Risk profiling tools guide

As at 31 March 2024

Ever since the financial crisis of 2008/2009, the use of risk profiling tools has been on the rise within the advice community. Designed to assist with the Know Your Customer (KYC) requirements and investment suitability process, risk profiling tools seek to bring a more scientific approach to the subjective matter of assessing a client's:

- ability to take risk
- willingness to accept risk
- capacity for loss
- knowledge and experience

This information is then distilled into a risk rating for the client and adviser to discuss.

At AJ Bell, our purpose is to help people invest. To assist advisers and clients with the identification of appropriate investment solutions, we have adopted an outcome orientated approach to product design. This approach focuses on customer outcomes.

We are also committed to offering choice, so as well as providing a variety of products across the entire risk spectrum, we have partnered with a wide range of risk profiling tool providers.

As the market leader in this field, Distribution Technology has a long track record of using its Dynamic Planner risk questionnaire to help investors choose the right investment.

The AJ Bell Passive & Active MPS ranges and the VT AJ Bell Growth Funds are designed to deliberately aim for risk profiles identified by the Dynamic Planner system. This is known as 'risk targeting', and means that advisers adopting the Distribution Technology approach can be sure that the solution they choose aligns with their client's needs, providing a dovetailed approach to risk and return and making suitability seamless.

The AJ Bell Income range is designed to deliver a target annual income of 3.00% – 5.00%, when measured over a trailing 3 year period. They have been risk mapped by Dynamic Planner to help advisers select the right mandate for their client's needs.

However, this doesn't mean you have to use Dynamic Planner if you want to use our products and services. Thanks to our partnerships with the other major providers of risk profiling tools, including eValue, Finametrica and Synaptic, all of our portfolios can be mapped to the profiler of your choice.

For more information, contact your local Business Development Manager.

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VT AJ Bell Funds	Cautious	Moderately Cautious	Balanced	Moderately Adventurous	Adventurous	Global Growth	Income	Income & Growth
Passive & Active	MPS 1	MPS 2	MPS 3	MPS 4	MPS 5	MPS 6	MPS Income 1	MPS Income 2
Pactive	MPS 1	MPS 2	MPS 3	MPS 4	MPS 5	MPS 6		

Key: | DT Risk target managed | DT Risk target profiled | DT Unrated

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

		Cautious	Moderately Cautious	Balanced	Moderately Adventurous	Adventurous	Global Growth	Income	Income & Growth
DYNAMIC PLANNER	1-10 scale	3	4	5	6	7	8	5 (Fund and Passive MPS) 6 (Active MPS)	7
ev	1-10 scale (10yrs)	3	5	7	8	10	10	-	-
FinaMetrica Risk Tolerance Profiling	OK Risk	36-48	48-58	56-68	64-77	74-100	75-100	56-68	74-100
Risk Rated by Synaptic	1-10 scale	3	4	6	7	8	9	5	8
defaqto	1-10 scale	3	4	5	7	8	9	5	8
Oxford Risk	1-7 scale	2	3	4	5	6	6	-	-

Pactive MPS 1-6 have been formally rated by Finametrica, Synaptic and Oxford Risk only.

AJ Bell Investment
Quarterly Risk
Profile Update Note
Q1 2024

Summary

Solution	Weighted average asset allocation^	Latest historical asset allocation*	Assigned risk profile	Status
AJ Bell Active MPS Income 1	5 (5)	5 (5)	**6**	
AJ Bell Active MPS Income 2	7 (7)	7 (7)	**7**	
AJ Bell Passive MPS Income 1	5 (5)	5 (5)	**5**	
AJ Bell Passive MPS Income 2	7 (7)	7 (7)	**7**	

We note the client are implementing new SAAs. We will review once we see these changes being implemented.

We have based our review on the approach that was agreed at the start of the risk profiling service and used the DP capital market assumptions for Q1 2024. There have been no changes to the risk profile boundaries this quarter.

( ) Analysis based on data to the end of September 2023 are shown in brackets.

^ The weighted average approach incorporates the strategic asset allocation (if applicable) and the distribution of the historical asset allocations.

* This column provides the position of the expected volatility based on the latest historical asset allocation (i.e. 31 December 2023). The figure in brackets illustrates the position of the volatility based on the previous quarter's allocation.

† DP has a set of asset allocation models which are managed to operate within each profile's boundaries. This column compares the annualised rolling volatility of each solution to the DP models and shows which model has been closest since inception. The rolling volatility period in each instance is assessed based on the performance data provided.

Please see Appendix for the Red, Amber & Green status descriptions.

Comments and notes from previous reviews

Q4 2023

We are expecting new AAs for MPS Income 1 at the end of the year, after which we will evaluate the most appropriate profile for the solution.

Q3 2023

Active MPS Income 1 has been borderline RP5/6 for some time and briefly tipped below in Q1, following reduction in equity exposure in favour of property. This has been carried forward into Q2. We have placed on Amber status.

Q2 2023

All solutions are on Green status.

Q1 2023

As noted previously Active MPS Income 1 is still borderline RP5/6. The risk level has been consistent. As such, we are comfortable the solution is appropriately profiled.

Q3 2022

As noted previously Active MPS Income 1 has been low risk for RP 6 for some time. It is still borderline RP5/6. We have placed on Amber.

Passive Income MPS 1 has had low risk relative to its profile for over 12 months. We have placed on Red status and are likely to reduce to RP5.

Q2 2022

We have maintained the status of the solutions from last quarter. As indicated previously, Active MPS Income 1 has been low risk relative to its risk profile in recent months and has dropped marginally below in Q1. We have maintained Green status pending further review.

Q1 2022

This quarter we have placed Passive MPS Income 1 on Amber. The fund was slightly below risk profile 6 during the previous quarter and is continued to decrease during this quarter. Therefore, we have changed the status.

While on Green, please also note that the AJ Bell Active MPS Income 1 fund is a low 6 and risks breaching the lower boundary.

Q4 2021

This quarter we have maintained the green status of each solution.

Further to comments last quarter, the expected volatility for Passive MPS Income 1 has increased marginally however remains below its assigned profile within the top decile of risk profile 5. Given the recency of the changes made and the proximity to the assigned profile, in taking a prudent approach we remain comfortable with the assigned profile.

Appendix

Status descriptions

A **red** status indicates that the solution's current risk profile is no longer appropriate to the DP scale and that it will be changed at next quarter's review unless action is taken by the asset management team.

An **amber** status indicates that one or more of the measures considered may indicate the possibility of an alternative risk profile. This could be due to short-term tactical positioning within the solution or other market considerations and does not imply that the long-term risk profile should necessarily change.

A **green** status indicates that the solution is in line with the assigned risk profile and no action is needed.

Basis of Preparation and Use

You should not rely on this information in making an investment decision and it does not constitute a recommendation or advice in the selection of a specific investment or class of investments.

The analysis in this report has been based on data and information provided by AJ Bell Investment as at 31 December 2023.

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AJ Bell Investment

Quarterly Risk

Profile Update Note

Q1 2024

Summary

Solution	Weighted average asset allocation^	Latest historical asset allocation*	Comparable DP volatility†	Assigned risk profile	Status
VT AJ Bell Passive Cautious	3 (3)	3 (3)	3 (3)	**3**	
VT AJ Bell Passive Moderately Cautious	4 (4)	4 (4)	4 (4)	**4**	
VT AJ Bell Passive Balanced	5 (5)	5 (5)	5 (5)	**5**	
VT AJ Bell Passive Moderately Adventurous	6 (6)	6 (6)	6 (6)	**6**	
VT AJ Bell Passive Adventurous	7 (7)	7 (7)	7 (7)	**7**	
VT AJ Bell Passive Global Growth	8 (8)	8 (8)	9 (8)	**8**	
AJ Bell Passive MPS 1	3 (3)	3 (3)	3 (3)	**3**	
AJ Bell Passive MPS 2	4 (4)	4 (4)	4 (4)	**4**	
AJ Bell Passive MPS 3	5 (5)	5 (5)	5 (5)	**5**	
AJ Bell Passive MPS 4	6 (6)	6 (6)	5 (5)	**6**	
AJ Bell Passive MPS 5	7 (7)	7 (7)	7 (6)	**7**	

( )   Analysis based on data to the end of September 2023 are shown in brackets.

^   The weighted average approach incorporates the strategic asset allocation (if applicable) and the distribution of the historical asset allocations.

*   This column provides the position of the expected volatility based on the latest historical asset allocation (i.e. 31 December 2023). The figure in brackets illustrates the position of the volatility based on the previous quarter's allocation.

†   DP has a set of asset allocation models which are managed to operate within each profile's boundaries. This column compares the annualised rolling volatility of each solution to the DP models and shows which model has been closest since inception. The rolling volatility period in each instance is assessed based on the performance data provided.

    Please see Appendix for the Red, Amber & Green status descriptions.

Solution	Weighted average asset allocation^	Latest historical asset allocation*	Comparable DP volatility†	Assigned risk profile	Status
AJ Bell Passive MPS 6	8 (7)	8 (8)	8 (8)	8	
AJ Bell Active MPS 1	3 (3)	3 (3)	3 (3)	3	
AJ Bell Active MPS 2	4 (4)	4 (4)	4 (4)	4	
AJ Bell Active MPS 3	5 (5)	5 (5)	5 (5)	5	
AJ Bell Active MPS 4	6 (6)	6 (6)	6 (6)	6	
AJ Bell Active MPS 5	7 (7)	7 (7)	7 (7)	7	
AJ Bell Active MPS 6	8 (8)	8 (8)	8 (8)	8	

All solutions are in-line with risk targets.

We have based our review on the approach that was agreed at the start of the risk profiling service and used the DP capital market assumptions for Q1 2024. There have been no changes to the risk profile boundaries this quarter.

( ) Analysis based on data to the end of September 2023 are shown in brackets.

^ The weighted average approach incorporates the strategic asset allocation (if applicable) and the distribution of the historical asset allocations.

* This column provides the position of the expected volatility based on the latest historical asset allocation (i.e. 31 December 2023). The figure in brackets illustrates the position of the volatility based on the previous quarter's allocation.

† DP has a set of asset allocation models which are managed to operate within each profile's boundaries. This column compares the annualised rolling volatility of each solution to the DP models and shows which model has been closest since inception. The rolling volatility period in each instance is assessed based on the performance data provided.

Please see Appendix for the Red, Amber & Green status descriptions.

Comments and notes from previous reviews

Q1 2024

All solutions are in-line with risk targets.

Q3 2023

All solutions are in-line with risk targets. Please note that Passive MPS 6 is sitting on the bottom boundary of RTM8. We have maintained Green but a small drop in risk will see it fall out of line with its target volatility.

Q2 2023

All solutions are in-line with risk targets.

Q1 2023

All solutions are in-line with risk targets.

Q4 2022

All solutions are in-line with risk targets.

Q3 2022

All solutions are in-line with risk targets.

Q2 2022

As noted last quarter, Passive MPS 6 and Passive Global Growth have dropped below their risk targets. We have placed under review and will continue to work with the client to bring back within the risk target.

Q1 2022

This quarter we have placed AJ Bell Passive MPS 6 and VT AJ Bell Passive Global Growth on Amber. We had engagement with AJ Bell a short while back in relation to concerns about some solutions reflecting inflated risk. As part of this investigation, we identified some asset risk mappings that were refined, bringing several solutions' risk levels down within there risk profile boundaries. There appears to be some impact on these passive funds, suggesting they are slightly low risk for their profiles. We will investigate further and reach out to the client for a discussion.

While on Green, please note that AJ Bell Active MPS 4 is a high 6 and risks breaching the upper boundary.

Q3 2021

This quarter we have maintained the Active MPS 4 Under Review and placed each of the remaining solutions on Green status.

Upon further review and discussion, changes to our mappings have left only the allocations of Active MPS 4 above profile, with Active MPS 3 marginally below the upper profile limit and Passive MPS 3 within the top decile of the assigned boundaries. On the other end, Passive MPS 6 and Passive Global Growth are within the bottom decile of the assigned boundaries. Each of the other solutions is safely within the assigned boundaries.

Appendix

A **red** status indicates that the solution's current risk profile is no longer appropriate to the DP scale and that it will be changed at next quarter's review unless action is taken by the asset management team.

An **amber** status indicates that one or more of the measures considered may indicate the possibility of an alternative risk profile. This could be due to short-term tactical positioning within the solution or other market considerations and does not imply that the long-term risk profile should necessarily change.

A **green** status indicates that the solution is in line with the assigned risk profile and no action is needed.

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Management Ltd

Investment Solutions

Q1 2024

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VERSION CONTROL

Version	Date	Author	Description	Track Changes?
V1.0	16/02/2024	Manav Umrethwala	Initial document	N
V1.1	20/02/2024	Thusara Ravichandran	Review	N

1.   INTRODUCTION

EValue Limited ("EV") owns the Funds Risk Assessor solution, which can be used to measure the risk rating of an investment fund or portfolio of investment funds. AJ Bell wishes EV to supply data output from Funds Risk Assessor, classifying their manual funds and/or solutions against EV's standard risk rating models, in order to understand how the investment funds and/or solutions that it makes available, are risk rated by Funds Risk Assessor.

2. GENERAL OVERVIEW

The funds were added from the EV fund database as 6 separate portfolios in FRA, as specified by AJ Bell.

2.1 Content

This report details the data output from Funds Risk Assessor, rating AJ Bell's chosen funds against EV's Standard 1-5, 1-7 and 1-10 risk rating scales; and across differing terms of 5, 10, 15, 20 and 25 years.

3. HOW DO WE RISK RATE YOUR FUND OR PORTFOLIO?

3.1 Risk Rating Process

Funds Risk Assessor can risk rate any investment proposition whether an individual discretionary fund, a model portfolio or any other central investment proposition. It does this by applying a consistent and robust approach to determining the risk of the fund compared to the asset allocation benchmarks from any standard risk profiling questionnaire or process.

It is important to assess the risk of funds and portfolios prospectively because volatility measures from the recent past are not a reliable guide to the future (for example, low volatility in equity returns in the years running up to the credit crunch was followed by high volatility in subsequent years). To measure risk prospectively, a very wide range of potential economic scenarios generated by a stochastic asset model are used to measure volatility over selected durations.

