

PRESS RELEASE
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Bestinvest to relaunch as unique service combining DIY investing, free coaching, best-in-class digital tools and low-cost portfolios

New platform will empower the nation's savers to plan their financial futures with human guidance and sophisticated functionality

Bestinvest is set to reinvent online investing with the introduction of free coaching, affordable advice, low-cost ready-made portfolios and sophisticated digital tools – on top of other improvements to its award-winning DIY investment platform. The unique combination of new features will help people to plan for their future, keep on track for personal goals, and become better investors.

The platform will transform into a hybrid digital service by combining online goal-planning and analytical tools with a human touch. Savers will be able to access help from qualified professionals through free investment coaching and, if desired, choose affordable fixed-price advice packages. Bestinvest has also launched a range of very low-cost, ready-made 'Smart' portfolios, while improving its resources for investors who like to select and manage their own investments.

The platform's innovative relaunch - which will also see share-trading fees slashed to less than £5 - is aimed at empowering investors with the insights and confidence they need to make their money work harder for them. Its distinctive range of functionality bridges the gap between existing online services for self-directed investors and traditional financial advice aimed at wealthier people. Combined with this, Bestinvest offers a much wider choice of investments than can be found at most 'robo-advisers' and digital wealth apps.

The revamped Bestinvest is set go live after the tax-year end. However, the new range of Smart portfolios (which will have ongoing costs as low as 0.34% pa), a halving of account fees for holding ready-made portfolios and the new competitive share dealing fee will take effect from 1 February - so that investors can start benefiting in the run-up to the current tax-year end on 5 April 2022.

Experienced self-directed investors will be able to continue using the platform exactly as before, with the advantage of extra functionality. But the new Bestinvest will also be able to support the millions of Britons who are not currently being served by the wealth management industry. It is estimated that 29% of adults – or 15.7 million people – already hold an investment product but many have low confidence in their investment knowledge [1]. Recent research indicates that only 8% of adults currently have an ongoing relationship with an adviser [2].

New services and features will help investors select and manage their investment portfolios and private pensions with more confidence and reassurance. These include:

- **Free investment coaching:** All clients will have access to investment coaches, who are qualified financial planners, at no extra cost. Virtual meetings with the coaches can be booked online, with the option of completing a digital fact find and risk assessment questionnaire to streamline the coaching discussion.
- **One-time advice packages:** Where personalised advice is required by a client, such as a review of their existing investments or a recommendation for an appropriate portfolio, this will be available for a low one-off fee of between £295 and £495. [3]
- **Best-in-class performance data and charts:** Account and portfolio level insights include interactive charts so investors can see how their overall portfolio and each account has performed over time, as well as the annualised return since inception. This will enable comparison with market benchmarks so that DIY investors can see if they are doing a good job managing their portfolios. Most online platforms only show performance data for individual holdings, not the client portfolio. Bestinvest will do both.
- **Picturing your financial future:** Clients will have access to the sort of digital analysis that is often only available to financial advisers to help visualise the trajectory of their investments. By comparing existing investment portfolios to in-house models, projection tools will estimate future performance and simulation tools will trace the impact of changing contributions or altering approach to risk.
- **Set your financial goals:** From the outset customers will be able to set a retirement goal and monitor whether they are on track to achieve it and identify potential actions. A range of additional digital tools will be rolled out to help investors plan for other specific goals such as

buying a home and funding a child's education fees, enabling investors to build their own financial life plan – and check on progress whenever they want to.

- **Low-cost Smart portfolios:** There are five new Smart portfolios designed as ready-made investment options to suit various risk profiles. They will be invested in passive investment funds but actively managed by Tilney Smith & Williamson's experienced investment team. The total cost of investing in the Smart portfolios – including a new reduced account fee of 0.20% – comes to 0.54-0.57% pa, which means someone can have £10,000 in the Smart portfolios and pay fees of around £55 a year all-in. This is significantly cheaper than most robo-advisers.[4]

Together, this combination of expertise on demand, investment range and digital features is unique in the UK market. [5] Alongside the new service features, Bestinvest is also cutting a number of fees:

