

## Davidsons IFA – Investment Fee Agreement

This document is issued on behalf of Davidsons Independent Financial Advisers Ltd (Davidsons IFA) of 23 Fore Street, Okehampton, Devon, EX20 1AN. We can be contacted at this address or on 01837 53855, or at [advice@davidsonsifa.com](mailto:advice@davidsonsifa.com).

Within this document, we aim to set out who we are and what we offer to our clients. This is a two- page document and should be read in conjunction with one other document:

Terms of Business – *code DIFATOB112018*

### *Authorisation Statement*

Davidsons IFA is Authorised and Regulated by the Financial Conduct Authority. The Financial Conduct Authority regulates the financial services industry in the UK and their address is 12 Endeavour Square, London, E20 1JN. You can check this on the FCA’s Register by visiting the FCA’s website [www.fca.gov.uk/register](http://www.fca.gov.uk/register) quoting our FCA number of 224407 or by contacting the FCA on 0800 111 6768.

### *Fee Statement*

For many years we have been strong advocates of fee-based financial advice. Our view has always been that any situation where the fee can vary according to which product is recommended cannot be in the best interests of the client. That standpoint has now been adopted by the industry as a whole and encouraged by the FCA’s ban on commission payments.

Within our fee structure, meetings are free and you only pay a fee when we do something for you. Our fees are only payable on the implementation of our advice. Furthermore, while our fees do not vary according to which product we recommend, you still have the choice of how you pay those fees – directly to us by cheque or bank transfer or through the product (assuming that option is available).

### *Our Fees*

Our fee has two elements - a Transaction Fee and an Ongoing Servicing Fee.

### **Transaction Fee**

This is charged when we arrange or bring into being an insurance, pension or investment-based contract on your behalf. It becomes payable at the time you choose to implement our advice. You can choose to pay the Transaction Fee either direct to us, in the form of a cheque or bank transfer, or through your product. However, the fee varies according to which of these options you choose.

<i>Product Type</i>	<i>Direct</i>	<i>Product</i>	<i>Basic of calculation</i>
Pension	2%	2.5%	Annual contribution, single contribution or transfer value
Annuity/Drawdown	2%	2.5%	Fund value before tax free cash is taken
Savings/Investments	2%	2.5%	Annual contribution, lump sum invested or transfer value

All of the above fees are subject to a minimum of £100 and a cap of £10,000.

*As a working example, for an investment of £100,000, if you chose to pay our fee directly to us by bank transfer, our fee would be £2,000. However, if you chose to pay the fee through the product, the fee would be £2,500.*

### *Other transaction fees*

Fund Switch:	Free if part of our Discretionary or Bespoke Service. If part of our Transactional service, 0.5% of portfolio value If not part of any ongoing service, 1% of portfolio value
Hourly rate:	£100 per hour, only applicable in certain circumstances.
Pension Freedom:	1.5% of encashment value, subject to a minimum of £500.

*As a working example, for a withdrawal of £50,000, our fee would be £750*

### **Ongoing Servicing Fee**

This relates to investment-based solutions, such as pensions, ISA or open-ended investments. We have three service levels which you can choose from:

- *Discretionary*
- *Bespoke*
- *Transactional*

#### **Discretionary**

With our Discretionary service, any fund switches or asset rebalancing, at any time, will not incur any further charge from us. If there are any product charges levied by the product provider for switching or rebalancing, we will discuss these with you before making any changes. Otherwise, fund switches or rebalancing will be undertaken automatically by our sister company, Davidsons Portfolio Management Ltd, whose costs are included as part of this service, using their discretionary investment mandate. We will provide quarterly valuation statements, and these will provide the basis for our ongoing discussions regarding investment performance.

*Ongoing Discretionary Service Fee:* 0.8% per year on the value of assets being serviced

This fee can be paid either directly to us on a half-yearly basis by bank transfer, or through the product on a regular basis. As the fee is the same whichever method you choose, we will discuss with you the merits of both options.

*As a working example, for an investment of £100,000, our Ongoing Discretionary Service Fee would be £800 per year. This will continuously increase or decrease as the fund values rise or fall.*

#### **Bespoke**

With our Bespoke service, any fund switches or asset rebalancing will be discussed with you beforehand, as will any charges which may be levied by the product provider for undertaking the changes. We will provide six-monthly valuation statements, which will provide the basis for our annual discussions regarding investment performance. Additional valuation statements are available at any time with no additional fee.

*Ongoing Bespoke Service Fee:* 1% per year on the value of assets being serviced

This fee can be paid either directly to us on a half-yearly basis by bank transfer, or through the product on a regular basis. As the fee is the same whichever method you choose, we will discuss with you the merits of both options.

*As a working example, for an investment of £100,000, our Ongoing Bespoke Service Fee would be £1000 per year. This will continuously increase or decrease as the fund values rise or fall.*

Both the Discretionary and Bespoke fees are percentage-based, which are set at the same rate for all clients. As our ongoing earnings are linked to the performance of your investment, we have a real incentive to help increase

the value of those investments – which ultimately is what you employ us to do. While that does not mean we guarantee in any way an investment’s performance, we will use our knowledge and experience to continuously try to add value over the long term.

**Transactional**

With our Transactional service, we will monitor your investments by providing an annual valuation statement and review meeting with an adviser. Any fund switches or asset rebalancing will be discussed with you beforehand, as will any charges levied by the product provider. Any changes made to the portfolio, including requests for extra valuation statements, will incur an additional transaction fee of 0.5% on the value of the portfolio.

*Ongoing Transactional Service Fee:*      0.5% per year on the value of assets being serviced

This fee can be paid either directly to us on a half-yearly basis by bank transfer, or through the product on a regular basis. As the fee is the same whichever method you choose, we will discuss with you the merits of both options.

*As a working example, for an investment of £100,000, our Ongoing Transactional Service fee would be £500 per year, which would continuously increase or decrease as the fund values rise or fall. If there was a fund switch on this portfolio during the year, the transaction fee would be a further £500, leaving you with a total fee of £1,000.*

*Other ongoing fees*

Bed & ISA Processing:                      1.5% of Bed & ISA amount with no minimum fee

*As a working example, for a Bed & ISA of £15,000, our fee would be £225*

*Law*

This fee agreement is governed and shall be construed in accordance with English Law and the parties shall submit to the exclusive jurisdiction of the English Courts.

*Termination*

The authority to act on your behalf may be terminated at any time without penalty by either party giving seven days notice in writing to that effect to the other, but without prejudice to the completion of transactions already initiated. Any transactions effected before termination and a due proportion of any period charges for services, shall be settled to that date.

*Client consent*

By instructing us to act on your behalf, you understand and consent to the above terms. This fee agreement will come into effect from the date of issue.

*Signatures*

_____	_____	_____
Client <b>Name</b>	Client <b>Name</b>	Date
_____	_____	_____
Client <b>Signature</b>	Client <b>Signature</b>	Date