

31 December 2023

## The Value Assessment Report

IFSL Church House Balanced Equity Income Fund

IFSL Church House Esk Global Equity Fund

IFSL Church House Investment  
Grade Fixed Interest Fund

IFSL Church House Tenax Absolute  
Return Strategies Fund



IFSL Church House UK Equity Growth Fund

IFSL Church House UK Smaller Companies Fund

*Industry knowledge,  
service quality  
and fund expertise*

## Value assessment report

This report describes the value assessment we have carried out for the following funds (the Funds):

<p>IFSL Church House Balanced Equity Income Fund</p> 	<p>IFSL Church House Global Equity Fund</p> 	<p>IFSL Church House Investment Grade Fixed Interest Fund</p> 
<p>IFSL Church House Absolute Return Strategies Fund</p> 	<p>IFSL Church House Equity Growth Fund</p> 	<p>IFSL Church House Smaller Companies Fund</p> 

# 1. The Value Assessment Report



Dear Investors,

Investment Fund Services Ltd (IFSL) is the authorised fund management company (AFM) for the Funds covered by this report. As the AFM, we are responsible for operating the Funds in the interests of our investors. Producing this report is an important way in which we discharge that responsibility. We are also accountable to our regulator, the Financial Conduct Authority (FCA).

We carry out a value assessment at least yearly for each of our funds. The team who carry out the value assessments includes two independent non-executive directors. A part of this independent challenge is to ensure particular regard is given to investor outcomes. As Chair of our Board of Directors, I have responsibility to ensure we carry out these value assessments.

The purpose of the value assessment is to consider whether the payments that the prospectus allows to be taken from the Funds, are justified in the context of the overall value delivered to investors. After each assessment, we publish this report to provide you with our conclusions and explanations about its key aspects.

When carrying out the value assessment, we have been guided by three key considerations. These are:

- The rules of the FCA.
- Making the report meaningful for investors.
- The importance of measuring value and not just cost.

Each are now explained in more detail.

## I. The rules of the FCA

These require us to consider certain minimum criteria. There are seven set by the FCA.

FCA Value Assessment Criteria	Summary of FCA Value Assessment Criteria
Performance	Are the funds performing against their investment objectives?
Comparable Market Rates	Are the funds priced similarly to competitors?
Comparable Services	Are funds priced reasonably compared to other products with similar investment strategies?
AFM Costs	Are fees charged to investors reasonable and appropriate?
Economies of Scale	Are economies of scale generated and passed on to investors?
Quality of Service	Does the range and quality of service offer value?
Classes of Units	Are investors in the cheapest available share class based on their characteristics?

Each is considered under its own heading in the following pages.

We are not limited to the seven that are prescribed but to date we have found they are sufficiently broad to allow us to carry out the value assessment. We keep this under review.

## II. Making the report meaningful for investors

We aim to provide an assessment that is meaningful for all investors. We recognise individuals will have their own reasons for holding the Funds and their own specific goals. We have been guided by the following considerations for the Funds:

- The specific investment objectives as set out in the prospectus.
- The investment policies and strategies.
- Any relevant benchmarks, including any against which performance is measured.
- The Fund's target market (the types of investors who could be expected to consider buying it).

We have considered these factors as at 31 August 2023, not merely across a single year but particularly in relation to performance – across timescales which better reflect the periods over which investors could be expected to hold the Funds.

## III. The difference between assessing value and simply measuring cost

We believe that the best value for investors does not necessarily mean simply the lowest costs.

As an example, all the Funds in this report are actively managed. This means the investment manager chooses which investments to make, based on their own research and processes. This approach can be expected to result in higher costs being taken from the Funds than for passive funds. Passive funds are where investments are chosen based on an index for example, and not based on a decision by an investment manager. However, while we consider the higher costs as part of the value assessment, we will also look at other factors, such as the actual returns achieved for investors, which are net of these costs.

Nevertheless, we are clear that any value assessment includes an assessment of the controls over costs borne by the Funds.

#### IV. The funds' different share classes

Funds typically have more than one share class. Share classes in the Church House Funds differ only in the way that they treat income payments (either by distributing income payments or by accumulating them and reflecting this in the price). There are also some differences in the charges of the share classes, as explained in more detail later in this report.

You can call us free on 0808 178 9321 or see your half yearly statement to find out which share class you hold. You can also ask your adviser or platform.

