

## Risk Target Managed

Under FCA guidance, advisers need to demonstrate that their portfolio recommendations remain consistent with the client's agreed risk mandate both initially and ongoing. This service can be very complex, time consuming and increasingly uneconomic to deliver for a wide range of clients post RDR.

The new Risk Target Managed (RTM) service has been launched to help users of Dynamic Planner® to search more quickly for solutions that are committed to staying within its defined risk profiles.

## Our Independent Oversight Service

The Distribution Technology Asset & Risk Modelling Team provides ongoing consultancy and quarterly review services to the RTM asset managers to ensure that the fund/portfolio's *forward-looking* volatility as well as the actual historical results remain consistent with the Dynamic Planner® asset model boundaries.

If necessary, asset managers will be given a quarter's grace period to re-align the portfolio to the agreed Dynamic Planner risk profile boundaries. Should re-alignment not occur within the forthcoming quarter's review period, the fund/portfolio will no longer be positioned within Dynamic Planner as 'RTM' but instead be placed 'Under Review'. When the portfolio is suitably re-aligned, the RTM positioning and badge will be restored.

## Asset Manager Commitments in running an RTM Solution

This new service ensures asset managers deliver, on a 'best endeavours' basis, the following **5 point commitments** so that the Dynamic Planner risk profile allocated will remain unchanged;

From an asset allocation targeting perspective:

- 1) Expected volatility is targeted to stay within the boundaries assigned to each Dynamic Planner risk profile; **and/or**
- 2) Targets the strategic asset allocations for the respective Dynamic Planner risk profile,

Other Risk Management Criteria:

- 3) Offer suitably diversified exposure (either directly or synthetically) to at least 6 asset classes included within the respective Dynamic Planner strategic asset allocations,
- 4) The underlying asset class exposure is managed in a suitably diversified manner,
- 5) Derivative exposure is managed in the main for the purposes of efficient portfolio management whilst use of any other strategies may be considered and accepted/rejected by Distribution Technology.



**FOR PROFESSIONAL ADVISERS ONLY**



### What are the key differences between risk targeted and risk profiled solutions?

The RTM funds/portfolios are explicitly run to stay within the expected Dynamic Planner risk profile boundaries and they are managed to the 5 point ongoing commitment.

Other risk profiled solutions outside of this service, are run to different asset allocation benchmarks or risk budgets. These are defined by the asset manager or a different modelling tool than Dynamic Planner. Therefore the Dynamic Planner assigned risk profile may if necessary change in future.

We recognise there are a wide range of asset management techniques across the market place and we make no judgment that an RTM solution is superior to other risk profiled varieties. Suitability assessment needs to consider other important qualitative research factors and client preferences.

### How do I find the RTM solutions in Dynamic Planner?

We have made the selection very easy via our new enhanced search engine and have allocated a distinct badge for them.



To find out more about Risk Target Managed Solutions please contact us  
0333 6000 500      [sales@distribution-technology.com](mailto:sales@distribution-technology.com)  
[www.distribution-technology.com](http://www.distribution-technology.com)

**FOR PROFESSIONAL ADVISERS ONLY**