



Value
Assessment
Report

FEBRUARY 2021



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Risk Warning: Past performance is not necessarily a guide to the future. The value of investments and the income from them may go down as well as up.

Introduction



The main focus within Slater Investments is stock selection based on our investment process, something we never lose sight of as we are stewards of investors savings. This forms the foundation of our investment track record. In our capacity as investment managers and operators of our Funds we constantly consider how we can provide better outcomes for our investors.

In 2019 the Financial Conduct Authority (FCA) introduced new rules designed to ensure all asset managers are acting in the best interest of investors. The rules set out the factors which we must report on annually. This is our second report.

This value assessment Report covers the following Authorised Collective Schemes:

- Slater Growth Fund (Authorised Unit Trust (AUT));
- Slater Recovery Fund (AUT);
- Slater Income Fund (Open Ended Investment Company (OEIC));
- Slater Artorius Fund (OEIC)

(singularly the Fund, collectively the Funds). Reference to Units refers to both units in the AUTs and shares in the OEICs. Investors refers to unitholders in the AUTs and shareholders in the OEICs.

Slater Investments acts as Authorised Fund Manager (AFM) and as Authorised Corporate Director (ACD), it has chosen to delegate the following services to JTC Fund Services (UK) Limited (JTC)

- Registrar and Transfer Agent
- Fund Accounting
- Fund Administration
- Provision of investor portal

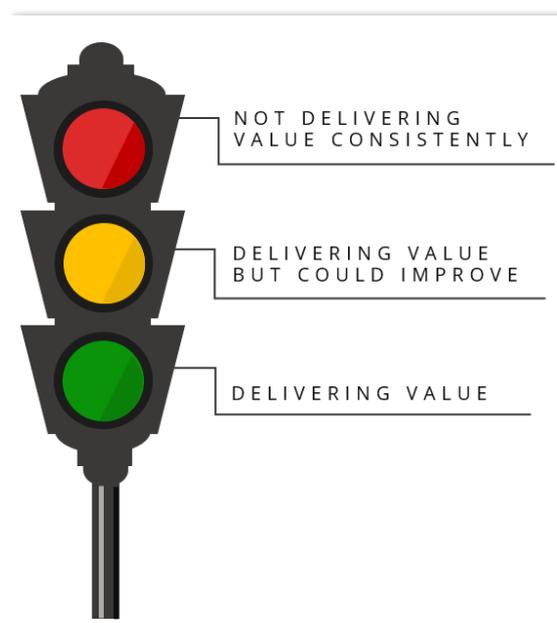
Regulatory Factors

The executive directors of Slater Investments supported by team members drawn from operations, compliance and risk have conducted the value for money assessment review to produce this Report. The Report together with supporting analysis was provided to the Board of Slater Investments and they have approved the publication.

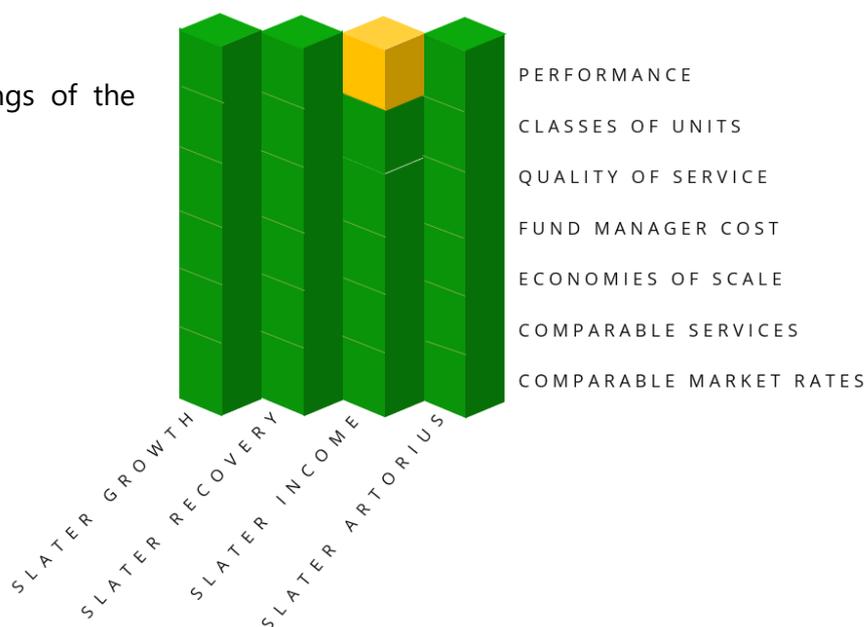
The factors which the FCA require us to cover are:

- Quality of Service
- Performance
- Fund Manager Costs
- Economies of Scale
- Comparable Services
- Comparable Market Rates
- Classes of Units

A traffic-light system has been introduced to give a summary-at-glance at the findings of the report. This can be seen below:



A visual overview of the findings of the report are as follows:



Quality of Service



We pride ourselves in providing above average service to our investors. Our aim is to provide information to our investors and our prospective investors in a timely manner. We want to make our funds accessible to all investors.