In closing, I remind you that the value of your investment can fall or rise in value and it can do so daily. The Funds are exposed to stock markets and market conditions can change rapidly resulting in volatile price movements and being affected unpredictably by diverse factors, including political and economic events. In addition, inflation will, over time, reduce the value of your investments in real terms. We carried out our assessment with performance figures as at 31 August 2023. You can always find up to date performance figures on our [website](#) or from your adviser or platform.

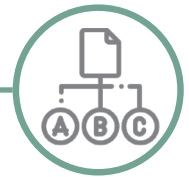
I hope in turn you find this report of value. All of us at IFSL welcome any feedback on how to improve these reports for the future.

With my kind regards,

Guy Sears

Independent non-executive Chair of the Board

## 2. The characteristics of each of the Funds



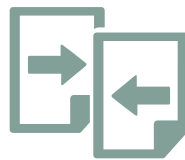
When we described our approach above, we said we considered the objectives and investment policies. In this section we summarise these characteristics for each of the Funds. Under each Fund name we set out the objective and the benchmark against which you can assess the performance of the Funds.

*There can be three types of benchmark and these are explained below.*

### The benchmarks



*A 'target' benchmark is used to define a fund's target performance.*



*A 'comparator' benchmark is used as a performance comparator for a fund.*



*A 'constraint' benchmark restricts the composition of a portfolio.*

The latest version of the above information can always be read by looking at the Key Investor Information Document. These are available on our website at [www.ifslfunds.com](http://www.ifslfunds.com). They also set out the investment policy, which explains in more detail how each Fund aims to achieve its objective.

## IFSL Church House Balanced Equity Income Fund

### Investment objective

*The aim of the Fund is to provide income and capital growth over the long term (at least five years).*

### Benchmarks

*Comparator – IA Mixed Investment 40-85% Shares Sector\**

*Due to the Fund's focus on investment in UK companies, it may at times have geographic exposure which is different to the average fund in the sector. As a result, the Fund may be expected to underperform or outperform the sector depending upon the performance of UK companies relative to companies in other geographic regions. This should be taken into consideration when comparing the performance of the Fund.*

*Constraint – N/A*

*Target – N/A*

*\*The FTSE 350 Higher Yield Index comparator benchmark was removed from this Fund on 31st October 2023.*

## IFSL Church House Esk Global Equity Fund

### Investment objective

*The aim of the Fund is to provide capital growth over the long term (at least five years).*

### Benchmarks

*Comparator – IA Global Sector*

*Constraint – N/A*

*Target – N/A*

## IFSL Church House Investment Grade Fixed Interest Fund

### Investment objective

The aim of the Trust is to provide quarterly income, while maintaining capital over the long term (at least five years).

### Benchmarks

Comparator – IA Sterling Corporate Bond Sector\*

Constraint – N/A

Target – N/A

\*The ICE BofAML 7-10 Years AA Sterling Corporate & Collateralised Index comparator benchmark was removed from this Fund on 31st October 2023.

## IFSL Church House Tenax Absolute Return Strategies Fund

### Investment objective

The Sub-fund aims to provide an absolute return, aiming to achieve positive returns over rolling twelve-month periods at low levels of volatility (meaning changes in value of up to 5% per annum in normal market conditions).

Capital invested in the Sub-fund is at risk and there is no guarantee that a positive return will be achieved over a rolling twelve-month, or any other period.

### Benchmarks

Comparator – N/A\*

Constraint – N/A

Target – N/A

This Fund does not have a benchmark. The Fund aims, but does not guarantee, to deliver positive returns (greater than zero) in any market conditions over rolling 12-month periods. This puts it in the IA Targeted Absolute Return sector.

The IA publishes figures showing how often funds in this sector fail to provide returns greater than zero for available rolling 12-month periods over the last three years on its website ([www.theia.org/industry-data/fundsectors/tar-monitoring](http://www.theia.org/industry-data/fundsectors/tar-monitoring)). As the Fund does not have a benchmark, you may want to assess the Fund's performance using this data.

\*The Bank of England SONIA Compounded Index and FTSE 100 Index comparator benchmarks were removed from this Fund on 31st October 2023.