The risk rating process can be summarised as follows:
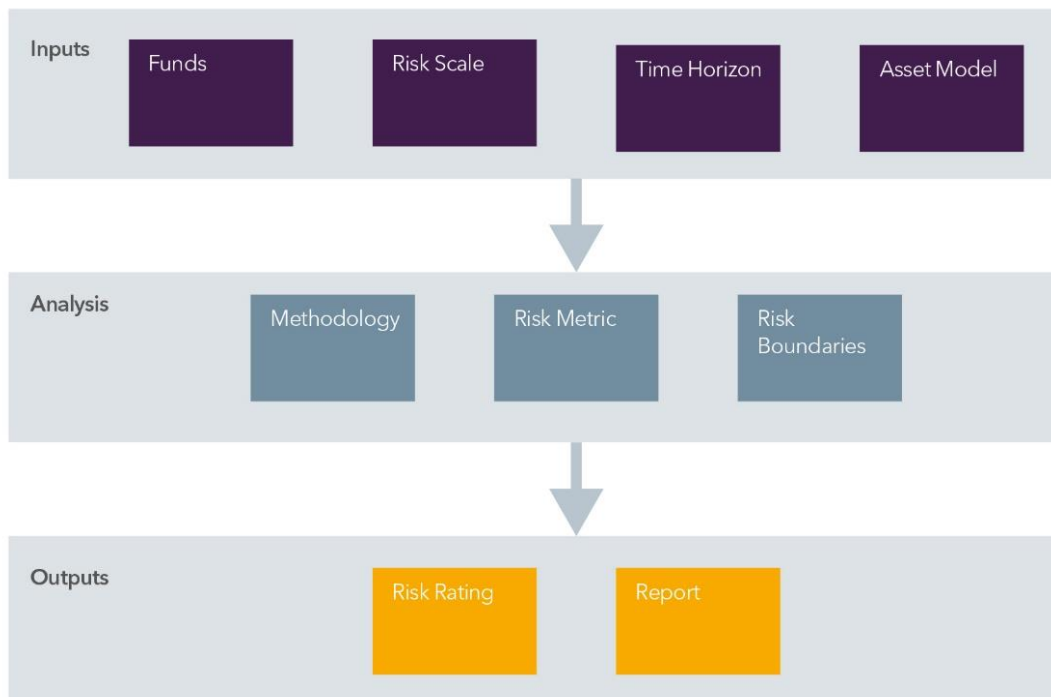
3.2   Inputs

Funds

The funds to be included in the assessment will be added from the FE fund feed in the FRA tool, as specified by AJ Bell.

Additional funds which do not appear in publicly available information, such as in-house managed funds, can be added to the assessment by specifying the assumed asset allocation of these funds.

The asset allocation of the funds is used to assess objectively the degree of investment market risk to which the fund is currently exposed. There are no subjective judgements made about the investment manager's ability to add future value (for example, high returns for a lower level of risk).

Risk scale

In order to calculate a risk rating, a scale to compare the risk against must be set.

Funds Risk Assessor uses target asset allocations supplied with a risk questionnaire to determine the position on the risk scale against which the funds selected can be assessed using their underlying asset split.

The system has the following pre-set asset allocation targets that can be used:

1.   EV Standard 5
2.   EV Standard 7
3.   EV Standard 10

Although it is possible to set up other benchmark asset allocations, we have used the EV Standards as agreed.

Time horizon

Different asset classes display different relative risk over different time horizons. The risk assessment of funds depends upon the time horizon considered for the investment. For the purpose of this report, we have used the time horizons of 5, 10, 15, 20 and 25 years.

Asset model

In order to assess the risk of the fund, the potential performance and its future variability are projected using stochastic forecasts generated from the EV asset model, which underlies the Funds Risk Assessor tool.

3.3   Analysis

Methodology

The risk measure of the selected target asset allocation is calculated. These risk measures are then used as the benchmark for assessing the portfolio or fund. For example, a portfolio or fund with the same risk measure as the risk category 6 benchmark would be rated 6, whilst one with a risk measure mid-way between the risk category 6 and 7 benchmarks would be given a risk rating of 6.5.

3.4   Outputs

Risk rating

For the risk assessment, Funds Risk Assessor will calculate a decimal risk score as described above.

The decimal risk score is shown on a pictorial scale as follows:

Risk scores are calculated as a decimal but rounded to the nearest whole number risk category, so that decimal risk scores between 5.50 and 6.49 will be rated as risk category 6.

If the arrow in the diagram is directly under the risk rating number, the portfolio's volatility exactly matches the target risk. The example above shows how a decimal risk rating score of 6.3 out of 10 is shown.

4. RESULTS

4.1 General

The tables on the following pages illustrate the risk meter displays for the risk rating exercise. We have modelled at the highest term for each term range requested i.e., 5, 10, 15, 20 and 25 years.
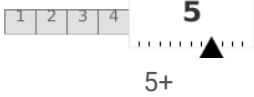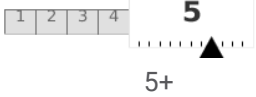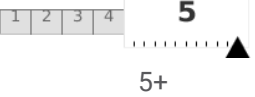
Risk Benchmark EV Standard 1-5

Risk ratings (scale 1-5) Data Generated by Fund Risk Assessor

Name of Fund	5 Years	10 Years	15 Years	20 Years	25 Years
VT AJ Bell Cautious Acc	**3** 2.54	**2** 1.74	**1** 1.31	**1** 1.05	**1** 0.95
VT AJ Bell Moderately Cautious Acc	**3** 3.40	**3** 2.87	**2** 2.47	**2** 2.22	**2** 1.89
VT AJ Bell Balanced I Acc	**4** 4.01	**4** 3.62	**3** 3.36	**3** 3.19	**3** 2.97
VT AJ Bell Moderately Adventurous Acc	**4** 4.45	**4** 4.25	**4** 4.09	**4** 4.01	**4** 3.91
VT AJ Bell Adventurous I Acc	**5** 4.88	**5** 4.79	**5** 4.74	**5** 4.77	**5** 4.82

Name of Fund	5 Years	10 Years	15 Years	20 Years	25 Years
VT AJ Bell Global Growth I Acc	1 2 3 4 **5** ▲ 5+	1 2 3 4 **5** ▲ 5+	1 2 3 4 **5** ▲ 5+	1 2 3 4 **5** ▲ 5+	1 2 3 4 **5** ▲ 5+
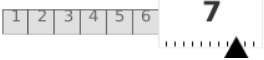
Risk Benchmark EV Standard 1-7

Risk ratings (scale 1-7) Data Generated by Fund Risk Assessor

Name of Fund	5 Years	10 Years	15 Years	20 Years	25 Years
VT AJ Bell Cautious Acc	**3** 3.35	**2** 2.13	**1** 1.48	**1** 1.08	**1** 0.95
VT AJ Bell Moderately Cautious Acc	**5** 4.64	**4** 3.81	**3** 3.24	**3** 2.85	**2** 2.33
VT AJ Bell Balanced I Acc	**5** 5.49	**5** 4.98	**5** 4.56	**4** 4.30	**4** 3.96
VT AJ Bell Moderately Adventurous Acc	**6** 6.22	**6** 5.91	**6** 5.64	**6** 5.50	**5** 5.36
VT AJ Bell Adventurous I Acc	**7** 6.84	**7** 6.71	**7** 6.63	**7** 6.66	**7** 6.74

Name of Fund	5 Years	10 Years	15 Years	20 Years	25 Years
VT AJ Bell Global Growth I Acc	1 2 3 4 5 6 **7** ▲ 7+	1 2 3 4 5 6 **7** ▲ 7+	1 2 3 4 5 6 **7** ▲ 7+	1 2 3 4 5 6 **7** ▲ 7+	1 2 3 4 5 6 **7** ▲ 7+
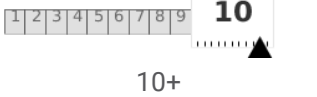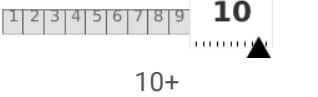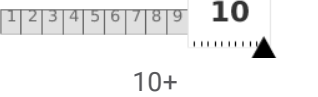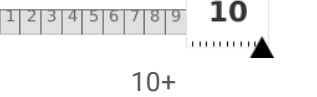
Risk Benchmark EV Standard 1-10

Risk ratings (scale 1-10) Data Generated by Fund Risk Assessor

Name of Fund	5 Years	10 Years	15 Years	20 Years	25 Years
VT AJ Bell Cautious Acc	**5** 4.55	**3** 2.71	**2** 1.74	**1** 1.13	**1** 0.95
VT AJ Bell Moderately Cautious Acc	**6** 6.48	**5** 5.23	**4** 4.37	**4** 3.79	**3** 3.01
VT AJ Bell Balanced I Acc	**8** 7.77	**7** 6.97	**6** 6.35	**6** 5.96	**5** 5.45
VT AJ Bell Moderately Adventurous Acc	**9** 8.86	**8** 8.36	**8** 7.99	**8** 7.77	**8** 7.55
VT AJ Bell Adventurous I Acc	**10** 9.77	**10** 9.58	**9** 9.46	**10** 9.50	**10** 9.62

Name of Fund	5 Years	10 Years	15 Years	20 Years	25 Years
VT AJ Bell Global Growth I Acc	10 10+	10 10+	10 10+	10 10+	10 10+

Disclaimer

This report is prepared with due care and skill for AJ Bell by EV using approved market data feeds or fund asset allocations as provided by the Customer. EV determines a fund's risk rating by projecting future outcomes using simulations generated by its proprietary asset model and based on the fund's high level asset allocation. These projections of outcomes are forward looking over a range of durations from 5 to 25 years. From these outcomes the risk of the fund is determined by comparison to a set of risk benchmarks. EV's risk rating methodology is only focused on the range of potential outcomes at different durations and does not incorporate all risks which a fund may be subject to, for example, but not limited to, credit risk, liquidity risk, concentration of risk within asset classes, manager business risk, political and other specific risks associated with the way the fund is managed. Customers and third parties using EV's risk ratings should ensure the limitations of risk ratings are understood by their clients. EV does not endorse or recommend any investment solution to AJ Bell or to third parties. EV shall use reasonable care skill and care to ensure that any report is accurate, but will not be held liable for any loss or damage suffered by any third party as a result of that third party's reliance on any report supplied.

FinaMetrica Risk Tolerance Score Mappings

FinaMetrica provides advisers with the tools and procedures that lead to their clients' properly informed commitment. This mappings guide helps facilitate the investment strategy selection process for **AJ Bell MPS portfolios and VT AJ Bell passive funds** by matching clients' risk tolerance score to a fund. This enables an apples-to-apples comparison between risk tolerance and investment risk.

The following is a summary of the FinaMetrica three factor risk profiling methodology as recommended for use by advisers. It's been designed to be of assistance to fund manager's field staff. A more detailed explanation can be found at http://www.riskprofiling.com/Downloads/QuickStart_Guide.pdf

➤ Step One

Once the client has completed the FinaMetrica risk test the adviser reviews the report with their client. The client confirms they are comfortable that the score reasonably represents their risk tolerance.

➤ Step Two

The adviser maps the clients' risk tolerance score to a specific fund in the portfolio suite shown below. This is an indication of how likely the fund will deliver returns and volatilities that meet the client's emotional preferences.

FinaMetrica Risk Tolerance Score Mappings for **AJ Bell MPS portfolios and VT AJ Bell passive funds**.

AJ Bell Active MPS Portfolio	Growth Assets	Risk Tolerance Score Ranges / Risk Comfort/Discomfort Zones for Each Portfolio					
		Best Fit	Too Much Risk	Marginal	OK Risk	Marginal	Too Little Risk
Portfolio 1	33%	29 - 48	< 29	29 - 35	36 - 48	49 - 54	> 54
Portfolio 2	51%	49 - 57	< 41	41 - 47	48 - 58	59 - 65	> 65
Portfolio 3	66%	58 - 66	< 51	51 - 55	56 - 68	69 - 75	> 75
Income 1	66%	58 - 66	< 51	51 - 55	56 - 68	69 - 75	> 75
Portfolio 4	78%	67 - 76	< 58	58 - 63	64 - 77	78 - 88	> 88
Portfolio 5	93%	77 - 100	< 67	67 - 73	74 - 100	n.a.	n.a.
Income 2	93%	77 - 100	< 67	67 - 73	74 - 100	n.a.	n.a.
Portfolio 6	95%	78 - 100	< 68	68 - 74	75 - 100	n.a.	n.a.

AJ Bell Passive MPS Portfolio	Growth Assets	Risk Tolerance Score Ranges / Risk Comfort/Discomfort Zones for Each Portfolio					
		Best Fit	Too Much Risk	Marginal	OK Risk	Marginal	Too Little Risk
Portfolio 1	33%	29 - 48	< 29	29 - 35	36 - 48	49 - 54	> 54
Portfolio 2	51%	49 - 57	< 41	41 - 47	48 - 58	59 - 65	> 65
Portfolio 3	66%	58 - 66	< 51	51 - 55	56 - 68	69 - 75	> 75
Income 1	66%	58 - 66	< 51	51 - 55	56 - 68	69 - 75	> 75
Portfolio 4	78%	67 - 76	< 58	58 - 63	64 - 77	78 - 88	> 88
Portfolio 5	93%	77 - 100	< 67	67 - 73	74 - 100	n.a.	n.a.
Income 2	93%	77 - 100	< 67	67 - 73	74 - 100	n.a.	n.a.
Portfolio 6	95%	78 - 100	< 68	68 - 74	75 - 100	n.a.	n.a.

AJ Bell Pactive MPS Portfolio	Growth Assets	Risk Tolerance Score Ranges Risk Comfort/Discomfort Zones for Each Portfolio					
		Best Fit	Too Much Risk	Marginal	OK Risk	Marginal	Too Little Risk
Portfolio 1	33%	29 - 48	< 29	29 - 35	36 - 48	49 - 54	> 54
Portfolio 2	51%	49 - 57	< 41	41 - 47	48 - 58	59 - 65	> 65
Portfolio 3	66%	58 - 66	< 51	51 - 55	56 - 68	69 - 75	> 75
Portfolio 4	78%	67 - 76	< 58	58 - 63	64 - 77	78 - 88	> 88
Portfolio 5	93%	77 - 100	< 67	67 - 73	74 - 100	n.a.	n.a.
Portfolio 6	95%	78 - 100	< 68	68 - 74	75 - 100	n.a.	n.a.

