

Target Market Statement

atomos SRI model portfolios

The information in this document applies to all atomos SRI model portfolio ranges.

It applies both to models held on atomos' internal platform (Atomos Invest) or external platforms.

Description of product or service

The atomos socially responsible investing (SRI) model portfolios is a range of risk-rated model portfolios, managed on a discretionary basis by Atomos Investments Limited (atomos).

The asset allocation of each model portfolio is designed to deliver a level of risk and reward that is aligned to atomos' proprietary risk profiling process.

Socially responsible investments tend to actively seek out firms which make a positive contribution to society, for example environmental improvements and pollution control whereas ethical investments tend to concentrate on negative criteria to avoid investing in companies involved in areas such as tobacco, alcohol and arms.

The service is **non-complex**. Diversified exposure to global markets is achieved through investing into non-complex, authorised Collective Investment Schemes. Primarily these underlying collectives will be actively managed. The portfolios may invest into Exchange Traded Funds (ETFs) and investment trusts.

The atomos SRI model portfolios have an investment bias away from many of the largest companies, especially oil and mining companies. This is because they don't meet investment criteria of the underlying fund managers held in the SRI portfolios. However, it is important to understand that the SRI model portfolios are not specifically designed to meet any particular set of principles, nor do they have any specific avoidance criteria for investing. The client, with their adviser, must satisfy themselves that these model portfolios meet their own socially responsible requirements.

The portfolios are eligible to be held in an Individual Savings Account (ISA) and a Self Invested Personal Pension (SIPP).

Type of client to whom this product is targeted

The atomos SRI model portfolios are suitable for the following MiFID categories of investor:

| | |
|-----------------------|---|
| Retail client | Y |
| Professional client | Y |
| Eligible counterparty | N |

The atomos SRI portfolio range is targeted at the mass market. The main target market of the portfolios are clients who:

- Are retail investors receiving ongoing advice from a UK-regulated Financial Adviser
- Are UK tax resident and domiciled
- Are seeking a diversified, global portfolio with a socially responsible bias, with a straightforward, multi-manager approach
- Want to delegate investment decision making to a team of professional investment managers
- Are willing to pay higher charges relative to passive investment alternatives

Knowledge and experience

Clients will be introduced via a regulated financial adviser who will discuss their personal and financial situation and their investment requirements. At a minimum, clients will have some financial awareness and the capacity to understand how financial markets operate and the risks and costs of investing.

The portfolios may be recommended to investors with the following knowledge and experience (as per the European MiFID Template (EMT) Investor Knowledge and Experience framework)

| Investor type | Description | Y | N | Neutral |
|-------------------|---|---|---|---------|
| Basic investor | Having the following characteristics: <ul style="list-style-type: none"> • Basic knowledge of relevant financial instruments (a basic investor can make an informed decision based on the regulated and authorised offering documentation or with the help of information provided by the financial adviser). • No financial industry experience, i.e. suited to a first time investor, who has the capacity to understand the characteristics on investing in equity based investment. | ● | | |
| Informed investor | Having one, or more, of the following characteristics: <ul style="list-style-type: none"> • Average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only). • Some financial industry experience. | ● | | |
| Advanced investor | Having one, or more, of the following characteristics: <ul style="list-style-type: none"> • Good knowledge of relevant financial products and transactions. • Financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service. | ● | | |

Financial situation with a focus on the ability to bear losses

The client's attitude to risk and capacity for loss should be considered in discussions with their financial adviser. This will culminate in a risk rating score in the scale range (e.g. atomos 1 to 7; Distribution Technology 1 to 10) employed by the risk profiling tool being used. Three SRI model portfolios are available with risk ratings of 2, 4 and 5 on the atomos risk scale of 1 to 7.

Indicate clients' capacity for loss from the product/service.

| | | Y | N | Neutral |
|----------------------|--|---|---|---------|
| No capital loss | Investor can bear no loss of capital. Minor losses especially due to costs possible. | | ● | |
| Limited capital loss | Investor seeking to preserve capital or can bear losses limited to a level specified by the product. | | ● | |
| No capital guarantee | No capital guarantee nor protection. 100% capital at risk. | ● | | |
| Loss beyond capital | Loss beyond the capital. | | | ● |

Risk tolerance

All clients should go through a risk profiling process with the financial adviser to determine their attitude to risk and capacity for loss, culminating in a risk reward profile. The model portfolio selected should be appropriate for the risk reward profile of the client. Clients should be clearly informed by the adviser of the underlying associated generic risks with investing: asset backed risk, credit risk, foreign investment risk, liquidity risk, market risk, model risk plus specific product risks. Clients should be clearly advised that a lower risk category does not mean risk free and that their investment can fall as well as rise.

Overleaf, client risk reward profiles are provided for each atomos risk rating catered to by the atomos SRI model portfolio ranges.

| atomos risk rating | Client's risk reward profile | Portfolio offered? |
|--------------------|---|---|
| 1 | Not prepared to take any investment risk and is seeking the type of security of capital and income typically associated with UK banks and building society accounts. Client has no appetite for fluctuations in the value of capital and is aware that the value of their capital is likely to be eroded by the effects of inflation. | N <i>(atomos does not offer model portfolios for this risk rating)</i> |
| 2 | Looking for capital and/or income growth that keeps in line with the rate of inflation. Client is therefore prepared to accept investment risk with the aim of at least protecting the spending power of their money. | Y |
| 3 | Looking for capital and/or income growth that stays ahead of the rate of inflation. Client is therefore prepared to accept short-term fluctuations in their investments in order to increase the potential returns | N |
| 4 | Seeking additional capital and/or income growth over the rate of inflation and capital protection is less important to the client than achieving a better return on the investment. Client is prepared to accept more risk in the hope of achieving this. | Y |
| 5 | Prepared to accept significant short-term fluctuations in their investments in order to increase the potential return over the longer term. Capital protection is less important to the client than achieving a better return. | Y |
| 6 | Prepared to take a significant degree of risk with your investment in return for the prospect of higher possible longer-term performance. The client understands the risk and reward relationship of investing in equities. | N |
| 7 | Prepared to take a substantial degree of risk with your investment in return for the prospect of longer-term performance. Client understands the risk and reward relationship of investing in equities. | N |

Clients' objectives and needs

Clients' objectives will be determined by the financial adviser. The model portfolios are constructed and managed to align with the corresponding risk rating with a socially responsible investing bias. Therefore there is no direct relationship between atomos' management of the portfolio and an individual client's specific objectives, needs or ethical preferences.

For investments into all atomos SRI model portfolios, the time horizon should be of a minimum of five years.

Negative Target Market

The atomos SRI model portfolio service is not suitable for clients who:

- Are not introduced by a UK-regulated Financial Adviser and / or are not receiving ongoing advice.
- Are not UK tax resident and domicile
- Do not wish to expose their investment to fluctuations in value or who are seeking an investment time horizon of less than five years
- Wish to retain control over investment decision making themselves
- Are seeking a bespoke investment service tailored to their individual needs and / or ethical preferences
- Require access to more specialist investments than those offered within the atomos SRI model portfolios (for example, tax incentivised investments, or hedge funds)

Vulnerable Client Statement

atomos has processes to identify, record and manage customers' vulnerable characteristics. All atomos staff are trained to support customers with characteristics of vulnerability. atomos is committed to ensuring that vulnerable clients receive the same fair treatment as non-vulnerable clients.

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