



BROOKS MACDONALD



# Suitability roles

For professional advisers only

Firms that provide investment services to retail clients are required to ensure that the services are suitable. Assessing suitability involves understanding a client's individual investment objectives, risk profile and personal circumstances.

Brooks Macdonald believes that professional advisers and discretionary investment managers have different yet complementary roles with regard to suitability responsibilities, as illustrated in the diagram.

## Demarcation of suitability responsibilities

### PROFESSIONAL ADVISER

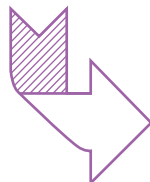
- Identify the need for an investment portfolio as part of the client's overall financial plan.
- Assess and advise the client on their investment objectives, risk profile and capacity for loss on an ongoing basis.
- Research, appoint and monitor a discretionary investment manager.
- Ensure that the client has an adequate understanding of the risks associated with the proposed service.
- Assess the affordability of the discretionary investment management service.

**The professional adviser is responsible for collecting information about the client's financial position, assessing the suitability and advising the client on their investment objectives and risk profile.**

### DISCRETIONARY INVESTMENT MANAGER

- Set the asset allocation strategy and select the appropriate investments.
- Ensure that the investment portfolio is consistent with the client's investment objectives and risk profile.
- Identify, research and monitor investment opportunities.
- Review the asset allocation strategy and underlying investments on an ongoing basis.
- Provide valuation reports.

**The discretionary investment manager is responsible for building and managing an investment portfolio, on a discretionary basis, in accordance with the individual client's investment objectives and risk profile.**



### The client's investment portfolio

The portfolio is constructed using asset allocation and fund selection most appropriate to the client's investment objectives and risk profile.



## Suitability roles

We strongly believe that professional advisers are best placed to undertake suitability assessments

We believe that professional advisers should remain responsible for assessing suitability of advice for their clients. As such, our propositions support professional advisers in promoting their status as trusted advisers. Our responsibility as a discretionary manager is to manage each client's investment portfolio appropriately, given the characteristics of their investment profile, and specifically their investment objectives and risk tolerance.

The value in the professional adviser's role is demonstrated through the provision of overarching advice to help clients achieve their goals and aspirations. This includes both financial advice and suitability assessments, each of which are instrumental in establishing and justifying advisers' annual charge.

We firmly believe that the professional adviser is best placed to take responsibility for assessing suitability when using a discretionary fund manager. This arrangement allows both parties to work together in delivering the best possible service for clients, removing any doubt over each party's role, as well as ownership of the client relationship itself.

### **Important information**

This document is for professional advisers only and should not be relied upon by any persons who do not have professional experience in matters relating to investments.

The value of investments and the income from them may go down as well as up and neither is guaranteed. Investors could get back less than they invested. Past performance is not a reliable indicator of future results.

The information in this document does not constitute advice or a recommendation and investment decisions should not be made on the basis of it.

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