Having reviewed the internal and external services, including operational statistics of third-party providers, the Board noted that there are no outstanding issues relating to the Registrar and Transfer Agent, Fund Accounting or Fund Administrator. The Board approved the change of Depositary and Custodian in 2020 following a market wide review. The newly appointed Depositary and Custodian offered the same excellent service to the Funds for a lower price. Additionally, Slater managed to secure a credit line for the Funds.

The Board also noted that Slater Investments received no complaints in 2020. Given the unprecedented year, with the impact of Covid 19, and how businesses had to adjust to the new working environment, it is a real proof of outstanding service that Slater Investments provides to its investors. Slater Investments's well-rehearsed business continuity plan kicked in without a glitch. All Investor communications were issued on time. There were no delays in issuing payments to Investors. There was no disruption to the service despite the pandemic and Investors could still reach the Transfer Agent without any delays.

The Fund range is accessible to both retail and institutional investors. Dealing in the Funds is by telephone, post, fax, online, EMX or Calastone, and direct debit.

We worked very hard with JTC to revolutionise this part of the Investor experience by introducing straight through processing.

The Board also notes new developments outside of regulatory requirements which enhanced quality of service; for instance, a new investor portal was launched where Investors can access all Fund communications as well as having the ability to check their current holdings.

Embracing the new age of virtual conferences Slater Investments has launched a series of webinars covering various topics. These are now run on a monthly basis. Our annual investor event was also held virtually, and 129 Investors attended.

The ESG (Environmental, Social, and Governance) team has grown and now provides daily support to the Investment Committee as well as participating in company meetings challenging the boards of those companies and working with them on how to improve their ESG standing, which should ultimately lead to improved long-term performance. The ESG team also now runs monthly webinars.

Considering all of the above, the Board concludes that Slater Investments provides good value to the Investors in the Funds.

Performance



OBJECTIVES

CAPITAL GROWTH

Each of the Slater Artorius, Growth and Recovery Funds have an objective to provide capital growth over a long term (5 years) by investing in United Kingdom listed equities based on our investment process. We do not construct our portfolios based on an index or an index weighting. When we invest in a company we want to own it for the long term, at least 5 years, hence we trust that our Investors have the same time horizon.

We are looking for companies with sustainable earnings. This requires the right stewardship of capital hence we spend a lot of time on the governance of a company both pre- and post-investment. We don't always get it right but if we don't, we roll our sleeves up and sort it out.

The Board looked at 12 months, three years, five years and ten years performance data. Each Fund's performance has been in line with its respective objectives and investment policy. Taking this data into consideration, alongside other factors, the Board's overall conclusion is that the performance record of the Funds provides good value to Investors.

INCOME

Our objective with the Slater Income Fund is to provide a growing sustainable income stream whilst protecting capital over the long term (5 years). We construct the portfolio based on our investment process to build a sustainable and growing dividend yield. We do not use an index as a benchmark. We do look at a peer group to see how we are comparing against the wider market. Since inception of the Fund in 2011 we have produced a total return of 98.42% against the Investment Association (IA) peer group, which has returned 96.24% over the same period.

The Slater Income Fund has shown slight underperformance in comparison to its peer group over the medium term. Although performance started to improve in 2019, the Covid crisis was a material setback for dividend paying reliability. However, the Fund avoided the worst of the impact of dividend cuts and cancellations. With the crisis abating, the Fund have seen performance improving quite sharply. The Board believes that Covid interrupted what would otherwise have been a steady recovery pattern that started in 2019. Performance from 2011 to 2015 was very strong. Since inception performance remains slightly ahead of the sector. In recent years, with the exception of 2019, we have seen underperformance.



Over the three-year period, the Fund returned -9.70% compared with -3.99% for the U.K. Equity Income Sector. This placed the Fund approximately in the middle of the third quartile. Over the last three and six months the Fund has been about 3-4% ahead of the sector average, placing it firmly in the first quartile. The executive directors conducted a thorough and ongoing review of the strategy, process, sizing and the opportunity set. The conclusion was reached that the strategy was fit for purpose and that no changes were required, other than some small company specific tweaks to the portfolio which are part of our day-to-day operations.

The tables to the right depict the cumulative performance of the Fund and the IA sector on a mid-price with all net income reinvested to 31 January 2021.



