

COST DISCLOSURE UPDATE

In welcome news, HM Treasury proposed a Statutory Instrument (SI) which seeks to resolve the cost disclosure headwind

Key wording in the SI states:

- 'It is broadly accepted by industry and the government that the single aggregated figure that is being produced under current EU-inherited rules is not an accurate representation of the actual cost of investment in shares in an investment trust.'
- 'Investment trusts, along with persons advising on or selling shares of investment trusts, will not be required to produce the Key Information Document (a standardised information document prepared for products in scope of the PRIIPs Regulation). Additionally, investment trusts, and firms investing in them, will not be required to disclose costs and charges relating to investment trusts to clients, pursuant to the MiFID Org Regulation.'

The SI will have to progress through the draft stage and be passed by both Houses.

Investment Companies will be kept within the legislative boundary of the incoming Consumer Composite Investments regime.

Investment trusts are no longer required to produce a KID or publish misleading ongoing costs

Distributors (e.g. wealth managers, DFMs, platforms) may not publish an ongoing cost for investment companies

Open ended funds do not need to publish a synthetic OCF

The VT Gravis UK Infrastructure Income Fund fees are now correctly shown as:

C shares: 75bps

I shares: 65bps

The OCF is capped at the AMC*

The Fund documents and data feeds are now correct