

IFSL

— Fund Services —

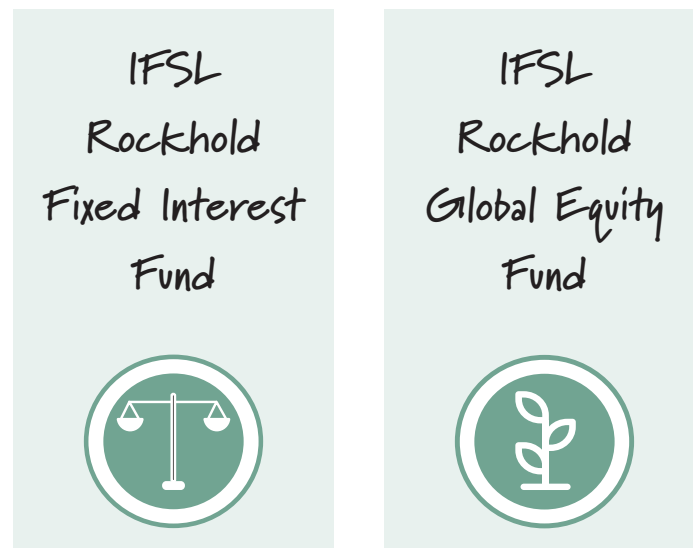
31 January 2024

The Value Assessment Report  
IFSL Rockhold Fixed Interest Fund  
IFSL Rockhold Global Equity 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):



# 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. The Chair of the Board of Directors has 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:

- 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 30 September 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 these 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.

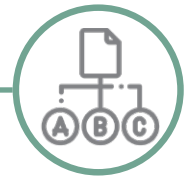
In closing, we remind you that the value of your investment can fall or rise and it can do so daily. The Funds are exposed to stock markets and market conditions can change rapidly resulting in volatile price movements and being affected unpredictably by diverse factors, including political and economic 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 30 September 2023. You can always find up to date performance figures on our [website](#) or from your adviser or platform.

We 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 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 Fund.

*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 Rockhold Fixed Interest Fund

### Investment objective

*The aim of the Fund is to increase in value over a minimum of 5 years. The Fund will do this through a combination of income received by the Fund, which is money paid out of investments, such as interest from bonds, and capital growth, which is profit on investments held.*

### Benchmarks

*Comparator - IA Global Mixed Bond sector*

*Constraint - N/A*

*Target - N/A*

## IFSL Rockhold Global Equity Fund

### Investment objective

*The aim of the Fund is to increase in value over a minimum of 5 years. The Fund will do this through a combination of income received by the Fund, which is money paid out of investments, such as dividends from shares, and capital growth, which is profit on investments held.*

### Benchmarks

*Comparator - IA Global sector*

*Constraint - N/A*

*Target - N/A*

### 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.

**We have reported under three subsections:**

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

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

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

## Services in relation to required independent third parties

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

### *The Depositary*

The Depositary 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 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, 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 at any one time. There are presently two across the entire range of funds for which we are the AFM. The Depositary for these funds is HSBC Bank PLC.

We have assessed the Depositary 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 HSBC were last reviewed formally by us in the first quarter of 2023. This resulted in a lower fee being applied to the funds under management with IFSL. 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 the 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 but will be selected, and commercial terms will be negotiated and agreed, by us as the AFM.

Along with the Depositary, 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 HSBC Bank PLC.

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 first quarter of 2023. 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 fair 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 Rockhold Asset Management Limited (Rockhold) to manage the investments within the IFSL Rockhold Funds. Rockhold receives a share of the Annual Management Charge payable under the terms of the prospectus.

Rockhold has appointed a Sub-Investment Manager, Marlborough Investment Management Ltd (Marlborough) to provide investment management and advisory services. The fees of Marlborough are also paid for out of the share of the Annual Management Charge paid to Rockhold.

Rockhold Asset Management Limited (Rockhold) are also the Sponsor which means they are responsible for the promotion and distribution of the Funds.

We have assessed Rockhold and Marlborough based on a mix of criteria including but not limited to:

- resource and expertise
- investment research, which is funded by the Investment Manager and Sub-Investment Manager, 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 (in the case of Rockhold only)

Having regard to these factors and our oversight and governance more generally, we are satisfied with the services provided to the Funds.

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.

