



Slater Investments Limited

Assessment of Value

February 2026

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Introduction

The central focus within Slater Investments Limited (‘Slater Investments’, the ‘Company’), as an active manager, is stock selection based on our investment process, while retaining a clear focus on our role as responsible stewards of our investors’ money. The directors and staff have invested a substantial part of their wealth in funds managed by Slater Investments, ensuring that our interests are directly aligned with those of our investors.

In our capacity as investment managers and operators of our Funds, we continuously consider how we can provide better outcomes for our investors. The Financial Conduct Authority’s (FCA) Collective Investment Schemes Sourcebook (COLL) Rules require Authorised Fund Managers (AFMs) to carry out an Assessment of Value (AoV) at least annually of their UK-domiciled funds and report publicly on their conclusions. This Report is the Company’s seventh such annual report, undertaken and published in accordance with the COLL Rules.

This report constitutes our Annual Assessment of Value. The report details the methodology and data points that were used to produce our value assessment conclusions. The AoV covers the following Authorised Collective Investment Schemes (Funds):

- Slater Artorius Fund
- Slater Growth Fund
- Slater Income Fund
- Slater Recovery Fund

We have assessed each of our Funds against seven key measures to see if we are providing investors with value. Below are the areas where we have assessed the value we provide, along with a description of how we assess value:

- Quality of Service – What is the range and quality of services we provide.
- Performance – How have our Funds performed, in line with their objectives.
- Authorised Fund Manager Costs – How we control costs relating to the services we provide.
- Economies of Scale – Assessing whether we are able to reduce costs for the benefit of investors as our business grows.
- Comparable Market Rates – How our Fund charges compare with those of other managers.
- Comparable Services – How our Fund charges compare with similar products offered by Slater Investments across all investor types.
- Unit Classes – How each unit or share class within the Funds delivers value for investors, taking into account the difference in charges, distribution arrangements and servicing requirements.

In conducting the Assessment of Value, the Board reviewed information from multiple sources to evaluate each Fund against the relevant criteria and to determine whether investors received overall value for money.

The review included:

- Comparing performance and charges with those of comparable funds, using independent third-party data;
- Assessing objective measures of service quality and operational effectiveness, including pre-defined service level metrics and rating criteria; and
- Considering feedback received from investors and financial intermediaries.

This structured approach supports a balanced and evidence-based assessment of value.

Changes to this year's AoV report

This year's Assessment of Value report reflects the FCA's streamlined reporting requirements. The revised framework is intended to reduce duplication with other disclosures, including those produced under the FCA's Consumer Duty regime, and to focus more clearly on the key question for investors: whether the charges paid are justified by the value delivered.

While the format of this report is more concise, our governance standards and oversight processes remain unchanged. The Board continues to undertake a rigorous and structured assessment of value and will take remedial action where necessary.

We continue to assess value rigorously and take remedial action where necessary. These updates allow us to provide clearer, more meaningful information without unnecessary complexity.

Consumer Duty

The Consumer Duty sets high and clear standards of protection for retail customers. For the Funds, the Assessment of Value rules and guidance act in place of the price and value outcome rules of the Consumer Duty. Whilst the Company has undertaken its AoV in compliance with COLL, our review has also incorporated how the Company has met all other aspects of the Consumer Duty including the consideration of increased management information.

Governance and Board Oversight

The Board, including two Independent Non-Executive Directors, was actively involved in the AoV process.

In light of sustained underperformance in certain Funds, the Board:

- Requested detailed performance contribution analysis,
- Reviewed product-level profitability and cost intensity trends,
- Assessed cost allocation methodology,

- Considered share class fairness, and
- Reviewed Consumer Duty implications.

The Board's approach is evidence-based and incorporates defined monitoring thresholds.

How have we measured value?

Several teams across our business have an impact on our investors' experiences at different stages of the investment life cycle. We have worked with each of these groups to assess our performance. Key stakeholders within the business, as well as the Board, have been involved in the process. The Board has provided challenges, suggestions and advice on behalf of investors to ensure that the approach taken and conclusions reached are fair and comprehensive.

We have assessed all share/unit Classes against each of the seven criteria set out by the FCA, as well as determining an overall rating for each Fund.

Unless otherwise specified, all data used for this assessment and report is as of 31 December 2025. Fund and peer performance, annual management fee and ongoing charge data are sourced from Morningstar. Performance figures used are net of fees in pounds terms.

Results of our assessment – Summary

Our assessment considered several indicators of value which are summarised below.

