

threesixty

December 2024

abrdn Portfolio Solutions Ltd

Assessment report



abrdn Portfolio Solutions Ltd

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Purpose of this assessment report

This report is designed to assist intermediaries in carrying out their due diligence assessment prior to using the services of a discretionary fund manager (DIM), and on the regular review of such arrangements.

It is important to note the aim of the work undertaken by threesixty services LLP (threesixty) is to assess, at a high level, the adequacy of the controls and procedures the firm has established to mitigate the regulatory and business risks arising from the provision of its discretionary management service to intermediaries. The focus of the assessment is to review controls and procedures, and therefore it is only part of the overall assessment that an intermediary should carry out when looking to use the services of a DIM.

Due Diligence: What is it, and why is it so important?

Research and due diligence are seen as one of the pillars of ensuring delivery of good outcomes and advice to clients i.e.

1. Competence: ensuring advisers are competent on the subject of the product or service concerned
2. Research and due diligence: the FCA use these terms to refer to the processes used to assess:
 - a) The nature of the product or service, for example both investment structure and performance
 - b) The risks and benefits
 - c) The provider – to establish whether it is appropriate to entrust the provider with client assets

It is important for intermediary firms to differentiate between the different aspects of research and due diligence.

Research is the initial filter from a range of products or services that potentially meet the requirements that intermediary firms are looking for in relation to a given scenario, in this case a discretionary investment manager. The research stage would identify a number of discretionary investment managers that may meet the intermediary firm's requirements.

Due diligence is the next stage of the assessment process whereby a deeper analysis is conducted by the intermediary firm on the services of the discretionary investment manager identified at the research stage.

This assessment report should form part of an intermediary firm's due diligence process conducted on a discretionary investment manager.

Both research and due diligence form part of a wider range of regulatory requirements including the FCA regulatory principles that 'a firm must conduct its business with due skill, care and diligence' and 'a firm must pay due regard to the interests of its customers and treat them fairly', product governance and suitability, which together, combine to help intermediary firms deliver good client outcomes.

Assessing suitability: where advisers are competent and understand the individual products or service, they should be able to assess for each client if the solution is suitable.

In relation to looking at any services to be provided by a DIM, intermediaries need to understand the above factors in order to assess whether the proposed solution is suitable for their clients.

In early February 2016 the FCA issued its findings following a thematic review into firms' research and due diligence processes ([FCA - TR16/1: Assessing suitability: Research and due diligence of products and services](#)). It has provided some useful pointers for firms on what helps to ensure appropriate research and due diligence processes are in place. The review covered how firms select products, funds, platforms as well as the services of DIMs.

Whilst the FCA's findings are high level comments, the particular references that have relevance to the assessment of discretionary management services are as follows:

1. The key driver of good research and due diligence is a corporate culture of challenge. The FCA commented 'The better firms had either in-built challenge in the process and/or individuals who were knowledgeable, enthusiastic and challenged the firm's approach. Where there was no culture of challenge within the firm, the research and due diligence process showed weaknesses'.
2. The size of a firm is not a barrier to carrying out good research and due diligence.
3. Processes and tools used in research and due diligence will vary depending on the circumstances, and the FCA does not set out specific requirements. The emphasis is on the firm to take reasonable steps to ensure the solutions are suitable for their clients.
4. Research and due diligence need robust systems and controls in order to be effective.

5. Firms need to be structured in their research and due diligence process in order to ensure that information is up to date and challenged adequately.
6. Research and due diligence should be an objective process and 'not a case of retro-fitting due diligence to justify the outcome the firm had already previously decided upon.'

The Due Diligence process

As noted previously the FCA has not set out a defined process for firms to follow when assessing the services of a discretionary fund manager. The approaches taken will vary in different circumstances, and to a large extent are influenced by the type of service the intermediary is seeking from the DIM. It is also possible that the solutions you identify for your clients may involve the services of more than one DIM. However, whether you are seeking to merely refer your clients to a DIM and chose to let them take responsibility for the suitability of advice, or you intend to advise your clients on a model portfolio operated by the DIM, in which you take responsibility for the suitability of advice, the process should encompass the following stages:

1. Define why you need a DIM
2. Set out the key criteria by which you will assess the DIM
3. Identify and list the DIMs that you will research
4. Reduce / filter the list based on your key criteria
5. Gather information – multiple sources and of various types, for example:
 - Companies House / FCA register checks
 - Accounts
 - Website and other internet information
 - 3rd party reports, for example threesixty, ARC
 - Research databases, for example Defaqto
 - DIM's own material – Due diligence packs or brochures
 - A due diligence questionnaire sent to the DIM
6. Meet the shortlist of firms
7. Decide on which one or more DIMs to use – document why and the approval process followed by your firm's senior management
8. Monitor and record performance of the DIM(s)
9. Periodic review of DIM(s) and report findings to senior management

It is important to document each stage of the process so that you are able to demonstrate the process if called upon to do so.

