

Enhanced disclosure of fund charges and costs



WAY Fund Managers

Purpose

WAY Fund Managers Limited (WFM) and Fund Partners Limited (FP) actively promote the understanding of the nature of charges, costs and transparency, which is in line with Investment Association (IA) recommended practice.

When investors use funds to invest in financial markets they are charged for the running of those funds. For UCITS (Undertakings for Collective Investment in Transferable Securities) Schemes, all such fund charges are disclosed in a standard format in the Key Investor Information Document (KIID) and additional information can be found in the Supplementary Information Document (SID) and the full Prospectus. In respect of Non-UCITS Retail Schemes (NURS), such disclosures are made within the Simplified Prospectuses or NURS Key Investor Information documents (NURS-KII).

In common with other types of investments in financial markets, funds incur costs as a necessary part of buying and selling underlying investments in order to achieve their investment objectives. These transaction costs affect a fund's investors in different ways depending on whether they are joining, leaving or continuing with their investment in a fund.

Below we explain what these charges may be and which charges are applicable to our funds or where further details can be found. In all cases fund-specific charges and policies can always be found in the relevant Prospectus. **Fund-specific information can also be found using this [link](#).**

You can also find more information on investment charges and costs on the Investment Association website [here](#).

One-off charges taken before or after you invest

Entry charge / Initial charge

This is the maximum charge that might be taken from your money before it is invested. For example, if you invest £1,000, an entry charge/initial charge of 5% (which is based on the net asset value price of a fund) means that £952.38 of your money is used to buy shares/units in your chosen fund. The Initial Charge for some funds operated by WFM and FP are based on the Investor's gross investment. In these cases, a 5% initial charge would equate to a net investment of £950 in respect of a £1,000 investment. The charge is used to cover the costs of setting up your investment. Details of any entry charge/initial charge is provided in the Simplified Prospectus or NURS-KII for NURS and in the Key Investor Information Document (KIID) for UCITS Schemes.

Exit charge / Redemption charge

This is a charge taken when you sell your investment instead of or in addition to an initial charge in order to cover our costs.

Whilst the majority of our funds have the power to levy exit charges, none of the funds currently do so. Such charges can only be applied to investments made into a fund following the introduction of the charge (i.e. investments made prior to introduction will not be affected). Details regarding our policy can be found in the relevant funds' Prospectus.

Charges taken from a fund over a year

Ongoing Charges Figure (OCF) / Total Expense Ratio (TER)

Both of these figures will be shown as a percentage of a fund's value and they are based on actual charges for the previous year. For a new or relatively new fund, they can be an estimate of the expected future expenses, based on an assumed fund size.

The OCF covers all aspects of operating a fund during the year, including fees paid for investment management, administration and the independent oversight functions. It excludes performance fees and certain portfolio transaction costs. Performance fees will be shown separately. Where a fund invests in other collective investment schemes, the figure includes the impact of charges made in those other funds.

In previous years, the term Total Expense Ratio (TER) was used to broadly describe these same charges. This term is no longer used in respect of UCITS Schemes, but will still be used in respect of most NURS. The TER will include any performance fee, although its effect will also be shown separately.

Charges taken from a fund under specific conditions

Performance fee

Most of our funds do not have a performance fee. In any case where a performance fee is applied, brief details are given in the Key Investor Information Document (KIID) or Simplified Prospectus for the affected fund. Full details of how the performance fee would be calculated can also be found in the affected fund's full Prospectus.

Portfolio transaction costs

Portfolio transaction costs vary dependent on the types of investment in which a fund invests, and also the frequency of transactions. Funds incur broker commissions and transfer taxes (Stamp Duty in the UK) as a necessary part of buying and selling a fund's underlying investments in order to achieve their objective.

In the case of shares, broker commissions and transfer taxes/stamp duty are paid by a fund on each transaction. In addition there is a dealing spread between the buying and selling prices of the underlying investments. Dealing spread is the difference between the prices at which the underlying investments are bought and sold in the market. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Comparing portfolio transaction costs for a range of funds may give a false impression of the relative costs of investing in them for the following reasons:

- Transaction costs do not necessarily reduce returns. The net impact of dealing is the combination of the effectiveness of the Investment Manager's investment decisions in improving returns and the associated costs of investment.
- Historic transaction costs are not an effective indicator of future impact on performance.
- Transaction costs for buying and selling investments due to other investors joining or leaving a fund may be recovered from those investors for large trades. Please see the full Prospectus for further information.
- Transaction costs vary from country to country.
- Transaction costs vary depending on the types of investment in which a fund invests.
- As the manager's investment decisions are not predictable, transaction costs are also not predictable.

Stamp Duty Reserve Tax (SDRT)

SDRT is a tax on agreements to transfer chargeable securities, which include stocks, shares and certain loan capital. Currently SDRT is charged at a rate of 0.5%.

Prior to 1st April 2014, a fund was required to pay SDRT as a result of investors joining and leaving a fund, in proportion to the amount that a fund has invested in assets subject to SDRT (e.g. UK equities etc.). This requirement to pay SDRT was abolished from 1st April 2014.

SDRT may still be incurred by Investors subject to "in specie redemptions", in relation to a fund's underlying assets subject to SDRT. In specie redemptions are explained in more detail in full fund prospectuses.

Pricing policy

We operate a single pricing methodology for all of our funds and reserve the right to charge a dilution levy or apply a dilution adjustment (swinging single price) to protect your investment from the costs of buying and selling investments that result from large investors joining or leaving a fund. The amount of any such dilution levy/adjustment is calculated by reference to the estimated costs of dealing in the underlying investments, including any dealing spreads, broker commissions and transfer taxes/stamp duty.

When we impose a **dilution levy** on a particular investor or group of investors, this is deducted from the proceeds (in the case of a redemption), or added to the cost (in the case of a purchase) and this is paid into the affected fund and helps protect your investment from the costs of the resultant transactions.

A **dilution adjustment** (or swinging single price) means that the price of shares is adjusted. Therefore, if it is applied to a redemption of units/shares, the price paid will be below the single price and, in respect of a purchase, the price will be above the single price.

In the case of dilution levy, the details will be shown on contract notes issued in respect of the affected transactions.

For further details regarding dilution levies or dilution adjustments, please see the relevant fund's full Prospectus.

