Institutional Disclosure Working Group (IDWG)
Report to FCA

Executive summary

In 2017 the UK Financial Conduct Authority (FCA) published its Asset Management Market Study, one of the key findings of which was that institutional investors find it difficult to get the necessary cost information to make effective value assessments. These require a clear understanding of performance, risk and cost, so better value assessments are driven by more effective cost disclosure. The proposed remedy was to convene the Institutional Disclosure Working Group (IDWG), a stakeholder working group with an independent Chair with the objective to “gain agreement on (cost) disclosure templates for asset management services provided to institutional investors”. In this report the IDWG makes its recommendations to the FCA.

A range of experts was selected and invited to join the IDWG with support from several observers and a secretariat provided by the FCA. Approximately 40% of the IDWG was drawn from the institutional investor community and its advisers, 40% from the provider community (asset managers), and 20% from independent experts with a range of backgrounds and skillsets. The Group held its first meeting on 7th September 2017, agreed the Terms of Reference drawn up by the Chair, and was tasked with reporting its findings to the FCA by July 2018.

The process followed by the IDWG Chair was to identify key issues and allocate IDWG members (based upon expertise) to investigate these issues, supported by a wide range of other experts from outside the IDWG. Sub-groups would meet *ad hoc* and report to the main group regularly with findings. These findings were discussed by the main IDWG at the monthly meetings of the full panel. Conclusions were incorporated into the evolving Recommendations. As a starting point, the IDWG’s work considered pension funds, including trustees, as the end user. We do, however, expect the Recommendations to benefit many types of institutional investors.

The Recommendations include five templates:

- A User template that summarises data from the Account-level templates so institutional investors can easily see the key data from their providers, as well as easily segment data along dimensions such as asset class or manager
- A Main Account-level template, covering most product types
- A separate Account-level Private Equity template that feeds summary fields in the Account template
- A separate Account-level Physical Assets template for property that feeds summary fields in the Account template
- A separate Account-level Ancillary Services (Custody) template that feeds summary fields in the Account template

The IDWG believes the Recommendations are consistent with regulation, including MiFID (Markets in Financial Instruments Directive) II, although costs are specified at a greater level of detail than MiFID II requires to allow for a greater understanding of where costs are incurred. Feedback emphasised the need for consistency with existing regulatory requirements. For example, feedback mostly referred to MiFID II and PRIIPs (Packaged Retail Investment and Insurance Products), and the IDWG bore this in mind.

Templates also go beyond MiFID in a number of ways by collecting data from Private Markets, Cash Instruments and Physical Assets, and by also capturing contextual information. This contextual information was added at the suggestion of institutional investors to assist with their assessment of the appropriateness of costs.

There have been a number of suggestions that could support the successful implementation of the Recommendations. These include better education materials and the provision of training for institutional investors so they are able to better utilise cost data, and understand the costs associated with different asset classes. Another suggestion was for the creation of a new organisation to maintain and develop the Recommendations. Roles of this 'New-IDWG' might include: gathering feedback and/or pro-actively testing template to confirm content and structure; writing a set of principles for the collection of data (similar to those iterated by the LGPS Advisory Board in the Code of Transparency); possible oversight of the Recommendations to ensure that there is widespread use of them across the industry on at least a 'comply or explain' basis; expanding (or contracting) the Recommendations as required; and to consider creating 'kitemarks' for successful submission of data.

Summary of Recommendations

1. Institutional investors should use the Recommendations presented here to collect data from providers using the Account templates, and summarise this data in User templates for ease of understanding and to allow comparability
2. We recommend that no FCA rule should be written *at this time* that either mandates submission of data by providers using the Recommendations or mandates the collection of data from providers by institutional investors
3. The FCA should consider writing rules if: poor adoption of the Recommendations is demonstrated by institutional investors or their providers; or institutional investors report difficulties in obtaining cost data to the level proposed in the Recommendations from their providers; or providers are found to have misrepresented data via the Recommendations to clients
4. Adoption of the Recommendations should be voluntary but be encouraged through other means such as pressure to use the Recommendations from institutional investors applied to providers. Typically, this would be by non-compliance resulting in de-selection from RFPs (Requests for Proposal) and the non-renewal of contracts. This mechanism already exists within the LGPS Code of Transparency.
5. Investment consultants and other similar market participants (such as platforms) should adopt a similar gated selection approach of adherence by providers to the Recommendations
6. Industry representative organisations and trade bodies should be prepared adopt the Recommendations as their Disclosure Codes and to support the Recommendations to their members. Private equity firms that complete the ILPA fee template do not need to also complete the Private Equity Account template
7. A new body ('New-IDWG') should be created to curate, test and update the Recommendations. It should be convened from a wide array of stakeholders.
8. Institutional investor education on the matter of cost disclosure and its benefits must be improved. The solution to solving this lies with a number of bodies including institutional investors themselves, their advisers, and The Pension Regulator.

Chair’s Opening Statement

The asset management industry is of huge value to the UK economy and has the highest GDP value-add of any sector in the UK. Having such a rich, deep, profitable and value-added asset management industry in the UK is the envy of the world. HM Treasury has released its second dedicated strategy in relation to the sector, aimed at maintaining its pre-eminence.

Sadly, the asset management industry has suffered in recent years around the issue of opaqueness and inconsistent approach to cost disclosure, and there is a long list of regulatory and other interventions that highlight the attention the subject has received. Even those within the asset management community with justifiable reservations (e.g. in instances where there may be a high cost to delivering disclosure) accept the movement towards disclosure.

Despite these interventions, institutional investors struggle to routinely obtain and analyse granular cost data from asset managers and other providers. It means that the appointed representatives of savers into the asset management world, institutional investors, are basing their purchasing and value decisions on incomplete information on the cost of ownership. In other words, there is an information asymmetry, one of the classic economic market failures. The FCA in their Market Study expressed more than just information asymmetry, calling out “poor price competition” in parts of the asset management market. They backed up this finding by emphasising the complaints of some institutional investors that there was notable reticence to offer up cost data by some asset managers and some other providers. Out of these findings was born the IDWG, the purpose of which was to define cost data standards and offer a plan for their adoption.

I need to emphasise that the asset management supply chain is extremely complex and contains more than just asset managers. There are a cast of characters from brokers, custodians, administrators, data vendors, technology vendors and so on that contribute to the complexity, cost and opacity of the supply chain. And all of these intermediaries or ‘providers’ impact the value delivered to the ultimate beneficiary of the supply chain, the end investor. Indeed, and in many cases, clear data *is* available from asset managers but what are less easy to obtain are the contingent costs associated with asset classes and the way in which assets are bought, sold and held. In other words, and for the avoidance of doubt, it is wrong to say asset managers are entirely to blame.

The stakes are high and getting cost collection standards right could not be more important. If we get them right then we stand to benefit the saver, the industry and the country:

- The saver will benefit through performance uplift and the development and maintenance of trust;
- Institutional investors will benefit by improved understanding of the importance of cost and a firmer handle on what data is needed, which will help in negotiations with providers;
- Providers, such as asset managers, will benefit through an improvement of their reputation. Trust is fast becoming one of the key selection criteria for institutional investors. Recommendations also offer the sector the chance to understand where operational improvements may be made. The upshot is that providers will be able to maximise the benefits to their shareholders and staff. Everyone wins;
- The UK will benefit by clearly defining this country as the best place to build your asset management company, and the fairest place to have your money managed.

With this report the IDWG delivers an approach that covers nearly all types of institutional investment through a series of templates that will allow the institutional investor to easily collate and compare their costs. The standards are more granular and more generally helpful to the entire industry than any other cost collection framework that currently exists, whilst simultaneously recognising the length of the journey that providers and institutional investors need to travel. In so doing, the IDWG has also staved off full regulatory intervention for now.

One controversial point to emerge is on the sharing of data. Sharing of non-attributable data between institutional investors should become the norm, but this is a complicated area as opinion will differ on the degree to which data items might be considered confidential. Providers also have natural concerns that commercially sensitive information might leak into the marketplace. One option the provider (mainly the asset management) community might want to consider is the development of a utility for the collection and analysis of standards' data. This might be set up to be non-profit (to reduce the costs of collection) and be bound by strict non-disclosure arrangements to ensure confidentiality. It might include the checking of inbound data from providers (such as asset managers), the assessment of 'kitemarks', and the upstream dissemination of data only to the correct recipients and only in summary form.

Once full, or near-full, cost transparency is achieved it does not mean that the process of asset management will have achieved full cost efficiency. Proper price competition through transparency will only solve a portion of a high cost issue. The other part of high cost is the complexity and volume of intermediaries in the asset management supply chain. I believe that the only way to remove intermediaries and concatenate complex supply chains is through technology, and that fintech and innovation therefore have a critical role to play. New technologies such as Artificial Intelligence, machine learning, distributed ledger and blockchain all will have roles in the future (lean) model of asset management.

In closing, I would like to emphasise just how difficult and complicated the task of setting the Recommendations has been; after all, if it was easy it would already have been done. I am therefore extremely proud to have found in the members of the IDWG a group that was brave enough to step forward and help with this complicated and reputationally risky job. All are experts, all have been consummate professionals, and all have held themselves to the highest standards of integrity throughout the process. In addition, I would like to thank the members of the FCA who acted as secretariat to, and observers on, the IDWG. They are all deep domain experts and were able to help me manage conflicting expert advice when it was given, as well as provide *prima facie* expert input where requested to do so. Moreover, their relentless, output-driven project management approach and work-ethic meant the Group was always on track.

This was an important piece of work and I think is just the first step in a bigger journey. This journey is one that points towards considerably fairer, clearer and more competitive asset management. It involves not only better price competition but also identifying process-inefficiency and process-risk, and the consequent use of new technology to concatenate a costly and risky asset management supply-chain. Providing better, fairer and more inclusive outcomes for savers is surely one the key challenges of our time and will make the UK far more competitive.

Section 1 – Introduction

1.1 Context

1.1.1 Cost transparency as a subject is not new, and there are several formal initiatives currently operating that mean the work of the IDWG is iterative:

- MiFID II includes the requirement by asset managers to disclose all cost data
- ILPA (Institutional Limited Partners Association) has designed a cost collection framework for Private Equity in the US
- The Pensions Regulator launched the '21st Century Trusteeship campaign'[1], which discusses governance, skills and training and the importance of understanding costs
- The Local Government Pension Scheme (LGPS) created its Code of Transparency and adopted the initial template proposed for the UK
- The Investment Association (IA) has published its Draft (cost) Disclosure Code, adapted from the LGPS template, for use by member firms
- Much attention on the subject is in the press and perpetuated by commentators and other organisations

1.1.2 Of the above, the most successful early-adopter in this 'client demand' space in the UK is undoubtedly the Local Government Pension Scheme Advisory Board (SAB) through its Code of Transparency, and the LGPS data template that went with it. Effectively, the SAB has introduced a 'kitemark' of excellence for asset managers for the supply of cost data to LGPS Funds. The result is that providers (especially asset managers) are being asked, as a matter of course, if they have signed the LGPS code as a pre-requisite of access to LGPS RFPs.

1.1.3 The latest developments with the LGPS Code include:

- The process of signing up to the LGPS Code of Transparency is as follows:
  - An asset manager downloads the Code from the website and ensures they are comfortable with the provisions contained. No amendments to the Code are allowed although the SAB has accepted some covering letters with minor caveats
  - When a signed acceptance of the Code is received a letter of acceptance is returned signed by the Board Chair
  - Asset managers then have 12 months to put in place systems to fully complete and submit the templates for periods agreed with the client (quarterly or annually)
  - During the 12-month adoption period asset managers will be expected to make best efforts to complete the templates. After that period templates will be subject to a third-party compliance check (supplier of service not yet identified). The SAB reserves the right to publicly remove an asset manager from the Code in cases of repeated non-compliance
  - Although this compliance check will not be a formal audit, the SAB has been discussing the process with CIPFA to ensure that numbers can be included in LGPS Fund report and accounts
- The SAB has agreed to amend paragraph 12 of the SAB Code to bring the listed template in line with the IDWG listed template, and to adopt the IDWG alternative

[1] http://www.thepensionsregulator.gov.uk/21st-century-trusteeship.aspx

templates (Private Equity and Physical Assets). The hope is that at the next SAB meeting on the 27th June 2018 the IDWG templates will be ready for formal adoption. The templates will then be put on the Code section of the Board website.

- In the meantime, the SAB has agreed to insert a new provision (7A) into the Code of Transparency http://www.lgpsboard.org/images/CoT/Code_of_Transparency_20180227_v_1_2.pdf which allows alternative asset managers (private equity and property) to sign up to the principles of the Code on the basis that they will provide data 'substantially similar in scope and detail' to the existing LGPS templates and will 'adopt and make use of IDWG templates as they become available
- A full list of current signatories can be found here: http://www.lgpsboard.org/index.php/manager-list

1.1.4 The LGPS therefore provides the case study for the first iteration of the main technical IDWG Recommendations, the model for a principles-based Code of Disclosure, and the process that might be followed in collection and assurance of data.

