

IFSL

— Fund Services —

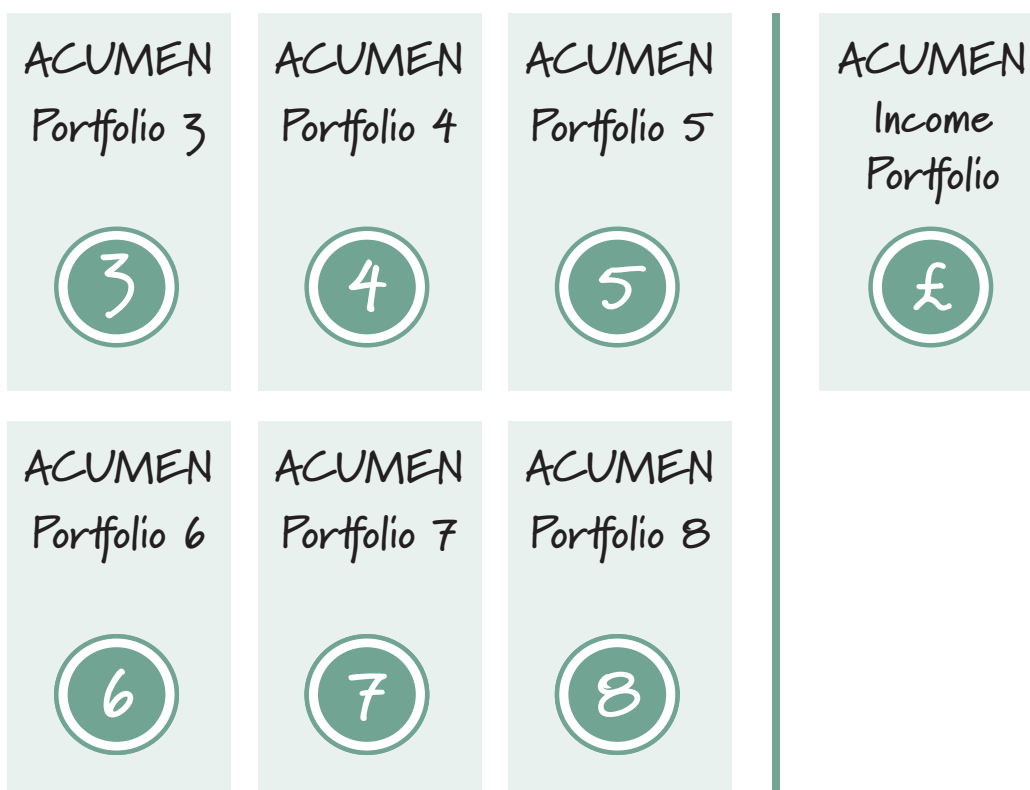
28 February 2021

# The Value Assessment Report Acumen OEIC

*Industry knowledge,  
service quality  
and fund expertise*

## The Value Assessment report

The report describes the value assessment we carried out for the following funds:



# 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 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 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; and the importance of measuring value and not just cost. Each are now explained in more detail.

## I. The rules of the FCA

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

FCA Value Assessment Criteria	Summary of FCA Value Assessment Criteria
Performance	Are the funds performing against their investment objectives?
Comparable Market Rates	Are the funds priced similarly to competitors?
Comparable Services	Are funds priced reasonably compared to other products with similar investment strategies?
AFM Costs	Are fees charged to investors reasonable and appropriate?
Economies of Scale	Are economies of scale generated and passed on to investors?
Quality of Service	Does the range and quality of service offer value?
Classes of Units	Are investors in the cheapest available unit class based on their characteristics?

Each is considered under its own heading in the following pages.

We are not limited to the seven that are prescribed but to date we have found they are sufficiently broad to allow us to carry out the value assessment. We keep this under review.

## II. Making the report meaningful for investors

We aim to provide an assessment that is meaningful for all investors. We recognise individuals will have their own reasons for holding 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 October 2020, 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 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.

### The funds' different share classes

Funds typically have more than one share class. Share classes in the Acumen range of 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) or by their currency. The only difference in charging between share classes is due to the hedging fees applicable on the USD share classes.

You can call us free on 0808 178 9322 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 fund can fall or rise in value and it can do so daily. We carried out our assessment with performance figures as at 30 October 2020. You can always find up to date performance figures on our [website](#) or from your adviser or platform.

