

Consumer Duty product value assessment summary: AJ Bell Money Market MPS

November 2024
Version: 1.0

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

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

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

Key

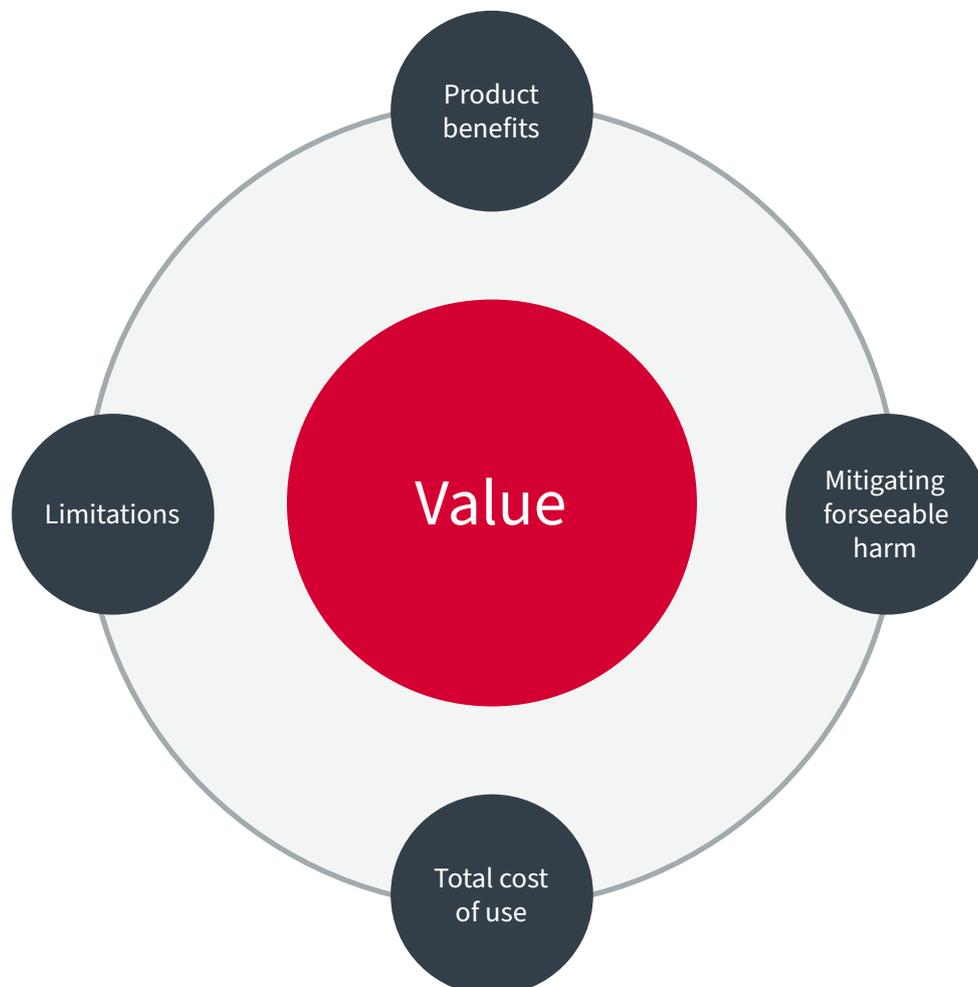
-  Good value
-  Room for improvement
-  Poor value

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

Factors used to assess value and pricing

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

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



Assessment of value

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

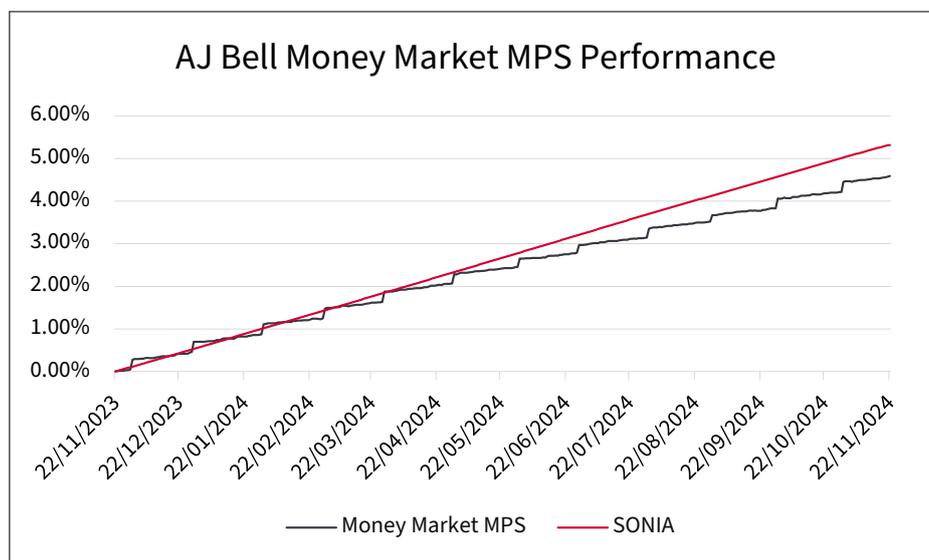
- outcome-orientated portfolio delivered in accordance with agreed objectives of the defined target market;
- no Annual Management Charge (AMC);
- no minimum investment (although a minimum of £10,000 is recommended);
- no exit fees, notice periods, or written cancellations, enabling customers to divest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

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

Financial performance

As a provider of a Money Market MPS, we aim to deliver cash-like returns to investors, with the portfolio holding assets such as cash, money market funds and ultra-short-dated bond funds, with no exposure to high-risk assets. The portfolio will therefore be compared to cash and cash-like measures, specifically the sterling overnight index average rate (SONIA).

The below graph shows the Money Market MPS' cumulative one-year performance (%), with SONIA used as a comparator.



Discrete (%)	Nov 2023 - 2024	Cumulative (%)	3 months	6 months	1 year
Money Market MPS	4.66	Money Market MPS	1.11	2.19	4.66
SONIA	5.32	SONIA	1.24	2.57	5.32

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

The Money Market MPS has performed relatively in line with SONIA throughout its first year, although with a slight lag into the later part of the period. This is attributable to a reduction in interest rates in developed economies, with the European Central Bank (ECB) making its first cut in June, followed by adjacent cuts by the Bank of England and US Fed.

Risk profiling

The Money Market MPS has performed as intended, by providing cash-like returns from investing primarily in cash, money market funds and ultra-short-dated bonds and by avoiding more volatile assets. The MPS has made a return comparable to the Bank of England's headline interest rate, referred to as the 'risk-free rate', during the period.

Total cost of ownership

There are three component parts of overall cost of ownership:

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

The Money Market MPS has no management cost so that investors retain the maximum value of investment returns from the portfolio. The only charges incurred by the customer are transaction costs and the synthetic ongoing charges figure (OCF) which is comprised of the underlying funds in the portfolio. AJ Bell Asset Management does not engage in discriminatory pricing and all Money Market MPS customers pay the same charges.

We aim to be one of the lowest cost providers in the asset management industry as we see costs as key to delivering good customer outcomes. We consistently monitor the marketplace, actively seeking opportunities to reduce costs such as negotiating access to cheaper institutional share classes, reducing the underlying OCF and passing on savings to customers.

Mitigating foreseeable harm

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

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

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

Conclusion

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