- **Share trading costs slashed by a third to less than £5:** From £7.50 per online share trade to £4.95, irrespective of transaction size. This will be the lowest share dealing fee among the major UK online investment platforms and will take effect from 1 February. Bestinvest will continue not to charge any dealing fees on funds purchases, sales or switches.[6]
- **Rock-bottom account fees for holding ready-made portfolios:** Investors in both the new low-cost Smart portfolios and existing Expert range (which predominantly invest in 'best of breed' actively managed funds) will benefit from a highly competitive 0.20% pa account fee on balances up to £500k, and then 0.10% up to £1M. No account fees will be levied on balances above £1M. Bestinvest is also halving the fees paid on accounts holding investments other than ready-made portfolios for balances between £500k and £1M from 0.20% to 0.10%. [7]
- **SIPP fees simplified with most ad hoc costs eliminated:** The current annual £100 + VAT SIPP administration fee will be scrapped alongside several other ad hoc SIPP. The account fee tiers for SIPPs will be harmonised with those for ISAs, Junior ISAs and General Investment Accounts. [8]

Simonetta Rigo, Group Chief Marketing Officer of Tilney Smith & Williamson commented: "The launch of this new hybrid service is a major development which will make good on Tilney Smith & Williamson's chosen purpose of *'placing the power of good advice into more hands'*. There are

millions of people in the UK who work hard for their money but lack confidence when it comes to investing. Many have cash left languishing in the bank being eroded by inflation or have multiple pensions which they are unsure about. By providing them with the tools to set real goals and estimate whether they are on track to achieve them, we can help investors 'bring tomorrow forward' and identify the actions they might take today to get them on track to achieve their objectives, or even reach those goals at an earlier point in time.

"The new Bestinvest will provide the best of both worlds: the benefits of a modern, digital service with a human touch through the ability to speak to a qualified investment coach. It will provide them with the extensive investment choice of a DIY platform but also the option to choose a managed portfolio with highly competitive fees versus a robo-adviser. Whether a client is a confident investor who enjoys building their own portfolio, or someone who wants help identifying a plan of action and selecting a managed approach, the new platform will offer them an unrivalled range of features to become better investors at great value for money."

- ENDS -

NOTES

[1] Source: Boring Money Advice Report 2021. The report identified 3.6 million investors as 'advised' and 12.1 million as non-advised of which 9.2 million were 'low confidence' investors.

[2] Source: Platorum survey of 2,446 UK adults, December 2021

[3] These are fully regulated financial advice packages. A *Portfolio Health Check* – in which an investment adviser examines your investments and makes recommendations – comes at a fixed price of £495 (inclusive of VAT). Meanwhile, the *Investing for Your Goals* option will recommend a suitable ready-made portfolio, or an asset allocation if the client wishes to make their own fund selections, at a fixed cost of just £295 (inclusive of VAT). Following the purchase of either of these advice packages there will be no commitment to further purchases or to an ongoing advice relationship.

[4] Active asset allocation will adjust exposure to different markets and asset classes according to the market conditions and the outlook, while the portfolios will gain exposure through low cost 'passive' investments that include ETFs and funds tracking conventional indices as well as 'factor' funds that hold baskets of securities that meet other rules-based criteria. Investors will still be able to choose

from Bestinvest’s existing range of ready-made portfolios – which will now be badged as the ‘Expert’ range – which predominantly invest through ‘best of breed’, actively managed funds.

The Smart range

	Ongoing Costs	Current Asset Mix			
		Equities	Fixed Inc	Gold	Cash
Tilney Smart Cautious	0.34%	45.0%	47.5%	6.0%	1.5%
Tilney Smart Balanced	0.34%	55.0%	37.5%	6.0%	1.5%
Tilney Smart Growth	0.35%	66.0%	26.5%	6.0%	1.5%
Tilney Smart Adventurous	0.36%	76.0%	16.5%	6.0%	1.5%
Tilney Smart Maximum Growth	0.37%	92.5%	0.0%	6.0%	1.5%

[5] Service comparison table

	PLATFORM	ROBO-ADVISOR	BESTINVEST
Choose from a tax-efficient ISA and SIPP or an unlimited Investment Account	✓	✓	✓
Invest simply in a Ready-made Portfolio fund	Some	✓	✓
Build your own portfolio of UK shares, funds and ETFs	✓		✓
Stay up-to-date with best-buy lists and investment research	✓		✓
Make your investments mean something by setting and achieving customisable goals		Some	✓
Simulate the impact of changing your investments in real-time		Some	✓
Get free investment coaching from qualified financial planners			✓
Get a personal investment recommendation with one-off fixed-fee advice packages		Some	✓

Source: *Boring Money assessment of competitor websites as at January 2022.*

Platforms are online services which allows you to buy, sell and hold investments. Included here Hargreaves Lansdown, Interactive Investor, AJ Bell Youinvest and Fidelity, representing ~85% of the platform market (Q3 '21).

