






Consumer Duty Product Value Assessment Summary: AJ Bell Money Market MPS




November 2023
Version: 1.0

The Financial Conduct Authority (FCA) requires all UK asset managers to conduct a fair value assessment of their products and services as part of Consumer Duty. This covers a variety of areas from benefits and limitations to cost and potential harm. At AJ Bell, we pride ourselves on being transparent with our customers and so we are pleased to present a summary of the assessment for the AJ Bell Money Market MPS.

The assessment has been carried out against four factors, using a ‘traffic light’ system; where green indicates good value, amber indicates room for improvement, and red indicates poor value. The overall results of the assessment are below:

Category	Money Market MPS
Nature of the product and its benefits	
Limitations in products and services	
Total cost of ownership	
Mitigating foreseeable harm and potential customer vulnerability	
Overall value	

Key

-  Good value
-  Room for improvement
-  Poor value

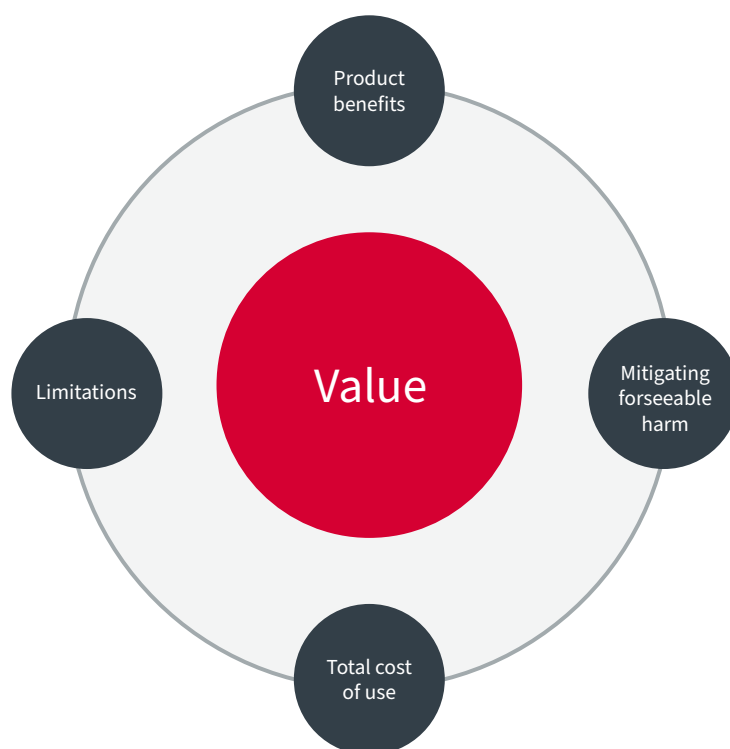
The assessment was completed by the AJ Bell Investments Product Team and approved by the Investment Proposition Committee on 13 November 2023. We review the assessment annually and will make more frequent updates if there are material changes to outcomes.

Overall, we believe the Money Market MPS offers fair value to customers, and we continue to look for areas to improve. We are confident that the Money Market MPS is well-positioned to continue providing good outcomes and fair value for its customers into the future.

Factors used to assess value and pricing

Based on the Final Guidance issued by the FCA as well as our own consideration, the following factors have been used to assess the value provided by the Money Market MPS:

- The nature of the service, expected benefits to customers and their quality.
- Any limitations of the service and its features.
- The expected total annual cost, including non-financial cost, paid by customers over the life of the relationship between the customer and the firm.
- Costs incurred in the manufacturing process and whether any material changes to the service have impacted the price.
- Foreseeable harm and mitigating actions / controls in place.
- Any elements of vulnerability that may affect customers' ability to understand or achieve value from the product.



Assessment of value

The below is a high-level, non-exhaustive summary of the features and benefits provided by our Money Market MPS, upon which value has been assessed:

- Outcome-orientated portfolio delivered in accordance with agreed objectives of the defined target market.
- No Annual Management Charge (AMC).
- No minimum investment (although a minimum of £10,000 is recommended).
- No exit fees, notice periods, or written cancellations, enabling customers to divest without barriers to exit.
- Available to be purchased on AJ Bell Investcentre.
- Suite of literature produced including factsheets, quarterly reports, articles, FAQs, and a standalone guide.

