McInroy & Wood Portfolios

McInroy & Wood Funds
Assessment of Value – as at 28th February 2021

INTRODUCTION

The McInroy & Wood funds were originally established to provide an alternative format for the firm's private clients to access its discretionary investment management services on an economic basis. The same investment approach and principles which are employed in managing the MW funds are also employed for discrete segregated private client portfolios.

Professionals, charities and individuals to whom McInroy & Wood's investment approach appeals, but who do not require a discretionary management service, can invest directly in the MW funds while still receiving a very high quality level of service. The MW funds can be held in ISAs and junior ISAs, as well as in personal pension schemes.

An annual assessment of value is required by COLL 6.6.20 of the FCA's (McInroy & Wood's regulator) Handbook to consider whether the payments out of each fund's scheme property are justified in the context of delivering overall value to unitholders. The FCA requires McInroy & Wood to consider seven key areas, as noted below, when undertaking this Assessment of Value.

The Authorised Fund Manager (the "Manager"), McInroy & Wood Portfolios Limited ("MWPL") has carried out this assessment in consultation with its parent company and Investment Adviser to the funds, McInroy & Wood Limited ("MWL"). The Manager has allocated responsibility for ensuring compliance with these regulations to Simon Fraser, its independent non-executive Chairman.

CONSIDERATION & FINDINGS

The Manager has considered data and other information available throughout the year as well as information prepared specifically in connection with this assessment.

1) Quality of service

The Manager has assessed the quality of both the services it provides directly, and services where it has been responsible for appointing third parties, including transfer agency, custody and depositary services, fund pricing and accounting and audit.

Quality of service is one of the Manager's key differentiators. Investors have access to both a dedicated investment team and to a dedicated administrative team.

a) Administrative communications and investor interaction

MWL directly employs the staff who are responsible for managing communications with individual retail investors, and it does not outsource this activity to others. Their activities include communicating by telephone calls and correspondence with investors, in addition to oversight of the production of written investor communications and providing help in rectifying any issues. Our team also applies rigorous oversight to the work done by third parties. We aim to identify any errors made by them, so that these can be rectified before they reach the investor. Investors are provided with an individual employee name with whom they can speak or correspond in the event of any issues. This approach results in a highly personalised service to all unitholders, resulting in a better overall investor experience.

Queries are normally dealt with the day they are received.

The investment which the Manager has made in administrative staff, key suppliers and systems has contributed to a very low level of complaints. It has also resulted in highly resilient systems that have supported investors throughout the coronavirus crisis, without any systems outages.

An online investor service was implemented in March 2021 for those investors who prefer to invest online. Our service is available to investors in the form in which they wish to take it.

b) Access to the fund managers and investment process

MWL's investment managers, who are responsible for the investment management of the funds, are available to talk directly with investors. They can answer any investment questions relating to the funds' objectives, their investment strategy and how they are being managed. This level of access is unusual for retail investors, and is a service which can add greatly to investors' understanding of the funds in which they invest. This approach is, we believe, partially responsible for the very low level of complaints received by the Manager.

The Manager has oversight of the Investment Adviser's investment process, which it considers to be robust and disciplined. The investment process has delivered the performance to investors necessary to meet each fund's objectives as detailed in section 2), while limiting risk to acceptable levels. The investment team is highly qualified and experienced, consisting of CFA® Charterholders, Chartered Accountants and holders of the MCSI with an average investment career spanning more than 20 years.

c) Benefits from being a subsidiary of a discretionary private client manager

MWL, in its capacity as an independent private client discretionary investment management firm, significantly assists the Manager in understanding the needs of fund investors and the services which they require. The same level of attention to detail that is provided to private clients is also applied for the benefit of investors in the funds.