VT AJ Bell Passive Fund	Growth Assets	Risk Tolerance Score Ranges Risk Comfort/Discomfort Zones for Each Fund					
		Best Fit	Too Much Risk	Marginal	OK Risk	Marginal	Too Little Risk
Cautious	33%	29 - 48	< 29	29 - 35	36 - 48	49 - 54	> 54
Moderately Cautious	51%	49 - 57	< 41	41 - 47	48 - 58	59 - 65	> 65
Balanced	66%	58 - 66	< 51	51 - 55	56 - 68	69 - 75	> 75
Income	66%	58 - 66	< 51	51 - 55	56 - 68	69 - 75	> 75
Moderately Adventurous	78%	67 - 76	< 58	58 - 63	64 - 77	78 - 88	> 88
Adventurous	93%	77 - 100	< 67	67 - 73	74 - 100	n.a.	n.a.
Income & Growh	93%	77 - 100	< 67	67 - 73	74 - 100	n.a.	n.a.
Global Growth	95%	78 - 100	< 68	68 - 74	75 - 100	n.a.	n.a.

For v3.0 and s3.0 risk tolerance profiles.

❖ The Best Fit ranges divide the FinaMetrica 0 to 100 risk tolerance scoring scale across the funds, showing, for this set of funds, which is most appropriate for a particular risk tolerance score, and

❖ The Too Much/Marginal/OK/Marginal/Too Little score ranges provide score ranges for each of the funds considered in isolation and are the primary guide to whether a particular fund is suitable from a risk tolerance perspective.

➤ Step Three

The adviser can then test the extent to which that fund is likely to meet their client's needs as they fall due within their capacity for loss.

➤ Step Four

It's possible that the fund that mapped to risk tolerance may not meet the client's financial needs or loss capacity. In that case the client will likely need to make some trade-offs in collaboration with the adviser. It may lead to adjustments to the client's financial plan that includes goal and behavioural changes or the selection of a fund that's less consistent with their risk tolerance.

➤ Step Five

The adviser should keep clear records of the discussion and reasons for the fund selection.

➤ Step Six

On a regular basis the adviser should review how well the fund continues to map to the client's risk tolerance, financial needs and loss capacity.

For more information, including the methodology upon which the table is based, advisors should refer to the Asset Allocation Mappings calculator and its guide, which can be found under System Resources at www.finametrica.com and also at www.riskprofiling.com.

CLIENTS FOR LIFE

Synaptic Risk Rating Service

Fact Sheet

AJBell Investments

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Using the Risk Rating Service

It is the responsibility of the adviser to ensure that the level of risk that their client is exposed to is appropriate for their circumstances. The online Synaptic Attitude to Risk Questionnaire can assist in performing and saving a client risk appraisal, and the Risk analysis provided in these Fact Sheets can assist in identifying a suitable investment:

• Establish with the client how much they can afford to lose (tolerance for loss)

• Establish with the client how much they are prepared to lose in relation to the investment objective under consideration

• Use the Synaptic Risk Rating Service, or Synaptic Modeller tool to establish the 'minimum gain', or 'Capacity for Loss' quotient

• Compare the numbers to see if there is alignment. Due to the subjective nature of risk, there is a reliance on the skill and experience of the adviser to ensure that 'informed consent' has been achieved, on the basis that the client understands and agrees to the risk proposition.

The Capacity for Loss Quotient

The Synaptic Risk Rating Service is derived from the risk framework provided by Moody's Analytic's Stochastic engine. It has been created to provide advisers with more robust, quantitative measures for risk than is generally available, and provide the opportunity for them to move away from Volatility based ratings. Projections are asset allocation of the underlying investments. The multiple scenarios modelled by the stochastic engine aim to capture the likelihood of a range of investment outcomes:

• The Minimum gain figure represents the possible loss to be sustained 5% (or 1 in 20 year event), in any one year. I.E. 'dear client, you have a 1 in 20 chance of losing 20% of your portfolio in any one year, in search of the higher returns you seek'.

• The Maximum gain figure represents the 5% of best possible outcomes returned by the model, and the Mean is the average annual growth calculated by the model.

Graph showing spread of risk using Minimum, Mean and Maximum gain figures derived from the Moody's Analytic's stochastic outputs, as applied to the Strategic asset allocation

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VT AJ Bell Fund Comparison

	VT AJ Bell Cautious Fund	VT AJ Bell Moderately Cautious Fund	VT AJ Bell Balanced Fund	VT AJ Bell Moderately Adventurous Fund	VT AJ Bell Adventurous Fund	VT AJ Bell Global Growth Fund

Strategic Asset Allocation

	Cautious	Moderately Cautious	Balanced	Moderately Adventurous	Moderately Adventurous	Adventurous
Synaptic Risk Rating (1-5)	1.9	2.8	3.4	4.1	4.8	5.0
Max gain	17.26%	21.04%	24.91%	29.06%	32.75%	33.33%
Ave gain	5.29%	6.00%	6.67%	7.32%	7.86%	7.92%
Min gain	-6.22%	-10.56%	-13.91%	-17.18%	-20.58%	-21.57%

Tactical Asset Allocation

	Moderately Cautious	Moderately Cautious	Balanced	Moderately Adventurous	Moderately Adventurous	Adventurous
Synaptic Risk Rating (1-5)	2.0	2.7	3.5	4.1	4.8	5.0
Max gain	17.77%	21.13%	25.13%	28.86%	32.75%	33.33%
Ave gain	5.39%	6.10%	6.72%	7.34%	7.86%	7.92%
Min gain	-6.74%	-10.48%	-14.37%	-17.28%	-20.58%	-21.57%

Asset Allocation breakdown

VT AJ Bell Cautious Fund

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	26.0	20.0
UK Corporate Bonds	13.0	19.0
UK Govt Bonds	10.0	16.0
UK Equities	6.0	6.0
Global Equities (ex UK)	12.0	12.0
Emerging Markets Equities	5.0	5.0
Global Property	4.0	4.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	24.0	18.0

VT AJ Bell Moderately Cautious Fund

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	18.0	12.0
UK Corporate Bonds	11.0	18.0
UK Govt Bonds	5.0	10.0
UK Equities	12.0	12.0
Global Equities (ex UK)	19.0	19.0
Emerging Markets Equities	9.0	9.0
Global Property	4.0	4.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	22.0	16.0

VT AJ Bell Balanced Fund

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	9.0	7.0
UK Corporate Bonds	10.0	15.0
UK Govt Bonds	3.0	5.0
UK Equities	16.0	16.0
Global Equities (ex UK)	27.0	27.0
Emerging Markets Equities	12.0	12.0
Global Property	4.0	4.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	19.0	14.0

VT AJ Bell Moderately Adventurous Fund

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	2.0	2.0
UK Corporate Bonds	8.0	12.0
UK Govt Bonds	0.0	0.0
UK Equities	20.0	20.0
Global Equities (ex UK)	36.0	36.0
Emerging Markets Equities	14.0	14.0
Global Property	3.0	3.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	17.0	13.0

VT AJ Bell Adventurous Fund

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	2.0	2.0
UK Corporate Bonds	0.0	0.0
UK Govt Bonds	0.0	0.0
UK Equities	25.0	25.0
Global Equities (ex UK)	43.0	43.0
Emerging Markets Equities	17.0	17.0
Global Property	3.0	3.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	10.0	10.0

VT AJ Bell Global Growth Fund

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	2.0	2.0
UK Corporate Bonds	0.0	0.0
UK Govt Bonds	0.0	0.0
UK Equities	23.0	23.0
Global Equities (ex UK)	38.0	38.0
Emerging Markets Equities	27.0	27.0
Global Property	3.0	3.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	7.0	7.0

Risk

VT AJ Bell Income Fund | VT AJ Bell Income & Growth Fund | AJ Bell Passive MPS 1 | AJ Bell Passive MPS 2 | AJ Bell Passive MPS 3 | AJ Bell Passive MPS 4

Strategic Asset Allocation

	VT AJ Bell Income Fund	VT AJ Bell Income & Growth Fund	AJ Bell Passive MPS 1	AJ Bell Passive MPS 2	AJ Bell Passive MPS 3	AJ Bell Passive MPS 4
Synaptic Risk Rating (1-5)	3.4	4.8	1.9	2.8	3.4	4.1
Category	Balanced	Moderately Adventurous	Cautious	Moderately Cautious	Balanced	Moderately Adventurous
Max gain	24.91%	32.75%	17.26%	21.04%	24.91%	29.06%
Ave gain	6.67%	7.86%	5.29%	6.00%	6.67%	7.32%
Min gain	-13.91%	-20.58%	-6.22%	-10.56%	-13.91%	-17.18%

Tactical Asset Allocation

	VT AJ Bell Income Fund	VT AJ Bell Income & Growth Fund	AJ Bell Passive MPS 1	AJ Bell Passive MPS 2	AJ Bell Passive MPS 3	AJ Bell Passive MPS 4
Synaptic Risk Rating (1-5)	3.5	4.8	2.0	2.7	3.5	4.1
Category	Balanced	Moderately Adventurous	Moderately Cautious	Moderately Cautious	Balanced	Moderately Adventurous
Max gain	25.13%	32.75%	17.77%	21.13%	25.13%	28.86%
Ave gain	6.72%	7.86%	5.39%	6.10%	6.72%	7.34%
Min gain	-14.37%	-20.58%	-6.74%	-10.48%	-14.37%	-17.28%

Asset Allocation breakdown

Key (%) — Strategic (OUTER) / Tactical (INNER)

Asset	VT AJ Bell Income Fund Strategic	Tactical	VT AJ Bell Income & Growth Fund Strategic	Tactical	AJ Bell Passive MPS 1 Strategic	Tactical	AJ Bell Passive MPS 2 Strategic	Tactical	AJ Bell Passive MPS 3 Strategic	Tactical	AJ Bell Passive MPS 4 Strategic	Tactical
Cash	9.0	7.0	2.0	2.0	26.0	20.0	18.0	12.0	9.0	7.0	2.0	2.0
UK Corporate Bonds	10.0	15.0	0.0	0.0	13.0	19.0	11.0	18.0	10.0	15.0	8.0	12.0
UK Govt Bonds	3.0	5.0	0.0	0.0	10.0	16.0	5.0	10.0	3.0	5.0	3.0	5.0
UK Equities	16.0	16.0	25.0	25.0	6.0	6.0	12.0	12.0	16.0	16.0	20.0	20.0
Global Equities (ex UK)	27.0	27.0	43.0	43.0	12.0	12.0	19.0	19.0	27.0	27.0	36.0	36.0
Emerging Markets Equities	12.0	12.0	17.0	17.0	5.0	5.0	9.0	9.0	12.0	12.0	14.0	14.0
Global Property	4.0	4.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Global Private Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hedge Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
US Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Bonds (ex UK)	19.0	14.0	10.0	10.0	24.0	18.0	22.0	16.0	19.0	14.0	17.0	13.0

Risk

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‹‹‹S Risk

Strategic Asset Allocation

	AJ Bell Passive MPS 5	AJ Bell Passive MPS 6	AJ Bell Passive MPS Income 1	AJ Bell Passive MPS Income 2	AJ Bell Active MPS 1	AJ Bell Active MPS 2
Synaptic Risk Rating (1-5)	4.8	5.0	3.4	4.8	1.9	2.8
	Moderately Adventurous	Adventurous	Balanced	Moderately Adventurous	Cautious	Moderately Cautious
Max gain	32.75%	33.33%	24.91%	32.75%	17.26%	21.04%
Ave gain	7.86%	7.92%	6.67%	7.86%	5.29%	6.00%
Min gain	-20.58%	-21.57%	-13.91%	-20.58%	-6.22%	-10.56%

Tactical Asset Allocation

	AJ Bell Passive MPS 5	AJ Bell Passive MPS 6	AJ Bell Passive MPS Income 1	AJ Bell Passive MPS Income 2	AJ Bell Active MPS 1	AJ Bell Active MPS 2
Synaptic Risk Rating (1-5)	4.8	5.0	3.5	4.8	2.0	2.7
	Moderately Adventurous	Adventurous	Balanced	Moderately Adventurous	Moderately Cautious	Moderately Cautious
Max gain	32.75%	33.33%	25.13%	32.75%	17.77%	21.13%
Ave gain	7.86%	7.92%	6.72%	7.86%	5.39%	6.10%
Min gain	-20.58%	-21.57%	-14.37%	-20.58%	-6.74%	-10.48%

Asset Allocation breakdown

Key (Strategic OUTER / Tactical INNER)

%	MPS 5 Strat	MPS 5 Tact	MPS 6 Strat	MPS 6 Tact	Income 1 Strat	Income 1 Tact	Income 2 Strat	Income 2 Tact	Active 1 Strat	Active 1 Tact	Active 2 Strat	Active 2 Tact
Cash	2.0	2.0	2.0	2.0	9.0	7.0	2.0	2.0	26.0	20.0	18.0	12.0
UK Corporate Bonds	0.0	0.0	0.0	0.0	10.0	15.0	0.0	0.0	13.0	19.0	11.0	18.0
UK Govt Bonds	0.0	0.0	0.0	0.0	3.0	5.0	0.0	0.0	10.0	16.0	5.0	10.0
UK Equities	25.0	25.0	23.0	23.0	16.0	16.0	25.0	25.0	6.0	6.0	12.0	12.0
Global Equities (ex UK)	43.0	43.0	38.0	38.0	27.0	27.0	43.0	43.0	12.0	12.0	19.0	19.0
Emerging Markets Equities	17.0	17.0	27.0	27.0	12.0	12.0	17.0	17.0	5.0	5.0	9.0	9.0
Global Property	3.0	3.0	3.0	3.0	4.0	4.0	3.0	3.0	4.0	4.0	4.0	4.0
Global Private Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hedge Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
US Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Bonds (ex UK)	10.0	10.0	7.0	7.0	19.0	14.0	10.0	10.0	24.0	18.0	22.0	16.0

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	AJ Bell Active MPS 3	AJ Bell Active MPS 4	AJ Bell Active MPS 5	AJ Bell Active MPS 6	AJ Bell Active MPS Income 1	AJ Bell Active MPS Income 2