1.1.5 With the LGPS work as its foundation, the IDWG Recommendations go beyond the LPGS template/Draft IA Disclosure Code in the following ways:

- The Ongoing Costs section for Asset Managers was expanded, capturing far more detail on costs
- An expansion of asset types in recognition of the multiplicity of strategies and asset classes purchased by Institutional investors
- The development of separate templates for Private Equity, Physical Assets (Property and Infrastructure) and Custody
- The move to a single template for both segregated and pooled funds, rather than using separate collection mechanisms, to improve comparability across investment options[2]
- A move away from multi-year performance reporting, and the use of only one relevant year of performance data
- The development of the User template to allow institutional investors to see all the complex cost data from the various Account templates presented in one place and in summary
- The re-use, wherever possible, of existing cost collection regimes throughout the Recommendations to avoid duplication between the various reporting requirements of providers

[2] Feedback from early testers was particularly helpful in noting the difficulties if no 'pooled fund' column was included in the template

1.2 IDWG Timeline

Convening the group

1.2.1 In 2017 the UK Financial Conduct Authority (FCA) published its Asset Management Market Study. One of the key findings was that institutional investors find it difficult to get the necessary cost information to make effective decisions. The proposed remedy was to convene the IDWG, a stakeholder working group with an independent Chair with the objective to “gain agreement on disclosure templates for asset management services provided to institutional investors”.

1.2.2 A range of experts was selected and invited to form the IDWG. Membership changed and expanded slightly over time according to availability, but also according to the direction of the investigation. Core membership remained the same, giving consistency to direction and ultimately the Recommendations. New members were extremely helpful in developing and maturing the Group’s understanding of some contentious areas.

1.2.3 The original list of members may be found in Appendix 1. Final membership included the following:

Chair – Dr Christopher Sier
Deputy Chair – Jeff Houston
Deputy Chair – Gregg McClymont
Members:

- Stewart Bevan
- Jason Bullmore
- Richard Butcher
- Dr Iain Clacher
- Joe Dabrowski
- Ralph Frank
- Joanne Getty
- Tim Giles
- David Hutchins
- Piers Lowson
- Gurpreet Manku
- Thomas Mercier
- James Mowat
- Angela Roberts
- Mark Rowe
- Mark Sherwin
- Sarah Smart
- Dr Ali Toutounchi

Ex Officio Member – FCA
Observers:

- CFA Institute
- Department for Work and Pensions
- Organisation for Economic Co-Operation and Development

- Trades Union Congress

1.2.4 Approximately 40% of the IDWG was drawn from the institutional investor community and its advisers, 40% from the provider community (asset managers of most styles), and 20% from independent experts. Providers included active and passive managers, large and small managers, as well as from private markets.

1.2.5 An independent Chair was appointed, as well as a number of other independent members, to act as arbiters in instances of conflict and dissent between interested parties. Giving weight to the opinion of one member *versus* another, often on the basis of specific expertise, was always going to be a challenge, but a challenge solvable by seeking external expert advice. Normalising expertise and opinion in this way was common practice for the Chair and the sub-groups.

1.2.6 The Group held its first meeting on 7th September 2017, agreed the Terms of Reference, and was tasked with reporting its findings to the FCA by July 2018. Meetings were recorded, summarised and published on the FCA website (Appendix 2).

The processes the IDWG followed

Engagement

1.2.7 This was not a formal FCA Consultation. Nonetheless, the process followed, whilst less formal, was thorough and subject to strong governance. There was an open call for general input and feedback at all points and all proactive approaches were contacted by the Chair or the FCA secretariat to manage offers of assistance and clarify feedback on various items. In addition, there were calls for specific feedback at two points in the development of the IDWG's work and templates. These open and specific calls maximised engagement with industry and the institutional investor community.

1.2.8 In addition, the IDWG hosted an interim key-stakeholder event on 8th February 2018. The aim of the event was to update a wider group of stakeholders on the progress of the IDWG's work and solicit involvement from those who had not pro-actively contacted the IDWG with interest and offers of assistance.

1.2.9 Within the Group the process was to identify key issues and the Chair would allocate each issue to IDWG members (based upon expertise) for investigation, supported by a wide range of other experts from outside the IDWG. Sub-groups would meet *ad hoc* and report to the main group regularly with findings. These findings were discussed by the main IDWG at the monthly meetings of the full panel (total of ten meetings), and conclusions incorporated into the evolving Recommendations.

Design approach

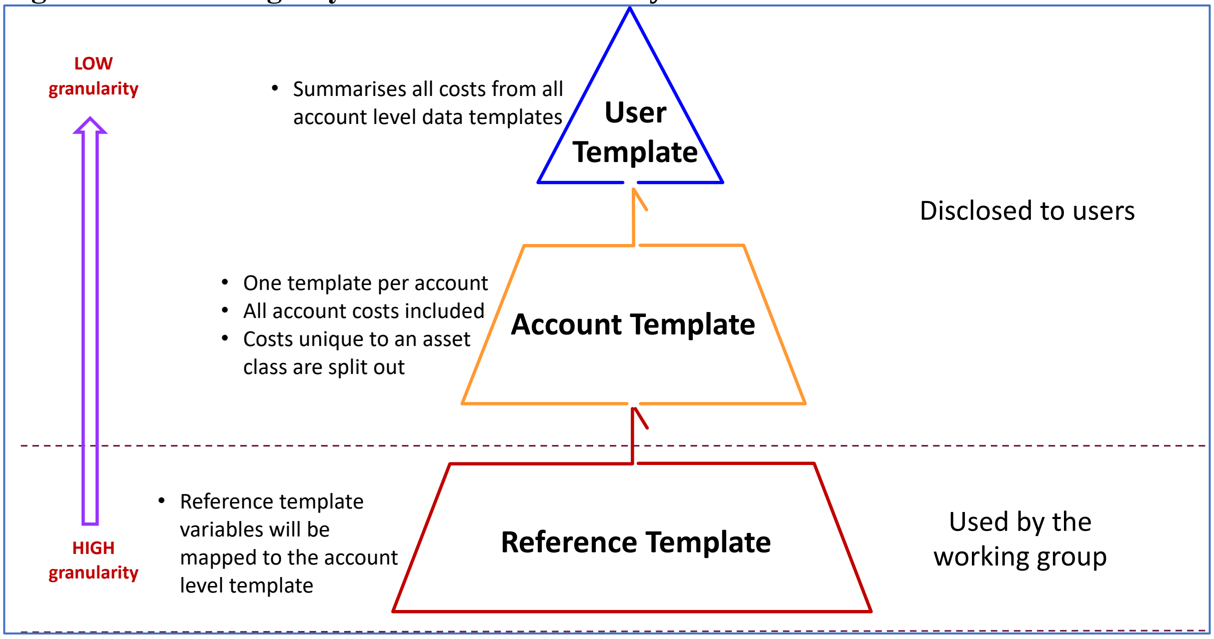
1.2.10 One of the first issues investigated and discussed by the IDWG was the suitability of current standards, including the LPGS Cost Disclosure template (for mainstream asset management products, see Appendix 3) and the Institutional Limited Partners Association (ILPA) template for Private Equity. The Recommendations were developed iteratively with expert input and feedback from this point. The Recommendations therefore represent the joint opinion of a range of stakeholders and experts, built upon the foundation of extant and well-respected cost data collection standards.

1.2.11 The IDWG had several points of principle it followed when developing the Recommendations:

- A wide range of expertise would be needed
- Don't reinvent the wheel. Re-use, build-on, and/or adopt extant standards or part of standard where possible (LGPS, Draft IA Code of Disclosure, ILPA…etc)
- Look at the low-hanging fruit first. Concentrate on easier asset classes or fund structures first (listed *versus* unlisted…etc)
- Good data science is important, so summary data is only as good as the data collected to create that summary
- Make the collection framework as simple as possible
- Templates should be set up to avoid double counting of costs
- Costs that are retained by providers and not passed on to clients do not need to be presented
- Provide clarity on who should complete the different templates as there will be different provider involved

1.2.12 The IDWG also developed a 'hierarchy of costs' to begin the process of setting the correct level of detail for the Recommendations. The first task was creating a full list of cost items (see 'Appendix 4 – The Reference template'), which was used to map costs to what has become the Account templates (Appendix 5). The Account templates are the Recommendations for cost collection from providers. Finally, to assist institutional investors, we created the User template (Appendix 6) as a summary of the Account templates, presenting all relevant data in one place. Given the principle discussed above ('good data science is important'), the User templates may only be accepted as accurately presented if the underlying Account templates that feed it/them have been properly completed. This hierarchy of data collection may be seen below in **Figure 1**.

Figure 1: The 'Design Pyramid' – The hierarchy of cost data collection



1.2.13 The Reference template was built as a full and comprehensive reference list of the costs that an institutional investor might incur. It was used by the IDWG to map each data item into the fields in the Account templates. In essence, it was there to answer the question "So where does this cost go?". It was meant to be for use solely by the IDWG, but as it might prove useful for providers and institutional investors alike, it is included in this paper. It should not be used for anything other than the mapping of cost items into cells in Account templates in instances of confusion or uncertainty.

1.2.14 The Account template is aimed at capturing data from providers in one place and therefore is also fed by three other account templates that were created for Private Equity, Physical Assets (real estate and physical infrastructure) and Custody. Private Equity and Physical Assets as product types have some unique cost items that need to be recognised and collected, but that could not be captured in the Account template without making it too large. These unique cost items are summarised in common summary fields in the Account template. Custody is presented as a separate template because of the sensitivities around data privacy voiced by providers if custodians are handed templates that are already part-filled by providers. Therefore, for segregated mandates, custody will be collected separately and fed through to the Account template, ensuring that sensitive information is not inadvertently shared.

1.2.15 The User template was designed to form the basis of better and more involved conversations between trustees, their investment consultants, and their asset managers. The emphasis should be around value assessment and whether specific managers are best suited to help trustees achieve their investment goals. Historically, trustees have used a net-of-fees metric for assessing performance, which has had some effect on manager selection[3]. However, many of the fees that are incurred to arrive at the net-of-fees number are often not fully observed by trustees. The proposed template therefore aggregates data from the Account level template into broad

[3] There is evidence that trustees look at a wider range of factors than just raw costs and fees when selecting a fund manager (See, Clacher et al, 2017c Selecting Fund Managers and Investment Consultants)

categories of costs and fees for trustees to understand the costs incurred from the running of the overall fund or a specific asset class.

1.2.16 Nevertheless, as highlighted in Figure 1 above, the intention is that the Account Template will also be disclosed to users whenever institutional investors wish to see it, and also should be regularly disclosed pro-actively when institutional investors have indicated that they always wish to receive that level of detail.

1.2.17 Ultimately, the IDWG reached consensus over the final templates and Recommendations. Key issues of debate and discussion are outlined in Appendix 7 ‘Evolution of the Recommendations’.

Section 2 - Recommendations

2.1 The User template (Appendix 6)

The User template is new and designed to summarise cost information for trustees and other institutional investors. This summary may be prepared for a single account, or along any other summary dimension (such as asset class, or manager), or indeed across the entire institution's assets. In this latter instance it would represent the summary of all Account templates generated for a fund.

The key underlying principle of the User template is that it can only be completed by first collecting an Account template, which ensures look-through to underlying costs. In other words, User templates that are completed without first collecting Account template data should be rejected.

There is a high level of aggregation in what institutional investors will see in the User template, but this has the advantage of allowing key costs to be clearly tracked over time. If there is a significant change in a cost category then trustees will be able to investigate what has caused the shift. Similarly, if there is a need, then trustees can examine Account template(s) to get a better understanding of the more granular costs. They may do this alone or with the support of an adviser.

In addition, there is a free-text box where contextual information can be provided to help with the value assessment. The User template is therefore an input into a value assessment discussion.

In terms of completion of the User template, the cost categories directly related to asset management are populated from the Account level template. In other words, it is possible to see the same cells in the User template as summary cells of granular data in the Account templates. All other cells in the User template will be completed by a fund accountant to allow the trustees to have an indication of performance and the costs incurred to achieve that performance.

One last thing to be emphasised is the inherent flexibility in the proposed structure. The User template allows for the presentation of the aggregate performance of a fund's assets and associated costs in one template. However, it is also possible to break these performance and cost figures out by asset class and interrogate this data for a specific asset class. Moreover, in some instances where further detail or granularity is required it is possible to go down to the detail of the Account level template. From the perspective of trustees, they can therefore see the level of detail that is necessary to help support value assessments.

All of this data collection is possible (albeit in some cases complicated) either with the help of advisers (such as consultants or others) but may also be achieved by a reasonably knowledgeable trustee of any pension fund, or responsible party in any other institutional investment type. This would involve 'trustees' asking their providers to complete the Account templates:

- Private equity funds should be asked to complete the Private Markets template. We note that some other types of funds may choose to complete the Private Equity template as it is designed for closed-ended funds

- Physical assets funds (real estate) should be asked to complete the Physical Assets template
- All other fund types will complete the Main Account template
- Where custody costs are incurred on behalf of an institutional fund (in pooled funds or unit linked contracts, for example) the fund managers will also complete custody fields within the body of Account templates[4]
- Custodians employed by institutional investors (in the segregated mandate world of a DB fund, for example) will be sent the Ancillary Services (Custody) template and asked to complete the template once for each segregated mandated. In other words, if a DB pension fund has 20 managers each with segregated mandates, then the pension fund custodian will be asked complete its template once for each distinct mandate.

