DELMORE ASSET MANAGEMENT COSTS & CHARGES POLICY 2018

Costs & Charges are to be declared on an ex Ante and ex Post basis.

For new clients, data will not be available from their own portfolio, therefore estimated costs may legitimately be used, based on the type and construct of the elected portfolio service.

For existing clients, data must be based on costs and charges actually incurred.

After one year, and every year thereafter this process should be repeated as in the case of once new clients, once their portfolios have existed for one year. Their costs and charges report will then be based on actually incurred costs.

For inclusion:

- All explicit and implicit costs. Incidental, one-off and other miscellaneous charges must also be included.

Types of explicit charge:

- Management Fees, Commissions, Venue costs, Custodian charges, taxes, transfer fees and any exchange levy

Types of implicit charge:

- Bid-offer spread

The objective here is clarity; the client should be left in no doubt as to the effect of all these costs on the performance of the portfolio.

The best way to demonstrate the erosive effect is by illustration, once the data is known. The regulation suggests that anticipated market "peaks and troughs" should also be included, but this is highly subjective and detracts from the main purpose of illustrating the effect of costs and charges. The exception to this *could be* presenting a year (backward looking) during which a marked sell-off took place. Equally, if the year contains a spectacular rise in prices, this too, *could* be included.

PROCESS

The illustration and report must be assembled on a *personalised basis*, using data *uniquely from the client's account*.

Data will be derived from all transactions carried out on that account. For Offshore accounts, there will be additional commissions (and possibly taxes) to account for. Custodian and Management charges should be simple to ascertain. A check should also be made for any rebates over the period in question (a fee "holiday", for example by special arrangement with the client). Equally, transfer fees are sometimes easily missed.

Remember that nearly all costs and charges will be on an ex post basis (except new clients)

DATA ASSEMBLY

The ensuing data should be broken down and itemised, so it is clear by % what precisely has been incurred and in what manner. *Only after* this process of itemisation is complete may they be *aggregated as a single figure*, for the purposes *of illustration.*

DATA ILLUSTRATION

The most effective manner of illustration is to take the starting value of the client's portfolio, add the total return (excluding costs and charges). Below the total return for the year, place the aggregated Costs and Charges and subtract this from the total return.

Example:

Portfolio value 1-1-2017	£ 250,000
Annual return (say 5%, or GBP 12,500)	£ 262,500
Minus Costs & Charges (say 2.65% or £ 6,957)	£ 255,543

This can be illustrated on a very simple linear graphic or bar chart.

PUBLICATION

The start date for MiFID II Regulation is 03-01-2018 therefore the first data review period for Costs & Charges will be from 03-01-18 until 31-12-18. This means that the first Costs & Charges *report to existing individual clients* will be published at the beginning of 2019. Per the regulation, given quarterly valuations are now mandatory, the *option* remains to carry this out quarterly as well; whether adopted or not, this means that the first actual Costs & Charges reports will be published at the end of the first quarter of 2019.

Reporting of costs and charges will be on an aggregated basis. Should a client wish to see a full breakdown, itemised as to all costs and charges individually, they may ask for it, and this will be provided.