Strategic Asset Allocation

	MPS 3	MPS 4	MPS 5	MPS 6	Income 1	Income 2
Synaptic Risk Rating (1-5)	3.4	4.1	4.8	5.0	3.4	4.8
Category	Balanced	Moderately Adventurous	Moderately Adventurous	Adventurous	Balanced	Moderately Adventurous
Max gain	24.91%	29.06%	32.75%	33.33%	24.91%	32.75%
Ave gain	6.67%	7.32%	7.86%	7.92%	6.67%	7.86%
Min gain	-13.91%	-17.18%	-20.58%	-21.57%	-13.91%	-20.58%

Tactical Asset Allocation

	MPS 3	MPS 4	MPS 5	MPS 6	Income 1	Income 2
Synaptic Risk Rating (1-5)	3.5	4.1	4.8	5.0	3.5	4.8
Category	Balanced	Moderately Adventurous	Moderately Adventurous	Adventurous	Balanced	Moderately Adventurous
Max gain	25.13%	28.86%	32.75%	33.33%	25.13%	32.75%
Ave gain	6.72%	7.34%	7.86%	7.92%	6.72%	7.86%
Min gain	-14.37%	-17.28%	-20.58%	-21.57%	-14.37%	-20.58%

Asset Allocation breakdown

Key (%) — Strategic (OUTER) / Tactical (INNER)

	MPS 3 Strategic	MPS 3 Tactical	MPS 4 Strategic	MPS 4 Tactical	MPS 5 Strategic	MPS 5 Tactical	MPS 6 Strategic	MPS 6 Tactical	Income 1 Strategic	Income 1 Tactical	Income 2 Strategic	Income 2 Tactical
Cash	9.0	7.0	2.0	2.0	2.0	2.0	2.0	2.0	9.0	7.0	2.0	2.0
UK Corporate Bonds	10.0	15.0	8.0	12.0	0.0	0.0	0.0	0.0	10.0	15.0	0.0	0.0
UK Govt Bonds	3.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	5.0	0.0	0.0
UK Equities	16.0	16.0	20.0	20.0	25.0	25.0	23.0	23.0	16.0	16.0	25.0	25.0
Global Equities (ex UK)	27.0	27.0	36.0	36.0	43.0	43.0	38.0	38.0	27.0	27.0	43.0	43.0
Emerging Markets Equities	12.0	12.0	14.0	14.0	17.0	17.0	27.0	27.0	12.0	12.0	17.0	17.0
Global Property	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	3.0	3.0
Global Private Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hedge Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
US Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Bonds (ex UK)	19.0	14.0	17.0	13.0	10.0	10.0	7.0	7.0	19.0	14.0	10.0	10.0

Risk

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Strategic Asset Allocation

	MPS 1	MPS 2	MPS 3	MPS 4	MPS 5	MPS 6
Synaptic Risk Rating (1-5)	1.9	2.8	3.4	4.1	4.8	5.0
Category	Cautious	Moderately Cautious	Balanced	Moderately Adventurous	Moderately Adventurous	Adventurous
Max gain	17.26%	21.04%	24.91%	29.06%	32.75%	33.33%
Ave gain	5.29%	6.00%	6.67%	7.32%	7.86%	7.92%
Min gain	-6.22%	-10.56%	-13.91%	-17.18%	-20.58%	-21.57%

Tactical Asset Allocation

	MPS 1	MPS 2	MPS 3	MPS 4	MPS 5	MPS 6
Synaptic Risk Rating (1-5)	2.0	2.7	3.5	4.1	4.8	5.0
Category	Moderately Cautious	Moderately Cautious	Balanced	Moderately Adventurous	Moderately Adventurous	Adventurous
Max gain	17.77%	21.13%	25.13%	28.86%	32.75%	33.33%
Ave gain	5.39%	6.10%	6.72%	7.34%	7.86%	7.92%
Min gain	-6.74%	-10.48%	-14.37%	-17.28%	-20.58%	-21.57%

Asset Allocation breakdown

MPS 1

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	26.0	20.0
UK Corporate Bonds	13.0	19.0
UK Govt Bonds	10.0	16.0
UK Equities	6.0	6.0
Global Equities (ex UK)	12.0	12.0
Emerging Markets Equities	5.0	5.0
Global Property	4.0	4.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	24.0	18.0

MPS 2

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	18.0	12.0
UK Corporate Bonds	11.0	18.0
UK Govt Bonds	5.0	10.0
UK Equities	12.0	12.0
Global Equities (ex UK)	19.0	19.0
Emerging Markets Equities	9.0	9.0
Global Property	4.0	4.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	22.0	16.0

MPS 3

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	9.0	7.0
UK Corporate Bonds	10.0	15.0
UK Govt Bonds	3.0	5.0
UK Equities	16.0	16.0
Global Equities (ex UK)	27.0	27.0
Emerging Markets Equities	12.0	12.0
Global Property	4.0	4.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	19.0	14.0

MPS 4

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	2.0	2.0
UK Corporate Bonds	8.0	12.0
UK Govt Bonds	0.0	0.0
UK Equities	20.0	20.0
Global Equities (ex UK)	36.0	36.0
Emerging Markets Equities	14.0	14.0
Global Property	3.0	3.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	17.0	13.0

MPS 5

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	2.0	2.0
UK Corporate Bonds	0.0	0.0
UK Govt Bonds	0.0	0.0
UK Equities	25.0	25.0
Global Equities (ex UK)	43.0	43.0
Emerging Markets Equities	17.0	17.0
Global Property	3.0	3.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	10.0	10.0

MPS 6

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	2.0	2.0
UK Corporate Bonds	0.0	0.0
UK Govt Bonds	0.0	0.0
UK Equities	23.0	23.0
Global Equities (ex UK)	38.0	38.0
Emerging Markets Equities	27.0	27.0
Global Property	3.0	3.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	7.0	7.0

Synaptic Risk Rating Service

Fact Sheet

AJBell Investments

Q1 2024

Using the Risk Rating Service

It is the responsibility of the adviser to ensure that the level of risk that their client is exposed to is appropriate for their circumstances. The online Synaptic Attitude to Risk Questionnaire can assist in performing and saving a client risk appraisal, and the Risk analysis provided in these Fact Sheets can assist in identifying a suitable investment:

- Establish with the client how much they can afford to lose (tolerance for loss)

- Establish with the client how much they are prepared to lose in relation to the investment objective under consideration

- Use the Synaptic Risk Rating Service, or Synaptic Modeller tool to establish the 'minimum gain', or 'Capacity for Loss' quotient

- Compare the numbers to see if there is alignment. Due to the subjective nature of risk, there is a reliance on the skill and experience of the adviser to ensure that 'informed consent' has been achieved, on the basis that the client understands and agrees to the risk proposition.

The Capacity for Loss Quotient

The Synaptic Risk Rating Service is derived from the risk framework provided by Moody's Analytic's Stochastic engine. It has been created to provide advisers with more robust, quantitative measures for risk than is generally available, and provide the opportunity for them to move away from Volatility based ratings. Projections are asset allocation of the underlying investments. The multiple scenarios modelled by the stochastic engine aim to capture the likelihood of a range of investment outcomes:

- The Minimum gain figure represents the possible loss to be sustained 5% (or 1 in 20 year event), in any one year. I.E. 'dear client, you have a 1 in 20 chance of losing 20% of your portfolio in any one year, in search of the higher returns you seek'.

- The Maximum gain figure represents the 5% of best possible outcomes returned by the model, and the Mean is the average annual growth calculated by the model.

Graph showing spread of risk using Minimum, Mean and Maximum gain figures derived from the Moody's Analytic's stochastic outputs, as applied to the Strategic asset allocation

Legend:
- Mean Gain
- Max Gain
- Min Gain

Categories:
VT AJ Bell Cautious Fund
AJ Bell Passive MPS 1
AJ Bell Active MPS 1
AJ Bell Pactive MPS 1
VT AJ Bell Moderately Cautious Fund
AJ Bell Passive MPS 2
AJ Bell Active MPS 2
AJ Bell Pactive MPS 2
VT AJ Bell Balanced Fund
VT AJ Bell Income Fund
AJ Bell Passive MPS 3
AJ Bell Active MPS 3
AJ Bell Active MPS Income 1
AJ Bell Pactive MPS 3
VT AJ Bell Moderately Adventurous Fund
AJ Bell Passive MPS 4
AJ Bell Active MPS 4
AJ Bell Pactive MPS 4
VT AJ Bell Adventurous Fund
VT AJ Bell Income & Growth Fund
AJ Bell Passive MPS 5
AJ Bell Passive MPS Income 2
AJ Bell Active MPS 5
AJ Bell Active MPS Income 2
AJ Bell Pactive MPS 5
VT AJ Bell Global Growth Fund
AJ Bell Passive MPS 6
AJ Bell Active MPS 6
AJ Bell Pactive MPS 6

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VT AJ Bell Fund Asset Allocation

	VT AJ Bell Cautious Fund	VT AJ Bell Moderately Cautious Fund	VT AJ Bell Balanced Fund	VT AJ Bell Moderately Adventurous Fund	VT AJ Bell Adventurous Fund	VT AJ Bell Global Growth Fund

Strategic Asset Allocation

	VT AJ Bell Cautious Fund	VT AJ Bell Moderately Cautious Fund	VT AJ Bell Balanced Fund	VT AJ Bell Moderately Adventurous Fund	VT AJ Bell Adventurous Fund	VT AJ Bell Global Growth Fund
Synaptic Risk Rating (1-10)	2	4	5	7	8	9
Category	Cautious	Moderately Cautious (High End)	Balanced (Low End)	Moderately Adventurous (Low End)	Moderately Adventurous (High End)	Adventurous
Max gain	17.26%	21.04%	24.91%	29.06%	32.75%	33.33%
Ave gain	5.29%	6.00%	6.67%	7.32%	7.86%	7.92%
Min gain	-6.22%	-10.56%	-13.91%	-17.18%	-20.58%	-21.57%

Tactical Asset Allocation

	VT AJ Bell Cautious Fund	VT AJ Bell Moderately Cautious Fund	VT AJ Bell Balanced Fund	VT AJ Bell Moderately Adventurous Fund	VT AJ Bell Adventurous Fund	VT AJ Bell Global Growth Fund
Synaptic Risk Rating (1-10)	3	4	6	7	8	9
Category	Moderately Cautious (Low End)	Moderately Cautious (High End)	Balanced (High End)	Moderately Adventurous (Low End)	Moderately Adventurous (High End)	Adventurous
Max gain	17.77%	21.13%	25.13%	28.86%	32.75%	33.33%
Ave gain	5.39%	6.10%	6.72%	7.34%	7.86%	7.92%
Min gain	-6.74%	-10.48%	-14.37%	-17.28%	-20.58%	-21.57%

Asset Allocation breakdown

VT AJ Bell Cautious Fund

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	26.0	20.0
UK Corporate Bonds	13.0	19.0
UK Govt Bonds	10.0	16.0
UK Equities	6.0	6.0
Global Equities (ex UK)	12.0	12.0
Emerging Markets Equities	5.0	5.0
Global Property	4.0	4.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	24.0	18.0

VT AJ Bell Moderately Cautious Fund

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	18.0	12.0
UK Corporate Bonds	11.0	18.0
UK Govt Bonds	5.0	10.0
UK Equities	12.0	12.0
Global Equities (ex UK)	19.0	19.0
Emerging Markets Equities	9.0	9.0
Global Property	4.0	4.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	22.0	16.0

VT AJ Bell Balanced Fund

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	9.0	7.0
UK Corporate Bonds	10.0	15.0
UK Govt Bonds	3.0	5.0
UK Equities	16.0	16.0
Global Equities (ex UK)	27.0	27.0
Emerging Markets Equities	12.0	12.0
Global Property	4.0	4.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	19.0	14.0

VT AJ Bell Moderately Adventurous Fund

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	2.0	2.0
UK Corporate Bonds	8.0	12.0
UK Govt Bonds	0.0	0.0
UK Equities	20.0	20.0
Global Equities (ex UK)	36.0	36.0
Emerging Markets Equities	14.0	14.0
Global Property	3.0	3.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	17.0	13.0

VT AJ Bell Adventurous Fund

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	2.0	2.0
UK Corporate Bonds	0.0	0.0
UK Govt Bonds	0.0	0.0
UK Equities	25.0	25.0
Global Equities (ex UK)	43.0	43.0
Emerging Markets Equities	17.0	17.0
Global Property	3.0	3.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	10.0	10.0

VT AJ Bell Global Growth Fund

Key %	Strategic (OUTER)	Tactical (INNER)
Cash	2.0	2.0
UK Corporate Bonds	0.0	0.0
UK Govt Bonds	0.0	0.0
UK Equities	23.0	23.0
Global Equities (ex UK)	38.0	38.0
Emerging Markets Equities	27.0	27.0
Global Property	3.0	3.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	7.0	7.0

Risk

VT AJ Bell Income Fund | VT AJ Bell Income & Growth Fund | AJ Bell Passive MPS 1 | AJ Bell Passive MPS 2 | AJ Bell Passive MPS 3 | AJ Bell Passive MPS 4

Strategic Asset Allocation

	VT AJ Bell Income Fund	VT AJ Bell Income & Growth Fund	AJ Bell Passive MPS 1	AJ Bell Passive MPS 2	AJ Bell Passive MPS 3	AJ Bell Passive MPS 4
Synaptic Risk Rating (1-10)	5	8	2	4	5	7
	Balanced (Low End)	Moderately Adventurous (High End)	Cautious	Moderately Cautious (High End)	Balanced (Low End)	Moderately Adventurous (Low End)
Max gain	24.91%	32.75%	17.26%	21.04%	24.91%	29.06%
Ave gain	6.67%	7.86%	5.29%	6.00%	6.67%	7.32%
Min gain	-13.91%	-20.58%	-6.22%	-10.56%	-13.91%	-17.18%

Tactical Asset Allocation

	VT AJ Bell Income Fund	VT AJ Bell Income & Growth Fund	AJ Bell Passive MPS 1	AJ Bell Passive MPS 2	AJ Bell Passive MPS 3	AJ Bell Passive MPS 4
Synaptic Risk Rating (1-10)	6	8	3	4	6	7
	Balanced (High End)	Moderately Adventurous (High End)	Moderately Cautious (Low End)	Moderately Cautious (High End)	Balanced (High End)	Moderately Adventurous (Low End)
Max gain	25.13%	32.75%	17.77%	21.13%	25.13%	28.86%
Ave gain	6.72%	7.86%	5.39%	6.10%	6.72%	7.34%
Min gain	-14.37%	-20.58%	-6.74%	-10.48%	-14.37%	-17.28%

