Assessment of Value Report
on the Fundhouse Model Portfolio Range

Updated 2 April 2024
Data as at 31 January 2024

Prepared by:

FUNDHOUSE

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WHO THIS DOCUMENT IS FOR

This document is designed for authorised UK financial advisers and other professional investors. Fundhouse does not contract directly with end investors.

HEADLINE FINDINGS IN THIS REPORT

As you know, we are required to provide you with an Assessment of Value on our Model Portfolio Service and, alongside that, review that we have assessed our target market and other aspects like our distribution strategy. This is all detailed within the FCA's rules on Consumer Duty and specifically under PRIN 2A.4.15R and PRIN 2A.3.12 R (2). Following our review, as detailed within this document, we can confirm the following:

- As we have detailed below, we believe this service offers good value to customers within the target market. Our fee of 0.15% per annum for our core range remains well below the industry average and is the fee we have charged since inception nearly five years ago. We have defined value as the service and performance outcome received by customers after the costs that we have charged (including the costs of underlying providers, such as the fund management fees of the underlying funds) and we believe that the value received by customers is proportionate to the cost of doing business with us.
- The legal entity that provides this service is Fundhouse Bespoke Limited but is more commonly known as Fundhouse. The service involves the provision of model portfolios to professional clients and specifically financial advisers.
- This assessment was done on 31 January 2024, and it will be formally updated on an annual basis. However, we do regularly review this service on an ongoing basis.
- The Fundhouse Model Portfolio service has clearly identified the target market as well as identifying who is not within our target market.
- This service does meet the needs and objectives of the customers identified within that target market.
- The distribution strategy for this service has been reviewed and is considered appropriate for the identified target market.

PLEASE DO YOUR OWN RESEARCH ON FUNDHOUSE

We recommend that you also do your own research on Fundhouse and can offer some guidance in this regard. You may wish to look at our regulatory status by visiting the FCA's website. The link to our firm is here https://register.fca.org.uk/s/firm?id=001b000003wQU0JAAW. You may also wish to look at our company history by visiting the Companies House website. The link to our firm is here https://find-and-update.company-information.service.gov.uk/company/10893119. You could also look at our website to find out more about us (www.fundhouse.co.uk) and you may want to look at some of our risk policies that are found on our website. Our model portfolio brochure is also there. You may wish to compare our model portfolios to peers and there is a free website that allows you to do this here https://www.morningstar.com/en-uk/learn/mpdb (thank you Morningstar for this service). You could also get in touch with us to find out any further information you may need, and we would welcome the chance to meet with you, if that was required.

LETTER FROM THE CEO

Fundhouse has been providing discretionary model portfolios to financial advisers since 30 September 2018, a period of over five years. We have been running these model portfolios through some tough investment markets. In 2020, we saw a strong sell off in markets as investors responded to the impact of Covid-19. Markets fell again in 2022 as investors feared the impact of inflation rates last seen in the 1980s. This suggests we have a reasonable timeframe and market environment against which to measure ourselves. We should note that we had a change of investment manager in 2019 and this did alter the way portfolios were constructed from this point. We therefore look at returns over five and three years, with the three year number including our evolved process.

You will note that we provide 4 different types of model portfolios. Our core range (five portfolios) is effectively our unconstrained range and is where most clients are invested. This range also has the longest track record. Our Responsible range is a narrower range of model portfolios (three portfolios) designed to have improved ESG metrics (with better impact on the Environment, on Social aspects and on Governance more generally) and was launched in 2019. We also offer index plus models, using our active asset allocation, but with passive fund selection to keep costs low. Finally, we offer bespoke model portfolios to clients, which are all run fairly similarly and align well with our core range, and these were launched in 2021. The track record for our bespoke and index plus models remains short, but because we have a longer track record across our other models, we can use the longer track record to infer how these portfolios would have performed.

It is fair to say that it is quite difficult to obtain competitor data for returns, fees and ESG credentials. We have done our best to obtain this information and, where it was not easy to obtain, we have used our judgment. The data source most was the Morningstar MPS database (https://www.morningstar.com/en-uk/learn/mpdb).

We run our model portfolios using an evidence based approach to investing. That translates into us being a) long term, b) quite contrarian, c) valuation based and also combining both active and passive funds. Although the four ranges (Core, Responsible, Index + and Bespoke) are constructed slightly differently, their returns are very aligned through time (and more so after we have changed investment manager in 2019).

There were no obvious action items from this report, although we will be pushing for better ESG disclosures. We will also be responding to the SDR (Sustainability Disclosure Requirements) principles that we expect the FCA to release later this year.

We hope that you find this report useful and produced in a way that is fair, transparent and in plain English. As ever, if you are invested in our model portfolios, we thank you for your continued trust in us. As your trusted investor and steward of your wealth, we take the role very seriously and we remain constantly aware of the privileged and important position we find ourselves in.