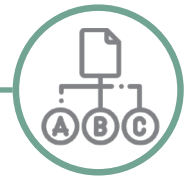
I hope in turn you find this report of value. All of us at IFSL welcome any feedback on how to improve these reports for the future.

With my kind regards,

Guy Sears

Independent non-executive Chair of the Board

## 2. The characteristics of each of the funds



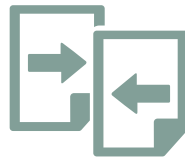
When we described our approach above, we said we considered the objectives and investment policies. In this section we summarise these characteristics for each of the funds. Under each fund name we set out the objective and the benchmark against which you can assess the performance of the fund.

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.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.

### 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*

The latest version of the information about objectives and policies can always be found in 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.

## Acumen Portfolio 3

### Investment objective

*The aim of the Fund is to increase in value, over a minimum of 5 years, by investing in a range of asset classes and global markets. The Fund will do this 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. The Fund aims to outperform the Market Composite Benchmark over any 3 year period, with income reinvested, after any charges have been taken out of the Fund. However, there is no certainty this will be achieved.*

### Benchmarks

*Comparator - None set*

*Constraint - None set*

*Target - The Market Composite Benchmark which is comprised as follows:*

- **85% Bonds** - Bloomberg Barclays Global Aggregate Bond GBP Hedged Index (65%) o Bloomberg Barclays Global High Yield Bond GBP Hedged Index (20%)*
- **10% Equities** - MSCI World Index GBP Hedged (8%) o MSCI Emerging Markets Investable Market Index (2%)*
- **5% Cash** - Sterling Overnight Index Average (5%) Barclays Global High Yield Bond GBP Hedged Index (20%)*

## Acumen Portfolio 4

### Investment objective

The aim of the Fund is to increase in value, over a minimum of 5 years, by investing in a range of asset classes and global markets. The Fund will do this 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. The Fund aims to outperform the Market Composite Benchmark over any 3 year period, with income reinvested, after any charges have been taken out of the Fund. However, there is no certainty this will be achieved.

### Benchmarks

Comparator - None set

Constraint - None set

Target - The Market Composite Benchmark which is comprised as follows:

- **50% Bonds** - Bloomberg Barclays Global Aggregate Bond GBP Hedged Index (42.5%), Bloomberg Barclays Global High Yield Bond GBP Hedged Index (7.5%)
- **45% Equities** - MSCI World Index GBP Hedged (42%), MSCI Emerging Markets Investable Market Index (3%)
- **5% Cash** - Sterling Overnight Index Average (5%)



## Acumen Portfolio 5

### Investment objective

The aim of the Fund is to increase in value, over a minimum of 5 years, by investing in a range of asset classes and global markets. The Fund will do this 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. The Fund aims to outperform the Market Composite Benchmark over any 3 year period, with income reinvested, after any charges have been taken out of the Fund. However, there is no certainty this will be achieved.

### Benchmarks

Comparator - None set

Constraint - None set

Target - The Market Composite Benchmark which is comprised as follows:

- **35% Bonds** - Bloomberg Barclays Global Aggregate Bond GBP Hedged Index (30%) o Bloomberg Barclays Global High Yield Bond GBP Hedged Index (5%)
- **60% Equities** - MSCI World Index GBP Hedged (53%) o MSCI Emerging Markets Investable Market Index (7%)
- **5% Cash** - Sterling Overnight Index Average (5%)

## Acumen Portfolio 6

### Investment objective

The aim of the Fund is to increase in value, over a minimum of 5 years, by investing in a range of asset classes and global markets. The Fund will do this 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. The Fund aims to outperform the Market Composite Benchmark over any 3 year period, with income reinvested, after any charges have been taken out of the Fund. However, there is no certainty this will be achieved.

### Benchmarks

Comparator - None set

Constraint - None set

Target - The Market Composite Benchmark which is comprised as follows:

- **22% Bonds** - Bloomberg Barclays Global Aggregate Bond GBP Hedged Index (20%) o Bloomberg Barclays Global High Yield Bond GBP Hedged Index (2%)
- **73% Equities** - MSCI World Index GBP Hedged (63%) o MSCI Emerging Markets Investable Market Index (10%)
- **Cash (5%)** - Sterling Overnight Index Average (5%)

## Acumen Portfolio 7

### Investment objective

*The aim of the Fund is to increase in value, over a minimum of 5 years, by investing in a range of asset classes and global markets. The Fund will do this 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. The Fund aims to outperform the Market Composite Benchmark over any 3 year period, with income reinvested, after any charges have been taken out of the Fund. However, there is no certainty this will be achieved.*

