Ranmore Global Equity Fund plc ("RGEF") is the "Manufacturer" under the Consumer Duty standard. UK platforms, which offer, on an execution-only basis to retail investors, the sale of shares in RGEF is/are "Distributor(s)".

Background

The FCA's Consumer Duty ('the Duty') sets the standard of care that firms should give to customers in retail financial markets. The Duty sets 'four outcomes' which are a suite of rules and guidance setting more detailed expectations for firm conduct in four areas that represent key elements of the firm-consumer relationship:

– the governance of products and services

– price and value

– consumer understanding, and

– consumer support

A manufacturer must:

(1) ensure that its products provide fair value to retail customers in the target markets for those products; and

(2) carry out a value assessment of its products and review that assessment on a regular basis appropriate to the nature and duration of the product. (PRIN 2A.4.2)

The price and value outcome

What is value?

Value is the relationship between the amount paid by a retail customer for the product and the benefits they can reasonably expect to get from the product; and a product provides fair value where the amount paid for the product is reasonable relative to the benefits of the product (PRIN 2A.4.1R).

Retail customers experience harm where they don't get value for their money. A lack of fair value is unlikely to be consistent with customers realising their financial objectives and firms cannot act in good faith if they are knowingly manufacturing or distributing poor value products or services.

The specific focus of the price and value outcome rules is on ensuring the price the customer pays for a product or service is reasonable compared to the overall benefits (the nature, quality and benefits the customer will experience considering all these factors). Value needs to be considered in the round and low prices do not always mean fair value.

Assessing value

In order to assess if a product or service provides value, firms must consider at least the following (PRIN 2A.4.8):

Point to consider	The nature of the product or service, including the benefits that will be provided or may reasonably be expected and their qualities	Any limitations that are part of the product or service (eg limitations on scope of cover for insurance products)	The expected total price customers will pay, including all applicable fees and charges over the lifetime of the relationship between customers and firms
Response	RGEF is a global Value fund. There are few pure Value active funds (please see below), and even fewer whose stock selection is in mid-caps. Many retail investors, exposed to global equity active and passive funds may be invested in funds which predominantly invest in large-cap Growth shares. RGEF may offer diversification in terms of the types of investments offered by a global equity fund. The Fund has very high Active Share (typically 99%), meaning there is little exposure to a benchmark that could otherwise be obtained from passive funds. The Fund does not charge performance fees.	The Fund will offer little or no exposure to Growth shares and will not subscribe to a "buy-and-hold" stock-picking approach. We cannot predict future returns, but we think the likelihood of the Fund underperforming relative to global equity peer funds and global equity indices includes in environments of: low/zero interest rates, quantitative easing, globalisation, and where large market capitalisation highly-rated companies continue to grow earnings and outperform the market	The Fund, given the size of its assets under management relative to much larger funds, offers a competitive pricing structure. For UK platforms – via which many retail investors obtain exposure to funds – the Fund has introduced a share class of which they may avail which aims to cap the Ongoing Charges Figure at an annualised 1.00%. In addition, the investment manager has introduced via a prospectus update in 2023, a tiered IM fee, meaning that as assets under management increase, the fee charged on higher bands of assets decreases. Previously, the fee was 0.9% per annum of the Net Asset Value (NAV) of the Fund, accrued daily. It has since changed to 0.9% on the first \$500m; 0.75% on NAV in the range \$500m - \$1bn; 0.6% on NAV in excess of \$1bn. Transaction costs – please see below.

Transaction costs (TCs) are costs incurred when transactions are undertaken on the Fund's behalf. They comprise:

- Explicit TCs – specific amounts paid to known parties as a result of carrying out a transaction. They comprise
    - Broker commissions for the execution of trades on the Funds behalf. These are typically in the range 0.02% (developed markets) to 0.08%
    - Taxes – stamp duties. For example, in the UK, there is Stamp Duty Reserve Tax of 0.5% of the value of the trade when one buys shares of a UK company; France is 0.3%; HK 0.1%, USA 0%.

In the 12 months to 31.12.2024, explicit TCs were 0.37% of the average NAV of the Fund, of which, approximately 80% was stamp duties. The Fund had a higher exposure to UK and European shares relative to the MSCI World Index and other global equity funds which have exposure to US shares closer to the MSCI WI weighting (~70%), thereby contributing to higher explicit TCs than some funds. One method by which some funds gain exposure to such shares without incurring stamp duties is via the use of derivative instruments. At present, it is not intended to utilise derivative instruments for such purpose.