2.2 The Main Account template (Appendix 5)

This Main Account template is for all providers that are not completing the Private Equity or Physical Assets templates. The Main Account template offers providers a clear and credible framework for the collection and submission of data. Although the impetus for collection will routinely come from the institutional investors or their advisers, some asset managers may find it helpful to use this framework even for clients that do not request it, if only to standardise the collection process internally. What's more, ubiquitous use of the template to collect and submit data will demonstrate a pro-active willingness to be transparent, and also help educate trustees on the art of the possible in terms of cost data collection and analysis.

The template is segmented into eight sections (with further space for notes throughout the template and at the end):

1. Account Information – static data in the fund
2. Portfolio Investment Activity – contextual information on the type of investments, segmented by asset type
3. Portfolio Transaction Costs – costs related to transactional activity, again segmented by asset type
4. Ongoing Charges – costs incurred by the asset manager
5. Incidental Costs – performance charges
6. One-off Costs
7. Ancillary Service Costs – largely custody and only costs incurred *via* the account here
8. Stock Borrowing/Lending Activity – aggregated here in one place

Feedback received by the IDWG from testers at all stages was for a need for clarity on who should complete which sections of the template and concerns that one part of the value chain would not be able to complete the whole template. To help with completion, a detailed 'user-manual' is included with the templates themselves, where each cell is defined and instruction of how complete each cell, when and by whom.

In some cases, providers may contractually agree to absorb the costs themselves, in which case a field should be left blank, but the provider should state that the cost is part of the management fee. It will probably be useful for the asset manager to separately give a full itemised list of additional services that fall within the management fee in the instance where

[4] : We found from feedback that this can be confusing to providers completing the template and have tried to ensure that the instruction manual is very clear on this point.

an asset manager has opted for an ‘all-in’ or ‘near-all-in’ fee model. For the avoidance of doubt, costs absorbed by the provider do not need to be broken out or itemised.

All other cells are considered minimum requirements, save for some fields in section 4, Charges:

- The top level of detail represents the minimum requirement (4.1, 4.2, 4.3 and 4.4)
- More granular fields below would be optional at this time but are left within the template for the following reasons:
    - To guide asset managers on what items should be added to generate the sub-totals. This guidance is also available from the Reference Template.
    - To give a clear steer to institutional investors and their advisers on the more granular items that might be available on request
    - To allow those asset managers that are both willing and able to give the more granular data the opportunity to differentiate themselves
    - To demonstrate the expected direction of travel of the Recommendations (granularity) and allow asset managers to set their systems accordingly

- If an asset manager opts to only supply information at the top level of detail (4.1, 4.2, 4.3, 4.4) it should complete the more granular fields with either a ‘0’ or it should be left blank. If a ‘0’ is shown it means that a cost would normally be charged and presented but it was nil on this occasion. If the field is left blank then this should be accompanied by one of the following statements:
    - “n/a” - i.e. it is someone else’s cost, in the case of custody costs, for example
    - “we cannot submit data to this level at this time, but it may be found as part of subtotal X.x”
    - “we cannot calculate this figure at all”

2.3 Private Markets template (Appendix 5)

The Private Equity template was developed by the Private Equity sub-group of the IDWG rather than the IDWG as a whole, with the involvement of the Chair and a deputy Chair. As a starting point it looked at a number of extant standards for reference. The result is an extremely robust template that was reviewed by a number of private equity firms and investors. Importantly, it passed the scrutiny of key LGPS Funds. The latter is an important point as much pressure has come from this bloc to resolve the lack of a Private Equity cost collection template in the UK. The template does not cover Private Debt at this time, and this will need to be addressed as a next step in the future.

The IDWG agreed early on that firms that complete the ILPA fee template do not need to also complete the IDWG Private Equity template. This is because the ILPA fee template includes the items included in the Private Equity Template. In addition, many private equity firms with operations in the UK already complete the ILPA template and have programmed their systems for this and should not have to produce the information twice. The UK template uses terminology that is more familiar here and follows the level of granularity included in the Main Account template. There was perhaps less feedback than there could have been given the ILPA template is in use. Furthermore, the Private Equity template is based on Invest Europe’s Investor Reporting Guidelines.

The Private Equity community, in producing this template in the UK, has gone a very long way to address concerns around the opacity of private equity and offset negative opinions individuals might have about the industry.

2.4 Physical Assets template (Appendix 5)

This template was developed in association with CBRE Group (commercial real estate investment company), only covers real estate for the time being, and is comprehensive but has not received as much review as any of the other templates presented by the IDWG. Whilst the IDWG believes the framework to be robust, it recommends further user-testing be carried out by the new entity (New-IDWG) that the IDWG recommends taking ownership of the Recommendations in the future.

2.5 Ancillary Services (Custody) template (Appendix 5)

This template is very basic and aimed at collecting summary custody costs from custodians that act for an institutional investor; largely this means DB funds and those holding segregated mandates. The stocklending field on the Ancillary Services template maps to a separate section within the Main Account template (section 8) so that all stocklending activity may be found in one place.

A very detailed Custody cost template was created, but has received no testing as yet, and has been added in Appendix 8 as reference for the ‘New-IDWG’.

Section 3 – Implementation

3.1 How will the IDWG maximise the effectiveness of the Recommendations?

No rule-setting by FCA at this time

3.1.1 The IDWG supports the stance that formal FCA rules are not needed at this time for the Recommendations and their implementation, because there have been examples of cost disclosure templates and codes being adopted by providers voluntarily. However, we recommend that the FCA keep this matter under review and bear in mind whether any of three undesirable scenarios are met when considering further interventions:

- Poor adoption of the Recommendations by both institutional investors and their providers
- Institutional investors reporting difficulties in obtaining cost data to the level proposed in the Recommendations from their providers
- A provider is found to have misrepresented its data via the IDWG Recommendations to clients, i.e. it misled in its submission.

Creation of a new body to curate the Recommendations – the 'New-IDWG'

3.1.2 The IDWG in an initial solution to the problem of setting and owning standards on cost disclosure to institutional investors. The IDWG suggests that the Recommendations be handed over to a new and alternate body, or 'New-IDWG', to be curator of the Recommendations and their implementation.

Roles of the 'New-IDWG'

3.1.3 The roles of 'New-IDWG' might include some or all, but not be limited to:

- Capturing feedback from an appropriately broad range of users of the Recommendations and other interested parties, possibly including but not limited to institutional investors, providers such as asset managers, brokers and custodians, regulators, policy makers, and other commentators.
- Setting the periodicity of regular (i.e. non-critical) review and update
- Evolving, updating and testing the Recommendations as needed, following an appropriate governance process, accepting that the Recommendations are always meant to be ambitious and are not set to only accommodate the 'lowest common denominator' of understanding or capability. For the avoidance of doubt, this means that the Recommendations should be set at a level that exceeds the current understanding and capabilities of a large portion of the institutional investor market. The IDWG rejects the notion that just because the majority of institutional investors have recently not expressed a desire for the level of detail in the current Recommendations does not mean that the Recommendations should be set at that level of basic understanding and demand. It was on the basis of the information asymmetry, the existence of 'unknown unknown' deductions as well as 'known unknown' investments costs, and the difficulties that some institutional investors encountered when asking for cost data that the FCA described the need for the IDWG. Making further cost information available is not *sufficient*, but it is *necessary* to

enabling trustees to negotiate with providers on a level playing field. The same principle of 'pushing the envelope' should be held by the 'New-IDWG' when it is convened and should form one of its core and stated principles.

- That said, any changes to the Recommendations should include changes to, or removal of, current items if they are deemed incorrect or superfluous. Examining international experience will be important in this respect. The Australian experience of difficulties in implementing the granular cost disclosure requirements of the Australian Securities and Investments Commission's (ASIC) RG 97 demands consideration by New-IDWG.
- Weighing a need for changes against the complexity and cost of making changes for providers, such that changes are frequent enough to be relevant but not so frequent that they are an excessive cost and change-complexity burden
- Providing a help-desk facility for those that need assistance in understanding or completing the Recommendations. Professional and paid-for services are likely to evolve to help institutional investors collect and interpret data, but consideration needs to be given to those institutional investors that choose to collect and manage data themselves.
- Developing a mechanism for collating information on the degree of adherence or non-adherence. One suggestion is that the 'New-IDWG' keep a non-public register of compliance to include:
    - Periodicity of submission (annual, quarterly…etc)
    - Extent of completion. The intention would be to capture those providers that complete all fields, *versus* those that have incomplete submission (e.g. to the sub-total level), *versus* those that fail to submit only specific fields, *versus* those who fail to complete any of the fields.
- Development and perpetuation of 'kitemarks' of adherence to the Recommendations. This might include 'kitemarks' for providers who supply data timeously and accurately, as well as 'kitemarks' for institutional investors for collecting and using data. 'Kitemarks' might go beyond just successful data submission (provider) and collection (institutional investor) and involve checking that the data is accurate and error-free. It is one thing to 'complete all fields' and another to do so without errors.

3.1.4 It is not obvious to the IDWG at this time that there is any one entity already in existence that is appropriate for owning and maintaining the Recommendations. This is because the Recommendations cover multiple asset management styles (from listed funds to private equity, for example), and cover multiple institutional asset owner types (workplace pension, DB, DC, charity fund, sovereign wealth fund, family office, corporate treasury, insurer and so on), and therefore are not the remit of any one regulatory or policy body. As a consequence, future Recommendations should reflect the views of a broad range of stakeholders including, but not be limited to, the following constituencies and not be lodged with any one of them:

- Regulators and policy organisations such as the FCA, the DWP, The Pension Regulator, the Charities Commission, OSCR
- Trade bodies and member organisations such as the IA, the BVCA, the PLSA, TISA
- Engaged institutional investors, pension funds, asset managers, brokers and other supply chain constituents
- Advisers to institutional investors such as pension fund consultants, legal firms and auditors
- Other professional bodies such as the CFA Institute

- Experts, including key academics and academic institutions
- Other interested parties

3.1.5 The IDWG recommends that New-IDWG be created and convened within 3 months of this report being released, or by Autumn 2018, and immediately move to creating the Kitemarks for adherence mentioned above. The Kitemarks might be considered an alternative to the signatory process used by the LGPS Advisory Board.

3.1.6 An indicative timeline could be:

- June 14th 2018 – IDWG submits Report to FCA
- July 2018 – FCA review Report. Process of identifying New-IDWG begins
- Autumn 2018 – Hard launch of Report, and announcement of New-IDWG
- End 2019 – Proposed first review point for Recommendations

3.1.7 The major role of the IDWG was to set initial, yet robust, data standards for cost disclosure to institutional investors. However, there were issues that the Group was unable to solve at this time and therefore the Group considers important for future iterations of the Recommendations to address in the short- to medium-term. These are outlined below. In addition, Recommendations will need to evolve as market practice, product and technology evolve.

3.1.8 The complexity of debate around certain issues, with the resulting compromises in the current Recommendations, points to some obvious areas where changes should be considered in the next iteration of the Recommendations.

Reviewing the Recommendations

3.1.9 The IDWG recommends the first review point be no more than one year from the inception of the 'New-IDWG', or by Autumn 2019, to allow for the short-term items below to be addressed and items added, amended or removed as necessary.

Short-term

3.1.10 **Testing**: Gathering ongoing feedback from users of the templates and/or carry out a programme of testing of the templates to assure their content and structure

3.1.11 **Granularity**: A compromise in granularity was achieved in the Recommendations, largely in the area of the 'Ongoing Charges' (section 4 of Account template).

- On the one hand, some Group members (and some other asset manager contributors) felt that the need was for summary totals (4.1, 4.2, 4.3 and 4.4), with the cost items making up each summary total being described, but not broken out individually. The justification for this stated preference was twofold: the systems of asset managers did not go beyond the summary level of detail and to go deeper would need costly and time-consuming system reconfiguration; and it was the belief of these contributors that institutional investors did not want, and had never asked for, the more granular level of detail.

- On the other hand, some Group members stated a preference for granular data, on the basis that it was a key role of the IDWG to set Recommendations well in advance of currently evidenced understanding or demand by the average institutional investor. In addition, some Group members felt it was important to understand the make-up of summary totals, most especially if cost items became large.
- The key point is that granularity should be set at a level that allows for making effective purchasing decisions
- The compromise reached was for an intermediate level of granularity, with the most granular items described in the notes but not broken out, but some granularity retained, albeit that such items are not completed by providers if they are too difficult to itemise at this time.
- Therefore, as part of this compromise, the IDWG recommends that the issue of granularity in Ongoing Charges be revisited when empirical information on the utility, or otherwise, of granular data is available. This information may result in further granularity being requested in the Recommendations.