### Benchmarks

*Comparator - None set*

*Constraint - None set*

*Target - The Market Composite Benchmark which is comprised as follows:*

- **10% Bonds** - Bloomberg Barclays Global Aggregate Bond GBP Hedged Index (10%)
- **85% Equities** - MSCI World Index GBP Hedged (65%) o MSCI Emerging Markets Investable Market Index (20%)
- **5% Cash** - Sterling Overnight Index Average (5%)

## Acumen Portfolio 8

### Investment objective

*The aim of the Fund is to increase in value, over a minimum of 5 years, by investing in a range of asset classes and global markets. The Fund will do this 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. The Fund aims to outperform the Market Composite Benchmark over any 3 year period, with income reinvested, after any charges have been taken out of the Fund. However, there is no certainty this will be achieved.*

### Benchmarks

*Comparator - None set*

*Constraint - None set*

*Target - The Market Composite Benchmark which is comprised as follows:*

- 95% Equities - MSCI World Index GBP Hedged (65%) o MSCI Emerging Markets Investable Market Index (30%)*
- 5% Cash - Sterling Overnight Index Average (5%)*

## Acumen Income Portfolio

### Investment objective

*The aim of the Fund is to provide income, which is money paid out from investments such as dividends from shares and interest from bonds, with the potential for some increase, over a minimum of 5 years, in the value of an investment. The Fund aims to outperform the Market Composite Benchmark over any 3 year period, after any charges have been taken out of the Fund. However, there is no certainty this will be achieved.*

### Benchmarks

*Comparator - None set*

*Constraint - None set*

*Target - The Market Composite Benchmark which is comprised as follows:*

- **40% Bonds** - Bloomberg Barclays Global Aggregate Bond GBP Hedged Index (30%), Bloomberg Barclays Global High Yield Bond GBP Hedged Index (10%)
- **55% Equities** - MSCI World Index GBP Hedged (45%), MSCI Emerging Markets Investable Market Index (10%)
- **5% Cash** - Sterling Overnight Index Average (5%)

### 3. Range and quality of services

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#### What have we considered?

In this section we have considered the first area of the value assessment. This covers the quality of service we provide and the quality of service provided by any person to which any aspect of the funds' management has been delegated or who provides services to us.

#### How have we made our assessment?

We have reviewed and given consideration to the services delivered and how they affect investors in the 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 AFM we are responsible for selecting the Depositary, negotiating its fees and other commercial terms and for monitoring its performance and suitability on an ongoing basis.

In order to ensure we receive a good level of service we only work with a very limited number of Depositaries at any one time. There are presently two across the entire range of funds for which we, and our associated companies, are the AFM. The Depositary for the Acumen funds is 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 2019. This resulted in a lower ad-valorem fee applied to the funds under the management of IFSL. The funds under review will benefit increasingly from the improved tariff as their AUM increases in size.

## 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 AFM.

Along with the Depositary, we review and monitor the performance of the Custodian and review the charges made to the funds.

In order to ensure we receive a good level of service we only work with a very limited number of Custodians at any one time. There are presently three across the entire range of funds for which we, and our associated companies, are the AFM. The Custodian for the funds is BNP Paribas.

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 last carried out a formal review of the costs chargeable to the funds by the Custodian during 2019 and regularly check the fees paid against our other service providers to ensure they deliver value when considered against the service we receive and fees achieved by other funds for which we are AFM. We are carrying out a formal review of these charges during 2021.



## *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 AFM, 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

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 funds, resulted in these funds continuing to be audited by Ernst & Young. As a result of this review, we remain comfortable with the service and charges of the Auditor and made no changes.

## 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 Tavistock Wealth Limited (Tavistock) to manage the investments within the funds. Tavistock are also the Sponsor and are responsible for the promotion and distribution of the Acumen funds. Tavistock 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 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 the services 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 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 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 and in-house.

## 4. Performance



When assessing the value represented by the performance achieved in the funds within the ACUMEN range over the past twelve months we have considered an in depth package of information which details this performance in the context of the expressed investment objective (and policy) and the timescales specified within which an assessment of the success or otherwise of the investment is to be made in the context of the:

- comparative outcome relative to their benchmark
- volatility relative to benchmark and;
- performance relative to a range of industry standard risk adjusted measures of performance

Where a fund is part of a range (as is the case with the ACUMEN Funds) the performance and volatility outcome of an individual fund is assessed in the context of that exhibited by others within the connected risk hierarchy (from a value perspective, each fund is considered individually).

