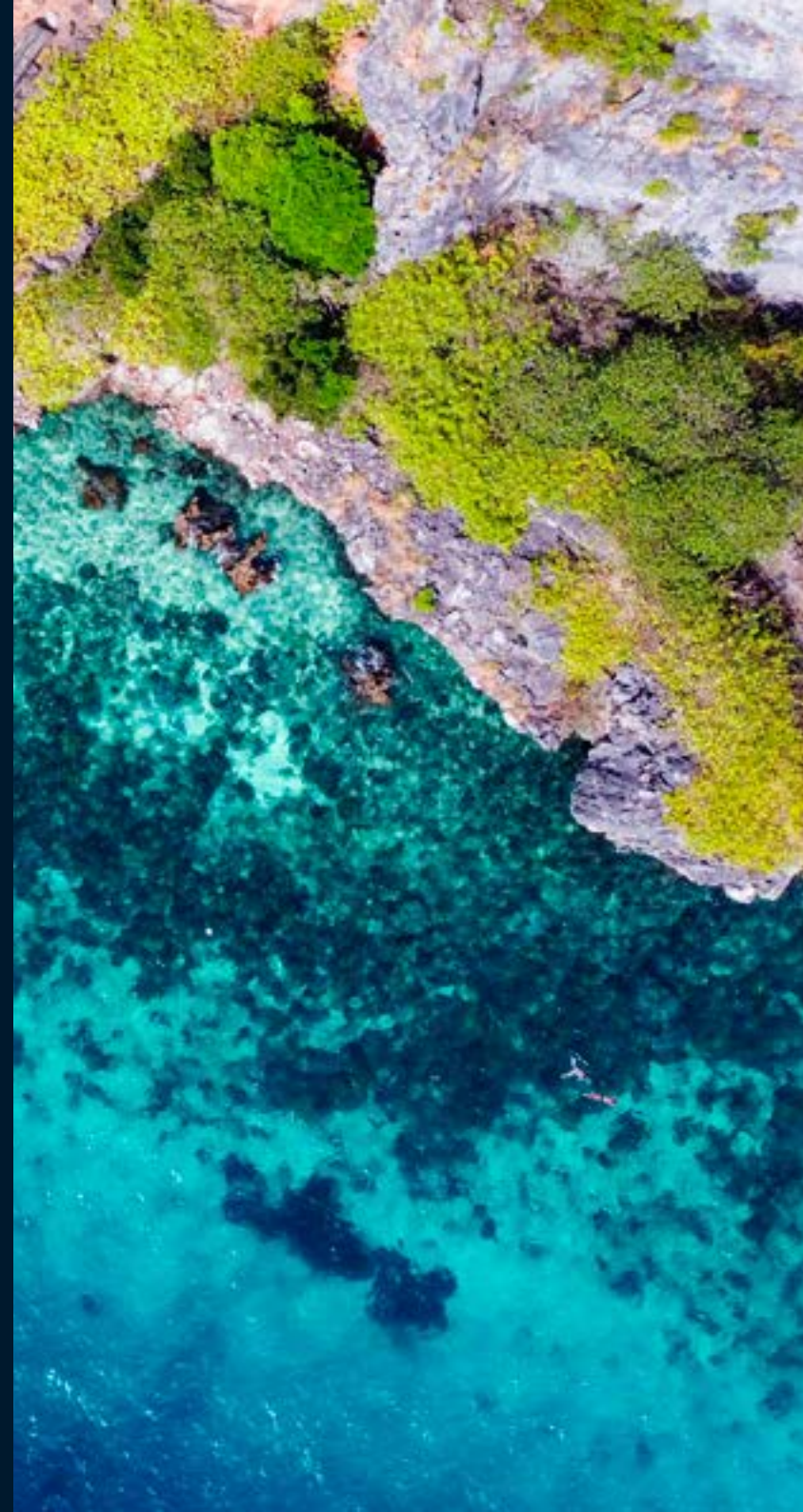


Investment Fund Services

Value assessment report

IFSL Hathaway Fund

28 February 2025



Please refer to our website for further information on any of the funds in this assessment.

