

# Our charges – clear and simple



A guide to our charges and Adviser Fees service

# In this guide

We believe you and your clients should always know what charges we make when they invest their money with us. This guide explains, in simple terms, how our fees and charges work. We also cover how your clients pay your fees when you use our Adviser Fees service.

## Contents

A transparent approach to charging	3
FundsNetwork's platform charges explained	4
All you need to know about our Adviser Fees service	7
Other investment and transactional charges	10

## Helping your clients to be clear on charging

Our client guide gives all the information your clients need on the charges and fees they may pay when using our service. To download the guide, simply visit [fundsnetwork.co.uk](https://fundsnetwork.co.uk).

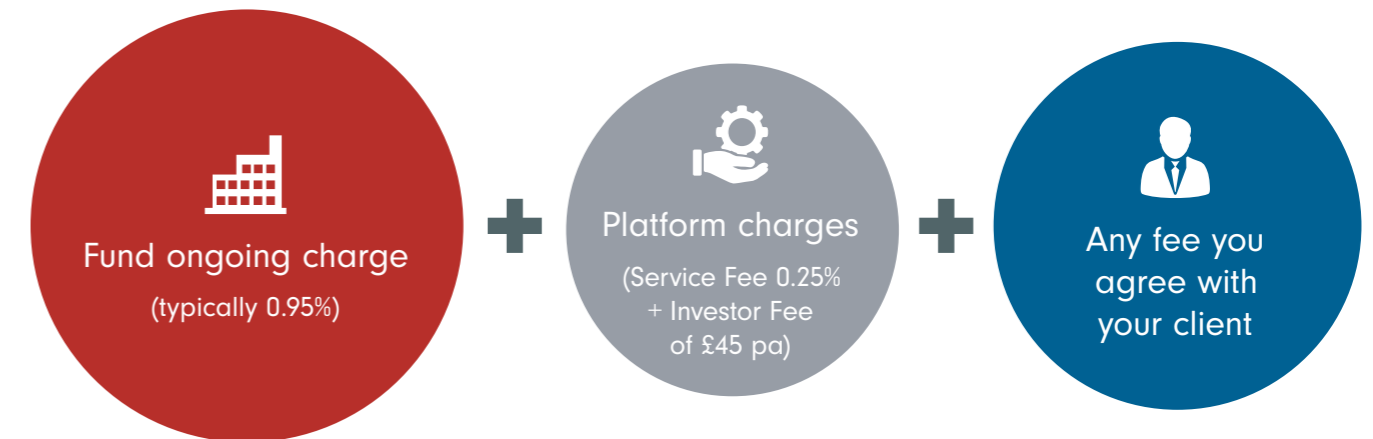
# A transparent approach to charging

Over the last few years the investment industry has, of course, moved to a new way of charging. The charges for the various services your clients receive are collected separately. As you will know, these are made up of the following three elements:

- **A fund ongoing charge** – the fees paid to the companies responsible for the management of your clients' investments
- **Platform charges** – the charges we make for administering your clients' investments and providing all the other services we offer them
- **The fees you agree with your clients** – for the advice and ongoing support you provide

It's an approach which makes it easier for your clients to understand exactly what they are being charged and who they are paying the fees to.

## Approach to charging



Over the next few pages we explain our platform charges in more detail and how your clients pay them. We also cover how our Adviser Fees service works, and some additional charges which apply to some specific transactions (please see page 10).

To check ongoing charges for any investment we offer, simply view the relevant key information document or factsheet at [fundsnetwork.co.uk](https://fundsnetwork.co.uk).

# FundsNetwork's platform charges

## An efficient and low-cost service for all your clients

Our platform fees are charged in return for providing platform services associated with your clients' investments. They are made up of a fixed cash amount and a percentage charge based on the value of your clients' investments. A typical client will pay the Investor Fee of £45 per year, and a Service Fee of 0.25% per year of the investments they hold.

Our platform fees cover everything we provide to your clients, including all the costs associated with:

- We offer over 5,000 investment options, including a number of different types of Funds, Shares, Exchange-Traded Funds and Investment Trusts
- Administering your clients' accounts, such as their ISAs and Pensions
- Ensuring the safety of your clients' money
- Providing statements, valuations and tax summaries
- Giving your clients the ability to view their investments through a secure online account.

