

31 December 2023

## The Value Assessment Report

IFSL Signia Balanced Fund

IFSL Signia Conservative Fund

IFSL Signia Growth Fund

IFSL Signia Sovereign 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):

IFSL Signia  
Balanced Fund



IFSL Signia  
Conservative  
Fund



IFSL Signia  
Growth Fund



IFSL Signia  
Sovereign  
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 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 Signia 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.

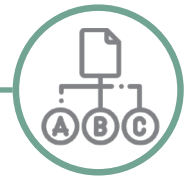
I hope in turn you find this report of value. All of us at IFSL welcome any feedback on how to improve these reports for the future.

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 Signia Balanced Fund

### Investment objective

*The aim of the Fund is to increase the value of your investment in excess of 5% a year, net of fees, over any 5 year period, however, there is no certainty this will be achieved. This is through a combination of capital growth, which is profit on investments held and income, which is money paid out of investments such as dividends from shares and interest from bonds.*

### Benchmarks

*Comparator – IA Mixed Investment 20-60% Shares Sector*

*Constraint – N/A*

*Target – 5% per annum over 5 years*

## IFSL Signia Conservative Fund

### Investment objective

*The aim of the Fund is to increase the value of your investment in excess of 3% a year, net of fees, over any 5 year period, however, there is no certainty this will be achieved. This is through a combination of capital growth, which is profit on investments held and income, which is money paid out of investments such as dividends from shares and interest from bonds.*

### Benchmarks

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

*Constraint – N/A*

*Target – 3% per annum over 5 years*

## IFSL Signia Growth Fund

### Investment objective

*The aim of the Fund is to increase the value of your investment in excess of 7% a year, net of fees, over any 5 year period, however, there is no certainty this will be achieved. This is through a combination of capital growth, which is profit on investments held and income, which is money paid out of investments such as dividends from shares and interest from bonds.*

### Benchmarks

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

*Constraint – N/A*

*Target – 7% per annum over 5 years*

## IFSL Signia Sovereign Fund

### Investment objective

*The aim of the Fund is to increase the value of your investment by more than 1% above cash a year, net of fees, over any 3 year period. Cash is measured by the Bank of England's interest rate benchmark, SONIA.*

*The increased value comes from a combination of income, which is money paid out of investments such as interest from bonds and dividends from exchange traded funds (ETFs), and capital growth, which is profit on investments held.*

*There is no certainty that the aim of the Fund will be achieved.*

### Benchmarks

*Comparator – IA Global Government Bond Sector*

*Constraint – N/A*

*Target – SONIA + 1% per annum over 3 years*



### 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, Custodian, Hedging Agent 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, 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 NatWest Trustee and Depositary Services Limited (NatWest).

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 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 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 second quarter of 2022. This resulted in a lower fee being applied to the funds under management with IFSL.

## The Hedging Agent

The Hedging Agent is a third party responsible for providing currency hedging services in relation to the hedged share classes.

As AFM we are entitled to charge a fee for the additional administration of these share classes under the terms of the prospectus. We then use this fee to pay for the services of the Hedging Agent. These 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 fees, charges and expenses to the Funds share classes.

The Hedging Agent for these Funds is HSBC Bank plc.

We have assessed the agent 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 check the fees paid and compare these against our 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.

## *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 Arbion Limited to manage the investments within the Funds. Arbion are also the Sponsor and are responsible for the promotion and distribution of the Funds. Arbion 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 Arbion 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

During the period under review, we noted a slightly higher number of investment management errors related to the Funds compared with the prior period. However, the impact of these incidents on investors was limited and no material investor detriment occurred. We have investigated the root cause of these incidents and action has been taken in order that they do not reoccur.

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

As noted under the 'Other third parties - appointments and outsourcing' section, during the period there were a slightly higher number of investment management errors related to the Funds compared with the prior period. We have investigated the root cause of these incidents and action has been taken in order that they do not reoccur.

