



ES Ardevora ICVC Assessment of Value

Conducted by Equity Trustees Fund Services Ltd

For accounting period end – 31st December 2020

What is an Assessment of Value?

As an Authorised Corporate Director (ACD) we are regulated by the Financial Conduct Authority (FCA). In 2019 the FCA introduced new rules to strengthen the duty of ACDs to act in investors' best interests. These new rules require all ACDs to conduct an annual detailed assessment of their funds to determine if they are providing value to their investors. Following each review, we are required to publish a statement summarising the outcomes of our assessment.

When assessing value, we consider much more than just the costs (including fees) that you pay or the performance of the fund. Set out below are the seven 'Value Criteria' that we use within each of our assessments.

Assessment of Value Criteria

1 – Quality of Service

2 – Fund Performance

3 – Costs

4 – Economies of Scale

5 – Comparable Market Rates

6 – Comparable Services

7 – Classes of Shares

It is the responsibility of our board of directors to consider the outcomes of these assessments and to ensure that our assessment process, our findings and our conclusions are fair, appropriate and clearly communicated to you.

Within this report you will find a detailed breakdown of the areas that we have considered when conducting our assessment along with a conclusion for each of the seven criteria. We have also included an Overall Assessment Conclusion and where applicable, details of any steps taken as a result of our assessment.

This report provides you with our assessment of whether the fund, in our opinion, is providing value to you as an investor. When coming to our conclusion we consider a wide range of investor types with potentially differing investment needs and can only base our conclusion on information that is available to us. As 'value' is a personal view taking into consideration many individual factors our overall conclusion may not align to your personal view on whether you believe that you are receiving 'good value' from your investment. Should your view differ from our own conclusions we would recommend that you discuss this with your Financial Adviser (if relevant).

	Page
Overall Assessment Conclusions	3
Assessment Criteria	4
Assessment of Value for the ES Ardevora UK Income Fund	7

Assessment of Value for the ES Ardevora UK Income Fund

Overall Assessment Conclusions

The board of Equity Trustees Fund Services Ltd concluded that during the period under review, the ES Ardevora UK Income Fund did not provide overall value for its investors. As a result, in January 2021 the board and the funds depository, Société Générale, approved the decision to submit an application to the FCA to merge the fund via a scheme of arrangement with a similar fund within the ACD's fund range, the ES River and Mercantile UK Equity Income Fund. Following receipt of approval from the FCA, the shareholders of the ES Ardevora UK Income fund voted in favour of the proposed merger, with the merger completing on 16th April 2021.

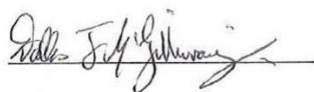
The table below outlines the results of our assessment in January. No further action is required as all shareholders have now transitioned to the ES River and Mercantile UK Equity Income fund.

	Quality of Service	Performance	ACD & Supplier Costs	Economies of Scale	Comparable Market Rates	Comparable Services	Classes of Shares
ES Ardevora UK Income Fund	●	●	●	●	●	●	●

● = Fund provides value for its investors

● = Fund provides value, but further action or further monitoring is required

● = Fund does not provide value.



Dallas McGillivray

Chair and Independent Director

Equity Trustees Fund Services Ltd

Assessment Criteria

1. Quality of Service

Are the range and quality of services being provided to the fund and its investors of a standard that would represent good value?

What does this section cover?

Within the 'Quality of Service' section of the assessment we assess the range and quality of the services being provided to the fund and its investors by ourselves, the Investment Manager, the Transfer Agent & Registrar, the Fund Accountant, the Custodian and the ICVC's Auditor.

When we consider the quality of the services being provided, we look at several factors relevant to each of the services being provided. We also consider how relevant the service is to you as an investor and how it impacts on your investment experience.

What did we review?

The assessment involves a review of relevant key performance indicators (KPIs) that we use to monitor the services being provided by our key suppliers and delegates. When assessing the quality of service being provided, we also review any findings from our ongoing Operational and Compliance Oversight activities.