## IFSL Church House UK Equity Growth Fund

### Investment objective

*The aim of the Fund is to provide capital growth over the long term (at least five years).*

### Benchmarks

*Comparator – IA UK All Companies Sector\**

*Constraint – N/A*

*Target – N/A*

*\*The FTSE 100 Index comparator benchmark was removed from this Fund on 31st October 2023.*

## IFSL Church House UK Smaller Companies Fund

### Investment objective

*The aim of the Sub-fund is to provide capital growth over the long term (at least five years).*

*The Sub-fund is actively managed and the Manager does not track, and is not constrained by, any benchmark index.*

### Benchmarks

*Comparator – IA UK Smaller Companies Sector\**

*Constraint – N/A*

*Target – N/A*

*\*This benchmark replaces the previous FTSE All-Share Index and the FTSE Small Cap ex Investment Trusts Index comparator benchmarks from 31st October 2023.*

### 3. Range and quality of services

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#### What have we considered?

In this section we have considered the first area of the value assessment. This covers the quality of service we provide and the quality of service provided by any person to which any aspect of the Funds' management has been delegated or who provides services to us.

#### How have we made our assessment?

We have reviewed and given consideration to the services delivered and how they affect investors and the delivery of each Fund's objective. We also give consideration to the quality of the service delivered by IFSL and each external provider.

We have considered, as we do for all value assessments, whether they have been managed within their investment restrictions and if there have been any operational errors or complaints. This is reviewed by Fund and by Share Class if more than one Share Class exists.

**We have reported under three subsections:**

**Services in relation to the required independent third parties** – Depositary/Trustee, Custodian and Auditor.

**Other third parties** – The Investment Manager and the Sponsor

**In-house functions** – Our own provision of services to the Funds

In this part of our assessment, if there are any material distinctions between the Funds or the share classes within the Funds, we will specify this.

## Services in relation to required independent third parties

The following section considers the required independent third-party service providers: the Depositary/Trustee, the Custodian and the Auditor.

### *The Depositary/Trustee*

The Depositary/Trustee is an independent entity charged with various regulatory responsibilities to a fund. It is a key part of the oversight of these Funds.

The Depositary/Trustee is paid from the fund it oversees directly under the terms of the prospectus. Its fees are shown in the statutory accounts.

As AFM we are responsible for selecting the Depositary/Trustee, negotiating its fees and other commercial terms and for monitoring its performance and suitability on an ongoing basis.

In order to ensure we receive a good level of service we only work with a limited number of Depositaries/Trustees at any one time. There are presently two across the entire range of funds for which we are the AFM. The Depositary/Trustee for these Funds is NatWest Trustee and Depositary Services Limited (NatWest).

We have assessed the Depositary/Trustee based on a mix of criteria including but not limited to:

- size and reputation within the industry
- geographical relevance for the Funds' strategies and investors
- service levels
- history of interactions
- resource and expertise
- costs and charges

Our interactions with them lead to constructive dialogue and challenge as we at IFSL work in collaboration with them to prioritise good outcomes for our fund investors.

The costs chargeable to the Funds by NatWest were last reviewed formally by us in the first quarter of 2023 and resulted in no changes being made following a prior reduction applied in 2022. We regularly check the fees paid to our service providers to ensure they deliver value when considered against the service we receive.

## The Custodian

The Custodian is an independent entity responsible for holding the assets of a fund. Again, this role is key in ensuring good outcomes for investors.

The Custodian is paid from these Funds directly under the terms of the prospectus. Its fees are shown in the statutory accounts. It is appointed by the Depositary/Trustee but will be selected, and commercial terms will be negotiated and agreed, by us as the AFM.

Along with the Depositary/Trustee, we review and monitor the performance of the Custodian and review the charges made to the Funds.

In order to ensure we receive a good level of service we only work with a very limited number of Custodians at any one time. There are presently two across the entire range of funds for which we are the AFM. The Custodian for these Funds is RBC Investor Services Trust.

We have assessed the Custodian based on a mix of criteria including but not limited to:

- size and reputation within the industry
- geographical relevance for the Funds' strategies and investors
- service levels
- history of interactions
- resource and expertise
- costs and charges

We at IFSL work in collaboration with them to prioritise good outcomes for our investors.

We regularly check the fees paid and compare these against other service providers to ensure they deliver value when considered against the service we receive and the fees paid by other funds for which we are AFM. We last carried out this review of the costs chargeable to the Funds by the Custodian during the second quarter of 2022. This resulted in a lower fee being applied to the funds under management with IFSL.

## *The Auditor*

The Auditor is an independent entity responsible for auditing the financial statements of the Funds.

The Auditor is paid from these Funds directly under the terms of the prospectus. Its fees are shown in the statutory accounts.