Thank you!

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Rory Maguire, 2 April 2024

BOARD OF DIRECTORS

Our board of directors consists of one executive and two non executive directors (one of which is a non executive chair). The directors are:

Rory Maguire: *Rory is the Managing Director of Fundhouse in the UK and has been in the investment industry since 1997. Prior to co-founding Fundhouse in 2007, he was CEO of a fund management firm. He has had various executive roles at large and small managers and has significant experience inside both active and passive fund management firms. At Fundhouse he focusses his efforts on fund research, asset allocation and overall business strategy.*

Ian Jones*: Ian is based in South Africa and is a non-executive director in the UK, chairing Fundhouse Bespoke Limited. In South Africa, Ian is the Chief Executive Officer of the business based there. He is a qualified actuary and brings with him a wealth of financial services experience, most recently as an executive of an asset manager. He also has international experience, having spent five years in Australia. He started in the investment industry in 2001 and is based in South Africa.*

Peter Foster: *Peter is based in South Africa and is a co-founder of Fundhouse and is a non-executive director of Fundhouse in the UK. In South Africa he is the Chief Investment Officer and focuses on investment process management, including portfolio advisory, fund manager research and investment consulting. He gained his experience in the setup and management of investment processes in the asset management industry.*

TARGET MARKET REVIEW

Describing our Model Portfolio Service

Fundhouse is an investment company that, via our model portfolio service, helps investors achieve their financial objectives. This service is designed for end investors that employ financial advisers and we do not have direct commercial relationships with private clients. We are an employee-owned business providing this dedicated investment service to investors that may have varying risk appetites. For example, investors may be risk averse (say a pensioner) or they may be keen to take risk (like a young investor starting out in their career). Our portfolios are designed to cater for a very broad range of investors and therefore you will see names like Defensive, Cautious, Balanced, Growth and Equity assigned to our model portfolios. These define the levels of risk that we expect the end investor to be willing to take. Although this is not always the case, there is a reasonable expectation that over long periods (10 years), the lower risk portfolios would lose less money, but also have lower gains than the higher risk portfolios.

We currently offer four ranges of model portfolios:

- Fundhouse Core Range: we offer these to investors that have five broad approaches to risk, namely Defensive (low risk), Cautious (low to moderate risk), Balanced (moderate risk), Growth (moderate to high risk) and Equity (high risk).
- Fundhouse Responsible Range: these portfolios use the same process as our core range and perform very similarly but focus on improving ESG credentials. ESG is discussed further on in this document. We offer three Responsible portfolios, namely Cautious Responsible (low to moderate risk), Balanced Responsible (moderate risk) and Growth Responsible (moderate to high risk).
- Fundhouse Index + Range: These replicate our Core Range but do so by investing in cheaper passive funds. The costs remain low in this range.
- Fundhouse Bespoke/Tailored Offering: We offer some clients a set of portfolios that are unique to them, but in each case these portfolios closely resemble our other model portfolios.

We have a robust investment process. Although this may sound cliché, we can evidence it with our exceptionally detailed and market leading fund research, our approach to asset allocation and our general mindset of being evidence led. Each portfolio is designed to achieve investment goals within an expected level of risk, and it is fair to say that achieving these goals requires investors to invest over longer timeframes than they may have initially expected (at least five years and often longer). There is no capital or financial guarantee and the model portfolios can lose money, although the loss of capital is usually mitigated by investing over longer periods.

As mentioned, we do not have direct relationships with the end investor, only their financial adviser. So, even though the investors in our model portfolios are typically private investors, their individual circumstances are not known by Fundhouse. Therefore, the end investor will have agreed a financial plan, their willingness to take investment risk and a set of financial goals with their adviser and their adviser will be responsible for ensuring that the Fundhouse Model Portfolio that they invest in is a good fit for that customer. All investors, including vulnerable clients, will need to seek financial advice prior to investing. The end investors will need to be UK residents and have a binding commercial relationship with a financial adviser that is authorised and regulated in the UK. Because investors use financial advisers, our understanding of the investor's needs are very limited and therefore our target market definitions are very broad.

You will be aware that our model portfolios are administered on retail investment platforms in the UK. Our portfolios are hosted on many platforms and we are completely agnostic as to which platforms the financial adviser will use on behalf of their clients. In terms of the costs to the end clients, we describe our costs within the value assessment that follows. But because we only work with financial advisers and retail investment platforms, end investors will also need to factor in those costs too.

Conflicts of interest

Our independence is important and you should be aware that we have no commercial conflicts of interest that may cause us to bias what retail investment platforms or investment funds we invest in. We also have no investment funds of our own. This unbiased approach to investing on your behalf is an important differentiator.

