

Insider

August 2018

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Fergus Lyons
Managing Director

Welcome to this bumper edition of Insider. There's a lot for me to talk about this month, with various enhancements, achievements and announcements that you need to be aware of. However, the thing I'm probably most keen to share with you is the snapshot of how well we are performing against our service level targets. For any company the customer is king, and this snapshot demonstrates the huge emphasis we place on providing a top-notch service to the advisers and clients who put their faith in us. Thanks for your support - I'll make sure we always strive to deserve it.

Malcolm Gordon (Big Malc) retires

Many of you will know Malcolm Gordon, so I wanted to say a few words about his impending retirement and contribution to our success over the years.

Malc joined our merry band of industry upstarts 16 years ago amidst press headlines proclaiming "Gordon joins Sippdeal (now AJ Bell Youinvest) for launch of the SIPPcentre (now AJ Bell Investcentre) - a comprehensive online SIPP service for IFAs".

In the intervening years we have morphed into a different beast, having entered the platform and investment space, but our core values and principles remain the same - and Malc truly exemplified them.

We launched SIPPcentre in October 2002 and have grown to become one of the biggest platforms in the UK - now pushing £35bn in platform assets. Malc led the development of the business and our adviser sales focus over its initial 15 years, but he decided to step back last year and take things easier. His commitment to our cause, his unfussy, straightforward approach and his deep understanding of our industry were refreshing and formed the bedrock of how we approached the market. Maybe that's why he doesn't look like he's aged at all!



That was then!



And more recent

But, this is not a eulogy in that sense - Malc is in rude health (although still taking the occasional drink!) and is enjoying spending more time at home with his family. He keeps in touch with us though, and he will be forever welcome at EQ4 and will always be a part of the AJ Bell family. Good luck, Malc.

Big boots to fill!

Many of you will now know that the man who has to fill Big Malc's big boots is Gary Dale. Gary joined us as Sales Director for AJ Bell Investcentre at the beginning of July 2017, bringing with him over 20 years' experience at some of the UK's best-known asset management, investment management and life companies. This included a spell as Head of Advisory Sales at a major investment solutions provider.



All this experience means Gary has a thorough understanding of the way advisers are using packaged investment solutions right now, and his knowledge is already proving invaluable as we work to build on the success we have had in recent years.

With four children, Gary doesn't have much spare time but when he does he can usually be found at a racetrack in the UK or Europe, where he'll be either watching motorbike racing or taking part – sadly, he tells me, mainly in the crashing part!

Gary heads up a team of 21 professionals, although this figure will be increasing to help facilitate our ongoing growth. Aply assisting him are Business Development Team Manager Mark Wood (pictured left), who has been with us since February 2007, and Business Development Team Leader Robert McKinnon (pictured right), who joined us in November 2010.



For new business enquiries or to discuss ways in which we can help you meet specific business requirements, our [Business Development Team](#) are the people to speak to.

Service you can rely on

With so many of our competitors facing the challenge of re-platforming, and all the upheaval that will inevitably bring for their customers, I couldn't resist the

opportunity of underlining how strong our own customer service is. As you know, I publish the previous month's Service Level Agreement (SLA) charts at the end of each month's Insider, but here are some of the main highlights from the past year that I would particularly like to draw your attention to:

New business

- 92% of standard applications were processed within two days
- 12,000 cheques have been received year-to-date – 100% were deposited within 48 hours

Adviser Support Team

- 150,429 calls year-to-date – over 85% of them answered within six rings/20 seconds

Emails

- 85% of emails responded to within 24 hours (across Client Services, Transfers, Benefits, Adviser Support Team, Client Relations, Platform Support)

PCLS

- 23% increase in the number of PCLS payments made – 91% of them were paid in five days or less (averaged over the year)

UFPLS

- 65% increase in UFPLS payments made

Income

- 81% increase of ad hoc income payments made – 98% of them paid within three days

Needless to say, we are very proud of these figures, and it's great to see that our hard work is being recognised with a number of award wins this year. So far we have picked up:

Money Marketing Awards – Best Pension Provider 2018

Professional Paraplanner Awards – Best Full SIPP 2018

City of London Wealth Management Awards – Best SIPP Provider 2018

Platform Awards – Best Platform 2018

ADVFN International Financial Awards – Self-Select ISA Provider of the Year 2018

As the company grows the challenge of maintaining these exceptional service levels will get tougher, but by sticking to our guiding principles we are sure that standards won't slip. We owe our success to the hard work and efforts of our people, so it is particularly gratifying to have picked up perhaps the most important accolade of the company's history, by being named as one of The Sunday Times' 100 Best Companies to Work for in 2018.

Digital Strategy update

Our Digital Strategy project continues apace, and we will soon be launching an execution-only option for ISA and GIA account holders. As an extension to our Funds & Shares Service XO dealing option, it will offer similar functionality to the existing SIPP XO option, giving your clients direct control over their investments and allowing them to place deals on all or part of their ISA and GIA.