3.1.12 **Automation and machine readability**: The Recommendations capture the data fields that the IDWG recommends at this time rather than an automated collection or machine-readable mechanism for the collection of this data. To minimise the effort of data collection and dissemination in the longer term, the Group recommends that efforts to automate data collection begin immediately. This is especially important for more complicated institutional fund structures, such as DC funds and fund of funds, where there may be many underlying funds within the overall structures. Reducing a need for system 'rebuild' by providers in the future is one of the many reasons the Recommendations are moderately granular at this first iteration. Setting aggressive targets for granularity now will reduce the need for changes by the 'New-IDWG' in the future.

- One option for managing the automation process is to upgrade the DCPT, designed jointly by the ABI and IA, to the level of detail of the Recommendations. The IA have offered to adapt the DCPT to the relevant IDWG templates and will publish a plan and timeline for completing this process shortly.
- The DCPT is not aimed at some illiquid fund types (PE and Infrastructure) or custody so a different mechanism for automation is needed for these categories

3.1.13 **Underlying data in pooled funds**: The IDWG recognises that it is not immediately possible, in most cases, to collect and collate data from all levels within pooled funds, fund of funds and DC funds, at least to the level of granularity within a fully-completed Account template. However, as automation of data collection proceeds, the IDWG recommends that the 'New-IDWG' move rapidly to recommending full look-through on all (fully-granular and Account template-compliant) data at all levels with underlying funds. This should be considered a priority for the next iteration of the Recommendations. This will enable trustees to identify where cost leakage takes place in fund of fund structures and to engage with fund managers about the make-up of their funds on an equal footing. Rather than acting as consumers whose only choice is to stick with what they have or find another product, they can influence fund manager decisions over their current offering.

3.1.14 **Expand the suite of templates**: Private Debt is not covered within the Private Equity template and therefore the Private Equity template might need to be expanded. In addition, the Physical Asset template needs to tested, as does the proposed (but not yet sanctioned) Ancillary Services template (Appendix 8). Detailed instructions have been completed for the Account template, the Private Markets Template and the User template.

Mid- to Long-term

3.1.15 **Standardisation of transaction costs (particularly implicit costs) calculation:** Transaction costs capture explicit costs such as transaction taxes and commissions and also attempt to show the impact of implicit costs. Implicit costs can arise from, among other things, market spread and market movement. The Recommendations do not currently recommend a particular methodology in the calculation of transaction costs, particularly implicit costs. Given the existing 'flaws' in the calculation prescribed by most of the regulations (i.e. transaction costs can be negative), the IDWG has given asset managers enough flexibility to use the methodology that they deem is aligned to the regulatory requirement in which the cost disclosure is being made. The IDWG recognises that in the short-term end users might not receive comparable data as the cost information will be dependent on the asset managers' interpretation of the regulatory requirements. The New-IDWG should work together with relevant industry bodies in achieving standardisation of calculation in light of the upcoming review by the European Commission on the practical impact of PRIIPs which is scheduled towards the end of this year. In general, feedback emphasised the need for consistency with existing regulatory requirements. For example, feedback mostly referred to MiFID II and PRIIPs and the IDWG was well-aware of this. This consistency with the regulation should be carried forward by the 'New-IDWG'.

3.1.16 **Identify a single data source to capture and/or a single model to define market prices for such OTC instruments**: FX and many derivatives instruments trade over-the-counter and, hence, it can be challenging to source a reliable "market price" for them. This market price is needed to use as the "arrival price" in the calculation of the transaction costs under the Slippage methodology[5]. The IDWG recognises that this could lead to a variation in the transaction costs calculation as prices from a variety of venues may be selected by asset managers to proxy the "arrival price". This could be confusing and open to abuse. The New-IDWG should explore the possibility of identifying a single data source to capture and/or a single model to define market prices for such OTC instruments. A prime example of this is an FX Forward contract (and indeed an FX contract) for which there is no obvious way of sourcing/extracting a reliable "market price".

3.1.17 **Academic Research**: The Recommendations have the potential to be the foundation of a large, systematic and coherent database of costs. Such a database would be extremely useful to help improve outcomes for all stakeholders. However, such data might be commercially sensitive. To maximise its utility and impact whilst respecting its sensitivity, we suggest that the data be used for impartial academic study, possibly

[5] The IDWG notes public debate about the slippage methodology

in conjunction with the New-IDWG. Given the lack of dedicated long-term savings-specific research capability in the UK, this could be via a new research centre dedicated to the purpose of produce research relevant to both industry and policy-maker.

3.1.18 **International harmonisation**: For the Recommendations to be properly useful, consideration should be given to establishing mechanisms for encouraging international adoption, or to the harmonisation of the Recommendations with other international initiatives. The IDWG is aware of work that is currently ongoing in both Europe (EIOPA), the Netherlands, Australia and an OECD-convened group of international pension supervisors. However, there are also some international initiatives that might prove useful as alternative ways of encouraging multi-jurisdictional adoption:

- The World Bank used the standard proposed in the FSCP paper[6] in an analysis of the Turkish Pillar 3 pension market with the Turkish Finance Ministry in 2016 and is interested in discussing the use of the IDWG Recommendations across a wider set of markets
- The Committee on Workers Capital (CWC) is discussing cost and fee transparency and has created a working group on the topic. They have prepared a paper outlining a proposed approach to collectivising cost data across their entire pension client base (USD Trillions) - "Why pension fund cost transparency must be a collective bargaining demand for trade unions". This is not a public paper, but it does suggest that global adoption of cost data standards (including that proposed by the IDWG) would be for the common good.
- An extant and working standard for private equity exists in the ILPA (Institutional Limited Partners Association) template. The Recommendation developed by the IDWG has been developed from the ILPA template, and common terms and data fields are used wherever possible to allow for international harmonisation but adapted in places to allow for local market (UK) practice.

Support from other bodies

3.1.19 The work of the IDWG and the implementation of the Recommendations, as well as supporting the future work of the 'New-IDWG', may be supported by a number bodies and other strategic initiatives:

- The CFA Institute might wish to consider formally support of the Recommendations
- The Pension Regulator has launched its 21st Century Trusteeship initiative and adoption or co-adoption of the Recommendations might form part of this initiative
- Finally, the UK Treasury in association with the IA has put forward its "UK Investment Management Strategy II". The aim is to maintain the pre-eminence of the UK as a destination for asset managers and asset management. Adoption of the Recommendations might be fitted into this initiative.

[6] The Drive towards Cost Transparency in UK Pension Funds, Sier (2016)

3.2 How will the IDWG encourage providers to use the Recommendations?

3.2.4 Given the ‘no FCA rule’ recommendation, it is the preference of the IDWG that the ‘market’ adopts the Recommendations voluntarily, but with an appropriate period of ‘completion on a best endeavours basis’ being applied to allow the systemic abilities of providers to be adapted to the templates.

3.2.5 The ‘poster child’ for voluntary adoption by providers is the LGPS and its Code of Transparency, discussed earlier, and the IDWG supports the approach and work of the LGPS Advisory Board.

3.2.6 A similar mechanism for the wider market is strongly recommended by the IDWG, and leverage to comply might come from a number of different sources. Obviously the first is individual institutional funds and investors themselves. Efforts should be supported by a clear statement of principles of transparency, in a similar manner to the LGPS, by the ‘New-IDWG’.

3.2.7 The IDWG recommends that the IA adopt the Recommendations as their Disclosure Code, (supplanting the one currently in place) and the BVCA formally adopt the Private Equity template. In a similar, fashion the IDWG recommends that other trade bodies and trade associations take a similar stance in formally supporting the Recommendations, both from the provider side and the institutional investor side. Such bodies might include, but not be limited to, ABI, TISA, the PLSA, the New City Initiative, the SBAI and so on.

3.2.8 Following discussions already started by LGPS SAB with CIPFA, we also recommend that the industry Statement of Recommended Practice (SORP’s) (like the Pensions Research Accountants Group (PRAG) SORP, Charities SORP…etc) are updated to allow for the Recommendations to be included in the annual accounts (and perhaps be audited) to encourage compliance amongst asset managers

3.2.9 Investment and pension fund consultants will also be key in this space and the IDWG recommends that they adopt the Recommendations at the earliest opportunity. One model would be for consultants to use the Recommendations to vet providers according to their willingness to adhere to them. Such a move would transform adoption of the Recommendations and move adoption of them to the norm rather than the exception (the current *status quo*). The IDWG recommends that the Competition and Markets Authority (CMA) consider suggesting this as part of their ongoing investigation of the consulting market.

3.2.10 A similar mechanism would work with other aggregation and distribution mechanisms, such as platforms, i.e. requiring adoption of the Recommendations prior to funds being accepted onto a platform.

3.2.11 All this could be supported by ‘kitemarks’ developed by the ‘New-IDWG’ that are awarded for timeous and accurate data submission to institutional investors by providers (such as asset managers).

3.3 How will the IDWG encourage more users to request the disclosure standards from their providers?

3.3.4 It is important to recognise the diversity of institutional investor to which and for which these Recommendations apply. This includes pension fund trustees, Independent Governance Committees, Master Trusts, Sovereign Wealth Funds, Charity Investment Funds, Family Offices, Insurers, Corporate Treasury functions…there is a long list.

3.3.5 Information on the desire by institutional investors for detailed cost data is inconsistent. Some research and feedback suggest that some institutional investors strongly support the need for such data. The FCA Market Study uncovered this, and there are numerous studies that have shown that institutional investors would like such data and, when they obtain it, put it to very good use. Other feedback suggests the opposite - at best indifference to the need for data, and at worst a strong rejection of such a need.

3.3.6 The upshot is that it is very important to develop awareness of the need for the collection and use of the data that is found within the Recommendations. Institutional investor education is therefore a key recommendation by the IDWG.

3.3.7 In addition, the IDWG developed the User template, in recognition of the difficulties of understanding and interpreting the complex Account-level data. Cost fields within the User template are the summary of the cost items in the Account templates. Seeing cost data presented in its entirety in a clear and simple form will help with the education process.

3.3.8 There is plenty of evidence that institutional investors need to understand the issue of costs better, a fact highlighted during the testing process for the User template. It was clear that some trustees we approached needed support and education to be able to fully understand the enhanced disclosure. This is not unreasonable given previously the focus was net-of-fees. Therefore, the IDWG recommends that the issue of institutional investor (largely trustee) education be addressed. This could be through a number of mechanisms or bodies including:

- The Pension Regulator, working with industry and the Recommendations of Professional Trustees to provide proper training
- Costs and fee disclosure might become part of the Trustee Toolkit training
- The Pensions Regulator stressing the need for the use of the IDWG Recommendations as part of a demonstration of good governance, perhaps by referencing their advice for completion of the VFM sections of the DC, and planned DB, Chair’s Statements.
- A supportive recommendation from the CMA on the need for trustee training

Appendices

Appendix 1: IDWG Terms of Reference

https://www.fca.org.uk/publication/minutes/idwg-terms-of-reference.pdf

https://www.fca.org.uk/publication/minutes/idwg-terms-of-reference-supplement.pdf

Appendix 2: IDWG Meeting Notes

https://www.fca.org.uk/publication/minutes/idwg-discussion-summary-7-september-2017.pdf

https://www.fca.org.uk/publication/minutes/idwg-discussion-summary-9-october-2017.pdf

https://www.fca.org.uk/publication/minutes/idwg-discussion-summary-2-november-2017.pdf

https://www.fca.org.uk/publication/minutes/idwg-discussion-summary-11-december-2017.pdf

https://www.fca.org.uk/publication/minutes/idwg-discussion-summary-16-january-2018.pdf

https://www.fca.org.uk/publication/minutes/idwg-discussion-summary-22-february-2018.pdf

https://www.fca.org.uk/publication/minutes/idwg-discussion-summary-19-march-2018.pdf

https://www.fca.org.uk/publication/minutes/idwg-discussion-summary-18-april-2018.pdf

Appendix 3: Current LGPS Code/Draft IA Code of Disclosure

POOLED FUND COST COLLECTION TEMPLATE *For use with investments in pooled funds*

All figures in % of average NAV pa unless specified

Fund Manager	
Fund name	
Share class name	
Date of report	
Currency of report	GBP

Investment return (% pa)	1 year	3 years	5 years	10 years	Since formation
Net return					

Investment activity (GBP unless specified)	Total	Equity	Bonds	Property	Pooled funds	Other (specify)
Opening assets						
Closing assets						
Purchases	0					
Sales	0					
Turnover (% pa)	%					

Management fees	Total (GBP)
Invoiced fees (less any rebates)	
VAT (if applicable)	
Total	0

Client-specific data	Client (GBP)	*To be completed by the investing client in order to calculate client-specific amounts*
Average value of client holding		

Ongoing charges	Client (GBP)	Total
Manager's fees		
Other fees		
Indirect fees		
Total ongoing charges figure	0	0.00%

