

Product Governance and Approval Process

September 2023

For Professional Clients Only



Marlborough

01. Product Governance and Approval Process

As a manufacturer (and co-manufacturer) and distributor of investment products, Marlborough Investment Management Limited (MIM) is committed to ensuring that it has effective governance and oversight for our design, launch and distribution of products and throughout the whole product lifecycle.

This means ensuring that our products are designed to meet investor needs and that they are distributed accordingly, with processes and controls in place to monitor this on an ongoing basis.

02. Our Product Governance Arrangements

MIM fulfils the role of **manufacturer** (and co-manufacturer) and **distributor** for a range of investment products. In addition to the specific regulatory requirements, MIM must also ensure that its products and distribution methods pay due regard to the **FCA Principles**, the **MiFID II implementing rules** (including but not exclusively those in the **PROD Sourcebook**) and guidance.

Products must be designed to meet investor needs and be distributed accordingly with effective processes and controls in place.

Before we approve a new product, we consider the following:

01. **Product testing** – how would the product have performed in the past and is it capable of achieving its objectives for investors?
02. **Charging structure and value for money** – is the product capable of delivering good value for investors?
03. **Distribution model, target market** – who will the product be targeted at and how will it be distributed?
04. **Complexity of assets and investment strategies** – will the product be complex or simple in nature, will it lead to good investor outcomes and will this be appropriate for the intended target market?
05. **Product suppliers and delegated functions** – will any functions be delegated and will that provider be suitable?

MIM review our products, their target markets and the distribution channels utilised on an ongoing basis.

In summary, the ongoing testing includes the following key considerations:

01. Whether the product remains consistent with the needs, characteristics and objectives of the identified target market.
02. Whether the intended distribution strategy remains appropriate.
03. Whether the product is being distributed to the target market.
04. Whether the product is reaching clients for whose needs, characteristics and objectives are not compatible with the product.
05. Assessing the risk of poor outcomes for end clients.

06. Assessing whether the product delivers value to investors (the Value Assessment).

Any changes that we make to our products must also take into account the above key considerations and the regulatory requirements. Product change is made and approved only when we are satisfied that it meets the ongoing needs of our investors following a full review by our teams and our committees.

Monitoring of our products is undertaken across many areas of our business. Each business area reports its analysis and findings to their designated committee. There are two key committees at MIM who escalate items to the Executive Committee as appropriate. When they meet, the Executive Committee review product information that has been identified and escalated to them through regular monitoring results. Our committees also review and approve new products and product changes, making sure they are within the risk appetite and strategy set by the Board.

The information that is considered includes:

01. New product review and approval
02. Product change review and approval
03. Existing product reviews
04. Assessing value for money
05. Investment objective reviews
06. Where applicable, oversight and due diligence of externally appointed Investment Managers and other third party suppliers
07. Review of performance and returns
08. Review of product outcomes versus peers and any benchmarks
09. Information on investors in our products and how our products are distributed by other firms.

03. Providing Information

Having considered all of the above, when we design and manage our products, we also seek to ensure that we provide suitable information to distributors, in a timely and effective manner so that they know how the product is to be distributed, who it should be distributed to and each product's features and outcomes. We document this in the product literature and share this with distributors via the European MiFID Template.