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

## 4. Performance

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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 Signia Balanced Fund

Fund	Since 30.10.2020 <sup>*2</sup>	1 Year	3 Years	5 Years
IFSL Signia Balanced X GBP <sup>*1</sup>	-0.1%	2.2%	-	-
IFSL Signia Balanced A GBP <sup>*1</sup>	N/A	2.0%	-	-
IFSL Signia Balanced USD Hedged <sup>*1</sup>	N/A	3.1%	-	-
IFSL Signia Balanced EUR Hedged <sup>*1</sup>	N/A	0.5%	-	-
IA Mixed Investment 20-60% Shares	5.4%	-0.3%	-	-
Fixed 5.0% p.a.	14.2%	5.0%		

Data Cumulative Returns as at 31.08.2023

<sup>\*1</sup> Share class less than 3 years old.

<sup>\*2</sup> The Fund's X share class launched first on 30.10.2020, followed by the A share class on 29.06.2021 and the EUR Hedged and USD Hedged on 07.04.2021.

## Conclusion

The Fund's objective is to increase the value of your investment by more than 5% (net of charges) over any 5-year period. Due to the Fund being just under 3 years old, we conclude it is too soon to assess the performance against the recommended holding period, so we have provided you with an overview of the Fund's performance so far.

Since inception, the Fund's X share class did not increase in value by more than 5% and did not deliver a positive return. It also underperformed against its comparator benchmark, the IA Mixed Investment 20-60% shares Sector. The reason for the underperformance against the Sector was due to a more cautious weighting in UK shares of companies, and variances in style, sector and geographical weightings when compared to the peer group.

Over the last 12 months, the performance of the Fund's A and X share classes improved as it delivered a positive return. When comparing the Fund to its comparator benchmark, the Fund performed better, whilst taking a slightly lower level of risk. The X share class delivered a greater return than the A share class due to its discounted fee. This discount was offered to investors who purchased shares within the first 6 months of the Fund launching.

We note the Fund will need to achieve strong positive returns in the next 2 years to achieve its target and as we progress into the next period, we will be engaging with the Investment Manager regarding enhancements to target improved performance where possible.

Investors will notice the performance of the EUR and USD share classes differs to the GBP share classes. Whilst currency hedging is in place for these share classes to reduce the impact of currency movement, this cannot be completely avoided. In addition, interest rate differences between the currencies can also create variations.

## IFSL Signia Conservative Fund

Fund	Since 30.10.2020 <sup>*2</sup>	1 Year	3 Years	5 Years
IFSL Signia Conservative X GBP <sup>*1</sup>	-3.3%	0.3%	–	–
IFSL Signia Conservative A GBP <sup>*1</sup>	N/A	0.2%	–	–
IFSL Signia Conservative USD Hedged <sup>*1</sup>	N/A	-4.6%	–	–
IFSL Signia Conservative EUR Hedged <sup>*1</sup>	N/A	-1.1%	–	–
IA Mixed Investment O-35% Shares	-2.3%	-0.3%	–	–
Fixed 3.0% p.a.	8.5%	3.0%		

Data Cumulative Returns as at 31.08.2023

<sup>\*1</sup> Share class less than 3 years old.

<sup>\*2</sup> The Fund's X share class launched first on 30.10.2020, followed by the A share class on 29.06.2021 and the EUR Hedged and USD Hedged on 07.04.2021.

## Conclusion

The Fund's objective is to increase the value of your investment by more than 3% (net of charges) over any 5-year period. Due to the Fund being just under 3 years old, we conclude it is too soon to assess the performance against the recommended holding period, so we have provided you with an overview of the Fund's performance so far.

Since inception, the Fund's X share class did not increase in value by more than 3% and did not deliver a positive return. It also underperformed against its comparator benchmark, the IA Mixed Investment O-35% shares Sector, although we note the Sector average also delivered a negative return. The reason for the underperformance against the Sector was due to a more cautious weighting in UK share of companies, and variances in style, sector and geographical weightings when compared to the peer group.

Over the last 12 months, the performance of the Fund's A and X share classes improved as it delivered a positive return. When comparing the Fund to its comparator benchmark, the Fund performed better, whilst taking a lower level of risk. The X share class delivered a greater return than the A share class due to its discounted fee. This discount was offered to investors who purchased shares within the first 6 months of the Fund launching.

We note the Fund will need to achieve strong positive returns in the next 2 years to achieve its target and as we progress into the next period, we will be engaging with the Investment Manager regarding enhancements to target improved performance where possible.

