



Due Diligence: Information and Independent Research for Financial Advisers

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Introduction to DFM

Due Diligence

The FCA's thematic review of the due diligence processes carried out by advisory firms on the products and services they recommend to clients highlighted the importance of a consistent approach.

[View the FCA Thematic Review 16/1](#)

A robust process is driven by a uniform and consistent analysis of all elements of a discretionary fund manager's (DFM) service and business. We believe this is best achieved using independent third-party sources to create a level playing field for researching DFMs.

Due Diligence Research Framework

To support your due diligence process, we suggest a framework for analysis with four core areas shown opposite. Within each area we share a range of assessments of WIM and our approach, importantly carried out by independent third parties.

This will contribute to a robust and repeatable approach to creating an appropriate shortlist of DFMs.



Information pertaining to our approach to responsible investment and ESG is available [here](#)

Due Diligence Research Framework



Research and due diligence (R&DD) is a key area for the FCA. This is because the process is crucial to ensuring clients receive suitable advice. From a regulatory perspective, R&DD has become even more important with the introduction of MiFID II and PROD.

The FCA has also said in the past that independent R&DD is a good practice approach so it is good to see documents such as this that bring together sources of independent information to help advisers undertake their R&DD obligations.

Rory Percival, former technical specialist at the FCA

Independent Research Providers



Arc Research Limited

ARC provides investment consulting, manager research and performance reporting to private clients, charities, family offices, professional trustees and their trusted advisers. ARC has an extensive research capability designed to assist investors and their professional advisers in making informed investment decisions. The central aim of this research function is to place performance into perspective.

 [View website](#)



Defaqto

Defaqto is a financial information and ratings business. It provides unbiased fund and product information provided as Star, Diamond and Service Ratings as well as software solutions for consumers, financial institutions and financial advisers.

 [View website](#)



Dynamic Planner

Dynamic Planner enables advice firms to match people with suitable portfolios. Founded in 2003, it is an end-to-end, risk-based system, using a single definition of risk to ensure nothing is lost in translation in the planning and advice process.

 [View website](#)



eValue

eValue delivers engaging financial planning software solutions and award-winning investment solutions, powered by a proprietary stochastic asset model.

 [View website](#)

Independent Research Providers

Continued...

Oxford Risk

Oxford Risk

Oxford Risk was founded in 2002 by leading behaviour scientists at Oxford University and are recognised experts in behavioural profiling, financial wellbeing and client suitability.

 [View website](#)



RSMR

RSMR provides research and analysis to firms working across the UK's personal financial services marketplace. RSMR provides specialist research, analysis and support to a diverse range of financial advisers and planners helping them to deliver sound advice to their clients backed by rigorous and structured research and due diligence.

 [View website](#)



Synaptic Risk

Synaptic has been a leading provider of research tools for advisers for over 20 years, enabling advisers to streamline their advice and evidence their expertise to customers.

 [View website](#)



AKG

Synonymous with Financial Strength, AKG has specialised in the provision of assessment, ratings, information and market assistance for over 30 years. As the market has evolved over this period, the range of entities considered by AKG has expanded. AKG has a wide range of skill sets within its operations. This includes accounting, actuarial, corporate finance, IT and market intelligence experience, to deliver a wide range of appropriate professional capability. Today AKG's core purpose is in the provision of financial analysis and review services and in the delivery of key value added financial information to support the wider financial services sector and its customers.

 [View website](#)



Analysis by

defaqto

1. Investment Solutions



Identifying the solutions applicable to your clients

It can be an onerous task to find out which DFMs offer specific services that meet the needs of your clients.

The Defaqto DFM proposition summary shows which firms offer bespoke portfolios, managed portfolio services (either direct custody or via platform) and multi-asset funds. This will help you to fulfil the FCAs suggestion of segmenting clients according to their requirements.

For example, although a platform-based MPS solution may be appropriate for the core of your clients, some will require a more bespoke solution. If you know your clients require a bespoke solution or a platform MPS solution, you can immediately filter out all those firms who do not offer the relevant service.

