

IFSL

— Fund Services —

31 January 2021

The Assessment of Value Report IFSL AMR OEIC

*Industry knowledge,
service quality
and fund expertise*

Assessment of value report

This report describes the assessment of value we have carried out for the following funds:

IFSL AMR
Diversified
Portfolio



1. Assessment of value report



This report describes the assessment of value we have carried out for the following funds:

Dear Investors,

This report is the result of the annual assessment of value that we have carried out for you.

Investment Fund Services Ltd 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 an assessment of value at least yearly for each of our funds. The team who carry out the value assessments includes three 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 assessment of value is to consider whether the payments that the prospectus allows to be taken from the fund 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; and the importance of measuring value and not just cost. Each are now explained in more detail.

1. The rules of the FCA

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

FCA Assessment of Value Criteria	Summary of FCA Assessment of Value 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 below.

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 fund and their own specific goals. We have been guided by the following considerations for the fund:

- 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, 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 fund.

III. The difference between assessing value and simply measuring cost

We believe that the best value for investors does not necessarily simply mean 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 fund 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 not based on a decision by an investment manager. However, while we consider the higher costs as part of the assessment of value, 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 assessment of value includes an assessment of the controls over costs borne by the fund.

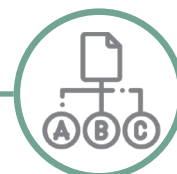
I hope in turn you find this report of value. All of us at IFSL welcome any feedback on how to improve these reports for the future.

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 fund.

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.ifsifunds.com. They also set out the investment policy, which explains in more detail how each fund aims to achieve its objective.

The benchmarks



A 'target' - A benchmark used to define the fund's target performance (or to trigger a payment from scheme property (such as a performance fee).



A 'comparator' - A benchmark which is used as a performance comparator for the fund ('performance benchmark').



A 'constraint' - A benchmark which constrains the composition of a portfolio

IFSL AMR Diversified Portfolio

Investment objective

The Fund aims to provide income, that is, money paid out from your investment, such as interest from bonds or dividends from shares, with prospects for capital growth, which is profit on investments, over 5 to 7 years.

Benchmarks

Comparator - IA Mixed Investment 40-85% Shares sector

Target - None set

Constraint - None set

3. Range and quality of services



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 fund 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. There are no material issues which we consider affect our conclusions about quality of service in this assessment period.

We have reported under three subsections:

Services in relation to 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

In this part of our assessment, there are no material distinctions between any of the funds or of the share classes within 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 fund.

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 ACD 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, and our associated companies, are the ACD. The Depositary for the IFSL AMR fund 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 Custodian

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

The Custodian is paid from the fund 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 ACD.

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, and our associated companies, are the ACD. The Custodian for the IFSL AMR fund 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.

The Auditor

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

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

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

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 AMR Financial Management Limited to manage the investments within the funds. AMR are also the Sponsor and are responsible for the promotion and distribution of the funds.

AMR receives an annual management charge payable under the terms of the prospectus. We have assessed AMR based on a mix of criteria including but not limited to:

- resource and expertise
- investment research, which is funded by AMR themselves and is not an additional charge to the fund
- its control of transaction costs (which the fund pays) 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 AMR service provided, with regard to the outcomes delivered versus each fund's 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 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 ACD, 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 ACD 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, that 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 the funds by third parties or in-house.

4. Performance



When assessing the value represented by the performance achieved by the funds 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. We do so over a timescale commensurate with the period over which the fund's objective envisages an assessment of the success of the investment is to be made (for example 5 to 7 years).

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

This fund aims to provide income, that is, money paid out from your investment, such as interest from bonds or dividends from shares, with prospects for capital growth, which is profit on investments, over 5 to 7 years. It seeks to achieve this by investing in a diversified spread of asset classes, including shares in UK and overseas companies, government and corporate bonds (both investment grade and sub-investment grade), property and cash. This will include between 40-85% in shares.

The current income yield on the fund is 2.68% and the following tables show the total returns achieved compared to the comparator benchmark.