The threesixty assessment: Our methodology

This assessment consisted of a series of remote meetings with the DIM and a review of various documented procedures and papers supplied by the DIM prior during and after the meetings. During the visit our business risk consultant conducts a series of meetings with key management within the DIM from different sectors of the business to allow them to explain in more detail how their firm operates and the controls and procedures that are in place. In general, the assessments involve meetings with senior representatives from Investment Management, Operations, Compliance, Risk Management, HR, Training and Competence and I.T.

On occasions the DIM will inform us that certain documents that we request are not available due to the confidential nature of the information they contain. In cases in which this has occurred we simply note that the document could not be provided due to the confidential nature of the information.

The threesixty assessment: The report format

The report that follows is divided into the various subject headings as follows:

- Corporate governance / systems and control
- Client and referring intermediary arrangements and financial promotions
- Recruitment
- Training & competence
- Discretionary fund management procedures
- Outsourcing
- Financial crime, anti-money laundering, data security, fraud and the Bribery Act
- Complaints
- Business continuity

The aim is that the review of the combination of different areas of the business ensures that all the key aspects of the business are reviewed. In each section our overall focus is to attempt to explain what procedures the DIM firm has put in place to control its business, and to manage the risks so as to ensure good client outcomes can be achieved.

The threesixty assessment: How to use it

As noted above the threesixty report is only part of the information that you will need to gather within the overall due diligence process. In part it aims to provide some independent verification for you that certain key procedures and controls are in place within the DIM. However, it will also hopefully help you to construct further questions that you may wish to ask the DIM during the due diligence process.

Assessment report

threesixty has only reviewed those documents made available on our review. We have not investigated their efficacy and practical use. All reasonable precautions have been taken to ensure that the information contained is correct, threesixty services LLP does not accept any responsibility for errors, inaccuracies, omissions or any inconsistencies. This information should not be relied upon by third parties, and should not be considered as an endorsement as to individual suitability of the firm for a financial advisers' clients.

The assessment report does not include any comment on the firm's procedures in respect of holding client money, or assets, in accordance with FCA rules as this is outside the scope of our assessment.

abrdn Portfolio Solutions Ltd : Key details

Firm name	abrdn Portfolio Solutions Ltd
Turnover	£3.6m (for the period to 31 st December 2023)
Funds under management	£2.6bn (as at 31 December 2023)
Contact details	<p>Jim Stacey Head of Investment Sales, Adviser UK abrdn Portfolio Solutions Ltd 1 George Street Edinburgh EH2 2LL Telephone: 0345 279 8880 Email: jim.stacey@abrdn.com</p>
Useful links	www.abrdn.com



ARC performance is available for abrdn Portfolio Solutions Ltd upon application.

abrdn Portfolio Solutions Ltd are happy to provide potential and existing supporting IFAs with its ARC performance data upon application and as appropriate. To request this information, please contact Jim Stacey, Head of Investment Sales, Adviser UK, on 0345 279 8880 or by email: jim.stacey@abrdn.com

Assessment findings

A. Corporate governance and systems & controls

This section explains how the business is structured and managed. It seeks to explain the key procedures that control the risks within the overall business.

Review findings

1. abrdn Portfolio Solutions Ltd is a wholly owned subsidiary of Standard Life Savings Limited, whose parent company is abrdn PLC ('the Group') which is the enlarged business formed by the merger of Standard Life PLC and Aberdeen Asset Management PLC that was finalised in August 2017. In July 2021 Standard Life Aberdeen PLC was rebranded to abrdn plc and in September 2021 Aberdeen Standard Capital Ltd changed its name to abrdn Capital Ltd.
2. In April 2023 the abrdn Capital Ltd bespoke discretionary business was sold to LGT Wealth with the remaining MPS discretionary business transferred to Cumberland Place Financial Management Ltd which was subsequently re-named abrdn Portfolio Solutions Ltd (aPSL) and is the provider of MPS solutions by the abrdn Group.
3. The Group, of which aPSL is a part, has a governance framework for monitoring and overseeing the strategy, conduct of business standards and operations of the businesses within the Group. The Group's system of governance is a framework of policies, controls and practices aimed at meeting the requirements of sound risk-based management.
4. The Group provides considerable detail on its approach to governance and risk management which can be accessed within various documents located on the 'About abrdn' section of the company's website: www.abrdn.com. This includes a detailed explanation of the Group's approach to governance and risk management, which is set out within the Governance report contained within the report and accounts for abrdn PLC to 31st December 2023.
5. The governance framework sets out the way in which the Group manages its businesses via the Board and various sub-committees. The permanent Board sub- committees are the:
 - Audit Committee
 - Risk and Capital Committee
 - Remuneration Committee
 - Nomination and Governance Committee
6. The roles and responsibilities of the Board, its various sub-committees, matters reserved for Board decisions, and key Group policies in relation to governance are outlined in a Board Charter document which can be accessed on the 'About us – Governance' section of the Group's website: www.abrdn.com. The Board Charter is reviewed and approved annually by the Audit Committee.
7. The Group operates a three-lines of defence model for risk management which sets out the defined roles and responsibilities of the various committees and individuals. This system is made up of the following:

First Line

Day-to-day risk management, including identification and mitigation of risk and maintaining appropriate controls is delegated from the Board through a system of delegated authorities and limits, to business managers.