Which clients are our model portfolios suitable for?

- Clients will be UK Citizens. Throughout this document we may refer to investors in our models as clients, customers, private investors, investors, and end investors. They all mean the same thing: investors in our model portfolios.
- Clients of UK financial advisers that have a valid agreement with the financial adviser.
- Clients of financial advisers that have been through a full financial plan with their financial adviser, including a detailed risk assessment and have an understanding of Fundhouse and our model portfolios.
- Clients have an investment time horizon of at least five years, but ideally ten.
- Clients understand that there are no capital guarantees and that the Fundhouse Model Portfolios could lose capital.
- UK advisers will be regulated by the UK's regulatory body, the Financial Conduct Authority.
- The adviser will have a valid contract in place with Fundhouse. Because the contract is with the adviser and not the end client, investors with a basic knowledge of investments (as well as informed investors) could invest in our model portfolios because it is the adviser that is making the recommendation and performing the necessary due diligence to invest with us.
- You will note that we are also able to do business with entities known as 'eligible counterparties'. Such investors are usually highly sophisticated investors and are organisations rather than individuals. For example, they may be adviser networks, wealth managers, insurance companies and other similarly informed financial (and regulated) institutions.

Which clients are our model portfolios *not* suitable for?

- Investors that wish to invest directly, without advice from a financial adviser.
- Investors that are not UK citizens.
- Investors with an investment time horizon of less than five years.
- Investors that cannot/are not comfortable suffering losses.
- Investors that use a financial adviser, but that adviser does not have an agreement in place with us.
- Investors that do not wish to invest via a UK Retail Platform.
- Investors that have not had their investment in a Fundhouse model portfolio explained to them by their financial adviser.

How Fundhouse Model Portfolio Contracts work in Principle

As mentioned previously, Fundhouse does not have any contractual relationship with the end investor. This relationship is solely between their financial adviser and themselves. The regulator defines these as 'agent as client' relationships and requires that the advisor does much of the assessment and due diligence of Fundhouse and ensures that the investment that the client makes into a Fundhouse Model Portfolio is suitable, appropriate for their investment objectives and their risk appetite. However, there is an alternative model for contracting model portfolio clients that we do not employ. This is called 'reliance on others' and requires that the end client also signs an agreement with Fundhouse. This would make Fundhouse responsible for some of the assessment of the end investor. Because

Fundhouse does not operate a 'reliance on others' model, there may be scenarios where a complaint from an investor means that the adviser is liable, not Fundhouse. Fundhouse is the investment manager and does not have any relationship with the client – the financial adviser will be responsible for client specific aspects like financial advice, assessing suitability of investments (upfront and ongoing), ensuring that the model portfolio meets the risk appetite of the client, understanding costs and performs market assessments of these, performing due diligence on providers (including Fundhouse) and know your client requirements (and other anti-money laundering assessments).

What is our distribution strategy?

Fundhouse only markets and distributes model portfolios to UK authorised financial advisers. We do not promote or target our model portfolios to end investors, even sophisticated investors. Our strategy to distribute our model portfolios hinges on targeting a handful of larger adviser firms and having close relationships with each. So far, this strategy has worked well as we were one of the fastest growing model providers in the twelve months to December 2024 in percentage terms, in the UK. Importantly, we are able to differentiate ourselves from our peers in a few ways: we are independent, we have relatively low fees, we run quite concentrated portfolios, we do detailed fund research, we provide hands on service, we are owner managed and – ultimately – our portfolios have performed well compared to peers. Our model portfolios are also available across most platforms, which enables advisers to access them easily.

Target Market Matrix

Below we show our target market Matrix, designed to layout our target market and costs within a broad table. We appreciate that the text may appear small to the reader, so we would welcome the chance to send you the original version if needed. We should also point out that fees are as at the end of January 2024 and Fundhouse does not charge VAT. We have also suggested that investors need to be advanced rather than basic or informed (in terms of financial knowledge). This is true in the case of the party we contract with – the adviser, because they are advanced and represent the end client – therefore, as mentioned above, we do have end clients with a basic knowledge of finance because they use an adviser (that we see as the client).