Fund	1 Year	3 Years	5 Years
IFSL AMR Diversified Portfolio	-4.85%	2.04%	n/a
IA Mixed Investment 40-85% Shares	-0.05%	9.94%	39.21%

The table above shows the returns achieved by the fund over three time periods. The returns represent the total return and so include income from dividends. While the fund aims to provide income, if it does not provide sufficient capital growth as well that will erode its total value. This is reflected in the figures above. The fund aims to deliver its objectives over 5 to 7 years but was launched less than five years ago. However, we consider the performance information that is available in our assessment.

Fund	01/10/2015- 30/09/2016	01/10/2016- 30/09/2017	01/10/2017- 30/09/2018	01/10/2018- 30/09/2019	01/10/2019- 30/09/2020
IFSL AMR Diversified Portfolio	n/a	9.01%	3.58%	3.54%	-4.85%
IA Mixed Investent 40-85% Shares	15.80%	9.25%	5.43%	4.33%	-0.05%

The table above shows the fund's returns each year over the last five years alongside those of the relevant Investment Association (IA) sector.

Conclusion

When we carried out our assessment we considered the fund's objective to provide an income and prospects for capital growth, over 5 to 7 years. The fund has not been running long enough for us to assess its performance over 5 to 7 years, but we note that it has achieved its objective of providing an income with a current income yield of 2.68%.

Having reviewed the fund over the time that it has been running, we note that it has not performed in line with, or above, its comparator benchmark. In our last report we noted the same and have been keeping the fund under review as we stated we would previously. In the very short term, as fewer than twelve months have passed since our last assessment, we find that performance has improved and we will continue to monitor this to see how it affects performance over a more meaningful, longer time period. We also noted that the fund invests a smaller amount in equities (or shares in companies) than many of its peer group, which will have an impact on the fund's performance compared to its benchmark which generally has more funds with greater investment in equities. This is how the investment manager has operated the fund since its launch and is how we expect the fund to be run. We will add a note to the fund's documentation, such as the Key Investor information document, to make this clear so that investors understand that the fund may not return more than its benchmark.

Past performance is not necessarily a guide to future performance. The value of investments and the income from them is not guaranteed and can go down as well as up. Investors may not get back the full amount invested. The Fund 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 Fund has 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 higher credit quality. The Fund invests in other currencies. Changes in exchange rates will therefore affect the value of your investment. The Fund may invest a large part of its 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. 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. To ensure that the objective of providing an income can be met, the annual Manager's charge is deducted from capital rather than income. Future capital growth may be constrained as a result.

5. ACD costs in general



What have we considered?

We have considered each component of the ongoing charges figure (OCF).

The components for the funds are as follows:

Annual management charge

This is a percentage fee paid from the fund to the Investment Manager and the Sponsor.

Administration Fee

This is a percentage fee paid from the funds to IFSL as ACD.

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 fixed annual fee per shareholder entry on the funds' register, paid to the ACD 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

Fund	Share Class	Ongoing Charges Figure (OCF)
IFSL AMR Diversified Portfolio	A Class	1.38%

IFSL do not apply exit charges to the funds.

IFSL do not apply performance fees to the funds.

The funds 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 figures above, and the performance of the funds, all take account of the underlying costs of these investments (i.e. performance is reviewed net of all charges).

Conclusion

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

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 ACD.

The market rates for independent ACDs 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 ACD market. Fund sponsors typically conduct full tendering processes and can move their funds to other independent ACDs. 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 costs are reasonable and appropriate compared to other similar funds.

7. Comparable services



With regard to ACD 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.

Conclusion

We are satisfied that the costs are reasonable and appropriate compared to other similar funds.

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.

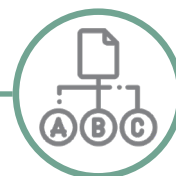
Certain services have fixed or minimum fees. This means that as funds grow they benefit from their increase in scale. We seek to ensure that each fund offers value to investors and is commercially viable in its own right taking in to account the impact of any fixed or minimum fees.

The size and scale of IFSL as ACD

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 ACD. We do this 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. We particularly guard against the conflicts that can arise between funds in which we or an associated company act as ACD.

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 the fund and the investors.

9. Share classes



The fund has only one class of share and so there are no different share classes with different features to consider.

10. Our conclusion of the value assessment



Overall, we are satisfied that the charges taken from the funds are justified in the context of the overall value delivered to investors.