



Fair value assessment summary ebi Vital service



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Introduction

As part of Consumer Duty, the Financial Conduct Authority (FCA) requires UK investment managers to conduct a fair value assessment of their products and services. This covers a variety of areas from benefits to customers, as well as limitations such as costs.

We are pleased to present a summary of the Fair Value Assessment for ebi's Vital Service

What is the ebi Vital Portfolio Construction Service

ebi's Vital service is designed to support authorised regulated Financial Advisers with investment research and portfolio construction, while providing Financial Advisers with the ability to retain discretion over investment decisions (ebi cannot make changes to underlying client investments).

Subscribing to the Vital service provides a financial adviser with access to two potential model portfolio suites (including portfolios across a range of risk categories) and supporting materials, with the adviser using this as an input in order to construct portfolios for underlying end-clients, including managing all trades.

ebi's approach is grounded in a core philosophy of building portfolios for the long-term, using a range of portfolio building blocks such as index-tracking and rules-based funds, rather than seeking to outperform the market over the short-term.

The Vital service also provides a wider range of resources to Financial Advisers to support them in the management, reporting, and communication of the chosen portfolio solution to investors. ebi's portfolios are designed to support investors in achieving their financial goals, in line with the strategy agreed upon with their Financial Adviser.

Fair Value Assessment summary

The assessment has been carried out for the Vital service as a whole, against a range of factors. We have used a traffic light system where against six factors, where green indicates good value, amber indicates fair value for some but not all customer cohorts, or inconclusive data, and red indicates red value.








We split our assessment into two broad areas, which a range of sub-areas, as follows:




- **Benefits and Value to users**
 - o Product usage
 - o Customer service
 - o Communication
- **Pricing**
 - o Price and costs
 - o Price to customer groups
 - o Price benchmarking

In the Benefits and Value area we sought to evaluate the benefits that customers obtain from using the service. In the Pricing area we sought to evaluate the reasonableness of the service's price. Both areas were then used to evaluate whether the service is providing value for money, or 'Fair Value', for customers.

The assessment was completed by the ebi Investment Team in February 2025. While a formal fair value assessment is conducted annually, monitoring of portfolio suite performance and suitability to defined target markets is ongoing, with ebi ensuring that all funds in which we invest are suitable for retail investors.

The overall results of the assessment can be found in the following table:

	Benefits and Value to users			Pricing			
	Product usage	Customer Service	Communication	Price & costs	Price to customer groups	Price benchmarking	Fair Value
Vital Service Overall							

Key  Good value  Room for improvement  Poor value

As the table above indicates, the results of the assessment indicate fair value across all sub-areas for the Vital service, with a finding of amber (fair value for some but not all customer cohorts, or inconclusive data) for Product usage. This finding results from inconclusive data regarding product usage – as at the date of the assessments we are enhancing our end-investor product usage data, which includes direct and non-direct client data for vulnerable clients. This information will be included in future Fair Value Assessments.

Overall, we believe the Vital Portfolio Construction service offers fair value to customers. We are confident that Vital is well-positioned to continue providing good outcomes and fair value for its customers.

Intended actions

While we are confident our Vital service represents fair value, as at the assessment date (February 2025) have identified a number of improvements we believe we can make to develop our process for monitoring and coming to an understanding of how customers receive fair value from the service.

We are enhancing our end-investor data by making improvements to information sharing procedures with financial advisors and ongoing end-investor monitoring activities. This will include enhanced non-direct client data, including for vulnerable clients, for end-investors.

We are also seeking to further develop our performance analysis, through subscribing to a range of new indices to support comparative analysis of the performance of our portfolios compared to others in the marketplace.

Portfolio suite overview

ebi's Vital service provides clients with a range of model investment portfolios across multiple risk categories, enabling investors to select an option aligned with their investment objectives and risk tolerance.

ebi's approach is grounded in a core philosophy of building portfolios for the long-term, using a range of portfolio building blocks such as index-tracking and rules-based funds, rather than seeking to outperform the market over the short-term.

