

IFSL

— Fund Services —

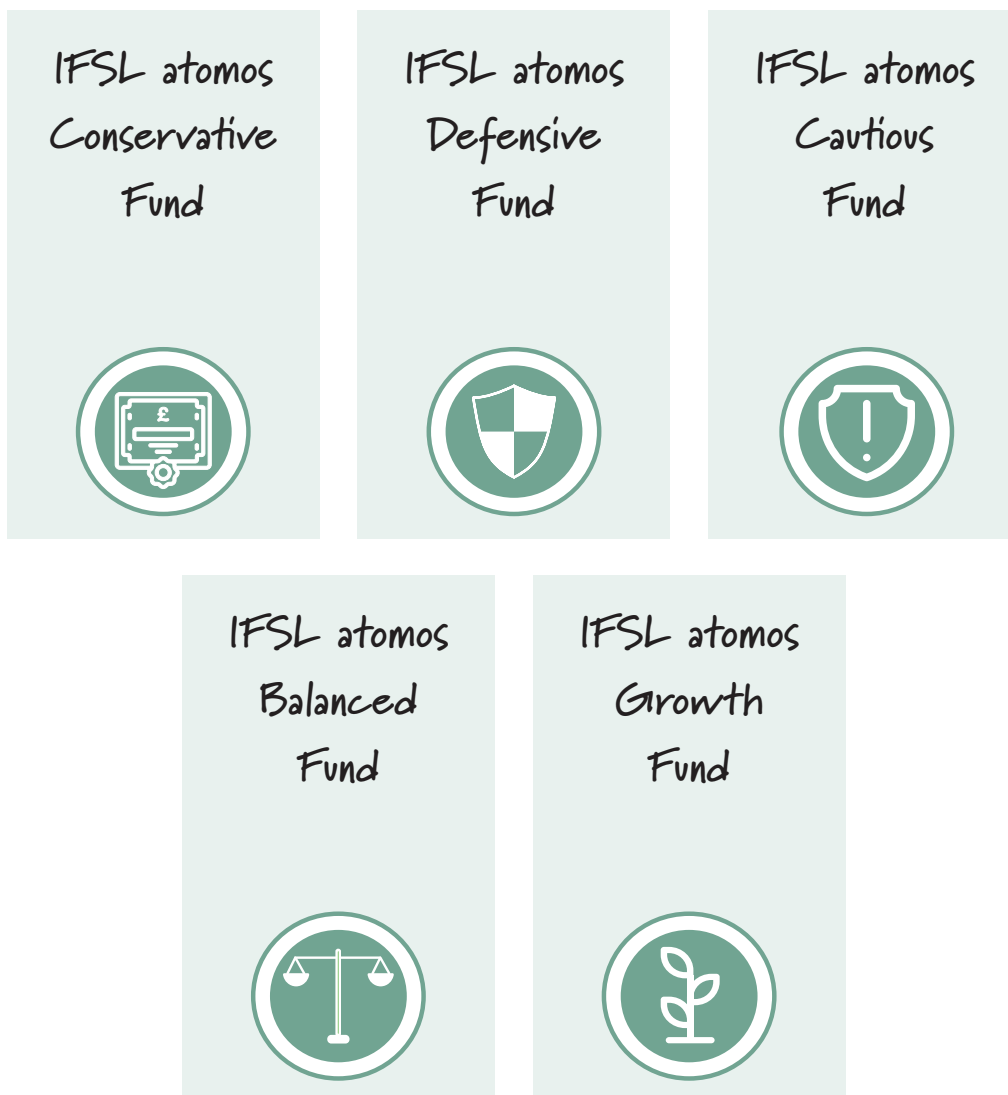
31 May 2024

The Value Assessment Report  
IFSL atomos OEIC

*Industry knowledge,  
service quality  
and fund expertise*

## The Value Assessment Report

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



Prior to 21 April 2023 the Funds were known as; IFSL Sanlam Conservative Fund, IFSL Sanlam Defensive Fund, IFSL Sanlam Cautious Fund, IFSL Sanlam Balanced Fund and IFSL Sanlam Growth Fund.