Asset Allocation breakdown

Key — %

	VT AJ Bell Income Fund Strategic (OUTER)	Tactical (INNER)	VT AJ Bell Income & Growth Fund Strategic (OUTER)	Tactical (INNER)	AJ Bell Passive MPS 1 Strategic (OUTER)	Tactical (INNER)	AJ Bell Passive MPS 2 Strategic (OUTER)	Tactical (INNER)	AJ Bell Passive MPS 3 Strategic (OUTER)	Tactical (INNER)	AJ Bell Passive MPS 4 Strategic (OUTER)	Tactical (INNER)
Cash	9.0	7.0	2.0	2.0	26.0	20.0	18.0	12.0	9.0	7.0	2.0	2.0
UK Corporate Bonds	10.0	15.0	0.0	0.0	13.0	19.0	11.0	18.0	10.0	15.0	8.0	12.0
UK Govt Bonds	3.0	5.0	0.0	0.0	10.0	16.0	5.0	10.0	3.0	5.0	3.0	5.0
UK Equities	16.0	16.0	25.0	25.0	6.0	6.0	12.0	12.0	16.0	16.0	20.0	20.0
Global Equities (ex UK)	27.0	27.0	43.0	43.0	12.0	12.0	19.0	19.0	27.0	27.0	36.0	36.0
Emerging Markets Equities	12.0	12.0	17.0	17.0	5.0	5.0	9.0	9.0	12.0	12.0	14.0	14.0
Global Property	4.0	4.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Global Private Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hedge Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
US Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Bonds (ex UK)	19.0	14.0	10.0	10.0	24.0	18.0	22.0	16.0	19.0	14.0	17.0	13.0

Risk

Q1 2024

Risk

Strategic Asset Allocation

	AJ Bell Passive MPS 5	AJ Bell Passive MPS 6	AJ Bell Passive MPS Income 1	AJ Bell Passive MPS Income 2	AJ Bell Active MPS 1	AJ Bell Active MPS 2
Synaptic Risk Rating (1-10)	8	9	5	8	2	4
	Moderately Adventurous (High End)	Adventurous	Balanced (Low End)	Moderately Adventurous (High End)	Cautious	Moderately Cautious (High End)
Max gain	32.75%	33.33%	24.91%	32.75%	17.26%	21.04%
Ave gain	7.86%	7.92%	6.67%	7.86%	5.29%	6.00%
Min gain	-20.58%	-21.57%	-13.91%	-20.58%	-6.22%	-10.56%

Tactical Asset Allocation

	AJ Bell Passive MPS 5	AJ Bell Passive MPS 6	AJ Bell Passive MPS Income 1	AJ Bell Passive MPS Income 2	AJ Bell Active MPS 1	AJ Bell Active MPS 2
Synaptic Risk Rating (1-10)	8	9	6	8	3	4
	Moderately Adventurous (High End)	Adventurous	Balanced (High End)	Moderately Adventurous (High End)	Moderately Cautious (Low End)	Moderately Cautious (High End)
Max gain	32.75%	33.33%	25.13%	32.75%	17.77%	21.13%
Ave gain	7.86%	7.92%	6.72%	7.86%	5.39%	6.10%
Min gain	-20.58%	-21.57%	-14.37%	-20.58%	-6.74%	-10.48%

Asset Allocation breakdown

Key (%)

	MPS 5 Strategic (OUTER)	MPS 5 Tactical (INNER)	MPS 6 Strategic (OUTER)	MPS 6 Tactical (INNER)	Income 1 Strategic (OUTER)	Income 1 Tactical (INNER)	Income 2 Strategic (OUTER)	Income 2 Tactical (INNER)	Active 1 Strategic (OUTER)	Active 1 Tactical (INNER)	Active 2 Strategic (OUTER)	Active 2 Tactical (INNER)
Cash	2.0	2.0	2.0	2.0	9.0	7.0	2.0	2.0	26.0	20.0	18.0	12.0
UK Corporate Bonds	0.0	0.0	0.0	0.0	10.0	15.0	0.0	0.0	13.0	19.0	11.0	18.0
UK Govt Bonds	0.0	0.0	0.0	0.0	3.0	5.0	0.0	0.0	10.0	16.0	5.0	10.0
UK Equities	25.0	25.0	23.0	23.0	16.0	16.0	25.0	25.0	6.0	6.0	12.0	12.0
Global Equities (ex UK)	43.0	43.0	38.0	38.0	27.0	27.0	43.0	43.0	12.0	12.0	19.0	19.0
Emerging Markets Equities	17.0	17.0	27.0	27.0	12.0	12.0	17.0	17.0	5.0	5.0	9.0	9.0
Global Property	3.0	3.0	3.0	3.0	4.0	4.0	3.0	3.0	4.0	4.0	4.0	4.0
Global Private Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hedge Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
US Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Bonds (ex UK)	10.0	10.0	7.0	7.0	19.0	14.0	10.0	10.0	24.0	18.0	22.0	16.0

Risk

Strategic Asset Allocation

	AJ Bell Active MPS 3	AJ Bell Active MPS 4	AJ Bell Active MPS 5	AJ Bell Active MPS 6	AJ Bell Active MPS Income 1	AJ Bell Active MPS Income 2
Synaptic Risk Rating (1-10)	5	7	8	9	5	8
	Balanced (Low End)	Moderately Adventurous (Low End)	Moderately Adventurous (High End)	Adventurous	Balanced (Low End)	Moderately Adventurous (High End)
Max gain	24.91%	29.06%	32.75%	33.33%	24.91%	32.75%
Ave gain	6.67%	7.32%	7.86%	7.92%	6.67%	7.86%
Min gain	-13.91%	-17.18%	-20.58%	-21.57%	-13.91%	-20.58%

Tactical Asset Allocation

	AJ Bell Active MPS 3	AJ Bell Active MPS 4	AJ Bell Active MPS 5	AJ Bell Active MPS 6	AJ Bell Active MPS Income 1	AJ Bell Active MPS Income 2
Synaptic Risk Rating (1-10)	6	7	8	9	6	8
	Balanced (High End)	Moderately Adventurous (Low End)	Moderately Adventurous (High End)	Adventurous	Balanced (High End)	Moderately Adventurous (High End)
Max gain	25.13%	28.86%	32.75%	33.33%	25.13%	32.75%
Ave gain	6.72%	7.34%	7.86%	7.92%	6.72%	7.86%
Min gain	-14.37%	-17.28%	-20.58%	-21.57%	-14.37%	-20.58%

Asset Allocation breakdown

Key — AJ Bell Active MPS 3

%	Strategic (OUTER)	Tactical (INNER)
Cash	9.0	7.0
UK Corporate Bonds	10.0	15.0
UK Govt Bonds	3.0	5.0
UK Equities	16.0	16.0
Global Equities (ex UK)	27.0	27.0
Emerging Markets Equities	12.0	12.0
Global Property	4.0	4.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	19.0	14.0

Key — AJ Bell Active MPS 4

%	Strategic (OUTER)	Tactical (INNER)
Cash	2.0	2.0
UK Corporate Bonds	8.0	12.0
UK Govt Bonds	0.0	0.0
UK Equities	20.0	20.0
Global Equities (ex UK)	36.0	36.0
Emerging Markets Equities	14.0	14.0
Global Property	3.0	3.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	17.0	13.0

Key — AJ Bell Active MPS 5

%	Strategic (OUTER)	Tactical (INNER)
Cash	2.0	2.0
UK Corporate Bonds	0.0	0.0
UK Govt Bonds	0.0	0.0
UK Equities	25.0	25.0
Global Equities (ex UK)	43.0	43.0
Emerging Markets Equities	17.0	17.0
Global Property	3.0	3.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	10.0	10.0

Key — AJ Bell Active MPS 6

%	Strategic (OUTER)	Tactical (INNER)
Cash	2.0	2.0
UK Corporate Bonds	0.0	0.0
UK Govt Bonds	0.0	0.0
UK Equities	23.0	23.0
Global Equities (ex UK)	38.0	38.0
Emerging Markets Equities	27.0	27.0
Global Property	3.0	3.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	7.0	7.0

Key — AJ Bell Active MPS Income 1

%	Strategic (OUTER)	Tactical (INNER)
Cash	9.0	7.0
UK Corporate Bonds	10.0	15.0
UK Govt Bonds	3.0	5.0
UK Equities	16.0	16.0
Global Equities (ex UK)	27.0	27.0
Emerging Markets Equities	12.0	12.0
Global Property	4.0	4.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	19.0	14.0

Key — AJ Bell Active MPS Income 2

%	Strategic (OUTER)	Tactical (INNER)
Cash	2.0	2.0
UK Corporate Bonds	0.0	0.0
UK Govt Bonds	3.0	5.0
UK Equities	25.0	25.0
Global Equities (ex UK)	43.0	43.0
Emerging Markets Equities	17.0	17.0
Global Property	3.0	3.0
Global Private Equity	0.0	0.0
Hedge Funds	0.0	0.0
Commodities	0.0	0.0
Global Infrastructure	0.0	0.0
European Fixed Income	0.0	0.0
US Fixed Income	0.0	0.0
Global Bonds (ex UK)	10.0	10.0

‹‹ᔓ Risk

Strategic Asset Allocation

	MPS 1	MPS 2	MPS 3	MPS 4	MPS 5	MPS 6
Synaptic Risk Rating (1-10)	2	4	5	7	8	9
	Cautious	Moderately Cautious (High End)	Balanced (Low End)	Moderately Adventurous (Low End)	Moderately Adventurous (High End)	Adventurous
Max gain	17.26%	21.04%	24.91%	29.06%	32.75%	33.33%
Ave gain	5.29%	6.00%	6.67%	7.32%	7.86%	7.92%
Min gain	-6.22%	-10.56%	-13.91%	-17.18%	-20.58%	-21.57%

Tactical Asset Allocation

	MPS 1	MPS 2	MPS 3	MPS 4	MPS 5	MPS 6
Synaptic Risk Rating (1-10)	3	4	6	7	8	9
	Moderately Cautious (Low End)	Moderately Cautious (High End)	Balanced (High End)	Moderately Adventurous (Low End)	Moderately Adventurous (High End)	Adventurous
Max gain	17.77%	21.13%	25.13%	28.86%	32.75%	33.33%
Ave gain	5.39%	6.10%	6.72%	7.34%	7.86%	7.92%
Min gain	-6.74%	-10.48%	-14.37%	-17.28%	-20.58%	-21.57%

Asset Allocation breakdown

Key (%) — Strategic (OUTER) / Tactical (INNER)

%	MPS 1 Strategic	MPS 1 Tactical	MPS 2 Strategic	MPS 2 Tactical	MPS 3 Strategic	MPS 3 Tactical	MPS 4 Strategic	MPS 4 Tactical	MPS 5 Strategic	MPS 5 Tactical	MPS 6 Strategic	MPS 6 Tactical
Cash	26.0	20.0	18.0	12.0	9.0	7.0	2.0	2.0	2.0	2.0	2.0	2.0
UK Corporate Bonds	13.0	19.0	11.0	18.0	10.0	15.0	8.0	12.0	0.0	0.0	0.0	0.0
UK Govt Bonds	10.0	16.0	5.0	10.0	3.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0
UK Equities	6.0	6.0	12.0	12.0	16.0	16.0	20.0	20.0	25.0	25.0	23.0	23.0
Global Equities (ex UK)	12.0	12.0	19.0	19.0	27.0	27.0	36.0	36.0	43.0	43.0	38.0	38.0
Emerging Markets Equities	5.0	5.0	9.0	9.0	12.0	12.0	14.0	14.0	17.0	17.0	27.0	27.0
Global Property	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0
Global Private Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hedge Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
US Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Bonds (ex UK)	24.0	18.0	22.0	16.0	19.0	14.0	17.0	13.0	10.0	10.0	7.0	7.0

defaqto★

Risk Rating

AJ Bell Growth Funds

February 2024

Contents

Executive summary

Accumulation Risk Ratings

Summary

We conclude the following Risk Ratings for the AJ Bell Growth Funds:

Fund	Rating
AJ Bell Cautious Fund	3
AJ Bell Moderately Cautious Fund	4
AJ Bell Balanced Fund	5
AJ Bell Moderately Adventurous Fund	7
AJ Bell Adventurous Fund	8
AJ Bell Global Growth Fund	9

Assessment

The Defaqto methodology involves using both quantitative and qualitative inputs to risk rate a fund:

Input 1 - Forecast the fund's future volatility

Input 2 - Discussion with the fund manager

Since our profiles are overlapping and not contiguous, we have some discretion as to whether a fund is rated in the upper or the lower profile.

Our assessment has been considered by our Investment Committee, and has taken into account some of AJ Bell's suggestions when arriving at our Risk Ratings.

Investment Committee summary

Historic volatility

No historic volatilities have been used.

Stochastic (future) volatility

Our analysis has been based on holdings data provided by AJ Bell.

AJ Bell Cautious Fund

Risk Rated on 07 February 2024

Mandate

The fund aims to make a positive return over 5 years, however the size of gains (or losses) are likely to be limited by the requirement to remain within a certain risk profile. Over shorter periods the fund may lose value as it invests in securities that can go both up and down in price. It looks to achieve this by investing mainly in assets such as cash and bonds. It also has riskier holdings in company shares.

Investment Committee Notes

We used fund holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this fund is most appropriately risk rated as a 3.

Conclusion/Risk Rating

Next review

May 2024

Defaqto Risk Ruler

AJ Bell Moderately Cautious Fund

Risk Rated on 07 February 2024

Mandate

The fund aims to make a positive return over 5 years, however the size of gains (or losses) are likely to be limited by the requirement to remain within a certain risk profile. Over shorter periods the fund may lose value as it invests in securities that can go both up and down in price. It looks to achieve this by investing in different assets, with a preference towards cash and bonds, and a smaller emphasis on riskier investments such as company shares.