d) Genuinely putting investors' best interests first

The Manager was amongst the first to proactively move investors from what was a more expensive 'Legacy' unit class to the less expensive 'Personal' unit class, years in advance of the regulatory requirement to do so. Taking such action was detrimental to the firm's revenue in the short term, as it resulted in investors paying a lower level of fees. This example typified the firm's approach of putting investors' needs first. The firm is also completely transparent about its fees. Although not a regulatory requirement, the Manager includes the underlying cost of the gold funds (which are structured as debt securities) in which it invests on behalf of investors within its ongoing charges figure (OCF). This may put the fund at a disadvantage when comparing its fees to many others, but it is right that investors should understand the true cost of their investment within the funds.

e) Fund provision based upon need rather than producing products to be marketed

The Manager has never designed funds as products to be marketed. It provides a limited range of funds primarily based upon the needs of its associate's private clients. While these funds have broad appeal to a wide variety of investors, the firm must ensure that it is providing a high level of service and value across all of the funds which it manages. The funds are all considered to be important to the firm on an ongoing basis as it is not launching a stream of new products supported by intensive marketing activity. The firm does not actively market its existing funds, but relies on its reputation and word of mouth for new business. It is therefore incumbent upon the firm to ensure that existing investors are properly looked after, and that in itself leads to a high level of service.

f) The MWPL Board actively reviews the service provided to unitholders on a quarterly basis.

Conclusion:

The quality of service provided by the firm is high.

Actions Proposed:

The Manager regularly reviews the activities and costs of any third parties (such as auditors, trustee and transfer agency services) with which it engages to ensure that investors are still receiving value for money. The Manager will work to continue to improve its level of service to meet the needs of investors.

The Investment Adviser will make further webinar presentations to fund investors to give them more opportunities to engage with the Manager and Investment Adviser.

2) Performance

The Investment Adviser's rigorous investment approach aims to identify and hold equity investments for the long-term. The average holding period of equities in the Balanced Fund is 10 years, Income Fund and Smaller Companies Fund is 8 years, while it is around 7 years in the Emerging Markets Fund and HTT Fund. Equity investment emphasises financially strong and profitable companies that should stand the test of time. Other assets such as bonds, gold funds and cash may be held, where relevant to each fund, and are designed to protect investors when equity markets are weak. The Manager has considered, when reviewing the performance of the funds, the risks that have been taken in achieving returns.

McInroy & Wood's investment approach aims to achieve for investors the best total return consistent with limiting risk through asset diversification (holding a mix of equities, bonds, gold and cash) in the Balanced Fund and Income Fund and security diversification across all funds. The risk of loss posed by individual securities is also carefully considered. The assessment of risk is fundamental to the Investment Adviser's investment work. Accordingly, the Investment Adviser believes that its efforts cannot simply be judged by a pure comparison with any benchmark without considering what risks it has been prepared to accept. McInroy & Wood states clearly that it has an overriding aim to limit the risk of loss consistent with investors' objectives. The Investment Adviser believes that it is misleading to suggest that, because the price of a security might historically be less volatile than another that, in future, in the context of a 3-5 year horizon and a well-diversified portfolio, it is less likely to occasion a loss. The Manager does not subscribe to any statistical definition of risk. The risk of loss can only be related to the portfolio as a whole. The Manager does not consider that any single asset, whether cash deposit, government security or any other in itself represents a risk-free investment in real terms. The firm regards a carefully constructed portfolio consisting of a spread of assets and/or securities as being the only way to limit overall risk. This requirement for diversification will always take priority in the Investment Adviser's stewardship of portfolios rather than the simple need to beat a specific benchmark, and its efforts should be viewed in that context.

Investment in the Manager's funds is aimed at those investors with a medium to long-term investment horizon, i.e. those with a minimum time horizon of three years, but more typically of 5 years or longer. The Manager considered the net (of fees and all other costs) total return (capital appreciation/depreciation plus the reinvestment of any income received) of each fund in relation to its investment objective. The first table below shows the total returns for 3, 5, 10 years, and since each fund's inception, while the second table shows the annualised returns for each period.