Robo-advisors are digital platforms that provide automated, algorithm-driven financial planning services with little to no human supervision. Included here Nutmeg, MoneyFarm, Wealthify and Moneybox, representing ~63% of the robo market (Q3 '21).

[6] Telephone dealing fees are also being reduced from £75 per trade to £30. Bestinvest will continue to make no charges for fund purchases or sales.

[7] An investor with a £10,000 ISA invested in a 'ready-made portfolio' will pay account fees of just £20 a year, while having full access to the investment coaches and all of the other service features. Where a low-cost Smart portfolio is held, the total cost of the investment fund and account service fee will be between 0.54% and 0.57%, significantly lower than the typical 'robo-adviser' charging 0.75% for management and administration plus underlying fund costs of circa 0.19%. The new account fee structure will effectively cap the maximum account fees for holding a 'ready-made portfolio' at £1,500 pa for very sizeable portfolios over £1 million. For accounts invested in funds, investment trusts, ETFs and shares, rather than a 'ready-made portfolio', a starting tier of 0.40% will be applied on balances up to £250k, 0.20% between £250k and £500k and 0.10% - reduced from 0.2% - between £500k and £1 million (no fees on balances above £1 million) whether in an ISA, SIPP, Junior ISA or General Investment Account. Where a client holds a combination of ready-made portfolios and other investments, the reduced fee rate will apply only on the ready-made portfolio component.

Ready-made Portfolios

Account value	Before	After
Up to £250,000	0.4% (0.3% for SIPP + £120 SIPP admin fee)	0.2% (min. £120 for SIPP)*
£250,000 - £500,000	0.2%	0.2%
£500,000 - £1,000,000	0.2%	0.1%
Over £1,000,000	No charge	No charge

Other investments

Account value	Before	After
Up to £250,000	0.4% (0.3% for SIPP + £120 SIPP admin fee)	0.4% (min. £120 for SIPP)*
£250,000 - £500,000	0.2%	0.2%
£500,000 - £1,000,000	0.2%	0.1%
Over £1,000,000	No charge	No charge

* Minimum service fee is at account level, including all investments held in the account.

[8] The SIPP account fee tiers will be harmonised with those of ISAs and General Investment Accounts, as detailed in Note 5 above. Below is a table of SIPP-specific fees being removed:

Fee	Before	After
SIPP admin fee	£100 + VAT	No charge
Initial calculation fee	£100 + VAT (£90 + VAT if SIPP above £100k)	
Annual charge for income payments after tax free cash	£100 + VAT (no charge if SIPP above £100k)	
Ad hoc income payments	£25 + VAT	
Annuity purchase through Bestinvest	£75 + VAT	
Annuity purchase (external)	£150 + VAT	
Refund of overpaid contributions	£75 + VAT	
Drawdown valuation	£3 per line of stock if SIPP under £100k	
Closure fees	£175	

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About Bestinvest

Bestinvest is an award-winning, cost-effective online investment service for UK private investors who prefer to manage their own investments but with access to research and powerful analytical tools and expert human support to help them. The service provides private investors with access to thousands of funds, ETFs, investment companies and UK listed shares.

Bestinvest offers a range of account types, including an Individual Savings Account, a Junior ISA for children, a Self-Invested Personal Pension and a General Investment Account. Bestinvest also provides an execution-only Venture Capital Trust service, discounting the costs of investing in tax-efficient VCT new share offers.

Bestinvest is part of Tilney Smith & Williamson, the leading wealth management and professional services group created from the merger of Tilney and Smith & Williamson in September 2020. Tilney Smith & Williamson's clients are private investors, charities, professional intermediaries, trusts and businesses for whom Tilney Smith & Williamson manage over £56 billion of assets.

For further information, please visit: www.bestinvest.co.uk

This briefing does not constitute advice nor a recommendation relating to the acquisition or disposal of investments. No responsibility can be taken for any loss arising from action taken or refrained from on the basis of this publication.

Investment does involve risk. The value of investments and the income from them can go down as well as up and investors may not receive back the original amount invested. Past performance is not a guide to future performance. SIPPs, ETFs and VCTS may not be suitable for everyone and investors should make themselves aware of the risks prior to investing.

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