The Vital service is expected to meet customer needs and help customers realise their financial objectives, by:

- Providing access to a range of portfolios, via their financial adviser accessing model portfolio suite templates, typically at a lower cost (lower underlying average fund ongoing charges) than many alternative options in the market place;
- Such portfolios providing broad globally diversified exposure to equity and/or investment grade bond markets, including both developed and emerging markets, potentially with deviations due to factor-tilts, ESG screening, and a UK regional equity bias;
- Such portfolios' bond elements providing reduced interest risk compared to the wider investment grade bond market, resulting from the portfolio tilting towards investment grade bonds with a shorter-than-market duration.

Portfolio suite performance summary

As ebi construct a range of advisory model portfolios that are multi-asset in nature (primarily, but not exclusively, consisting of equity and bond allocations held at a range of different risk-rated weights), there is no single financial instrument or index that services as a fair benchmark.

However the majority of our portfolios utilise IA sectors as benchmarks, with IA sectors providing the median performance of funds with broadly similar characteristics (return and/or risk objectives). In light of this, we carried out performance analysis against IA sectors for our Vital suites and their underlying portfolios.

The following pages show the performance of each suite and its sub-portfolio against the relevant IA sector comparator.

Financial Performance

ebi's advisory, non-discretionary, MPS solutions are designed to deliver positive returns over the medium to long term, aligned with the risk levels specified for each portfolio within the suite. We achieve this by constructing low-cost, highly diversified portfolios managed under a long-term passive strategy, minimising transaction costs and reducing time out of the market.

To provide a broad and fair comparison within the UK marketplace, our portfolios have been benchmarked against the IA Mixed Investment sectors, which reflect the average performance of comparable solutions with similar risk profiles.

The following tables present annualised returns in GBP. Performance figures are net of ebi's management fee and the underlying fund costs.

Vital Earth

Portfolio	1 Year (%)	3 Years (%p.a.)	5 Years (%p.a.)
IA Flexible Investment	13.02	4.99	5.70
Vital Earth 100	21.28	9.16	10.37
Vital Earth 90	19.49	8.18	9.33
IA Mixed Investment 40-85% Shares	12.59	4.70	5.14
Vital Earth 80	17.72	7.21	8.28
Vital Earth 70	15.95	6.25	7.23
Vital Earth 60	14.19	5.28	6.17
IA Mixed Investment 20-60% Shares	9.12	2.71	2.92
Vital Earth 50	12.43	4.32	5.11
Vital Earth 40	10.69	3.36	4.04
IA Mixed Investment 0-35% Shares	6.76	1.25	1.38
Vital Earth 30	8.96	2.40	2.97
Vital Earth 20	7.23	1.44	1.90
Vital Earth 10	5.52	0.49	0.81
Vital Earth Bond	3.81	0.37	0.23

Source: Morningstar, data to 31/01/2025, ebi portfolio returns shown net of underlying fund Ongoing Charges (OCFs), but gross of any advisory or platform charges.

N/A shown where the portfolio does not have a track record for this period.

Vital Earth UK Bias

Portfolio	1 Year (%)	3 Years (%p.a.)	5 Years (%p.a.)
IA Flexible Investment	13.02	4.99	5.70
Vital Earth UK Bias 100	19.34	7.85	8.12
Vital Earth UK Bias 90	17.74	7.05	7.31
IA Mixed Investment 40-85% Shares	12.59	4.70	5.14
Vital Earth UK Bias 80	16.16	6.25	6.50
Vital Earth UK Bias 70	14.58	5.46	5.69
Vital Earth UK Bias 60	13.02	4.66	4.88
IA Mixed Investment 20-60% Shares	9.12	2.71	2.92
Vital Earth UK Bias 50	11.46	3.87	4.06
Vital Earth UK Bias 40	9.91	3.08	3.25
IA Mixed Investment 0-35% Shares	6.76	1.25	1.38
Vital Earth UK Bias 30	8.37	2.29	2.43
Vital Earth UK Bias 20	6.84	1.50	1.61
Vital Earth UK Bias 10	5.32	0.72	0.79
Vital Earth UK Bias Bond	3.81	0.37	0.23

Source: Morningstar, data to 31/01/2025, ebi portfolio returns shown net of underlying fund Ongoing Charges (OCFs), but gross of any advisory or platform charges.