Second Line

Risk oversight is provided by the Group Chief Risk Officer and supported by the specialist Risk and

Compliance function across the Group. This includes the abrdn Enterprise Risk Management Committee (abrdn ERMC) with reporting to the abrdn Risk and Capital Committee (abrdn RCC). The majority of the abrdn ERMC are senior first line representatives. Independent oversight is provided by the non-executive Directors on the abrdn RCC.

Third Line

Independent verification of the adequacy and effectiveness of the internal risk and control management systems is provided by the Group Internal Audit function. This operates independently from all other operational functions and reports to the Audit Committee.

8. aPSL is governed by a Board comprising three Executive Directors, the Board's responsibilities are governed by the firms Articles of Association. The Board meets on a quarterly basis.
9. aPSL is an 'enhanced' firm under the Senior Managers & Certification Regime and a non-SNI under the Investment Firm Prudential Regime.
10. The Board is supported by the Advisor Growth Forum, which comprises aPSL senior management and representatives from Group functions including finance and compliance. The Advisor Growth Forum is governed by a terms of reference which was provided to threesixty as part of the assessment and meets monthly.
11. There is also an Adviser Executive Growth Meeting which is responsible for the review and oversight of the abrdn Adviser Business which includes aPSL. Attendees include both Group and aPSL representatives, a copy of the Meetings terms of reference dated March 2024 were provided to threesixty.
12. There is also the monthly Investment Oversight Group (IOG) meeting which is focused on oversight of the aPSL investment philosophy, process and investment risk. A copy of the terms of reference of the IOG were provided to threesixty as part of the assessment.
13. The Group uses an Enterprise Risk Management Framework (ERMF). This approach aims to integrate the concepts of strategic management, operational management and internal control. The ERMF incorporates consideration of various elements such as, risk culture, risk and control processes, strategic risk management, risk and capital models and emerging risks. The overall system of governance and ERMF is continuing to evolve with oversight provided by the Risk and Capital Committee. The Committee reports to the Board in respect the ERMF.
14. Being part of the Group aPSL is subject to the ERMF framework. aPSL does not have its own risk register however it is subject to the risk register applied as part of the abrdn Adviser Business within the Group.
15. There is an Advisor Control Forum in place for the abrdn Adviser Business whose representatives include senior management, the Forum is responsible for oversight of risks across the abrdn Adviser Business including any risks relating to aPSL.
16. aPSL is included within the Risk Control Self Assessments (RCSA) system programme which is recorded on the Shield system. Responsibility for risk assessments and appropriate responses and completion of the RCSAs lies with the business unit managers and their RCSA owners. At the date of the assessment threesixty was advised the RCSA for aPSL was under review.
17. Details of how the risk framework applies to aPSL as part of the Group is detailed in the report and accounts for aPSL which are available at Companies House.
18. The scope of activities of the Internal Audit function can be seen from Audit Committee's Report within the Group report and accounts. threesixty were advised aPSL would be included in any Group thematic internal audits depending on the scope of the audit.
19. The Group Compliance Monitoring and Oversight team conducts compliance monitoring of the aPSL business depending on the scope of the monitoring activity. The monitoring plan is conducted on an

annual basis using a risk-based approach having considered regulatory priorities and input from stakeholders. The plan is approved by the Group Chief Risk Officer and notified to the Group Audit Committee and the Risk and Capital Committee.