Performance fees	Client (GBP)	Total
Performance fees	0	

Transaction costs	Client (GBP)	Total	Equity	Bonds	Property	Pooled funds	Derivatives	Foreign exchange	Other (specify)
Transaction taxes		0.00%							
Broker commission		0.00%							
Implicit costs		0.00%							
Entry/exit charges		0.00%							
Indirect transaction costs		0.00%							
Other transaction costs (specify)		0.00%							
Anti-dilution offset		-0.01%							
Total transaction costs	0	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Stock lending (if applicable)	Total	
Value of stock on loan		%
Gross income		
Less: income shared (name recipients)		%
Income retained by pooled fund	0	%

SEGREGATED MANDATE COST COLLECTION TEMPLATE *For use with segregated portfolio management mandates*

All figures are monetary amounts unless specified

Asset Manager				
Portfolio name				
Period of report	Start:		End:	
Currency of report	GBP			

Investment return	1 year	3 years	5 years	10 years	Since formation
Gross return (% pa)					
Net return (% pa)					

Investment activity	Total	Equity	Bonds	Property	Pooled funds	Other (specify)
Opening assets						
Closing assets						
Purchases	0					
Sales	0					
Turnover (% pa)	%					

Management fees	Total
Invoiced fees (less rebates)	
VAT (if applicable)	
Payments for research	
Other charges (specify)	
Performance fees	
Total	0

Indirect fees	
Fees paid from NAV of pooled funds	

Transaction costs	Total	Equity	Bonds	Property	Pooled funds	Derivatives	Foreign exchange	Other (specify)
Transaction taxes	0							
Broker commission	0							
Implicit costs	0							
Entry/exit charges	0							
Indirect transaction costs	0							
Other transaction costs (specify)	0							
Total	0	0	0	0	0	0	0	0
Transaction costs per value traded								

Stock lending (if applicable)		
Value of stock on loan		%
Gross income		
Less: income shared (name recipients)		%
Income retained by client	0	%

Ancillary sevices (if provided by manager)	
Custody charges	
Collateral management	
Other (specify)	
	0

Appendix 4: The Reference template (extracts only)

REFERENCE KEY	TEMPLATE	REFERENCE ITEM	ITEM NAME TIER 1	ITEM NAME TIER 2	ITEM NAME TIER 3	ITEM NAME TIER 4	DEFINITION
REF1	REF	1	Accounting fees				The explicit costs of preparing and maintaining accounts.
REF2	REF	2	Acquisition fees				Acquisition and disposition fees may be charged by fund managers to funds or to portfolio companies for structuring and negotiating documentation of investments.
REF2.1	REF	2.1		Paid to fund manager			The charge paid to the fund manager who undertook the acquisition.
REF2.2	REF	2.2		Paid to advisers			Fees due to parties advising on the transaction.
REF2.2.1	REF	2.2.1			Investment banking		Fees for investment banking services related to the transaction.
REF2.2.2	REF	2.2.2			Corporate finance		Fees for corporate finance services related to the transaction.
REF3	REF	3	Actuarial costs				Actuarial costs incurred during the lifetime of the product/fund.
REF4	REF	4	Administration				Administration refers to a set of activities carried out in the running of an investment account or financial product, be it segregated or pooled (e.g. a mutual fund, unit trust, pension fund or other collective investment scheme). Set-up/take-on costs relate to the activities involved in creating a new account.
REF5	REF	5	Advice/consultancy fees - advice received by the investment manager				Costs of advice provided to the investment manager.
REF6	REF	6	Advice/consultancy fees - advice related to marketing				Fees payable to advisors/consultants related to marketing.
REF11	REF	11	Arrangement fees - funding facilities				Fees for arranging funding facilities.
REF12	REF	12	Audit costs				Ongoing costs incurred for the auditing of financial statements.
REF13	REF	13	Back office fee				Explicit costs related to back office functions (e.g. trade settlement, accounting etc.)
REF14	REF	14	Bank account				The costs associated with the ongoing maintenance of the bank account linked to the wrapper/fund.
REF14.1	REF	14.1		Maintenance fees			The periodic cost charged for maintaining the account/relationship where explicitly deducted.
REF14.2	REF	14.2		Overdraft charges			Explicit costs charged in the event of the account becoming overdrawn.
REF14.3	REF	14.3		Closing fees			The explicit costs of closing the bank account.
REF14.4	REF	14.4		Set-up costs			The costs of setting-up a bank account for the account in question that are explicitly charged.
REF14.5	REF	14.5		Contribution-related fees			Bank account charges related to processing new contributions that are explicitly deducted.
REF14.6	REF	14.6		Transaction-related fees			Bank account charges related to transactions.
REF15	REF	15	Benchmark fees				Costs paid to a third party data provider for "index or benchmark index" data.
REF15.1	REF	15.1		Index license and benchmarking fees			The third-party charges (or fees) for supplying this data to the investor is structured as a licencing arrangement.
REF15.2	REF	15.2		Marketing/re-publishing fees			Costs paid to a third party to reflect a licence agreement which allows the data to be used on published materials and websites, such as a factsheet.
REF16	REF	16	Bridge facility fees				Fees associated with the establishment of a temporary loan or funding arrangement
REF17	REF	17	Broken deal fees				Broken deal fees cover payments to lawyers and other parties over a deal that fails to reach a successful close.
REF18	REF	18	Capital call costs				Administrative costs associated with a request for capital, related to an initial commitment of capital, from investors.
REF19	REF	19	Capital guarantee (provided by a third party) costs				The costs of capital guarantees provided by third-parties.
REF20	REF	20	Clearing broker fees				Fees charged by a clearing broker, when intermediating the relationship with a clearing house
REF20.1	REF	20.1		Minimum fee			Fee charged for access to clearing service
REF20.2	REF	20.2		Transaction processing costs			The charges for processing the transaction through the clearing broker.
REF20.3	REF	20.3		Capital utilisation			Fee charged for holding initial margin
REF21	REF	21	Clearing House fees				Fees charged by a clearing house - this is an agency or separate corporation of a futures exchange responsible for settling trading accounts, clearing trades, collecting and maintaining margin monies, regulating delivery and reporting trading data.
REF21.1	REF	21.1		Default fund levy			The contribution to the clearing house's fund that compensates parties in the event of a default.
REF21.2	REF	21.2		Transaction processing costs			The charges for processing the transaction through the clearing house.
REF22	REF	22	Collateral management costs				The charges levied for managing collateral posted. The posting might relate to securities lending/borrowing and/or derivative transactions.
REF23	REF	23	Commodities management costs				If a commodity, such as oil, wheat etc is held as a physical item, there is a need for it to be managed to avoid decay or value being lost.
REF23.1	REF	23.1		Physical storage			Costs for providing storage facilities to store the commodities.

Appendix 5: IDWG Account templates

Main Account template

ACCOUNT LEVEL TEMPLATE v.1.0.

1. ACCOUNT INFORMATION

Client Name / Investor	e.g. Unilever	Base Currency of Account	GBP	% Transaction Costs Not Obtained	
Portfolio Issuer Name	e.g. Blackrock	Currency of Report	GBP	Are Investment Trusts Used Within This Strategy? (Y/N)	
Portfolio Name	e.g. UK Equity / UK Equity Fund	Average Value of Client Holding	1,250,000,000.00	Does the Manager Derive Benefit From the Investment Trust? (Y/N)	
Portfolio Identifying Data	e.g. VI / ISIN				
Report Period	Start: 01/04/17 End: 31/03/18				

2. PORTFOLIO INVESTMENT ACTIVITY / **3. PORTFOLIO TRANSACTION COSTS**

	Investment Vehicle	Client Portion	%	% Breakdown by Asset Type: Listed Equities	Debt Instruments	OTC Derivatives	Exchange Traded Derivatives	Cash Instruments (inc. FX)	Physical Assets	Private Markets	Other Instruments (Specify)	Pooled Investments
Start Asset Value	10,000,000,000.00	1,000,000,000.00		30%	30%	10%	5%	10%	10%	5%	0%	0%
End Asset Value	15,000,000,000.00	1,500,000,000.00		30%	30%	10%	5%	10%	10%	5%	0%	0%
Purchases	10,000,000.00	1,000,000.00		30%	30%				10%	5%	0%	0%
Sales	5,000,000.00	500,000.00		30%	30%				10%	5%	0%	0%
Investor Inflows	2,000,000.00	200,000.00										
Investor Outflows	500,000.00	50,000.00										
3. PORTFOLIO TRANSACTION COSTS	6,280,000.00	628,000.00	0.04%									
3.1. Explicit Costs	4,300,000.00	430,000.00	0.03%	30%	30%	10%	5%	10%	10%	5%	0%	0%
Transaction Taxes	1,000,000.00	100,000.00	0.01%	30%	30%	10%	5%	10%	10%	5%	0%	0%
Broker Commissions & Exchange Fees	1,000,000.00	100,000.00	0.01%	30%	30%	10%	5%	10%	10%	5%	0%	0%
Transaction Related Services	2,000,000.00	200,000.00	0.01%	30%	30%	10%	5%	10%	10%	5%	0%	0%
Other Explicit Charges (Specify)	300,000.00	30,000.00	0.00%	30%	30%	10%	5%	10%	10%	5%	0%	0%
3.2. Implicit Costs	1,000,000.00	100,000.00	0.01%	30%	30%	10%	5%	10%	10%	5%	0%	0%
3.3. Indirect Costs	1,000,000.00	100,000.00	0.01%	30%	30%	10%	5%	10%	10%	5%	0%	0%
3.4. *Less: Anti-Dilution Offset*	20,000.00	2,000.00	0.00%									

Description of Calculation Methodology:

	Investment Vehicle	Client Portion	%
4. ONGOING CHARGES	62,291,000.00	6,729,115.00	0.45%
4.1. Investment Management	33,000,000.00	3,300,000.00	0.22%
Manager's Fees Invoiced (incl. VAT)	27,000,000.00	2,700,000.00	0.18%
Fund Manager's Fees Paid Through NAV	-	-	0.00%
Investment Advisory Fees Paid Through NAV	-	-	0.00%
Less: Rebates	-	-	0.00%
Indirect Fees & Charges	6,000,000.00	600,000.00	0.04%
4.2. Administration	24,000,000.00	2,900,015.00	0.19%
Investment Administration	5,000,000.00	500,000.00	0.03%
Custody / Depositary Fees	4,000,000.00	400,000.00	0.03%
Payments for Research (RPA)	3,000,000.00	400,001.00	0.03%
Property Expenses	3,000,000.00	400,002.00	0.03%
Collateral Management Fees	3,000,000.00	400,003.00	0.03%
Facility Fees e.g. Prime Brokerage	3,000,000.00	400,004.00	0.03%
Other Charges (Specify)	3,000,000.00	400,005.00	0.03%
4.3. Governance, Regulation & Compliance	4,401,000.00	440,100.00	0.03%
Audit Costs	90,000.00	9,000.00	0.00%
Legal & Professional Fees	4,000,000.00	400,000.00	0.03%
Engagement & Voting Fees	70,000.00	7,000.00	0.00%
Performance Measurement	110,000.00	11,000.00	0.00%
Risk Monitoring	60,000.00	6,000.00	0.00%
Tax Advice & Structuring Costs	60,000.00	6,000.00	0.00%
Other Charges (Specify)	11,000.00	1,100.00	0.00%
4.4. Distribution, Comms & Client Service	890,000.00	89,000.00	0.01%
Distribution Costs	750,000.00	75,000.00	0.01%
Communication Material	100,000.00	10,000.00	0.00%
Other Charges (Specify)	40,000.00	4,000.00	0.00%
5. INCIDENTAL COSTS	4,050,000.00	405,000.00	0.03%
Performance Fee Applicable (Y/N)			
Performance Fees (Invoiced)	4,000,000.00	400,000.00	0.03%
Performance Fees (Paid Through Nav)	-	-	0.00%
Carried Interest	-	-	0.00%
Indirect Performance Related Charges	50,000.00	5,000.00	0.00%

Description of Performance/Accrual Methodology:

	Investment Vehicle	Client Portion	%
6. ONE-OFF COSTS	1,000,000.00	100,000.00	0.01%
Entry Costs	1,000,000.00	100,000.00	0.01%
Exit Costs			0.00%
7. ANCILLARY SERVICE CHARGES	1,550,000.00	155,000.00	0.01%
Custody / Depositary Costs	-	-	0.00%
Collateral Management Costs	300,000.00	30,000.00	0.00%
Transition Management Costs	500,000.00	50,000.00	0.00%
Other (Specify)	750,000.00	75,000.00	0.01%

Note: To be copied over from Ancillary Services Template

8. PERFORMANCE INFORMATION

GROSS RETURN (%)	10.0%
NET RETURN (%)	9.5%
CLIENT RETURN (%)	9.0%

Description of Performance Calculation/Methodology:

9. STOCK BORROWING / LENDING (to be completed Custodian or Manager as applicable)

Name of Agent		
Borrowing fees	6,000,000.00	
Value of Stock on Loan	50,000,000.00	
Gross Income	12,000,000.00	100%
Income Retained by Client	6,000,000.00	50%
Less: Income Shared (Custodian)	2,000,000.00	17%
Less: Income Shared (Asset Manager)	2,000,000.00	17%
Less: Income Shared (Agent)	2,000,000.00	17%

Space for Notes

Private Equity template

PRIVATE EQUITY - ACCOUNT LEVEL DATA TEMPLATE v.1.