It is selected and appointed by us, as AFM, and we are responsible for negotiating the commercial terms, including the audit fees they charge.

We have assessed the auditors based on a mix of criteria including but not limited to:

- size and reputation within the industry
- expertise, scale and involvement with regulatory and industry change
- appropriateness to overall business scale
- appropriateness for the range of funds for which we are AFM

We regularly check the fees paid and compare these against other service providers to ensure they deliver value when considered against the service we receive and the fees achieved by other funds for which we are AFM. We have regular interaction with the Auditor and remain confident that the fee is appropriate based upon the service received, including having considered each of the factors above.

## Other third parties – appointments and outsourcing

This section refers to the delegation of certain functions to, or the appointment of, an external entity. Such arrangements are not required by regulation but may be entered into at our discretion.

### *The Investment Manager and Sponsor*

We have appointed Church House Investments Limited (Church House) to manage the investments within the Funds. Church House are also the Sponsor and are responsible for the promotion and distribution of the Funds. Church House receives a share of the annual management charge payable to us under the terms of the prospectus.

We have assessed the services of the Investment Manager and Sponsor based on a mix of criteria including but not limited to:

- resource and expertise
- investment research, which is funded by Church House and is not an additional charge to the Funds
- its control of transaction costs (which the Funds pay) and how trades are executed
- whether they have been managed within their investment restrictions
- a review of any operational errors or complaints
- the timeliness with which complete and accurate data is provided to us
- how the Funds are distributed

Having regard to these factors and our oversight and governance more generally, we conclude that the charges taken for these services, were justified based on the overall value delivered to investors.

The results of our review of the services provided and the manner in which they were delivered, are discussed in more detail under the 'Performance' section below.

## In-house functions – the quality of our own services

### *Governance and oversight*

We dedicate senior manager and board level resource to our governance structures, including Product Governance, Investment, Risk and other operational committees. Combined with our model of running most services in-house, we believe that this level of governance helps us to safeguard the best interests of investors.

As AFM, we are responsible for overseeing any party that provides services to our funds and agreeing commercial terms for those services. We continuously review our service providers to ensure they continue to meet the high standards we expect for our investors.

### *Administration*

In the UK fund industry, it is not uncommon for an AFM to use third parties to carry out fund administration services. This may include dealing and settling purchases and sales of units in the Funds, calculating the Funds' dealing prices and maintaining the register of unit-holders in the Funds.

We maintain our own systems and resources in order to carry these activities out ourselves. We do this so that we are able to retain specialist operational expertise and maintain transparency in our processes. This also means we can direct investment into our people and our technology in a cost effective manner, which we feel brings benefits to investors.

### *Investor communications and relations with investors*

We have a dedicated investor support team and, with the exception of some printing and publication work, all communication with investors is conducted by in-house staff, who provide support and information to investors and their intermediaries. Working alongside our fund administration staff, this team benefit from technical training and specialist knowledge, enabling them to provide an efficient and responsive service for our investors.

### *Additional competencies*

In addition to our in-house expertise we maintain close relationships with recognised specialist law firms, accountants, trade bodies and training providers to maintain an up-to-date understanding of legal and regulatory expectations and best practice.

## Conclusion

Overall, we are satisfied with the quality of services provided to investors in all Funds and share classes by third parties and in-house.

## 4. Performance



When assessing the value represented by the Funds performance achieved over the past twelve months, we have considered an in depth package of information. This allows us to consider the performance having regard to the investment objective (and policy) of each Fund. A fund's objective may envisage that success is to be measured over a period greater than a year. For example, it may say that the fund aims to grow your investment over a 5 year period. We bear such timescales in mind in forming our assessments of performance.

Within the above context, for each Fund, we consider the:

- comparative outcome relative to their benchmark
- volatility (a measure that considers how often, and by how much, the value of an investment goes up and down relative to its average or to a benchmark)
- performance relative to a range of industry standard risk adjusted measures of performance
- The investment management activities and strategies undertaken by the investment manager

The objectives for these Funds are set out in Section 2, full information including the Fund's objective and investment policy can be found in the Key Investor Information Document. These are available on our website at [www.ifslfunds.com](http://www.ifslfunds.com).

