

## An explanation of charges

Charges are split into **3 main Categories**, Product Administration, Fund & Transaction costs:

### 1. **Product Administration charge**

- Often referred to as an AMC (annual management charge). This charge covers the administration costs associated with managing the policy for our customers.
- Historically AMC's have largely been in the range 0.4% - 1.5% of fund value a year.
- We manage policies that have been taken out through different companies. The charges are specific to the originating company and product. Depending on the product, the charge is taken in one of two ways:
  - a) Incorporated in the **unit price of the fund**. In this case the AMC can be seen on the Fund Centre, expressed as an annual % charge against the fund.
  - b) By **cancelling units** ('unit deduction') on the policy. An indicative range is included on the fund factsheet for the funds where this applies. The actual AMC is policy specific as it is dependent on the size of the fund. **Please note** – For funds that take the AMC this way, the Fund Centre will show 0% AMC, because the charge is not taken from the fund but by cancelling units. Therefore, please refer to the fund factsheet for the indicative range.

Where we show charges paid to ReAssure in letters this amount will include either kind of AMC.

### 2. **Fund (management) charges**

- These charges cover fund management costs from the Fund Manager. The charges are incorporated in the unit price of the fund.
- Often referred to as an IMC (investment management charge).
- The charge is usually between 0.02% and 0.20%\* of the fund value a year. And can be seen on the Fund Centre.

**\*Please note** some of our products have access to a range of 'externally managed' third party funds. These are actively managed and can have a significantly higher charge.

### 3. **Transaction costs**

- These are costs due to fund managers buying or selling assets on trading markets. The unit prices on the Fund Centre include these costs when the funds are valued. These charges are typically low - the current average across all funds is 0.13% a year.