Investment Committee Notes

We used fund holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this fund is most appropriately risk rated as a 4.
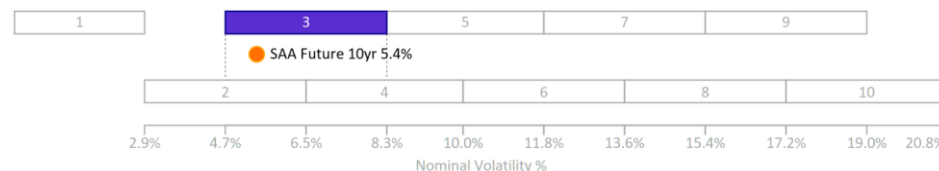
Conclusion/Risk Rating

defaqto
4
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

SAA Future 10yr 8.3%

1		3		5		7		9	
	2		4		6		8		10

2.9%   4.7%   6.5%   8.3%   10.0%   11.8%   13.6%   15.4%   17.2%   19.0%   20.8%

Nominal Volatility %

AJ Bell Balanced Fund

Risk Rated on 07 February 2024

Mandate

The fund aims to make a positive return over 5 years, however the size of gains (or losses) are likely to be limited by the requirement to remain within a certain risk profile. Over shorter periods the fund may lose value as it invests in securities that can go both up and down in price. It looks to achieve this by investing in different assets, with a balanced approach towards defensive assets such as bonds and cash, and riskier assets such as company shares.

Investment Committee Notes

We used fund holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this fund is most appropriately risk rated as a 5.
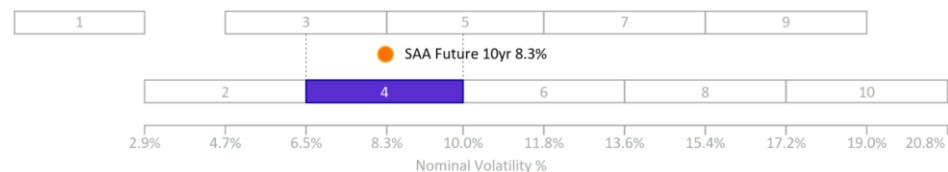
Conclusion/Risk Rating

defaqto
5
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

| 1 | | 3 | | 5 | | 7 | | 9 |

● SAA Future 10yr 10.5%

| | 2 | | 4 | | 6 | | 8 | | 10 |

2.9% 4.7% 6.5% 8.3% 10.0% 11.8% 13.6% 15.4% 17.2% 19.0% 20.8%

Nominal Volatility %

AJ Bell Moderately Adventurous Fund

Risk Rated on 07 February 2024

Mandate

The fund aims to make a positive return over 5 years, however the size of gains (or losses) are likely to be limited by the requirement to remain within a certain risk profile. Over shorter periods the fund may lose value as it invests in securities that can go both up and down in price. It looks to achieve this by investing in different assets, with a preference towards riskier investments such as company shares, and a smaller emphasis on cash and bonds.

Investment Committee Notes

We used fund holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this fund is most appropriately risk rated as a 7.
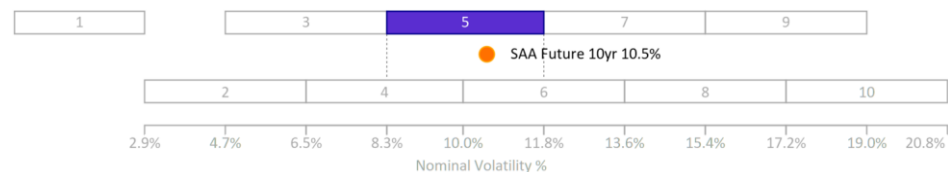
Conclusion/Risk Rating

defaqto
7
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

1		3		5		7		9	

SAA Future 10yr 12.6% ●

	2		4		6		8		10

2.9%   4.7%   6.5%   8.3%   10.0%   11.8%   13.6%   15.4%   17.2%   19.0% 20.8%

Nominal Volatility %

AJ Bell Adventurous Fund

Risk Rated on 07 February 2024

Mandate

The fund aims to make a positive return over 5 years, however the size of gains (or losses) are likely to be limited by the requirement to remain within a certain risk profile. Over shorter periods the fund may lose value as it invests in securities that can go both up and down in price. It looks to achieve this by investing in different assets, with a preference towards riskier investments such as company shares, and a smaller holding in cash and bonds.

Investment Committee Notes

We used fund holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this fund is most appropriately risk rated as a 8.
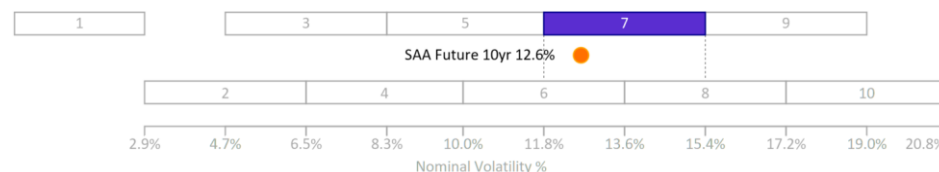
Conclusion/Risk Rating

defaqto 8 RISK RATED

Next review

May 2024

Defaqto Risk Ruler

AJ Bell Global Growth Fund

Risk Rated on 07 February 2024

Mandate

The fund aims to make a positive return over 5 years, however the size of gains (or losses) are likely to be limited by the requirement to remain within a certain risk profile. Over shorter periods the fund may lose value as it invests in securities that can go both up and down in price. It looks to achieve this by investing in different assets, with a focus towards riskier investments such as company shares, and minimal holdings in cash and bonds.

Investment Committee Notes

We used fund holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this fund is most appropriately risk rated as a 9.
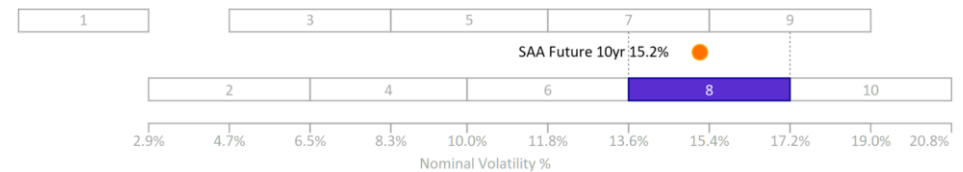
Conclusion/Risk Rating

defaqto
9
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

1		3		5		7		9	

SAA Future 10yr 16.1% ●

	2		4		6		8		10

2.9% 4.7% 6.5% 8.3% 10.0% 11.8% 13.6% 15.4% 17.2% 19.0% 20.8%

Nominal Volatility %

defaqto
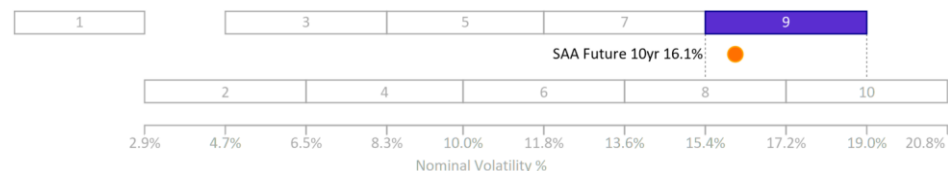
Risk Rating

VT AJ Bell Income Fund, Income & Growth fund and the Responsible Growth fund

February 2024

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Executive summary

Accumulation Risk Ratings

Summary

We conclude the following Risk Ratings for the VT AJ Bell Income Fund, Income & Growth fund and the Responsible Growth fund:

VT AJ Bell Income Fund	5
VT AJ Bell Income & Growth Fund	8
VT AJ Bell Responsible Growth	8

Assessment

The Defaqto methodology involves using both quantitative and qualitative inputs to risk rate a fund:

Input 1 - Forecast the fund's future volatility

Input 2 - Discussion with the fund manager

Since our profiles are overlapping and not contiguous, we have some discretion as to whether a fund is rated in the upper or the lower profile.

Our assessment has been considered by our Investment Committee, and has taken into account some of AJ Bell's suggestions when arriving at our Risk Ratings.

Investment Committee summary

Historic volatility

No historic volatilities have been used.

Stochastic (future) volatility

Our analysis has been based on holdings data provided by AJ Bell.

defaqto★

VT AJ Bell Income Fund

Risk Rated on 07 February 2024

Mandate

The fund aims to minimise the risk of losing value whilst targeting an annual income distribution of between 3% and 5% when measured over a period of at least five years, although neither of these objectives are guaranteed. Over shorter periods the fund may lose value as it invests in securities that can go both up and down in price. It looks to achieve this by investing in different assets such as bonds and company shares, with a particular focus on generating the targeted income.

Investment Committee Notes

We used fund holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this fund is most appropriately risk rated as a 5.

Conclusion/Risk Rating

defaqto
5
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

| 1 | | 3 | | 5 | | 7 | | 9 |

● SAA Future 10yr 10.5%

● TAA Future 10yr 10.5%

| | 2 | | 4 | | 6 | | 8 | | 10 |

2.9%   4.7%   6.5%   8.3%   10.0%   11.8%   13.6%   15.4%   17.2%   19.0% 20.8%

Nominal Volatility %

VT AJ Bell Income & Growth Fund

Risk Rated on 07 February 2024

Mandate

The fund aims to make a positive return, in line with inflation (as measured by the consumer price index), whist also targeting an annual income distribution of between 3% and 5% when measured over a period of at least five years, although neither of these objectives are guaranteed. Over shorter periods the fund may lose value as it invests in securities that can go both up and down in price. It looks to achieve this by investing in different with a focus on riskier assets such as company shares, and smaller holdings in bonds.

Investment Committee Notes

We used fund holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this fund is most appropriately risk rated as a 8.
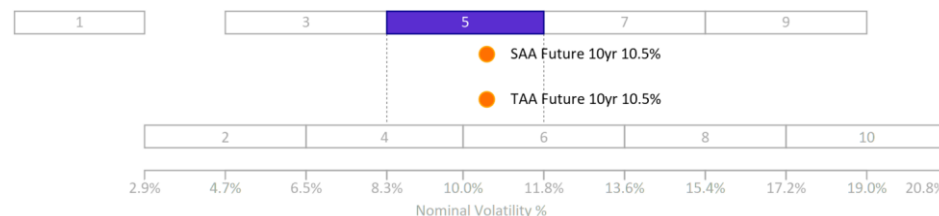
Conclusion/Risk Rating

defaqto 8 RISK RATED

Next review

May 2024

Defaqto Risk Ruler
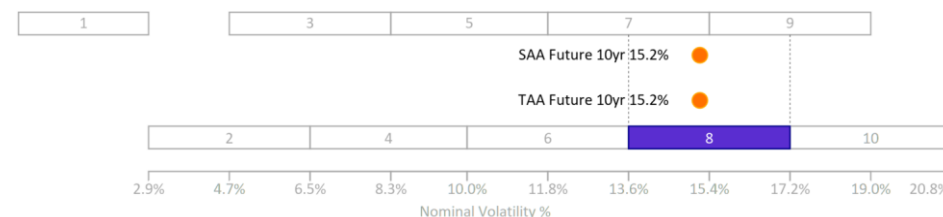
VT AJ Bell Responsible Growth

Risk Rated on 07 February 2024

Mandate

The fund aims to make a positive total return when measured over a period of at least five years. Over shorter periods the fund may lose value as it invests in securities that can go both up and down in price. It looks to achieve this by investing in different assets, with a preference towards riskier investments such as company shares, and a smaller holding in cash and bonds. The fund will have a bias towards assets with stronger environmental, social and governance (ESG) characteristics.

Investment Committee Notes

We used fund holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this fund is most appropriately risk rated as a 8.
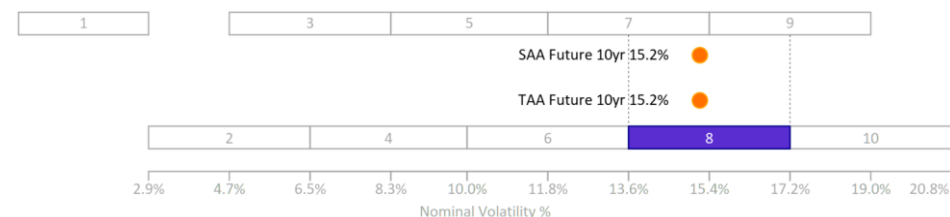
Conclusion/Risk Rating

defaqto 8 RISK RATED

Next review

May 2024

Defaqto Risk Ruler

SAA Future 10yr 15.2%
TAA Future 10yr 15.2%

Nominal Volatility %

Risk Rating

AJ Bell Passive MPS

February 2024

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Executive summary

Accumulation Risk Ratings

Summary

We conclude the following Risk Ratings for the AJ Bell Passive MPS:

AJ Bell Passive MPS Portfolio 1	3
AJ Bell Passive MPS Portfolio 2	4
AJ Bell Passive MPS Portfolio 3	5
AJ Bell Passive MPS Portfolio 4	7
AJ Bell Passive MPS Portfolio 5	8
AJ Bell Passive MPS Portfolio 6	9

Assessment

The Defaqto methodology involves using both quantitative and qualitative inputs to risk rate a portfolio:

Input 1 - Forecast the portfolio's future volatility

Input 2 - Discussion with the portfolio manager

Since our profiles are overlapping and not contiguous, we have some discretion as to whether a portfolio is rated in the upper or the lower profile.

Our assessment has been considered by our Investment Committee, and has taken into account some of AJ Bell's suggestions when arriving at our Risk Ratings.

Investment Committee summary

Historic volatility

No historic volatilities have been used.

Stochastic (future) volatility

Our analysis has been based on holdings data provided by AJ Bell.

AJ Bell Passive MPS Portfolio 1

Risk Rated on 14 February 2024

Mandate

The portfolio aims to minimise risk of capital loss, with limited exposure to higher risk assets.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 3.

Conclusion/Risk Rating

Next review

May 2024

Defaqto Risk Ruler
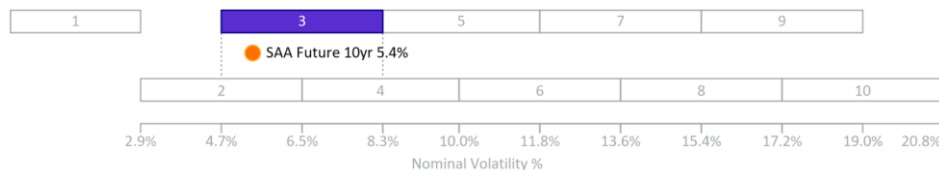
AJ Bell Passive MPS Portfolio 2

Risk Rated on 14 February 2024

Mandate

The portfolio aims grow assets in the long term, protecting against the effects of inflation, with a significant allocation to cash, bonds and other defensive assets.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 4.

