

Cost and charges (as part of Consumer Duty)
Charteris Treasury Portfolio Managers Ltd

Version	1
Date	31/07/2025
Status	Official
Review date	July 2026



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Purpose

The purpose of this document is to evidence both regulatory and legal requirements that the firm has a value of assessment document. Fund Managers in the UK are required by the FCA to undertake an annual assessment of their funds in terms of how they represent 'value for money'. The new Consumer Duty obliges all firms to look at the 'value for money' that firms generate for their clients because of the products and services that they offer.

It is important that our clients know and understand what they pay for the services that they receive.

The aim of this document is to ensure that we explain all costs in a clear and transparent manner and that we are delivering value for money for the services we provide.

Cost is only one part of the service that we deliver to our clients and should always be looked at along with the additional aspects to our service to determine the value for money we believe our clients receive at Charteris Treasury Portfolio Managers ('CTPM').

This document will only focus on costs and charges. It covers those aspects that are relevant to all three bespoke discretionary services below and thereafter provides the specific costs and charges per service.

Cost and Charges

As a discretionary manager, we will manage our client's money by investing in securities and funds, usually within a taxable or 'general account' or within an investment wrapper such as an ISA, SIPP or Offshore / Onshore Bond. This document focuses on the costs and charges associated with our Bespoke Discretionary service.

All parts of the chain have costs associated with them and our role is to ensure we minimise the costs paid to ensure the right outcome for our clients.

Executive Summary

There are several key costs that are involved in running a portfolio. It is important to take them into account when looking at the returns that need to be generated to ensure our clients receive their desired outcomes. This document looks at the impact of fees and charges on the returns of a portfolio over time and an explanation of those charges. It is not marketing material. This information is required by law and our clients are advised to read it so they can make an informed decision about whether to invest into our services.

Fees and Charges

This is an example of the impact of costs and charges on the expected portfolio returns whilst our clients are a CTPM client and is analysed on annual ongoing basis:

The appendix includes analysis on the impact of fees for each of our Bespoke portfolio services.

Fees and Charges example

On an annual basis, a cost and charges document will be produced and the client will be able to view the impact of all fees and charges on their portfolio during the year. The client will also receive quarterly valuations over the year (both in the post or by e-mail) and posted on to their client online user area which will show all the relevant fees and charges for that reporting period.

All portfolio returns will continue to be shown after fees and charges.

Overview of the costs of a typical investment mandate

The below highlights all the costs that the client may be subject to:

- CTPM's Fees
- Underlying External Fund and Security Costs
- Transaction Costs i.e., for Dealing transactions
- Wrapper Costs (ISA, SIPP, Bond etc)
- Platform Costs if administered on an external platform

Specific Costs Description

Description of cost	Who bears the cost?	Example	How is cost expressed and deducted?
CTPM's Fees	Client	Management Fees, Dealing charge where applicable.	Management Fees are typically charged as a percentage of a client's assets under management and deducted quarterly. Dealing commission is also charged on transactions.
Underlying Fund and Security Costs	Client	Annual fund charges, operating and administration costs. Where the client invests in an External Fund	The fund manager assumes all the costs of managing the fund. Clients receive the net performance of the fund. Funds publish their costs and charges on an ongoing basis and this forms part of due diligence when assessing the cost of the investment to achieve the desired returns. See Value Assessment for the Charteris Funds.
Transaction Costs	Client	Dealing charge.	Deducted as part of the transaction and included in the Contract Note issued to the client.
Wrapper Costs (ISA, SIPP, Bond etc)	Client	SIPP and Offshore bond fees charged by the provider. CTPM is an ISA manager. There is no special administration charge for ISA.	Same as an ordinary DFM Portfolio.
Platform Costs if managed on third party platform	Client	Either James Brearley or Interactive Brokers – see next page on specimen charges.	James Brearley flat fee £150.00 per annum

External Funds costs – An Explanation

There are several types of costs that an external Fund will be incurred.

Explicit Costs

Actual costs that are deducted from the fund returns when calculating Net Asset Value of the Fund.

- **AMC**
- **Dealing transaction costs**
- **ACD (Authorised Corporate Director) – Fund Administrator**
- **Audit costs**
- **Share Register costs**
- **Custody & Depository costs**

Implicit Costs

- **Bid/Offer spread on dealing:** Transaction either in a DFM Portfolio or in an External Fund. These can be very high for illiquid assets such as Corporate Bonds or Micro Cap Equities. CTPM invest almost exclusively in Highly Liquid assets, so any such costs are kept to a minimum. Furthermore, we do not invest in funds that in turn invest in illiquid assets.