N/A shown where the portfolio does not have a track record for this period.

Portfolio suite fee summary

As the below analysis outlines, ebi can clearly demonstrate that our Vital 'average portfolio OCFs' are lower than the average of competitors in the UK market.

Average portfolio Ongoing Charges Figure (OCF)

ebi do not charge end-investors a fee for portfolios managed through the Vital service, however end-investors investing in an ebi Vital portfolio will incur a cost for investing in the underlying funds within the portfolio in which they've invested. The Ongoing Charges Figure (OCF) is a representation of the cost of investing in an investment fund, and an 'average portfolio OCF' can be calculated based on portfolio fund weights to represent the cost of investing in a portfolio, in terms of underlying fund costs.

When constructing investment solutions, ebi focuses on selecting fund managers that offer low-cost exposure to the targeted asset class which ultimately helps to reduce the ongoing charges figure (OCF). ebi strives to drive down the cost of investing.

We have carried out analysis using Morningstar's UK managed portfolio database, combining Active, Blended, and Passive strategies, in order to assess the equivalent portfolio average OCFs for us to compare our portfolio OCFs (for both Vital earth and Vital Earth UK portfolios) against.

The results of this analysis is in the following tables:

Vital Earth

Sector	Constituents	Industry Average Management Fee	ebi Average Vital Earth portfolio OCF
EAA Model GBP Allocation 0-20% Equity	84	0.28%	0.20%
EAA Model GBP Allocation 20-40% Equity	263	0.35%	0.25%
EAA Model GBP Allocation 40-60% Equity	345	0.44%	0.30%
EAA Model GBP Allocation 60-80% Equity	333	0.43%	0.35%
EAA Model GBP Allocation 80%+ Equity	236	0.43%	0.41%

Source: Morningstar, data to 31/01/2025

Vital Earth UK Bias

Sector	Constituents	Industry Average Management Fee	ebi Average Vital Earth portfolio OCF
EAA Model GBP Allocation 0-20% Equity	84	0.28%	0.19%
EAA Model GBP Allocation 20-40% Equity	263	0.35%	0.23%
EAA Model GBP Allocation 40-60% Equity	345	0.44%	0.28%
EAA Model GBP Allocation 60-80% Equity	333	0.43%	0.32%
EAA Model GBP Allocation 80%+ Equity	236	0.43%	0.37%

Source: Morningstar, data to 31/01/2025

The tables demonstrate how the industry average portfolio OCFs range from between 0.28% for the lowest equity/risk tranche, to 0.43% for the highest equity/risk tranche. In comparison, the average Vital Earth portfolio OCF range from 0.20% to 0.41%; a significantly lower range.

While the average Vital Earth UK Bias portfolio OCF ranges from 0.19% to 0.37%; again, a significantly lower range.

As such, ebi can clearly demonstrate that our average portfolio OCFs are lower than the average of competitors in the UK market.

Ongoing due diligence

Our Investment team regularly research the fund universe and engage with fund managers to ensure we have built highly effective model portfolio templates. This involves reviewing the market for new and existing funds that may be suitable for inclusion within our model portfolio templates, provided that they meet certain pre-set guidelines and satisfy due diligence. We complete due diligence on all platforms and fund managers that we partner with prior to integration. Once a relationship has been established and integration is complete, we then continue to complete due diligence on an annual basis until such relationship ceases. Documents we collate from platforms and fund managers are readily available on the ebi portal for our members to access.