1. ACCOUNT INFORMATION

Client Name/Investor	e.g. Unilever			
Portfolio Issuer Name	e.g. Partners Group			
Fund name	e.g. IDWG Fund I			
Portfolio Identifying Data	e.g. VI / ISIN			
Report Period	Start:	01/04/17	End:	31/03/18
Base Currency of Account	GBP			
Currency of Report	GBP			

2. PORTFOLIO INVESTMENT ACTIVITY

	Investor's Share*	Fund
Commitment	6,000,000.00	240,000,000.00
% Of Total Commitments To Fund	2.50%	100%
Start Asset Value	250,000,000.00	10,000,000,000.00
End Asset Value	375,000,000.00	15,000,000,000.00
Paid In Capital From Investors	250,000.00	10,000,000.00
Distibutions To Investors	125,000.00	5,000,000.00
3. PAID / DUE TO THE MANAGER	**175,594.00**	**7,023,760.00**
3.1. Management Fees	16,510.00	660,400.00
Gross Management Fee	18,750.00	750,000.00
Transaction And Other Fees Offset (See Below)	2,240.00	89,600.00
Other Rebates	-	-
3.2. Transaction & Other Fees Paid by Portfolio to Manager	2,800.00	112,000.00
Transaction Fees	1,450.00	58,000.00
Underwriting Fees	-	-
Monitoring Fees	850.00	34,000.00
Directors' Fees	500.00	20,000.00
Other Fees	-	-
% Offset 80%	2,240.00	89,600.00
3.3. Carried Interest (Charge For Period)	156,284.00	6,251,360.00
4. PAID TO THIRD PARTIES BY THE FUND	**3,709.00**	**148,360.00**
4.1. Fund Operating Expenses	3,709.00	148,360.00
Depositary Fees	156.00	6,240.00
Organisational / Fund Set Up Costs	870.00	34,800.00
Ongoing Legal Costs	268.00	10,720.00
Aborted Deal Due Diligence Costs / Broken Deal Fees	1,200.00	48,000.00
Administration Fee	213.00	8,520.00
Audit Fee	385.00	15,400.00
Tax Administration Costs	268.00	10,720.00
Bank / Facility Fees	150.00	6,000.00
Custody Fees	50.00	2,000.00
Interest Expense	134.00	5,360.00
Foreign Exchange Revaluation (Non-Investment)	15.00	600.00
Other Expenses	-	-
TOTAL FEES & EXPENSES FOR THE PERIOD	**179,303.00**	**7,172,120.00**

5. PERFORMANCE INFORMATION

GROSS RETURN (%)	20.0%
NET RETURN (%)	15.0%

Description Of Performance Calculation/Methodology:

6. CARRIED INTEREST ACCRUAL

Disclosure in Profit & Loss		
Carried Interest	156,284.00	6,251,360.00
Disclosure in Balance Sheet		
Accrued Carried Interest at Start of Period	5,513.00	220,520.00
Carried Interest Paid During Period	-	-
Carried Interest Charge for the Period	156,284.00	6,251,360.00
Accrued carried Interest at end of Period	161,797.00	6,471,880.00

Space for Notes

Physical Assets template

PHYSICAL ASSETS - ACCOUNT LEVEL DATA TEMPLATE v.1.0.

1. ACCOUNT INFORMATION				
Client Name/Investor	e.g. Unilever			
Portfolio Issuer Name	e.g. Partners Group			
Fund name	e.g. IDWG Fund I			
Portfolio Identifying Data	e.g. VI / ISIN			
Report Period	Start:	01/04/17	End:	31/03/18
Base Currency of Account	GBP			
Currency of Report	GBP			

2. PORTFOLIO INVESTMENT ACTIVITY	Direct	Indirect	Total
Commitment	6,000,000.00	240,000,000.00	246,000,000.00
% of Total Commitments to Fund	2.50%	100%	100%
Start Asset Value	250,000,000.00	10,000,000,000.00	10,250,000,000.00
End Asset Value	375,000,000.00	15,000,000,000.00	15,375,000,000.00
Average Asset Value	325,000,000.00	13,000,000,000.00	13,325,000,000.00
Purchases	250,000.00	10,000,000.00	10,250,000.00
Sales	125,000.00	5,000,000.00	5,125,000.00
Investor Inflows	20,000,000.00	2,000,000.00	22,000,000.00
Investor Outflows	-	500,000.00	500,000.00
3. PAID / DUE TO THE MANAGER	177,834.00	7,113,360.00	7,291,194.00
3.1. Management Fees	18,750.00	750,000.00	768,750.00
Gross management fee	18,750.00	750,000.00	768,750.00
Other rebates	-	-	-
3.2. Transaction & Other Fees Paid by Portfolio to Manager	2,800.00	112,000.00	114,800.00
Transaction fees	1,450.00	58,000.00	59,450.00
Underwriting fees	-	-	-
Monitoring fees	850.00	34,000.00	34,850.00
Directors' fees	500.00	20,000.00	20,500.00
Other fees	-	-	-
3.3. Carried Interest / Performance Fee (charge for period)	156,284.00	6,251,360.00	6,407,644.00
Performance Fee	156,284.00	6,251,360.00	6,407,644.00
Carried Interest			-
Indirect Performance Related Charges			-
3.4. Fund Operating Expenses	8,074.67	354,120.00	362,194.67
Depositary fees	156.00	6,240.00	6,396.00
Organisational / fund set-up costs	870.00	34,800.00	35,670.00
Ongoing legal costs	268.00	10,720.00	10,988.00
Aborted deal due diligence costs / Broken deal fees	543.33	21,733.33	22,276.67
Administration fee	599.33	23,973.33	24,572.67
Audit fee	655.33	26,213.33	26,868.67
Tax administration costs	711.33	28,453.33	29,164.67
Bank / facility fees	767.33	30,693.33	31,460.67
Custody fees	823.33	32,933.33	33,756.67
Interest expense	879.33	35,173.33	36,052.67
Interest income	935.33	37,413.33	38,348.67
Facility fee	213.00	39,653.33	39,866.33
Foreign exchange revaluation (non-investment)	385.00	15,400.00	15,785.00
Other expenses	268.00	10,720.00	10,988.00
4. PAID TO THIRD PARTIES BY THE FUND	16,460.67	578,946.67	595,407.33
4.1. Transaction Costs	4,850.67	194,026.67	198,877.33
Stamp duty	156.00	6,240.00	6,396.00
Broker commission	870.00	34,800.00	35,670.00
Legal fees	268.00	10,720.00	10,988.00
Surveys	543.33	21,733.33	22,276.67
Third party legal / tax advice	599.33	23,973.33	24,572.67
Transaction taxes	711.33	28,453.33	29,164.67
Payments for research	823.33	32,933.33	33,756.67
Other transaction costs (specify)	879.33	35,173.33	36,052.67
4.2. Fund Operating Expenses	11,610.00	384,920.00	396,530.00
Depositary fees	156.00	6,240.00	6,396.00
Organisational / fund set-up costs	870.00	34,800.00	35,670.00
Ongoing legal costs	268.00	10,720.00	10,988.00
Aborted deal due diligence costs / Broken deal fees	543.33	21,733.33	22,276.67
Administration fee	599.33	23,973.33	24,572.67
Audit fee	655.33	26,213.33	26,868.67
Tax administration costs	711.33	28,453.33	29,164.67
Bank / facility fees	767.33	30,693.33	31,460.67
Custody fees	823.33	32,933.33	33,756.67
Interest expense	879.33	35,173.33	36,052.67
Interest income	935.33	37,413.33	38,348.67
Facility fee	991.33	39,653.33	40,644.67
Foreign exchange revaluation (non-investment)	1,047.33	15,400.00	16,447.33
Valuation fees	1,047.33	15,400.00	16,447.33
Performance reporting fees	1,047.33	15,400.00	16,447.33
Other expenses	268.00	10,720.00	10,988.00
5. PROPERTY EXPENSES	3,672.00	146,880.00	150,552.00
5.1. Revenue Expenditure	3,360.00	134,400.00	137,760.00
Property management	156.00	6,240.00	6,396.00
Letting fees	870.00	34,800.00	35,670.00
Rent review & lease renewal fees	268.00	10,720.00	10,988.00
Legal /litigation	1,200.00	48,000.00	49,200.00
Void costs	213.00	8,520.00	8,733.00
Maintenance costs	385.00	15,400.00	15,785.00
Other costs	268.00	10,720.00	10,988.00
5.2. Capital Expenditure	312.00	12,480.00	12,792.00
Capital expenditure	156.00	6,240.00	6,396.00
Ground rent	156.00	6,240.00	6,396.00
TOTAL FEES & EXPENSES FOR THE PERIOD	197,966.67	7,692,306.67	7,890,273.33

6. PERFORMANCE FEE / CARRIED INTEREST ACCRUAL	323,594.00	12,943,760.00	13,267,354.00
Accrued carried interest at start of period	5,513.00	220,520.00	226,033.00
Carried interest paid during the period	-	-	-
Carried interest charge for the period	156,284.00	6,251,360.00	6,407,644.00
Accrued carried interest at end of period	161,797.00	6,471,880.00	6,633,677.00

7. PERFORMANCE INFORMATION	
GROSS RETURN (%)	9.0%
NET RETURN (%)	9.0%

Description of performance calculation/methodology:

Space for Notes

*** all figures are shown as the Investors' share of the relevant cost**

Ancillary Services template (Custody)

ANCILLARY SERVICES TEMPLATE v1.0.

1. ACCOUNT INFORMATION

Client Name/Investor	e.g. Unilever			
Portfolio Issuer Name	e.g. Partners Group			
Fund name	e.g. IDWG Fund I			
Portfolio Identifying Data	e.g. VI / ISIN			
Report Period	Start:	01/04/17	End:	31/03/18
Base Currency of Account	GBP			
Currency of Report	GBP			

7. ANCILLARY SERVICE COSTS (Incurred via Account)	7,550,000.00	755,000.00
Custody / Depositary Costs	-	-
Collateral Management Costs	300,000.00	30,000.00
Transition Management Costs	500,000.00	50,000.00
Stock Borrowing / Lending Costs	6,000,000.00	600,000.00
Other (Specify)	750,000.00	75,000.00

Space for Notes

Appendix 6: User template

USER LEVEL TEMPLATE v.1.0.

1. ACCOUNT INFORMATION			
Client Name / Investor	e.g. Unilever		
Portfolio Issuer Name	e.g. Blackrock		
Portfolio Name	e.g. UK Equity / UK Equity Fund		
Report Period	Start: 01/04/17	End: 31/03/18	
Currency of Report	GBP		
Average Value of Client Holding	10,000,000.00		
2. PORTFOLIO INVESTMENT ACTIVITY			
Start Asset Value		93,500,000.00	
End Asset Value		100,000,000.00	
Purchases		10,000,000.00	
Sales		5,000,000.00	
IMPLIED OVERALL INVESTMENT GAIN / PERFORMANCE (%)			**9.04%**
3. PORTFOLIO TRANSACTION COSTS		98,000.00	0.10%
GROSS RETURN (%)			**8.9%**
4. ONGOING CHARGES		490,000.00	0.49%
4.1. Investment Management		392,000.00	0.39%
4.2. Administration		49,000.00	0.05%
4.3. Governance, Regulation & Compliance		19,600.00	0.02%
4.4. Distribution, Comms & Client Service		294,000.00	0.29%
5. INCIDENTAL COSTS		686,000.00	0.69%
NET RETURN (%)			**7.8%**
6. ONE-OFF COSTS		29,400.00	0.03%
7. ANCILLARY SERVICE CHARGES		39,200.00	0.04%
CLIENT RETURN (%)			**7.0%**

Space for Notes

Tested User templates

All figures in the tables below are illustrative and were used for testing purposes as described in the main document on the user templates.