SLATER GROWTH FUND

PERIOD	1y	3y	5y	SI*
Growth A Fund	7.73	29.86	66.62	615.98
IA Sector	-4.76	1.94	34.90	168.75
Growth P Fund	8.55	31.33	72.46	204.59
IA Sector	-4.76	1.94	34.90	68.29

SLATER RECOVERY FUND

PERIOD	1y	3y	5y	SI*
Recovery A Fund	8.97	32.74	80.44	564.36
IA Sector	-4.76	1.94	34.90	295.65
Recovery P Fund	9.80	35.50	86.85	201.43
IA Sector	-4.76	1.94	34.90	68.29

SLATER INCOME FUND

PERIOD	1y	3y	5y	SI*
Income A Inc Fund	-12.84	-9.70	6.08	98.42
IA Sector	-9.21	-3.99	20.56	96.24
Income P Inc Fund	-12.19	-7.61	10.12	76.22
IA Sector	-9.21	-3.99	20.56	58.18

*SI – since inception

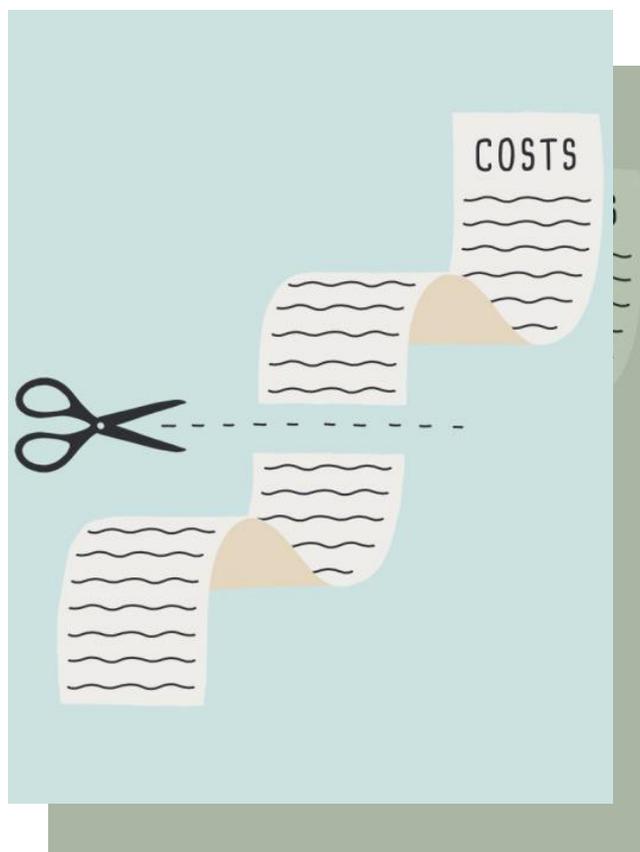
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Fund Manager Costs

We consider the costs incurred by each fund in management and operation. The fees that Slater Investments charge represents the largest cost to the Funds and are clearly set out within each Fund's prospectus. These fees are considered comparable with the market rates for other professional active investment managers providing comparative services. This fee may vary by Unit class to reflect the size of the minimum investment into that Unit class, with the object of providing economies of scale for larger Investors.

The Board notes that the Fund Manager does not charge for the provision of any services other than for Fund Management, services like investment research, fund accounting, fund administration, share registration and transfer agency are all covered by Slater Investments within the Fund Management fee.

The Board also notes that for direct investment there is no additional custody charge. For investments into the A share class, the management fee is 1.5%. For investments in the B share class the management fee is 1% and for the P share class 0.75% for investments over £5 million. The P share class is typically available to investment platforms which charge their investors an additional fee which could make it more expensive than the B share class.



