

GLOSSARY OF TERMS: USER SUMMARY

Summary

This document provides a glossary of terms used in the **USER SUMMARY** for investors and their advisers.

INTRODUCTION

The CTI provides the new industry standard for institutional investment cost information. The CTI templates and tools are a framework for investors to receive detailed, consistent and standardised cost and charges information from asset managers. This information can be used to help assess the value for many of investments.

The **USER SUMMARY** provides a summary of the more detailed data included in the CTI templates so that key information is easy to see. Investors can expect cost information presented in a standard format, irrespective of asset class, asset manager or mandate structure (e.g. pooled/segregated). The **USER SUMMARY** can also be used to aggregate the information from several **ACCOUNT TEMPLATES** in different ways, such as by asset class or by asset manager.

The **USER SUMMARY** also contains additional information including asset values, sales, purchases and performance figures.

How information is provided

The **USER SUMMARY** aggregates detailed, underlying cost data which has been compiled in standard format **ACCOUNT TEMPLATES** by your asset manager.

The cost categories within the **ACCOUNT TEMPLATE** populate fields in the **USER SUMMARY**. You can construct the **USER SUMMARY** relating to your assets either:

- Independently: By asking your asset manager to complete the relevant **ACCOUNT TEMPLATE** and to use that information to populate the fields in the **USER SUMMARY**
- By using a third party: Such as an adviser or information provider, to collect the data from all your asset managers and to aggregate the responses into one (or more, depending on the degree of aggregation required) **USER SUMMARY**

GLOSSARY OF TERMS

The following table provides definitions of the fields within the **USER SUMMARY**. It also provides illustrative examples of the kind of content you can expect to see.

SECTION NO.	ITEM NAME	DEFINITION	REFERENCE	EXAMPLE
1	ACCOUNT INFORMATION	Section heading: general information identifying the relevant investment account		
	Client/Investor	The name of the investor to which the account template relates	02010	XYZ Pension Scheme
	Portfolio issuer	The name of the asset manager or the pooled fund provider	00040	XYZ Portfolio Name
	Portfolio	For generic pooled fund reports: the name and share class of the pooled fund. For a segregated mandate: the name applied by the investor	00030	UK Equity Fund, Share Class IV
	Report period	The start and end dates to which the monetary data provided in the template relates	00050-00060	01 01 1900
	Currency of report	The currency in which monetary data is provided	00070	GBP
	Average value of client holding	The average of the monetary values of the client holdings at the <i>Start Asset Value</i> and <i>End Asset Value</i> of the reporting period	02020	9800000
2	PORTFOLIO INVESTMENT ACTIVITY	Section heading: for information collected about the Portfolio investment activity and is included to give context to costs collected		
	Start Asset Value	The sum of the values of all assets and liabilities, including cash and accruals, at the start date provided in the <i>Period Report</i>	08110	9800000
	End Asset Value	The sum of the values of all assets and liabilities including cash and accruals at the end date provided in the <i>Report Period</i>	08120	9800000
	Purchases	The total consideration paid by the Client for the purchase of assets during the Report Period	08130	9800000
	Sales	The total consideration received by the <i>Client/Investor</i> from the sale of assets during the <i>Report Period</i>	08140	9800000

