

AJ BELL RESPONSIBLE
MANAGED PORTFOLIO SERVICE

Client guide



Responsible investing made easy

Only available through professional intermediaries.
Ask your financial adviser for more information.

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Easy, transparent, low-cost responsible investing

Investing for the future – for everyone

We recognise that, now more than ever, investors are looking to use their money in a way that limits any negative impact on the planet and society. That's why we created the AJ Bell Responsible Managed Portfolio Service (MPS).

We have designed it for investors who want to achieve long-term growth while ensuring that their money is focused on companies that are committed to sustainability and to making positive impact.

We use a multi-layered approach to ensure that your money really is invested responsibly. First a series of exclusions remove companies from controversial industries such as tobacco and armaments. Then, we apply a 'best-in-class' ranking system to the remaining companies, so that increased allocations are then given to those companies with higher environmental, social and governance credentials.



A responsible choice

Deciding how to invest your wealth can be extremely difficult, particularly if you would like your portfolio to make a positive impact on the planet. The Responsible MPS is designed to let you invest in a simple solution, managed by a professional team, with the objective of long-term growth and a wider social and environmental benefit.

The Responsible MPS follows a four-step process.

1 The AJ Bell Investments Team creates a range of 'model portfolios'

We have built six Responsible portfolios, each having a blend of assets such as cash, shares, bonds and alternative investments. The different blends ensure that each portfolio matches a particular level of risk.

2 Your adviser chooses a portfolio

Your adviser will work with you to determine your future objectives, attitude to risk and how comfortable you are with the idea of suffering losses in return for potentially larger gains. They will then recommend a portfolio which suits you.

3 Your adviser invests your money

The adviser will access the MPS via your AJ Bell Investcentre account, and invest in the chosen portfolio via your SIPP, ISA or General Investment Account (GIA).

4 We look after the ongoing management of the portfolio

The experienced AJ Bell Investments Team will then monitor your portfolio and make any changes necessary to keep it on track to deliver the portfolio objectives at the appropriate level of risk.

Putting your values first

At AJ Bell, we are aware of the dangers of ‘greenwashing’ – where companies use marketing to exaggerate their environmental credentials and mislead investors. With that in mind, we use a multi-layered approach to ensure that your money is invested responsibly, so you can feel environmentally friendly considerations are being taken into account within the investment process.

First, in asset classes where it is possible, a series of exclusions remove companies from controversial industries such as fossil fuels, alcohol and adult entertainment. Then, we apply a ‘best-in-class’ ranking system to the remaining companies; only those that score more highly on environmental, social and governance credentials are included.

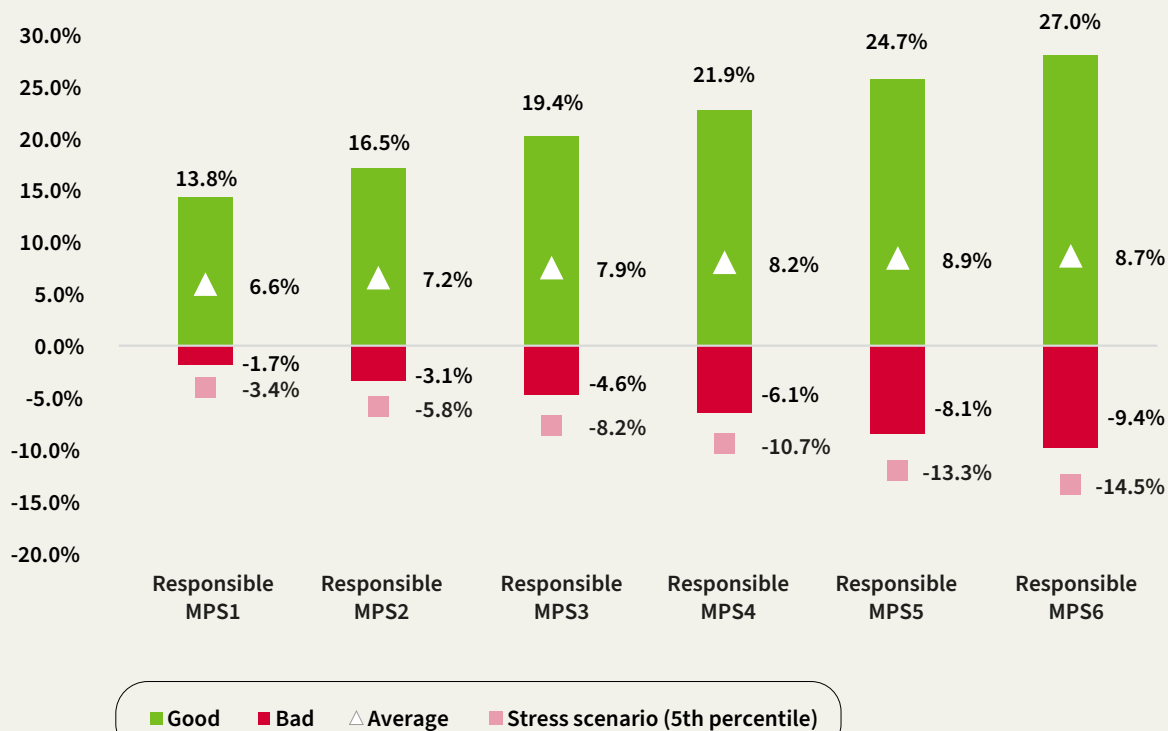
It is important that you know how your investment in the Responsible MPS is making a positive societal impact. An analysis of the holdings within the portfolios allows us to make a comparison of various metrics with a ‘standard’ portfolio, and this shows the following:

- The estimated carbon intensity of the Responsible MPS, which is a measure of the weighted average of the carbon intensity of each of the underlying portfolio constituents, is reduced by an average of 65%
- The average ESG score increased by 21%
- 7% of companies in the Standard MPS are removed due to the screening process described above, and the average exposure to ‘offenders’, where we have data, is 0.6%
- The average exposure to UN Compact violators is 0.2%, which is a 2.4% decrease compared to the standard MPS
- The average exposure to companies with severe controversies is 0.3%, which is a decrease of 2.8% compared to the standard MPS

Source: AJ Bell Investments Calculations & MSCI

What can I expect?

