



# Ethical Investors



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## An Explanation of Our Fees

At the beginning of this year, we started to carry out a review of our services and fee structures. The decision to start this process at that time arose for a number of reasons, but in particular because it had been a very long time since we had considered our overall proposition, let alone changed our fees for both existing and new clients. In addition to that, Phil's decision to retire in summer 2025 was a factor.

We looked at a range of issues, in addition to engaging with an external expert with knowledge of the advice market, alongside an approach to behavioural science that proved to be revealing. We also looked at fees in the advice market generally, and specifically at firms of a similar size to ourselves. The expert introduced us to a number of new concepts, from cost to serve, onboarding costs, and price and value.

From this we quickly realised that we had never calculated the actual financial impact of taking on a new client (onboarding), we had not kept a record of the cost of dealing with existing clients (cost to serve), and our place in the general advice market place (price and value).

Since January we have been monitoring the time that it takes us to onboard a new client, and the average is 12 hours. We have looked at average hourly rates for advisers at a number of peer firms (these would of course need to be those that publish their fees in the open manner that we do on our website), and hourly rates for an adviser range from £300 to £600.

We find this upper level to be truly extraordinary, and while we do not wish to undervalue financial advice and the many benefits that it brings, charging twice the rate that a consultant surgeon charges for spinal surgery (unfortunately we know this rate all too well) is frankly ludicrous.

Perhaps the most revealing (and surprising) discovery related to the average level of fee being charged, according to 'Which?'. Using figures produced by our regulator the FCA, the average initial fee for arranging an investment or pension is 2.4%, and the average ongoing fee is 0.8% (this is the sum that advisers charge based upon the sum held by the client).

Our fees have always been a great deal lower than this, and our intention moving forwards is that our fees will rise, but that we will continue to charge a lower sum than the average. The motivation for this realignment of our fees is not personal or corporate enrichment, as we are very much from the school of thought where "enough is enough", but we have seen significant increases in the cost of being in business. We also feel that we should not be shy about charging a competitive fee for our unique advice offering.



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You will notice from our Client Charter, which outlines our fees, that they fall very quickly above a certain value of assets under our control. This is because the amount of time, effort and work involved in dealing with a client with £500,000 does not double when they have £1 million.

Our fees reflect this simple reality. What you will obviously also notice is that we are completely transparent, and while making sure that all clients are informed of the fees that they pay is an essential regulatory requirement, we believe that they should be displayed on company websites.

Minimum investable assets for new clients is an issue that we have never previously even considered, and for the most obvious of reasons; we hate the idea that of only advising people with significant levels of wealth.

The sad reality is that the regulatory landscape has made it impossible for us to continue to operate in this manner, and the commercial reality is that clients with assets below £250,000 will be disproportionately impacted by the cost of advice. The FCA has known about financial exclusion for many years, and continues to make efforts to avoid this phenomenon, but until it is resolved we sadly find ourselves with no alternative.

The term unique is overused in so many walks of life, but where we can offer advice on the financial aspects that is available from all advisers, we are the only advice firm in the UK that has access via our ethical screening company to a level of in-depth knowledge regarding exactly what is happening with the investments of our clients.

On top of this, the group of advisers engage actively with the people managing our clients' money (which is as one would expect), but we also hold a lot of meetings and discussions with organisations involved in the issues that matter to our clients. This ranges from discussions on social and environmental issues, to significant specific conversations over the past two or more years relating to the humanitarian disaster unfolding in Gaza.

Furthermore, philanthropy is an area where we have a great deal of experience, but is not a service for which we ever charge a fee. Furthermore, the existence of our own charitable trust, Ethical Giving, offers an additional route for donors to consider with their gifting.