SECTION NO.	ITEM NAME	DEFINITION	REFERENCE	EXAMPLE
	IMPLIED OVERALL INVESTMENT GAIN / PERFORMANCE (%)	The implied percentage return of the <i>Client/Investor's</i> assets based on the change in asset value over the <i>Report Period</i> , net of the purchase and sales activity		0.09%
3	PORTFOLIO TRANSACTION COSTS	Total costs incurred by the investment manager as a result of trading activity over the <i>Report Period</i> . This includes explicit costs such as transaction taxes and brokerage commissions, as well as implicit and indirect costs	03010	9800000
	GROSS RETURN (%)	The return on investments less portfolio transaction costs which may be based on the Global Investment Performance Standards (GIPS) definition (p34 of the 2010 Standards)	08010	0.09%
4	ONGOING CHARGES	All on-going costs and charges related to the management of the financial product that are deducted from the value of the financial instrument during the investment in the financial instrument Or All on-going costs and charges related to the management of the account that are deducted by the provider from the value of the account during the reporting period, to pay the provider or third-parties	04010	9800000
4.1	Investment Management	The fee paid by the client to the investment manager for the management of the assets. This can be separately invoiced or paid through the Net Asset Value (NAV) of the fund	04100	9800000
4.2	Administration	A set of activities carried out in the running of an investment account or financial product, which can be either segregated or pooled (e.g. a mutual fund, unit trust, pension fund or other collective investment scheme). Set-up/take-on costs relate to the activities involved in creating a new account	04200	9800000
4.3	Governance, Regulation & Compliance	The cost of governance, to ensure regulatory compliance, among other factors	04300	9800000

SECTION NO.	ITEM NAME	DEFINITION	REFERENCE	EXAMPLE
4.4	Distribution, Comms & Client Service	Fees for intermediaries involved in sales and taking on new investors	04400	9800000
5	TOTAL INCIDENTAL COSTS	This includes performance related fees that may be payable by the client to the investment manager	05010	9800000
NET RETURN (%)		The return net of ongoing charges, incidental costs and one-off costs which may be based on the Global Investment Performance Standards (GIPS) definition (p35 of the 2010 Standards)	08020	0.09%
6	TOTAL ONE-OFF COSTS	All costs and charges paid to the investment firm at the beginning or end of the investment services provided Or All entry and exit costs and charges paid during the <i>Report Period</i>	02030 + 02040	9800000
7	TOTAL PROPERTY EXPENSES	Total expenditure related to real estate assets and indirect property expenses		9800000
8	TOTAL LENDING AND BORROWING COSTS	Total of all lending and borrowing costs		0.09%
9	OTHER SERVICE CHARGES	Any costs and charges which are related to ancillary services but are not included in the costs mentioned above Or Any costs and charges which are related to ancillary services which the client enters into directly with the third-party service provider concerned		9800000
Client Return (%)				0.09%
Space for notes		A free text box where contextual information can be provided to help with understanding value for money (VFM)	08940	Text

BASIC NOTES ON INTERPRETATION

The **USER SUMMARY** is designed to enable you to analyse cost data across a range and combination of variables. There is a high degree of flexibility around what, how and when you choose to analyse the **USER SUMMARY**.

At the simplest level, you may review an **USER SUMMARY** for a single account at a single time. The next level is to compare a **USER SUMMARY** for all funds in the same asset class, e.g. equities, at that time. This allows you to assess value within an asset class. The **USER SUMMARY** can also be compared across asset classes to give an assessment of the relative value of different asset classes. At a more complex level, the **USER SUMMARY** could be constructed to cover all of your asset management costs.

The templates are standardised and consistent so that you can receive and monitor a **USER SUMMARY** over time. You should be able to identify any trends and, in particular, any divergences from the norm will be easily identified and help form the basis for a discussion around value for money with your asset manager(s).

As the templates are comparable, monitoring and assessing against a peer group of other relevant **USER SUMMARY** will also be possible. For example, investors with a particular global equity manager of focus may obtain more insight by comparing the costs disclosed against those from a group of (or subset of) global equity managers.

ANCILLARY SERVICES – CUSTODY

The disclosure of custody costs will vary depending on the nature of an investor's mandate. In particular, it relates to whether those custody costs are incurred by the asset manager or through a third party employed directly by the institutional fund. You may wish to ask your adviser for further guidance.

For those custody costs incurred on behalf of the institutional fund by asset managers, these will be compiled within the **ACCOUNT TEMPLATE** completed by your asset manager. As a result, they will populate the **USER SUMMARY**.

Where the institutional fund contracts directly with a custodian (e.g. for segregated mandates), you may need to approach an additional custodian to complete a template for every relevant segregated mandate.

The CTI relies on your feedback to improve and update templates and other tools. If you have any feedback or questions, please contact alyshia.harrington-clark@plsa.co.uk