Quality of Service

The Board reviewed:

- Investment governance
- Operational resilience
- Service provider oversight
- Investor communications
- Consumer Duty monitoring
- Complaints data

During the period:

- No material operational errors were identified.
- No systemic complaints were recorded.
- Service levels remained within agreed tolerances.
- Regulatory oversight frameworks remained robust.

The Board is satisfied that investors have received a high standard of service consistent with the charges borne.

Performance

Five-Year Performance Context

The Board acknowledges that the Slater Growth, Slater Artorius and Slater Recovery Funds remain in the fourth quartile over rolling five-year periods. Slater Income has delivered mixed quartile outcomes across classes.

Five years aligns with the recommended minimum holding period and therefore forms a key focus of the Board's review.

Process Review

The Board undertook detailed review of performance drivers, including:

- Stock selection contribution;
- Sector allocation effects;
- Earnings revisions across top holdings;
- Risk-adjusted return characteristics;
- Portfolio turnover and conviction levels.

The Board reviewed valuation data for major holdings and noted that, in many cases, underlying operating performance (revenue growth, margin stability, cash generation) has remained resilient, while P/E valuation multiples have compressed materially over the period.

The Board assessed whether this reflects structural impairment or cyclical market dynamics and concluded that underperformance has predominantly resulted from market re-rating and style headwinds rather than deterioration in investment discipline or process failure. The Slater Growth Fund, Slater Artorius Fund and Slater Recovery Fund were underweight in both the financials and energy sectors, which were amongst the strongest contributors to performance in the broader market over the five year period to 31 December 2025.

The Board challenged the Investment Committee to reassess conviction levels where valuation compression coincided with fundamental deterioration and remains satisfied that the investment process is applied consistently and remains aligned with stated objectives.

The Slater Income Fund outperformed over 1 year but underperformed over 3 years. Over 5 years, Slater Income Class A and B underperformed but Class P slightly outperformed. The Board considered performance across multiple time horizons, alongside the investment philosophy, process and portfolio positioning, and remains satisfied that each Fund continues to be managed in accordance with its stated objectives and investment approach.

It should be noted that the Slater Income Fund did not achieve its objective of achieving an increasing level of income. It is important to contextualise this. Firstly, the Slater Income Fund has grown its dividend by a healthy compound annual growth rate (CAGR) of +5.2% over the four years from 2021 to 2025 inclusive, i.e. since the end of Covid. Secondly, dividends across the whole stock market declined in 2025. The *Computershare UK Dividend Monitor* calculates that total UK equity dividends shrank by -0.9% over the year. Against this backdrop of a contracting income environment, the Board assessed the Fund's recent income performance within the context of both its longer-term track record and prevailing market conditions. The Board will continue to monitor the income generation in this Fund going forward.

Ongoing Monitoring

The Board has agreed that sustained fourth-quartile performance over subsequent review periods will trigger enhanced monitoring and formal consideration of remedial action, including pricing review or structural changes if appropriate.

Authorised Fund Manager Costs

Operating costs relative to AUM increased across all Funds during 2025, with increases ranging from 17% to 22%.

- In Slater Growth and Slater Recovery, cost intensity increased primarily due to lower average AUM alongside largely fixed costs.
- In Slater Artorius and Slater Income, average AUM increased but operating costs rose at a faster rate.

The Board monitors cost-per-basis-point trends to assess operational efficiency and scale dynamics.

Cost per Basis Point and Efficiency Monitoring

As part of its Assessment of Value, the Board monitors operating cost per basis point of AUM ("cost per basis point") across each Fund. This metric assesses total operating costs as a percentage of average assets under management and provides insight into operational efficiency, scale dynamics and margin sustainability.

During the reporting period, operating costs relative to AUM increased across all Funds, with increases ranging from 17% to 22% year-on-year. This reflects a combination of:

- Cost pressures (including regulatory and operational investment); and
- Movements in average AUM, particularly where asset contraction reduced the benefits of scale.

Specifically:

- For Slater Growth and Slater Recovery, lower average AUM alongside largely fixed operating costs increased cost per basis point.
- For Slater Artorius and Slater Income, operating costs increased at a faster rate than average AUM, resulting in higher cost intensity despite asset growth.
- The Board reviewed whether this increase in cost per basis point resulted in disproportionate impact on investors.

Importantly, the Board noted that:

- OCFs remained stable in certain Funds;
- OCFs declined in certain share classes;
- OCF increases, where they occurred, were modest.

