

Costs and charges disclosure

Link Fund Solutions Limited (“LFSL”) produces Key Investor Information Documents (“KIIDs”) for the open-ended collective investment schemes it operates, and a Key Information Document (“KID”) for the closed-ended funds for which it acts as Alternative Investment Fund Manager to provide potential investors with standardised information on its products to aid their decision-making. (For more information on the KIID, please see our guide available at: <http://www.linkfundsolutions.co.uk/560.cshtml>.)

Both the KIID and KID are intended to provide information “up front” i.e. in advance of any decision to invest. Annual and interim accounts are then produced showing investors how the funds have performed over time. All these documents are readily available to investors.

Additionally, firms subject to the revised Markets in Financial Instruments Directive (“MiFID II”) are required to provide clients with “appropriate information in good time” about “all costs and related charges” both before investing and on a periodic basis thereafter. Such firms include platforms, wealth managers and other intermediaries through which investors can also access LFSL’s funds. LFSL supports these firms in meeting their obligations by making information available using a standardised spreadsheet, referred to as an “EMT file” (for “European MiFID Template”). The EMT file is available on the website at: <http://www.linkfundsolutions.co.uk/544.cshtml>.

Whilst the EMT file is intended primarily for use by firms subject to MiFID II, it does, currently, contain additional information on costs compared to that contained in KIIDs or fund accounts. Specifically, the EMT includes information on portfolio transaction costs, which are not included in KIIDs. (The reason for this difference is due to the phased implementation of various regulatory initiatives. In the longer term, it is anticipated that disclosures will be harmonised.)

This issue is being drawn to investors’ attention to ensure that direct investors in LFSL’s funds can, if they choose, access the same information as those investing via firms subject to MiFID II. To further assist investors, we have tabulated below the various cost types prescribed by MiFID II, together with their location within the EMT file. Investors should then simply locate their fund and share class (see EMT column C: 00030_Financial_Instrument_Name) and read-across to locate the information in question.

(The EMT uses decimals. To calculate the amount of any costs in monetary terms, simply multiply the investment amount by the decimal. So, for a fund with a 0.01 Ongoing Cost Figure and an investment of £10,000, this would equate to an annual cost of £100.)

Points to note:

- The methodologies used for calculating up front and periodic disclosures are not always the same for each cost type. This reflects the fact that up front costs will necessarily be estimates, and measures to reduce the risk of up front disclosures being unduly impacted by short-term market volatility or trading patterns.
- Link does not charge an exit fee when dis-investing.
- There are other columns within the EMT that are not related to costs and are primarily used by firms subject to MiFID II.

The cost types shown are as follows:

Cost type	Description	EMT file location for up front (referred to as “ex ante”) disclosures, i.e. information to be used when considering whether to invest	EMT file location for periodic, post-investment (referred to as “ex-post”) disclosures, i.e. information showing the actual costs incurred over time
One-off costs	A payment made directly by the investor or paid by deduction from the investor’s subscription. “Initial charges” is an example of a “one-off” cost.	This is the maximum entry fee that can be charged. The actual figures will be available at time of investment/ disclosed on contract notes.	One-off costs arise on investment/divestment and are reported at the point of transaction.
Ongoing costs	Ongoing (sometimes referred to as “recurring”) costs are payments taken from a fund (either directly, or via encashment of investors’ holdings) to fund its operation. Examples include costs such as management charges, legal, professional and accounting expenses, depositary or custodian fees.	Column AZ: 07100_Financial_Instrument_Ongoing_Costs (Note: investors can also see the Annual Management Charge included within the above in column BA: 07110_Financial_Instrument_Management_fee.)	Column BG: 08030_Financial_Instrument_Ongoing_Costs_ex_post (Note: investors can also see the Annual Management Charge included within the above in column BI: 07110_Financial_Instrument_Management_fee_ex_post.)
Transactional costs	Transactional costs are incurred when a fund into which investors have subscribed buys or sells underlying investments, e.g shares or bonds. The transactional costs represent the average charge over prescribed periods and include both the costs necessarily incurred (such as brokers’ fees, exchange costs, stamp duty and other taxes), and an assessment of the cost of entering or exiting the market (in simple terms the difference between the price of the instrument at the time the order was placed and the actual price at which it was executed).	Column BC: 07130_Financial_Instrument_Transaction_costs_ex_ante	Column BK: 07130_Financial_Instrument_Transaction_costs_ex_post
Incidental costs	Where funds utilise “performance fees” (i.e. charges only payable in certain circumstances), then these should be shown separately against this heading.	Column BD: 07140_Financial_Instrument_Incidental_costs_ex_ante	Column BL: 08080_Financial_Instrument_Incidental_costs_ex_post

Should any further information be required, investors should consult their financial adviser or call +44 (0)345 9220044.

Link Fund Solutions Limited is authorised in the UK and regulated by the Financial Conduct Authority (FCA).