The ACUMEN Funds are a defined range of portfolios with a progressively escalating exposure to UK and International company shares and a progressively reducing exposure to UK and International Government and Corporate fixed income securities where the objective over time is to produce a series of progressively escalating risk and return outcomes designed to "map" to widely utilised client risk profiling tools. A range of composite benchmarks have been introduced to offer an appropriate measure of the performance achieved constituted as shown in the table below.

Fund	Cash	IG	HY	DM	EM
Acumen Portfolio 3	5%	65%	20%	8%	2%
Acumen Portfolio 4	5%	42.50%	7.50%	42%	3%
Acumen Portfolio 5	5%	30%	5%	53%	7%
Acumen Portfolio 6	5%	20%	2%	63%	10%
Acumen Portfolio 7	5%	10%	-	65%	20%
Acumen Portfolio 8	5%	-	-	65%	30%
Acumen Income Portfolio	5%	30%	10%	45%	10%

Where:

Cash = Sterling Overnight Index Average (SONIA)

IG = Bloomberg Barclays Global Aggregate Bond GBP Hedged Index

HY = Bloomberg Barclays Global High Yield GBP Hedged Index

DM = MSCI World GBP Hedged

EM = MSCI Emerging Market Investable Markets Index

Fund	1 Year	3 Years	5 Years
Acumen Portfolio 3 Acc	-1.37%	0.78%	n/a
Acumen Portfolio 3 USD Acc	-0.42%	4.70%	n/a
Acumen Portfolio 3 Composite Benchmark	2.74%		
Acumen Portfolio 4 Acc	0.40%	5.24%	26.02%
Acumen Portfolio 4 USD Acc	2.08%	10.10%	n/a
Acumen Portfolio 4 Composite Benchmark	3.92%		
Acumen Portfolio 5 Acc	2.40%	8.91%	32.65%
Acumen Portfolio 5 USD Acc	4.17%	14.10%	n/a
Acumen Portfolio 5 Composite Benchmark	4.05%		
Acumen Portfolio 6 Acc	3.28%	10.43%	n/a
Acumen Portfolio 6 USD Acc	4.99%	15.63%	n/a
Acumen Portfolio 6 Composite Benchmark	4.05%		
Acumen Portfolio 7 Acc	2.70%	10.55%	n/a
Acumen Portfolio 7 USD Acc	4.43%	16.04%	n/a
Acumen Portfolio 7 Composite Benchmark	4.42%		
Acumen Portfolio 8 Acc	2.06%	9.42%	n/a
Acumen Portfolio 8 USD Acc	3.86%	14.87%	n/a
Acumen Portfolio 8 Composite Benchmark	3.91%		
Acumen Income Portfolio Acc	-10.78%	-7.51%	n/a
Acumen Income Portfolio Inc	-10.77%	-7.50%	n/a
Acumen Income Portfolio USD Acc	-9.33%	-3.22%	n/a
Acumen Income Composite Benchmark	4.11%		