## 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 by third parties and in-house.

## 4. Performance

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When assessing the value represented by the Fund's 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 it's 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 and Sub Investment Manager

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

### IFSL Rockhold Fixed Interest Fund

Performance	Since Inception <sup>*1</sup>	1 year	3 years	5 years
IFSL Rockhold Fixed Interest Fund Acc	-10.0%	-2.2%	-	-
IA Global Mixed Bond sector	-9.5%	1.0%	-	-

Source - Morningstar

Cumulative returns at 30.09.2023

\*1 Since 06.12.2021

#### Conclusion

The Fund's objective is to increase in value over a minimum of 5 years. The Fund launched in November 2021, and we conclude it is too soon to assess your Fund's performance against the recommended holding period of 5 years. We have therefore provided you with an overview of the Fund's performance so far.

Over the period since the Fund launched, it has not delivered capital growth. When comparing the Fund over the same period to its comparator benchmark, the IA Global Mixed Bond Sector, the Fund underperformed whilst taking a lower level of risk.

We note the Fund will need to achieve strong positive returns over the next 3 years to achieve its objective and as we progress into the next period, we will monitor the performance closely and engage with the investment manager to discuss opportunities for targeting performance improvements where possible.

### IFSL Rockhold Global Equity Fund

Performance	Since Inception <sup>*1</sup>	1 year	3 years	5 years
IFSL Rockhold Global Equity Fund Acc	-1.7%	7.8%	-	-
IA Global sector	-4.4%	7.7%	-	-

Source - Morningstar

Cumulative returns at 30.09.2023

\*1 Since 03.12.2021

#### Conclusion

The Fund's objective is to increase in value over a minimum of 5 years. The Fund launched in November 2021, and we conclude it is too soon to assess your Fund's performance against the recommended holding period of 5 years. We have therefore provided you with an overview of the Fund's performance so far.

Over the period since the Fund launched, it has not delivered capital growth. When comparing the Fund over the same period to its comparator benchmark, the IA Global Sector, the Fund has outperformed whilst taking a lower level of risk.

## 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 will be 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 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 perceived lower credit quality.*

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

*Inflation will, over time, reduce the value of your investments in real terms. This is especially true at times of high inflation. You should consider the impact of inflation when reviewing your investments.*

*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 the underlying funds or each Fund may be deferred or suspended.*

*The Funds may invest a large part of its assets in other funds for which investment decisions are made independently of the Funds. If these Investment Managers perform poorly, the value of your investment is likely to be adversely affected. Investment in other funds may also lead to duplication of fees and commissions.*

*Dividends paid by companies are not guaranteed and can be cancelled, which may impact the Fund's ability to deliver an income to investors.*

*The IFSL Rockhold Global Equity Fund will be exposed to emerging markets which are typically riskier than more established markets. Difficulty in trading may arise, resulting in a negative impact on your investment.*

*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. AFM costs in general



### What have we considered?

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

### *The components are as follows:*

#### **Annual Management Charge**

This is a percentage fee paid to the AFM, Investment Manager and the Sponsor.

#### **Depository fee**

This is a percentage fee paid to the Depository.

#### **Custody fee**

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

#### **Audit fee**

This is a fixed annual fee paid to the Auditor.

#### **Registration 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 Fund.

#### **FCA fees**

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



## Ongoing charges figures per fund

Fund	Ongoing Charges Figure (OCF)
IFSL Rockhold Fixed Interest Fund	0.82%
IFSL Rockhold Global Equity Fund	0.80%

The ongoing charges figure above is based on actual expenses for the 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.

The Fund 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 Fund. 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.

The Funds do not have any initial charges, exit charges or performance fees.

## Conclusion

We are satisfied with the cost of the services provided to the Funds.

## 6. Comparable market rates



Periodically we review the fees we pay to third parties.

The comparable market rates for Depositaries, 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.

Depositaries 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 request to 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 Funds 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*

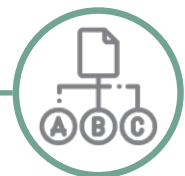
The second area of economies of scale is where we can negotiate terms for the large number of different funds for which we act as AFM. IFSL is AFM to over 70 funds with more than £10 billion under management. We use this scale to negotiate fees wherever we think it is in the interests of all the funds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

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

### Conclusion

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

## 9. Share classes



Each of the IFSL Rockhold Funds has a single share class so there are no different features to consider under this section.

## 10. Our conclusion



We are satisfied that the charges taken from Funds are justified based on our assessment.