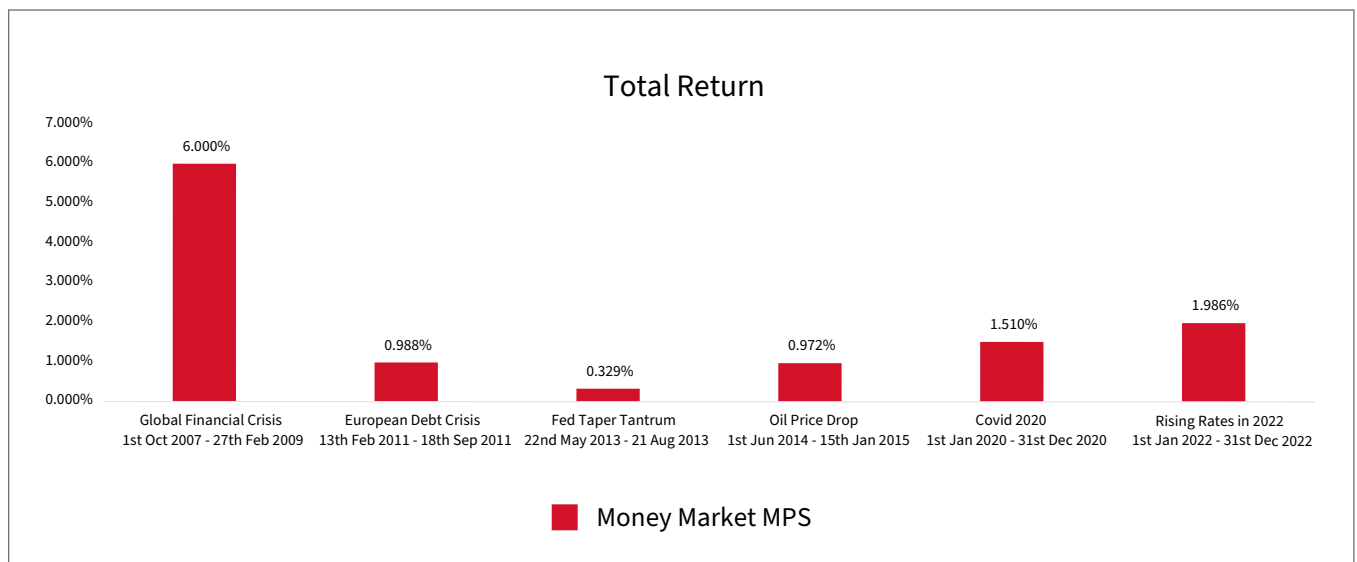
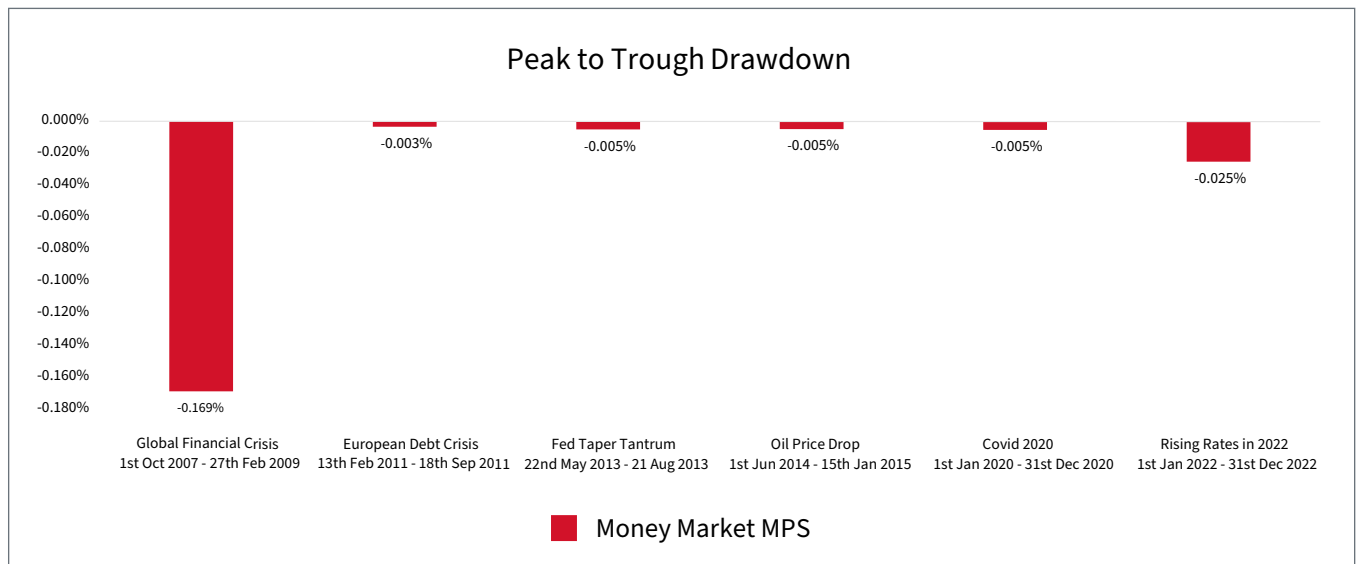
The benefits outlined above have been designed to provide simple, transparent, low-cost investment solutions that deliver good customer outcomes, and are appropriate and proportionate to the needs, characteristics, and objectives of the target market. An overview of the target market can be found on the Consumer Duty Hub on the AJBIC website¹.