ifslfunds.com

Contents

Introduction	03
Assessment criteria	04
Fund assessments	05
Fund information	06
Assessment summary	08
01. Quality of service	09
02. Performance	10
03. AFM costs	11
04. Economies of scale	12
05. Comparable market rates	13
06. Comparable services	14
07. Share classes	14
Important Information	15
Our assessment process	16
Contact us	26

Introduction

Welcome to Investment Fund Services, also known as IFSL. We are an Authorised Fund Manager (AFM) and have responsibility for operating the fund detailed in this report.

I am Katherine Damsell and act as an independent chair to the Investment Fund Services Board of Directors. Along with the board, I have a duty to you, our customer, to ensure we manage our funds in your best interests. Part of this responsibility includes carrying out each year an assessment of value on our funds and determining whether the fees and charges are justified as part of the overall value we deliver to you. We then publish our findings in a value assessment report, to provide you with the relevant information needed to help you make informed decisions about your investment.

This report is split into two sections, the first contains the results of our assessment, which covers the last 12 months up until 31 October 2024. The second part of the report includes a helpful guide about the value assessment, including the specific criteria we assess our funds against.

We hope you find this report useful and if you have any suggestions on how we could make improvements or help make things clearer, we would love to hear from you, please get in touch using the details in the 'Contact us' section at the end of this report.

Katherine Damsell
Chair of the IFSL Board of Directors

Each year, we complete an assessment of value on our funds and report whether fees and charges are justified as part of the overall value we deliver to you, our customers.



Assessment criteria

The seven minimum criteria we must consider when assessing value are:

01

Quality of service

Does the range and quality of service offer value?

02

Performance

How did the Fund perform after the deduction of all payments? This should be over an appropriate timescale, taking into consideration the investment objective, policy and strategy.

03

AFM costs

Do our charges for the AFM service we provide represent value?

04

Economies of scale

Are economies of scale being generated and, where relevant, are these being passed on to our customers?

05

Comparable services

Are the Fund's charges reasonable in comparison to other comparable services offered by the AFM?

06

Comparable market rates

How do the Fund's charges compare against similar funds in the market?

07

Share classes

Are customers in the cheapest or most relevant available unit class based on their characteristics?

We are not limited to the seven criteria, but to date have found these seven to be comprehensive enough to complete a thorough value assessment. However, Investment Fund Services continuously keep this under review and will incorporate further criteria if we think it would help customers to make informed decisions about their investments in the context of value being delivered.

Fund assessment

Fund information

IFSL Hathaway Fund

Launch Date 25/11/2002

Investment objective The aim of the Fund is to grow the value of a unitholder's capital and income, over a period of at least 5 years. This growth is expected to come from a combination of gains in investments held and income received by the Fund – such as bond interest and dividends from shares.

Method for assessing fund performance The IA Mixed Investment 40-85% Shares sector has been chosen as the Fund's comparator benchmark, as it contains a group of funds with similar characteristics.