Anti-Dilution Costs

Only applies to those clients who invest in External Funds. There is no dilution cost on Direct Equity Investments.

Specimen Charges

As all clients are Bespoke, the charges differ from client to client. However, this is a specimen example of an average client.

Client A with £1 million DFM

	Custody James Brearley	Custody Interactive Brokers
AMC	1.25% or £12,500.00	1.25% or £12,500.00
Platform Fee	0.0 bps	0.00 bps
Additional Platform Fee	£150 per annum	Zero
Dealing fees (approx.) (e.g. 2 transactions per annum)	£1,000.00	£1,000.00
Setup Fee	Zero	Zero
Performance Fee	Zero	Zero
External Funds – extra cost (minimum 1 exposure as mainly Direct Holdings)	0.2% £2,000.00	0.2% £2,000.00
TOTAL	£15,650.00	£15,500.00
VAT (UK client only)	£3,130.00	£0.00
TOTAL including VAT	£18,780.00	£15,500.00
All in cost (approximately)	1.87%	1.55%

Note: Interactive Brokers is mainly used for overseas clients (hence no VAT). This may not however be suitable for other accounts. James Brearley offers a much more client friendly dealing transaction system, unlike other platforms, where CTPM is in control of the Dealing transaction in real time. This is a major advantage that cannot be understated.

Frequently asked questions about costs and charges:

How do your charges differ from your competitors?

We implement a predominantly Direct Equity approach and keep Fund of Fund exposure to minimum. This avoids the Double Charging associated with Fund of Fund investing and the benefits of which we pass on to the client.

Do you run an Actively Managed or Buy & Hold Strategy?

Buy & Hold as it keeps the dealing costs down to a minimum. We do not churn portfolios.

Do you use tracker ETFs?

Sometimes (e.g. for a Specialist Market), but these Funds still have costs that are not incurred if we invest in Equities Directly.

Do you use Model Portfolios?

No. All our portfolios are Bespoke to the individual client. The feedback we have from clients are that they overwhelmingly prefer a Bespoke to a Model Portfolio.

Do you have a minimum size?

Not really. Most of our competitors do but we try to look after clients that cannot obtain this type of service elsewhere.

Do you charge initial commission or setup cost?

No

Do you charge Performance Fees?

No

Performance

Over the last few years, it seems apparently that there have been considerable losses suffered by investors at other firms especially during 2022 and 2023. This saw negative volatility in both the global Bond markets and in the US Tech sector.

CTPM clients have come through this very difficult period virtually unscathed. As an example, the Charteris Strategic Bond Fund was the only a UK Gilt fund to show a positive return in 2022 with the average Gilt fund down about 25%. Some Gilt ETFs were down 40%. This level of performance was recognised in 2024 when the firm's CEO was awarded "*Best Manager: Bonds – Sterling Strategic Bond*" by Citywire Wealth Manager. These daily dealing and daily valued funds are our window on the world to show anyone and everyone how well our portfolios have fared. The firm is also able to display real time performance across global equities as well as important commodities such as Gold. These products are independently verified and reviewed by external rating agencies constantly. The Gold & Precious Metals product has received particular attention given the rise in the precious metal across 2024 and 2025.

Conclusion

CTPM is highly competitive relative to other small bespoke DFMs (and IFAs offering a DFM service). Our main competitive edge stems from our 'Direct Equity' style rather than a 'Fund of Fund' approach.

A Fund of Fund approach adds massively to the Cost Paid by the client but we seem to be one of the very few managers of our size to offer a Direct Equity approach.

As we run 3 OIECs (Funds) ourselves we have to pursue a Direct Equity approach for the Funds so this is why we can offer this Direct Equity approach to our private clients as well whilst our competitors of similar size seem to find this difficult and seem to prefer a Fund of Fund approach despite the fact that this is much more expensive for the client.

Risk Warnings

The information contained in the document is provided for information purposes only. Past performance is not a guide to future performance. The value of our client's investment can fall as well as rise and they may not get back the amount invested. Different investments have varying levels of and exposure to risk.

This notice cannot disclose all the risks associated with investments and investment services. Our clients should not invest in or deal in any financial product unless they understand its nature and the extent of their exposure and risks associated with it. The investment services discussed or offered by us may not be suitable for all investors.

Whilst we believe the information within the document to be correct, we cannot assume liability for any errors or omissions, except insofar as liability cannot be excluded.

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