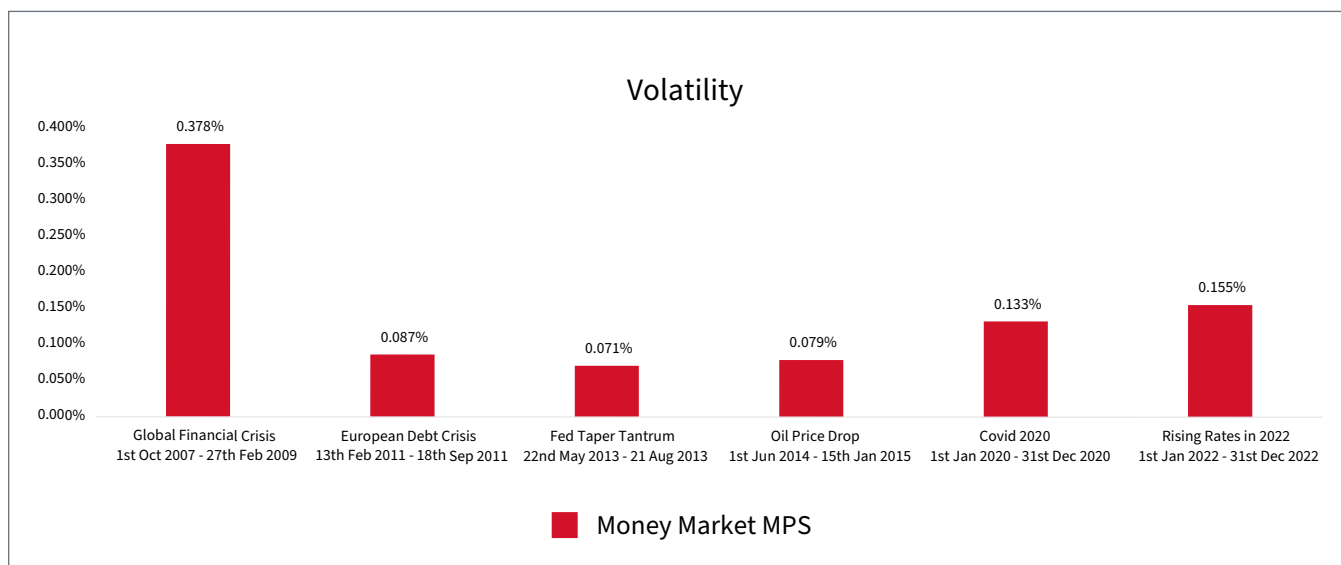
¹ <https://www.investcentre.co.uk/support/consumer-duty>

Simulated financial performance

As a provider of a Money Market MPS, we aim to deliver cash-like returns to investors, with the portfolio holding assets such as cash, money market funds and ultra-short-dated bond funds, with no exposure to high-risk assets. The portfolio will therefore be compared to cash and cash-like measures, specifically SONIA. However, the portfolio currently has no performance history.

We have instead simulated how the portfolios would have performed in historic stress scenarios.





Risk profiling

The Money Market MPS is not aligned with a specific risk profiler, however it is designed to generate cash-like returns with very low levels of volatility. As a cash-like portfolio, the capacity for declines in asset values is much diminished compared to growth portfolios.

Platform availability

The Money Market MPS is distributed via AJ Bell Investcentre.

Literature and support

AJBAM is committed to delivering simple, transparent, jargon-free literature at all points of the investment lifecycle. We believe customers should always know where, why, and how their money is invested. The literature produced for the Money Market MPS includes monthly factsheets, quarterly reports, FAQs and articles. We also publish portfolio changes alongside the rationale behind the changes. The provision of this literature is designed to enhance customer understanding, either directly, through client-facing literature, or via support for their adviser.