It is important for you to understand how the level of risk taken with the Responsible MPS will translate into returns over time. We have put together the chart below to help you consider the range of outcomes that you could expect to see over time.



Data Correct as of January 2024

i The value of your investments is not guaranteed and can go down as well as up. It is important that you understand how the Responsible MPS could perform over time. We have used financial models to demonstrate the likely outcomes. As the output is based on statistical forecasts, the actual outcome and performance could be different from the scenarios above.

In a good year, you might see a return somewhere in the green bar range, at or above, the white triangle. In a bad year, your losses would likely be somewhere in the red bar. Occasionally, markets may perform exceptionally well or exceptionally badly. In these years, statistically 20 in 100 years, the actual return may sit outside the range of expectations indicated by the grey and red bars.

The longer you invest, the more predictable your returns become. That is because, over time, the good and the bad years tend to cancel each other out.

Responsible MPS	MPS 1	MPS 2	MPS 3	MPS 4	MPS 5	MPS 6
Five-year back-tested performance ⁽¹⁾	1.1%	2.6%	3.4%	4.8%	5.8%	4.0%
Expected returns	6.6%	7.2%	7.9%	8.2%	8.9%	8.7%
Expected volatility	4.2% - 6.3%	6.3% - 8.4%	8.4% - 10.5%	10.5% - 12.6%	12.6% - 14.7%	14.7% - 16.8%

All returns are gross of underlying product ongoing charge figure (OCF), transaction and platform charges. The expected return and expected volatility are forward looking based upon a minimum five-year time horizon.

(1) Five-year back-tested performance is the annualised return from 1 Jan 2019 - 31 Dec 2023. Returns are simulated using the fund's model portfolio as at 31 January 2024. When the ETF has not been trading for the full period, a representative index has been used.

i

Past performance is not a guide to future performance and some investments may need to be held for the long term.

i

Target yields are not guaranteed and can fluctuate.

Who will manage my money?

AJ Bell was established in 1995. We have grown to become one of the UK's largest investment platforms, with £80.3 billion of assets under administration and 503,000 customers. We succeed by providing award-winning investment products, backed up with a dedicated investment team, excellent service, and online functionality at a low cost. AJ Bell is a member of the London Stock Exchange.

AJ Bell Investments was launched in 2016. Our purpose is to design and manage a range of simple, transparent, low-cost investment solutions that deliver good customer outcomes.

With more than 100 years of combined experience in the industry, our highly respected Investments Team manages over £5 billion of clients' money. Drawing on their considerable experience and expertise, the team developed our managed portfolio service (MPS) to help your adviser manage your financial affairs in the most time- and cost-efficient way possible.

You can view our team [here](#).

How much does it cost?

We firmly believe that high charges are one of the biggest threats to investment returns, and that's why we work so hard to keep charges for our range of managed portfolios as low as possible.

In common with the rest of our MPS range, the Responsible MPS carries an investment management charge of 0.15% p.a. This figure is lower than many of our competitors; we conduct regular competitor analysis to ensure we are competitive and offer good value to our customers.

We work with suppliers to ensure that the running costs of our portfolios are minimised, and we use our buying power to negotiate special rates with the managers of the underlying funds in our products whenever we can.

Your adviser will choose a portfolio that has been carefully constructed to match the level of risk you are comfortable with, and our Responsible MPS offers the potential for investment growth at a fraction of the cost of using a traditional discretionary investment manager. However, it is important to be aware that charges will apply in addition to the cost of the service. For example, there will be costs associated with the underlying holdings of the portfolio and the normal AJ Bell Investcentre product charges.

For more details of these, please ask your financial adviser, or refer to the portfolio factsheets and charges and rates document, available from investcentre.co.uk.

What happens then?

AJ Bell Investcentre is available only through your financial adviser, but we never forget whose money it is that we are managing. For this reason, we are committed to communicating with you in a transparent and timely way. We also make it easy for you to keep track of your investments at any time by simply logging into investcentre.co.uk/client or the AJ Bell Investcentre app.

AJ Bell Investcentre is available only through your financial adviser.

i | Please contact your adviser for more information or to ask questions about the AJ Bell Responsible MPS range .

i | Past performance is not indicative of future performance. The value of investments may go down as well as up and the income generated by investments is not guaranteed and may fluctuate. You may receive back less than the amount that you invested.

Where practical the Responsible portfolios invests in products tracking MSCI Socially Responsible Investing (SRI) indexes for equity exposure. These indexes exclude companies with certain controversial business involvements and also utilise MSCI's Environmental Social Governance (ESG) ratings and ESG Controversy assessments. For further details please see MSCI's latest SRI Indexes Methodology document. You can find more details of the MSCI SRI methodology here: msci.com/msci-sri-indexes.

This brochure provides general information about the AJ Bell Responsible MPS range. It should not be read or construed as investment advice. It is your adviser's responsibility to assess your circumstances and make a personal recommendation that is suitable for your needs.

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