MODEL	Owner	COSTS AND CHARGES			INVESTOR TYPE			KNOWLEDGE/EXPERIENCE			ABILITY TO BEAR LOSSES				CLIENT OBJECTIVES AND NEEDS					DISTRIBUTION STRATEGY		
		MPS	Est OCF	Tr Cost	Retail	Prof.	Elig. Count.	Basic	Informed	Advanced	No Guarantee	No Loss	Limited Loss	Large Loss	Preservation	Growth	Income	Time Horizon	ESG	Execution Only	Direct Client	Advice
FH Defensive	FH Manufactures	0.15%	0.27%	TBD	×	✓	✓	×	×	✓	✓	×	✓	×	×	✓	×	5y+	×	×	×	✓
FH Cautious	FH Manufactures	0.15%	0.37%	TBD	×	✓	✓	×	×	✓	✓	×	✓	×	×	✓	×	5y+	×	×	×	✓
FH Balanced	FH Manufactures	0.15%	0.49%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	×	×	×	✓
FH Growth	FH Manufactures	0.15%	0.60%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	×	×	×	✓
FH Equity	FH Manufactures	0.15%	0.68%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	×	×	×	✓
FH SRI Cautious	FH Manufactures	0.15%	0.37%	TBD	×	✓	✓	×	×	✓	✓	×	✓	×	×	✓	×	5y+	✓	×	×	✓
FH SRI Balanced	FH Manufactures	0.15%	0.46%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	✓	×	×	✓
FH SRI Growth	FH Manufactures	0.15%	0.54%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	✓	×	×	✓
FH Index + Defensive	FH Manufactures	0.09%	0.14%	TBD	×	✓	✓	×	×	✓	✓	×	✓	×	×	✓	×	5y+	×	×	×	✓
FH Index + Cautious	FH Manufactures	0.09%	0.14%	TBD	×	✓	✓	×	×	✓	✓	×	✓	×	×	✓	×	5y+	×	×	×	✓
FH Index + Balanced	FH Manufactures	0.09%	0.14%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	×	×	×	✓
FH Index + Growth	FH Manufactures	0.09%	0.14%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	×	×	×	✓
FH Index + Equity	FH Manufactures	0.09%	0.16%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	×	×	×	✓
Client A 20	Co-Manufacture	0.10%	0.27%	TBD	×	✓	✓	×	×	✓	✓	×	✓	×	×	✓	×	5y+	×	×	×	✓
Client A 40	Co-Manufacture	0.10%	0.37%	TBD	×	✓	✓	×	×	✓	✓	×	✓	×	×	✓	×	5y+	×	×	×	✓
Client A 60	Co-Manufacture	0.10%	0.49%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	×	×	×	✓
Client A 80	Co-Manufacture	0.10%	0.60%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	×	×	×	✓
Client A 100	Co-Manufacture	0.10%	0.68%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	×	×	×	✓
Client A Defensive	Co-Manufacture	0.15%	0.27%	TBD	×	✓	✓	×	×	✓	✓	×	✓	×	×	✓	×	5y+	×	×	×	✓
Client A Cautious	Co-Manufacture	0.15%	0.37%	TBD	×	✓	✓	×	×	✓	✓	×	✓	×	×	✓	×	5y+	×	×	×	✓
Client A Mod Caut	Co-Manufacture	0.15%	0.49%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	×	×	×	✓
Client A Balanced	Co-Manufacture	0.15%	0.60%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	×	×	×	✓
Client A Adventurous	Co-Manufacture	0.15%	0.68%	TBD	×	✓	✓	×	×	✓	✓	×	×	✓	×	✓	×	5y+	×	×	×	✓

ASSESSMENT OF VALUE

Headline Numbers and Costs versus Peers

As we mentioned, the Morningstar Model Portfolio Database is a helpful source of independent data, especially on performance and fees relative to MPS peers. Below we show how we have faired in both. Data is to the end of January 2024. What this data shows is that we have delivered returns that place us in the top percentiles versus peers, with costs that are usually in the bottom percentiles. But as we show further on, we have not assumed that because we have delivered these results, that we offer good value. We have scrutinised every aspect of the value we add to see if we can improve the value for money that our clients receive.

	3 YEAR PERFORMANCE DECILE										Peers	FH Rank
Defensive										FH	71	4
Cautious										FH	165	2
Balanced										FH	241	4
Growth										FH	225	1
Equity										FH	43	2
Responsible Cautious										FH	165	5
Responsible Balanced										FH	241	3
Responsible Growth										FH	225	2

	5 YEAR PERFORMANCE DECILE										Peers	FH Rank
Defensive						FH					51	24
Cautious										FH	110	8
Balanced										FH	168	7
Growth										FH	148	4
Equity									FH		31	5

	OCF + OUR FEE VS PEERS DECILE										Peers	FH Rank
Defensive	FH										36	3
Cautious	FH										108	11
Balanced		FH									165	26
Growth		FH									152	25
Equity				FH							24	8
Responsible Cautious		FH									108	13
Responsible Balanced		FH									165	20
Responsible Growth		FH									152	17

Source: the above data is sourced here https://www.morningstar.com/en-uk/learn/mpds. When comparing ourselves for performance, we have used the entire universe in that risk category. For Defensive, we used 0-20%

equity, for Cautious 20-40% equity, for Balanced 40-60% equity, for Growth 60-80% equity and for Equity, blended large cap equity. When comparing fees, we have used active peers only. All data as at 31 January 2024.