20. aPSL receives compliance support from the Group Regulatory Risk & Compliance Team whose role is to assist aPSL in ensuring it meets its compliance requirements including regulatory change.
21. A risk and compliance report is provided at each aPSL Board meeting. A copy of a recent risk and compliance report was provided to threesixty as part of the assessment.
22. An ICARA is performed at a Group level with capital and liquidity allocated to subsidiaries including aPSL as appropriate. According to the aPSL IFPR disclosures the results of the Group's ICARA process are subject to periodic review by the FCA under the Supervisory Review and Evaluation Process.
23. aPSL have produced IFPR disclosures as at 31 December 2023. There are separate Risk Management Disclosures for MIFIDPRU firms which includes aPSL and a Group Remuneration Disclosure.
24. There is a Group Conflicts of Interest Policy in place dated January 2024 which is available on the firm's website www.abrdn.com and which is applicable to aPSL. The Group use a conflicts management system called My Compliance Office on which personal conflicts of interest and outside business interests are recorded and need to be approved by both the employee's line manager and abrdn Group Compliance. All staff are required to report any conflicts and additionally attest that any new conflicts or outside business interests have been reported in the period.
25. A Group Conflicts Forum is in place which reviews conflicts of interest and conduct issues.
26. A Group conflicts of interest register is in place. Conflict scenarios relating to aPSL are reviewed and approved annually by the Adviser Control Forum, personal conflicts are reported separately. Training is provided to employees on conflict of interest on an annual basis.
27. There is a Conduct & Consumer Duty Forum at the abrdn Adviser Business level which includes representatives from aPSL including the MPS Head of Operations, the forum includes a review of conflicts of interest across the abrdn Adviser Business.
28. The Group HR Regulation team assist with the SM&CR requirements for aPSL including any Form As, the certification process and annual attestations.
29. The Group has in place a Global Code of Conduct ('Doing the Right Thing'), originally issued in December 2014, and updated annually. The latest version can be found in the 'About abrdn' section of the company's website: www.abrdn.com. Along with this there are a range of detailed policies to ensure that all business units including aPSL operate effectively and to a high level of ethical standards.
30. The Global Code of Conduct ('Doing the Right Thing'), ('the Code') sets out the general principles on a range of issues to provide a framework for demonstrating the ethical standards of the business. All staff receive training on the Code and are required to attest to their understanding of the requirements on an annual basis. All staff are required to:
 - act with integrity
 - act with due skill, care and diligence
 - be open and cooperative with our regulators
 - pay due regard to the interests of customers and clients and treat them fairly
 - observe proper standards of market conduct
 - act to deliver good outcomes for retail customers
31. aPSL is subject to the Group policy framework although there are firm specific policies such as Order Execution.

32. threesixty was advised aPSL as a subsidiary of abrdn plc is covered by the Group Professional Indemnity & Crime policy, details of the coverage were provided to threesixty.
33. Within the abrdn Group there is a Group Proposition Team which is leveraged by aPSL. The team is responsible for ensuring the firm's existing products and services remain fit for purpose as well assisting the business enhance its proposition. Product governance plays a key role in the team's remit, the team undertakes an annual review of all its products and services. All changes to the firm's products and services are governed by the abrdn Group Product & Services Policy and the Group Proposition & Governance Framework which aPSL is subject to.
34. Annual reviews of the aPSL MPS range are conducted which are reviewed by the Advisor Growth Forum and the aPSL Board.
35. threesixty was advised that Consumer Duty information is provided at each aPSL Board meeting. The first Governing Board Assessment Report was reviewed at the July Board meeting.

threesixty were not provided with access of meeting minutes but were provided with copies of the terms of reference for key committees including the Advisor Growth Forum and based on conversations with representatives from aPSL it is evident aPSL is overseen by its own board as well as the Group as part of its corporate governance framework.

aPSL is subject to Group systems and controls including risk management and the policy framework, details of which were provided to threesixty during the assessment process.

B. Client and referring / introducing intermediary arrangements and financial promotions

This section looks at how the DIM deals with clients and what are the legal and procedural arrangements with introducing intermediaries. It looks at the contracts and on boarding procedure and what checks they will do on the intermediary business. It seeks to identify whether or not the process, and the responsibilities of all parties are clear.

This section also looks at how the DIM markets itself, and what controls it has to ensure that promotions are fair, clear and not misleading.

Review findings

1. aPSL offers a Managed Portfolio Service (MPS) to intermediaries and their underlying clients. The firms MPS range is outlined below:
 - abrdn MPS, five risk-aligned multi-asset models, providing both hybrid, active and passive options
 - abrdn Index MPS, five risk-aligned multi-asset models, using an index tracking approach
 - abrdn Sustainable MPS, offering five risk-aligned multi-asset models across blended styles and strategies with ESG, Stewardship and income themes
 - abrdn Sustainable Index MPS, offering five risk-aligned multi-asset models using an index tracking approach with ESG, Stewardship and exclusion themes

Full details of the MPS ranges can be found on the firm's website.

