



FUNDROCK
management company

Argonaut

2019 Research Payment
Account Budget



MiFID II Research Payment Account

A new piece of European Union ("EU") financial legislation came in to force on 3rd January 2018 to replace the existing regulatory regime called Markets in Financial Instruments Directive (MiFID). The new regime has been implemented in the UK and is generally referred to in the industry as MiFID II. The new regime is intended to, among other things, increase transparency across the EU's financial markets and provide better value for money for investors.

One change is in relation to the receipt of research by investment managers. Historically, investment managers received investment research from third party research providers (such as brokers) together with trading services. The investment manager would typically make one payment covering both the research costs and other costs such as trading costs. This was referred to as "bundling" because the research costs were bundled together with the cost of other trading services provided by the third party. Such costs may have been passed on to a fund.

There is now a requirement for full "unbundling" of such costs. This means that the cost of research must be charged separately or "unbundled" from the cost of other services provided by the research provider. As noted above, one of the aims of MiFID II is to make the costs that are passed on to investors clearer and more transparent.

MiFID II permits an investment manager to receive research from a third party research provider and for the research to be paid for by a specific charge out of the assets of a fund, subject to certain requirements. One of the requirements is that the investment manager must set up a research payment account ("RPA") from which payments for research will be made. The investment manager has set up an RPA which will be overseen by us, FundRock Partners Limited, as the authorised fund manager of the fund.

The 2019 Research Budget

Another requirement is that the investment manager must set up a budget for the purposes of establishing the amount needed for third party research in respect of a fund. Investors must be provided with information about the budget.

The research budget for the FP Argonaut Funds for the calendar year 2019 is as set out below:-

FP Argonaut Absolute Return Fund - £80,718
FP Argonaut European Alpha Fund - £165,099
FP Argonaut Income Opportunities Fund - £4,183

Further information

Please see the prospectus of the fund for more information on the RPA and the research budget. Alternatively, you may contact us on our Investor Helpline 01268 44 7403, between 9am and 5pm UK time, Monday to Friday (excluding public holidays in England and Wales) if you require further information or if you have any questions.