## The Service Fee

The Service Fee is charged at 0.25% of the value of your client's investments, except for any cash held within the account, per year. The Service Fee is not charged on money held in a Cash Management Account. So, for example, a client will pay an annual Service Fee of £125 if they have

investments worth £50,000 with us. It is calculated based on the value of a client's investments on the first of every month and deducted around the 1st of the following month. Your clients will receive details of the Service Fee they have paid on their periodic statement and valuation.

### How is the Service Fee collected?

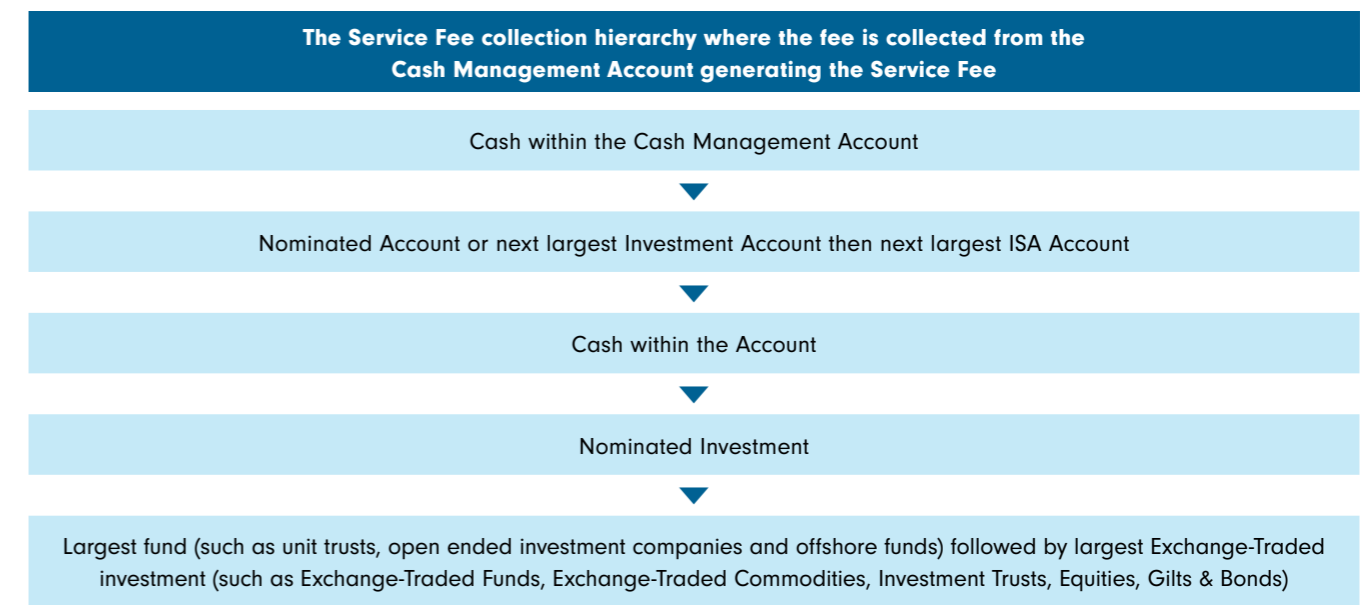
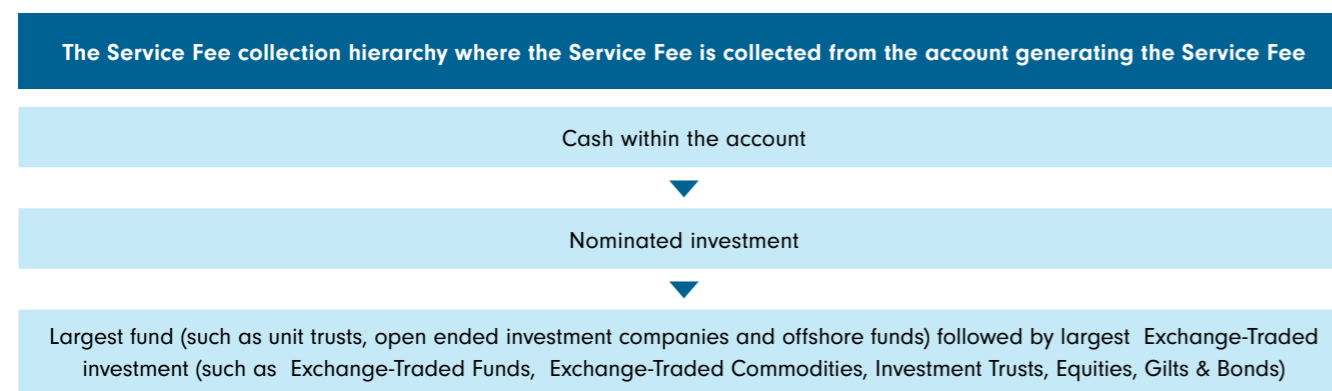
We typically take the Service Fee from the cash within the account that generates the Service Fee. From September 2020, for ISA and Individually held Investment Accounts, you can choose to have the Service Fee paid from the Cash Management Account

It can be useful, for example, to take the ongoing fee accrued by an ISA from cash held in the CMA to maximise the amount in the ISA.