2. The aPSL MPS range can be accessed via the following platform, abrdn Wrap, abrdn Elevate, Novia, Transact, AVIVA, Fidelity, Quilter, Transact and AEGON.
3. aPSL provides all model portfolio services to intermediaries on an 'agent as client' basis. Under this arrangement, aPSL will not have any contact with the end investor. Each intermediary is required to sign an 'Adviser Terms of Business for Advisers Investing via Platforms Agreement'. A copy of the latest version of the Adviser Terms of Business dated May 2024 was provided to threesixty as part of the assessment.
4. Details of the intermediaries responsibilities are stated in Clause 3 of the Adviser Terms of Business, these include responsibility for:
 - 'Know Your Client' checks
 - Suitability of the MPS service
 - Explaining to underlying clients the respective responsibilities of aPSL and the intermediary
 - Disclosure of all fees and charges
5. The aPSL website at www.abrdn.com has a section for intermediaries which includes details of its MPS range along with a raft of supporting information and documents including a Consumer Duty Toolkit which includes Support Guides, Assessments of Value and Target Market Statements.
6. aPSL also offers a Tailored Managed Portfolio Service where they work with intermediaries to tailor a portfolio solution to the specific needs and objectives of the intermediary's clients.
7. Details of the aPSL service can be found on DD Hub. threesixty was advised the firm is in the process of drafting a Due Diligence questionnaire to be used with intermediaries.
8. Initial due diligence is conducted on new intermediary firms using the MPS services. This includes a review of the firms details on the FCA register and Companies House and screens individuals using

Worldcheck and for the firm itself using Moodys, details are then passed to the Operations team to provide access to the MPS range on the relevant platform.

9. threesixty was advised that the firms ongoing due diligence of intermediary's were being developed which involves the business development team, compliance and operations team.

From a review of the Terms of Business used by intermediaries the roles and responsibilities of both parties are clearly defined.

Financial promotions

The aPSL marketing team sit within the Advisor business at abrdn.

A system called Aprimo is used to review, sign off and audit the process in the production of financial promotions. The process requires all financial promotions to be approved by stakeholders within the business including technical departments and compliance.

aPSL appear to have appropriate procedures in place for the review and approval of financial promotions that are issued to clients and intermediaries.

C. Recruitment

This section aims to illustrate what procedures the DIM has in place to ensure that staff it employs are fit and proper. It looks at how the recruitment process works, and how staff are inducted into the business to ensure that they are aware of company procedures.

It will also look at remuneration policies to see if these have been clearly defined.

Review findings

The recruitment process for aPSL leverages the Group processes and procedures. Aspects of the recruitment process are documented in the Careers section of the Group website.

The recruitment process includes:

1. For each position in the Group a role profile is created that sets out a brief description of the role together with criteria such as key responsibilities, required experience, skills and qualifications.
2. Once the sourcing methodology has been defined and candidates identified competency-based interview process is followed during which questions are asked to determine a candidate's suitability. The number of interviews depends on the role, for certain roles there would typically be two interviews, for other roles such as investment management there are more interviews. Once an offer of employment has been accepted the Group conducts background checks obtaining employment references covering the last 5 years of employment, or 10 years if it is for a regulated role, are conducted and each candidate is required to provide evidence of their relevant qualifications attained.
3. At the point of recruitment criminal record checks, credit and Directorship checks are carried out on Senior Managers / Certification Staff using Experian. Following that, all Senior Managers / Certification Staff must complete an annual Fitness and Propriety self-assessment questionnaire ensuring that any changes in their circumstances are flagged. Qualifications are checked by a direct approach to the individual's professional body to verify their qualifications and membership. On a rolling three-year basis individual subject to SM&CR undertake a vetting process. Details of the Group recruitment process are available on the Group website.
4. abrdn plc is ultimately responsible for setting remuneration policy. aPSL is subject to the Group Remuneration Policy which is approved by the Group Remuneration Committee. Details of Group remuneration can be found in in the 'About abrdn' section of the Group's website: www.abrdn.com. Their stated principles include the following:
 - Remuneration within the Group is simple, transparent and fair
 - The policy supports the firms long term strategy by reinforcing a performance-driven culture. It aligns the interests of employees, shareholders and importantly its client / customers.
 - Remuneration policies, procedures and practices promote good conduct, including sound and effective risk management and do not encourage risk taking that exceeds the level of tolerated risk appetite.
 - Total remuneration delivered is affordable for the Group.
5. Employee remuneration within aPSL is composed principally of fixed and variable elements of remuneration as follows:
 - Fixed remuneration:**
 - Base salary
 - Benefits (focus on employee wellbeing and provision for retirement)

Variable remuneration:

- Certain employees may be awarded a discretionary Company Bonus to recognise their long-term contribution to the company. Awards are based on the firm's performance, the employee's contribution to the firm's performance and the employee's position compared to the market.

Ratios of fixed to variable remuneration will be set so as to ensure that fixed and variable components of total remuneration are balanced as well as compliant with regulatory guidance, as appropriate. As such, the fixed component is a sufficiently high proportion of total remuneration to allow the Group to operate a fully flexible policy on variable remuneration components including the option of not paying a variable remuneration component.

6. Details of aPSL remuneration policy and practices can be found in the firm's IFPR Disclosures dated 31 December 2023 as well as in the Group Remuneration Disclosures for MIFIDPRU Investment Firms dated March 2024 which can be found on the Group website.
7. At Group level there is a Diversity Equity & Inclusion (DEI) report which provides details of its DEI framework. Within the report are details of the Group Gender Pay report.

aPSL is subject to Group recruitment policies and procedures. An overview of those policies and procedures were provided to threesixty as part of the assessment. A detailed assessment of those policies and procedures was not undertaken as part of the review.

