



**AJ Bell Investment
Quarterly Risk
Profile Update Note
Q4 2021**



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)	10 (10)	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)	7 (6)	5 (6)	6	
AJ Bell Passive MPS 5	7 (7)	7 (7)	6 (7)	7	

() Analysis based on data to the end of June 2021 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. 30 September 2021). The figure in brackets illustrates the position of the volatility based on the previous quarter's allocation.

[†] DT 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 DT 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 (8)	8 (8)	9 (9)	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)	6 (5)	6 (5)	5	
AJ Bell Active MPS 4	6 (6)	7 (7)	7 (7)	6	
AJ Bell Active MPS 5	7 (7)	7 (7)	8 (8)	7	
AJ Bell Active MPS 6	8 (8)	8 (8)	9 (10)	8	

This quarter we have placed each solution on Green status.

We have based our review on the approach that was agreed at the start of the risk profiling service and used the DT capital market assumptions for Q4 2021. There have been no changes to the risk profile boundaries this quarter.

() Analysis based on data to the end of June 2021 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. 30 September 2021). The figure in brackets illustrates the position of the volatility based on the previous quarter's allocation.

[†] DT 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 DT 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

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.

Q2 2021

This quarter Active MPS 3-5 are under review while the remainder of solutions maintain their green status.

We note that the composition of underlying holdings has materially changed from February 2021 onwards for the entire RTM range.

Active MPS 1-5 have seen a general increase in expected volatility, of which Active MPS 3-5 have breached their upper boundaries and are consequently under review.

The increase in the expected volatility has been broadly driven by two factors; a general reduction in bonds in favour of equities, as well as changes in the sectors among the equity holdings resulting in a change from lower volatility equities to higher volatility equities as determined by our mappings.

Since February 2021 Passive MPS 1 and Passive MPS 2 have seen reductions in their expected volatilities to be more comfortably within their assigned profiles, while Passive MPS 6 has seen a more significant reduction in expected volatility whereby it has gone from mid profile to the lower end of its profile. These reductions are generally driven by changes in holdings going from REITs into infrastructure and commodity holdings.

Q1 2021

This quarter we have maintained the solutions on green status.

Q4 2020

This quarter we have maintained the solutions on green status.

We note that the expected volatility of the solutions was largely unchanged this quarter. There was a small decrease present in the Active range, this was caused by a slight increase in investment grade corporate and high yield bonds at the expense of equities.

Q3 2020

This quarter we have maintained the solutions on green status.

We have observed reasonably large increases in expected volatility across both the Active and Passive MPS ranges this quarter. These increases are due to increases in equity exposure at the expense of fixed income, primarily toward UK and Asia Pacific ex Japan. Notably, developed bonds have been reduced, both investment grade and high yield; however emerging market bonds have been increased within the solutions this quarter.

We note that both the thirty-six month rolling volatility of Passive Global Growth, and both Active and Passive MPS 6 are more closely aligned to higher risk profiles, but we remain content with their assigned risk profiles at this time.

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