# 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 unit 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 these 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 January 2024, 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 or because of the size of the company, for example, and are 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, I 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 can be 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 January 2024. You can also find up to date performance figures on our website or from your adviser or platform.

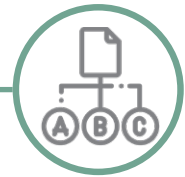
We hope in turn you find this report of value. All of us at IFSL welcome any feedback on how to improve these reports for the future.

With my kind regards,

Katherine Damsell

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 (or to trigger a payment from scheme property such as a performance fee).*



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



*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 atomos Conservative Fund

### Investment objective

*The Fund's objective is to increase the value of your investment over a period of at least 5 years. This growth is expected to come from a combination of profit on investments and income paid out of investments, such as interest and dividends.*

### Benchmarks

*Comparator - IA Mixed Investment 0-35% Shares*

*Constraint - None set*

*Target - None set*

## IFSL atomos Defensive Fund

### Investment objective

*The Fund's objective is to increase the value of your investment over a period of at least 5 years. This growth is expected to come from a combination of profit on investments and income paid out of investments, such as interest and dividends.*

### Benchmarks

*Comparator - IA Mixed Investment 20-60% Shares\**

*Constraint - None set*

*Target - None set*

*\* Please note both the IFSL atomos Defensive Fund and the IFSL atomos Cautious Fund use the IA Mixed Investment 20-60% Shares sector as a comparison benchmark however IFSL atomos Defensive Fund is a lower risk fund. Investors should be considerate of the different risk profiles when comparing performance against the benchmark and reaching a conclusion on its return (which is the money made or lost on an investment). Over the longer-term, lower risk profile funds would be expected to be less volatile and as a result potentially deliver a reduced return versus a higher risk alternative.*

## IFSL atomos Cautious Fund

### Investment objective

*The Fund's objective is to increase the value of your investment over a period of at least 5 years. This growth is expected to come from a combination of profit on investments and income paid out of investments, such as interest and dividends.*

### Benchmarks

*Comparator - IA Mixed Investment 20-60% Shares\**

*Constraint - None set*

*Target - None set*

*\* Please note both the IFSL atomos Cautious Fund and the IFSL atomos Defensive Fund use the IAMixed Investment 20-60% Shares sector as a comparison benchmark however IFSL atomos Cautious Fund is a higher risk fund. Investors should be considerate of the different risk profiles when comparing performance against the benchmark and reaching a conclusion on its return (which is the money made or lost on an investment). Over the longer-term, higher risk profile funds would be expected to be more volatile and as a result potentially deliver a higher return versus a lower risk alternative.*

## IFSL atomos Balanced Fund

### Investment objective

*The Fund's objective is to increase the value of your investment over a period of at least 5 years. This growth is expected to come from a combination of profit on investments and income paid out of investments, such as interest and dividends*

### Benchmarks

*Comparator - IA Mixed Investment 40-85% Shares*

*Constraint - None set*

*Target - None set*



## IFSL atomos Growth Fund

### Investment objective

*The Fund's objective is to increase the value of your investment over a period of at least 5 years. This growth is expected to come from a combination of profit on investments and income paid out of investments, such as interest and dividends.*

### Benchmarks

*Comparator - IA Flexible Investment\**

*Constraint - None set*

*Target - None set*

*\* From time to time, due to the nature of the IA Flexible Investment sector, the Fund may have an asset allocation which is different to the average of the sector. This variable nature of the sector should be taken into consideration when comparing the performance of the Fund.*

### 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 in the Funds and the delivery of each Fund's objectives. 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 required independent third parties** - Depository, 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, there are no material distinctions between any of the Funds, unless we specify otherwise.

## 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 the Funds. It is a key part of the oversight of the 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 very 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.

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 was 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 Funds. 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 three across the entire range of funds for which we are the AFM. The Custodian for the Funds is HSBC.

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 achieved 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 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 charged to the Funds.