Fund size (£m) 16.3



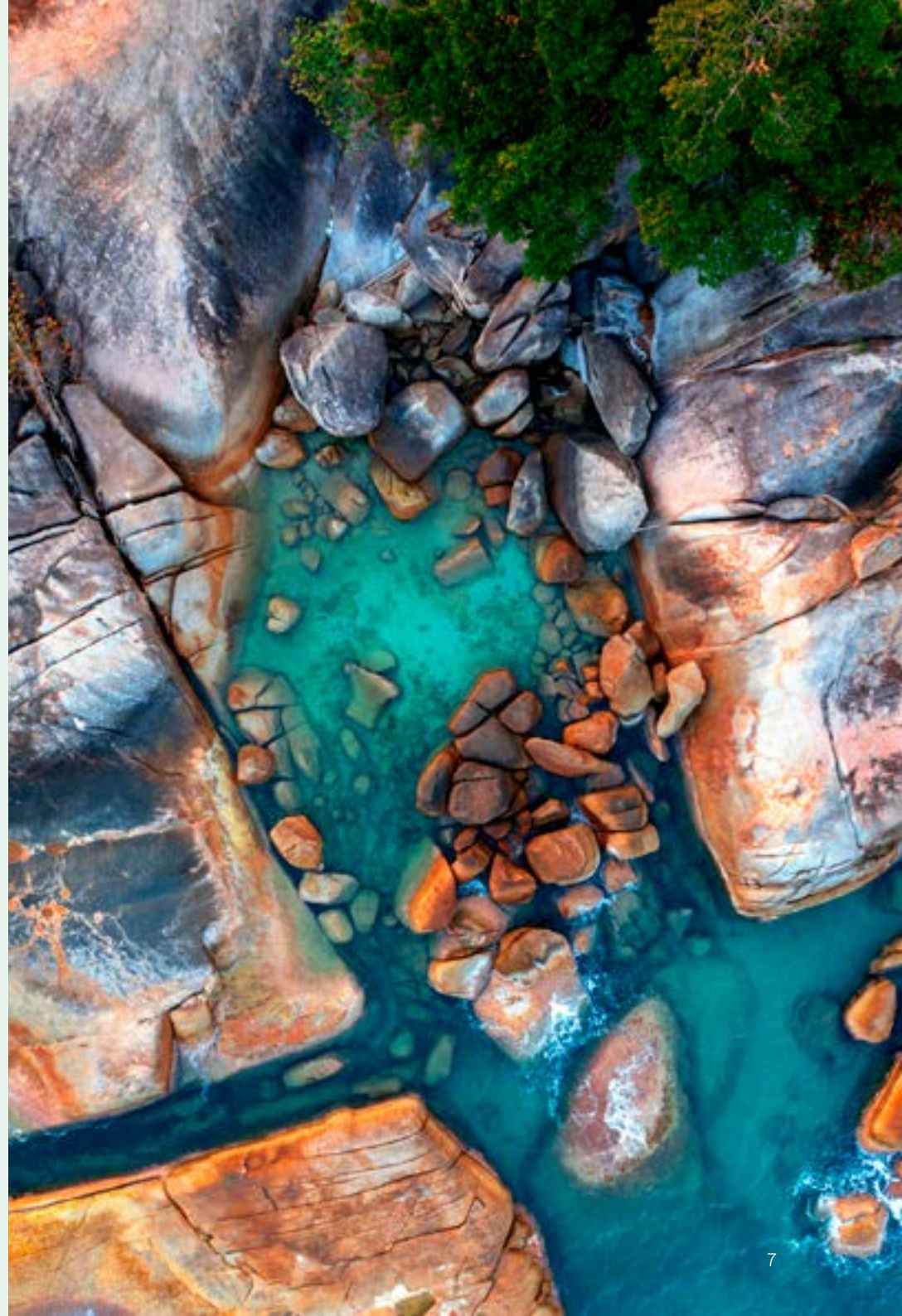
Fund information – Key parties

Following is a list of the parties that provide services to the Fund.

For more information on the types of services these parties provide, please refer to **Our assessment process**.

IFSL Hathaway Fund

Authorised fund manager	Investment Fund Services Limited
Sponsor	Hathaway Investment Management Limited
Investment Manager	Hathaway Investment Management Limited
Administrator	SS&C Financial Services International Limited
Trustee	HSBC Bank Plc
Custodian	HSBC Bank Plc
Auditor	Ernst & Young LLP



Assessment summary

This assessment is based on the 12 months preceding 31 October 2024.