Fund	01/11/2015- 31/10/2016	01/11/2016- 31/10/2017	01/11/2017- 31/10/2018	01/11/2018- 31/10/2019	01/11/2019- 31/10/2020
Acumen Portfolio 3 Acc	n/a	n/a	-3.18%	5.54%	-1.37%
Acumen Portfolio 3 USD Acc	n/a	n/a	-1.94%	7.22%	-0.42%
Acumen Portfolio 3 Composite Benchmark	n/a	n/a	n/a	n/a	2.74%
Acumen Portfolio 4 Acc	15.48%	3.69%	-2.38%	7.39%	0.40%
Acumen Portfolio 4 USD Acc	n/a	n/a	-1.30%	9.28%	2.08%
Acumen Portfolio 4 Composite Benchmark	n/a	n/a	n/a	n/a	3.92%
Acumen Portfolio 5 Acc	10.54%	10.18%	-1.43%	7.90%	2.40%
Acumen Portfolio 5 USD Acc	n/a	n/a	-0.21%	9.77%	4.17%
Acumen Portfolio 5 Composite Benchmark	n/a	n/a	n/a	n/a	4.05%
Acumen Portfolio 6 Acc	n/a	9.99%	-1.85%	8.94%	3.28%
Acumen Portfolio 6 USD Acc	n/a	n/a	-0.65%	10.86%	4.99%
Acumen Portfolio 6 Composite Benchmark	n/a	n/a	n/a	n/a	4.05%
Acumen Portfolio 7 Acc	n/a	n/a	-1.42%	9.19%	2.70%
Acumen Portfolio 7 USD Acc	n/a	n/a	-0.05%	11.17%	4.43%
Acumen Portfolio 7 Composite Benchmark	n/a	n/a	n/a	n/a	4.42%
Acumen Portfolio 8 Acc	n/a	n/a	-0.32%	7.55%	2.06%
Acumen Portfolio 8 USD Acc	n/a	n/a	0.94%	9.57%	3.86%
Acumen Portfolio 8 Composite Benchmark	n/a	n/a	n/a	n/a	3.91%
Acumen Income Portfolio Acc	n/a	4.86%	-2.33%	6.13%	-10.78%
Acumen Income Portfolio Inc	n/a	4.85%	-2.32%	6.13%	-10.77%
Acumen Income Portfolio USD Acc	n/a	n/a	-1.20%	8.04%	-9.33%
Acumen Income Composite Benchmark	n/a	n/a	n/a	n/a	4.11%

The table above shows the fund's returns each year over the last five years alongside those of the relevant composite benchmarks for the last year.

Having reviewed the outcomes achieved by the Acumen fund range we have noted the below:

Fund	Comments
Acumen Portfolio 3	The X Accumulation share class has provided a small increase in the value of your investment over a period of 3 years. The X USD Hedged Accumulation share class has also provided an increase in value of your investment over a period of 3 years. However as the fund launched in June 2017, investment growth cannot be assessed over a period of 5 years. At the review period end the composite indices had only been in place for fifteen months which is insufficient time for us to assess the objective of achieving benchmark outperformance over a three year period.
Acumen Portfolio 4	The X Accumulation share class has provided an increase in the value of your investment over a period of 3 years and also 5 years. The X USD Hedged Accumulation share class has also provided an increase in value of your investment over a period of 3 years. However its performance cannot be assessed over 5 years yet, as it was launched in June 2017. At the review period end the composite indices had only been in place for fifteen months which is insufficient time for us to assess the objective of achieving benchmark outperformance over a three year period.
Acumen Portfolio 5	The Accumulation share class has provided an increase in the value of your investment over a period of 3 years and also 5 years. The X USD Hedged Accumulation share class has also provided an increase in value of your investment over a period of 3 years however its performance cannot be assessed over 5 years yet, as it was launched in June 2017. At the review period end the composite indices had only been in place for fifteen months which is insufficient time for us to assess the objective of achieving benchmark outperformance over a three year period.
Acumen Portfolio 6	The X Accumulation and X USD Hedged Accumulation share classes have both provided an increase in the value of your investment over a period of 3 years. Investment growth cannot be assessed over a period of 5 years because the fund launched in June 2017.
Acumen Portfolio 7	The X Accumulation and X USD Hedged Accumulation share classes have both provided an increase in the value of your investment over a period of 3 years. Investment growth cannot be assessed over a period of 5 years because the fund launched in June 2017.

Fund	Comments
Acumen Portfolio 8	The X Accumulation and X USD Hedged Accumulation share classes have both provided an increase in the value of your investment over a period of 3 years. Investment growth cannot be assessed over a period of 5 years because the fund launched in June 2017. At the review period end the composite indices had only been in place for fifteen months which is insufficient time for us to assess the objective of achieving benchmark outperformance over a three year period.
Acumen Income Portfolio	All the share classes have achieved the primary objective of providing an income over the last 3 years. It has however failed to increase the value of investment over a period of 3 years. Investment growth cannot be assessed over a 5 year period yet as the fund was launched in June 2017. At the review period end the composite indices had only been in place for fifteen months which is insufficient time for us to assess the objective of achieving benchmark outperformance over a three year period.

Over the last year, we have monitored these funds very closely and it has been agreed with the Investment Manager to remove the composite benchmarks and replace them with the IA Sectors. This project is now underway but in the meantime we will continue to monitor the funds closely.

It is our view however that as there has been an increase in capital values (or an income achieved in relation to the ACUMEN Income Fund) over the lifetime of the ACUMEN funds (the objective expressed in the prospectus) that the performance achieved represents reasonable value.