Environmental, Social and Governance ("ESG") considerations are integral to the Investment Adviser's investment process. Investment in companies involved in the manufacture of arms and tobacco has always been avoided. The Investment Adviser engages actively with investee companies, focusing on areas where it can make a real difference rather than treating it as a 'box-ticking' exercise. The Investment Adviser is small compared to many of its competitors, but size does not act as an impediment in making a tangible impact in stewardship. Additionally, the Investment Adviser is a member of the Investor Forum and the Institutional Investor Group on Climate Change, which provide effective channels for collective engagement, as well as forums for dialogue between investors and corporates on governance, and long-term stewardship issues. The subjects on which the Investment Adviser has engaged recently include climate change; marine plastic pollution, transparency and conduct in the mining sector and unjustifiable remuneration of directors.

Performance of all funds managed by the Manager

Total Return, net of all fees, to 28/02/21	**MW Balanced Fund %**	**MW Income Fund %**	**MW Smaller Companies Fund %**	**MW Emerging Markets Fund %**	**MW HTT Fund %**	**UK RPI %**	**Euro CPI %**
3 years	22.3%	15.4%	37.9%	8.3%	14.5%	5.9%	3.7%
5 years	45.7%	28.2%	100.2%	50.0%	26.0%	13.3%	6.9%
10 years	109.1%	77.0%	208.9%	67.3%	92.5%	27.4%	12.2%
Inception	1003.8%	541.4%	875.5%	192.6%	279.0%	-	-
Inflation since inception	146.5%	107.3%	71.3%	45.1%	29.9%	-	-

Annualised Total Return, net of all fees, to 28/02/21	**MW Balanced Fund %**	**MW Income Fund %**	**MW Smaller Companies Fund %**	**MW Emerging Markets Fund %**	**MW HTT Fund %**	**UK RPI %**	**Euro CPI %**
3 years	6.9%	4.9%	11.3%	2.7%	4.6%	1.9%	1.2%
5 years	7.8%	5.1%	14.9%	8.4%	4.7%	2.5%	1.3%
10 years	7.7%	5.9%	11.9%	5.3%	6.8%	2.4%	1.2%
Inception	8.0%	7.1%	12.1%	8.0%	7.9%	-	-
Inflation since inception	2.9%	2.7%	2.7%	2.7%	1.5%	-	-

Source: McInroy & Wood & Bloomberg

Each fund's performance is considered below:

McInroy & Wood Balanced Fund

Investment Objective:

The investment objective of the MW Balanced Fund is to maximise the total return to unitholders, by preserving and growing the real value of investors' capital and income, placing an equal emphasis on the generation of income and on capital growth. Real value is defined as the value of capital and income after adjusting for the impact of inflation. The UK Retail Price Index is the measure of inflation used by the Manager. The investment should be held for a minimum period of 3 years. Total return is defined as capital appreciation, if any, plus income received, and does not imply that a positive return will be consistently achieved over this or any other time period.

Performance:

> *The MW Balanced Fund achieved an annualised real total return, over and above UK RPI, of 5.1% per year since inception, 5.3% per year over 10 years, 5.3% per year over 5 years and 5.0% per year over 3 years.*

Conclusion:

> *The fund has not only preserved but grown the real value of investors' capital and income by more than UK RPI over the short, medium and long term, while taking a limited amount of risk. It has therefore met its investment objective.*

McInroy & Wood Income Fund

Investment Objective:

The investment objective of the MW Income Fund is to preserve and to grow the real value of investors' capital and income, with an emphasis on the generation of income. Real value is defined as the value of capital and income after adjusting for the impact of inflation. The UK Retail Price Index is the measure of inflation used by the Manager. The investment should be held for a minimum period of 3 years.

