



Family Asset Trust
Assessment of Value
For the year ended
31 December 2023



1. Introduction

This document sets out an assessment of the value provided to the investors in the Family Asset Trust (the Trust). The purpose of the assessment is to enable customers who are invested in the Trust to understand the range of services provided to them and to compare the value for money they receive from this Trust to the value provided by other similar funds.

This assessment has been produced by Family Investment Management Limited (FIML). FIML is the authorised fund manager (AFM) of the Trust and is a wholly owned subsidiary of Family Assurance Friendly Society Limited (the Society), which is a mutual friendly society. The products invested in the Trust during the period were managed by Family Equity Plan Limited (FEPL) which also is a wholly owned subsidiary of the Society. OneFamily is a trading name of the Society and its subsidiaries (also referred to as the Group).

The Board of Directors of FIML are responsible under the Financial Conduct Authority's regulations to review and consider the outcome of the assessment and to help ensure it is communicated in a clear and fair way to customers.

The regulations under which this assessment of value is produced requires us to assess seven different elements which are detailed in Section 3. For each one we have set out what is being assessed, what we aim to deliver, the outcome of our assessment and how we think we can improve.

2. Family Asset Trust Overview

The Trust is a passively managed, dual priced UCITS fund that aims to achieve long-term growth over a ten-year period by tracking the FTSE 350 excluding Investment Trusts Total Return Share Index. The Trust achieves this by primarily investing in the UK equities that make up this Index.

The Trust is used as an investment vehicle for Individual Saving Accounts (ISAs) and direct customers. The ISAs held in the Trust are legacy products which include converted ex-Personal Equity Plans (ex-PEPS) that are no longer available for sale. A significant portion of the Trust is held by unit-linked life funds administered by the Society, namely the Family UK Equity Fund and the Family Capital Builder Fund.

The Trust incurs an Annual Management Charge (AMC) of 1.00% of its total value per annum which is taken from the Trust on a daily basis based on the prior month end value.

The Trust has only one type of unit class, all investors hold non-distribution accumulation units meaning the Trust's income at distribution is paid back into the trust as capital for further re-investment.

Customers invested in the Trust become members of Family Assurance Friendly Society Limited, which is a mutual friendly society. This brings certain member benefits, including attendance at the Society's AGM, voting rights, £950 fee waive for equity release through the OneFamily Advice service and the opportunity to apply for young person's educational grants (for the member themselves or on behalf of another person). As a member of the mutual, it also provides them with an interest in the value of the mutual society.

3. Assessment of Value

The Assessment of Value has been broken down into the following categories. Each section explains what is being assessed, what we aim to achieve within the confines of that category and what the outcomes of our assessment have been in respect of our aims. Where applicable we have added comments identifying possible areas for improvement.

- 3.1 Range and Quality of Services Provided
- 3.2 Performance
- 3.3 Cost of Providing the Service
- 3.4 Economies of Scale
- 3.5 Comparable Market Rates
- 3.6 Comparable Services
- 3.7 Unit Classes

3.1 Range and Quality of Services Provided

What is being assessed?

This section considers the range of services provided to customers and whether they are sufficient and appropriate to meet their needs. These include services provided in respect of the Trust or provided directly to customers, any services relating to the ISA wrappers that invest in the Trust and the overall customer experience provided by OneFamily. We also considered the quality of the services provided and whether they meet our benchmark standards.

What we aim to deliver

We aim to ensure that the range and quality of the services provided is appropriate to meet our customers' needs.

The outcome of our assessment

Customers invested in the Trust can comprise both direct unit holders and investors who hold their units within an ISA wrapper. We also have some internal holdings in the Trust held by other Group entities.

As at 31 December 2023 units in the Trust were held as follows:

Investment type	Units held	Unit value	% of Trust value
ISAs including ex-PEPS	2,604,718	£10,095,888	23.5%
Direct Investors	1,655,733	£6,417,777	14.9%
Internal holdings by other Group entities	6,832,029	£26,480,944	61.6%

The units held by other Group entities are outside the scope of this assessment as the AMC charged in relation to the Trust is rebated.

Range of Services

The services provided to customers include:

1. Investment management services

The Trust aims to achieve long-term growth by tracking, before charges, the performance of the FTSE 350 excluding Investment Trusts Total Return Share Index. The investment managers, State Street Global Advisors, do not adopt an active management strategy in respect of the Trust, which has the characteristics of a passively managed tracker, with the investments being re-balanced on a quarterly basis.