You will need to ensure that you keep enough cash in the CMA to cover the fees each month. If the client also has assets in an Investment Account, you could select for the ISA to look first for the fee in the CMA, keep the CMA at zero value, and choose for the CMA to look first in the Investment Account for the shortfall. This will maximise the ISA by using assets in the Investment Account to pay the fee instead of keeping cash in the CMA.

Where there is a shortfall in the CMA the cash will be generated from nominated account in the first instance, then from the investment accounts (largest first) and then ISA Accounts (largest first)

The order we apply for collecting the fee is shown below.



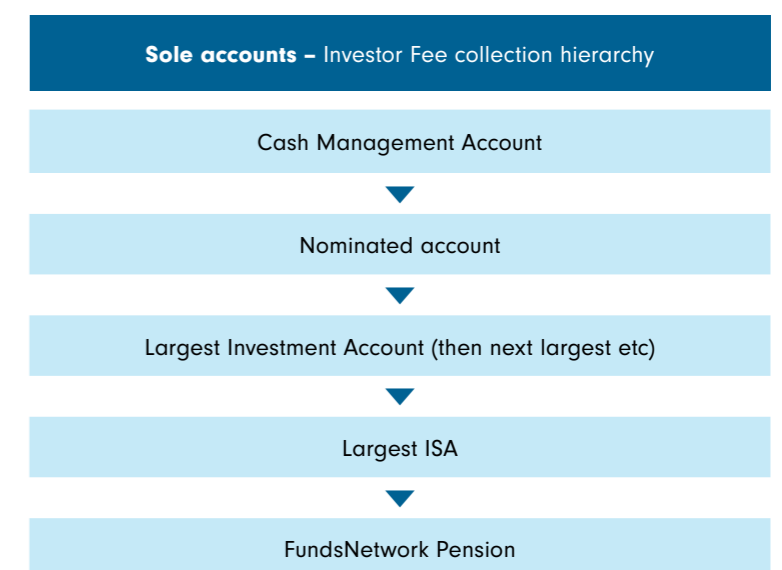
## The Investor Fee

This is a flat annual charge of £45 per annum which from the 1st September 2020 we will collect in monthly instalments of £3.75. Previously we have collected this fee in two instalments of £22.50 every 6 months. It applies to clients investing in an ISA, the FundsNetwork Pension or an Investment Account

Your client's first instalment of the Investor Fee is collected the month after they opened their first account or first became subject to the fee. A separate Investor Fee is charged for both single and joint accounts.

### How is the Investor Fee collected?

The Investor Fee is normally taken from the Cash Management Account. If there is not enough cash in the Cash Management Account to pay a fee, then you can choose which account we look to take fees from, or else we will look in the largest Investment Account, then the next largest and so on, followed by the largest ISA and finally the FundsNetwork Pension. If there is not enough cash in an account to pay a fee, then we will sell some of your client's investments in the same way as for the Service Fee. The order we apply for collecting the fee for sole accounts is shown on the right.



For joint accounts the Investor Fee is collected from cash within the largest joint account for a given set of names. If there is not enough cash in the account to pay a fee, then you can nominate an asset to sell to pay the fee, or we will use the largest fund, and the next largest and so on, followed by the largest Exchange-Traded investment (to minimise any dealing charges).

As with the Service Fee, selling investments to pay the fee could potentially affect a client's Capital Gains Tax position.

# FundsNetwork's Adviser Fees service

## Joint accounts and the Investor Fee

The Investor Fee is applied separately to sole and joint accounts. Your clients will pay one Investor Fee for all accounts in their sole name, no matter how many there are. They will also pay the Investor Fee for each unique set of names that they have a joint account with.