Our Investment team are also on hand to complete research analysis at no additional cost, answer ad-hoc technical queries and regularly produce reviews on current economic conditions and how these may impact the market. The team also produce monthly market commentaries as well as ad-hoc market updates, with the aim to support advisers and assist with addressing any concerns that may be held by them or their customer(s). The on-hand insight from our Investment team is of great benefit to our members and we have, on many occasions, received positive feedback as to the value their expertise and analysis provide not only to the adviser, but also to their customers.

Communication

At ebi, we believe that clear, transparent communication is essential to ensuring clients fully appreciate the benefits of our Vital portfolios and maximize the value they receive. Our approach focuses on delivering straightforward, evidence-based information to help investors make informed decisions while maintaining trust in our long-term investment philosophy.

First, we emphasise the core benefits and features of the Vital portfolios, highlighting their globally diversified approach, low-cost structure, and evidence-driven investment methodology. Alongside this, we clearly outline potential risks, such as market fluctuations, to set realistic expectations.

To enhance usability, we provide clients and advisers with practical guidance on how to use and monitor the portfolios effectively. This includes regular performance updates, educational materials, and insights into asset allocation, ensuring investors understand how the portfolios align with their individual risk tolerance and objectives. Additionally, we offer transparent and accessible support channels so clients can easily reach out for assistance when needed.

ebi also prioritises clear and fair pricing communication. We ensure clients have a full understanding of all costs associated with their investments, with no hidden or unexpected fees. Our fee structures are designed to be competitive and transparent, allowing investors to compare costs with other market options confidently. By keeping our charges simple and easy to understand, we empower clients to assess the value of our offering without complexity or confusion.

Finally, we have a communication testing methodology that is used to identify areas for ongoing improvement for ensuring consumer understanding. We signpost alternative formats are available upon request for clients with characteristics of vulnerability.

Customer Service

ebi have dedicated teams for each area within the firm which are on hand to assist with any queries that may arise. Our Client Relations team are the first point of contact for adviser clients and are available via various means i.e. telephone, email or online chat.

Our Business Development team complete initial training with new adviser clients and offer regular training sessions. The team also host webinars in collaboration with other industry professionals, with the aim to help our members in growing their businesses, building their knowledge and providing ongoing support.

We have a range of support materials and tools available to assist advisers with recommending the investment proposition to their customers. This includes support wording templates, client friendly infographics, which are available to co-brand, a cashflow modelling tool which includes a risk profiler powered by Oxford Risk methodology, along with ebi's Vault, which hosts all our support materials, brochures, factsheets and Core Data. To support the communication of ebi's investment proposition to end-customers who may have characteristics of vulnerability, we provide a range of alternative formats of marketing materials, and seek to make this clear to advisers and end-clients.

Engagement

We regularly ask our adviser clients for feedback on the services ebi provide, along with how satisfied they are with ebi in various areas. The general response is positive, with the support advisers receive from the ebi team being the highest scoring in terms of being 'very satisfied', which endorses the value we can provide.

Our Net Promoter Score (NPS) for the last three years is as follows:

- 2024 (Sep) – 72
- 2024 (March) – 67
- 2023 – 83
- 2022 – 60

We believe our NPS rates highly in comparison to our peers and wider industry averages. For example, a 2023 UK Consumer Study from consulting firm Bain & Co, which analysed c.200 UK brands across multiple industries, found the average NPS in the UK Financial Services industry was 14*.

These scores are a testament to our commitment to providing our customers with the best possible service. NPS gauges customer loyalty, satisfaction and enthusiasm with ebi.

*source: <https://inmoment.com/en-gb/lp/state-of-customer-experience-report>

Mitigating foreseeable harm

We define a target market for our Vital service, as well as a negative market, more details for both can be found in our Target Market Statement.

Conclusion

Overall, we believe the Vital service offers fair value to customers. We are confident that Vital is well-positioned to continue providing good outcomes and fair value for its customers.

This document provides a summary of the fair value assessment for the ebi Vital Discretionary Managed Portfolio service.

In carrying out the fair value assessment of our Vital service, we are satisfied that we have considered the relevant factors and available information relating to the portfolio construction service value and the impact of this on customers.