Conclusion/Risk Rating

defaqto
4
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

| 1 | | 3 | | 5 | | 7 | | 9 | |

● SAA Future 10yr 8.3%

| | 2 | 4 | 6 | | 8 | | 10 | |

2.9% 4.7% 6.5% 8.3% 10.0% 11.8% 13.6% 15.4% 17.2% 19.0% 20.8%

Nominal Volatility %

defaqto★

AJ Bell Passive MPS Portfolio 3

Risk Rated on 14 February 2024

Mandate

The portfolio aims to deliver long term capital growth and grow assets in excess of inflation.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 5.
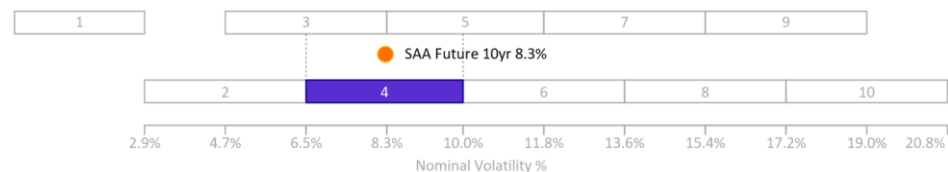
Conclusion/Risk Rating

defaqto 5 RISK RATED

Next review

May 2024

Defaqto Risk Ruler

SAA Future 10yr 10.5%

Nominal Volatility %
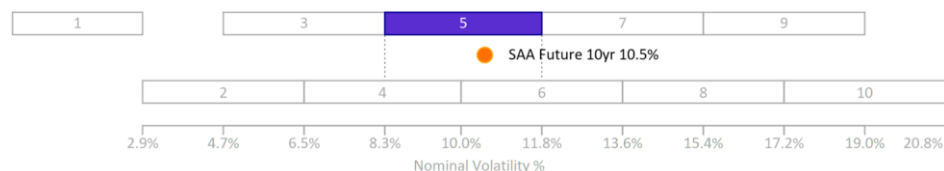
AJ Bell Passive MPS Portfolio 4

Risk Rated on 14 February 2024

Mandate

The portfolio aims to grow assets in excess of inflation over the long-term, with a high proportion of equity holdings and limited exposure to defensive assets.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 7.

Conclusion/Risk Rating

defaqto 7 RISK RATED

Next review

May 2024

Defaqto Risk Ruler

| 1 | | 3 | | 5 | | 7 | | 9 | |

SAA Future 10yr 12.6% ●

| | 2 | | 4 | | 6 | | 8 | | 10 |

| 2.9% | 4.7% | 6.5% | 8.3% | 10.0% | 11.8% | 13.6% | 15.4% | 17.2% | 19.0% | 20.8% |

Nominal Volatility %

defaqto★

AJ Bell Passive MPS Portfolio 5

Risk Rated on 14 February 2024

Mandate

The portfolio aims to grow assets in excess of inflation over the long-term, predominantly investing in global equity and emerging market assets and lower holdings in defensive assets.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 8.
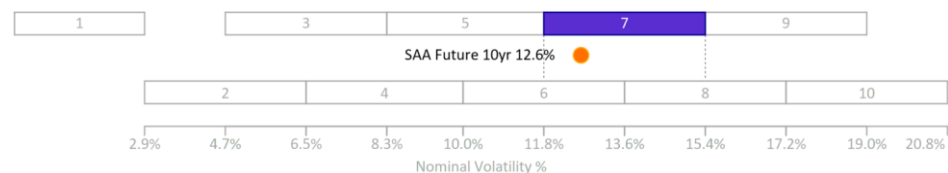
Conclusion/Risk Rating

defaqto
8
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

1		3		5		7		9	

SAA Future 10yr 15.2% ●

	2		4		6		**8**		10

2.9% 4.7% 6.5% 8.3% 10.0% 11.8% 13.6% 15.4% 17.2% 19.0% 20.8%

Nominal Volatility %

AJ Bell Passive MPS Portfolio 6

Risk Rated on 14 February 2024

Mandate

This portfolio aims to grow the value of assets in excess of inflation in the longer term, and is for investors who understand the risk and reward relationship of pure equity portfolios. The focus is on global equity and higher-risk equities such as emerging markets, small cap and technology. There are minimal holdings in cash, fixed interest and other defensive assets.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 9.
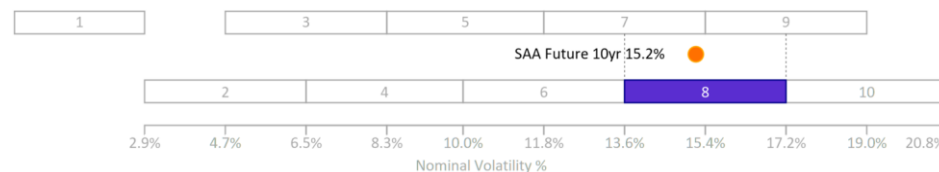
Conclusion/Risk Rating

defaqto 9 RISK RATED

Next review

May 2024

Defaqto Risk Ruler

| 1 | 3 | 5 | 7 | 9 |

SAA Future 10yr 16.1% ●

| 2 | 4 | 6 | 8 | 10 |

2.9%   4.7%   6.5%   8.3%   10.0%   11.8%   13.6%   15.4%   17.2%   19.0%   20.8%

Nominal Volatility %

defaqto

Risk Rating

AJ Bell Active MPS

February 2024

Contents

defaqto★

Executive summary

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Summary

We conclude the following Risk Ratings for the AJ Bell Active MPS:

AJ Bell Active MPS Portfolio 1	3
AJ Bell Active MPS Portfolio 2	4
AJ Bell Active MPS Portfolio 3	5
AJ Bell Active MPS Portfolio 4	7
AJ Bell Active MPS Portfolio 5	8
AJ Bell Active MPS Portfolio 6	9

Assessment

The Defaqto methodology involves using both quantitative and qualitative inputs to risk rate a portfolio:

Input 1 - Forecast the portfolio's future volatility

Input 2 - Discussion with the portfolio manager

Since our profiles are overlapping and not contiguous, we have some discretion as to whether a portfolio is rated in the upper or the lower profile.

Our assessment has been considered by our Investment Committee, and has taken into account some of AJ Bell's suggestions when arriving at our Risk Ratings.

Investment Committee summary

Historic volatility

No historic volatilities have been used.

Stochastic (future) volatility

Our analysis has been based on holdings data provided by AJ Bell.

AJ Bell Active MPS Portfolio 1

Risk Rated on 14 February 2024

Mandate

AJ Bell Active MPS 1 aims to minimise the risk of capital loss and is designed for investors with lower confidence in financial markets. As such it has a small exposure to higher risk equity assets, and majority holdings in cash, bonds and lower-volatility assets. There is some risk of this portfolio's value being eroded by inflation. Active funds are used where appropriate with the aim of improving return after fees compared to a passive implementation.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 3.

Conclusion/Risk Rating

defaqto
3
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

1	3	5	7	9

● SAA Future 10yr 5.4%

2	4	6	8	10

2.9%   4.7%   6.5%   8.3%   10.0%   11.8%   13.6%   15.4%   17.2%   19.0% 20.8%

Nominal Volatility %

AJ Bell Active *MPS* Portfolio 2

Risk Rated on 14 February 2024

Mandate

AJ Bell Active MPS 2 aims to protect capital against the effects of inflation, and is designed for investors who can tolerate some capital loss as markets fluctuate. It holds a broad range of assets, including equities, with significant allocations to bonds and lower volatility assets. Active funds are used where appropriate with the aim of improving the return after fees compared to a passive implementation.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 4.
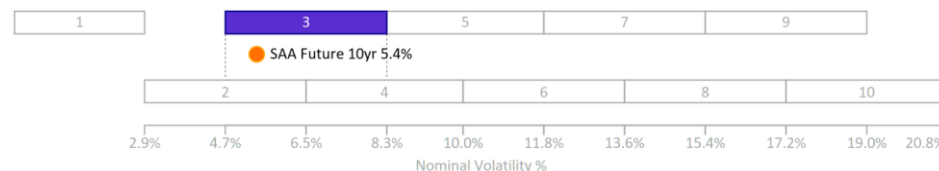
Conclusion/Risk Rating

defaqto
4
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

| 1 | | 3 | | 5 | | 7 | | 9 | |

● SAA Future 10yr 8.3%

| | 2 | 4 | 6 | | 8 | | 10 | |

2.9%   4.7%   6.5%   8.3%   10.0%   11.8%   13.6%   15.4%   17.2%   19.0%   20.8%

Nominal Volatility %

AJ Bell Active MPS Portfolio 3

Risk Rated on 14 February 2024

Mandate

AJ Bell Active MPS 3 aims to grow the value of assets in excess of inflation, and is suitable for investors who can accept larger short-term dips in portfolio value in order to achieve higher potential returns. It holds a broad range of assets, with greater weighting to equities and smaller holdings in lower-volatility assets. Active funds are used where appropriate with the aim of improving the return after fees compared to a passive implementation.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 5.
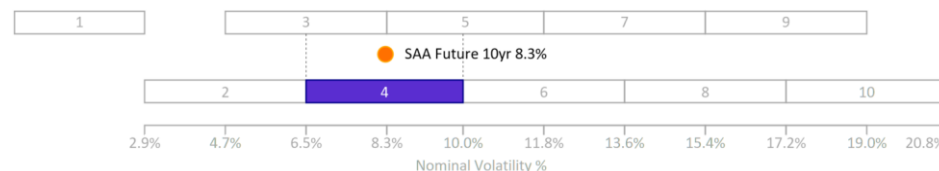
Conclusion/Risk Rating

defaqto
5
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

| 1 | | 3 | | 5 | | 7 | | 9 | |

SAA Future 10yr 10.5%

| | 2 | | 4 | | 6 | | 8 | | 10 |

2.9%   4.7%   6.5%   8.3%   10.0%   11.8%   13.6%   15.4%   17.2%   19.0%   20.8%

Nominal Volatility %

defaqto★

AJ Bell Active MPS Portfolio 4

Risk Rated on 14 February 2024

Mandate

AJ Bell Active MPS 4 aims to grow the value of assets in excess of inflation in the longer term and is designed for investors who understand risk and how this can be mitigated with long-term planning. It has a high proportion of equity holdings, with limited exposure to cash, bonds and other defensive assets.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 7.
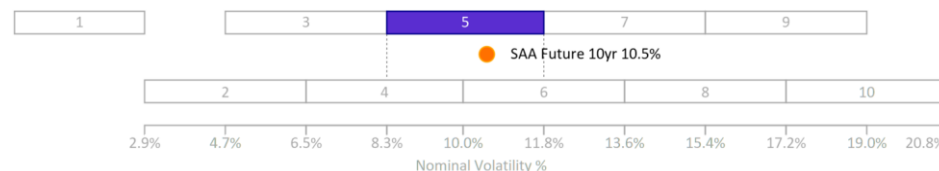
Conclusion/Risk Rating

defaqto
7
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

| 1 | | 3 | | 5 | | 7 | | 9 | |

SAA Future 10yr 12.6% ●

| | 2 | | 4 | | 6 | | 8 | | 10 |

| 2.9% | 4.7% | 6.5% | 8.3% | 10.0% | 11.8% | 13.6% | 15.4% | 17.2% | 19.0% | 20.8% |

Nominal Volatility %

AJ Bell Active MPS Portfolio 5

Risk Rated on 14 February 2024

Mandate

AJ Bell Active MPS 5 aims to grow the value of assets in excess of inflation in the longer term, for investors who understand the risk and reward relationship of pure equity portfolios. The focus is on global equity markets, with minimal holdings in cash, fixed interest and other defensive assets. Active funds are used where appropriate with the aim of improving the return after fees compared to a passive implementation.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 8.
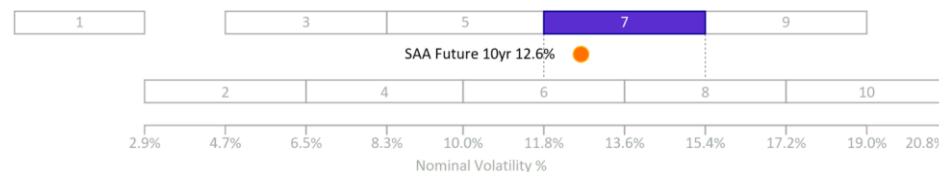
Conclusion/Risk Rating

defaqto
8
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

SAA Future 10yr 15.2%

| 1 | 3 | 5 | 7 | 9 |
| 2 | 4 | 6 | 8 | 10 |

2.9% 4.7% 6.5% 8.3% 10.0% 11.8% 13.6% 15.4% 17.2% 19.0% 20.8%

Nominal Volatility %

AJ Bell Active MPS Portfolio 6

Risk Rated on 14 February 2024

Mandate

AJ Bell Active MPS 6 aims to grow the value of assets in excess of inflation in the longer term, and is designed for investors who understand the risk and reward relationship of pure equity portfolios. The focus is on global equity and higher risk equities, such as emerging markets, small cap and technology. There are minimal holdings in cash, fixed interest and other defensive assets.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 9.

Conclusion/Risk Rating

defaqto
9
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

SAA Future 10yr 16.1%

| 1 | 3 | 5 | 7 | 9 |
| 2 | 4 | 6 | 8 | 10 |

2.9% 4.7% 6.5% 8.3% 10.0% 11.8% 13.6% 15.4% 17.2% 19.0% 20.8%
Nominal Volatility %

Risk Rating

AJ Bell Pactive MPS

February 2024

Contents

defaqto★

Executive summary

Accumulation Risk Ratings

Summary

We conclude the following Risk Ratings for the AJ Bell Pactive MPS:

AJ Bell Pactive MPS Portfolio 1	3
AJ Bell Pactive MPS Portfolio 2	4
AJ Bell Pactive MPS Portfolio 3	5
AJ Bell Pactive MPS Portfolio 4	7
AJ Bell Pactive MPS Portfolio 5	8
AJ Bell Pactive MPS Portfolio 6	9

Assessment

The Defaqto methodology involves using both quantitative and qualitative inputs to risk rate a portfolio:

Input 1 - Forecast the portfolio's future volatility

Input 2 - Discussion with the portfolio manager

Since our profiles are overlapping and not contiguous, we have some discretion as to whether a portfolio is rated in the upper or the lower profile.

Our assessment has been considered by our Investment Committee, and has taken into account some of AJ Bell's suggestions when arriving at our Risk Ratings.