		
<p>Mr Jones has three accounts in his sole name and pays one Investor Fee for them.</p>	<p>He also has two joint accounts with his wife, and they pay another Investor Fee for them.</p>	<p>In addition, Mr and Mrs Jones have a joint account with their son, and there is a third Investor Fee for this account because it is a different set of names.</p>

For all his accounts, including those held jointly with his wife and son, Mr. Jones pays a total of three Investor Fees.



## The easy way to administer your fees

We understand an efficient and easy-to-use fee management service is vitally important to your business. It needs to cater for all the various types of fee you may charge and in a way that makes it simple and transparent for clients.

We have therefore designed our Adviser Fees service to be as simple and straightforward as possible:

- You can take initial, ongoing and specified (one-off) fees
- A consolidated monthly payment is made covering all fees due from ISA, Pension and most Investment Accounts, and a second payment covers fees due from trusts, corporate, charity and pension trustee accounts
- Adviser fee payments are paid by BACS on or around the 25th of the month. Initial fees not settled 4 business days before the monthly payment process will be paid in the following month
- You are able set different fee levels for different client accounts
- Any VAT can be applied and collected through the service
- Fees can be securely set-up and amended online
- It interacts with your back office system to support reconciliation
- You have access to a consolidated 'Adviser Fee Payment' report, which tracks fee payments, from the Reporting Services section of our website. This can be set up to run automatically on a monthly basis and includes the option for an email notification to be set up once the report is ready to download. The report provides a breakdown of all the initial, ongoing and specified fees that have been paid to you that month
- Adviser Fees are included in personalised illustrations, and you can also illustrate any DFM Ongoing Fees your client has agreed to pay for a Discretionary Fund Management service.

The service covers the FundsNetwork ISA, Investment Account and FundsNetwork Pension (any Standard Life products are not covered). It is predominantly an online service so you'll need access to Client Management to take full advantage of the facility (to arrange this simply visit [fundsnetwork.co.uk](https://fundsnetwork.co.uk)).

You'll also need client consent to use the service and so we provide Client Authority forms as part of the set-up process. This form needs to be signed by the client before setting up or amending the fees, even if you have your own paperwork for fee arrangements.

Please do not send the form to us but instead retain this in the client's file. To meet our regulatory obligations, on a regular basis we will randomly select clients and write to their adviser to request sight of the fee authority form that was signed at the point the investment was made.

## The available fee options

Our service enables you to take whichever type of fee you have arranged with your client:

- Initial fees
- Ongoing fees
- Specified (one-off) fees.

You can also apply different fees to separate accounts held by one client. Each fee operates completely independently and so you can apply different rates as you see fit.

Your fees are entered during the online buying process, when setting up a new account or placing a new deal.

There are a few transactions which can only be processed through paper application forms. Fees can be applied to these investments using the relevant application form.



## 1. Initial fees

In most cases you can choose to set up an initial fee as a fixed monetary amount or as a percentage of the amount being invested. The maximum initial fee that can be taken

is £25,000 or 10% of the full contribution amount, whichever is lower. The table below takes you through each type of investment.

Type of investment	Fee basis	How it works
ISA and Investment Account lump sums	Percentage or fixed amount	The fee is added to the investment. So, if £10,000 is being invested and your initial fee is 3% or £300, the total payment to us should be £10,300.
ISA and Investment Account regular contributions	Percentage or fixed amount	Your fee is deducted from the investment. Therefore, if your client invests £100 per month and your initial fee is 3% or £3, the amount invested will be £97.
ISA transfers	Percentage only	Your fee is deducted from the transfer amount. So, if the transfer value is £50,000 and your initial fee is 2% (£1,000), the amount invested will be £49,000.
Pension transfers	Percentage or fixed amount	Your fee is deducted from the transfer amount. So, if the transfer value is £10,000 and your initial fee is 2% or £200, the amount invested will be £9,800.
FundsNetwork Pension – single and regular contributions	Percentage or fixed amount	Your fee is calculated based on the gross contribution. So, if the net contribution is £8,000 and your initial fee is 3%, the fee amount deducted will be 3% of £10,000 or £300. Both percentage and fixed amount initial fees will be deducted wholly from the net contribution.
Switches and re-registrations	Initial fees are not available on these transactions but a specified fee can be taken instead	See page 9 which explains specified fees.