### IFSL Church House Balanced Equity Income Fund

Income Yield	2023	2022	2021	2020	2019
IFSL Church House Balanced Equity Income A	3.5%	2.9%	2.2%	3.5%	3.2%
IFSL Church House Balanced Equity Income B	3.8%	3.2%	2.4%	3.8%	3.5%
IA Mixed Investment 40-85% Shares	1.8%	1.4%	1.2%	1.6%	1.7%

*Annual Income Return*

*Source - Morningstar*

Fund	1 Year	3 Years	5 Years	10 Years
IFSL Church House Balanced Equity Income A	-0.1%	9.7%	2.5%	41.2%
IFSL Church House Balanced Equity Income B	0.6%	11.8%	5.8%	N/A
IA Mixed Investment 40-85% Shares	0.4%	10.6%	15.3%	66.0%

*Cumulative Returns as at 31.08.2023.*

*Source - Morningstar*



## Conclusion

The Fund's objective is to provide income and capital growth over the long term (at least 5 years). Over the last 5 years, the Fund consistently achieved a level of income, which was greater than its comparator benchmark, the IA Mixed Investment 40-85% Shares Sector. The Fund also delivered capital growth however this was below the average of the sector. This is true of both share classes.

The Fund has a focus on UK companies which differs to the average of the sector. This highlights that other geographical areas performed strongly compared to UK companies and as a result the performance diverged away from the average slightly.

Over the last 12 months, the Fund's B share class, achieved some capital growth which was similar to the sector average, this was in light of the Funds allocation to UK Companies starting to recover. The A share class performed to a lesser extent owing to its higher annual management charge (AMC). This share class is held by a limited number of investors who pay extra for additional services provided by the Investment Manager, Church House.

Overall, we are satisfied with the performance delivered to investors on both share classes.

### IFSL Church House Esk Global Equity Fund

Fund	1 Year	3 Years	5 Years	10 Years
IFSL Church House Esk Global Equity A	8.1%	26.0%	48.3%	N/A
IFSL Church House Esk Global Equity B	8.4%	27.5%	51.2%	N/A
IA Global	3.2%	22.8%	37.5%	N/A

*Cumulative Returns as at 31.08.2023.*

*Source - Morningstar*

## Conclusion

The Fund's objective is to provide capital growth over the long term (at least five years) and the Fund achieved this by delivering capital growth, which was greater than the Fund's comparator benchmark, the IA Global Sector. This is true of both share classes.

Over the last 12 months, both share classes again delivered capital growth greater than the sector, whilst taking a lower level of risk.

The A share class delivered a slightly lower return, owing to the higher annual management charge (AMC). This share class is held by a limited number of investors who receive additional services from Church House.

The Investment Managers strategy has led to the Fund investing predominantly in growth companies which have performed strongly. Growth companies are companies that are expected to grow at a faster rate than the average and have the potential to outperform the market over time. The Fund also benefitted from holding companies that benefited from the rising global interest rates.

Overall, we are satisfied with the performance delivered to investors on both share classes.

## IFSL Church House Investment Grade Fixed Interest Fund

Income Yield	2023	2022	2021	2020	2019
IFSL Church House Investment Grade Fixed Interest	3.9%	2.5%	2.3%	2.1%	2.1%
IFSL Church House Investment Grade Fixed Interest XL	4.0%	2.6%	2.3%	2.2%	-
IA Sterling Corporate Bond	3.4%	2.6%	2.1%	2.4%	2.6%

*Annual Income Returns (Income is paid quarterly in February, May, August and November).*

*Source - Morningstar*

Fund	1 Year	3 Years	5 Years	10 Years
IFSL Church House Investment Grade Fixed Interest	1.4%	-4.8%	2.3%	21.1%
IFSL Church House Investment Grade Fixed Interest XL	1.6%	-4.5%	N/A	N/A
IA Sterling Corporate Bond	-1.0%	-13.5%	-3.0%	24.5%

*Cumulative Returns as at 31.08.2023.*

*Source - Morningstar*

## Conclusion

The Fund's objective is to provide quarterly income, while maintaining capital over the long term (at least five years). Over the last 5 years, the Fund provided a consistent level of income and delivered capital growth. When comparing the Fund to the comparator benchmark over the same time period, which is the IA Sterling Corporate Bond Sector, the Fund delivered a similar level of income and produced a greater return, whilst taking a lower level of risk. This is true of both share classes.

Over the last 12 months, the Fund delivered an income stream similar to the sector average and produced a positive return when the average of the sector delivered -1%.

The XL share class delivered a greater return owing to its discounted AMC. This share class is only available to investors who meet the minimum investment requirement. For further details, please refer to the Fund prospectus.

Overall, we are satisfied with the performance delivered to investors on both share classes.