Limitations

Considering the target market of our Money Market MPS is defined as digital advised customers and the resultant product design features, we do not believe there are further legal or non-regulatory limitations embedded within our Money Market MPS.

Total cost of ownership

There are three component parts to overall cost of ownership:

AJ Bell Annual Management Fee: Free of charge

The Money Market MPS has no management cost so that the best outcome can be achieved by customers due to the simplified nature of the product. Therefore, the only charges incurred by the customer are transaction costs and the synthetic ongoing charges figure (OCF) which comprises the costs of the underlying funds in the portfolio.

Synthetic Ongoing Charge Figure: 0.10%

The Synthetic OCF accounts for the cost of the underlying holdings within the portfolios. The portfolio can implement the asset allocation in a variety of ways, including but not limited to ETFs and index funds. Once a fund is selected, AJBAM uses its scale to try and access the best share class, including institutional share classes which are not widely available elsewhere.

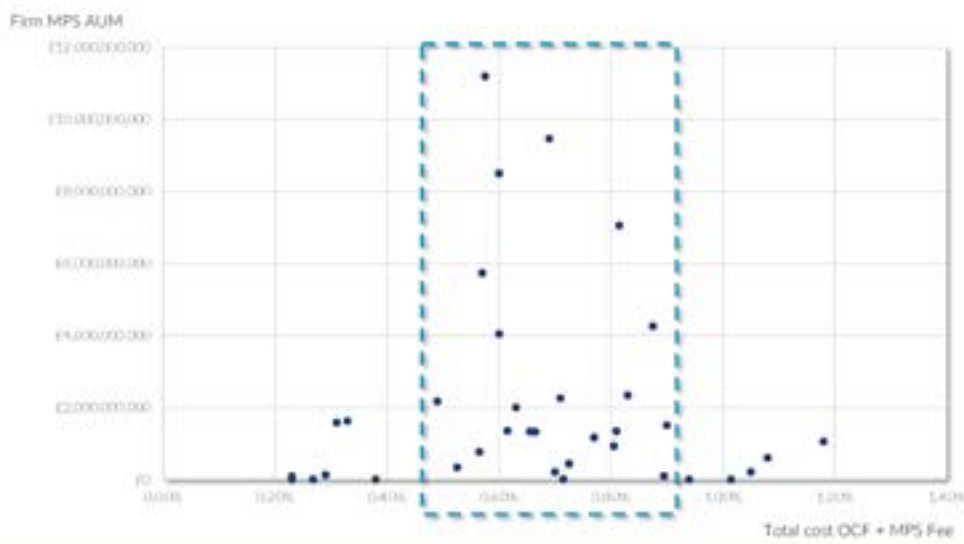
Transaction Costs: 0.01%

Transaction costs account for the aggregated cost of trading taking place in the underlying holdings.

Money Market MPS Costs

	Money Market MPS
AMC	0.00%
Synthetic OCF	0.10%
Transaction costs	0.01%
Total cost	0.11%

AJBAM does not engage in discriminatory pricing and all Money Market MPS customers pay the same charges. These charges rank competitively in the market. The chart below, taken from NextWealth, shows the majority of AUM is concentrated within a total cost range of 0.50% to 0.90%. The cost of the Money Market MPS stands significantly below this average.



Mitigating foreseeable harm

The target market for the Money Market MPS is defined as “UK retail advised digital investors”. We also define a negative target market as customers who are uncomfortable taking any risk, and potentially vulnerable customers who have low financial resilience or capability.

Further detail on Target Market and Vulnerable Customer policies can be found on the AJ Bell Consumer Duty Hub².

Conclusion

In carrying out the prospective fair value assessment of our Money Market MPS, we are satisfied that we have considered all relevant factors and available information relating to the portfolio’s value and the impact this has on customers. Following this analysis, we believe the Money Market MPS will successfully deliver fair value to customers and have rated the portfolio ‘green’ across all four categories.

We monitor all products on an ongoing basis to ensure they are delivering good value, and we always look for opportunities to improve. The governance and oversight of our fair value assessment process, along with how this is managed, is carried out in our committees. AJ Bell’s quarterly committee cycle monitors Key Risk Indicators, performance analysis, and product features. We proactively monitor customer outcomes flagged by KRIs and take action to mitigate risk where necessary and possible. We are confident that the AJ Bell Money Market MPS is well-positioned to provide good outcomes and fair value for its customers in the future.

² <https://www.investcentre.co.uk/support/consumer-duty>