Fund	Quality of service	Performance	AFM costs	Economies of scale	Comparable market rates	Comparable services	Share classes
IFSL Hathaway Fund	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■

Rating definition

■ ■ ■ Fees justified
 ■ ■ ■ Fees justified but targeting improvement
 ■ ■ ■ Requires improvement
 ■ ■ ■ Too soon to rate*

* Funds with a shorter-term performance record are not assessed against the performance criteria until they have reached the minimum timeframe detailed within their objective.

Identified actions

→ Quality of service

The Investment Manager’s risk management process requires improvement. We are targeting to have these improvements completed by end of March 2025.

Overall conclusion

Due to the short timescale since the last assessment, insufficient time has passed to observe improvements to the IFSL Hathaway Fund’s risk management process.

Therefore, we are not satisfied that the charges taken from the Fund are justified in the context of the overall value delivered to investors.

Quality of service

We have assessed each party that provides services to the Fund, categorising each into the following areas:

Our services

- ▀ The quality of governance and due diligence completed by our teams that oversee the sponsor, investment manager and administrator.
- ▀ Our risk management and mitigation processes.
- ▀ Our product governance processes and where appropriate, relevant action taken to deliver good outcomes for customers.
- ▀ Our quality and timeliness of communications to our customers so they can make informed decisions about their investments.
- ▀ Complaint analysis and resolution.

The services of the investment manager and sponsor

- ▀ The quality of the investment manager's processes, their adherence to key investment parameters and service level agreements.
- ▀ The effectiveness of the sponsor, including any developments made to the Fund and how they have been distributed.

Administration

- ▀ The upkeep and maintenance of customer records.
- ▀ Timeliness and quality of transactions following customer requests.
- ▀ Quality of fund administration processes and adherence to service level agreements.
- ▀ Quality of customer services including response times to investor queries.

Services of the independent third parties

- ▀ The depositary/trustee and custodian fees against the service they provide.
- ▀ The scope of the auditor services, our interactions with them and how this compares to their fees.

Our conclusion

In our assessment of the IFSL Hathaway Fund last year, we noted that the Investment Manager's risk management process required improvement. A remedial plan was subsequently set with them, and while the necessary actions have not yet been fully implemented, we continue to monitor their progress. We are targeting to have everything satisfactorily completed by the end of March 2025.

Therefore, we are not satisfied with the quality of services provided to investors by the investment manager.

Performance (continued)

02

IFSL Hathaway Fund

Performance	1 year	3 years	5 years	10 years
IFSL Hathaway	22.2%	2.3%	19.5%	93.8%
IA Mixed Investment 40-85% Shares	16.7%	6.3%	26.8%	75.7%

Cumulative Returns at 31/10/2024.

Conclusion

The Fund aims to grow the value of a unitholder's capital and income, over a period of at least 5 years. This growth is expected to come from a combination of gains in investments held and income received by the Fund – such as bond interest and dividends from shares.

The Investment Manager follows a strategy that involves holding a limited number of companies that have long-term growth potential and appear to be undervalued in the market. This means that because the Fund has greater exposure to a small number of companies, performance of any single company held by the Fund will have a greater effect on the performance.

Over the last two years we have been monitoring this concentrated strategy carefully as it carries a greater level of risk than the benchmark. As detailed in the Quality of Service section, we have instructed the Investment Manager to take further steps to improve their risk management process to mitigate performance shocks in the future and have been tracking the completion of these improvements closely.

Whilst performance over the last year (to October 2024) has improved relative to the benchmark, the Investment Manager has not yet fully completed all of the steps agreed. The target date to have these tasks fully completed is the end of March 2025.

The last review was only completed 6 months ago and insufficient time has passed for us to conclude that the Fund is now providing value.

AFM costs

We have considered the following fees* taken from the fund. These exclude payments to your financial adviser and/or any other firm through which you invest, as those fees are paid directly by you. More detail on the amounts taken as fees can be found in the latest annual report and accounts, this is located on our website, www.ifslfunds.com.

* Further information on the fee descriptions can be found in the assessment guide later in this report.

