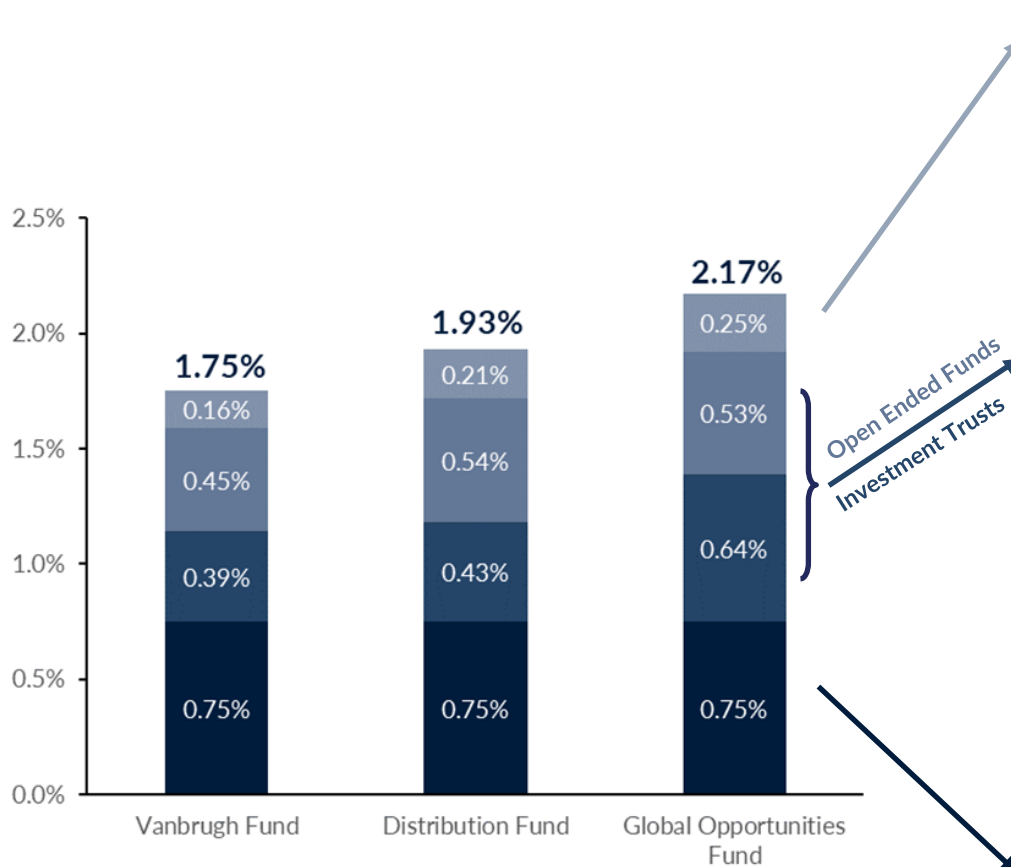


# HAWKSMOOR FUNDS - EXPLAINING THE ONGOING CHARGES FIGURE

What are the costs included in the Hawksmoor Funds, and how do each of these costs benefit the investor?



Source: Internal, 31/10/2023.

## Administration Costs

These are the costs incurred in running the Fund and are levied by our independent Authorised Corporate Director (ACD) Apex FundRock, who are responsible for providing additional oversight on the Funds and ensure they are run both according to their mandates and certain rules (e.g. the Funds are "UCITS" funds, which provides investors with certain protections). They are also responsible for providing valuation services and liaising with our custodian Northern Trust, whose own charges are included in the administration costs.

## Synthetic Costs

These are the charges levied by the funds we choose to invest in. As Fund-of-funds managers, we make investment decisions to use funds rather than invest directly into securities such as shares and bonds, which would not incur a "synthetic cost". When making these decisions we do so taking into account the extra fees that are incurred. We use best-in-class active managers to access equity and bonds markets primarily using open-ended funds. We believe these managers can achieve far better post-charge returns in their areas of expertise than we could. We are able to access less liquid asset classes using investment companies (trusts). Under current MiFID rules, we are required to aggregate the synthetic "costs" of investing in investment companies (in the same way we do for open-ended fund costs). This is despite the fact that investment companies are listed entities, and there are no costs that are taken from the share price. Moreover, IA guidelines permit the omission of these costs from our UCITS KIID. Hawksmoor are at the centre of a campaign to rectify what we see as misleading MiFID disclosures, which wrongly inflates the OCFs of our Funds.

## Annual Management Charge (AMC)

This is the fee that Hawksmoor charges for managing the Funds. Our Funds are capacity constrained to ensure the investment process is protected and our performance is not adversely affected by the amount of money we run. In turn, this caps the fees we can earn. We have 4 dedicated fund managers using one disciplined investment process. Any external research costs are paid for by Hawksmoor, and we conduct the bulk of the research ourselves.

## Other costs not included in the OCF:

**Transactions charges:** these are charges the fund manager incurs in making changes to the portfolio. They are predominantly made up of dealing commissions we pay to brokers when we trade in investment trusts, which are listed instruments.

**Incidental costs:** there are no incidental costs, such as performance fees levied on our investors.

Each day, the net asset values (NAV) of the Funds are calculated by Apex Fundrock and include all of the costs levied on the Funds' investors. When we present the performance of our Funds we do so net of all these charges using the daily NAV provided by Apex Fundrock.

Apex FundRock are responsible for producing an annual Assessment of Value report, which can be found on their [website](#), by selecting the relevant Fund. In addition, we take our duty to the consumer extremely seriously, and we would like to refer you to an [accompanying document](#) which explains why we think our Funds offer value to the consumer.



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