Details of the firm's remuneration systems and controls is accessible from the public disclosures on the Group website which outline how the Group firms meet their regulatory requirements.

D. Training & competence (T&C)

This section looks at how the DIM sets out its training and competence regime, and reviews what processes are in place to train, assess and monitor staff and investment managers in particular in their role of dealing with clients introduced from intermediaries.

Review findings

Staff training records form part of the employee records and are therefore confidential and were not provided for review. However, details of the processes used were provided. The processes include:

1. All aPSL employees are required to complete mandatory Computer Based Training each month throughout the year which is monitored to ensure completion. Training includes modules on Conflicts of Interest, Fraud and Anti-Money Laundering.
2. The main initial T&C assessment activity for an Investment Manager on joining is conducted by the individual's T&C Supervisor who is the Head of Investment and in line with the set competency requirements as agreed with the Group HR Regulation Team and is documented in a T&C form for new joiners, it is the T&C supervisor's responsibility to ensure the competencies have been met. The HR Regulation Team also ensure the individual has the FCA required qualifications and provide them with key regulatory information and are responsible for the certification process and updating the FCA register. The induction programme is tailored to the needs of each individual and Supervisors sign off when competency has been achieved.
3. As part of the induction and T&C sign-off process for any member of the Investment Team each new joiner is required to gain an understanding of the firm's investment proposition. Their understanding of the investment proposition is tested by the aPSL Head of Investment before being signed off. Day to day oversight of Investment Managers is carried out by their T&C Supervisor.
4. For individuals subject to SM&CR there is induction training provided which outline the individual's obligations and responsibilities. All new employees are required to complete mandatory computer-based training within four weeks of joining.
5. Investment Managers are required to undertake a minimum of 35 hours of CPD which is logged on the CISI system, this is in addition to the mandatory CPD all employees are required to undertake.
6. T&C information for Investment Managers is collated monthly and reviewed by the relevant individual and the Head of Investment in a monthly meeting. The Head of Investment is responsible for certifying their direct reports.
7. Half yearly performance reviews are an expected requirement, and an annual appraisal / competence assessment is a minimum benchmark that is applied for each Investment Manager.
8. The Workday system is used to record the annual attestation of fitness and propriety and competence. The system is used by employees to record training and development throughout the year which is reviewed and authorised by the employee's line manager. As part of this process, the employee's line manager will review their CPD evidence which must meet minimum standards.
9. Records are maintained of approvals of competency, Key Performance Indicators (KPIs), evidence of observations by line managers, file review scores, one to one meetings, annual appraisals and development plans.
10. Whilst most T&C records are maintained on the firm's internal systems, details of CPD undertaken by Investment staff is logged on to the systems of the relevant professional body.

Based on discussions with the Head of Investments there appears to be a suitable framework for the induction and ongoing monitoring and supervision of the firm's Investment Managers and other staff.

E. Discretionary management procedures

This section looks at the procedures and controls the DIM has put in place to carry out the DIM service. It aims to assess how they arrive at decisions when managing portfolios, and how do they record and monitor the process. It looks at the structure of the process including the firm's investment philosophy, investment committees, research, how decisions are implemented and the controls in place to minimise the risk of errors and loss to clients.

Review findings

1. The aPSL Investment philosophy and process is overseen by the Investment Oversight Group (IOG) which has a terms of reference dated July 2023 which were provided to threesixty. Meetings are held monthly with a set agenda and minutes are produced and circulated. Meetings may be called more frequently in the event that market conditions dictate that this would be appropriate. Copies of an IOG agenda and minutes were shared with threesixty.
2. The IOG is composed of senior members of the aPSL, it includes the Managing Director, Head of Investment, Compliance Technical Manager, Senior Conduct & Control Partner and MPS Operations Manager.
3. The IOG reviews the aPSL strategic asset allocation on a six-monthly basis with changes typically made annually, aPSL uses input from the Group Re-Optimisation process and receives input from the abrdn Group Modelling Analyst Team.
4. Tactical asset allocation is monitored on an on-going basis, the aPSL investment team receive input from the Group Asset Allocation and Research Teams.
5. On a rolling six monthly basis the IOG conducts a deep dive into one of the service propositions where there is a review of its performance, risk metrics to ensure it has performed in line with expectations and is delivering the required outcomes for clients. In addition, there is a monthly review of all MPS ranges against peer groups and ARC.
6. If required, the escalation for IOG matters would be to the Advisor Control Forum. If there are wider issues, they would be reported to the Adviser Growth Forum. The IOG incorporates the following policies when undertaking its activities:
 - a. aPSL Permissible Investments Universe
 - b. aPSL Order Execution Policy
 - c. Global Investment Governance Policy
7. Every quarter there is a Group Global Investment Group meeting where market views are debated and challenged. Output from these meetings is shared across the Group including with the aPSL investment team.
8. The firm's investment philosophy is focused on providing consistent returns to meet client goals. aPSL invests in both active and passive funds to achieve portfolio investment objectives.
9. aPSL work closely with the Group Fund Selection Team. The Group Fund Selection team has an approved fund list which is utilised by a number of investment teams across the Group including the aPSL investment team.
10. All funds are reviewed by the aPSL investment team on a weekly basis to ensure they are performing as expected, any issues are reviewed and addressed.
11. Environmental, Social and Governance (ESG) factors are embedded within the fund selection process. An ESG policy is in place which defines the Group approach.