Performance:

> *The MW Income Fund achieved an annualised real total return, over and above UK RPI, of 4.4% per year since inception, 3.5% per year over 10 years, 2.6% per year over 5 years and 3.0% per year over 3 years. During the year, the allocation to overseas equities was increased by 6%, with a corresponding reduction in UK-listed company investments. The immediate outlook for income from the fund's investments remains uncertain. However, the changes made will reduce the reliance on UK company dividends, providing greater diversification and better prospects to grow both income and capital in real terms in the future.*

Conclusion:

> *The fund has grown the real value of investors' capital and income by more than UK RPI over the short, medium and long term, while taking a limited amount of risk. It has therefore met its investment objective.*

McInroy & Wood Smaller Companies Fund

Investment Objective:

The investment objective of the MW Smaller Companies Fund is to grow the real value of investors' capital and income. Investments will primarily be in global smaller companies, which do not form part of the leading market indices. An equal emphasis will be placed on the generation of income and on capital growth. Real value is defined as the value of capital and income after adjusting for the impact of inflation. The UK Retail Price Index is the measure of inflation used by the Manager. The investment should be held for a minimum period of 3 years.

Performance:

> *The MW Smaller Companies Fund achieved an annualised real total return, over and above UK RPI, of 9.4% per year since inception, 9.5% per year over 10 years, 12.4% per year over 5 years and 9.4% per year over 3 years.*

Conclusion:

> *The fund has not only preserved but grown the real value of investors' capital and income by more than UK RPI over the short, medium and long term. It has therefore met its investment objective.*

McInroy & Wood Emerging Markets Fund

Investment Objective:

The investment objective of the MW Emerging Markets Fund is to grow the real value of investors' capital and income. Investments will primarily be in companies operating or incorporated in developing countries. An equal emphasis will be placed on the generation of income and on capital growth. Real value is defined as the value of capital and income after adjusting for the impact of inflation. The UK Retail Price Index is the measure of inflation used by the Manager. The investment should be held for a minimum period of 3 years.

Performance:

> *The MW Emerging Markets Fund achieved an annualised real total return, over and above UK RPI, of 5.3% per year since inception, 2.9% per year over 10 years, 5.9% per year over 5 years and 0.8% per year over 3 years.*

Conclusion:

> *The fund has grown the real value of investors' capital and income by more than UK RPI over the short, medium and long term and met its investment objective.*

McInroy & Wood HTT Fund

Investment Objective:

The investment objective of the MW HTT Fund is to maximise the total return to unitholders, by preserving and growing the real value of investors' capital and income, placing an equal emphasis on the generation of income and on capital growth. Real value is defined as the value of capital and income after adjusting for the impact of inflation. The Eurozone Consumer Price Index (the Harmonised Index of Consumer Prices) is the measure of inflation used by the Manager. The investment should be held for a minimum period of 3 years. Total return is defined as capital appreciation, if any, plus income received, and does not imply that a positive return will be consistently achieved over this or any other time period.

The fund is priced in €.

Performance:

> *The MW HTT Fund achieved an annualised real total return, over and above Euro CPI, of 6.4% per year since inception, 5.6% per year over 10 years, 3.4% per year over 5 years and 3.4% per year over 3 years.*

Conclusion:

> *The fund has not only preserved but grown the real value of investors' capital and income by more than Euro CPI over the short, medium and long term. It has therefore met its investment objective.*

3) Authorised Fund Manager (AFM) Costs

The main component of the Ongoing Charges Figure (OCF) is the Annual Management Charge (AMC) charged by the Manager. The MW group does not delegate its investment responsibilities to any third party and takes responsibility for investing directly around the world. To do so requires an experienced and well-resourced team, that can ultimately control the underlying investment exposures while keeping down the total cost of investment. MWL's investment team operates on a collegiate basis. All investment managers and analysts are involved in the selection and monitoring of all securities across all of the Manager's funds. It is therefore inappropriate to consider the investment team's cost per individual fund as they are all required to manage each fund.

The Manager has considered its (and its associate MWL's) other underlying costs that relate to this charge in aggregate and as they relate to each fund. They reflect both the resources required to deliver our direct, active investment approach and the personal service delivered. MWL absorbs all research costs, including the substantive cost of buying in external research. The costs also reflect the group's internal operational, administrative and regulatory costs and the cost of retaining our talented staff. The ongoing provision of a personal service and the Investment Adviser's consistent investment management approach is dependent upon the retention of its existing staff and its ability to attract additional talented individuals as required.