## 2. Ongoing fees

Ongoing fees can also be set up either as a percentage of your client's investments including cash held as Product Cash and Phased Cash, or as a fixed monetary amount. The maximum ongoing fee that can be taken is £50,000 or 10% of the value of the account per year, whichever is lower. If you choose to set up an ongoing fee as a fixed monetary amount, this may vary on a monthly basis due to the way these are calculated, however over a year this equates to what has been agreed with your client. You can amend the figure at any time, provided you have obtained a new signed Client Authority form. Most ongoing fee deductions

from client accounts are placed on or around the 1st business day of the month. For trusts, corporate, charity and pension trustee accounts, ongoing fee deductions are placed on or around the 9th day of the month.

### ISAs and Investment Accounts

The Adviser Ongoing Fee is deducted from cash within the account that has generated the fee, unless you request that it comes first from the Cash Management Account. You can also set an asset to sell to take fees from if there is not enough cash available, or else we will sell some of the

client's largest fund, and so on and then largest Exchange-Traded investment etc. Again, please note that selling investments could potentially affect a client's Capital Gain Tax (CGT) position.

When first set up, the Adviser Ongoing Fee is calculated from the set-up date. When subsequently amended, the Adviser Ongoing Fee rate in place at the point of monthly calculation will be used for the whole of the month, regardless of when a fee was changed.

You can show any DFM Ongoing Fee that your client has agreed to pay for a Discretionary Fund Management service separately in illustrations.

When the instruction is placed, the DFM Ongoing Fee + VAT will be added to the Adviser Ongoing Fee (+ VAT if applicable) and included as part of the Adviser Ongoing Fee on client statements and confirmations of transactions, and in the adviser fee payments to the your firm.

### FundsNetwork Pension accounts

All ongoing fees are deducted from cash within the pension account that accrued each fee. Other than that, they are deducted in the same manner as for ISAs and Investment Accounts.

### Junior ISAs

An Adviser Ongoing Fee can be set up for a Junior ISA in the same way as for an ISA. However when the child reaches 18 years of age and a new ISA account is opened for them, this will not have an ongoing fee automatically set up. A new Client Authority form will need to be signed by the adult agreeing to an ongoing fee, and then the fee can be set up online for the new account.

### Paying fees via the Cash Management Account using the Manage Fee Funding screen

The Adviser Ongoing Fee is usually taken from the account that incurred the fee. For ISAs and Investment Accounts you can choose for the system to look first for the fee amount in the Cash Management Account (CMA). It can be useful, for example, to take the ongoing fee accrued by an ISA from cash held in the CMA to maximise the amount in the ISA. You will need to ensure that you keep enough cash in the CMA to cover the fees each month.

If the client also has assets in an Investment Account, you could select for the ISA to look first for the fee in the CMA, keep the CMA at zero value, and choose for the CMA to look first in the Investment Account for the shortfall. This will maximise the ISA by using assets in the Investment Account for pay the fee instead of keeping cash in the CMA.

The Investor Fee is first looked for in the CMA, and if there is a shortfall, will then follow the same options as chosen for the Adviser Ongoing Fee.

For ISAs and Investment Accounts, the request to pay Adviser Ongoing Fees from the Cash Management Account also applies to the Service Fees from September 2020.

## 3. Specified (one-off) fees

This feature is designed to support you when your clients wish to pay for some services from existing investments. This could be, for example, where advice is given but no new money is invested. Specified (one-off) fees are taken as a fixed monetary amount. We collect a specified fee from cash first and then by selling investments nominated by you or your client.

Note that the Service Fee, Investor Fee, Adviser Ongoing Fee, Adviser Specified Fee and regular withdrawals are all taken from cash within an account first, where is it available, and then by selling investments to make up any shortfall. If you wish to choose which assets to sell to cash to pay to an particular outgoing, you may like to add enough to cover any likely regular fees as well, if you would like to avoid the need for us to also sell some of the client's investments.

Specified fees can be collected from ISAs, Junior ISAs, Investment Accounts, and the Cash Management Account. If a specified fee is needed from more than one account, then you will need to submit these as separate instructions.

### Need to charge VAT on your fees?

Our flexible service allows you to include and collect any VAT that applies to your fees. You can do this in one of two ways. Firstly, you can simply include the VAT within the fee you enter. Alternatively, we can calculate the amount due for you.

# Other investment and transactional charges

In addition to the three types of charges we have covered in this guide, there are some other charges which apply to transactions on specific investments and products. These are covered below.

You can find out if these charges apply to an investment by checking the relevant key information document. More details on these charges can also be found within 'Doing Business with FundsNetwork'. You can download all these documents from our website at [fundsnetwork.co.uk](https://www.fundsnetwork.co.uk).