## IFSL Church House Tenax Absolute Return Strategies Fund

Fund	1 Year	3 Years	5 Years	10 Years
IFSL Church House Tenax Absolute Return Strategies A	-0.6%	-2.4%	-0.4%	20.2%
IFSL Church House Tenax Absolute Return Strategies B	-0.3%	-1.5%	1.2%	24.1%
IFSL Church House Tenax Absolute Return Strategies C	-0.1%	-1.2%	1.7%	N/A
IFSL Church House Tenax Absolute Return Strategies I	-0.1%	N/A	N/A	N/A

*Cumulative Returns as at 31.08.2023.*

*Source - Morningstar*

## Conclusion

The Fund's objective is to provide an absolute return, aiming to achieve positive returns over rolling twelve-month periods at low levels of volatility (meaning changes in value of up to 5% per annum in normal market conditions).

Volatility has been maintained at low levels, with the Fund achieving an average of 4.7% over 5 years. The investments that give this low volatility are primarily fixed interest securities, such as bonds and loans. The performance of these investments is sensitive to interest rate changes and, therefore, in recent periods of rising interest rates, the Fund has not delivered an absolute return over the majority of recent time periods set in its objective.

It has delivered a positive return in 6 of the 25 rolling 12-month periods, over the last two years. This is true of all share classes. This performance reflects current investment market conditions, where we understand it is difficult to generate positive returns from securities with low volatility. Where the Fund has not delivered a positive performance, it has only just missed its target.

The A share class performance differed due to having a higher annual management charge (AMC). This share class is held by a limited number of investors who receive additional services from Church House.

We conclude whilst over the longer term, a positive return is being delivered we are working with the Investment Manager regarding enhancements that aim to achieve the Fund's objective of delivering a positive return over rolling 12 month periods. Overall, we are satisfied with the performance delivered to investors.

### IFSL Church House UK Equity Growth Fund

Fund	1 Year	3 Years	5 Years	10 Years
IFSL Church House UK Equity Growth A	4.3%	13.4%	5.9%	63.1%
IFSL Church House UK Equity Growth B	4.9%	15.6%	9.3%	N/A
IFSL Church House UK Equity Growth Z	5.2%	N/A	N/A	N/A
IA UK All Companies	3.9%	22.8%	8.5%	60.6%

Cumulative Returns as at 31.08.2023.

Source - Morningstar

The Fund's objective is to provide capital growth over the long term (at least five years). Over the last 5 years the Fund achieved its objective, delivering capital growth. The B Share Class also outperformed against its comparator benchmark, the IA UK All Companies Sector. The A share class delivered a slightly lower return, due to having a higher annual management charge (AMC). This share class is held by a limited number of investors who receive additional services from Church House.

Over the last 12 months, the Fund delivered capital growth and all share classes outperformed the average of the sector, whilst taking a slightly lower level of risk. The Investment Managers strategy has led to the Fund investing predominantly in growth companies which have performed strongly. Growth stocks are companies that are expected to grow at a faster rate than the average and have the potential to outperform the market over time.

Overall, we are satisfied with the performance delivered to investors on all share classes.

### IFSL Church House UK Smaller Companies Fund

Fund	1 Year	3 Years	5 Years	10 Years
IFSL Church House UK Smaller Companies A	-2.6%	3.1%	N/A	N/A
IFSL Church House UK Smaller Companies B	-2.2%	4.3%	N/A	N/A
IA UK Smaller Companies	-6.2%	2.7%	-4.3%	78.2%

Cumulative Returns as at 31.08.2023.

Source - Morningstar

With effect from 24 August 2020, the investment objective, policy and strategy was fundamentally changed. As a result, performance prior to that date has not been considered.

The Fund's objective is to provide capital growth over the long term (at least five years). Since August 2020 the Fund has provided capital growth. It also performed better than its comparator benchmark, the IA UK Smaller Companies Sector.

Over the last 12 months the Fund did not deliver capital growth however it performed better than the sector average. The reason for this negative performance is that smaller companies over the last year have generally not performed well.

Since the Fund underwent its changes, we note there has been a sustained improvement in the Fund's relative performance and will continue to monitor this closely. Based on these improvements we are satisfied with the performance delivered to investors.