Investors will notice the performance of the EUR and USD share classes differs to the GBP share classes. Whilst currency hedging is in place for these share classes to reduce the impact of currency movement, this cannot be completely avoided. In addition, interest rate differences between the currencies can also create variations.

## IFSL Signia Growth Fund

Fund	Since 21.05.2021 <sup>2</sup>	1 Year	3 Years	5 Years
IFSL Signia Growth X GBP <sup>1</sup>	-5.3%	3.8%	-	-
IFSL Signia Growth A GBP <sup>1</sup>	N/A	3.6%	-	-
IFSL Signia Growth USD Hedged <sup>1</sup>	-3.9%	4.8%	-	-
IFSL Signia Growth EUR Hedged <sup>1</sup>	-8.2%	1.9%	-	-
IA Mixed Investment 40-85% Shares	-2.3%	-0.3%	-	-
Fixed 7.0% p.a.	15.7%	7.0%		

Data Cumulative Returns as at 31.08.2023

<sup>1</sup> Share class less than 3 years old.

<sup>2</sup> The Fund's X, EUR Hedged and USD Hedged share classes launched first on 21.05.2021, followed by the A share class on 21.10.2021.

## Conclusion

The Fund's objective is to increase the value of your investment by more than 7% (net of charges) over any 5-year period. Due to the Fund being just over 2 years old, we conclude it is too soon to assess the performance against the recommended holding period, so we have provided you with an overview of the Fund's performance so far.

Since inception, the Fund's X share class did not increase in value by more than 7% and did not deliver a positive return. It also underperformed against its comparator benchmark, the IA Mixed Investment 40-85% shares Sector. The reason for the underperformance against the Sector was due to a more cautious weighting in UK shares in companies, and variances in style, sector and geographical weightings when compared to the peer group.

Over the last 12 months, the performance of the Fund's A and X share classes improved as it delivered a positive return. When comparing the Fund to its comparator benchmark, the Fund performed better, whilst taking a slightly higher level of risk. The X share class performed better due to the fee being discounted. This discount was offered to investors who purchased shares within the first 6 months of the Fund launching.

We note the Fund will need to achieve strong positive returns in the next 2 years to achieve its target and as we progress into the next period, we will be engaging with the Investment Manager regarding enhancements to target improved performance where possible.

Investors will notice the performance of the EUR and USD share classes differs to the GBP share classes. Whilst currency hedging is in place for these share classes to reduce the impact of currency movement, this cannot be completely avoided. In addition, interest rate differences between the currencies can also create variations.

## IFSL Signia Sovereign Fund

Fund	Since 30.10.2020 <sup>*2</sup>	1 Year	3 Years	5 Years
IFSL Signia Sovereign X GBP <sup>*1</sup>	-2.4%	-0.1%	-	-
IFSL Signia Sovereign A GBP <sup>*1</sup>	N/A	-0.2%	-	-
IFSL Signia Sovereign USD Hedged <sup>*1</sup>	N/A	0.1%	-	-
IFSL Signia Sovereign EUR Hedged <sup>*1</sup>	N/A	-2.5%	-	-
IA Global Government Bond	-15.8%	-5.6%	-	-
Fixed 1.0% p.a.	7.5%	4.9%		

Data Cumulative Returns as at 31.08.2023

<sup>\*1</sup> Share class less than 3 years old.

<sup>\*2</sup> The Fund's X share class launched first on 30.10.2020, followed by the A share class on 29.06.2021 and the EUR Hedged and USD Hedged on 07.04.2021.

## Conclusion

The Fund's objective is to increase the value of your investment by more than 1% a year above the Bank of England interest rate benchmark (SONIA) over a 3-year period. Since inception, which is just under the 3-year target timeframe, the Fund's X and A share classes did not deliver a positive return however, when comparing the Fund to its comparator benchmark, which is the IA Global Government Bond Sector, it significantly outperformed. The X share class performed better due to the fee being discounted. This discount was offered to investors who purchased shares within the first 6 months of the Fund launching.

Over the last 12 months, the Fund's A and X share classes both delivered a marginally negative return which meant it did not increase in value by more than 1% above SONIA but again the Fund outperformed the comparator benchmark, whilst taking a lower level of risk. The reason for the Fund not delivering a positive return is due to the Fund investing predominantly in fixed income assets (this means investments in securities such as bonds and loans) which have been negatively affected by rising interest rates, and bond yields caused by the rise in inflation.

