



ES Baker Steel Gold & Precious Metals Fund Assessment of Value

Conducted by Equity Trustees Fund Services Ltd

For accounting period end – 31st August 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).

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Assessment of Value for the ES Baker Steel Gold & Precious Metals Fund

Overall Assessment Conclusions

The board of Equity Trustees Fund Services Ltd has concluded that ES Baker Steel Gold & Precious Metals Fund has over the last 12 months provided overall value for its investors, although there are certain factors that contribute towards this value statement that require ongoing monitoring and further action. As part of our annual value assessment, we also consider the value that the fund has provided for its investors over a longer time period (5 years), and we accept that over this longer time period the fund has not provided value for its investors.

As an investor in the fund, you will recall that we wrote to you in November 2019 to inform you that we were changing the fund's Investment Manager and from the 1st December 2019 we would be appointing Baker Steel Capital Managers Ltd ("Baker Steel") to undertake the role. At the time we stated to you that we believed that the change of Investment Manager would significantly increase the fund's ability to attract additional investors which would ultimately reduce the per share impact of operational and administrative expenses, resulting in a lower ongoing charges figure ("OCF") for investors over time.

Since the appointment of Baker Steel, the fund's OCF of the B share Class has decreased from 4.12% to 3.12%. Over the same period the fund has achieved its Objective by generating 68.80% of Capital Growth for its investors, which is 14.62% above the performance of the fund's Comparator Benchmark. Although we are pleased with these positive developments since the appointment of Baker Steel, we do accept that at the OCF at its current rate, continues to negatively contribute towards the overall value of the fund for its investors.

When we wrote to you in November 2019, we anticipated the fund's size being larger at this point in time as a result of new investors being attracted to the fund, which would have further reduced the fund's OCF. Unfortunately, due to the Coronavirus pandemic that has engulfed the country since March, we had to delay a number of planned promotional activities that were designed to increase awareness of the fund amongst Financial Adviser and Institutional investors and to promote the appointment of Baker Steel, an award-winning Investment Manager. We anticipate being able to reschedule these activities for the first half of 2021 and believe that coupled with the strong performance that the fund has delivered over the last 12 months, we will see further new investors access the fund which will further reduce the fund's OCF for all investors.

The table below outlines the results of our assessment. Where the need for further action has been identified, this is outlined within the 'Steps taken as a result of our assessment' section of this report for each fund.

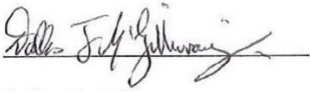
	Quality of Service	Performance	ACD & Supplier Costs	Economies of Scale	Comparable Market Rates	Comparable Services	Classes of Shares
ES Baker Steel Gold & Precious Metals Fund	●	● Short Term ● Long Term	●	●	●	●	●

● = Fund provides value for its investors

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

● = Fund does not provide value.

We believe that the steps that we have taken as a result of our assessment and over the last 12 months will prove to be positive for investors and will be significant factors in ensuring that the fund provides value for all of its investors going forward.



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.

When measuring the fund's performance, we reviewed the 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 5-year performance figure for our review.

During the period under review, a change was made to the fund's Investment Manager. Therefore, as part of our assessment we also reviewed performance against the comparator benchmark from the 1st December 2019, which was the date the new Investment Manager, Baker Steel Capital Managers LLP was appointed to manage the fund.

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 over the previous 12 months to assess whether they were fair for the services 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 the fund's primary Share Class, which was calculated as at 31st August 2020, against the average OCF for the Primary Share Classes of funds within the same Investment Association sector, the 'IA Specialist 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. As there are only a small number of funds with similar

characteristics, so to ensure we made a fair comparison of the costs, we also took into consideration funds with a different strategy but of a similar comparable size.

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 Baker Steel Gold & Precious Metals 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.

- **Short Term (From 01/12/19) Fund Performance** ●

- **Long Term (5 Year) Fund Performance** ●

Investment Objective	The investment objective of the Company is to achieve capital growth.
Comparator Benchmark	EMIX Global Mining Global Gold Index

Since the change in the fund's Investment Manager in December 2019, the fund has generated significant levels of capital growth for its investors. With the fund outperforming its Comparator Benchmark, similar funds within its peer group and passively managed funds with a similar exposure to the Gold and Precious Metals sector. For this short time period we have concluded that the fund's performance has generated significant value for its investors.

