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April 2023
Version: 1.0

The Financial Conduct Authority (FCA) requires all UK asset managers to conduct a fair value assessment of their products and services as part of Consumer Duty. This covers a variety of areas from benefits and limitations to costs 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 Responsible Growth 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	Responsible Growth MPS 1	Responsible Growth MPS 2	Responsible Growth MPS 3	Responsible Growth MPS 4	Responsible Growth MPS 5	Responsible Growth MPS 6
Nature of the product and its benefits						
Limitations in the product and services						
Total cost of ownership						
Mitigating foreseeable harm and potential customer vulnerability						
Overall value						

Key



Good value



Room for improvement



Poor value

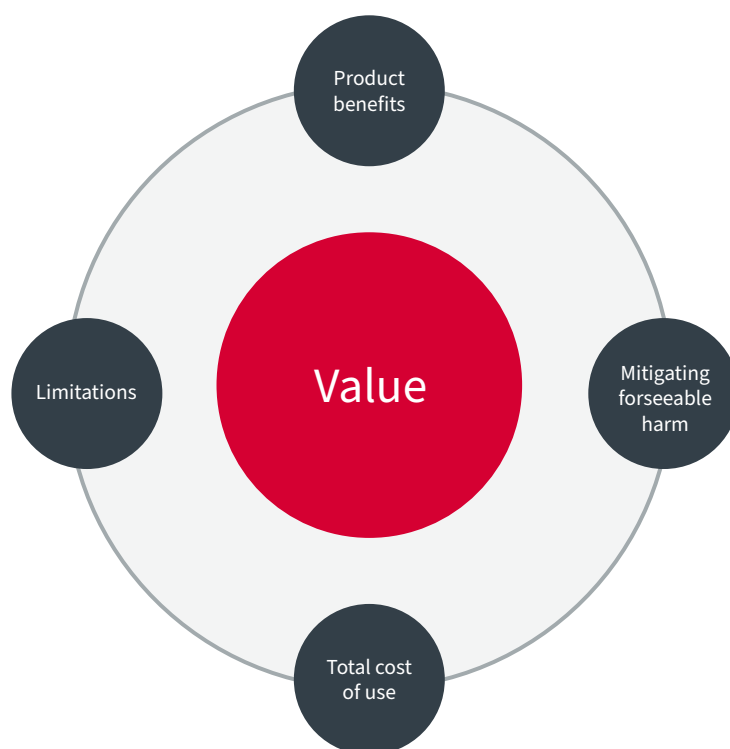
The assessment was completed by the AJ Bell Investments Product Team and approved by the Investment Proposition Committee on 20 April 2023. We review the assessment annually and will make more frequent updates if there are material changes to outcomes.

Overall, we believe the Responsible Growth MPS offers fair value to customers, and we continue to look for areas to improve. We are confident that the Responsible Growth 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 Responsible Growth MPS range:

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



Assessment of value

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

- Outcome-orientated, multi-asset portfolios delivered in accordance with agreed objectives of the defined target market.
- A range of growth portfolios that aim to deliver positive risk-adjusted returns over 5+ years to advised customers.
- Aim to maximise returns under the constraint of an improved ESG profile compared to the Passive Growth MPS range.
- A competitively priced Annual Management Charge (AMC).
- No exit fees, notice periods, or written cancellations, enabling customers to divest without barriers to exit.
- Available to be purchased across six well-respected platforms.
- Suite of literature produced including factsheets, quarterly reports, articles, FAQs, and guides.

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.