We also consider internal KPIs to assess our own performance as the fund's ACD.

2. Performance

Is the performance of the fund, after the deduction of charges, in line with the fund's stated investment objective?

What does this section cover?

Within the 'Fund Performance' criteria of the assessment we assess how the fund has performed against its stated objective (as set out in the Prospectus), after all fees have been paid.

The fund's performance must be assessed over an appropriate timescale and we must consider the fund's Investment Policy and Strategy as part of the review.

What did we review?

We reviewed the fund's performance (after costs) against its stated objectives. This included a comparison of the fund's 'capital growth' performance against our recommended Comparator Benchmark, and a review of the income you have received as an investor of the funds against the funds Target Benchmark.

When measuring the fund's performance, we reviewed the 1, 3 and 5-year performance history on the last dealing day of each calendar month for the 12 months leading up to the end of the accounting period. We then took an average of these 12 performance data points to produce the average rolling performance figures for our review.

Note: The recommended holding period for the sub-fund is a minimum of 3 years.

3. ACD and Supplier Costs

Are the costs of providing the services to the fund reasonable and fair, and are the services associated with the costs being provided on a competitive basis?

What does this section cover?

Within our assessment we consider the costs charged to the fund which includes the Annual Management Charge (AMC) which is paid to the ACD, and other elements which make up the Ongoing Charges Figure (OCF). Our assessment focuses on whether these costs are reasonable for the level of service being provided and whether they are clearly and transparently disclosed to the fund's investors.

What did we review?

We reviewed each of the service costs charged to the fund (including those charged by the ACD) over the previous 12 months to assess whether they were fair and appropriate for the services being provided. We additionally compared the costs against a limited amount of market data to ensure that the costs were reasonable and in-line with industry standards.

4. Economies of scale

Where available, have the benefits generated through economies of scale been passed on to investors?

What does this section cover?

When funds grow in size, the fund typically pays proportionally less for the fixed costs of operating the fund. As funds increase in size, they will also typically be able to benefit from reductions in fees from service providers as they are able to leverage economies of scale to generate operational efficiencies. In this section, we assess if all achievable economies of scale have been passed onto the fund to benefit you as an investor.

What did we review?

We reviewed the tariffs for each of the key suppliers and delegates that provide key services to the fund. Where these tariffs allowed for reductions in fees as the size of the fund increases, we checked to ensure that these reductions were being passed on to the fund.

We also checked that services which could benefit from economies of scale had cost structures that allowed for these to be passed on to the fund as certain triggers were met.

5. Comparable Market Rates

Are the fund's costs reasonable when compared to other comparable funds?

What does this section cover?

In this section we review the OCF of the fund against suitable market data to ensure that the OCF is comparable to that of funds of a similar size, complexity, and structure, and that have a similar Investment Objective, Policy and Strategy. This review enables us to evidence to you that the fund remains competitively priced.

What did we review?

We reviewed the OCF of each sub-fund's primary Share Class, which was calculated as at 31st December 2020, against the average OCF for the Primary Share Classes of funds within the same Investment Association sector. We also reviewed the same fund OCF data against the OCFs of a more focused peer group of funds from within the same sector with similar product and investment characteristics.

6. Comparable Services

Are the services provided to the fund 'good value' when compared to other comparable services provided by the ACD?

Comparable services could include funds of a similar size with similar investment objectives and policies operated in another jurisdiction or Individual mandates operated for Institutional Investors.

What does this section cover?

Within this Value Criteria we compare the costs of the fund to the costs of other similar investment products or services that we offer to ensure that any differences are appropriate.

What did we review?

We do not currently offer any similar investment products or services to investors. No review required.

7. Classes of Shares

Do any investors hold shares in classes subject to higher charges than those applying to other classes with substantially similar rights and features? If they do are these higher charges justified?

What does this section cover?

Funds can offer different share classes to investors. Share classes usually have different features such as different minimum initial investment amounts and costs.