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 Atomos Investments Limited (atomos) to manage the investments within the Funds. Atomos are also the Sponsor and are responsible for the promotion and distribution of the IFSL atomos Funds. Atomos receives a share of the Annual Management Charge payable to us under the terms of the prospectus.

Atomos have appointed Towers Watson Limited (TWL) as a Sub-Investment Manager to provide investment management and advisory services. The fees of the Sub-Investment Manager are paid for out of the share of the Annual Management Charge paid to atomos.

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 atomos themselves 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 the services of the Investment Manager and Sponsor, were justified based on the overall value delivered to investors.

The results of our review of the service provided, with regard to the outcomes delivered versus the Funds' objectives 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 management 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 shares 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 out 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 end 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.

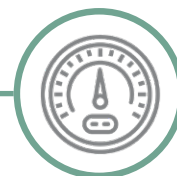
### *Additional competencies*

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



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 a 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 and Sub-Investment Manager

The objectives and policies for the Funds is 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).

The following tables show the performance achieved by the Funds compared to their benchmarks and the conclusions reached.

### IFSL atomos Conservative Fund

| Performance                         | 1 Year | 3 Years         | 5 Years         |
|-------------------------------------|--------|-----------------|-----------------|
| IFSL atomos Conservative Fund A Acc | 3.2%   | -2.7%           | – <sup>*1</sup> |
| IFSL atomos Conservative Fund A Inc | 3.3%   | -2.9%           | – <sup>*1</sup> |
| IFSL atomos Conservative Fund B Acc | 4.1%   | – <sup>*2</sup> | – <sup>*2</sup> |
| IA Mixed Investment 0-35% Shares    | 2.8%   | -2.5%           | N/A             |

*Cumulative returns at 31.01.2024*

<sup>\*1</sup> Share class less than 5 years old.

<sup>\*2</sup> Share class less than 3 years old.



## Conclusion

We mentioned in last year's value assessment report, that at the end of 2022, the Fund was subject to a strategic review with the aim of enhancing the Fund's future performance. This review led to several fundamental changes being approved by investors on 30 March 2023. These changes were made on 21 April 2023 and included a move from directly investing in shares and bonds to investing predominately in other funds as well as the appointment of a new sub-investment manager, Towers Watson Limited ("TWL"). Since the change, the Fund has delivered a positive return and performance has improved relative to the average of the IA Mixed Investment Sector 0-35% shares (which is the Fund's comparator benchmark), however due to a short period of time passing since the changes were made, and the Funds objective being measured over a minimum of 5 years, we conclude it is too soon to make a meaningful assessment of performance.

### IFSL atomos Defensive Fund

| Performance                       | 1 Year | 3 Years         | 5 Years         |
|-----------------------------------|--------|-----------------|-----------------|
| IFSL atomos Defensive Fund A Acc  | 4.5%   | 0.2%            | - <sup>*1</sup> |
| IFSL atomos Defensive Fund A Inc  | 4.5%   | 0.2%            | - <sup>*1</sup> |
| IFSL atomos Defensive Fund B Acc  | 5.4%   | - <sup>*2</sup> | - <sup>*2</sup> |
| IA Mixed Investment 20-60% Shares | 3.3%   | 2.6%            | N/A             |

*Cumulative returns at 31.01.2024*

<sup>\*1</sup> Share class less than 5 years old.

<sup>\*2</sup> Share class less than 3 year old.

## Conclusion

We mentioned in last year's value assessment report, that at the end of 2022, the Fund was subject to a strategic review with the aim of enhancing the Fund's future performance. This review led to several fundamental changes being approved by investors on 30 March 2023. These changes were made on 21 April 2023 and included a move from directly investing in shares and bonds to investing predominately in other funds as well as the appointment of a new sub-investment manager, Towers Watson Limited ("TWL"). Since the change, the Fund has delivered a positive return and performance has improved relative to the average of the IA Mixed Investment Sector 20-60% shares (which is the Fund's comparator benchmark), however due to a short period of time passing since the changes were made, and the Funds objective being measured over a minimum of 5 years, we conclude it is too soon to make a meaningful assessment of performance.