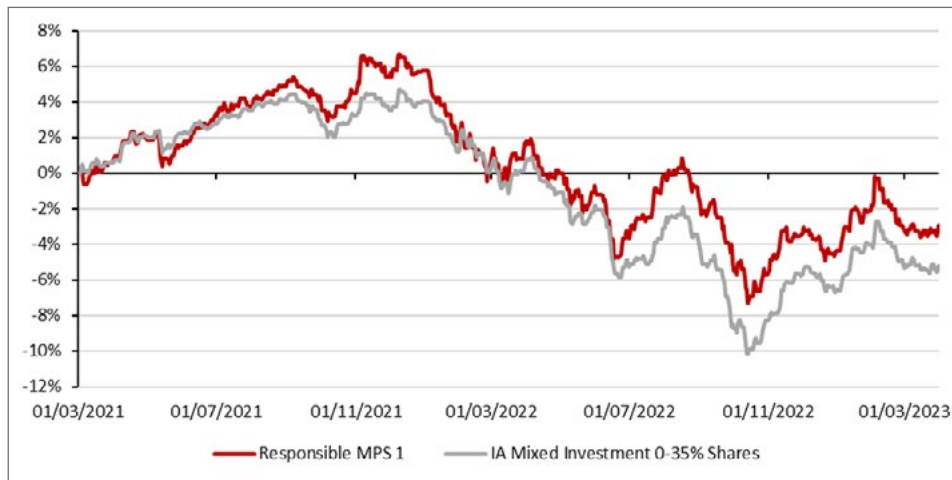
Financial performance

As a provider of a responsible MPS range, we aim to deliver a positive return to customers over a period of at least five years, consistent with the levels of risk appetite expressed within each portfolio. This return objective is achieved by the creation of multi-asset portfolios, spreading our investments across different asset classes, regions, and sectors.

As the portfolios are multi-asset in nature, there is no single financial instrument or index that represents a fair benchmark. However, to give context of the peer group and enable an objective assessment of performance, we have used the IA Sectors as a comparator. The IA Sectors provide the median performance of funds with similar characteristics (return and / or risk objectives) to the Responsible Growth MPS range. The following charts and tables show the cumulative, non-annualised total return (%) of the portfolios and their respective IA Sector comparators:

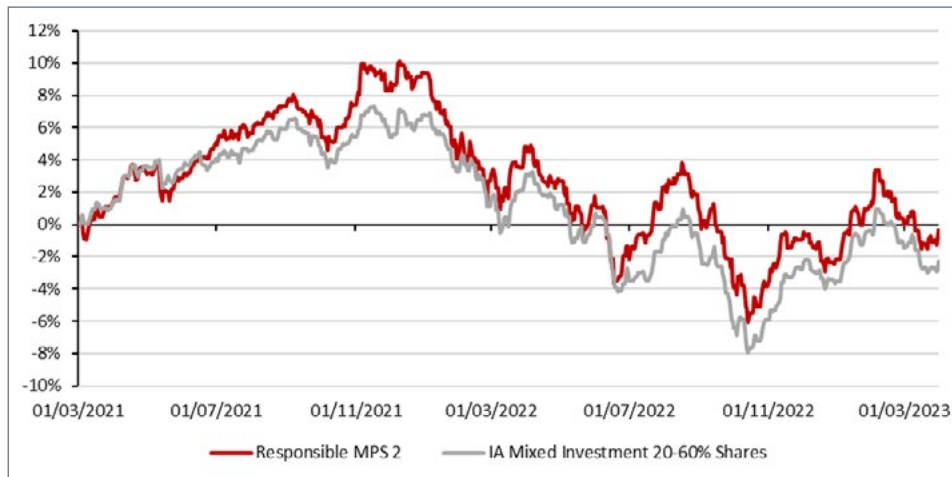
¹ <https://www.investcentre.co.uk/support/consumer-duty>