## Important Information

*Capital is at risk. Past performance is not a guide to the future performance. Investments can go down as well as up and investors may not get back the amount originally invested. This can be as a result of market movements and exchange rates between currencies.*

*The Funds are exposed to stock markets and market conditions can change rapidly. Prices can move irrationally and be affected unpredictably by diverse factors, including political and economic events.*

*The Funds may have exposure to bonds, the prices of which will be impacted by factors including; changes in interest rates, inflation expectations and perceived credit quality. When interest rates rise, bond values generally fall. This risk is generally greater for longer term bonds and for bonds with lower credit quality.*

*The Funds may invest in other currencies. Changes in exchange rates will therefore affect the value of your investment.*

*In certain market conditions some assets may be less predictable than usual. This may make it harder to sell at a desired price and/or in a timely manner. In extreme market conditions redemptions in underlying funds or the Funds may be deferred or suspended.*

*The IFSL Church House UK Smaller Companies Fund and the IFSL Church House UK Equity Growth Fund both invest mainly in the UK therefore investments will be vulnerable to sentiment in that market which may strongly affect the value of the Funds.*

*The IFSL Church House UK Smaller Companies Fund will be exposed to smaller companies which are typically riskier than larger, more established companies. Difficulty in trading may arise, resulting in a negative impact on your investment. Shares in smaller companies may be harder to sell at a desired price and/or in a timely manner, especially in difficult market conditions.*

*A more detailed description of the risks that apply to the Funds can be found in the prospectus. You are required to read the Key Investor Information Document (KIID) before making an investment. The KIID and prospectus for all Funds are available free of charge at [www.ifslfunds.com](http://www.ifslfunds.com) or by calling 0808 178 9321.*

## 5. ACD costs in general



### What have we considered?

We have considered the following components of the ongoing charges figure (OCF). These are described below and investors can find a detailed breakdown of the actual amounts paid for each in the latest annual report and accounts.

### *The components are as follows:*

#### **Annual management charge**

This is a percentage fee paid from the Funds to the Investment Manager.

#### **Depositary/Trustee fee**

This is a percentage fee paid to the Depositary/Trustee.

#### **Custody fee**

This is a combination of a percentage fee and fixed, transaction-based fees paid from the Funds to the Custodian.

#### **Audit fee**

This is a fixed annual fee paid to the Auditor.

#### **Registrar Fee**

This is a small fixed annual fee per shareholder account, paid to the AFM for maintaining the register of shareholders.

#### **KIID update fee**

This is a fixed annual fee paid to cover the cost of reviewing and updating the Key Investor Information Document (KIID) for the Funds.

#### **FCA fees**

This is a fixed annual fee paid to the FCA for its role as regulator of IFSL and the Funds.

## Ongoing charges figures per fund

Fund	Share Class	Ongoing Charges Figure (OCF)
IFSL Church House Balanced Equity Income	A Class	1.72%
IFSL Church House Balanced Equity Income	B Class	1.09%
IFSL Church House Esk Global Equity	A Class	1.33%
IFSL Church House Esk Global Equity	B Class	0.95%
IFSL Church House Investment Grade Fixed Interest	Undesignated	0.89%
IFSL Church House Investment Grade Fixed Interest	XL Class	0.68%
IFSL Church House Tenax Absolute Return Strategies	A Class	1.36%
IFSL Church House Tenax Absolute Return Strategies	B Class	1.00%
IFSL Church House Tenax Absolute Return Strategies	C Class	0.88%
IFSL Church House Tenax Absolute Return Strategies	I Class	0.79%
IFSL Church House UK Equity Growth	A Class	1.56%
IFSL Church House UK Equity Growth	B Class	0.93%
IFSL Church House UK Equity Growth	Z Class	0.66%
IFSL Church House UK Smaller Companies	A Class	1.42%
IFSL Church House UK Smaller Companies	B Class	1.05%

The ongoing charges figures above are based on actual expenses for each Fund's year end. It covers all aspects of operating the Fund during the year, including the fees paid and described at the start of this Section (5). It does not include payments to your financial adviser and/or any other firm through which you invest, you pay for their services directly, with the exception of the A share class that includes additional services provided by Church House.

The Fund's may invest in other collective investment schemes, or funds. We have not directly considered the costs of these underlying funds, but their selection and suitability are part of our assessment of the quality of service provided by the Investment Manager and of the performance of the Funds. The OCF figure above, and the performance of the Fund, all take account of the underlying costs of these investments (i.e. performance is reviewed net of all charges). We take this into consideration when comparing with other funds in the peer group, which may not have this if they do not invest in other funds.