## IFSL atomos Cautious Fund

| Performance                       | 1 Year | 3 Years        | 5 Years        |
|-----------------------------------|--------|----------------|----------------|
| IFSL atomos Cautious Fund A Acc   | 5.9%   | 2.5%           | - <sup>1</sup> |
| IFSL atomos Cautious Fund A Inc   | 5.9%   | 2.5%           | - <sup>1</sup> |
| IFSL atomos Cautious Fund B Acc   | 6.3%   | - <sup>2</sup> | - <sup>2</sup> |
| IA Mixed Investment 20-60% Shares | 3.3%   | 2.6%           | N/A            |

Cumulative returns at 31.01.2024

<sup>1</sup> Share class less than 5 years old.

<sup>2</sup> Share class less than 3 year old.

## Conclusion

We mentioned in last year's value assessment report, that at the end of 2022, the Fund was subject to a strategic review with the aim of enhancing the Fund's future performance. This review led to several fundamental changes being approved by investors on 30 March 2023. These changes were made on 21 April 2023 and included a move from directly investing in shares and bonds to investing predominately in other funds as well as the appointment of a new sub-investment manager, Towers Watson Limited ("TWL"). Since the change, the Fund has delivered a positive return and performance has improved relative to the average of the IA Mixed Investment Sector 20-60% shares (which is the Fund's comparator benchmark), however due to a short period of time passing since the changes were made, and the Funds objective being measured over a minimum of 5 years, we conclude it is too soon to make a meaningful assessment of performance.

## IFSL atomos Balanced Fund

| Performance                       | 1 Year | 3 Years        | 5 Years        |
|-----------------------------------|--------|----------------|----------------|
| IFSL atomos Balanced Fund A Acc   | 8.3%   | 6.0%           | - <sup>1</sup> |
| IFSL atomos Balanced Fund A Inc   | 8.4%   | 6.0%           | - <sup>1</sup> |
| IFSL atomos Balanced Fund B Acc   | 8.8%   | - <sup>2</sup> | - <sup>2</sup> |
| IA Mixed Investment 40-85% Shares | 4.4%   | 8.2%           | N/A            |

Cumulative returns at 31.01.2024

<sup>1</sup> Share class less than 5 years old.

<sup>2</sup> Share class less than 3 year old.

## Conclusion

We mentioned in last year's value assessment report, that at the end of 2022, the Fund was subject to a strategic review with the aim of enhancing the Fund's future performance. This review led to several fundamental changes being approved by investors on 30 March 2023. These changes were made on 21 April 2023 and included a move from directly investing in shares and bonds to investing predominately in other funds as well as the appointment of a new sub-investment manager, Towers Watson Limited ("TWL"). Since the change, the Fund has delivered a positive return and performance has improved relative to the average of the IA Mixed Investment Sector 40-85% shares (which is the Fund's comparator benchmark), however due to a short period of time passing since the changes were made, and the Funds objective being measured over a minimum of 5 years, we conclude it is too soon to make a meaningful assessment of performance.

### IFSL atomos Growth Fund

| Performance                   | 1 Year | 3 Years        | 5 Years        |
|-------------------------------|--------|----------------|----------------|
| IFSL atomos Growth Fund A Acc | 10.8%  | 8.9%           | - <sup>1</sup> |
| IFSL atomos Growth Fund A Inc | 10.8%  | 9.0%           | - <sup>1</sup> |
| IFSL atomos Growth Fund B Acc | 11.3%  | - <sup>2</sup> | - <sup>2</sup> |
| IA Flexible Investment        | 3.7%   | 8.7%           | N/A            |

Cumulative returns at 31.01.2024

<sup>1</sup> Share class less than 5 years old.

<sup>2</sup> Share class less than 3 year old.

