

# 7IM EX-POST COSTS AND CHARGES DISCLOSURE FREQUENTLY ASKED QUESTIONS

FAQ // JANUARY 2019

## DELIVERY

### HOW WILL THE EX-POST COSTS AND CHARGES SUMMARY (THE SUMMARY) BE DELIVERED TO THE CLIENT?

The summary will be included within a client's quarterly report pack. Delivery will be by post or online depending on how the client has chosen to receive their reports.

### WILL INTERMEDIARIES RECEIVE A COPY OF THE SUMMARY?

Quarterly reports for all clients are available to intermediaries online on the 7IM Platform. Users are notified when reports are available to view when logging into the Platform.

### CAN AN INTERMEDIARY RUN AN UP-TO-DATE VERSION OF THE SUMMARY?

Not yet. However, we plan to add the summary to our Client Review Report (CRR) in due course. This will allow users to run an ad-hoc summary of costs and charges over a specific date range.

## TIMING

### WHEN WILL THE FIRST SUMMARY BE INCLUDED IN CLIENT REPORTS?

The first summary will be available from early January 2019 onwards, in the Q4 2018 reports.

### WHAT TIMESCALE WILL THE SUMMARY COVER?

A full calendar year (the first summary will cover 2018).

### HOW FREQUENTLY WILL THE SUMMARY BE INCLUDED IN REPORTS?

The summary will be included once a year in Q4 reports.

## CONTENT

### WHAT PRODUCTS ARE INCLUDED IN THE SUMMARY?

All investments held in discretionary portfolios or on the 7IM Platform.

### WILL THE SUMMARY INCLUDE FEES PAID DIRECTLY FROM A THIRD PARTY PRODUCT E.G. SIPP OR BOND?

The summary will only include fees paid from a 7IM discretionary or platform account.

### WHICH 7IM ACCOUNTS WILL BE INCLUDED IN THE SUMMARY?

The summary covers all accounts reported within a report pack. If accounts for more than one client are included, the summary will aggregate figures for all clients.

### WHAT INDIVIDUAL COSTS AND CHARGES WILL BE INCLUDED IN THE SUMMARY?

The following costs and charges are accounted for in the summary;

- 7IM Service and Product Fees.
- Third Party Service and Wrapper Fees.
- Adviser Fees.
- Fund Transaction Costs.
- Investment Ongoing Charges Figures (OCF).
- Dealing Charges, Stamp Duty, PTM Levy, etc.

### IN WHAT FORMAT WILL THE COSTS BE DISPLAYED IN THE SUMMARY?

All costs will be displayed as a percentage (%) and in GBP Sterling (£) values.

### AT WHAT LEVEL ARE THE INVESTMENT COSTS DISPLAYED?

Investment costs are reported at client/report level. The summary does not report on individual investments held.

### ARE FUND TRANSACTION COSTS TAKEN DIRECTLY FROM THE CLIENT'S PORTFOLIO?

Funds incur costs such as broker charges and taxes in the process of investing and dis-investing within their portfolios. These transaction costs are reflected in the calculated daily price and are detailed for information only.

### CAN 7IM PROVIDE A BREAKDOWN OF COSTS BY INDIVIDUAL INVESTMENT?

Not from the outset, although, the plan is to offer investment level reporting for ad-hoc requests.

## METHODOLOGY

### HAVE 7IM USED A RECOGNISED APPROACH FOR THE CALCULATIONS?

Implementation of TISA guidelines (December 2018).

### WHO DO WE SOURCE THE EX-POST TRANSACTION COST DATA FROM?

The costs data are calculated by Morningstar.

### HOW OFTEN DO WE UPDATE OUR EX-POST TRANSACTION COST DATA?

Annually prior to running the summary calculations. Additional ex-post data will be sourced quarterly to facilitate reporting for clients leaving 7IM.

### HOW DO WE HANDLE EX-POST REPORTING FOR CLIENTS WHO HAVE LEFT 7IM?

Where a client's final report is not the Q4 report, we will include an ex-post disclosure summary in their final report.

### WHAT WILL WE REPORT FOR CLIENTS WHO HAVE HELD 7IM PORTFOLIOS FOR LESS THAN 12 MONTHS?

The summary will aggregate all costs and charges figures for the period assets have been held at 7IM.

## CALCULATION LOGIC

### PORTFOLIO CHARGES

(i.e. service / product / dealing)

For each individual cost (e.g. Adviser Fees) displayed in the summary, the following calculation has been used;

- Sum of individual costs for each account for the reporting period (one calendar year).
- Sum of all account totals to obtain a total cost for the period.
- The Cost % of Value figure is a nominal % of the closing value of the portfolio for the period.

The Total Portfolio Costs figures (£ / %) are the sum of each individual cost line for the period.

### INVESTMENT COSTS

(i.e. transaction costs / OCF)

Each investment charge figure has been derived using the following calculation;

- Calculate the daily value of each individual investment held in all accounts.
- Calculate the daily charge rate (pro-rata) for each investment held.
- Apply the daily charge rate to the daily value for each investment held.
- Sum up the totals to get a total daily charge figure.
- Sum up all daily figures to get a total for the period.
- The Cost % of Value figure is a nominal % of the closing value of the portfolio for the period.

(The term Portfolio, in the context of the ex-post disclosure summary, constitutes all accounts / products reported within a single report pack.)