Our fees

Annual management charge	Further information on the fee (as set out in the prospectus) covers the cost of our services and allows us to pay the investment manager's fee. We have assessed the cost of providing these services and the costs of the investment manager and compared this to the income we received.
Registrar	Our fixed annual fee per shareholder account contributes to the costs of our administration service. We pay for these services directly but use the income generated from this fee to help cover this.
EMX and Calastone	Our fixed annual fee to enable straight through processing ("STP") with the Registrar. This means payments can be automated and processed more quickly as a result.
Administration	This percentage fee is payable from the Scheme Property and is paid to us by way of remuneration for the provision of administration services as noted in the 'Our services' section below.

Fees of the independent third parties

Depository/Trustee	In 2023 we agreed a lower fee with HSBC as part of a formal review. We are satisfied these fees continue to be competitive and reflect the level of service being provided.
Custody	In 2023 we agreed a lower fee with HSBC as part of a formal review. We are satisfied that these fees continue to be competitive and reflect the level of service being provided.
Auditor	In 2023, Ernst and Young LLP increased their fee. The increased fee was assessed at the time as competitive but reflected the additional costs incurred by the auditor to maintain their service levels. We believe this fee remains competitive and reflects the level of service being provided. We are satisfied that the Azets fee remains competitive and reflects the level of service being provided.

AFM costs (continued)

Other fees

KIID	This fee covers the cost of the production and ongoing maintenance of the Key Investor Information Document. The charge reflects the costs involved.
------	--

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

Investors can find a detailed breakdown of the amounts paid in the latest annual report and accounts.

Our conclusion

We are satisfied all the services and the charges applied are reasonable and appropriate.

Economies of scale

04

We have considered the size of the Fund, the profits made by each party and how this has changed over the period. We have also considered our size and scale as AFM and how this has been used to negotiate each fee.

The Fund has not increased in size over the period, and no further economies of scale were identified as a result.

Our conclusion

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

Comparable market rates

05

We have considered the fees listed under AFM costs covered earlier in this report. We have assessed how these compare to those charged by other similar funds available in the market and show these in the table below.

Fund	Ongoing charge figure (OCF)	Market average*
IFSL Hathaway Fund	1.09%	0.88%

Source: Morningstar.

Our conclusion

The OCF is above the market average, we have therefore reviewed it and found the fee to be appropriate relative to funds with similar target markets and distribution strategies.

We are satisfied that the fee is reasonable when compared to the relevant market rate.

* This is the mean OCF of the Funds peer group as defined by the Investment Association.

Comparable services

06

We have compared the costs of the services provided to the Fund with other funds in our range, of a similar size and nature.

Our conclusion

We are satisfied that the costs are reasonable and appropriate having regard to comparable services of a similar nature.

Share classes

07

We review the share classes in the Funds which, where applicable, differ in the way they treat income payments (either by distributing income or by accumulating them and reflecting this in the price). They also differ by the level of AMC applied to them.

Our conclusion

The Fund offers a single share class for investors, so there are no different features to consider in this section.



Important information

Capital is at risk. Past performance is not a guide to the future performance. Investments can go down as well as up and investors may not get back the amount originally invested. This can be as a result of market movements and exchange rates between currencies.

Funds 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.

Inflation will, over time, reduce the value of your investments in real terms. This is especially true at times of high inflation. You should consider the impact of inflation when reviewing your investments.

A more detailed description of the risks that apply to our funds can be found in the fund prospectus. You are required to read the Key Investor Information Document (KIID) before making an investment.

The KIID and prospectus for all funds are available free of charge at www.ifslfunds.com or by calling 0808 178 9321.

Our assessment process

What is the value assessment?

The rules of the Financial Conduct Authority (FCA) require all AFMs to assess whether the payments out of each fund, as set out in the prospectus, are justified in the context of the overall value delivered to customers.