## Conclusion

We mentioned in last year's value assessment report, at the end of 2022, the Fund was subject to a strategic review with the aim of enhancing the Fund's future performance. This review led to several fundamental changes being approved by investors on 30 March 2023. These changes were made on 21 April 2023 and included a move from directly investing in shares and bonds to investing predominately in other funds as well as the appointment of a new sub-investment manager, Towers Watson Limited ("TWL"). Since the change, the Fund has delivered a positive return and performance has improved relative to the average of the IA Flexible Sector shares (which is the Fund's comparator benchmark), however due to a short period of time passing since the changes were made, and the Funds objective being measured over a minimum of 5 years, we conclude it is too soon to make a meaningful assessment of performance.

## Important Information

Capital is at risk. 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. Bonds that produce a higher level of income carry greater risk that the issuer will not be able to pay the income or repay the capital at maturity.

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

The Funds have or may at times have a concentrated portfolio which means greater exposure to a smaller number of securities than a diversified portfolio. This means the performance of a single stock in the portfolio has a greater effect on the price of the Funds.

The insolvency of any institution providing services, such as safekeeping of assets or holding investments with returns linked to financial contracts (known as derivatives), may expose the Funds to financial loss.

The Funds may enter into various financial contracts (known as derivatives) in an attempt to protect the value of each Fund's assets, to reduce the costs of investing or for investment purposes. There is however a risk that the desired result may not be achieved or may result in gains or losses greater than the amount originally invested.

Each Fund's cash may be deposited with various financial institutions. The Funds themselves may suffer a loss if these institutions fail to make its payments or become insolvent.

For the IFSL atomos Cautious Fund, IFSL atomos Conservative Fund and IFSL atomos Defensive Fund, all or part of the fees and expenses may be charged to the capital of the Fund rather than being deducted from income. Future capital growth may be constrained as a result of this.

## 5. AFM costs in general

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### 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 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 AFM and the Investment Manager.

#### **Depositary fee**

This is a percentage fee paid from the Funds to the Depositary.

#### **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 from the Funds 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 each of 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

| Performance                   | Share Class | Ongoing Charges Figure (OCF) |
|-------------------------------|-------------|------------------------------|
| IFSL atomos Conservative Fund | A Class     | 0.98%                        |
| IFSL atomos Conservative Fund | B Class     | 0.45%                        |
| IFSL atomos Defensive Fund    | A Class     | 0.98%                        |
| IFSL atomos Defensive Fund    | B Class     | 0.45%                        |
| IFSL atomos Cautious Fund     | A Class     | 0.96%                        |
| IFSL atomos Cautious Fund     | B Class     | 0.43%                        |
| IFSL atomos Balanced Fund     | A Class     | 0.96%                        |
| IFSL atomos Balanced Fund     | B Class     | 0.43%                        |
| IFSL atomos Growth Fund       | A Class     | 0.95%                        |
| IFSL atomos Growth Fund       | B Class     | 0.42%                        |

The ongoing charge figures above are based on actual expenses for the year ending 31 January 2024. They cover all aspects of operating the Funds 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.

IFSL do not apply exit charges, initial charges or performance fees to the Funds.

### Conclusion

We are satisfied that the costs of the services provided represent reasonable value for investors in both share classes of the Funds.

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 depositories, 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.

Depositories commonly structure their fees on an ad-valorem basis, which means fees are based on the size of a 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 act as 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 Funds with other similar funds in the market. This comparison uses the A share class, that is, the share class that most investors are in. We then consider different charging between share classes of the Fund later, under the heading "Share Classes".

### Conclusion

We are satisfied the fees are reasonable in regard to the factors outlined 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 the costs of the Funds 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 £15 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 the funds and the investors.

### Conclusion

We are satisfied economies of scale are being passed onto investors in the Funds, where these are being achieved.



## 9. Share classes

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

As detailed in the prospectus, the B share class is available on a restricted basis. This is only available to clients of the atomos UK Group Pension Plan in respect of their workplace pension.

### Conclusion

Having reviewed the different charging levels across both share classes, we conclude the justification for the range of charges is reasonable and the different charges are justified.

## 10. Our conclusion

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As noted in section 4 above, it is too soon to make a meaningful assessment on performance since the fundamental changes that were made in April 2023 however notwithstanding this we are satisfied that the charges taken from the Funds are justified in the context of the overall value delivered to investors.