

Background

The Consumer Duty comes into force on 31 July 2023, setting higher and clearer standards for retail consumer protection across financial services.

Russell Investments welcomes this regulation's enhancement of rules relating to products and services, price and value, consumer understanding and consumer support, in order to deliver better outcomes for customers.

The rules emphasise the requirement for firms to consider the needs, characteristics and objectives of their customers, including those with characteristics of vulnerability, and how they behave, at every stage of the customer journey. As well as acting to deliver good customer outcomes, firms will need to understand and evidence whether those outcomes are being met and address issues where they are not.

What has Russell Investments done?

Whilst the Consumer Duty is concerned with outcomes for retail customers, it applies to all Manufacturers and Distributors who supply products and services that can have retail end-customers.

Russell Investments has always focused on ensuring good outcomes for any of its customers and been robustly compliant with existing Product Governance regulations to that effect, whilst recognising the extra considerations required for products and services with a retail target market.

Our own assessment and implementation of the Consumer Duty has nevertheless involved a full review of our product and distribution related policies, governance frameworks, procedures and practices.

In the process we have revisited our pricing and fair value approaches in order to ensure these remain appropriate and consumer outcomes focused. We have further factored retail and vulnerable customer considerations into our product development and approval processes; and we have strengthened our distributor oversight framework, with incorporation of a third-party due-diligence process, revised responsibilities for relationship managers and review and revision of legal agreements where necessary, to ensure full co-operation and collaboration within the distribution chain.

Russell Investments remains fully committed to ensuring that our products and services are appropriate for and delivered correctly to the target markets they are designed for and providing clear and supportive product literature and documents towards good customer understanding and risk management.

We look forward to continuing to work with advisors and others within the distribution chain to ensure that appropriate information is shared by all parties and that achieving good customer outcomes continues to be embedded in our processes.

Fair Value Assessment

Russell Investments assesses the value offered by its products annually, as well when there are material changes to a product or if market conditions were to warrant it.

Value assessment focuses on returns, total cost of investment and dynamics of the distribution channel that may impact price paid by the end investor. The products are widely distributed across Europe and beyond, so our approach has to take account of the different distribution models in different places. Our approach is to look at each shareholders' experience and isolate any variables so we can ensure value is being received.

The output of the value assessment is presented to and discussed with the management company and fund boards and remedial actions are agreed where necessary.

The framework used for assessment is driven by the domicile of the funds. The Dublin-domiciled funds are assessed in accordance with requirements of the Central Bank of Ireland, while the UK funds are assessed in accordance with FCA rules. For the UK funds the assessment is undertaken by the ACD, FundRock.

Target Market Statement

The products and services Russell Investments offer are appropriate for and approved for use by the target market, in this case retail investors. We offer a range of multi asset solutions, which are risk rated by three independent risk rating agencies to ensure clarity on risk levels to investors. The product range is appropriate for investors with different risk tolerances. We produce the client materials in relation to these products and services to ensure they are appropriate for the target market, as well as delivering them via regular client meetings, events and webinars.

Latest fund factsheets and risk ratings can be found on our [advisor website](#).