## Conclusion

Since our last review we have, together with the Investment Manager, conducted a strategic review of the funds. This has identified improvements that can be made to the funds' benchmarks and the investment policy that the Investment Manager follows. Subject to approval by the regulator, the FCA, and investors, the benchmarks of the funds will be replaced with more straightforward comparison benchmarks and (in the case of the Acumen Income Portfolio) a more straightforward target benchmark. We believe these will be easier for investors to understand and bring additional clarity to the way the funds will operate. The new benchmarks will be based on the average of other funds in the same peer group, as determined by the Investment Association.

By replacing the current benchmarks the investment manager will also be able to decide when to remove the funds' exposure to different currencies. We will of course keep investors up to date with these changes and closely monitor the funds' performance once they are made, subject to approval by the regulator and investors.

We conclude therefore that the funds have each delivered on their primary objectives but that we have identified and progressed opportunities by which improvements may be made.

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 may invest in fixed interest funds, which are subject to market and credit risk and will be impacted by interest rates. The Fund's underlying investments may include emerging markets which may be less liquid and more volatile than more developed markets.

## 5. AFM costs in general



### What have we considered?

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

*The components for the funds are as follows:*

#### **Annual management charge**

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

#### **Depositary fee**

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

#### **Custody fee**

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

#### **Audit fee**

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

#### **Printing and publication fees**

These are fixed annual costs for the printing and publication of scheme documents, including the report and accounts.

#### **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.

#### **Hedging agent's charge**

These are a percentage fee, subject to a fixed minimum amount per year, paid to BNP Paribas Securities Services for the hedging service. This means that the USD share classes pay a fee to BNP Paribas Securities Services for the hedging of that share class back to GBP.

#### **Hedged share class fee**

This is a fixed fee, per transaction, paid to IFSL as registrar in respect of the hedged share classes. The fees cover charges paid by IFSL, such as banking payments for foreign currencies in the relevant share classes. These fees are only applied to the hedged, foreign currency share classes.

## Ongoing charges figures per fund

Fund	Share Class	Ongoing Charges Figure (OCF)
Acumen Portfolio 3	X Class	1.08%
Acumen Portfolio 4	X Class	1.06%
Acumen Portfolio 5	X Class	1.09%
Acumen Portfolio 6	X Class	1.11%
Acumen Portfolio 7	X Class	1.14%
Acumen Portfolio 8	X Class	1.20%
Acumen Income Portfolio	X Class	1.16%

The ongoing charge figures above are based on actual expenses for the year ended 31st October 2020. They cover all aspects of operating the funds during the year, including the fees paid and described at the start of this section 5. It does not include payments to your financial adviser and/or any other firm through which you invest. You pay for their services directly. 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) and we take this into account when comparing with other funds in the peer group, which may not have this if they do not invest in other funds.

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

## Conclusion

We are satisfied that the costs of the services provided represent reasonable value for our investors. We consider the different share classes and their charges later in this report in section 9.

## 6. Comparable market rates

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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 their funds to other independent AFMs. This ensures that IFSL remains competitive and offers value for investors.

In making our assessment of the overall costs, we have also compared the OCF for the funds with other similar funds in the market.

### Conclusion

We are satisfied that the 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 these funds are similar to those paid by other comparable funds within our range.

We also consider comparable services offered by the third party providers to the funds, such as the investment manager. Where providers do offer comparable services we ask them to outline the key differences in charging and service, so that we can ensure good value is delivered to fund investors when compared against alternative products and services available elsewhere from the same provider.

### Conclusion

We are satisfied that the costs are reasonable and appropriate 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.

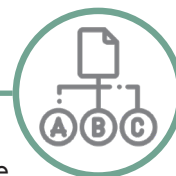
Certain services have fixed or minimum fees. This means that as funds grow they benefit from their increase in scale as the effect of those fees on costs and charges reduces. We seek to ensure that each fund offers value to investors and is commercially viable in its own right taking in to account the 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. We particularly guard against the conflicts that can arise between funds in which we or an associated company act as AFM.

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



Share classes in the Acumen range of 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) or by their currency. The only difference in charging between share classes is due to the hedging fees applicable on the USD share classes. We have noted the different performance outcomes that these share classes have experienced in section 4 above.

## 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. We will continue to monitor the funds as part of our usual processes throughout the year and will communicate with investors as we look to implement the changes that we have highlighted in section 4 above.