Responsible Growth MPS 1



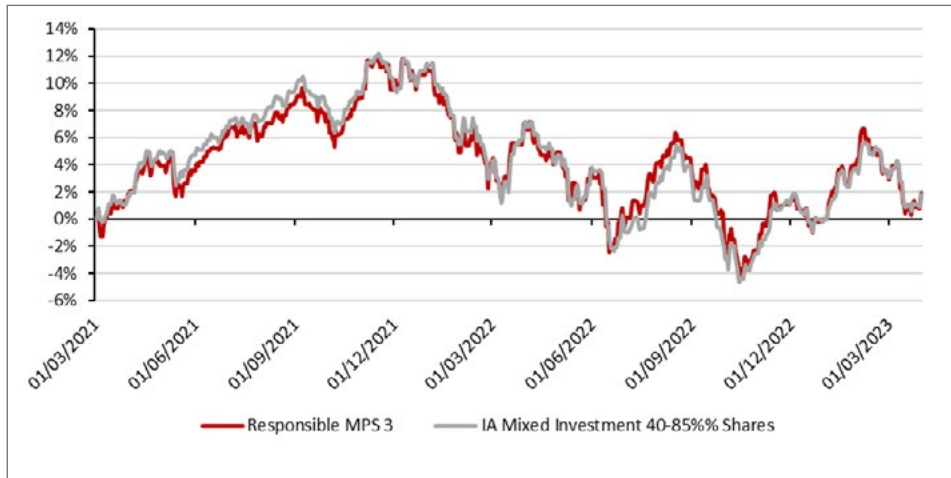
Responsible Growth MPS	1 Year Return (%)
Responsible Growth MPS 1	-4.49
IA Mixed Investment 0-35% Shares	-5.84
IA Sector Quartile	2nd

Responsible Growth MPS 2



Responsible Growth MPS	1 Year Return (%)
Responsible Growth MPS 2	-4.67
IA Mixed Investment 0-35% Shares	-5.00
IA Sector Quartile	3rd

Responsible Growth MPS 3



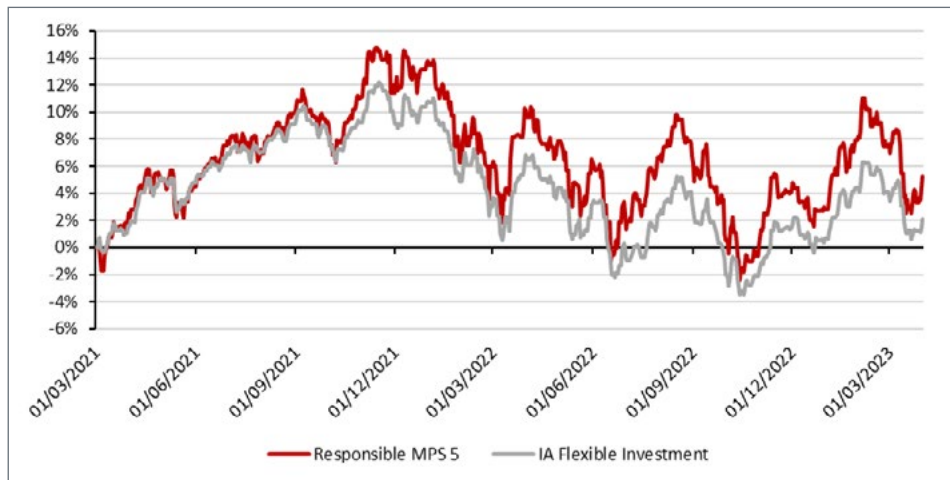
Responsible Growth MPS	1 Year Return (%)
Responsible Growth MPS 3	-4.31
IA Mixed Investment 40-85% Shares	-4.62
IA Sector Quartile	2nd

