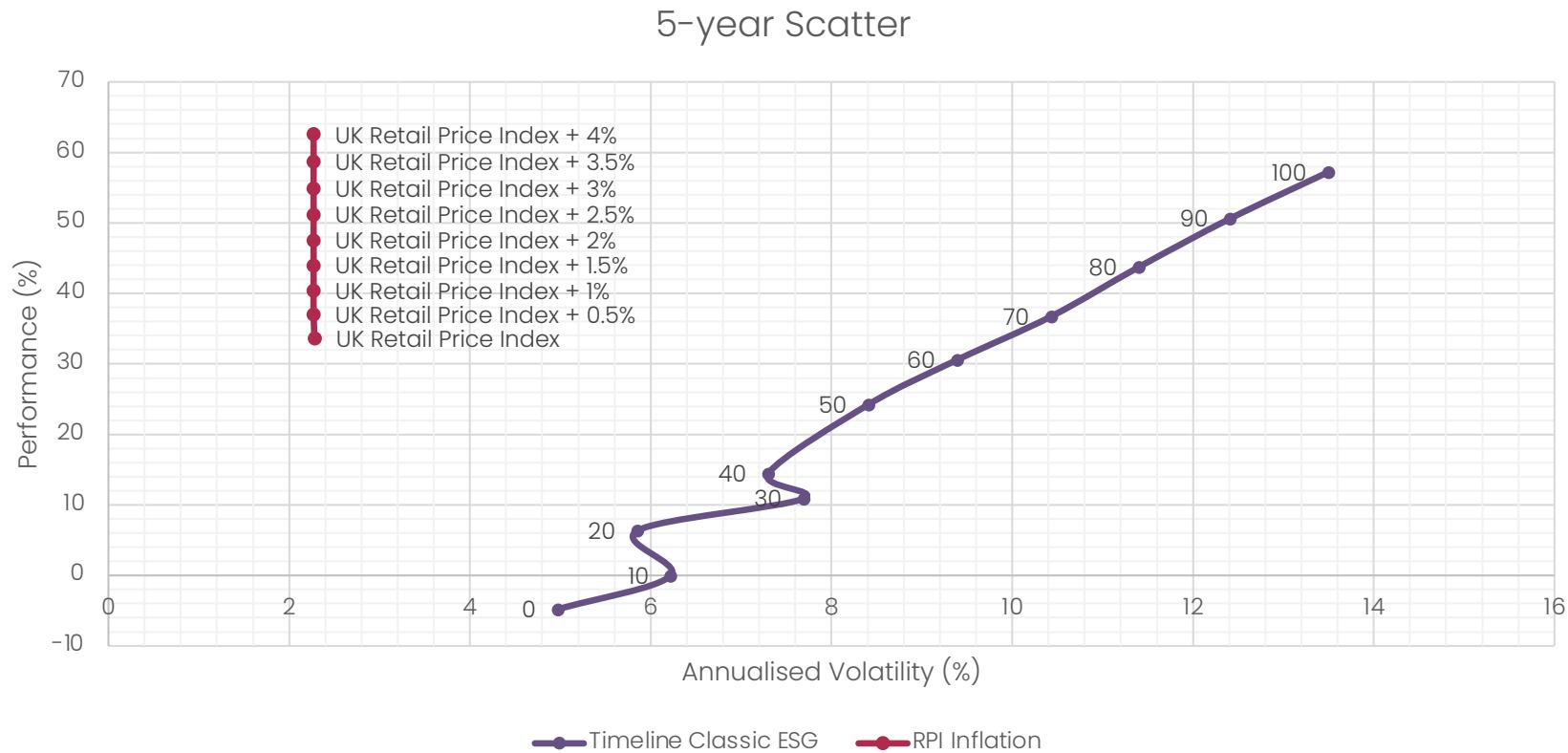
## Timeline Classic – Performance



All portfolios have underperformed against their RPI-based benchmarks, although the tide is turning on inflation with the Bank of England recently announcing it has fallen back to being within their 2% long-term target. The high levels of inflation came about from a combination of high rates of inflation following the Covid pandemic and volatile markets caused by a number of external factors in recent months and years. The risk-return profile remains as we would expect on the efficient frontier chart..

# Managed Portfolio Service

## Timeline Classic ESG – Performance



All portfolios have underperformed against their RPI-based benchmarks, although the tide is turning on inflation with the Bank of England recently announcing it has fallen back to being within their 2% long-term target. The high levels of inflation came about from a combination of high rates of inflation following the Covid pandemic and volatile markets caused by a number of external factors in recent months and years. The risk-return profile remains as we would expect.

# Investment Approach

## Client Segmentation Summary

The solutions covered in this CIP will sit as options for our client segments as per the following summary:



### Pre-Retirement

- Dimensional World Allocation Fund

### Post-Retirement

- Dimensional World Allocation Fund
- Timeline Classic MPS
- Timeline Classic ESG MPS

We will revisit our segmentation overview at the end of this CIP summary with the chosen investment strategies.

# Conclusion

We have researched and selected investment strategies that align with the needs of the client segments we currently work with and expect to attract going forward.

These strategies are provided via our selected platforms only. We will keep all selections under review and provide a formal update on an annual basis.

As an Independent Financial Adviser (IFA) firm, we will always use our independent status to ensure the client accesses both an investment strategy and a platform (if applicable) appropriate to their needs.

We will consider bespoke whole of market solutions, including insured pensions and esoteric investments, if options outlined in this document are not suitable.

**Our CIP will be reviewed annually.**