Investment Committee summary

Historic volatility

No historic volatilities have been used.

Stochastic (future) volatility

Our analysis has been based on holdings data provided by AJ Bell.

AJ Bell Pactive MPS Portfolio 1

Risk Rated on 14 February 2024

Mandate

AJ Bell Pactive MPS 1 aims to make a positive return when measured over a period of at least five years, this may be less than the level of inflation (as measured by the consumer price index). Over shorter periods the portfolio may lose value as it invests in securities that can go both up and down in price.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 3.

Conclusion/Risk Rating

Next review

May 2024

Defaqto Risk Ruler
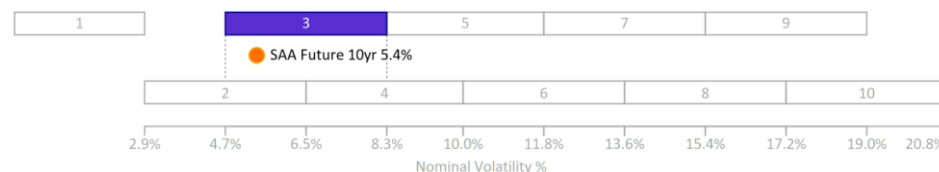
AJ Bell Pactive MPS Portfolio 2

Risk Rated on 14 February 2024

Mandate

AJ Bell Pactive MPS 2 aims to make an average return in line with inflation (as measured by the consumer price index) over a period of at least five years. Over shorter periods the portfolio may lose value as it invests in securities that can go both up and down in price.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 4.

Conclusion/Risk Rating

defaqto
4
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

1		3		5		7		9	

● SAA Future 10yr 8.3%

	2	**4**	6		8		10

2.9% 4.7% 6.5% 8.3% 10.0% 11.8% 13.6% 15.4% 17.2% 19.0% 20.8%

Nominal Volatility %

AJ Bell Pactive MPS Portfolio 3

Risk Rated on 14 February 2024

Mandate

AJ Bell Pactive MPS 3 aims to make an average return at least in line with the level of inflation (as measured by the consumer price index) over a period of at least five years. Over shorter periods the portfolio may lose value, including sharp falls in certain market conditions, as it invests in securities that can go both up and down in price.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 5.
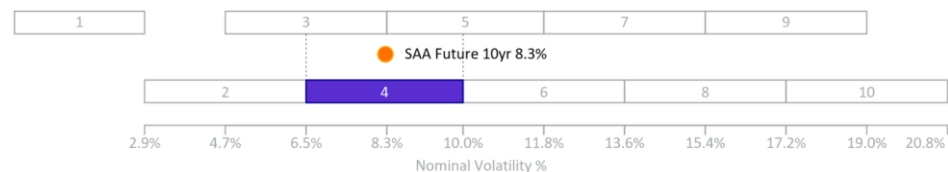
Conclusion/Risk Rating

defaqto 5 RISK RATED

Next review

May 2024

Defaqto Risk Ruler

| 1 | | 3 | | 5 | | 7 | | 9 | |

● SAA Future 10yr 10.5%

| | 2 | | 4 | | 6 | | 8 | | 10 |

2.9% 4.7% 6.5% 8.3% 10.0% 11.8% 13.6% 15.4% 17.2% 19.0% 20.8%

Nominal Volatility %

AJ Bell Pactive MPS Portfolio 4

Risk Rated on 14 February 2024

Mandate

AJ Bell Pactive MPS 4 aims to make an average return above the level of inflation (as measured by the consumer price index) over a period of at least five years. Over shorter periods the portfolio may lose value, including sharp falls in certain market conditions, as it invests in securities that can go both up and down in price.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 7.
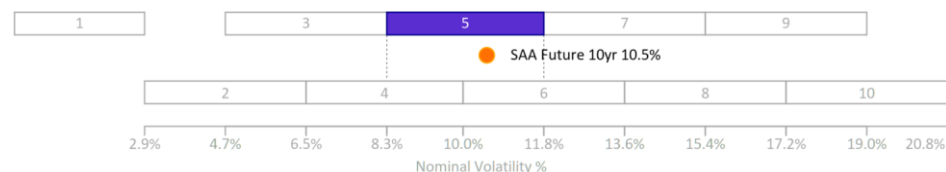
Conclusion/Risk Rating

defaqto 7 RISK RATED

Next review

May 2024

Defaqto Risk Ruler

| 1 | 3 | 5 | 7 | 9 |
| 2 | 4 | 6 | 8 | 10 |

SAA Future 10yr 12.6%

2.9% 4.7% 6.5% 8.3% 10.0% 11.8% 13.6% 15.4% 17.2% 19.0% 20.8%

Nominal Volatility %

AJ Bell Pactive MPS Portfolio 5

Risk Rated on 14 February 2024

Mandate

AJ Bell Pactive MPS 5 aims to make an average return above the level of inflation (as measured by the consumer price index) over a period of at least five years. In favourable market conditions returns may be higher. Over shorter periods the portfolio may suffer significant losses in capital value, as it invests in securities that can go both up and down in price, with large weights in emerging markets.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 8.
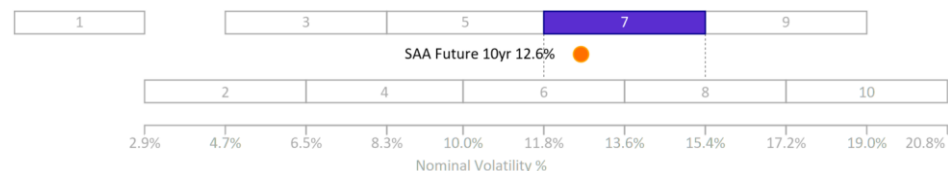
Conclusion/Risk Rating

Next review

May 2024

Defaqto Risk Ruler
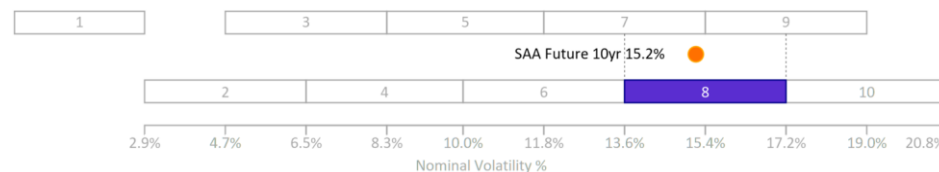
AJ Bell Pactive MPS Portfolio 6

Risk Rated on 14 February 2024

Mandate

AJ Bell Pactive MPS 6 aims to make an average return substantially ahead of inflation (as measured by the consumer price index) over a period of at least five years. Over shorter periods the portfolio may suffer significant losses in capital value, as it invests in securities that can go both up and down in price, with large weights in emerging markets and high growth companies.

Investment Committee Notes

We used portfolio holdings supplied by AJ Bell to calculate all stochastic measures. Through discussion with AJ Bell in which the Defaqto methodology and their approach were considered, both Defaqto and AJ Bell believe that this portfolio is most appropriately risk rated as a 9.

Conclusion/Risk Rating

defaqto
9
RISK RATED

Next review

May 2024

Defaqto Risk Ruler

| 1 | 3 | 5 | 7 | 9 |

SAA Future 10yr 16.1% ●

| 2 | 4 | 6 | 8 | 10 |

2.9%   4.7%   6.5%   8.3%   10.0%   11.8%   13.6%   15.4%   17.2%   19.0%   20.8%

Nominal Volatility %
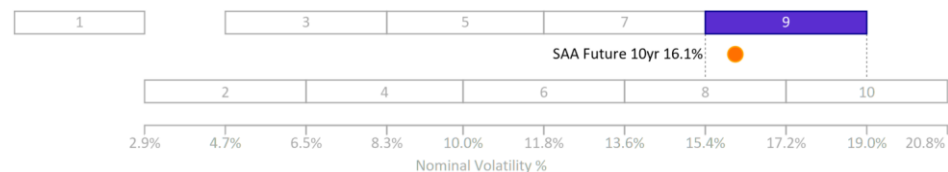
Investment Risk Mapping

AJ Bell

Argyro Angeli
Data scientist
16/06/2023

Risk estimates and investment mappings

Forward-looking risk estimates and mapped risk bands for each investment

Investment name	Ex ante 10yr risk estimate	Risk band (of 5)		Risk band (of 7)	
Active 1	5.9%	2	1.8	2	2.4
Active 2	8.6%	3	2.6	3	3.4
Active 3	10.8%	3	3.2	4	4.3
Active 4	12.6%	4	3.8	5	5.0
Active 5	14.7%	4	4.4	6	5.9
Active 6	15.6%	5	4.7	6	6.2
Pactive 1	5.9%	2	1.8	2	2.4
Pactive 2	8.6%	3	2.6	3	3.4
Pactive 3	10.8%	3	3.2	4	4.3
Pactive 4	12.6%	4	3.8	5	5.0
Pactive 5	14.7%	4	4.4	6	5.9
Pactive 6	15.6%	5	4.7	6	6.2
Passive 1	5.9%	2	1.8	2	2.4
Passive 2	8.6%	3	2.6	3	3.4
Passive 3	10.8%	3	3.2	4	4.3
Passive 4	12.6%	4	3.8	5	5.0
Passive 5	14.7%	4	4.4	6	5.9
Passive 6	15.6%	5	4.7	6	6.2
Cautious	5.9%	2	1.8	2	2.4
Moderately Cautious	8.6%	3	2.6	3	3.4
Balanced	10.8%	3	3.2	4	4.3
Moderately Adventurous	12.6%	4	3.8	5	5.0
Adventurous	14.7%	4	4.4	6	5.9
Global Growth	15.6%	5	4.7	6	6.2

About these risk ratings

We report above the risk bands for each investment, including unrounded numbers (for example, 3.6 gets rounded up to 4).

These unrounded numbers should be treated with caution, to avoid leaning too heavily on spuriously precise estimates – however, they can be useful to see *roughly* where each investment sits within each risk band.

Selecting investments

We highlighted investments close to category boundaries. You can justifiably recommend them to investors on either side of the boundary.

This is particularly the case for:

- a risk band that has few or no alternative portfolios;
- portfolios that are on the verge of being too high risk for the band they are in;
- higher risk bands, where precise placement is more difficult.

It is typical for some bands to contain multiple portfolios. If this is the case, the adviser has flexibility to choose whichever is more appealing based on other relevant characteristics.

What to do if a risk band is empty

In some cases, there may not be a portfolio available in a particular category:

- If this is the case for the lowest risk band, the investor should hold one of the least risky investments and ensure that they also hold a portion of cash to bring their overall risk down sufficiently.
- If this happens for the highest risk band, the investor should opt for one of the riskier investments and consider a small portion in opportunistic assets.

Mapping investors to investments: our methodology in brief

What do we mean by risk?

A good risk measure is meaningful, and relevant to investors' goals. We believe it should be:

- Forward-looking
- Long-term
- Focused on outcomes (i.e. the destination, not the journey)

Historical volatility may be ubiquitous in the investments industry, but it's hardly relevant to most people. Worse, short-term volatility is unstable, so that the same portfolio ends up with a different risk rating over time, sometimes within months.

We therefore define investment risk as the **standard deviation of projected long-term returns.** By "long-term" we mean 10 years, and we present the figure annualised.

How much risk is suitable?

The starting point for any mapping is an individual's **Suitable Risk Level.** The foundation for this is their **Risk Tolerance:** their long-term willingness to take risk with their total net wealth.

Since investors usually have other assets besides their portfolio (as well as liabilities, and human capital), their Risk Tolerance needs to be adjusted to account for their **Risk Capacity** (their financial ability to take risk).

Investors must also be mindful of their **Emotional Capacity** to take risk (that is, their composure), as well as their investing **Knowledge & Experience**.

For a full discussion of the Oxford Risk suitability methodology, and how we bring these elements together in a single Suitable Risk Level, please contact us.

Quantifying Suitable Risk Levels

The Suitable Risk Level puts each investor on a scale relative to the general population. We must then translate these *qualitative* descriptions into *quantitative* risk ranges, and from there identify suitable investments.

To do this, consider the full range of possible risk levels on a scale of 0 to 1 (from no risk tolerance at all, to being completely indifferent to risk). We assume that this theoretical upper limit could only be reached if someone had both exceptionally high Risk Tolerance and Risk Capacity.

We also think it reasonable that if an investor had either neutral Risk Capacity or medium Risk Tolerance, they would lie in the middle of this spectrum: 0.5.

We further assume that:

- Investors choose an optimal portfolio, according to a power utility function
- Multi-asset portfolio returns are lognormal
- The long-term Sharpe ratio is 0.4

We believe these assumptions make sense in the context of establishing broad risk bands to encompass sections of the population. Importantly, they allow us to traverse the gap from qualitative risk categories to quantitative limits in a rigorous way, without making reference to any pre-existing portfolios.

This leads us to the following (rounded) boundaries between risk bands:

Risk bands for five categories

Risk band	Lower limit (%)	Mid-point (%)	Upper limit (%)
Low		3.3	5.0
Medium-Low	5.0	6.7	8.3
Medium	8.3	10.0	11.7
Medium-High	11.7	13.3	15.0
High	15.0	16.7	

Risk bands for seven categories

Risk band	Lower limit (%)	Mid-point (%)	Upper limit (%)
Very Low		2.50	3.75
Low	3.75	5.00	6.25

Medium-Low	6.25	7.50	8.75
Medium	8.75	10.00	11.25
Medium-High	11.25	12.50	13.75
High	13.75	15.00	16.25
Very High	16.25	17.50	

Measuring the risk of investments

We define risk in terms of projected long-term returns, but in making those projections we cannot simply copy and paste the past. Recent history offers a guide to the future in some respects, yet we have only a very limited supply of realised long-term outcomes – inadequate to fully sketch out their shape.

Instead, we simulate myriads of possible futures. This can be done by first describing an investment portfolio in terms of its allocation to broad asset classes, each represented by generic, diversified market indices.

Then, we generate a great many return paths for these asset classes, by remixing historical index data in such a way as to preserve important features such as cross-correlations and momentum.

As for multi-asset portfolios, we assume quarterly rebalancing.

Finally, we calculate the annualised standard deviation of these ex ante 10-year returns, our measure of portfolio risk.

! | This guide provides general information about the AJ Bell Funds and Managed Portfolio Service. It should not be read or construed as investment advice. It is your responsibility to assess your client's circumstances and make a personal recommendation that is suitable for their needs.