Responsible Growth MPS 4



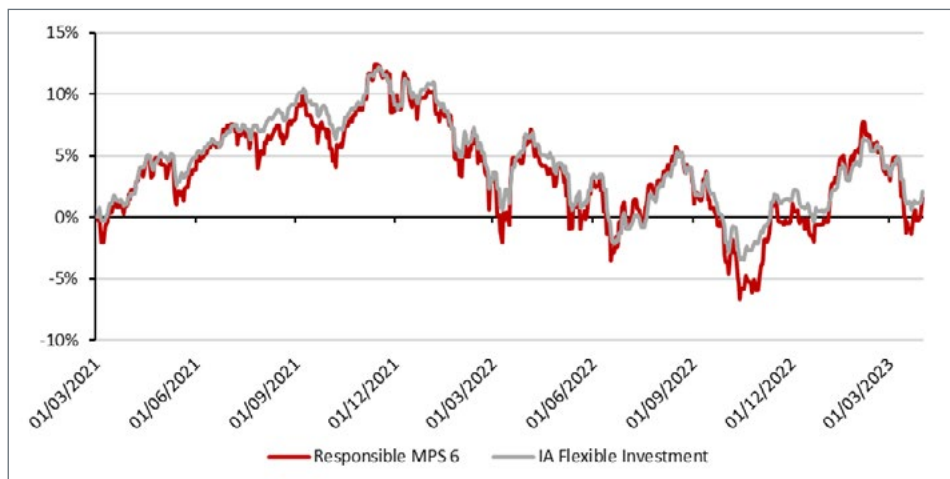
Responsible Growth MPS	1 Year Return (%)
Responsible Growth MPS 4	-4.22
IA Mixed Investment 40-85% Shares	-4.62
IA Sector Quartile	2nd

Responsible Growth MPS 5



Responsible Growth MPS	1 Year Return (%)
Responsible Growth MPS 5	-3.84
IA Flexible Investment	-3.98
IA Sector Quartile	2nd

Responsible Growth MPS 6



Responsible Growth MPS	1 Year Return (%)
Responsible Growth MPS 6	-3.89
IA Flexible Investment	-3.98
IA Sector Quartile	2nd

Throughout the period, all portfolios have behaved as expected.

Risk managing

We have adopted an outcome-orientated approach to product design, that we believe assists in delivering good customer outcomes. There are six model portfolios across the Responsible Growth MPS range, each catering for a different risk profile. The range is designed to stay within pre-determined volatility bands, mapped to the Passive Growth MPS range. Customers can be sure that the solution chosen by their adviser aligns with their needs, providing a dovetailed approach to risk and return to meet their financial objectives.

Platform availability

The Responsible Growth MPS range is distributed via six platforms – AJ Bell Investcentre, abrdn Wrap, Aviva, Morningstar Wealth Platform, Quilter and Transact. Increasing platform availability is important to us as it provides advisers (and ultimately customers) with greater choice. We have recently onboarded Transact.

Literature and support

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

Limitations

Considering the target market of our Responsible Growth MPS range is defined as digital advised customers who seek ESG integration, and the resultant product design features, we do not believe there are further legal or non-regulatory limitations embedded within our Responsible Growth MPS range.

Total cost of ownership

Overall cost of ownership consists of three component parts:

AJ Bell Annual Management Fee: 0.15%

The standard AJ Bell MPS charges an AMC of 0.15%. This reflects the fee for the investment management process, covering research, strategic and tactical asset allocation decisions, and the ongoing management of the portfolios. This compares competitively against the average fee of 0.21% in the wider market, as reported by NextWealth².

Synthetic Ongoing Charge Figure: 0.23-0.29%

The Synthetic OCF accounts for the cost of the underlying holdings within the portfolios. The AJ Bell Responsible Growth Fund is constructed under the same portfolio implementation constraints as the Responsible MPS range, and therefore may also be used to create a 'core' to each portfolio that is exempt from Capital Gains Tax when rebalancing and allows quick changes to be made to positioning to react to quickly-changing markets. This weight will be fixed at a maximum of 25% within the model, however it may be lower to implement the Level 1 asset allocation.

The portfolios can implement the asset allocation in a variety of ways, including but not limited to ETFs and Index Funds, Index Funds, Active Funds, Bonds and Equities, however ETFs and Index funds will be used where possible. Selection of funds is undertaken by AJBAM from the investment universe of vehicles with UK reporting status and who have completed the AJ Bell Asset Management Due Diligence Questionnaire. In addition, the provider must manage at least £1 billion in European-domiciled investment tracking funds. This is to ensure long-term commercial viability. Given the ESG objective of the portfolios, only products run by approved managers can be used.