In their role as investment manager, SSGA have a clearly defined stewardship programme. Stewardship relates to the responsible oversight of investments in order to create long term value. This is achieved by driving positive changes in environmental, social and governance matters through proxy voting, engagement and thought leadership.

2. Services relating to the management and operation of the Trust.

These include services provided by external third-party suppliers such as those provided by the trustees, custodians and auditors. It also relates to internally provided services such as the maintenance of the accounting records, valuation and pricing of the Trust and the production of its Report and Accounts.

3. Services provided directly to customers.

These services include the provision of fund literature such as the prospectus and fund factsheets. They also include provision of product literature such as the terms and conditions, customer statements and the provision of account services such as top-up payments and withdrawals. The services also include ISA specific services such as management of the subscription limits and transfers to and from other providers. Customers can communicate with us by post, online or by calling our UK-based call centre. Wherever possible we will continue to make enhancements to existing processes to assist vulnerable customers.

Quality of Services

The services we provide are subject to a range of controls and reviews to help ensure that the quality of the services provided to customers is of a satisfactory standard. These include:

1. Governance framework

Use of a robust governance framework that encourages appropriate challenge and review of the services. This includes the use of different executive and board committees to review performance and the conduct of the business to help ensure that the services provided are of good quality, and to act if they do not meet the expected standards. This is underpinned by a system of policies, procedures and controls.

The governance framework also includes provision for independent reviews of business activities by the compliance and internal audit functions as well as scrutiny by external auditors and trustees.

2. Clear accountabilities

The Senior Managers and Certification Regime helps ensure it is clear who holds what responsibilities and accountabilities and that the individuals are fit and proper to hold these roles. This is supported by a training and competency regime that helps ensure individuals receive the appropriate training for their roles and maintain their training through continuing professional development.

3. Use of specific metrics and reviews to assess our performance

We maintain a clear customer focus by monitoring, measuring and reviewing key performance metrics. These include customer satisfaction scores, customer complaint volumes and response time, breach data and information in respect of service levels such as call response times, complaint handling or processing of gone away customers. We work hard to meet industry-standard service levels for transfers and aim to maintain high standards for answering customer telephone calls. Wherever possible, this information is benchmarked against external data, although where this isn't available it is measured against long-standing internal performance benchmarks.

We periodically review services provided by third parties such as the investment manager, auditors, trustees and custodians. We undertake product reviews on a cyclical basis to help ensure our products remain fit for purpose and meet the needs of our customers.

Overall, the Board believes that the range and quality of services provided to customers is appropriate. There were no findings identified through the review that significantly impacted the overall quality of the service provided during this period.

How can we improve?

While we believe the overall range and quality of our services to be good, we are continually looking at ways to improve and offer our customers a better experience. We are currently in the process of implementing a modernisation programme to upgrade our administration systems which should improve the level of service and functionality that we can provide to customers in the future.

3.2 Performance

What is being assessed?

This considers the performance of the Trust compared to its stated investment objectives and any benchmark against which its performance can be measured. Investors in a passive fund, which aims to track an index, will usually expect to perform closely to that index before any fees are deducted. Consideration is also given to the volatility of the Trust and its stated risk profile.

What we aim to deliver

We aim to provide customers with performance that is in line with their expectations as set out in the investment objective.

The outcome of our assessment

The investment objective of the Trust is to achieve long-term growth over a minimum ten-year period by tracking the FTSE 350 excluding Investment Trusts Total Return Share Index (the Index).

The table below shows the average annual performance of the Trust - both before and after the AMC is taken - and the performance of the Index over the last one, three, five and 10-year periods ending 31 December 2023.

Table 1 average annual compound growth rate as at 31 December 2023

	1 Year	3 Years	5 Years	10 Years
Family Asset Trust (after AMC)	6.6%	7.9%	5.3%	4.0%
Family Asset Trust (before AMC)	7.7%	9.0%	6.4%	5.1%
FTSE 350 ex IT TR Share Index*	8.0%	9.2%	6.5%	5.1%

*Index data sourced from Bloomberg

The Trust's prospectus states that the investment should be considered as being for a minimum ten year-term investment. Over this period the performance of the Trust shows an average annual return of 4.0% after the AMC has been taken and 5.1% before. The Index has an annualised return of 5.1% over the same period indicating the Trust's performance before the AMC is deducted is in line with the benchmark (which is not affected by any charges).

The Trust has a published risk indicator of 6 (on a scale where 1 is the lowest risk and 7 the highest risk). This reflects the Trust's overall volatility and the associated risk of losing money over any time period.