However, as the fund's recommended minimum holding period is 5 years, it is important that we also look back over this longer time period and also provide you with our assessment on the fund's performance over this period. Over the 5-year period the fund achieved its objective to provide its investors with capital growth. However, the level of capital growth that the fund generated was significantly lower than the level of growth generated by its Comparator Benchmark (see table below). The 5-year performance does also not exceed the performance generated by comparable passively managed funds with a similar exposure to the Gold and Precious Metals sector. As a result of this, we must conclude that over a 5-year period the fund's performance has not consistently provided value for its investors.

Although the value of a fund should not be based solely on its short-term performance, we are pleased with the change that the appointment of Baker Steel Capital Managers has generated and remain positive for the future outlook for the fund.

	Performance since 1 December 2019	Rolling 5-year performance
A Share Class	68.11%	27.32%
B Share Class	68.80%	30.22%
EMIX Global Mining Gold Index	54.18%	207.26%

- **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 und 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** ●

Since the prior period end, the Ongoing Charges Figures ('OCF') for the fund have reduced significantly from 4.51% and 4.12% for the A and B share classes respectively, to 3.65% and 3.12%.

However, it is noted that the OCF remains higher than the peer group average and the average of funds within its IA Specialist Sector. For this reason, we have concluded that the OCF continues to negatively contribute towards the value that the fund is providing to its investors.

Equity Trustees Fund Services and Baker Steel Capital Managers LLP remain focused on attracting new investors to the fund in 2021, which we believe will increase the size of the fund and as a result generate further reductions in the OCF for the benefit of all investors.

	Ongoing Charges Figure (OCF)	Average peer group OCF	Average OCF of IA Sector
A Share Class	3.65%	1.29%*	1.11%**
B Share Class	3.12%		

- **Comparable Services** ●

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

*Source – Data extracted from FE Analytics as at 2nd September 2020

** Source – Data extracted from FE Analytics as at 16th December 2020

- **Classes of Shares**

	Minimum Initial Investment	Ongoing Charges Figure (OCF)
A Share Class	£500.00	3.65%
B Share Class	£500.00	3.12%

The fund has two share classes, both have a minimum initial investment amount of £500.00. The A share class was historically offered to investors via their Independent Financial Advisors who would then receive commission from the AMC or a Platform that would receive a rebate of some element of the AMC.

If you are an investor in the A Share Class you will have received correspondence from us notifying you of your ability to switch your holding, free of charge, from the A Share Class to the B Share Class.

As there remains a small number of A Share Class investors that have not provided instruction to switch their holding, we believe that for some investors they may not be invested in the most cost-effective Share Class for their Investment.

Steps taken as part of, or as a result of our assessment

Fund Performance

In 2019 we made a decision to change the fund's Investment Manager as of the 1st December 2019. Since this date performance of the fund has been encouraging, and clear steps have been taken by the Investment Manager to address the historical performance issues of the fund.

We will continue to closely monitor the fund's performance with the Investment Manager, with the objective of extending the positive short term performance into medium and long term positive performance over the coming years.

Please see the Annual Financial Statement of the company for a detailed assessment of the fund's performance by Baker Steel Capital Managers, and their outlook for the year ahead.

Classes of Shares

We have already contacted investors in the A share class to inform them that there is a lower cost share class available to them. In January 2021 we will be seeking regulatory approval to allow us, as ACD to the fund, to move investors between share classes if we feel it's in an investors' best interest. Once approval has been provided, we will provide the necessary notice to those impacted investors.

Comparable Market Rates

We will continue to monitor the OCF as part of our ongoing oversight of the fund.

We will be working in partnership with Baker Steel Capital Managers throughout 2021 to promote the fund to a number of identified target investor groups. We are confident that this increased promotional activity along with the strong performance of the fund since Baker Steels' appointment, will result in an increase in the fund's size which will trigger a reduction in the OCF through a reduction in the per share impact of the fund's operating expenses.