² NextWealth MPS Proposition Comparison Report 2022

The portfolios are designed to offer a simple, transparent, low-cost investment solution to retail investors. As such, an overall synthetic OCF budget is placed on the portfolio implementation. This is limited to 0.30% per portfolio on a weighted average basis and does not include transaction fees and stock lending fees. In instances where this is unachievable, approval from the Portfolio Implementation Forum is required. Once a fund is selected, AJBAM uses its scale to try and access the best share class, including institutional share classes which are not widely available elsewhere.

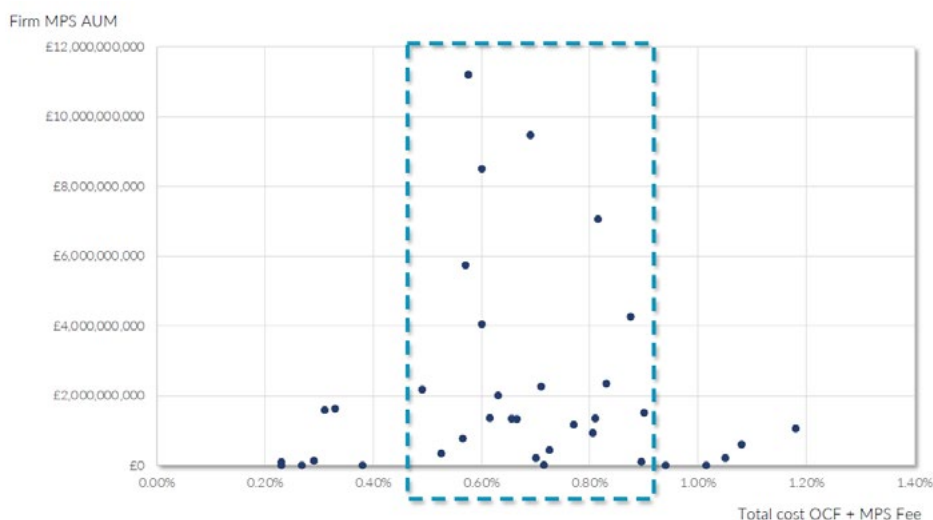
Transaction Costs: -0.01-0.10%

Transaction costs account for the aggregated cost of trading taking place in the underlying holdings. In general, passive funds have lower transaction costs as they aim to track an index and do not tend to trade frequently.

Responsible MPS Range Costs

Fund	Responsible Growth MPS 1	Responsible Growth MPS 2	Responsible Growth MPS 3	Responsible Growth MPS 4	Responsible Growth MPS 5	Responsible Growth MPS 6
AMC	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Synthetic OCF	0.23%	0.24%	0.25%	0.27%	0.29%	0.29%
Transaction costs	-0.01%	0.02%	0.05%	0.06%	0.08%	0.10%
Total cost	0.37%	0.41%	0.45%	0.48%	0.52%	0.54%

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



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 Responsible Growth MPS range 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 Hub³.

Conclusion

This document provides a summary of the fair value assessment for the AJ Bell Responsible Growth MPS range. In carrying out the assessment, we are satisfied that we have considered all relevant factors and available information relating to the range’s value. Following this analysis, we believe the Responsible Growth MPS range has successfully delivered fair value to customers and have rated the portfolios ‘green’ across all four categories.

We monitor all products on an ongoing basis to ensure they are delivering good value, and we always look for opportunities to improve. The governance and oversight of the fair value assessment process, along with how this is managed, is carried out in the relevant committees. AJ Bell’s quarterly committee cycle actively monitors consumer outcomes through Key Risk Indicators, performance analysis and product features. We take action to mitigate risk where necessary and make improvements where possible.

We are confident that the AJ Bell Responsible Growth MPS range is well-positioned to continue providing good outcomes and fair value for its customers into the future.

³ <https://www.investcentre.co.uk/support/consumer-duty>