## Conclusion

We are satisfied that the costs of the services provided represent reasonable value.

We consider the different share classes and their charges later in this report in section 9.

## 6. Comparable market rates



Periodically we review the fees we pay to third parties.

The comparable market rates for Depositary/Trustee, Custodians and Auditors are subject to a degree of commercial confidentiality. Nevertheless, experience of past fees, the tender or review processes we use and our own awareness of the market mean that we believe our approach secures the best value for money when these contracts are reviewed or re-tendered; and that we review and re-tender with a reasonable frequency given the nature of the relationships and different costs of moving suppliers.

Depositary/Trustee commonly structure their fees on an ad-valorem basis, which means fees are based on the size of the fund. We keep these fees under review to ensure that they remain competitive and that they represent good value for investors.

We have considered the fees which are paid to the Investment Manager and Sponsor against those of similar services provided to other funds for which we are AFM.

The market rates for independent AFMs are also subject to a degree of commercial confidentiality and will vary depending on the size and type of fund. Contracts are commercially negotiated and reflect the competitive nature of the independent AFM market. Fund sponsors typically conduct full tendering processes and can move the Funds to other independent AFMs. This ensures that IFSL remains competitive and offers value for investors.

In making our assessment of the overall costs, we have also compared the OCF for the Fund with other similar funds in the market.

## Conclusion

We are satisfied that the fees are reasonable in regard to the factors above.

## 7. Comparable services



With regard to AFM services, IFSL provides comparable services to other fund ranges.

While the charging structure will vary depending on the size, nature and risks involved with particular funds, the fees paid by these Funds are similar to those paid by other comparable funds within our range.

We also consider comparable services offered by the third party providers to the Funds, such as the Investment Manager. Where providers do offer comparable services we ask them to outline the key differences in charging and service, so that we can ensure good value is delivered to fund investors when compared against alternative products and services available elsewhere from the same provider.

### Conclusion

We are satisfied that the costs are reasonable and appropriate having regard to the factors above.

## 8. Economies of scale



### What have we considered?

We have considered two different types of economies of scale relating to:

#### *The size and scale of the funds*

Larger funds are more profitable to us, in some cases we are charging a minimum fee to a fund until it grows in size.

Certain services have fixed or minimum fees. This means that as funds grow they benefit from their increase in scale as the effect of those fees on costs and charges reduces. We seek to ensure that each fund offers value to investors and is commercially viable in its own right taking in to account the impact of any fixed or minimum fees.

#### *The size and scale of IFSL as AFM*

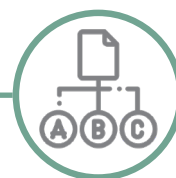
The second area of economies of scale is where we can negotiate terms for the large number of different funds for which we act as AFM. IFSL is AFM to over 70 funds with more than £10 billion under management. We use this scale to negotiate fees wherever we think it is in the interests of all the funds affected. We discuss with our suppliers the need to ensure that fees are fairly and transparently spread across all the funds.

Depositary/Trustee relationships are negotiated across multiple funds to achieve the best possible rates. IFSL negotiate Depositary/Trustee fees on an appropriate sliding scale, with lower percentage fees applying as the fund reaches certain thresholds, ensuring economies of scale apply directly to the benefit of a fund and the investors.

## Conclusion

We are satisfied that economies of scale are being passed onto investors where these are being achieved.

## 9. Share classes



The share classes in the Funds differ in the way that they treat income payments (either by distributing income or by accumulating them and reflecting this in the price) and in the level of Annual Management Charge (AMC) applied to them.

The A share class has a higher AMC than the B share class due to additional shareholder services that Church House are providing and is exclusively for their clients. We note that during the period there were a number of investors within the A class who were not receiving these services, these were transferred into the B share class on 13th November 2023. Some of the Funds also offer Institutional share classes which have a higher minimum investment.

Having reviewed the different charging levels across the share classes and those that are invested in them, we are satisfied the investors are allocated to a share class that reflects the different services they receive.

## 10. Our conclusion



As noted in section 4 above, we are engaging with the Investment Manager regarding enhancements to target improved shorter-term performance of the IFSL Church House Tenax Absolute Return Strategies Fund and will continue to monitor this closely over the next review period.

In addition, we noted in section 9, there were investors in the A share class who were not receiving additional services from Church House. These were moved into the B share class on 13th November 2023.

Taking this into consideration and the action taken, we are satisfied that the charges taken from the Funds are justified based on our assessment.