

Client Charter and Fee Schedule

Effective May 2017

Introductory information

On January 1st 2013 the provision of financial advice in the UK changed significantly. For the first time there is a complete separation between the purchase of a financial product and the cost of any financial advice offered on that product.

Logically the two are separate, but historically the provision of financial advice and the cost of the resulting product have tended to be grouped together. The aim of the Government and the Regulator has been to make sure that once and for all the public separate the link between advice and products.

In practice this meant the end of built-in commission payments to Financial Advisers and a switch to fee-based financial advice. As a result of the changes, we feel that the public are likely to divide into 3 distinct groups: those that recognise the need for, and will pay for, Independent Financial advice; those that will go it alone and cut out the cost of advice altogether; and those that will deal with Banks/Building Societies and will be sold a plan from the list available, under a “restricted advice” format.

When selecting a financial adviser, it is now easier for clients to make a judgement about value for money; does the adviser provide a service which is worth the fee that is being paid? You will know what you will pay for initial advice and if any ongoing fees are payable. Clear disclosure has been a policy at Ethical Investors since we were founded in 1989 and we are pleased that full transparency now applies across the whole industry.

We believe that we offer an open, professional and friendly financial planning service to our clients. We aim to demystify the jargon and practices of the financial services industry so that our clients can make informed decisions about their finances. It is not a question of advisers telling clients what to do; we believe it is a partnership between the client and their adviser to develop the most appropriate financial plans to meet their needs – both ethical and financial.

Services provided to all Ethical Investors' clients

Irrespective of the amounts invested or plans set up by Ethical Investors' clients can expect the following, with no additional fees payable:-

- Ethical Investors' Newsletter, at least annually – an update of ethical and financial issues.
- We will process changes of address – notify Ethical Investors once and we will inform all companies with whom you have arranged a plan via Ethical Investors.
- Change of bank – we will inform any companies that you pay premiums to and process the appropriate paperwork on your behalf.
- Change of Death Benefit Nomination – if you wish to change the nomination details on plans such as pensions, we will provide you with the appropriate documentation and ensure the companies process the changes accurately.
- Fund Manager Meetings – we undertake regular reviews of the ethical funds recommended to our clients, ensuring the companies maintain their published ethical policy and to discuss performance issues. Whilst many advisers take the ethical criteria of ethical funds at face value, we do not. We are constantly reviewing the underlying stocks and shares held by the funds, meeting with fund managers to discuss their investment decisions and to discuss the overall management of the fund. We believe that we know more about the funds that we recommend to our clients than any other financial adviser in the UK. For 25 years, our 'policing role' has been vitally important in keeping many ethical funds on track and operating in line with their stated values. Although carried on behind the scenes, this activity is one of the most important of the many roles we assume at Ethical Investors, on behalf of our clients.
- Error Correction – insurance and investment companies make mistakes. These mistakes are surprisingly common but we strive to identify and correct these errors without the client's knowledge and inconvenience.
- Death claims – if a client dies, we offer to act on behalf of the client to deal with their executors/family in respect of any plans arranged through Ethical Investors. At a time when others may be charging a fee to the estate, Ethical Investors will provide help and support at no cost.
- Fund changes and closures – in the event of ethical criteria changing, or closure of a fund, we will contact every client affected by the changes and offer advice on what to do.
- Profit Distribution – last, but by no means least, all clients are part of our Profit Distribution, having a say in the direction in which our profit is directed to charity. We retain our commitment to distribute at least 50% of our net trading profits to charities and good causes each year. The bulk of our donations will be channelled through our own charitable foundation – **Ethical Giving** (www.ethical-giving.org).

Our Advice Fees

We have divided our advice fees into three distinct areas. These are:

- New Client Commitment Fee
- Implementation/Advice Fee
- Ongoing Advice Fee

1) **New Client Commitment Fee**

In short, it can take a large amount of time and resources to bring on a new client. Before we can move ahead with any advice for the future we have to undertake a review of a client's existing financial arrangements and this involves gathering information on the arrangements, charges and performance data.

When we receive a completed Client Information Form we will undertake a needs analysis as well as a review of existing investments/plans. We will then produce an outline financial planning report containing a review and advice on what to do with existing arrangements as well as an outline of our recommendations for future financial planning. Clients are under no obligation to move ahead with any of our recommendations, but a fee will be payable for the review and financial planning report. If the client moves ahead with any of the recommendations the commitment fee will be deducted from any initial/one-off advice fees.

Commitment Fee - £250

3) Fees for On-Going Services

We offer a range of on-going advice services on different fee scales. The service provided is dependent upon the ongoing fees paid and is generally taken as a percentage of the underlying assets invested via Ethical Investors, or can be paid to us as a monthly flat rate retainer (via Standing Order).

All services listed below will be provided in addition to the services detailed on Page 2. Please note that the 'bands' of services are only available to those clients whose assets are held on a consolidated platform or within a similar arrangement. Consolidating administration onto 'Wrap' platforms reduces administration for us and our clients; if administration is easier for us, then our fees are lower. Clients with the majority of investments held direct with fund managers are subject to an alternative Service/Fee arrangement – details available on request.

Investments

To access our ongoing **Managed Investment Service** our standard fee is **0.6% per annum**, i.e. for every **£10,000** invested via Ethical Investors we will receive **£60** per annum. Our minimum annual ongoing advice fee is **£600**.

For this fee a client will receive ongoing advice and support in relation to the ethical portfolio established as part of our initial advice and based on their attitude to risk and ethical criteria. Our internal Investment Review Committee (IRC) meets on a quarterly basis to discuss the portfolios and recommend any alterations. On an annual basis client portfolios will be rebalanced by us to ensure that the overall asset allocation is in line with the original risk profile. If changes are needed to any of the underlying funds (on performance or ethical grounds), these will be recommended as part of the ongoing review service. The annual fee also covers access to advisers as per the banding below.

Existing Investment Bond Portfolios – where clients have existing Capital Investment Bonds which will be maintained, Ethical Investors will need to charge an on-going fee as these will need to be included within any review. This will be a minimum of £75 pa per plan.

(full information on our Managed Investment Service can be found in the separate MIS document, available on request)

Pensions

Personal Pension – to receive support and advice (investment recommendations, contribution changes etc), an on-going fee (up to a maximum of 0.3% of the fund) can be built into the cost of the plan, or a retainer paid to Ethical Investors to access these additional services. This annual fee ensures that we retain your details as a client, you can access up to 1 hour of adviser help and support via email/telephone and we will send you an annual review.

SIPPS/Platform Pensions - ongoing fees will be on the same basis as investment clients, as above.

Band 1

Between £75,000 - £150,000 investment value;

- *2-4 hours of adviser time (pro rata), via email, telephone or meetings, plus full annual review report.*

Band 2

For investments over £150,000 investment value;

- *Bespoke support to be agreed individually with each client, with Band 2 services as a minimum*

(VAT – advice fees leading to the purchase of a financial product are not currently subject to VAT)

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Authorised and Regulated by the Financial Conduct Authority

Ethical Investors Group is the trading name of Ethical Investors (UK) Limited.

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