Investors will notice the performance of the EUR and USD share classes differ to the GBP share class. Whilst currency hedging is in place for these share classes to reduce the impact of currency movements, this cannot be completely avoided. In addition, interest rate differences between the currencies can also create variations.

Taking the above into consideration and based on what we believe to be reasonable expectations in terms of performance for a fund of this design and strategy, we are satisfied with the performance provided 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 may invest a large part of their assets in other funds for which investment decisions are made independently of the Fund. 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.*

*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 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 invest in assets denominated in various currencies and will usually hedge the majority of this currency risk back into the currency denomination of the share class. Changes in exchange rates will however affect the value of your investment.*

*The Funds have exposure to commodities or commodity indices, the prices of which may be impacted by diverse factors, including supply and demand, inflation, political, economic and financial events.*

*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.*

*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.

#### **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.

#### **Registrar Fee**

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

#### **Hedging Fee**

This is a percentage fee paid to HSBC Bank plc for currency hedging services. Fees will be paid by the Funds and the non-GBP share classes for currency hedging services which are utilised.

#### **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.

#### **PRIIPs KID update fee**

This is a fixed annual fee paid to cover the cost of reviewing and updating the Key Investor Document (KID) required under the Packaged Retail and Insurance-based Investment Products (PRIIPs) regulation.

#### **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 Signia Balanced	X Class	1.13%
IFSL Signia Balanced	A Class	1.31%
IFSL Signia Balanced	USD Hedged Acc	1.36%
IFSL Signia Balanced	EUR Hedged Acc	1.36%
IFSL Signia Conservative	X Class	1.02%
IFSL Signia Conservative	A Class	1.19%
IFSL Signia Conservative	USD Hedged Acc	1.24%
IFSL Signia Conservative	EUR Hedged Acc	1.24%
IFSL Signia Growth	X Class	1.22%
IFSL Signia Growth	A Class	1.40%
IFSL Signia Growth	USD Hedged Acc	1.45%
IFSL Signia Growth	EUR Hedged Acc	1.45%
IFSL Signia Sovereign	X Class	0.48%
IFSL Signia Sovereign	A Class	0.61%
IFSL Signia Sovereign	USD Hedged Acc	0.66%
IFSL Signia Sovereign	EUR Hedged Acc	0.66%

The ongoing charges figures above are based on actual expenses for the year ending 31 August 2023. 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 Funds 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.

The Fund does not have any initial or exit charges, or performance fees.

## Conclusion

We are satisfied with the cost of the services provided to 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 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 having 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 of the Funds are reasonable and appropriate having regard to the factors above.



## 8. Economies of scale

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### 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.

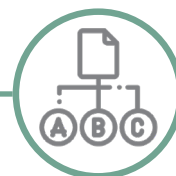
Depositary relationships are negotiated across multiple funds to achieve the best possible rates. IFSL negotiate Depositary fees on an appropriate sliding scale, with lower percentage fees applying as the fund reaches certain thresholds, ensuring economies of scale apply directly to the benefit of a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

### Conclusion

We are satisfied that economies of scale are being passed onto investors in all share classes of the Funds where these are being achieved.

## 9. Share classes

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The share classes in the Funds differ in the level of Annual Management Charge (AMC) applied to them or because they offer currency hedging.

When the Funds launched, the X Class was offered for a limited period of time at a reduced AMC. Shares in the X Class are no longer available for investment but existing investors will benefit from the reduction for a period of 5 years. This discount was offered to incentivise investors into the Fund at launch and help the Fund grow in its early stages.

Investors in the EUR Hedged or USD Hedged share classes typically have chosen these for exposure to these currencies.

Having reviewed the different charging levels across the share classes and those that are invested in them, we are satisfied all investors are in the best share class for them and the level of fees are justified.

## 10. Our conclusion

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As covered in section 4, the IFSL Signia Balanced Fund, IFSL Signia Conservative Fund and IFSL Signia Growth Fund will need to achieve strong positive returns in the next 2 years to achieve their targets.

We will be engaging with the investment manager to discuss opportunities for performance improvements where possible. Taking this into consideration, we are satisfied that the charges taken from all the Funds are justified based on our assessment.