

IFSL

— Fund Services —

15 October 2021

The Value Assessment Report
IFSL Trade Union Unit Trust

*Industry knowledge,
service quality
and fund expertise*

Value assessment report

This report describes the value assessment we have carried out for the following fund (the Fund):

IFSL
Trade Union
Unit Trust



1. The Value Assessment Report



Dear Investors,

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

Investment Fund Services Ltd (IFSL) is the authorised fund management company (AFM) for the Fund covered by this report. As the AFM, we are responsible for operating the fund 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 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 value assessment 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.
- 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 Value Assessment Criteria	Summary of FCA Value Assessment Criteria
Performance	Is the Fund performing against its investment objectives?
Comparable Market Rates	Is the Funds priced similarly to competitors?
Comparable Services	Is the Fund 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 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 15 August 2021, 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 mean simply the lowest costs.

As an example, the Fund in this report is 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 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 Fund.

In closing, I remind you that the value of your fund can fall or rise in value and it can do so daily. We carried out our assessment with performance figures as at 15 August 2021. You can always find up to date performance figures on our [website](#) or from your adviser or platform.

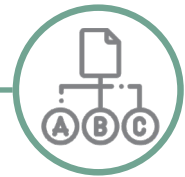
I hope in turn you find this report of value. All of us at IFSL welcome any feedback on how to improve these reports for the future.

With my kind regards,

Guy Sears

Independent non-executive Chair of the Board

2. The characteristics of the Fund



When we described our approach above, we said we considered the objectives and investment policies. In this section we summarise these characteristics for each Fund.

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

IFSL Trade Union Unit Trust

Investment objective

The aim of the Fund is to provide capital growth, that is, to increase the value of an investment, over a minimum of 5 years, together with some income, which is money paid out of an investment such as dividends from shares.

The Fund aims to outperform the benchmark (60% FTSE All Share Index and 40% MSCI Europe ex UK Index) by 1% each year over any 3 year period, with income reinvested and after any charges have been taken out of the Fund. However, there is no certainty this will be achieved.

Benchmarks

Comparator - N/A

Constraint - N/A

Target - 60% FTSE All Share Index and 40% MSCI Europe ex UK Index +1%

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 fund 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 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 unit class if more than one unit class exists. 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 the required independent third parties - Trustee, Custodian and Auditor.

Other third parties - The Investment Manager and the Sponsor

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

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

Services in relation to required independent third parties

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

The Trustee

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

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

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

In order to ensure we receive a good level of service we only work with a limited number of Trustees at any one time. There are presently two across the entire range of funds for which we, and our associated companies, are the AFM. The Trustee for the Fund is HSBC Bank plc.

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

- size and reputation within the industry
- geographical relevance for the Fund's 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 Fund by HSBC Bank plc were last reviewed formally by us in the first quarter of 2019. We regularly check the fees paid to our service providers to ensure they deliver value when considered against the service we receive. Our next review has been scheduled for this calendar year.

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 the Fund directly under the terms of the prospectus. Its fees are shown in the statutory accounts. It is appointed by the Trustee but will be selected, and commercial terms will be negotiated and agreed, by us as the AFM.

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

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 AFM. The Custodian for the Fund is HSBC Bank plc.

We have assessed the Custodians 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 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. We last carried out this review of the costs chargeable to the fund by the Custodian during the second quarter of this year. This resulted in a lower ad-valorem 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 Fund.

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 AFM, and we are responsible for negotiating the commercial terms, including the audit fees charged to the Fund.

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 undertook a review of the Auditor during the first quarter of 2019. The review, which took into account each of the factors above (in addition to the costs to be borne by the Fund) resulted in the Fund continuing to be audited by Ernst & Young.

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 Sponsor

We have appointed TU Financial Management Services Limited (TUFM) as the Sponsor of the Fund. As Sponsor they carry out certain functions as a co-manufacturer. This means that they work with us to design, promote and distribute the fund.

TUFM receive a fee for their role, payable from the annual management charge taken under the terms of the prospectus. We have assessed TUFM based on a mix of criteria including but not limited to their promotion and distribution of the Fund and the input they provide as they work with us to ensure the Fund remains viable and relevant to the investors in the Fund.

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

The Investment Manager

We have appointed Aberdeen Asset Managers Limited (Aberdeen) to manage the investments within the Fund.

Aberdeen receives an annual management charge payable under the terms of the prospectus.

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

- resource and expertise
- investment research, which is funded by Aberdeen 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

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 Fund, calculating the Fund's dealing prices and maintaining the register of unit-holders in the Fund.

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 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 Fund by third parties or in-house.

4. Performance



When assessing the value represented by the performance achieved by the Fund 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 objectives for this Fund is set out in Section 2. Full information including the Fund's objectives and investment policies can be found in the Key Investor Information Document. These are available on our website at www.ifslfunds.com.

Fund	1 Year	3 Years	5 Years
IFSL Trade Union Unit Trust	19.48%	39.17%	72.33%
<i>60% FTSE All Share Index and 40% MSCI Europe ex UK Index +1%</i>	<i>26.74%</i>	<i>22.41%</i>	<i>45.95%</i>

Data Cumulative Returns as 15.08.2021

Conclusion

Having reviewed the outcomes achieved by the IFSL Trade Union Unit Trust we have noted that the Fund has provided an increase in the value of your investment over a 5 year period and outperformed the benchmark over 3 years and has done so whilst taking a lower level of risk when compared with its benchmark. In our opinion, the performance achieved demonstrates reasonable value.

Important Information

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 Fund is 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 invests in other currencies. Changes in exchange rates will therefore affect the value of your investment.

In certain market conditions some assets may be less predictable than usual. This may make it harder to sell at a desired price and/or in a timely manner.

In extreme market conditions redemptions in the underlying funds or the Fund itself may be deferred or suspended.

A more detailed description of the risks that apply to the Fund 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 the Fund is available free of charge at www.ifslfunds.com or by calling 0808 145 2500.

5. ACD costs in general



What have we considered?

We have considered the following components of the ongoing charges figure (OCF).

The components are as follows:

Annual management charge

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

Trustee fee

This is a percentage fee paid from the Fund to the Trustee.

Custody fee

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

Audit fee

This is a fixed annual fee paid from the Fund to the Auditor.

Registrar Fee

This is a small fixed annual fee per shareholder account, 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 the Fund.

FCA fees

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

Ongoing charges figures

Fund	Ongoing Charges Figure (OCF)
IFSL Trade Union Unit Trust	1.09%

The ongoing charge figure above is based on actual expenses for the year ending 15 August 2021. They cover 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.

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 trustees, 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.

Trustees 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 costs are reasonable and appropriate compared to other similar funds.

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

Conclusion

We are satisfied that the costs are reasonable and appropriate 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 fund

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

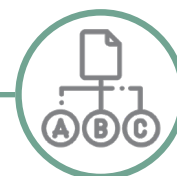
Certain services have fixed or minimum fees. This means that as funds grow they benefit from their increase in scale as the effect of those fees on costs and charges reduces. We seek to ensure that each fund offers value to investors and is commercially viable in its own right taking in to account the 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 50 funds with more than £5 billion under management. Along with our sister company, our group 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.

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

9. Share classes



The IFSL Trade Union Unit Trust has only one class of units and so there are no different features to consider.

10. Our conclusion



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