HOW WE SCORED OURSELVES

This is a general overview of the methodology we pursued. As we show throughout this document, we have assessed ourselves on a three tier system, namely Exceeded Objective (✓✓), within range of expectations (✓) and below expectations (=). Where it is obvious that we have exceeded expectations in a meaningful way, we have used a double tick. Where the range of outcomes is around expectation (usually better, but sometimes slightly below), we have used a single tick. Where the outcomes are below expectation, we have used an =. Importantly, there could be many times where individual tests suggest a =, but overall the rating could be a single tick. For example, our Defensive model has not achieved its objective of cash + 1% (net of fees) over three years. Yet our Defensive model is well ahead of a passive equivalent and ranks top decile relative to peers in terms of performance over the same period.

When comparing our models against peers, we have used the IA sector and peers on Morningstar's MPS Database. For passives, we have used Vanguard's LifeStrategy Range (20,40,60,80 and 100) to compare against our Defensive, Cautious, Balanced, Growth and Equity. We did this because they are passively run and are widely used by the market and they follow our risk bands. All returns and risk numbers were net of fees and costs. Where track records were less than 3 years, we did not assess returns and risk because we felt that the period was too short.

ASSESSMENT PILLARS

Returns our clients received

It is important that our clients receive returns that are aligned with the investment objectives. We appreciate that we are active investors and that there is a requirement for us to add value above a passive investment equivalent. We also need to evidence that we are able to add value relative to the average peer group. We are long term investors and have compared ourselves as follows over 3 and 5 years:

- Returns versus objectives
- Returns versus passive equivalent
- Returns versus IA Sector
- Returns versus model portfolio peers

Result: overall our returns have been strong, with our models with a longer track record all sitting in the top 10% of peers in the industry over three years.

The risk our clients took achieving the returns

As with our performance assessment, we have looked at the risk that our clients have taken when achieving their returns and we would hope that higher returns were not achieved by taking undue risk. We have split this assessment into four:

- The ability to suffer lower losses than our peers
- The ability to suffer lower losses than the benchmark
- The volatility of our portfolios compared to our peers
- The volatility of our portfolios compared to the benchmark

Result: overall, the risk taken by our portfolios was quite a lot lower than the benchmark and the peer group. Therefore the returns were not achieved by taking undue risk.

Comparable market related costs

In the assessment that follows, we have excluded the cost of advice and the platform cost. These are costs that are outside of our process and control and depend on the individual financial adviser and end client relationship. When it comes to running model portfolios, there are three main costs:

- Our fee of 0.15% for Core Models and 0.09% for Index Plus Models (excludes VAT, our fees do not attract VAT)
- The fund cost (or OCF) which varies depending on the fund
- The transaction costs for that fund, which also vary

Result: we find that our model portfolio fee is low compared to peers, at 0.15% and 0.09%, respectively. Our average fund OCF is around 0.45% across our Core models and 0.14% on our Index Plus models, which remains on the low side, but not materially lower than peers. Transaction costs on all models were within expectation at around 0.13% per annum, on average. When we combine all of these costs, we come out quite a lot lower than the average peer, except on our equity portfolio which has a high allocation to active and is fairly similar to the average peer in terms of cost.

Quality of service

This is a fairly subjective assessment. Although we provide investment services, we also service clients in the background by providing them with literature (brochures, factsheets), commentary on performance and markets and related information like videos and webinars. For clients of a certain size, we also sit on their investment committee. For bespoke clients, we also offer the option of using their fund list to create model portfolios, which requires us to do research on funds that are often unique to them. We have assessed ourselves as follows:

- Regularity and Speed of reporting
- The use of candour and plain English in our reports
- The feedback from clients

Result: we score well with the speed and regularity of our reporting, as well as the ability to communicate candidly and in plain English. Our feedback from clients was also strong. Our largest client also voted us their best investment provider, which included service and was voted on by advisers, not decided on by an awards committee.

ESG (Environmental, Social, Governance)

Fundhouse is proud to be promoting the investment in Sustainable companies. We have, for example, become carbon neutral as a firm since our inception. In terms of model portfolios, we have a range of dedicated ESG/Responsible models, although we are improving Responsible scores (Socially Responsible Investing) within each of our core and bespoke models, too. When assessing our progress on this, we have done so on the following basis:

- Against model portfolio peers
- Against our own internal scoring system
- Our reporting of the gains (in terms of carbon emissions, for example) that clients have by using our models

Result: overall our models rate fairly well with respect to ESG. But we can always do more.

