

Fees

March 2024

Investment Specialist Director Stewart Heggie explains how we strive to set fair and transparent fees as active investors.

Your capital is at risk.

Stewart Heggie: When you invest in a fund, the only part of the return that is guaranteed is the part you don't get to keep – the cost.

In recent years, costs have been in the spotlight, and that's down to the growing popularity of index tracking products. They are cheap, and that's because you get what you pay for – no active investment decisions are made. They passively replicate an index, so you get tiny allocations to the winners of tomorrow, and large allocations to the giants of today that have already succeeded.

But what about the fees for active managers?

Well, you can make a choice about the type of active manager you select. They come in many forms. Some hug and try to marginally outperform an index, whereas others make high-conviction calls and their portfolios look nothing like the index they are trying to beat. The key is to know what you're paying for and not overpay for the service you get.

So, what do you get for the fees you pay us?

Our starting place is to think about our objective – generate excellent long-term returns for our clients. We do that by allocating capital in the real world, making decisions with consequences.

We carry out fundamental research that means we make regular visits to companies across the globe. As long-term owners of companies, we build relationships with their leaders and will often spend time discussing the capital allocation calls they make.

We recognise the importance of delivering returns for both our current and future clients. Therefore, we invest in our people and our firm – taking time to train and invest in each generation of talented and well-resourced investment teams.

It also means that we prioritise client service. One of the big challenges in a long-term growth investment approach such as ours is that the returns we aim to produce will appeal to many, but the road travelled in achieving them may not. Therefore, communication and setting expectations is key.

It may sound obvious, but we strive for simplicity and fairness when setting fees. That makes it transparent for clients and easy for us to administer.

We also continually monitor the fees we charge and have progressively lowered them over time, keeping them highly competitive with other active managers, and sharing the benefits of scale with our clients.

Getting the balance of all these factors right helps us deliver on our objective – generate excellent long-term returns for our clients – at a fair price.

Risk factors

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