

Fair Value Statement – April 2023

Statement of Value

As of April 2023, GBIM Limited as the manufacturer of Discretionary Fund Management services has concluded that the service offers fair value and will continue to do so for the foreseeable future.

Discretionary management is the core service provided by GBIM and we advocate working in partnership with financial advisers to help clients achieve their financial objectives.

There is always areas when improvements can be made, please contact compliance@gbim.co.uk with any feedback.

More information on the GBIM Fair Value Assessment process follows below.

Overview of the GBIM Fair Value Assessment Process

The FCA defines value as the relationship between the amount paid by a retail customer for the product or service and the benefits they can reasonably expect to get from the product or service.

A product or service is deemed to provide fair value where the amount paid for the product is reasonable, relative to the benefits of the product. This does not directly translate to lower prices meaning fair value and the same is true of the inverse statement – firms must find a balance.

Rules on the value assessment are outlined in PRIN 2A.4.8, making them essential for compliance with the Duty. To evidence compliance with the Price and Value outcome, firms must regularly undertake and clearly document their value assessment processes.

A few aspects the FCA expects a firm to show consideration for in their assessments are:

- The nature of the product, benefits, and quality
- Limitations
- Expected total price including:
 - Price paid at point of sale.
 - Charges or fees incurred.
 - Non-monetary costs such as time wasted.
- Market /internal rates for comparable products
- Characteristics of vulnerability and the impact this may have on receiving fair value from the product.

We can confirm that the above have been factored into our assessment of value.

Costs and Charges Applied by GBIM

Since the formation of the original LLP, GBIM have had a number of core principles, one of which revolves around costs:

- *Ensure that all costs are explicit, transparent and our only source of revenue.*

This remains a core principle, even before RDR (Retail Distribution Review) GBIM purchased institutional units rather than retail in open ended funds as these are better value for the client and trail commission formed no part of GBIM revenue, this was a conflict-of-interest GBIM sought to avoid.

GBIM's interests are aligned with that of clients in that the only source of revenue is a pre-agreed investment management fee based on portfolio values.

GBIM do not and never have charged:

- Dealing Fees (other than what is charged by third party brokers)
- Top sliced interest on cash balanced received.
- Applied transaction charges.

For direct clients a tiered fee structure is in place:

| Portfolio Value | Investment Management Fee (+Vat) | Custody & Administration Fee (Vat Exempt) | Total% (Incl Vat) |
|-----------------------------|---|--|--------------------------|
| 0-£500k | 0.85% | 0.25% | 1.27 |
| £500k-£1m | 0.75% | 0.25% | 1.15 |
| £1m-£2m | 0.50% | 0.25% | 0.85 |
| £2m + | 0.35% | 0.25% | 0.92 |
| AIM IHT Service (any value) | 1.50% | 0.25% | 2.05% |

Splitting out the Custody and Administration fee GBIM are able to increase the value of the service provided as tax advice received by the firm confirmed that the custody and administration fee element should be VAT exempt.

In addition to the above fees, third party investments may have their own fees and charges. These are reviewed and assessed as part of the asset review process, costs are a core element of this review and if two investments are similar in every aspect, we will select the lower one.

GBIM utilise the services of an agency broker (Pershing) rather than a market maker, as such they are duty-bound to try and achieve the best possible result when dealing and do not rely on a single market or venue. A small commission is charged by Pershing for dealing (0.05% for UK stocks) which we consider fair value compared to the alternatives for the quality of service provided.

GBIM are an active investment firm and believe in this approach and the fees charged by the firm are similar to a number of competitors. A comparison to passive investment managers is not valid given the operating model of the firm.

Direct Clients

In these cases, GBIM have a direct relationship with the client, including reporting obligations and other regulatory requirements.

The application of a portfolio value-based charging rate does result in larger portfolios pay a larger amount in cash terms than smaller portfolios but a lower aggregate fee in percentage terms applies. This is also reflected in performance as the smaller percentage fee deduction from the portfolio ordinarily results in a slight increase in equivalent performance for larger portfolios. Larger portfolios often will have exposure to different investments than smaller accounts due to position sizes and diversification.

Smaller portfolios who are paying the starting rates of 0.85% effectively receive the same service of bespoke discretionary management and the benefits provided (see below). They may however, have slightly weaker performance on a percentage basis compared to the larger portfolios as they don't benefit initially from the sliding fee scale. Over the longer term as portfolios grow this should no longer be the case. The charging structure is considered reasonable for the benefits received. Portfolios irrespective of size do have a high degree of overlap in terms of asset selection, at the time of review the top 20 holdings represent 40% of AUM.

A further advantage of the GBIM approach and an increase in value provided is where smaller portfolios are associated with larger accounts such as family members, they are able to take advantage of aggregated pricing, so they benefit from a lower average fee based on the group tiering. This applies to a large proportion of the smaller portfolios currently managed.

The AIM IHT service has a higher fee due to the complexity of the work involved in portfolio construction and stock research. The fees charged are competitive against peers.

