

Information relating to our fees

When engaging it is important that we understand your circumstances, as this in turn helps us provide direction. With any new clients we aim to provide an initial report which is in two stages, the first stage is at our cost, this is to ensure we can help, this consists of providing an outline report together with any costs involved in moving to the next stage. Stage two will include further analysis of your circumstances and what will be appropriate for you to consider, a formal report will be issued. To get to this point we need to research the options in relation to what ethical considerations need to be taken into account, we need to understand your risk tolerance and when using these together and information relating to your personal circumstances, we will formulate an investment strategy. Within this we will consider the products/investments/pensions and demonstrate how they will accommodate the investment strategy and why they are suitable to your needs and objectives. The process will also consider the costs and charges for each provider for the solution offered.



What are the four stages.....

First Report.

There is no cost to you and after assessing your circumstances a report will be issued showing how we can help, together with a summary of the fees involved. If you are in agreement, you can proceed to the next stage.

Second Report -initial fee payable.

The initial fees cover the cost of research, preparation and issue of the second report, this report will take several days to be put together and will involve a number of processes to arrive at and provide a solution. We need to have systems to be able to support our process and have a wide range of tools/software in place to undertake this, all this comes at a cost. The second report will provide sufficient information to make a decision, the guide to the cost is shown below. The initial fee is payable if you don't proceed further, if you do, this can be offset.

Implementation Fee.

If you agree with the recommendations contained in the second report the next stage is implementation. This is to cover the administration cost of putting the plan in place and also help cover the cost to the firm in relation to the liability and risk. Regulatory and professional indemnity costs have a direct link to the assets we manage as well as to the type of business added each year. This is all in addition to the full operating cost and staff costs required to manage the business, by adding business we are mindful this increases our cost base.

Ongoing Fees.

The ongoing fees relate to what we will provide and what you will have access to going forward. For an agreed fee we will continue to review the plan which will ensure it will remain appropriate. We will review the investment strategy, periodically review the risk and ethical considerations, to ensure anything that is in place remains suitable. In addition, the ongoing fee provides you access to an adviser at all times which will help with queries, tax, benefits, cash-flow and projection of how the plan will tie into your objectives. It will include a range of other advantages including bed to ISA transfers, free switching of funds, all administration, management of income on pensions, reclaim of overpaid tax, capital gains calculations and planning, ethical model reviews, pension switching advice and access to our portal to show all investment values. Meetings are also available through a variety of channels.

Our costs

Initial fees - the second report fee

The second report fee is up to £1,280.00*, this will vary and is dependent on the complexity of the case, see below for examples. This fee is payable if you don't decide to proceed to help cover our costs.

Complex cases: These would include inheritance tax solutions and cash-flow planning, switching of pensions between providers and setting up Trusts, investing through VCT's, BR and EIS schemes. It is likely given the amount of time required the full fee would be due in this sample list.

For a bespoke ethical solution. Whether this was fund based or a discretionary fund manager solution, the initial fee is estimated at £1,000.00*.

Less complex cases: These would include setting up investments/pensions within the ethical model portfolios where a general ethical approach is adopted, guide to cost £800.00*.

**Full details will be provided in the first report which is provided at our cost to help you reach a decision.*

Implementation fees - sliding scale.

1% of the amount being invested, there is a sliding scale which is dependent on the investment size.

Implementation % sliding scale	Percentage	Maximum cost
The first £250,000	1.00%	£2,500.00
the next £250,000 to £500,000	0.50%	£1,250.00
the next £500,000 to £750,000	0.25%	£625.00
£750,000 and above	0.00%	£0.00

Implementation cost examples. A blended rate will be calculated

£150,000 investment would be 1%, so £1,500. A £400,000 investment would be £3,250.00, effective rate of 0.8125%. Maximum implementation fee would be on an investment value of £750,000 and above, maximum fee £4,375.00 equating to a percentage implementation fee of 0.583%.

These fees are only payable if you wish us to implement the arrangements and the report fee will be offset. If not, you will be responsible to put these in place yourself. If you put the arrangement in place yourself, it is highly unlikely we will not be in a position to manage it thereafter. You will also be charged the initial report fee if you don't proceed.

Potential new clients with existing arrangements who take our ongoing service

To arrange a servicing fee which will also allow us access to the plan(s) and to align your risk and ethical approach, there is no charge. If this involves using a different provider/arrangement due to limitation of the current one, any associated costs will be discussed before any action is undertaken.

Ongoing fees - sliding scale

This will be based on the amount being managed, typically this starts at 0.75% pa and is calculated on the daily fluctuations of the investment values, this ensures the fee generated is fair to both parties. A sliding scale operates with reduced rates depending on the size of the investment and assets under-management. There is a minimum fee of £600.00 per annum for this service.

Ongoing fee for assets under management	Percentage pa	Maximum cost pa
The first £500,000	0.75%	£3,750.00
the next £500,000 to £1 million	0.50%	£2,000.00
the next £1 million to £1.5 million	0.25%	£1,250.00
the next £1.5 million to £2 million	0.10%	£500.00
£2 million and above	0.00%	£0.00

Maximum fee £8,000. A blended rate will be calculated and applied.

Our costs continued

Ongoing charge examples. A blended rate will be calculated on assets under-management.

- Typically for a £300,000 portfolio the rate will be 0.75% and the cost £2,250.00 per annum.
- For a £900,000 portfolio the rate will be 0.638% and the cost £5,750.00 per annum.
- A £2.2 million portfolio will be 0.363% and a cost of £8,000.00 per annum. The cost is capped so can't increase. If assets were added/withdrawn or increased or fell in value, then this would be reassessed at the review meetings.