Our Scoring System and Combining the Five Pillars into a Single Rating

Throughout the document you will see a set of ratings that looks like this:

Key	Exceeded Objective	Within range of expectations	Below Expectations
	√√	√	=

Each of the key areas has been measured using these ratings, but the meaning of each rating can differ depending on the area being assessed. For example, when assessing returns, a double tick would mean we exceeded the objective or expectation. Within the cost assessment, the same two ticks mean that we have costs well below average.

Turning our attention to the broader scoring. As a reminder, we created five pillars – returns, risk, cost, service and ESG. We feel that ultimately clients would rather have good risk adjusted returns, after fees, ahead of service. ESG is also increasing in importance to clients, but is not yet central. So we upweighted the returns, risk and fees and down weighted service and ESG.

Result: overall our model portfolio service represents good value for money as it has demonstrated above average returns with below average risk and below average costs. The ESG and Quality components were also strong, although counted less towards our overall assessment of value.

SUMMARY OF RESULTS

Overall Results

Key	Exceeded Objective	Within range of expectations	Below Expectations
	✓✓	✓	=

Range	Name	Overall Results					
		Returns	Risk	Cost	Service	ESG	Overall
Fundhouse Core MPS	Defensive	✓	✓✓	✓✓	✓✓	n/a	✓
Fundhouse Core MPS	Cautious	✓✓	✓✓	✓✓	✓✓	n/a	✓✓
Fundhouse Core MPS	Balanced	✓✓	✓✓	✓✓	✓✓	n/a	✓✓
Fundhouse Core MPS	Growth	✓✓	✓✓	✓✓	✓✓	n/a	✓✓
Fundhouse Core MPS	Equity	✓	✓✓	✓	✓✓	n/a	✓✓
Fundhouse Responsible MPS	Cautious	✓✓	✓✓	✓✓	✓✓	✓	✓✓
Fundhouse Responsible MPS	Balanced	✓✓	✓✓	✓✓	✓✓	✓	✓✓
Fundhouse Responsible MPS	Growth	✓✓	✓✓	✓✓	✓✓	✓	✓✓
Fundhouse Index + MPS	Defensive	n/a	n/a	✓✓	✓✓	n/a	✓✓
Fundhouse Index + MPS	Cautious	n/a	n/a	✓✓	✓✓	n/a	✓✓
Fundhouse Index + MPS	Balanced	n/a	n/a	✓✓	✓✓	n/a	✓✓
Fundhouse Index + MPS	Growth	n/a	n/a	✓✓	✓✓	n/a	✓✓
Fundhouse Index + MPS	Equity	n/a	n/a	✓✓	✓✓	n/a	✓✓
Fundhouse Bespoke MPS	Defensive	n/a	n/a	✓✓	✓✓	n/a	✓✓
Fundhouse Bespoke MPS	Cautious	n/a	n/a	✓✓	✓✓	n/a	✓✓
Fundhouse Bespoke MPS	Balanced	n/a	n/a	✓✓	✓✓	n/a	✓✓
Fundhouse Bespoke MPS	Growth	n/a	n/a	✓✓	✓✓	n/a	✓✓
Fundhouse Bespoke MPS	Equity	n/a	n/a	✓✓	✓✓	n/a	✓✓

Returns based assessment - Five Year

Range	Name	Fundhouse Evaluation Five Year				
		Vs Objectives	Vs Passive	Vs IA Sector	Vs MPS Peers	Overall
Fundhouse Core MPS	Defensive	√	√	√	√	√
Fundhouse Core MPS	Cautious	√√	√√	√√	√√	√√
Fundhouse Core MPS	Balanced	√√	√√	√√	√√	√√
Fundhouse Core MPS	Growth	√√	√	√√	√√	√√
Fundhouse Core MPS	Equity	√√	√	√	√√	√
Fundhouse Responsible MPS	Cautious	Period is too short				
Fundhouse Responsible MPS	Balanced	√√	√√	√√	√√	√√
Fundhouse Responsible MPS	Growth	√√	√√	√√	√√	√√
Fundhouse Index + MPS	Defensive	Period is too short				
Fundhouse Index + MPS	Cautious	Period is too short				
Fundhouse Index + MPS	Balanced	Period is too short				
Fundhouse Index + MPS	Growth	Period is too short				
Fundhouse Index + MPS	Equity	Period is too short				
Fundhouse Bespoke MPS	Defensive	Period is too short				
Fundhouse Bespoke MPS	Cautious	Period is too short				
Fundhouse Bespoke MPS	Balanced	Period is too short				
Fundhouse Bespoke MPS	Growth	Period is too short				
Fundhouse Bespoke MPS	Equity	Period is too short				

