



Annual Assessment of Value Statement as at 31 December 2023

VT Holland Advisors Equity Fund

Fund Information

Investment Manager:	Holland Advisors London Limited
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The investment objective of the Fund is to achieve long term (>5 year) capital growth.
Investment Policy:	<p>The Fund will seek to achieve its objective by typically investing at least 70% in a portfolio of equities (which may be concentrated) which the Investment Manager believes will offer long-term growth for investors (being those which the Manager considers to be great operators in their chosen field, high generators of returns on capital, excellent allocators of capital). There may be short periods (e.g. in times of market stress) where the equity exposure of the Fund is reduced (and replaced by lower risk assets such as cash or government bonds) if considered to be in the interests of investors.</p> <p>The Fund may also invest in collective investment schemes (including those managed and/or operated by the ACD or Investment Manager), fixed income, money market instruments, deposits, cash and near cash.</p> <p>The Fund will be actively managed.</p> <p>Save as noted above the Fund will not have any particular geographic, industry or economic sector focus and as such weightings in these may vary as required.</p> <p>The Fund may hold derivatives for Efficient Portfolio Management purposes (including hedging). It is not intended that the use of derivatives for EPM purposes will increase the risk profile of the Fund.</p>
AUM (£):	£17.3m
Fund Launch Date:	21/06/2021

Our assessment has been conducted against the seven criteria outlined by the FCA and the fund has been rated via the “traffic light” system. Where a fund may have more than one unit class, the rating shown for each of these seven criteria, at a total fund level, may be thought of as being as being an average rating, based upon the rating for each unit class, and according to the relative split of fund assets, between unit classes. The overall rating for the fund will generally be a simple average of these seven criteria, taken at the total fund level. This has been summarised within the table, below:

VT Holland Advisors Equity Fund	AUM (%)	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
Overall	100.0%	G	G	A	G	A	G	G	G
F Accumulation	18.1%	G	G	G	G	G	G	G	G
I Accumulation	74.1%	G	G	A	G	A	G	G	G
R Accumulation	7.7%	G	G	A	G	A	G	G	G

The table below shows the overall summary for the previous assessment i.e. carried out as at 31 December 2022:

VT Holland Advisors Equity Fund	AUM (%)	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
Overall	100.0%	G	R	A	G	G	G	G	A
F Accumulation	19.4%	G	R	G	G	G	G	G	A
I Accumulation	75.5%	G	R	A	G	G	G	G	A
R Accumulation	5.2%	G	R	A	G	G	G	G	A

The 2022 assessment used previous criteria that has since been updated as described above, and therefore the results for 2022 are not directly comparable with the updated 2023 assessment.

Previous Remedial Actions

- Performance
 - Assessed as Red
 - No action was proposed.
- AFM Costs – General
 - Assessed as Green, overall.
 - The AFM to monitor costs, where applicable.

New Remedial Actions

- AFM Costs - General:
 - Assessed as Amber
 - The AFM will discuss the level of the Annual Management Charge (AMC) with the Investment Manager at the next scheduled Investment Manager meeting, where applicable.
- Comparable Market Rates:
 - Assessed as Amber
 - The AFM will discuss the level, and composition, of the Ongoing Charges Figure (OCF) with the Investment Manager at the next scheduled Investment Manager meeting, where applicable.

Detailed Assessment

Quality of Service

The AFM has chosen to outsource the following services to third party providers:


- Investment Management services: Holland Advisors London Limited

- Depository services: NatWest Trustee and Depository Services Limited
- Custodian services: RBC Investor Services Trust, UK branch (RBC)
- External audit: Johnston Carmichael LLP

Other functions such as fund administration, fund accounting and transfer agency are undertaken by Valu-Trac, and all outsourced services are subject to continuous oversight.

As part of our assessment of service providers, no systemic issues have been identified as part of our ongoing due diligence, including an assessment of investment breaches, pricing errors, complaints, fund liquidity and ongoing adherence to the investment policy.

Conclusion:

 Green

The AFM has concluded that all services being provided in relation to the on-going management and administration of the fund, including those provided directly and those currently being provided by third parties, are operating as unitholders may expect.

The AFM has concluded that unitholders are receiving good value, in relation to Quality of Service.

Performance

Objective:

The investment objective of the Fund is to achieve long term (>5 year) capital growth.

Constraining Benchmark:

none

Comparator Benchmark:

The IA Global Sector Average

Target Benchmark:

none

Peer Group:

The VT Holland Advisors Equity Fund Custom Peer Group*

*derived from the IA Global Sector, with the VT Holland Advisors Equity Fund, incorporated subsequently.