These assessments must be conducted at least annually using the FCA's minimum criteria, of which there are currently seven. Where a fund is not providing value for money, AFMs must explain what action they are taking to address this.

The Chair of IFSL's Board of Directors has responsibility to ensure we carry out the value assessment and is actively engaged in the process. The board of Investment Fund Services includes two independent non-executive directors who provide an unbiased perspective and challenge during the assessment process, with a keen focus on safeguarding the interests of our customers by delivering good outcomes.

Quality of service

01

Our services

This section covers the services provided by Investment Fund Services as **AFM**. We have ultimate responsibility for running each fund and we require good governance and risk management processes to be in place to ensure funds perform as expected and deliver good value.

We produce all key information about the funds, focusing on clear and timely communications that enable customers to make informed decisions about their investments.

We set the distribution strategy of each fund and oversee how the funds are promoted so that they are reaching the right customers (the target market). We also delegate some roles to other firms and oversee these firms to make sure they are performing as expected, we consider the effectiveness of the following areas in the assessment of ourselves.

- ▀ Our resource and expertise
- ▀ Our risk framework and effectiveness of controls
- ▀ How we oversee the firms we delegate to and address any issues
- ▀ Our communications with customers, including those with vulnerable characteristics
- ▀ Any product complaints or grumbles and how these were resolved

Investment managers and sponsors

As an independent AFM, we delegate the investment management to other firms and oversee these firms to ensure they provide a good service and meet expectations. The **investment manager** is responsible for the investment decisions of each fund in pursuit of the fund's aim (its objective). They also manage the level of risk taken, making sure they keep within the parameters of the investment policy. Sometimes investment managers appoint other firms to help them, we call these sub investment managers or investment advisers. These firms are also assessed in the same way as the investment managers.

The **sponsor** is a firm that collaborates with Investment Fund Services to design and promote a fund, we call this co-manufacturing. They play a key role in the commercial success of a fund because they take a lead in its promotion and distribution to the target market. Investment Fund Services oversee the sponsor, making sure their role is being performed to a good standard. Sometimes the sponsor is the same firm as the investment manager.

We base our assessment on how well they perform their respective roles, using a mix of criteria including but not limited to:

- ▀ The quality of their processes and procedures
- ▀ Their resource, research and expertise
- ▀ The effectiveness of their controls
- ▀ The effectiveness of their risk management framework
- ▀ Their adherence to the set investment parameters
- ▀ How well they managed transactional costs
- ▀ The quality and quantity of any distribution activities and literature

Quality of service (continued)

Administration

The administration responsibilities fall into two distinct areas.

Customer administration

This is all things related to customer requests, such as opening an account and investing your money through to selling your investment when you are ready to close your account. Do we keep your records up to date, making sure things like your address and personal details are correct? Are we on hand to deal with your questions and do we point you in the right direction if you wish to make a change to your account? We base our assessment on how well these services have been delivered.

Fund administration

This function calculates and publishes the value of each fund every business day. This is so we can calculate the correct value of your investment. We record and process transactions made by the investment manager and calculate the running cost of each fund so that you know what cost you incur, helping you to consider and compare costs before making informed investment decisions. We prepare half yearly financial statements that contain important information on each fund like its performance (once all charges have been deducted), any income distributed, and any tax that had to be paid.

We base our assessment on how well our administrator performs these tasks and how efficiently they carry out these activities against the service levels we expect. We use a mix of criteria including but not limited to:

- ▀ Customer feedback
- ▀ Adherence to agreed service levels
- ▀ Breaches and complaints records
- ▀ Scope of systems and controls
- ▀ Quality and efficiency of their processes and procedures
- ▀ Quality, speed and accuracy of customer interactions

Services provided by independent third parties

These services are from the depositary, custodian and independent auditor. Depending on the type of fund and the assets held, this can sometimes also include services provided by a hedging agent or an independent valuation service.

The **depositary** is independent and has various regulatory responsibilities, the key one being overseeing us and the Fund's assets to ensure they are safeguarded for customers. We as AFM, select the Depositary and negotiate their fees.