The Board also reviewed product-level profitability and confirmed that profitability declined across the Fund range during the period. In several cases, OCF stability or reduction occurred despite increased cost per basis point, indicating that management margins have compressed rather than expanded.

The Board is therefore satisfied that investors have not borne a disproportionate share of cost inflation or diseconomies of scale and that charges remain proportionate to the services delivered.

The Board will continue to monitor cost per basis point annually and will consider structural pricing adjustments should sustained scale changes materially alter Fund cost profiles.

OCF Movements

Despite increased cost intensity:

- Slater Artorius and Slater Income P OCFs remained unchanged.
- Slater Growth A OCF declined.
- Slater Income A and B OCFs declined.
- OCF increases in other classes were modest.

This indicates that management margins have compressed in certain areas rather than expanded.

Profitability

The Board reviewed product-level profitability and noted:

- Revenue declined in Funds experiencing AUM contraction.
- Operating costs increased due to regulatory, stewardship and operational investments.
- Profitability declined across the Fund range.
- Management margins compressed during the period.

The Board is satisfied that fees have not been maintained to preserve excess profitability but to ensure the sustainability of investment capability and operational infrastructure.

The Board concluded that the Funds and their respective share and unit classes delivered value to investors during the reporting period.

The Board is satisfied that the Company applies a consistent and structured methodology when determining the level of each individual fee component. Fees are set with appropriate consideration given to the services provided, the costs incurred in delivering those services, and the overall investor outcome.

Accordingly, the Board considers the Authorised Fund Manager's costs and charges to be reasonable and justified in the context of the quality of service delivered.

Economies of Scale

The Board recognises that reductions in AUM have given rise to diseconomies of scale.

The investment model is research-intensive and stewardship-focused, limiting structural economies of scale.

The Board reviewed:

- Absolute cost trends;
- Cost-per-basis-point movements;
- Service provider contracts;
- Internal cost allocation.

The Board is satisfied that no disproportionate cost burden has arisen for investors and that management has exercised cost discipline.

The Board will revisit pricing structures should sustained scale changes materially alter Fund cost profiles.

The Board considered whether economies of scale are being achieved and appropriately reflected in investor charges.

The Funds operate under a fixed Annual Management Charge (AMC), which the Board believes represents fair value for investors. The fixed AMC structure allows investors in smaller Funds to access the same investment expertise, infrastructure and operational support at a charge comparable to that of larger Funds.

The Board recognised that reductions in assets under management give rise to diseconomies of scale but noted that fee levels have remained stable and that the current pricing approach remains

reasonable and appropriate. The Board concluded that the Funds continue to deliver value to investors in this context.

Comparable Market Rates

The Board compared OCFs to IA sector averages.

- A and B classes remain above sector averages.
- P classes remain below sector averages.
- Slater Artorius Fund's OCF remains above its sector average.

The Board considered these differences alongside:

- High active share;
- Concentrated portfolio structure;
- Research intensity;
- Stewardship engagement;
- Absence of performance fees;
- The higher cost of processing smaller amounts of money and the higher credit risk involved.

The Board is satisfied that charges remain proportionate relative to the differentiated active strategy delivered.

The Board considered the Funds' charges relative to comparable products in the market and concluded that the Funds delivered value for investors during the reporting period.

The Board is satisfied that the Company applies consistent fee-setting principles across all products and share classes, ensuring fairness and transparency in the approach to pricing.

While certain share classes have an Ongoing Charges Figure (OCF) above the relevant sector average, the Board noted that investors benefit from a high-conviction, actively managed investment strategy supported by experienced investment professionals and robust oversight. The Company remains transparent in disclosing all costs and charges to investors, enabling them to make informed investment decisions.

Comparable Services

The Board reviewed structural differences between pooled Funds and segregated mandates.

Pooled Funds incur specific costs including:

- Transfer agency;

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- Fund accounting;
- Depository oversight;
- Shareholder servicing.

These costs are attributable solely to the pooled structure and do not benefit segregated mandates.

Segregated mandates:

- Operate under distinct structures;
- Bear custody and operational costs directly;
- Do not utilise pooled infrastructure.

The Board reviewed cost allocation methodology and confirms:

- No cross-subsidisation exists;
- Fund investors bear only costs attributable to pooled operations;
- Product-level profitability within Funds remains proportionate.

Firm-level gross margin improvements reflect business mix rather than inappropriate pricing within Funds.

The Board considered whether investors in the Funds are charged appropriately relative to other comparable services provided by the Firm.