Table 2 discrete annual growth rate, highest and lowest prices between 2018 and 2023

	31 Dec 18 to 31 Dec 19	31 Dec 19 to 31 Dec 20	31 Dec 20 to 31 Dec 21	31 Dec 21 to 31 Dec 22	31 Dec 22 to 31 Dec 23
Annual Performance	17.6%	(12.2%)	16.7%	10%	6.6%
Highest Buying Price (p)	375.8	375.3	365.8	373.4	393.3
Lowest Selling Price (p)	295.7	229.5	307.8	331.0	358.8

The table above shows that the Trust can be prone to significant swings in investment performance over any 12-month period. This suggest that the risk indicator of 6 is appropriate and reflects the level of risk and potential for growth.

Overall, the Board considers that the performance of the Trust is satisfactory relative to the Trust's investment objective, benchmark and risk rating.

How can we improve?

We will continue to monitor the investment performance of the Trust and will compare the performance of the Trust relative to its benchmark. We will engage with the investment managers in the event that the performance moves out of line with its benchmark.

3.3 Costs of Providing the Services

What is being assessed?

This section considers the costs that are incurred by customers compared to the actual costs FIML incurs in providing the services.

What we aim to deliver

We aim to provide services at a level of costs that provides customers with fair value for money while ensuring the sustainability of the business. The costs should be transparent and clearly communicated to our customers.

The outcome of our assessment

The Board considered the costs associated with investing in the Trust, whether they provide value and their impact on investing in the Trust.

The Trust has an Annual Management Charge (AMC) of 1.00% per year and until 31 March 2023 also paid trustee, custody & transaction, FCA and audit fees. Following last year's Assessment of Value it was decided these fees should be paid by the Group. Therefore, from 1 April 2023 the AMC is now the only fee charged to unit holders in relation to the cost of providing all the services identified in Section 3.1. The Board reviewed the underlying costs of providing these services, both in terms of the external charges and internal expenses, and were satisfied that they were set at a reasonable level

The total cost of all the fees paid by the Trust and the impact they have on customer's investments (with the exception of the transaction fees) are represented by the Trust's Ongoing Charges Figure (OCF). The OCF is a measure of all ongoing charges associated with a trust and is an accepted standard for the comparison of costs for all authorised funds. As at 31 December 2023 the Trust's OCF was 1.02% which is a decrease on the previous year's OCF of 1.06%. It means for every £100 invested in the Trust approximately £1.02 will be spent on costs each year.

The difference in the Trust's AMC and OCF is largely due to the additional fees that were paid by the Trust up to 31 March 2023. As these are now paid by the Group we expect the OCF to reduce further next year.

How can we improve?

While we consider the current charge to be appropriate, we will continue to monitor the level of AMC via our ongoing review process.

3.4. Economies of Scale

What is being assessed?

This section considers whether the Trust has generated any economies of scale and whether these have been passed back to customers. Economies of scale may arise when the growth of a trust results in the operational costs incurred in running the trust forming a smaller proportion of its total value.

What we aim to deliver

We aim to maintain a downward pressure on costs and to provide the benefits of any savings to customers by investing them in the business to help ensure its sustainability and to provide capital to develop new products and services.

The outcome of our assessment

The Trust has decreased in size in recent years, from over 33 million units in issue at the end of 2013 to approximately 11 million units in issue as at the end of 2023 a reduction of approximately 10.0% per year.

As the Trust is closed to new ISA business it is expected that it will continue to contract in the future and there may be limited opportunities for the Trust to benefit from economies of scale. However, as the Trust only pays a fixed percentage AMC and the Group covers all operating costs, neither will costs incurred by customers increase relative to its size.

The Board has concluded that there are limited opportunities for future economies of scale but if any can be achieved, they will be used to enhance the customer experience by reinvesting them in the business.

How can we improve?

We will continue to keep a focus on costs that affect the Trust and will exert downward pressure on costs whenever we can. We will also continue to seek opportunities to introduce the benefits of increased economies of scale by identifying and reviewing the possibility of any future rationalisation of funds.

3.5 Comparable Market Rates

What is being assessed?

This section considers whether customers receive fair value for money when compared to the costs they might incur if they invested in comparable Trusts in the marketplace.

What we aim to deliver

We aim to ensure that our customers incur costs that are transparent and easily understood and that represent fair value for money based on the quality of the service that we provide.

