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Attivo Investments Bitesize Understanding Transaction Charges

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What the Client Pays – DFM Fee, OCF, and Transaction Charges

The total cost of investing is made up of three components:

1. Investment Management / DFM Fee:

- This is the fee paid to Attivo Investments for managing the model portfolio.
- It covers strategy design, oversight, rebalancing, governance, and support.
- Typically charged at a fixed %

2. OCF (Ongoing Charges Figure):

- Charged by the underlying funds held within the model.
- Includes the fund manager fee, admin, custody, legal, audit and regulatory expenses.
- Varies by fund range — usually 0.10–0.25% for passive, higher for active.

3. Transaction Charges:

- These are not additional fees charged to the client, but costs that arise inside the funds when they buy or sell investments.
- They fluctuate depending on the level of trading and market conditions.
- Disclosed annually to show transparency but not an explicit cost the client sees deducted.



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Feature	DFM Fee / Investment Management Charge	OCF (Ongoing Charges Figure)	Transaction Charges
What it is	Fee for managing the model portfolio	Total cost of running the fund	Cost of buying and selling within the fund
Includes	- Portfolio design and oversight- Governance- Planner support	- Fund manager fee- Admin & custody- Audit & legal fees	- Buy/sell spreads- Stamp duty- Broker commissions- Market impact
Frequency	Charged annually as a % of portfolio assets	Charged annually as a % of fund value	Only incurred when trades happen in the fund
Shown on	Platform fee disclosure or adviser agreement, Factsheets	Factsheets, KIIDs, client reports	Ex-ante & ex-post cost & charges disclosures, illustrations
Predictable?	Yes - fixed by the provider	Yes - generally stable year to year	No - varies based on market conditions and trading activity
Who receives it?	Paid to Attivo (or the DFM managing the model)	Paid to underlying fund managers and service providers	Not retained by anyone a market cost absorbed in the fund



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What Are Transaction Charges?

Transaction charges are the costs incurred by a fund when buying and selling holdings. They include fees, commissions, taxes, spreads, and any other expenses related to executing trades within the fund.





How Are Transaction Charges Calculated?

There are two key types of transaction cost disclosures:

- Ex-Ante: An estimate of the expected transaction costs for the year ahead.
- Ex-Post: The actual average transaction costs incurred over the previous 12 months.



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When Are They Updated and Why Do They Vary?

Transaction charges are updated annually at varying points by all fund providers, typically as part of the cost and charges disclosure rules under MiFID II.





Each fund group may use different assumptions, models, and trading behaviours — so the figures are not directly comparable between providers. Factors that influence differences include:

- Trading frequency
- Market volatility
- Rebalancing policies
- Fund structure (single fund vs fund-of-funds)
- Methodology differences (e.g. arrival price vs implementation shortfall)



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Why Have Our Transaction Charges Increased on the illustration?

You may have noticed on client illustrations that Attivo Investments transaction charges have increased. This is not reflective of future costs but an ex-post snapshot of the past 12 months.





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In our case, clients were not invested during the period these charges reflect. The higher figure is due to a one-off structural change in some underlying strategies:

- Previously, multiple factor strategies were held within a single fund.
- We broke them out into separate holdings for better control and transparency.

This will not be repeated in the current year, and transaction charges are expected to return to normal levels (~0.10–0.20%) is an industry expectation for MPS





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How to Explain This to Clients

Here are some clear, compliant soundbites:

- “Transaction costs are not additional fees you pay — they reflect trading activity in the fund.”
- “This figure shows what happened last year, not what you will pay this year.”
- “Our models show a slight increase in charges due to recent structural changes. No further changes are forecasted in the short term.”
- “All providers have to disclose these, and they naturally fluctuate with market conditions.”





Transaction costs are present in both active and passive investment strategies, but the reasons they arise can differ:

- Active strategies:
 - Tend to trade more frequently based on fund manager decisions
 - React to market opportunities or risks
 - Generate transaction costs through security selection and rotation
- Passive strategies:
 - Still incur costs when tracking an index (e.g. FTSE 100, S&P 500)
 - Rebalance when the index changes constituents
 - Adjust portfolios in response to client cash flows or model drift
 - Costs are typically lower, but still material and variable year-to-year

These costs reflect natural trading activity within the fund — not additional adviser or platform charges — and should always be viewed in the context of investment approach and portfolio turnover.



Why Do Factsheets Typically Only Show OCF and Investment Management Charge?

- These are the stable, predictable costs directly associated with managing the fund.
- Transaction costs, by contrast, fluctuate year-to-year and are not considered 'ongoing fees'.
- Including only OCF and management charges keeps factsheets clear, concise, and comparable across time and between funds.
- A breakdown of the investment and transaction costs and charges for each model is provided separately.



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Additional Cost Disclosures on Resource Centre

To support full transparency and Consumer Duty compliance, we've created three standalone Cost & Charges disclosure documents for each model range:

- Low-Cost Range
- Core Range
- Apex Range

These documents include:

- Total cost (OCF + DFM + estimated transaction cost)

All three documents are now live on the Resource Centre from today.





Disclaimer

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It is not intended to be used as a stand-alone financial advice document by retail clients and should always be provided with appropriate context by a regulated financial adviser.

The information contained in this document is correct as of the date of publication. Charges and transaction costs may change over time. Past transaction costs are not a reliable indicator of future transaction costs.

Transaction costs represent the cost of trading within underlying funds.

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