The Deduct Method

	Fund Description	AUM	
	Active FTSE All Share (UK) Equity Fund	£98,000,000	
		Amount	%
Implied overall investment gain/performance		**£8,859,200**	**9.04%**
Deduct	Portfolio Transaction Costs	£98,000	0.10%
Gross Return		**£8,761,200**	**8.94%**
Deduct	Ongoing Charges	£490,000	0.50%
	Ongoing Charges Breakdown		
	Investment Management Fees	£392,000	0.40%
	Administration	£49,000	0.05%
	Governance, Regulation & Compliance	£19,600	0.02%
	Distribution, Comms & Client Service	£29,400	0.03%
	Incidental Costs	£686,000	0.70%
Net Return		**£7,585,200**	**7.74%**
Deduct	Ancillary Service Costs (Incurred Via Account)	£196,000	0.20%
	One-Off Costs	£29,400	0.03%
	Administrative Fees	£39,200	0.04%
Client Return		**£7,320,600**	**7.47%**

The Add-back Method

	Fund Description	AUM	
	Active FTSE All Share (UK) Equity Fund	£98,000,000	
		Amount	%
Client Return		**£7,320,600**	**7.47%**
Add back	Ancillary Service Costs (Incurred Via Account)	£196,000	0.20%
	One-Off Costs	£29,400	0.03%
	Administrative Fees	£39,200	0.04%
Net Return		**£7,585,200**	**7.74%**
Add back	Ongoing Charges	£490,000	0.50%
	Ongoing Charges Breakdown		
	Investment Management Fees	£392,000	0.40%
	Administration	£49,000	0.05%
	Governance, Regulation & Compliance	£19,600	0.02%
	Distribution, Comms & Client Service	£29,400	0.03%
	Incidental Costs	£686,000	0.70%
Gross Return		**£8,271,200**	**8.94%**
Add back	Portfolio Transaction Costs	£98,000	0.10%
Implied overall investment gain/performance		**£8,859,200**	**9.04%**

Appendix 7: Evolution of the Recommendations

The points in this section represent issues where we had substantial debate, or where there were strong opposing views on the approach the IDWG should take on an issue. Discussion may have been finely balanced between two or more different positions or may just have been one individual with strong and logical arguments that, despite their persuasiveness, were overruled by the majority. We represent these points here to show how discussion on key issues evolved, and to act as guide in the future on how debate may evolve further.

More detail *versus* less detail

The level of detail to which the templates should aspire formed part of the initial and then ongoing areas of debate in the IDWG. The expectation was that listed or mainstream asset classes would be easier to deal with in this respect, but this proved not to be so. The main challenge was reaching a solution that suited the needs and abilities of so many differing stakeholders giving input to the Account template. And once the IDWG had reached an agreed solution, consolidating and actioning the feedback from a wide array of organisations willing to give input was complicated.

The Private Equity sub-group, starting with the brief of ‘more granular is better’, set off on the task of achieving a balanced solution. It did this with remarkably little conflict for two reasons: Private Equity firms in general were happy to oblige on the matter of detail, partly because the UK industry had responded to the ILPA consultation process and its template is detailed; and partly because stakeholders wanted to dispel the myth of secrecy around Private Equity. In addition, only having one set of stakeholders to deal with allowed for a more focused discussion. This is not to say the task was easy as the Private Equity sub-group contacted dozens of private equity firms and investors to request feedback on the template.

Proportionality

The above point segues into another related and contentious area, that of proportionality; or how some providers may be impacted by complex Recommendations more than others. At the outset, the belief was that small managers might struggle with data collection, whilst big managers with strong internal information systems would find it easier. However, what is apparent is that the issue is multi-dimensional as an ability or otherwise to complete the Recommendations will depend not only on size, but on complexity, strategy, asset class, operational complexity (and the existence of legacy systems) and many other factors.

The picture is therefore not clear and the IDWG recognises that every provider will find the imposition of detailed cost collection Recommendations more complicated and possibly costly than the current paradigm. But this is the price to pay for transparency, and the benefits to institutional investors are reflected in benefits to savers, the industry and providers alike. These benefits are discussed elsewhere in this document.

For the Private Equity template, the feedback received from some firms was that some of the costs items listed might be a small or immaterial number and are typically grouped with other costs. When firms are completing the template, they can apply an approach where immaterial amounts are grouped together provided the sum does not become a significant number that leads to further questions.

Tension between greater granularity and complexity *versus* simplicity and ease of collection in the Portfolio Transaction Costs and Ongoing Charges sections

The IDWG recognises that existing regulatory standards require only summary information by default, and to require greater granularity adds complexity and potential delay to adoption the templates. However, the IDWG opted for an intermediate level of granularity within section 4 of the main template (Ongoing Charges), which was where the debate around the level of granularity was mostly focused. The compromise position achieved was:

- Only the top level of detail would represent the minimum expected disclosure (4.1, 4.2, 4.3 and 4.4)
- More granular fields below these sub-totals would be optional at this time but are left within the template for the following reasons:
    - To guide providers on what items should be added to generate the sub-totals
    - To give a clear steer to institutional investors and their advisers on the more granular items that might be available on request
    - To allow those providers that are both willing and able to give the more granular data the opportunity to differentiate themselves
    - To demonstrate the expected direction of travel of the Recommendation (granularity) and allow providers to set their systems accordingly
- If a provider opts to only supply information at the top level of detail (4.1, 4.2, 4.3, 4.4) either it should complete the more granular fields with a ‘0’ or it should be left blank. If a ‘0’ is shown it means that a cost would normally be charged and presented but it was nil on this occasion. If the field is left blank then this should be accompanied by one of the following statements:
    - “n/a” - i.e. it is someone else’s cost, in the case of custody costs, for example
    - “we cannot submit data to this level at this time, but it may be found as part of subtotal X.x”
    - “we cannot calculate this figure at all”
- Though not necessary, it would probably be useful for the provider to give a full itemised list of additional services that fall within the management fee in the instance where an asset manager has opted of an ‘all-in’ or ‘near-all-in’ fee model.

The counterarguments to this stance of reduced granularity revolved around the need for full transparency at the ultimate level of granularity being the only way to ensure honesty, and that full transparency allows to proper negotiation on all services.

However, the IDWG felt that the utility of granularity on marginal items was low, and the effort of collection became increasingly high the more granular the data item. In addition, the IDWG felt that agility was important at this time. Therefore, producing Recommendations that would have wider adoption more quickly was more important than producing highly detailed Recommendations that would only have limited immediate adoption only by those systemically capable.

In addition, there was a similar debate about the degree to which transactional data should be segmented into asset classes: on the one hand it adds complexity to the process, whilst on the other, segmented transactional data is useful to understand the relative impact of transaction costs by asset class.

Structure of Ongoing Charges section

The structure of *Section 4: Ongoing Charges* was the subject of intense discussion, the principle issue being that the summary categories selected, whilst of strong interest to institutional investors, were orthogonal to the current data systems of some asset managers. This would result in a need for system reconfiguration to submit data in the structure proposed. Feedback from early testers also echoed such concerns and most frequently commented on the Ongoing Charges section (and also the transaction costs section) within the Main User template.

On balance, the IDWG stayed with the structure proposed because:

- The structure as iterated in the Account template was stabilised in January 2018, but was not raised as a significant issue until June 2018
- Several IDWG asset manager members stated that completing the fields as structured would not be an issue
- Most feedback from individual asset managers gathered throughout the process did not raise the structure as an issue
- Completion of the Account template is initially on a ‘best endeavours’ basis, and the minimum expected level of detail is only set at the highest level of category, i.e. 4.1, 4.2, 4.3 and 4.4

Threshold approach

One idea with which the IDWG experimented as a way of offering high granularity in the Recommendations, but only collecting the data that was relevant, was to set thresholds within fields. However, thresholds are harder to automate and would require, at least initially, more oversight and checking when templates are completed, and hence this approach was discarded in favour of the intermediate level of granularity approach discuss above.

Inclusion of some contextual information

Contextual data was included within the Account templates to facilitate the assessment of the appropriateness of the costs. However, there was some debate on whether it was needed at all or whether more contextual information would be necessary or useful. The templates are primarily for cost collection, and whilst it was recognised that additional data would be necessary to make a proper value assessment, it would also make the templates more complex and more challenging to complete.

On balance, some contextual data was felt to be beneficial as a starting point for making value assessments and sets costs in context. But the amount of such information to be collected to ensure the templates were still workable.

Feedback to the IDWG echoed the concern over contextual data, specifically about the asset class split, especially since regulation does not require this split. The IDWG agrees and understands that the definition of these asset classes is very important to both providers of data and users of the template. However, there is significant value added for the client by being able to see the split in some of the costs according to asset class. We have therefore focused on getting the asset class delineation correct, and the definitions robust.

Costs absorbed by a provider do not need to be iterated

One of the original statements of the IDWG when developing the Recommendations was that cost absorbed by providers do not need to be iterated in the template. Such costs effectively are charged to institutional clients through management fees. An opposing view was that such costs should be expressed as it allows clients insights into a provider's business and service provision model and quality. However, this latter point was rejected for two reasons:

- Capturing such costs in both the management fee and also as items expressed individually elsewhere might lead to double counting, which goes against one of the other fundamental principles of the Recommendations: 'no double counting'
- Expressing such costs that form part of an asset manager's business model might reveal possibly confidential operating information to wider, possibly public, scrutiny.

Investments in underlying funds

Pooled funds and fund of funds are complicated in both the mainstream/listed environment as well as in private equity. In a perfect world it is desirable to have the same 'Account template' detail from all funds within the pooled fund or fund of fund structure.

In practical terms, at the current time, this is extremely difficult and, in some cases, potentially impossible for three reasons:

- The number of funds and underlying funds in the 'waterfall' of ownership and sub-ownership can be considerable and the sheer volume of data that would need to be collected and aggregated is significant, most especially if that Account-level collection and aggregation process is wholly or partially manual
- Underlying funds may be held by managers other than the investing manager, and over which the investing manager may have limited control. In such cases and where funds have different accounting cycles, this may necessitate a degree of approximation in calculating costs.

- A more complicated version of the above scenario is if the underlying funds is managed by an offshore entity not subject to the purview of the UK asset manager and the regulatory and policy environment in which it operates.

The pragmatic decision was to waive, for the time being, the need to submit a full account template that looks through all underlying funds within a pooled fund and/or fund of fund structure. Instead, the Account template requests summary data to be presented in the ‘pooled fund’ column within the Account template. The costs and charges incurred by the underlying funds will also be reported in various categories in the Account template.

The exception is where the investing fund and the underlying funds are all operated by the same asset manager, in which case all data to the level of the Account template should be collected and submitted.

Once a solution for data collection is available with wide adoption there will be a contracting pool of underlying funds for which automated collection is not available. The IDWG recommends the process above be reviewed at the first reset point of the New-IDWG (Autumn 2019.). The review criteria should be the degree of automation of the collection mechanism.

Investment trusts

Investment Trusts are economically, from a trading and valuation perspective, most like a public equity. However, the fact that they are often managed by organisations which may also be providers creates some potential complexity from a cost transparency perspective. What is important is if investing in an Investment Trust also derives additional commercial benefits from the Investment Trust, for example as the appointed manager. Therefore, we included two questions for account providers to complete: “Do you use Investment Trusts” and “Do you derive benefit from the use of the Investment Trusts”. If the answer to these ‘yes’, then the institutional investor may choose to enquire further as to the nature of the value derived.

The situation should be reviewed at the first reset point of the New-IDWG in Autumn 2019.

Return and performance figures in the Account templates

The IDWG many comments about the inclusion of returns/performance figures from testers and stakeholders. These ranged from questions about which estimated net return calculation methodology should be used, whether the information was misleading as presented, to whether this information added any detail given that clients receive it through other channels and that the number received through other channels could be different to the one computed by the template

The IDWG started with a ‘should a cost template have any fund performance information in it’ approach but, on balance, decided that performance numbers should be included in Account templates for context. This also helps to avoid the situation where trustees focus only on cost instead of only on performance.

Given that they should be included for reference, the IDWG decided that it was too difficult to fully reconcile the position of the account on an income statement type basis (amount earned, amount deducted equals net return) because the asymmetric flow of funds, costs and returns requires day by day (or even hourly) accounting to explain flows. templates therefore include only an indicative measure of performance appropriate for the asset class (GIPS or IRR, as appropriate).

Finally, the IDWG decided that, in line with the LGPS template and the Draft IA Disclosure Code, Gross and Net Performance figures should be at the bottom of the Account template rather than embedded at points in the template between (potentially loosely) relevant cost sections. This was to minimise the confusion that might arise trying to use unconnected cost data to empirically move from the Gross Performance figure to the Net Performance figure.

The inclusion of performance figures was not consulted on by the Private Equity template sub-group as it was not believed to be in scope. Furthermore, there are a number of metrics that could be used including IRRs and MOICs. A note has been added to the Private Equity template to cross-refer to reports including performance metrics as more than one may be used.

Performance fees

The decision taken was that the simplest approach for mainstream/listed funds or managers was to report performance fees invoiced/paid through the NAV. These numbers are easy for asset managers to produce as they are the numbers routinely reported to clients already. This opinion prevailed, as the Account templates were already complicated enough but we present the counter-argument below so the New-IDWG may consider this in due course.

The counter-argument was for the reporting of performance fees earned during the reporting period to be reported either as an alternative or an addition. The main reason being that the performance fees invoiced/paid through NAV will correspond to services provided during a time period which may not be consistent with the Account template reporting period. This could make the quantum of performance fees confusing, if not misleading in certain circumstances.