In addition to providing reasonable remuneration to its employees, MWL aims to align the long-term interests of its clients and investors with its directors and other senior staff. These employees are encouraged to purchase shares in McInroy & Wood. Share ownership ensures a longer-term perspective when contributing to the firm's efforts, where benefit is only gained from the firm's collective success in looking after its clients and investors. The firm has historically relied on the goodwill of its existing clients and investors to grow, and only through the continued provision of a high-quality service and success in meeting their investment objectives will it continue to do so.

The Manager's net profit margin has remained broadly unchanged over the last three years. It has been successful in continuing to grow the value of assets managed through both organic growth and increased market value. Margins have remained flat as costs have increased proportionately, as a result of undertaking significant mandatory regulatory and legislative change projects and other internal projects to benefit unitholders. There are further signs of not insignificant inflationary increases coming from professional insurance, regulatory levies and other third-party costs (such as IT provision) which will put downward pressure on margins in the absence of further growth. In addition, corporation tax rates are expected to increase from 19% to 25% in 2023, reducing net profit margins further.

The group is committed to remaining a well-capitalised business which can provide security to unitholders during both good times and difficult periods. It has always managed its affairs in a conservative manner and has consistently reinvested in the business over many years in order to provide the highest quality service to unitholders.

The other components of the OCF are the external operating costs of the funds, which have generally fallen in the past three years. The Manager negotiates proactively on behalf of investors with auditors, trustees, depositaries etc. to ensure that they are receiving value for money within each fund. Examples are brokerage costs (reviewed annually and last renegotiated in August 2019), custody fees (last renegotiated in June 2019) and a change of transfer agent (November 2020). All charges payable from the property of the fund are reviewed periodically against comparable market rates and have been found to be reasonable. The Manager will not hesitate to make further changes to the external parties who provide services to the funds if value for money is not being provided. The costs of making such changes are not borne by the investor. The change of transfer agent followed an extensive market review of the cost effectiveness and service model provided by the previous incumbent. The new transfer agent was felt to offer a better scale, cultural fit, service ethos and commercial case. Unitholders will benefit from a material reduction in ongoing transfer agency charges while the Manager absorbed material transitional costs to facilitate this change.

The Investment Adviser also reviewed commission rates charged by brokers when it deals in securities within each fund. The Investment Adviser deals at institutional market rates in each security market in which the fund invests. It should be noted that neither the Investment Adviser nor the Manager receives any income as a result of dealing activity.

The Manager ceased charging its ISA administration fee to all unitholders in March 2021 which is now absorbed within the Annual Management Charge, and this remains unchanged.

Conclusion:

> **The Manager's charges are reasonable, providing value for money for the level of service provided given the firm's scale and global remit.**

Action Proposed:

> **The Manager will continue to monitor closely all costs borne by investors.**

4) Economies of scale

The Manager is responsible for a limited number of unit trusts. Where possible, cost savings have been negotiated with third parties on a group-wide basis to gain the maximum economies of scale. These savings are passed on to unitholders on a pro-rata basis. Tiered fees, reflecting economies of scale, have been agreed within transfer agency, trustee, fund pricing and accounting services.

The AMC is a flat ad valorem (% of assets managed within each fund) rate for each fund, aligning the interests of unitholders and the Manager. Company policy ensures that unitholders cannot access the Manager's funds more cheaply than if they come directly to the Manager.

As set out above in relation to AFM costs, it is inappropriate to consider the investment team's cost per individual fund as they are all required to manage each fund. Likewise, the trustee and depositary, custody fees and transfer agency fees are negotiated collectively for all the Manager's funds as all unitholders in all funds benefit from the total value of assets under the Manager's administration.