Typically, the larger the minimum initial investment amount, the lower the charge for managing your investment. This is similar to getting a cheaper price for buying a product in bulk rather than one at a time. For this reason, when you invest through a third party like an investment platform or a financial adviser, your money is often pooled with others and this pooling may provide you with access to a cheaper share class than if you were to invest directly with us.

What did we review?

In this section of the assessment, we have determined if investors are invested in the appropriate share class and if the cost difference between share classes is appropriate.

Assessment of value for the ES Ardevora UK Income Fund

Fund Specific Conclusions

Quality of Service

We concluded that, based on the areas assessed, Equity Trustees Fund Services and our key service suppliers/delegates are providing a comprehensive range of services to the fund and its investors, which are being delivered to a high standard resulting in good value for investors.

Performance

Investment Objective	The Investment objective of the Sub-fund is to deliver an income equal to or greater than the income yield of the FTSE All Share Index after the deduction of all fees, over a rolling three-year period (the "Benchmark"). The fund also aims to generate capital growth for its investors.
Comparator Benchmark	MSCI UK IMI NR Index

The fund did not achieve its target to provide income of equal to or more than the income yield of the FTSE All Share Index. As at 31st December 2020, the average yield of the FTSE All Share Index over 3 years was 4.08%. The fund provided an average income yield of 3.87%, 0.21% lower than the index (see table below).

	3 year average Income Yield
Institutional Acc Share Class	3.87%
FTSE All Share Index	4.08%

The fund also underperformed the comparator benchmark over both a rolling 12 month and rolling 3 year average period.

	Average Rolling 12 month performance	Average Rolling 3-year performance
Institutional Acc Share Class	-12.19%	-8.66%
IA UK Equity Income	-11.75%	-8.59%

Classes of Shares

	Minimum Initial Investment	Ongoing Charges Figure (OCF)	Annual Management Charge (AMC)
Retail Share Class	£1,000.00	1.77%	1.00%
Institutional Share Class	£50,000.00	1.52%	0.75%

The fund has two share classes, Retail and Institutional. The Institutional share class has a higher minimum investment amount of £50,000. All investors are holding an appropriate share class based on the investment criteria.

ACD & Supplier costs

We concluded that based on the activity being undertaken and the services being provided, the ACD and supplier costs being applied to the fund are fair and reasonable and therefore represented good value for investors.

Costs charged to the fund are clear and are being applied in-line with agreed rates and as disclosed within the Prospectus.

The services associated to each cost are being provided on a competitive basis.

Economies of scale

We have concluded that at the current size of the fund there are currently no available economies of scale for the fund to benefit from.

The ACD does, where possible use the buying power of its wider group to ensure that supplier costs remain competitive even when a fund is small.

Comparable Market Rates

Note: The Ongoing Charges Figures ('OCF') for the fund has increased since last years review from 1.52% for the Retail Share Class, and 1.27% for the Institutional Share Class. The current OCF's are shown below.

	Ongoing Charges Figure (OCF)	Average peer group OCF	Average OCF of IA Sector
Retail Share Class	1.77%	1.26%*	0.96%*
Institutional Share Class	1.52%	0.82%*	0.86%*

The ACD notes that that due to the funds relatively small size, the OCFs are higher than the OCFs of the funds within its identified peer group average and higher than the average OCF of funds within the IA UK Equity Income sector. For this reason, we have concluded that the OCF is negatively contributing towards the value that the fund is providing to its investors.

Note: The IA UK Equity Income sector contains a broad range of funds that invest through various investment vehicles and that may have differing Investment Objectives and Investment strategies. All of which could have a significant impact on a funds operating cost (its 'OCF'). Therefore, comparing the OCF of a Fund to the average OCF of its IA Sector should be considered as a guide rather than an absolute 'like-for-like' comparison.

Comparable Services

We concluded that there are no comparable services that we offer to investors.

*Source – FE Analytics April 2021