Intermediary

GBIM also operate a different charging schedule for clients of a regulated intermediary, these are accepted on a 'agent of client' basis. For these clients the firm may not have a relationship with the client, as such costs associated with servicing are lower than direct clients.

For this type of business, the firm charges 0.75% + VAT except for AIM which is 1.5%+ VAT. No separate custody or administration fees are charged. In the majority of cases the advisor is also charging for their services. Feedback received from the intermediary market has confirmed that this compares favourably to the market for the services provided.

If custody and administration fees were levied in addition to the management fee plus any applicable advisor charging this would result in the service potentially not representing fair value for the benefits provided.

The AIM service for Intermediary clients compares favourably to industry peers both in performance and fees charged.

Common Benefits (Direct and Intermediary)

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| <p>Nature of the product, benefits and quality</p> | <ul style="list-style-type: none">- The service involves professional personalised portfolio management on a discretionary basis. This means that portfolios can be effectively re-positioned to take account of market conditions or client needs/objectives quickly and efficiently.- Clients are not reliant on themselves to monitor portfolios or to respond to their financial advisor. The importance of this was highlighted in the 2008 Financial Crisis and 2020 Covid-19 pandemic when markets were extremely volatile.- Funds are liquid and accessible at all times. There are no lock-ins.- Consolidated tax reports (where applicable) to assist with tax returns, this may reduce tax advisor charges.- The client has access to two qualified named portfolio managers and can have as much contact (face to face, telephone or by email) as they require or as their needs evolve.- Client gets to know their portfolio manager and build a relationship.- Individual influences can be catered for such as inclusions/exclusions/themes etc.- No additional fees apply for meetings whether ad hoc or planned.- Portfolio valuations are produced quarterly and can be provided in a format which suits the client (i.e., post, email or online portal) and this change as clients request or require it. Other options may also be available such as recorded speech, braille.- An online portal is available for no additional fee so clients can always be aware of the status of their investments.- Various different investments can be managed in tandem such as pension funds and other portfolios to help clients achieve their overall financial objectives.- Wherever possible the service looks to utilise Capital Gains, ISA and other allowances, neither of which attracts any additional fees.- The ISA is a flexible ISA which means funds can be replaced in the same tax year if withdrawn.- The investment proposition is 'whole of market' and not restricted to a panel of investments from one or two providers, this includes direct equities.- Clients benefit from scale where necessary such as investment administration from Pershing Securities but with the flexibility of a smaller customer service-led business.- The investment management team at GBIM are all highly experienced with the majority Chartered Members or Fellows of the CISI.- The entire approach to providing an investment service is flexible and takes into account tax situations (such as aggregated accounts), but the service can adapt as required.- It is not a static product.- Potentially better value than an advisory arrangement which may charge up to 3% per transaction.- In specie transfers including crest and stock transfers can be administered.- IHT service potentially qualifies for business relief which is a 40% IHT saving on any eligible investments. |
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| <p>Limitations</p> | <ul style="list-style-type: none"> - The service is only for discretionary portfolio management, no advice is available for any other aspect than portfolio management related. - No other services are provided. - A MPS (Model Portfolio Service) is cheaper than bespoke. - It is more expensive than a passive discretionary service. - Smaller portfolios may not get the outcome required as diversification opportunities may be limited, an MPS service may be more appropriate for the clients' interests in these circumstances. - There is no guarantee that client objectives will be obtained, and portfolios may decline in value. - Charges and fees payable will reduce the value of any investment if no or low returns are produced. - Limited options for client involvement with specific asset selection, not an Execution Only service. |
| <p>Charges & Fees</p> | <ul style="list-style-type: none"> - No set up or initial fees are charged by GBIM. - GBIM do not charge to receive in assets/stock. - Fees based on portfolio value are calculated and charged quarterly. - A bespoke 'Ex Ante Costs illustration' is provided before any investment agreement is entered into. - Charges and fees incurred are provided on a quarterly basis within valuation reports. - An annual statement showing total costs incurred both as a percentage figure and cash amount are provided within a valuation report. |
| <p>Vulnerable Clients</p> | <ul style="list-style-type: none"> - A discretionary service is often a good solution where 'capacity' may be limited and where there is a Power of Attorney in place. - The service delivery can be amended to reflect any vulnerable characteristics, such as changing the format of valuation delivery, offering additional meetings, contact with family members. - The service is tailored for the needs and requirements of each client both in the short and long term. |
| <p>Exit fees</p> | <ul style="list-style-type: none"> - GBIM do not charge any exit fees if a client decides they no longer wish to have the service. - Pershing do not charge for cash transfers out but may charge £20 per asset, wherever possible and if in the client's interests GBIM would always recommend portfolios are liquidated prior to transfer out. |
| <p>Explanation of Charges and Fees</p> | <ul style="list-style-type: none"> - A full breakdown of charges occurred is stated in plain English within the valuation reports. - On an annual basis an extended report is produced detailing in full the costs incurred over a 12-month period and any impact on performance. |