The review confirmed that consistent fee-setting principles are applied across all product types and client segments, ensuring that investors are treated fairly and equitably. Differences in charging structures reflect the nature, scale and servicing requirements of each mandate, rather than preferential treatment.

Based on this assessment, the Board concluded that the Funds delivered value for investors during the reporting period and that charges remain appropriate relative to comparable services offered by the Firm.

Unit Classes

The Board conducted its annual review of share class appropriateness. The Board noted that:

- Eligible investors were proactively moved to lower-cost classes.
- Pricing differentials reflect genuine servicing and distribution differences.
- Ongoing monitoring ensures investors are not subject to unnecessary charges.

As part of the Assessment of Value, the Board reviewed the structure, pricing and ongoing appropriateness of all share classes within each Fund.

The Board considered:

- The level of management fee charged to each share class;
- Differences in servicing, distribution and operational arrangements;
- Eligibility criteria for each class;
- Whether investors are invested in the most appropriate class available to them;
- Whether pricing differentials remain justified and proportionate.

Structural Rationale for Pricing Differences

The Fund range includes retail (“A”), intermediary/platform (“B”) and institutional (“P”) share classes. Pricing differences reflect:

- Distribution and platform arrangements;
- Shareholder servicing requirements;
- Minimum investment thresholds;
- Operational complexity;
- Economies of scale attributable to larger investments.

The Board is satisfied that pricing differentials are based on genuine differences in cost and servicing requirements rather than arbitrary distinctions.

OCF Movements and Cost Fairness

During the reporting period:

- OCFs in certain A and B classes declined despite increased operating cost intensity.
- OCFs in other classes increased modestly.
- No class experienced disproportionate increases relative to underlying cost movements.

The Board reviewed cost-per-basis-point data and confirmed that management margins compressed during the period. The Board is satisfied that share class pricing has not been used to preserve margin at the expense of retail investors.

Active Share Class Review and Investor Migration

The Board conducted its annual review of investor share class allocation.

Where investors were identified as eligible for lower-cost share classes based on investment size or access arrangements, they were proactively contacted and offered the opportunity to convert. During the reporting period, eligible investors were moved to lower-cost classes.

This review forms part of the Firm’s Consumer Duty framework and is intended to mitigate unnecessary cost burden and ensure investors are not subject to higher charges where a lower-cost alternative is available.

The Board will continue to conduct annual reviews of share class eligibility and monitor whether further consolidation or simplification of share classes would be appropriate.

Consumer Duty Considerations

In assessing the fairness of share class arrangements, the Board considered:

- Whether retail investors are disadvantaged relative to institutional clients;
- Whether pricing structures are transparent and understandable;
- Whether investors have practical access to lower-cost classes where eligible;
- Whether any cohort is paying charges inconsistent with the services received.

The Board is satisfied that:

- Share class pricing reflects genuine differences in distribution and servicing arrangements;
- No cross-subsidisation exists between share classes;
- Investors are not subject to unnecessary or unjustified cost layering;
- The structure remains consistent with delivering fair value.

Ongoing Monitoring

The Board recognises that sustained AUM changes or performance dynamics may alter the appropriateness of share class structures over time.

The Board will:

- Continue annual eligibility reviews;
- Monitor pricing differentials relative to market comparators;
- Consider structural simplification where appropriate;
- Review pricing should scale dynamics materially change.

On balance, the Board is satisfied that investors are invested in appropriate share classes and that pricing differentials remain justified and proportionate.

AoV Consumer Duty Considerations

The Board considered the price and value outcome under Consumer Duty and assessed whether:

- Charges are reasonable relative to benefits received;
- No cohort of investors is systematically disadvantaged;
- Fee stability supports sustainability of investment capability.

The Board is satisfied that:

- Charges remain transparent and proportionate;
- Investors are not bearing disproportionate cost pressure;
- Governance and oversight remain robust.

Conclusion

The Board acknowledges sustained underperformance in certain Funds over five-year periods and has subjected the investment process to enhanced scrutiny.

Having considered performance contribution, cost intensity, profitability trends, comparable services, share class fairness and Consumer Duty obligations, the Board concludes that:

- The investment process remains consistent and aligned with objectives;
- Management margins have compressed rather than expanded;
- No cross-subsidisation exists;
- Charges remain proportionate relative to services delivered.

The Board will continue to monitor performance and scale dynamics and will consider remedial action should circumstances materially deteriorate.

On balance, the Board concludes that the Funds and their respective share classes have provided value to investors during the reporting period.