We also include the Defaqto platform availability summary, vital for consistency of approach across clients segments.



Document Library

Third-party research



Defaqto DFM proposition summary



Defaqto platform availability summary



Analysis by



defaqto



Oxford Risk

2. Performance and Risk



Performance analysis and peer group comparison

Investors want to know that the performance of their DFM can be verified and monitored independently.

Transparency around performance metrics and a clear and robust risk framework are of fundamental importance to ensure advisers can make recommendations designed to achieve the best possible outcome for their clients.

Here we have included a range of independent sources which can be used to assess W1M's performance, including the Asset Risk Consultants' (ARC) Private Client Indices (PCI) report.

The PCI is a peer group comparison tool, based on real performance numbers provided by over seventy investment houses.

Further information

Up-to-date individual reports on W1M (Waverton) MPS, bespoke portfolios and multi-asset funds from; Defaqto, Dynamic Planner, eValue, Oxford Risk and Synaptic are available on request from advisersolutions@w1m.com



Document Library

Third-party research



ARC PCI report



FE Analytics (login required)

W1M documents



W1M (Waverton) MPS overview including risk profiling information



MPS on Platform factsheets



Analysis by



3. Financial Strength



Assessing the financial strength of your DFM

Financial Strength is focused on the ability of a company to deliver ongoing operational capability in the interest of its customers and in line with their fairly held expectations. AKG’s perspective in the assessment of financial strength is wholly that of a customer of a product or service.

From that foundation, this analysis is specifically designed to inform financial advisers and assist in their required understanding of a company’s operational financial strength.

W1M rating

AKG’s ‘B’ (‘Strong’) rating reflects a business that demonstrates solid fundamentals across a wide range of financial and operational metrics. A company awarded a ‘B’ rating shows:

- Commendable performance across the areas assessed, underpinned by robust governance and risk management frameworks
- Strong market positioning, enabling it to maintain and develop its presence in a competitive environment
- A platform for continued growth and stability within its sector

It is important to note that a ‘B’ (‘Strong’) rating represents a positive assessment of financial strength within AKG’s rigorous rating framework. It indicates that AKG has no underlying concerns about the company’s ability to continue meeting its obligations and to support advisers and clients with their fairly held expectations.

In the context of recent challenges and some business failures within the DFM sector, a ‘B’ (‘Strong’) rating compares favourably and signals a level of resilience and prudence that sets W1M apart from some peers.