The outcome of our assessment

We compared the cost of investing in the Trust with a selection of similar funds and found the Trust to be more expensive than average, although it was difficult to identify what services were included within the charges of the comparable funds. It was noted that customers investing in these funds would often be subject to additional charges such as platform fees or product related fees whereas the Family Asset Trust only uses a single charge.

As our Trust is primarily used as a vehicle for ISA investments it offers services and incurs costs specifically related to that product not shared by the funds mentioned above. When compared to other ISA providers our charges were more competitive.

The Board has concluded that the overall level of charges incurred by customers of Family Asset Trust is reasonable when assessed against comparable funds, especially given that the Family Asset Trust is primarily used to accommodate ISA investments. The Trust is potentially less competitive for investors who wish to invest in it on a direct basis, although we no longer market the Trust on this basis.

How can we improve?

We believe the Trust's charges are comparable to other market rates for ISA investors. We will continue to monitor similar funds, but it is not our intention to review the charges this year.

3.6 Comparable Services

What is being assessed?

This considers whether the AFM provides comparable services to other customers at a different price and in particular whether institutional investors receive similar services at comparatively lower prices.

What we aim to deliver

We aim to ensure that we treat different classes of customers fairly such that one set of customers does not pay more for the same services as another set of customers.

The outcome of our assessment

As we do not offer any funds with the same investment objective as the Family Asset Trust, we do not believe there are any directly comparable services. However, the Family Charities Ethical Trust (FAUT), Family Balanced International Fund (FIBI) and OneFamily Stockmarket 100 Trust (OFST) allow investment through direct investment or ISA wrappers.

FAUT has a higher AMC than the Family Asset Trust as it is used primarily as a vehicle for Child Trust Funds which are a more expensive product to administer than those invested in the Family Asset Trust. The higher charge for ISA and direct customers invested in FAUT is currently under review and we will update in the FAUT Assessment of Value later this year although it should be noted that Family Asset Trust customers were not found to be at a disadvantage. FIBI has comparable AMCs to the Family Asset Trust with the exception of FIBI Share Class E. However, the products invested in this share class are not directly comparable to those invested in the Family Asset Trust.

OFST unit class RA holds direct investors through fund platforms such as Hargreaves Lansdown whereas direct investors in the Family Asset Trust are administered directly by OneFamily. The AMC is therefore lower for OFST (0.35%) as the administrative costs for OFST customers are largely covered by the fund platforms themselves. Moreover, customers investing in the Trust through a fund platform will incur further charges such as fund platform fees.

How can we improve?

We will remain alert to the different needs of the different customer groups invested in the Family Asset Trust and will continue to provide appropriate services to each.

3.7 Classes of Units

What is being assessed?

This section considers whether it is appropriate for one group of customers to hold a class of units with higher charges than those applying to another class within the Trust with similar rights.

What we aim to deliver

We aim to ensure that customers do not suffer higher charges on their investments simply by being in a different class of unit which have substantially similar rights.

The outcome of our assessment

The Family Asset Trust only offers one type of unit and therefore no assessment required.

How can we improve?

We have no plans to open new classes of units.

4. Summary and Conclusions

Since the last review we have:

- Removed trustee, custody & transaction, FCA and audit fees from the Trust
- Monitored the investment performance of the Trust and discussed its performance relative to its benchmark with the investment managers.
- Monitored the quality of the services provided to help ensure these meet the needs of our customers.
- Continued work on upgrading our administration systems to help ensure we can continue to provide customers with high quality customer service.

The Board of FIML considers that the assessment of value demonstrates that, overall, we are delivering fair value for the customers invested in the Trust.

In particular, the Board considers that:

- The range and quality of services provided to customers in the Family Asset Trust are good and are appropriate to the needs of customers. A significant proportion of the value delivered to customers is in the form of the product-related services they receive rather than just the services delivered in respect of the Trust.
- The performance of the Trust is in line with its stated benchmark.
- The costs associated with the provision of these services to customers are reasonable.
- There are limited future opportunities for economies of scale as the Trust is contracting, but where possible economies of scale are passed onto customers.
- Comparisons with other similar trusts show our overall costs are reasonable when assessed against comparable funds.
- There are no other comparable services or alternative unit classes that require consideration.

Key areas that we will focus on as a result of undertaking this review include:

- Ongoing monitoring of the investment performance of the Trust with the investment manager.
- Ongoing monitoring of the quality of the services provided to help ensure these meet the needs of our customers.
- Continuing investment on the modernisation of our administration platforms to maintain and enhance the level of service we can provide to our customers.

We will report on our progress against these in our next annual Assessment of Value.