The Manager took the decision in 2013 to create a new unit class ('Personal') with a lower AMC of 1%. This decision was only financially feasible by virtue of the economies of scale gained by the firm over many years. All investors for whom MWL had discretionary responsibility were then moved to this new unit class. The Manager made extensive and largely successful efforts to encourage all other unitholders to move to the new cheaper unit class. The Manager ultimately decided to close its 'Legacy' unit class, which charged the higher AMC of 1.5%, in 2016. The units of the few remaining unitholders who had not responded to our communications were converted to the lower fee unit class, in their best interests. Although not a regulatory requirement at the time, it was felt that the firm was in a position to make this change as assets being managed had grown significantly over prior years, and that it was fair and reasonable that some of this growth should benefit unitholders.

As set out above in relation to AFM costs, the Manager has been successful in continuing to grow the value of assets which it manages, both through organic growth and performance. However, costs have increased proportionately, as a result of undertaking significant mandatory regulatory and legislative change projects and other internal projects to benefit unitholders Most recently, there have been significant cost increases relating to audit (increased CASS audit requirements), insurance (PII cover) and regulatory fees. It is not therefore anticipated that there are any further material economies of scale which should be passed on to unitholders at this point in time, but the Manager will continue to keep this under review.

Conclusion:

The Manager believes that unitholders are benefitting from the economies of scale afforded to the firm in relation to the firm's size. We do not anticipate that there are material further economies of scale which should be passed on to investors at this point in time.

Action Proposed:

The Manager will conduct an annual review to consider whether it is appropriate to pass any further economies of scale on to investors.

5) Comparable market rates

The Manager has compared costs charged by the funds which it manages with those charged by peer group funds, i.e. those with similar investment objectives, active management styles, and comparable sizes.

Investor Share Type: Retail	**AMC Median**	**AMC Average**	**OCF Median**	**OCF Average**	**OCF excl AMC**
IA Mixed Investment 40-85% Shares Sector	0.75	0.71	1.05	1.09	0.30
		AMC		**OCF**	**OCF excl AMC**
MW Balanced Fund		1.00		1.12	0.12
MW Income Fund		1.00		1.13	0.13
MW HTT Fund Note 1				1.00	

Investor Share Type: Retail	**AMC Median**	**AMC Average**	**OCF Median**	**OCF Average**	**OCF excl AMC**
IA Global Sector	0.75	0.72	0.93	0.95	0.18
		AMC		**OCF**	**OCF excl AMC**
MW Smaller Companies Fund		1.00		1.14	0.14

Investor Share Type: Retail	**AMC Median**	**AMC Average**	**OCF Median**	**OCF Average**	**OCF excl AMC**
IA Global Emerging Markets Sector	0.80	0.83	1.05	1.09	0.25
		AMC		**OCF**	**OCF excl AMC**
MW Emerging Markets Fund Note 2		1.00		1.28	0.28

Source: Morningstar & MWPL

It can be seen that the Manager's AMC is higher than the median AMC of the funds' peer groups. The Manager feels that this reflects the firm's transparent single fee structure, its operating model and the level of service provided.

The Manager has also compared the external operating costs of the funds (OCF excluding AMC). Its strong focus on monitoring the value offered by external service providers has resulted in costs associated with these being lower than the median of the funds' peer groups. It should also be noted that other Managers sometimes include their administrative costs within the OCF, outwith the AMC. In the interests of transparency, the Manager does not do this and includes its own administrative costs within the AMC.

Given the varying fee structures used by different firms in the industry, we consider the OCF (of which the AMC forms the largest part) to be the most reliable basis for cost comparison, as it is calculated consistently across the industry as required by regulation. The overall costs of operating the fund, measured by the OCF, are higher than the average of their peer group in the case of four of the five funds by between 0.03% and 0.19%. We consider this small premium reasonable in the light of the high level of individual service provided.

The funds have never charged entry, exit or performance fees. Over a ten-year period, the funds' OCF percentage rates show a significant reduction, resulting from the growth in the funds' assets under management.