12. An abrdn Sustainability Council provides a forum to investment professionals within the Group to discuss best practice in relation to ESG / Responsible Investing practices. aPSL consider the use the abrdn Group ESG scorecard as well as Sustainalytics, MSCI ESG Manager and True Cost when assessing ESG analysis.
13. The abrdn Group has been a signatory to the UN Principles for Responsible Investing (PRI) since 2007.
14. Errors in dealing are logged on the Operational Risk management system called Shield and action tracked through to completion by the Group Risk and Compliance Team.
15. aPSL has its own Order Execution Policy, a copy of the policy dated October 2023 was provided to threesixty. The Policy is reviewed and approved by the IOG at least annually.
16. Performance data is based on the abrdn MPS hosted on the abrdn Wrap platform. Data is provided by FE FundInfo and Factset.
17. The Group's approach to the UK Stewardship Code can be found on the abrdn Group website.
18. As aPSL only invests in collective investment schemes it is not a signatory to the Stewardship Code, threesixty was advised aPSL does adhere to the principles and purpose of the Code.

The assessment by threesixty did not include a review of the workings of the IOG. However, it would appear from discussions with the Head of Investment that aPSL have set out a detailed process in order to manage and control the risks of the investment services provided to intermediaries and their clients.

F. Outsourcing

This section looks at the extent that a DIM outsources key tasks to 3rd parties, and if it does what processes are in place to monitor this activity and minimise any adverse impact to clients.

This section is not relevant to all firms as not all firms outsource key tasks to 3rd parties.

Review findings

1. The Group has a Procurement, Outsourcing and Third Party Management Policy dated December 2023 which sets out standards for all business units in respect of outsourcing arrangements which aPSL is subject to.
2. The Policy notes the Group retains responsibility for all relevant regulatory and legal requirements in respect of third party management and includes the requirement for the implementation of appropriate governance structures in relation to outsourced arrangements. The policy also states that third party risk is a subset of Operational Risk and is managed in line with the broader risk management framework and risk appetite statement
3. For each third-party / material outsourcing arrangement, an Executive Sponsor, Service Owner and Supplier Relationship Manager are appointed. Where the outsourced services relate to regulated activities, the Executive Sponsor must be a Senior Manager.
4. When selecting a new service provider an RFP exercise is undertaken. Detailed due diligence is undertaken to assess the new service provider, this includes a review of the service providers business continuity, security resilience and information security arrangements.
5. There are service level agreements (SLA's) in place with third parties who provide key services to aPSL.
6. aPSL use two Group platforms and six (external) third party platforms for their MPS service.
7. Quarterly Governance Service meetings are held with each of the six external third party platforms. Meetings are attended by the aPSL Head of Operations, the Compliance Technical Manager and other members of the Operations Team. Details of the meetings are provided to the IOG, Advisor Growth Forum and the Board. Areas covered in service meetings include best execution and periodic reporting.
8. Quarterly meetings are also held with FE and Factset who provide performance data for the aPSL MPS range.

No review of the workings of outsourcing arrangements were carried out as part of the threesixty assessment. However, from details provided by the Head of Operations it appears aPSL have defined procedures and processes for the monitoring of third party / outsourcing arrangements and these are reviewed on an on-going basis to ensure the services provided meet the requirements of aPSL and its clients.

G. Financial crime, anti-money laundering, data security, fraud and the Bribery Act

This looks at how the DIM assesses its risks of being subject to financial crime and how they mitigate the risks by way of business controls and procedures, monitoring, training and reporting.