## Other investment and transactional charges

Name	Description	Charge	Paid to
Bid-offer spread	These are applicable to dual-priced funds. Dual-priced funds quote a price you buy at (the 'offer price') and a price you sell at (the 'bid price'), which is normally lower. The difference is known as the 'bid-offer spread', which changes daily as the difference between the buying and selling prices of the underlying assets change. The bid-offer spread is payable whenever you buy a dual-priced fund (including switches, regular savings and dividend reinvestments).	Varies	Investment Manager
Dealing fees for Exchange-Traded investments such as Exchange-Traded Funds, Exchange-Traded Commodities, Investment Trusts, Equities, Gilts and Bonds	Fees for dealing through our dealing partner, Platform Securities Limited (PSL), are charged as a fixed cash amount per transaction (including switches, regular savings and withdrawals, dividend reinvestments and fee disinvestments). The dealing fee is deducted from any amount invested. For redemptions, the proceeds will be paid after the fee has been taken. When taking a fixed income, we will aim to pay the requested amount by taking the fee in addition to the amount requested. Buy/Sell (as an aggregated transaction, such as via your adviser or intermediary) Buy/Sell (placed by the client online as a Market Order or Limit Order) Switch in (Aggregated transaction) Switch out (Aggregated transaction) Regular transactions (Aggregated transaction) Sell to pay a fee (Aggregated transaction) Crystallisation (Moving investments into pension drawdown)	£3 £10 £1.50 £1.50 £1.50 £1.50 £0	FundsNetwork/ third party dealing partner
Fund Manager's Buy or Sell Charge	This is a percentage of the value of a transaction. The Fund Manager charges and deducts this charge each time you buy or sell an investment (including switches, regular savings and withdrawals, dividend reinvestments and fee disinvestments). Not all Fund Managers apply a Buy or Sell charge. For funds where a Fund Manager's Sell Charge applies, where a specific amount is withdrawn (for example, to pay for Adviser Ongoing Fees or Service Fees), then units/shares of sufficient value to cover both the specified withdrawal amount and the Fund Manager's Sell Charge will be sold.	Varies	Fund Manager

Name	Description	Charge	Paid to
UK Stamp Duty Reserve Tax	Purchases of UK Investment Trusts and company shares (exceptions may apply to specific Alternate Investment Market (AIM) listed stocks)	0.5% of purchases	HMRC
Irish Stamp Duty	Purchases of Irish company shares (charged in sterling)	1% of all purchases	Irish Revenue Commissioners
UK Panel of Takeovers and Mergers Levy	If you buy or sell more than £10,000 through the UK Stock Exchange	£1	HMRC
Irish Takeover Panel Levy	If you buy or sell more than €12,500 through the Irish Stock Exchange (charged in sterling)	€1.25	Irish Takeover Panel
CREST Depository Interest (CDI) Structure Costs	Transactions in CDIs may be subject to additional charges comprising of the market maker's margin and costs.	Varies	FundsNetwork/ Third party dealing partner
Foreign exchange charge (for offshore funds in a currency other than Sterling)	Fidelity can arrange for a foreign exchange transaction to enable you to purchase or redeem funds in non-sterling share classes. The service provider will make a charge for this transaction which will be included within the exchange rate applied to the deal.	1% for transactions under \$50,000, 0.5% for transaction between \$50,000 and \$150,000 and 0.25% for transactions over \$150,000.	Currently a firm within the Fidelity Group
Ongoing charges figure	The Ongoing Charges Figure (OCF) is shown as a percentage of the value of assets in an investment each year, and covers the annual management charge and various other expenses incurred such as maintaining records, producing reports and calculating the daily unit price. The OCF is calculated based on how much it cost to manage the investment in previous years.	Varies	Investment Manager
Transactional fee	Transactional fees are costs incurred by the investment manager when buying and selling the underlying assets in a fund. This may include the dealing charges and stamp duty paid by the investment manager. It is calculated based on the trading costs in previous years.	Varies	Investment Manager
Performance fee	Some Investments impose an extra fee when they exceed pre-defined performance targets. This fee will be taken directly from your holding in the investment. You can find more information in the relevant key information document.	Varies	Investment Manager



Issued by Financial Administration Services Limited, authorised and regulated by the Financial Conduct Authority. FundsNetwork™ and its logo are trademarks of FIL Limited. UKM0920/26967/QC/0321/A1

ADV-GEN-02 [WF - 268429]