The **custodian** has responsibility for holding the Fund's assets, ensuring they are protected which minimises the risk of assets being lost or stolen. The custodian is appointed by the Depositary, but we are party to the selection and negotiate their fee.

The **auditor** is an independent entity responsible for auditing the statutory accounts of the funds. They are selected and appointed by us, and we negotiate the fee they charge.

We base our assessment 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
- ▀ Geographical relevance, scale and suitability
- ▀ Resource and expertise
- ▀ Quality of interactions

We work with a limited number of depositaries and custodians. There are presently two depositaries and three custodians across the entire range of funds for which we are the AFM.

Performance

When assessing the value of a fund’s performance during the period, we consider how it has performed against its objective and investment policy. Objectives are set out over a specific time period, such as five years, and we bear this in mind when forming our conclusions. We also take into account market conditions, as well as the activities and strategies implemented by the investment managers during the period.

For each Fund we consider:

- ▀ How well the Fund compares relative to its target, comparator or constraining benchmark
- ▀ Volatility (a measure that considers how often, and by how much, the value of an investment goes up and down)
- ▀ Fund performance, relative to a range of industry standard risk-adjusted measures
- ▀ Investment management activities and strategies undertaken in pursuit of a fund’s objective

A fund’s prospectus defines the measures used to assess performance, usually this measure will be a benchmark of which there are three different types as detailed below.

01	02	03
<p>PERFORMANCE TARGET</p> <p>This benchmark is part of a fund’s objective and outlines a specific measure it aims to achieve.</p>	<p>COMPARATOR</p> <p>This benchmark is used for comparison purposes only. It helps customers compare performance to a group of similar securities (known as an index) or other funds (known as a peer group).</p>	<p>CONSTRAINT</p> <p>If a fund has a constraint benchmark, it means the Investment manager is limited in how the fund’s portfolio is constructed, which can influence performance.</p>

AFM costs

03

Fees taken from the Fund can make a big difference to overall returns, so it's important we identify each fee incurred, ensuring they are reasonable and relative to the level of service provided.

A useful way of summarising these fees is by assessing all components of the Ongoing Charges Figure (OCF). Here's what the OCF may include:

Annual management charge (AMC)*	This is a percentage fee paid to Investment Fund Services as AFM. This usually covers the costs of the investment manager, sponsor and administrator.
Depository fee	This is a percentage fee paid to the depository.
Custody fee	This is a combination of percentage, fixed and transaction-based fees paid to the custodian.
Audit fee	This is a fixed annual fee paid to the auditor.
Independent valuer fee	This is a fee paid to a specialist firm that independently values certain products if held by a fund.
KIID fee	This is a fixed annual fee paid to cover the cost of reviewing and updating the key investor information document (KIID).
Registrar fee	This is a fee charged (usually per shareholder) to cover the costs of the administrator maintaining the shareholder register.

** Some funds do not have an AMC, instead they have either a fund management fee or the AMC is split into two fees. Some funds may also have a separate administration or sub-investment manager fee. We will tell you about these fees and which ones apply in our assessment.*

AFM costs

Hedging administration fee	This is a percentage fee paid to the organisation that provides currency hedging services, if applicable. These services mitigate the risk of adverse currency exchange rate movements affecting the value of investments. We will tell you if your Fund has these services.
EMX and Calastone	This is a fixed fee paid per transaction to enable straight through processing (STP) with the administrator.
Other fees	Some Funds may have the additional fees taken from the fund such as notary, legal and collateral fees, we will tell you about these if they are material to our assessment.

In our assessment of the fees, we consider the following:

- ▶ The revenue received, and profits earned after accounting for all operating costs.
- ▶ Whether the profit is proportionate given a number of factors, including the level of risk taken in operating the Fund.
- ▶ Whether the revenue is sufficient to enable parties to deliver the expected level of service quality and to enhance it over time.