Notes

1. The MW HTT Fund is a dedicated, euro-denominated, fund created for a very limited number of investors. It has a higher initial investment threshold and very low unit dealing volumes.

2. The custody and tax costs of investing in emerging markets are higher than those in developed markets, leading to higher third party charges in the MW Emerging Markets Fund.

Conclusion:

The Manager's OCFs for four of its funds are slightly higher than the OCFs of peer group funds, but this premium is considered reasonable given the level of service provided. Therefore no action is required. The MW HTT Fund's OCF is slightly below that of similar funds.

6) Comparable services

The Manager has compared its associate MWL's investment charge for a private client discretionary investment portfolio (with a similar investment objective to the fund) with the AMC levied by the fund. This information has been published for many years on McInroy & Wood's website. Discretionary clients of the firm have their assets managed on either a pooled basis, utilising the Manager's funds, or as a segregated portfolio of individual stocks where those funds are not suitable.

The Manager's funds were originally designed for use in portfolios within MWL's discretionary investment management service, and remain widely used in that context. Where the Manager's funds are utilised within discretionary managed portfolios, those clients pay a discretionary investment management fee of 0.2% (plus VAT), in addition to the fund charges, for the additional personal services provided, such as suitability, quarterly reporting and a capital gains tax service. The pure investment cost to a discretionary client and an investor who is purely buying units in the funds on an execution-only basis is therefore identical i.e. the OCF of the fund.

MWL also provides portfolios on a segregated basis, where the standard investment management fee is 1% (plus VAT) i.e. 1.2%. The investment management fee is therefore normally the same as that of the funds, but it is acknowledged that the constitutional safeguards of the funds (the trust structure, formal auditing requirement, daily pricing etc.) do result in additional costs, as noted in the OCF, that make the Manager's funds more expensive than that of a segregated portfolio by the amount of those external costs. That said, the Manager's funds can invest directly in some markets that are not readily available to segregated portfolios, particularly in emerging markets.

MWL does not provide services to large institutional clients, and therefore does not offer institutional fee rates for the same or comparable mandates. However, MWL does offer concessions on its investment fees to discretionary private clients, depending upon individual circumstances, where their portfolios are greater than c. £5m in value or, in the case of charities, where their investment portfolio value exceeds £2m. In some of these cases, the client's investment mandate is similar to that of the Balanced Fund or Income Fund. The Manager considers that the difference in charges is reasonable and appropriate, having regard to factors including account longevity and the difference in the nature of the overall services provided. As stated above, the Manager's policy for investors is that no investor can access the Manager's funds more cheaply than if they come directly to the Manager.

Conclusion:

> **The costs for comparable investment services supplied by the group to its discretionary clients are comparable to the investment costs for execution-only investors in the funds.**

7) Classes of Units

The fund has a single unit class, so no assessment is required on this criterion.

Wherever possible the Manager seeks simplicity in its fund structures. In 2013 a new class of units was introduced with an AMC 0.5% below the existing unit class. The Manager proactively encouraged non-advised unitholders to convert to this lower cost unit class, and in 2016 terminated the more expensive legacy class.

Conclusion:

> **There is only one unit class.**

OVERALL CONCLUSIONS

MW Balanced Fund

The Manager has concluded that payments out of scheme property set out in the Prospectus are justified and appropriate in the context of the overall value provided to unitholders.

MW Income Fund

The Manager has concluded that payments out of scheme property set out in the Prospectus are justified and appropriate in the context of the overall value provided to unitholders

MW Smaller Companies Fund

The Manager has concluded that payments out of scheme property set out in the Prospectus are justified and appropriate in the context of the overall value provided to unitholders.

MW Emerging Markets Fund

The Manager has concluded that payments out of scheme property set out in the Prospectus are justified and appropriate in the context of the overall value provided to unitholders

MW HTT Fund

The Manager has concluded that payments out of scheme property set out in the Prospectus are justified and appropriate in the context of the overall value provided to unitholders.

Published on 30th June 2021