Returns based assessment - Three Year

Range	Name	Fundhouse Evaluation 3 Years				
		Vs Objectives	Vs Passive	Vs IA Sector	Vs MPS Peers	Overall
Fundhouse Core MPS	Defensive	=	√√	√√	√√	√√
Fundhouse Core MPS	Cautious	√	√√	√√	√√	√√
Fundhouse Core MPS	Balanced	√	√√	√√	√√	√√
Fundhouse Core MPS	Growth	√√	√√	√√	√√	√√
Fundhouse Core MPS	Equity	√√	√	√√	√√	√√
Fundhouse Responsible MPS	Cautious	√	√√	√√	√√	√√
Fundhouse Responsible MPS	Balanced	√√	√√	√√	√√	√√
Fundhouse Responsible MPS	Growth	√√	√√	√√	√√	√√

Risk Based Assessment - Five Year

Range	Name	Fundhouse Evaluation Five Year				
		Downside (vs peers)	Downside (vs index)	Volatility (peers)	Volatility (vs index)	Overall
Fundhouse Core MPS	Defensive	√√	√√	√√	√√	√√
Fundhouse Core MPS	Cautious	√√	√√	√√	√√	√√
Fundhouse Core MPS	Balanced	√√	√	√√	√√	√√
Fundhouse Core MPS	Growth	√	√	√	√√	√
Fundhouse Core MPS	Equity	√	√	√	√√	√
Fundhouse Responsible MPS	Cautious	Period is too short				
Fundhouse Responsible MPS	Balanced	√√	√√	√√	√√	√√
Fundhouse Responsible MPS	Growth	√√	√√	√	√√	√√
Fundhouse Index + MPS	Defensive	Period is too short				
Fundhouse Index + MPS	Cautious	Period is too short				
Fundhouse Index + MPS	Balanced	Period is too short				
Fundhouse Index + MPS	Growth	Period is too short				
Fundhouse Index + MPS	Equity	Period is too short				
Fundhouse Bespoke MPS	Defensive	Period is too short				
Fundhouse Bespoke MPS	Cautious	Period is too short				
Fundhouse Bespoke MPS	Balanced	Period is too short				
Fundhouse Bespoke MPS	Growth	Period is too short				
Fundhouse Bespoke MPS	Equity	Period is too short				

Risk Based Assessment - Three year

Range	Name	Fundhouse Evaluation Five Year				
		Downside (vs peers)	Downside (vs index)	Volatility (peers)	Volatility (vs index)	Overall
Fundhouse Core MPS	Defensive	√√	√√	√√	√√	√√
Fundhouse Core MPS	Cautious	√√	√√	√	√√	√√
Fundhouse Core MPS	Balanced	√√	√√	√√	√√	√√
Fundhouse Core MPS	Growth	√√	√√	√	√√	√√
Fundhouse Core MPS	Equity	√√	√√	√√	√√	√√
Fundhouse Responsible MPS	Cautious	√√	√√	√	√√	√√
Fundhouse Responsible MPS	Balanced	√√	√√	√√	√√	√√
Fundhouse Responsible MPS	Growth	√√	√√	√	√√	√√
Fundhouse Index + MPS	Defensive	Period is too short				
Fundhouse Index + MPS	Cautious	Period is too short				
Fundhouse Index + MPS	Balanced	Period is too short				

Fundhouse Index + MPS	Growth	Period is too short
Fundhouse Index + MPS	Equity	Period is too short
Fundhouse Bespoke MPS	Defensive	Period is too short
Fundhouse Bespoke MPS	Cautious	Period is too short
Fundhouse Bespoke MPS	Balanced	Period is too short
Fundhouse Bespoke MPS	Growth	Period is too short
Fundhouse Bespoke MPS	Equity	Period is too short

Market Related Cost Assessment

Key	Costs lower than average	Costs similar to peers	Costs higher than average
	√√	√	=

Range	Name	Fundhouse Costs end January 2024			
		FH vs Peers	Fund Cost	Trans. Cost	Overall
Fundhouse Core MPS	Defensive	√√	√	√	√√
Fundhouse Core MPS	Cautious	√√	√	√	√√
Fundhouse Core MPS	Balanced	√√	√	√	√√
Fundhouse Core MPS	Growth	√√	√	√	√√
Fundhouse Core MPS	Equity	√√	√	√	√√
Fundhouse Responsible MPS	Cautious	√√	√	√	√√
Fundhouse Responsible MPS	Balanced	√√	√	√	√√
Fundhouse Responsible MPS	Growth	√√	√	√	√√
Fundhouse Index + MPS	Defensive	√√	√√	√	√√
Fundhouse Index + MPS	Cautious	√√	√√	√	√√
Fundhouse Index + MPS	Balanced	√√	√√	√	√√
Fundhouse Index + MPS	Growth	√√	√√	√	√√
Fundhouse Index + MPS	Equity	√√	√√	√	√√
Fundhouse Bespoke MPS	Defensive	√√	√	√	√√
Fundhouse Bespoke MPS	Cautious	√√	√	√	√√
Fundhouse Bespoke MPS	Balanced	√√	√	√	√√
Fundhouse Bespoke MPS	Growth	√√	√	√	√√
Fundhouse Bespoke MPS	Equity	√√	√	√	√√