This would be accompanied by an alternative definition of ‘performance fees earned during the reporting period’ as: [owed performance fees at the end of the template reporting period minus owed performance fees at the beginning of the template reporting period plus performance fees invoiced during the reporting period]. ‘Owed’ performance fees at any date (beginning and end of the Accounting template reporting period) are defined as ‘the performance fees that would be payable to the asset manager if the investment in the fund was redeemed as of that date and the redemption proceeds matched the fund value’.

This methodology raises a number of issues and concerns. To list a few, it is theoretical and based on estimates of realised values rather than actual ones, it may prove challenging for asset managers to provide (as their systems may not be set-up to do so), and it may differ from the accounting approach followed by the fund or the end investor.

The Account templates would then require performance fees to be reported in a hierarchy of capability and preference as follows:

1. Performance fees earned during the template reporting period (as defined above);
2. Performance fees invoiced/paid through NAV for management services provided during the template reporting period (which could be different from option 1 if, for instance, a smoothing mechanism applies in the performance fees calculation)
3. Performance fees invoiced/paid through NAV for management services provided during the most recent annual period (which would differ from option 2 if the template reporting and performance fee calculation period do not coincide)
4. Performance fees invoiced/paid through NAV during the template reporting period (which could differ from option 3, if for instance the invoice for the most recent performance period is issued after the end of reporting template period but before the template is produced)

Option 1 is the default. If it is not available, then option 2 would be used; if options 1 & 2 are not available, then option 3 is used. etc.

Some of the challenges mentioned above are relevant for the accrued carried interest amounts disclosed in the Private Equity template. The template sets out the line items that could be disclosed for carried interest and it is for the Private Equity firm to complete in line with the fund's accounting policy.

Compliance with Regulation

MiFID II requires all costs and charges, both direct and indirect, to be aggregated and provided to each client at least annually with an itemised breakdown being provided on request.

The aggregation must include all costs and associated charges:

- Charged by the firm.
- Charged by other parties where the client has been directed by the firm to such other parties.
- Arising within any products provided by the firm (indirect costs).

An illustration showing the cumulative effect of costs on return must also be provided showing the effect of the overall costs and charges on the return of the investment together with a description of the illustration.

Product regulations for funds (UCITS) and packaged retail investment and insurance-based products (PRIIPs) include a specification to breakdown product costs in a manner consistent with MiFID II.

The costs to be included correspond to the Account level template as follows:

Cost item	MiFID II specification	PS 17/20 specification	IDWG Main Account template
Transaction costs	All costs and charges related to transactions performed by the firm including any entry and exit charges related to any products provided on a discretionary basis. All indirect transaction costs incurred when buying or selling investments within the products provided.	Costs incurred as a result of buying selling, lending or borrowing investments, including indirect transaction costs. A further breakdown is specified and provided in the DCPT.	Section 3 provides further breakdown of this cost item. Breakdown is consistent with the PS 17/20 specification.
Ongoing charges	All ongoing costs and charges paid to the firm for the provision of an investment service. All indirect costs and charges (other than transaction costs) deducted from the value of any products provided. Includes securities lending costs.	All costs and charges (other than transaction costs) deducted from the members pot, including indirect charges. Property holding and maintenance costs are disclosed separately within the DCPT.	Section 4.1 corresponds to this cost item.
Ancillary services charges	Any costs and charges that are related to ancillary services not included above.		Sections 4.2, 4.3, 4.4 corresponds to this cost item and provides a further breakdown according to the services provided. Some of these items may alternatively be shown in section 7.
Incidental costs	Performance fees		Section 5 corresponds to this cost item.
One-off charges	All costs and charges paid to the firm at the beginning or at the end of the provision of services.		Section 6 corresponds to this cost item.
			Section 8 details stock lending and borrowing costs in order that they can be combined with ongoing costs for MiFID II or with transaction costs for PS 17/20.

Average Asset Value not included

The recommended data collection process arrives at monetary amounts (in base currency of the fund) for various cost categories during the reporting period, which are then used to populate the Account template. For pooled funds, these amounts will then have to be apportioned to individual clients. At this stage, for practical purposes, we have accepted the apportionment can be based on the value of each client's investments relative to the value of the fund at the end of the reporting period.

However, we acknowledge that using "end values" may not be a fair way of apportioning costs and that using "average values" during the reporting period (using daily observations) would be more appropriate. We expect those fund managers who can calculate average values with relative ease to use them from the start and those currently unable should strive to do so at the earliest opportunity.
A more convenient approach for a fund manager could be to calculate the costs incurred within the pooled fund and state these as a percentage of the "average value" of the fund. These percentages can then be applied to the "average value" of any client's holding. Again, daily observations should be used in the calculation of average values.

Exposure, Purchases and Sales for OTC and Exchange Traded Derivatives not included

Contextual data showing exposure was not included in the Account template, despite the opinion of some members that it was an essential metric. The non-inclusion was mainly because there can be several definitions of exposure, which may also vary across different types of derivatives. Purchases and sales were also left out, in part for the same reason but also because they can be misleading in certain circumstances; for instance, when FX Forwards are rolled. Exposure numbers are routinely provided in other reports to clients by asset managers, and the cost collection framework would be too unwieldy if too much contextual data was included.

Private Equity, Physical Assets and Ancillary Services (Custody) were split out to separate tabs for the following reasons

Both Private Equity and Physical Assets had separate templates built for them, as both needed additional and/or more granular data fields, beyond the ones already described in the Account Template. These would have made the Main Template confusing or unwieldy. Also, a number of the fields on the Main Account Template were not relevant. The illiquid nature of these asset classes also makes reporting costs as a percentage of NAV impractical as there is not a suitable denominator to use.

Data collected from asset managers has to be separated from that of custodians such that custodians will not see asset manager-confidential information on the main template. This point was expressed several times in feedback.

In either case, supplementary templates will feed the Account template at a summary level

Private Equity

In determining the expenses, fees and charges to disclose, the Private Equity sub-group reviewed existing guidance issued by the Institutional Limited Partners Association ("ILPA"), Invest Europe (formerly known as the EVCA) and the Swiss Private Equity & Corporate Finance Association ("SECA"). The sub-group also took soundings from investors ("users") of the data, who requested that information be reconcilable to other financial data (e.g. profit and loss account or income statement of the fund) already provided, to increase understanding and promote transparency.

While Invest Europe and SECA provided guidance, the IDWG requested a template be produced (note that guidance was also the BVCA's initial recommendation). It was felt that the ILPA template used US terminology which makes it difficult to adopt in the UK market. In addition, it included capital account information and other data that were outside the scope of the Private Equity template.

However, many market participants have adopted the ILPA fee template since its issuance in January 2016 and the sub-group felt it was important that Private Equity managers should be able to continue to use it as they have configured their systems for it. Therefore, managers will be able to provide the breakdown of their expenses and fees by using either the ILPA template or the UK Private Equity template. It also acknowledged that many Private Equity managers already provide greater transparency to their investors either on a bilateral basis or through enhanced fund level reporting.

Given the overall remit of the IDWG to introduce a template (including one for UK PE) for disclosure of expenses, fees and charges, the sub-group focused on those items identified by ILPA and Invest Europe as expenses, fees and charges in the profit and loss/income statement of the fund and those that might be charged directly to the portfolio company. Any amounts offset from the management fee should also be disclosed. It also took note of the various treatments of carried interest, as either an expense or an allocation of profit in the fund financial statements.

As discussions progressed around the Main Account Template, the IDWG requested that additional capital information, including performance data also be reported. Despite the Private Equity sub-committee desire to focus on expenses, fees and charges given that capital and performance data is routinely made available investors via capital account statements, it was agreed to disclose such information again in the template or provide the report where such information is provided to facilitate easier comparisons with public markets. It should be noted that this discussion was held after the consultation period with the Private Equity sub-group when the template the sub-group was using was formatted to follow the Main Account Template.

The various Private Equity industry templates (e.g. ILPA) treat (i) interest expense (ii) interest income and (iii) FX revaluation as expense items. However, there is a view that these are return items and should be excluded from the cost calculations. Interest expense is a negative return (effectively offset against the return earned by the asset funded by the borrowing – consistent with other asset classes funded by borrowing), interest income is a positive return (consistent with interest earned in other asset classes) and FX revaluation might be either a positive or negative return depending on the direction of movement.

Other topics discussed by the sub-group but where no conclusions were reached:

- Fund of funds: the sub-group acknowledged the difficulty that fund of funds managers would experience, as they would be dependent on the receipt of information from other investment managers. It recommended that in the first instance that costs incurred at the level of the fund itself should be included in the template. Please also refer to the earlier discussion in this section.

- Direct investments: The Private Equity template does not cover the types of costs that might be incurred if an investor co-invests or invests directly into an unlisted company. It only relates to the costs an investor incurs when investing into a private equity fund. There was a discussion on whether the Template could be extended to include these direct investments and it was concluded that it was outside of the scope of this work given the nature of the investment made by the investor and that fact that structures and hence costs will be company/deal-specific.

Add-back *versus* take away approach of presentation in the User template

The process for the development of the User template was detailed and involved user-testing different disclosure approaches. The resultant User template has been empirically validated and takes account of both testing and feedback.

The IDWG decided that broad cost categories such as portfolio transaction costs, investment management costs, governance, regulation, and compliance costs were the right level of granularity for end users. However, there was a debate as to whether costs should be added back from a net number to arrive at a gross performance figure, or whether they should be deducted from a gross performance figure to arrive at a net performance figure.

In conjunction with Aon, the LGPS and the PLSA, the IDWG tested whether trustees preferred the ordering of add-back or deduct and whether the order of the data impacted the error-rate in making decisions based solely on costs and fees.

In Appendix 6, there are two versions of the User template, one that is deduct and the other that is add-back. Both have the same illustrative numbers. For testing, there we two additional illustrative fund disclosures, to analyse whether trustees could select the 'best' fund on a net-of-fees basis. Trustees were therefore presented with data for two funds using either the deduct method or the add-back method and asked to pick the best fund net-of-fees. After this, they were shown the other approach and asked to comment.

The headline results of the testing are as follows:

- 50+ trustees consulted and participated in testing
- Majority preferred deduct method to add-back
- Higher-error rate where the add-back method was presented
- Categorisations are useful, but definitions and clarity are needed
- There needs to be more information than this for value assessment to be made
- There will need to be a programme of trustee education to get to grips with this.

In response to the results generated and the written feedback, we have therefore opted for the deduct method as this was preferred and resulted in a lower error-rate in selecting funds based solely on costs and fees.

Additional cost items not included in the templates (non-exhaustive list)

The scope of the IDWG was to establish templates for cost collection from the perspective of an institutional investor. In the main, this meant describing a MiFID II-compliant framework with more detail to allow better decision making, with the inclusion of some contextual data. In addition, templates for non-MiFID II fund structures and asset types were added – costs of holding cash, Private Equity and Physical Assets, in the main.

However, there are some cost items that are not included because they did not fall within the remit of the IDWG because they are not relevant to institutional investors. These include:

- (Scheme) Administration costs
- Platform costs
- Other layers of cost that might be ‘upstream’ from the institutional investor
- Specific dilution adjustment cost incurred by a client invested in a pooled fund

Appendix 8: Proposed detailed 'Ancillary Services' template (untested)

ANCILLARY SERVICE COSTS

1. ACCOUNT INFORMATION				
Client Name/Investor	e.g. XXX			
Portfolio Issuer Name	e.g. XXXXX			
Fund name	e.g. IDWG Fund I			
Portfolio Identifying Data	e.g. VI / ISIN			
Report Period	Start:	01/04/17	End:	31/03/18
Base Currency of Account	GBP			
Currency of Report	GBP			

2. PORTFOLIO INVESTMENT ACTIVITY	
	Investor's Share*
Start Asset Value	
End Asset Value	
Average Asset Value	
Investor Inflows	20,000,000.00
Investor Outflows	-
3. Safekeeping (including funds)	**#REF!**
Account Opening Services	18,750.00
Class Actions	18,751.00
COAC Monitoring	18,752.00
Income Collection	18,753.00
Proxy Voting	18,754.00
Tax Reclaim	18,755.00
Other	18,756.00
4. Settlement	**#REF!**
Transfer Agency	18,756.00
Other	18,756.00
5. Asset Administration & Reporting	**#REF!**
Custody Reporting	18,756.00
Fund Accounting & Admin	18,756.00
Performance Reporting	18,756.00
Compliance Reporting	18,756.00
ESG Reporting	18,756.00
Regulatory Reporting	18,756.00
Risk Reporting	18,756.00
Other fees	18,756.00
6. Asset Administration & Reporting	**#REF!**
Security Lending & Borrowing	18,756.00
Order Execution	18,756.00
FX	18,756.00
Collateral Management	18,756.00
Liquidity Management	18,756.00
Transition Management Costs	18,756.00
Other (please specify)	18,756.00

PERFORMANCE FEE / CARRIED INTEREST ACCRUAL	
Accrued carried interest at start of period	5,513.00
Carried interest paid during the period	-
Carried interest charge for the period	156,284.00
Accrued carried interest at end of period	161,797.00
NET RETURN (%)	9.0%
NET IRR (%)	
NET RETURN (%)	9.0%

Space for Notes