Other forthcoming enhancements include:

- Version four of our beta site and implementation of the new 'front end' interface.
- Adviser co-branding on the beta site, client site and client mobile app. Colours on the client-facing areas of the website will be customisable to match your corporate identity. It will also be possible to complete the branding experience by adding your logo. Changes will carry through to the client pages, mobile app and any reports generated.
- Improved reporting functionality will allow you to choose from a range of standard client report templates, or create your own bespoke versions using our report-building functionality.
- Bulk dealing and model portfolio tool enhancements will provide easier access, more efficient individual and bulk transaction processing, and improved reporting.

AJ Bell Investments news

Would you believe it's already been two years since we launched our passive MPS portfolios? Matt Brennan, AJ Bell Investments' Head of Passive Portfolios, has written a brilliant overview of how they have performed in that time; I recommend you [take a look](#).

There's also good news regarding our active portfolios, as we have been able to switch some holdings to cheaper share classes, thereby lowering costs. I should point out that the cheaper share class on the Premier Global Infrastructure Income fund is only available via our MPS. More on that, [here](#).

Finally, I thought it might be worth taking a quick look at the income produced by the AJ Bell Passive funds, and explaining how it is treated for tax purposes.

The AJ Bell Passive funds make two income distributions per year (scheduled for 31 May and 30 November). They are structured as accumulation units, which do not pay out income directly to investors, but instead reinvest it into further units. Despite this, any distribution will still be treated as if it were income for tax purposes, and will be displayed on tax statements accordingly.

Income distributions from funds can be classified as either dividends or interest, based on the nature

of the underlying investments held within the fund. This classification is important, as for the underlying investors in the funds, dividends and interest are treated differently for tax purposes. If, throughout a distribution period, 60% or more of the fund's investments qualify as interest-paying, the fund's distribution is paid as interest. Otherwise, it is classed as dividend income. The following table shows the current classification of distributions from the AJ Bell Passive funds:

Fund	Distribution status
Adventurous	Dividend
Balanced	Dividend
Cautious	Interest
Global Growth	Dividend
Moderately Adventurous	Dividend
Moderately Cautious	Dividend

Note that each of the AJ Bell Passive funds is built around a dynamic asset allocation that can change throughout distribution periods. It is therefore not possible to predict whether distributions will be classified as interest or dividends in future.

Dividend and interest income is distributed gross, with any tax being paid at the level of the investor. As such, various tax rates are applicable, depending on whether the distribution is classed as a dividend or interest, and also on the tax circumstances of the individual investor.

Interest income is taxed based on an investor's personal savings allowance, which in turn differs depending on their tax band. Any interest income received beyond the personal savings allowance is taxed at the investor's marginal tax rate.

UK residents can receive £2,000 of dividends tax-free in each tax year. For dividends received above this amount, income is taxed at the investor's marginal tax rate.

AJ Bell Asset Management does not provide taxation advice. This article has been prepared for informational purposes only; it is not intended to provide, and should not be relied on, for taxation advice.

The value of investments can go down as well as up and your client may not get back their original investment.

Dates for your diary

Don't forget that our AJ Bell On the Road tour will be visiting eight cities between 10 and 25 September. Starting in Aberdeen, the tour will wind its way down to Edinburgh, Glasgow, Chester, Birmingham, London and Bristol, before heading back up north for a final gig in Leeds.

If you can make it to one of the venues you will get to hear Lisa Webster giving a technical update, Kevin Doran explaining some of the issues around income vs decumulation, Russ Mould examining the investment outlook for the remainder of 2018, and Tom Selby asking what the FCA platform market study means for financial advisers. You can find out more, here: <https://www.investcentre.co.uk/ontheroad>

The other big date for your diary is **Investival** on 15 November. This year we are moving the show to London's Shaw Theatre, which will allow even more of

you than ever before to enjoy what must be the UK's best investment conference.

Our musical theme this time harks back to the 1970s, but the content is just as fresh as ever. In addition to talks from the likes of Richard Buxton, Cormac Weldon and Robin Geffen, we will also have two panel sessions, featuring experts like Jessica Ground, Chris Ford, Linden Thomson, Nick Gartside, James Harries, Ainslie McLennan and Mark Barnett. If I didn't already have a guaranteed pew, I'd definitely be **booking a place now** to avoid disappointment!

Monthly service performance

To give you a flavour of our service delivery and how we are performing, our typical turnaround times for a number of key service areas are outlined below.

The information below is not provided as a formal measure of our service levels, but rather to give you a general flavour of how our Customer Services Team is currently performing. Looking across all of the areas listed below, we are hitting the indicative timescales provided in 95% of cases.



Key contacts

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