Review findings

1. There is in place a Group Anti-Financial Crime Policy dated February 2024 which is available to all staff via the Group Policy Framework.
2. The Group's Anti-Bribery & Corruption arrangements are detailed in the Group Anti-Financial Crime Policy, threesixty was advised a separate Anti-Bribery & Corruption policy will be created in 2025.
3. A Group Financial Crime Forum is in place which meets monthly to oversee financial crime matters for the abrdn Adviser Business, the Forum is chaired by the aPSL MLRO.
4. An annual risk assessment is carried out by the Group Anti-Financial Crime Team on aPSL which evaluates the risk of financial crime occurring and is included in the Money Laundering Reporting Officer's report.
5. A Money Laundering Reporting Officer's report is produced annually and provided to the Board. threesixty was advised the last report was for the period ending 31 December 2023. The report was not provided to threesixty due to the confidential nature of the report.
6. All aPSL clients are regulated intermediaries as the firm operates on an 'agent as client' basis and do not contract directly with retail clients. All intermediary clients are risk assessed by the Group Anti-Financial Crime Team and screened as part of the intermediary on-boarding process.
7. Procedures are in place for the recording of any gifts and hospitality received by its employees. All such gifts are registered on an online computer system. There is a Group Gifts & Hospitality Policy dated July 2024 which documents the Group standards and conduct in relation to giving and receiving Gifts & Hospitality.
8. All staff members at aPSL are required to complete mandatory computer-based modules in relation to Financial Crime through the Group My Learning portal on joining the company and at least annually thereafter. Examples of modules are as follows:
 - Fraud Prevention
 - Anti Bribery & Anti-Corruption
 - Anti-Money Laundering
 - Information Security and Cyber Risk Awareness
9. All staff of aPSL must abide by the Group Global Code of Conduct ('Doing the Right Thing') which is another CBT module.
10. threesixty were advised the Group has a Global Cyber Security program focused on confidentiality and integrity of information. Periodic risk assurance reviews of the Group Information Security and Cyber Security are undertaken by an external provider. The Group Board Risk Committee is responsible for oversight of these arrangements.
11. The Group Security, Resilience and Protection Department is responsible for information and cyber security across the abrdn Group. The Global Head of Information Security has overall responsibility, they are supported by the Groups Cyber Security Operations Centre.
12. As with other procedures within aPSL, all staff are provided with training on data protection as part of their induction programme and annual refresher training is also undertaken.

It is aPSL / Group policy not to supply copies of the annual MLRO reports or copies of Group policies. However, an overview of the Group / aPSL arrangements were provided to threesixty by members of the Group Financial Crime team as part of the assessment.

H. Complaints

This looks at how the DIM handles complaints and ensures that they are independently handled and that the process is fair and clear.

Depending on the arrangement the intermediary has with the DIM this may be a case of assessing how the DIM deals with complaints from the intermediaries clients, or if there is no direct relationship with investor clients how would the DIM deal with any potential complaints from the intermediary as a professional client.

Review findings

1. The Group has in place a written complaints policy and procedure.
2. The adviser terms of business provides details of how an adviser would make a complaint via the firms website.
3. As part of the initial induction for new joiners, staff are trained on the internal complaints process and ongoing training is conducted on an annual basis.
4. threesixty was advised that aPSL had not received any client complaints.
5. In relation to any complaint that would be raised in respect of aPSL, the relevant team would pass the complaint to the Group Customer Relations Team to investigate. This approach ensures that a specialist independent team are enlisted to log the details and help resolve the complaint.
6. Any client complaints received in respect of aPSL would be reviewed by the Adviser Control Forum.
7. There is in place a Group Customer Relations Guide to Complaints which summarises the step by step procedures and key processes relating to client complaints.

Based on discussions with member of the Financial Crim Team aPSL appear to have in place appropriate policies and procedures in place in respect of client complaints.

I. Business continuity / disaster recovery

This section looks at the arrangements the DIM has put in place to ensure that if a disaster did occur they could respond quickly, and either maintain their service to clients, or restore the service in an acceptable time frame in order to minimise any risk of loss.

Review findings

1. The aPSL business continuity arrangements are documented in the UK Sales Business Continuity Plan which was provided to threesixty.
2. The UK Sales Business Continuity Plan (BCP) documents the actions to be taken to minimize the impact of a disruptive event for each of the business teams.
3. The Group Business Continuity Plan arrangements are overseen by the Group Operational Resilience Team.
4. The Head of MPS Operations is the nominated Process Owner for aPSL. The roles and responsibilities are documented in the UK Sales BCP. The UK Sales BCP also documents Recovery Strategies, Recovery Priorities and Recovery Actions.
5. threesixty was advised aPSL took part in a BCP test that occurred at the end of 2023 which included testing via its alternative BCP site.
6. aPSL benefits from being part of the wider Group infrastructure. The severity of any BCP incident defines the level of response within the Group, incidents can be at Group PLC level, at UK Major Incident level, at abrdn Adviser Business level or aPSL.
7. The aPSL BCP documentation is stored on the Clearview system and is also accessible for employees via Microsoft Teams.

From discussions with the Head of Operations aPSL are covered under Group arrangements. aPSL are able to leverage the Group infrastructure in respect of both its BCP and disaster recovery arrangements.