- Implicit TCs - not amounts paid in order to complete a transaction. Rather, they can be viewed as the value lost through entering into a transaction. We are required to take the difference between the average execution price achieved and arrival price at the time a trade is routed for execution and multiply it by the quantity of shares bought or sold to derive a slippage cost. We are required to calculate it for three years' worth of trades, calculate an annualised figure and then divide that by the average net assets of the fund over the same three year period. For the three years to 31.12.2024, this was 0.82%

Morningstar data:

Europe/Asia/Africa-domiciled funds (by oldest share class) whose investment style is:	Global Large-Cap Growth equities	Global Large-Cap equities with neither a clear Growth nor Value bias ("Blend")	Global Large-Cap Value equities
Number of funds (October 2024) **Source: Morningstar Direct**	636	2,097	159

When firms perform value assessments, in addition to the above, they may consider a range of factors in demonstrating that the price paid is reasonable compared to the benefits. These are also factors that we may consider when we look at the firms' value assessments. They include the following points.

• The costs firms incur to manufacture and/or distribute the product or service, including the cost of funding (eg for loans). Difference in costs may for example explain why otherwise similar products are priced differently, and/or explain changes in the price charged over time. There are limited distribution costs – Ranmore Fund Management Ltd is the appointed Distributor of the Fund, for which it receives no fees.

• The market rates and charges for comparable products or services and whether the product is a significant outlier compared to these. Where a product or service is a significant outlier, it might prompt the firm to check that other elements of the design of, and support for a product or service are functioning properly, and/or to confirm they are still confident the price is reasonable compared to the benefits received. We believe explicit broker commissions are competitive compared to peer funds. We note that the implicit costs may be considered high. We think this is a nuanced topic: it is very difficult to achieve the arrival price of a share without sending a signal to the market and so we endeavour to have the trade executed with the best outcome, given the liquidity and market. Smaller/mid-caps will have less liquidity than larger capitalisation shares and so we expect to incur negative implicit TCs. The opposite of implicit TCs is to do nothing: to not purchase or sell. As an active fund, there is a duty to make the best investments we believe can be made for investors and that will involve incurring TCs.

• Whether there are any products in the firm's portfolio which are priced significantly lower for a similar or better level of benefit. UK platforms are eligible for access to the Institutional share class, which aims to cap the Ongoing Charges Figures at 1.00%

• Any accrued costs and/or benefits for existing or closed products.

The role of Distributors

A distributor must not distribute a product unless its distribution arrangements are consistent with the product providing fair value to retail customers. (PRIN 2A.4.16(1))

(PRIN 2A.4.16(2)) *Arrangements will be consistent with providing fair value to retail customers where they enable the distributor to obtain enough information from the manufacturer to understand the outcome of the value assessment and in particular to identify:*

(a) the benefits the product is intended to provide to a retail customer;

(b) the characteristics, objectives and needs of the target market;

(c) the interaction between the price paid by the retail customer and the extent and quality of any services provided by the distributor; and

(d) whether the impact that the distribution arrangements (including any remuneration it or (so far as the distributor is aware of it) another person in the distribution chain receives) would result in the product ceasing to provide fair value to retail customers.

Distributors are also obliged to obtain information from manufacturers (PRIN 2A.3.16R):

A distributor must ensure that the product distribution arrangements contain effective measures and procedures to obtain sufficient, adequate and reliable information from the manufacturer about the product to:

(1) understand the characteristics of the product;

(2) understand the identified target market;

(3) consider the needs, characteristics and objectives of any retail customers in the target market with characteristics of vulnerability;

(4) identify the intended distribution strategy for the product; and

(5) ensure the product will be distributed in accordance with the needs, characteristics and objectives of the target market.

Conclusion as to whether charges are justifiable

Only COLL 9 of the COLL Sourcebook applies to RGEF, COLL 4.5.7R(8)(d)&(e) requires of UK investment companies with variable capital to disclose in the their annual reports:

(d) the conclusion of the authorised fund manager's assessment of whether the charges are justified in the context of the overall value delivered to the unitholders in the scheme; and

(e) if the assessment has identified that the charges are not justified in the context of the overall value delivered to the unitholders, a clear explanation of what action has been or will be taken to address the situation.

Should COLL 4.5.7 apply to RGEF, based on the aforementioned information in this assessment, Ranmore Fund Management Ltd concludes that the charges are justified in the context of the overall value delivered to unitholders in RGEF.

Review

PRIN 2A.4.24R requires *A manufacturer must regularly review the value assessment throughout the life of the product to ensure that the product continues to provide fair value to retail customers in the target market.*

Ranmore Fund Management Ltd will review this Value-for-Money assessment on a quarterly basis.