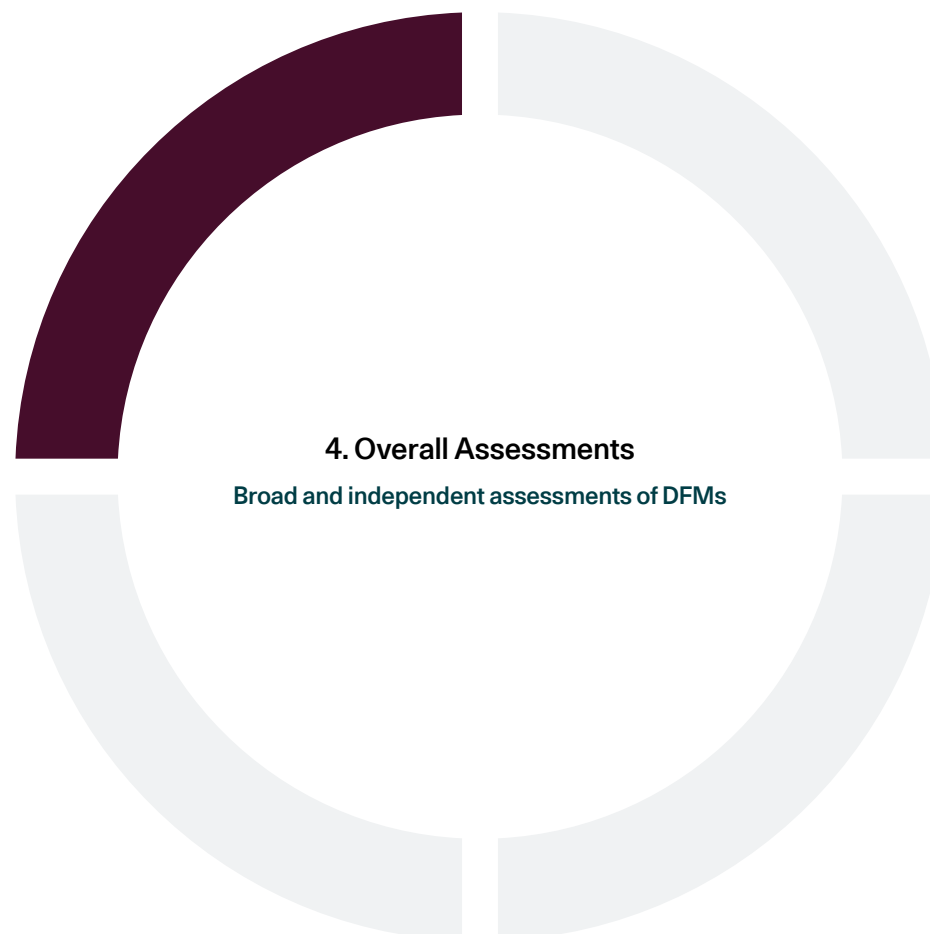


Document Library

Third-party research



AKG assessment report



Analysis by



4. Overall Assessments



In addition to the specific areas detailed in section one to three, there are also several broader independent ratings which seek to bring these factors together. RSMR and Defaqto provide DFM ratings with accompanying documentation of their reviews. Suggestus, supplied by ARC, also provides the ARC due diligence questionnaire which covers the DFM as a whole.



Document Library

Third-party research



RSMR profile



RSMR factsheet



[ARC due diligence questionnaire](#)

Defaqto star rating reports



MPS Portfolios Direct



MPS Portfolios Platform



Bespoke Portfolios

W1M documents



W1M due diligence questionnaire

Summary Checklist



The documents provided in this pack will help support a robust and repeatable approach to creating an appropriate shortlist of DFMs either for a Centralised Investment Proposition or an individual client recommendation.

We recognise that you will of course want to follow-up with further detailed DDQ requests or in-person meetings for specific areas you may wish to cover. We would be delighted to provide as much information as required and discuss how we can support you and your clients in more detail.

Document Library



1. Investment Solutions

Third-party research



-  Defaqto DFM proposition summary
-  Defaqto platform availability summary


2. Performance and Risk

Third-party research

-  ARC PCI report
-  FE Analytics (login required)


W1M documents

-  W1M MPS overview including risk profiling information
-  MPS on Platform factsheets

 Information pertaining to our approach to responsible investment and ESG is available here: [Waverton responsible investment and ESG due diligence information for financial advisers](#)




3. Financial Strength

Third-party research




-  AKG assessment report

4. Overall Assessments



Third-party research

-  RSMR profile
-  RSMR factsheet
-  ARC due diligence questionnaire

Defaqto star rating reports

-  MPS Portfolios Direct
-  MPS Portfolios Platform
-  Bespoke Portfolios

W1M documents

-  W1M due diligence questionnaire
-  W1M Report and Accounts

Further information

Get in touch

To request our detailed DDQ or if we can be of further assistance, please contact us:

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 w1m.com

Important Information

Past performance is not a reliable indicator of future results. The value of investments and the income derived from them may rise as well as fall, and investors may not get back the amount originally invested. Capital security is not guaranteed.

This material is provided for informational purposes only and does not constitute investment advice or a recommendation. It should not be considered an offer to buy or sell any financial instrument or security. Any investment should be made based on a full understanding of the relevant documentation, including a private placement memorandum or offering documents where applicable.

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