Quality of Service

We pride ourselves on having very high levels of service. In order to achieve these high levels of service, we aspire to the following:

- Quick response times. Most queries are responded to same day.
- Candid responses. Our reports are designed to be in plain English and to offer an equal balance of investment decisions that went well and poorly.
- Significant content – we produce a lot of content for our adviser clients, like videos, factsheets, market reports, quarterly updates, performance updates and so on.
- We also help advisers by producing bespoke work for them.
- We look for feedback from advisers to help us improve the service we deliver.

Key	Excellent	Service levels are fair	Service is poor
	✓✓	✓	=

Range	Name	Quality of Service				
		Regularity	Candour	Content	Feedback	Overall
Fundhouse Core MPS	Defensive	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Core MPS	Cautious	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Core MPS	Balanced	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Core MPS	Growth	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Core MPS	Equity	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Responsible MPS	Cautious	✓	✓✓	✓	✓✓	✓✓
Fundhouse Responsible MPS	Balanced	✓	✓✓	✓	✓✓	✓✓
Fundhouse Responsible MPS	Growth	✓	✓✓	✓	✓✓	✓✓
Fundhouse Index + MPS	Defensive	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Index + MPS	Cautious	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Index + MPS	Balanced	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Index + MPS	Growth	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Index + MPS	Equity	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Bespoke MPS	Defensive	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Bespoke MPS	Cautious	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Bespoke MPS	Balanced	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Bespoke MPS	Growth	✓✓	✓✓	✓✓	✓✓	✓✓
Fundhouse Bespoke MPS	Equity	✓✓	✓✓	✓✓	✓✓	✓✓

ESG/Responsible Model Portfolios

As we have mentioned previously, we take ESG seriously. However, because we believe that clients should receive consistent outcomes across all model portfolio ranges, we acknowledge that (at times) this may require us to reduce the ESG scores within our model portfolios. Therefore, we aim to ensure the following when performing an Assessment of Value within our ESG pillar:

- Peer assessment: Within our model portfolio peer group, which includes non-Responsible models, we aim to be above average with our Responsible score. We found that this was the case and we used the Morningstar Sustainability Ratings shown here: https://www.morningstar.com/en-uk/learn/mpdb for this comparison. In all cases our Responsible models had a four planet score (out of five) on Morningstar at the end of January 2024.
- ESG Scoring: Our ESG/Responsible models follow our Responsible investment process that requires us to arrive at an Responsible score for each model portfolio. This score needs to be better than the score for non-Responsible models. We found that this was the case. Our approach to assessing the merits of the ESG credentials of a fund are shown here: https://www.fundhouse.co.uk/consulting-services/esg-services/.
- ESG Reporting: Our clients understand our Responsible process and goals. Our ESG reporting needs to be clear. Importantly, we explain to clients that our Responsible models are light green and, compared to peers that place the "ESGness" of their portfolio ahead of investment returns, we will likely have poorer ESG credentials. We would also point out that during Q2 2024, we will be producing a new Responsible model portfolio brochure that aims to enhance the way we explain the ESG/Responsible credentials of our model portfolios.

Key	Above Average	Similar to Peers	Below Average
	✓✓	✓	=

Range	Name	Fundhouse ESG as at end January 2024			
		FH vs Peers	ESG Score	ESG Reporting	Overall
Fundhouse Core MPS	Defensive	No ESG Goals			
Fundhouse Core MPS	Cautious	No ESG Goals			
Fundhouse Core MPS	Balanced	No ESG Goals			
Fundhouse Core MPS	Growth	No ESG Goals			
Fundhouse Core MPS	Equity	No ESG Goals			
Fundhouse Responsible MPS	Cautious	✓	✓	✓	✓
Fundhouse Responsible MPS	Balanced	✓	✓	✓	✓
Fundhouse Responsible MPS	Growth	✓	✓	✓	✓
Fundhouse Index + MPS	Defensive	No ESG Goals			
Fundhouse Index + MPS	Cautious	No ESG Goals			
Fundhouse Index + MPS	Balanced	No ESG Goals			
Fundhouse Index + MPS	Growth	No ESG Goals			
Fundhouse Index + MPS	Equity	No ESG Goals			
Fundhouse Bespoke MPS	Defensive	No ESG Goals			
Fundhouse Bespoke MPS	Cautious	No ESG Goals			
Fundhouse Bespoke MPS	Balanced	No ESG Goals			
Fundhouse Bespoke MPS	Growth	No ESG Goals			
Fundhouse Bespoke MPS	Equity	No ESG Goals			