The fees expressed as a monetary amount will go up and down with values although the percentage will re-main the same. At the annual review points the fees will be revisited to see if any adjustments are necessary, i.e. falling into another band as noted above.

Hourly charges

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| • Adviser rate | £180.00 per hour |
| • Assistant to adviser/para-planner | £100.00 per hour |
| • Administration | £80.00 per hour |

Implementation fees will still apply, if this is something you require to be put in place. An estimated cost will be provided initially and a detailed breakdown will be provided later to show what is due. The fees will be invoiced and may be subject to VAT. If you decided to proceed with advice to implementation, then fees can be offset.

Fixed fees

This will cover anything that may not be covered above or below, subject to agreeing a cost. It is highly likely the fee will be subject to VAT if it does not fall in line with details above.

Examples of fixed cost fees where there is no service fee in place.

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| • Arranging a stakeholder pension or personal pension. | £400.00 |
| • Arranging a standalone ISA. | £400.00 |
| • Tax return initial production and submission | £300.00 plus VAT |
| • Tax return subsequent years | £200.00 plus VAT |

How do our fees compare

Data available shows our fees are lower than the industry average. Typically you could pay up to a 2-3% initial fee and for an ongoing service, the average is 0.84% with some as high as 1.00% per annum based on the amount under management. The majority of our fees are not subject to VAT, if they are, we will let you know. Fees will have an impact on the investment returns, however studies also reveal that by deploying the services of a specialist you can cover this additional cost by virtue of active management. This is in addition to other savings you could have in relation to discounts negotiated on fund costs, special terms in place with platform providers and tax savings where advice leads to a positive outcome on savings tax as a result of a strategy.



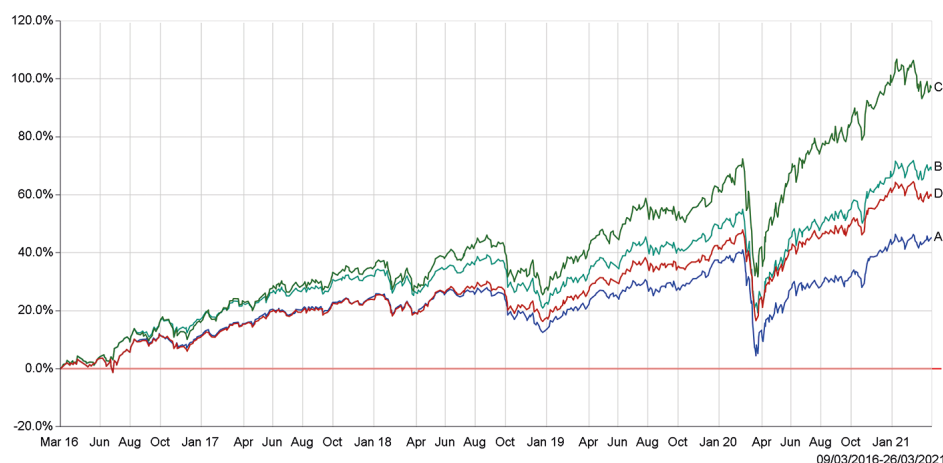
- **straight-forward ethical financial advice**
- **friendly and approachable**
- **transparent charges**
- **experience and expertise**

Adding Value

When deciding whether to take on our ongoing services it is good to understand if any value is added, not just the fact that everything is catered for, but how do you demonstrate that financially it was a good decision. We have been running a number of ethical risk based model portfolios since 2009, so there is a good track record. Within this, part of the process is to review the funds and re-select on a regular basis those funds where the performance against sector averages for one reason or another, has not done so well.

For many investors where they don't have ongoing management or they simply do it themselves, the investment selection is often held for the duration and what we wish to demonstrate is how this compares to portfolios which have been actively managed by us, this is applicable for clients with an ongoing fee arrangement in place. We have just used two examples, although the same story is repeated elsewhere. For these, we have selected the Ethical Balanced and Adventurous Models and we have compared the selection of the funds which represented the portfolio just over 5 years ago, leaving these intact without any review. These have been compared against our Models which have benefited from a regular 6 monthly review of the funds which has involved a number of switches and changes, during the course of the last 5 years. These are actual figures based on our historical records, they take into account all fund management charges, but do not account for platform charges or our fees, although the one with no changes/management, would of course not have had an adviser fee attached to it. When you look at the results, then deduct our fee at 0.75% pa or the blended charge if appropriate, then we believe value has been added.

Graph to illustrate the difference in performance with an active management approach against where no review of the funds takes place. Actual figures from our Ethical Balanced and Adventurous models from 09/03/2016 to 26/03/2021.



	Cumulative Performance	1yr %	3yr %	5yr %	9/03/2016 to 26/03/2021 %
A	Balanced Fund selection on 09/03/2016, no changes	29.17	22.53	43.04	45.30
B	Adventurous Fund selection on 09/03/2016, no changes	33.90	35.34	65.82	69.58
C	Current Adventurous Ethical Model with management	40.06	55.26	92.53	96.90
D	Current Balanced Ethical Model with management	29.78	35.61	57.67	60.16

Past performance is no guide to future performance and investment values can fall as well as rise. The return rates include fund charges but exclude our costs and any platform fees where appropriate. The current balance model needs to be compared to the balanced model with no review and the current adventurous model needs to be reviewed against the adventurous model with no review, this will give you a like for like comparison when taking asset allocation and the risk into account.

The Ethical Investment Co-operative is authorised and regulated by the Financial Conduct Authority.