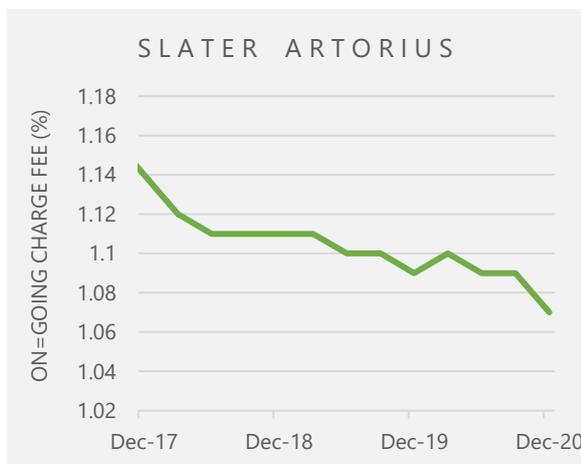
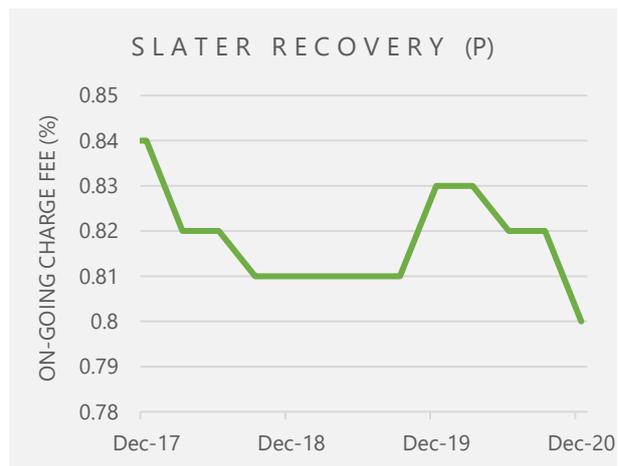
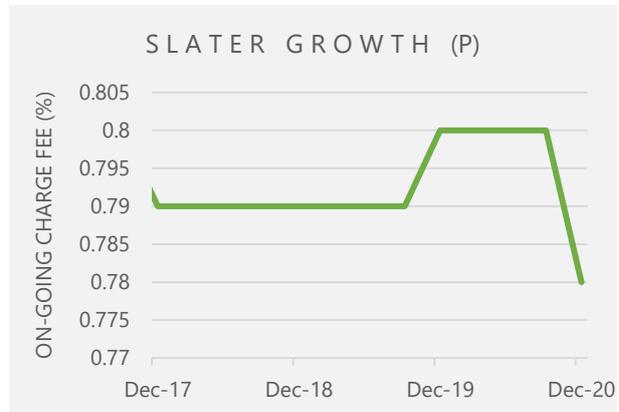
Economies of Scale



We will be able to achieve economies of scale as the funds under management grow. Slater Investments will be able to use its size to negotiate savings due to scale which in turn means better value for money. The Board considered whether there have been economies of scale in respect of the Funds and whether Investors have appropriately benefited from any such economies of scale.

The Board notes that as a Fund grows, the fixed cost such as audit and regulatory costs benefit from economies of scale. The Board notes that the Depositary and Custodian of the Funds has been changed and that the new fees are lower thereby saving Investors' money. Since this change was implemented in October 2020, the ongoing charges dropped by 0.01%. In addition, the Board have negotiated a credit facility for the Funds.

The charts below and to the left show the on-going charge fees (OCF) for the P class (where applicable) of each fund; Slater Growth, Slater Recovery, Slater Income and Slater Artorius, between 2017-2021.



Comparable Areas

COMPARABLE SERVICES

The Board assessed the Funds compared with other relevant institutional mandates managed by Slater Investments. The Board noted that the segregated mandates which pursue comparable strategies to the Funds pay similar fees to the Annual Management Charge on the Funds.

The willingness of institutional investors to pay a similar fee to our Funds supports the Boards conclusion that our investment proposition represents good value.

We are also conscious that our strategy is capacity constrained and hence we are not prepared to compromise on our fees.

COMPARABLE MARKET RATES

The Board compared the Funds' expenses at a Unit/Share, against a peer group of other relevant funds within the same IA sector. They observed that the Funds' fees and expenses compared in line with similar funds included within the peer group. The Board concluded that each of the Fund's cost structure was fair and reasonable in relation to the services provided.



Classes of Units



Slater Investments provides 3 different Unit classes which attract the following Annual Management Charges (AMC):

- A share class: 1.5% AMC
- B share class: 1% AMC
- P share class: 0.75% AMC

The Board considered each of the Funds, its available Unit classes and relevant pricing and distribution policies. The Board concluded that the current pricing and distribution policies should be maintained and reviewed annually to ensure all Investors are in the correct unit class.

The rationale for the differences in Unit classes is:

- A Unit class is for investors who invested below £100,000 or are advised where the adviser receives a rebate of the fees where this is still permissible.
- B Unit class is for investments over £100,000 and for investors that invest directly through the Slater Investments internet dealing platform. When compared to the wider platform market this represent good value to investors who generally would have to pay a custody fee.
- P Unit class is for investments over £5 million.

Having reviewed the market, it is not unusual for smaller investors to pay a higher fee. This is because an element of the costs that we are charged is the same regardless of the size of investment, for example, the cost of executing the transaction including banking charges, anti-money laundering reviews and registration fees (other fund manager may charge these fees in addition).

We do not charge for providing Individual Saving Account wrappers. We also provide regular savings and income facilities. All these costs are absorbed within the AMC. These costs, as a proportion of the amount invested, are clearly higher when the investment is smaller.

The Board actively monitors each Fund's performance and the cost base looking to pass on any improvements to the investors of the Fund.

It is the Board's overall conclusion that Slater provides good value to Investors. The Board will continue to monitor where there may be opportunities for further improvement.