We also consider when the fees were last reviewed and whether they remain competitive, accounting for factors such as changes in the size of the Funds. Our aim is to ensure that the fees taken are reasonable, competitive, and support the delivery of high-quality services to our customers.

Economies of scale

We consider two different types of economies of scale:

The size and scale of a fund

When there is a range of funds, profits from the larger funds in the range may sometimes subsidise the operation of smaller funds or be key in ensuring the long-term financial security of a firm providing services to a fund. Our assessment considers these arrangements and whether they are in the best interests of investors. If not, we will take steps to ensure that the benefits of scale are passed on to investors.

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. Our aim is to ensure that each fund delivers value to customers and remains viable in its own right, considering the impact of any fixed or minimum fees.

The size and scale of Investment Fund Services

The second area of economies of scale is where we can negotiate terms for the large number of funds under our management as AFM. Investment Fund Services oversees more than 80 funds, valued at over £15 billion in total. We use our scale to negotiate fees where we think it is in the interests of all affected funds. We discuss with our suppliers the need to ensure that fees are distributed fairly and transparently across all the funds.

Depositary, custody and audit relationships are negotiated across multiple funds to achieve the best possible rates. Investment Fund Services negotiates depositary fees based on a sliding scale, applying lower percentage fees as funds reach specific thresholds. This ensures that economies of scale directly benefit customers.

Comparable market rates

We review the fees paid to external parties and compare each fund's OCF with similar funds in the market within the same peer group.

While market rates for depositories, custodians, and auditors may be subject to commercial confidentiality, our experience with previous fees, combined with our tender or review processes and market awareness, mean that we believe our approach secures competitive rates when contracts are reviewed or re-tendered. We ensure that these reviews occur at appropriate intervals, considering the nature of the relationships and the associated costs of changing suppliers.

When assessing fees paid to the investment manager and sponsor, we compare them against those for 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 vary based on the size and type of fund. Contracts are negotiated based on market competitiveness within the independent AFM market. Fund sponsors typically conduct thorough tendering processes and can move the funds to other independent AFMs. This ensures that Investment Fund Services remains competitive, offering value for customers.



06

Comparable services

Investment Fund Services provides services to many fund ranges and we compare the fees we charge.

While the fees may differ based on factors like fund size, nature, and associated risks, we review these to ensure our fees are similar to those paid by similar funds within our range.

We also consider comparable services offered by external or delegated parties, such as the investment manager. Where providers do offer comparable services, we ask them to outline the key differences in charges and service. This helps us ensure that our investors receive good value compared to alternative products and services available from the same provider elsewhere.

07

Share classes

Some funds provide multiple share classes with different fee structures for investors. We review these fee structures to ensure they are reasonable and appropriate.

Additionally, we assess whether investors are in the most appropriate share class available to them. If we identify any issues, we will tell you and transfer you to the most appropriate share class.

Investment Fund Services

CONTACT US

Customer enquiries

Please contact our dedicated customer support team who are available Monday to Friday 9:00am to 5:00pm (excluding UK bank holidays).

Write to: Investment Fund Services, Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP

Call: 0808 178 9321 or +44 1204 803 932 (if calling from overseas).

Email: ifslclientsupport@ifslfunds.com

Fax: 01204 533045

Supporting your needs

We have different ways in which we can communicate with you to support your needs and make investing with us easier.

Some of the services we can provide are listed below. However, please contact us using the details on this page so we can discuss your options and provide the right level of support for you.

- ▶ Braille or large print communications and statements
- ▶ Audio transcribed communications
- ▶ Easy read communications

Regulatory Information

Investment Fund Services and IFSL are trading names of Investment Fund Services Limited, registered in England No. 06110770. Authorised and regulated by the Financial Conduct Authority in the UK (FRN464193). Registered Office: Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP. Investment Fund Services is part of Marlborough Group Holdings Limited, registered in England No. 10078930.