Minimum Recommended Holding Period:

5 Years

Management Approach:

Active

The net total return and peer ranking (where available) for each available unit class within the fund, together with the return of the relevant benchmark, is shown below:

Net Total Return*	1 year	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	12.7%	3.3%	-
F Accumulation	38.7%	4.9%	Highest 40%
I Accumulation	37.6%	4.1%	Highest 48%
Benchmark	12.7%	3.2%	-
R Accumulation	37.4%	3.5%	Highest 50%


*To 31 December 2023

Total return is the actual rate of return of an investment over a period. Total return includes interest, capital gains, dividends, and realised distributions (where appropriate).

The F Accumulation and I Accumulation unit classes launched on 21 June 2021. The R Accumulation unit class launched on 24 June 2021.

Source: Morningstar

Conclusion:

 Green

The net total return of each unit class within the fund is greater than that of its performance comparator benchmark, over the longer term (since inception).

The AFM has also assessed the investment risk within the Fund and has concluded that the level of investment risk taken is not out of keeping, for an actively managed Fund of this type (further details on how the AFM arrived at this conclusion may be provided upon request).

The AFM has concluded that unitholders are receiving good value, in relation to Performance.

AFM Costs - General

Each unit class within the Fund has its own Annual Management Charge (AMC). The AMC may be thought of as being the amount deducted from a unit class's average net assets to pay for the investment management of that unit class; this charge will typically include a proportionate allocation from the Investment Management Fee, AFM fee and other, ancillary fees.

The current AMC of each unit class, together with the current, average AMC for the relevant, selected peer group, is shown within the table below:

Annual Management Charge (AMC)	Current	
		Peer Rank
Peer Group	0.86%	-
F Accumulation	0.17%	Lowest 10%
I Accumulation	0.97%	Highest 34%
R Accumulation	1.17%	Highest 27%

Source: Valu-Trac / Morningstar

Conclusion:

 Amber

The Investment Management Fee is proposed by Holland Advisors London Limited. Owing to the limitations of the host AFM model which the AFM operates, the AFM is unable to comment upon the specific profit margin this fee may generate for Holland Advisors London Ltd; instead, the AFM will focus upon ensuring that this fee appears reasonable, in the context of the overall AMC.

The AFM fee is payable to Valu-Trac to cover the services undertaken by Valu-Trac as outlined in the Quality of Service section. The AFM will set fees based on the overall cost of operating the business. Most of the AFM's costs are fixed (such as staff and property costs), and the AFM will set its fees in such a way that ensures the costs are apportioned fairly across the range of funds which it operates. The AFM reviews its fee model via various means, such as through external independent consultancy and market benchmarking reviews against similar firms in the market. The results of these reviews are incorporated into the AFM's governance arrangements, up to Board level.

Other notable, ancillary fees may include the depositary, custodian, and auditor fees. The AFM regularly reviews these fees compared to other funds operated by the AFM and, where the information is available, other funds within the wider marketplace, to ensure that they remain competitive.

Unitholders within the F unit class are currently paying an AMC lower than the market average for similar funds.

Unitholders within the I and R unit classes are currently paying an AMC higher than the market average for similar funds.

The AFM will discuss the level of the Annual Management Charge (AMC) with the Investment Manager at the next scheduled Investment Manager meeting, where applicable.

The AFM has concluded that unitholders are receiving reasonable value, in relation to AFM Costs – General.

Economies of Scale

The fund currently has assets under management (AUM) of less than £250m; this is the threshold above which, we generally consider it reasonable to consider if economies of scale have been passed on to investors.

The fund has a tiered depositary fee, subject to a minimum amount, alongside other fixed fees, such as audit fees. Therefore, as the fund AUM grows, the proportion of such costs, relative to overall fund size, will decline, in percentage terms.

Conclusion:

 Green

The AFM has concluded that unitholders are receiving good value, in relation to Economies of Scale.

Comparable Market Rates

The current and historic Ongoing Charges Figure (OCF) for each unit class within the fund, together with the current, average OCF for the relevant, selected peer group, is shown within the table, below:

On-Going Charges Figure (OCF)	2021	2022	Current	
				Peer Rank
Peer Group			1.05%	-
F Accumulation	0.49%	0.50%	0.50%	Lowest 17%
I Accumulation	1.29%	1.30%	1.30%	Highest 30%
R Accumulation	1.49%	1.50%	1.50%	Highest 26%

Source: Morningstar

Conclusion

 Amber

Unitholders within the F unit class are currently paying an OCF lower than the market average for similar funds.

Unitholders within the I and R unit classes are currently paying an OCF higher than the market average for similar funds.

The AFM will discuss the level, and composition, of the OCF with the Investment Manager at the next scheduled Investment Manager meeting, where applicable.

The AFM has concluded that unitholders are receiving reasonable value, in relation to Comparable Market Rates.

Comparable Services

Valu-Trac act as AFM for only one fund for which Holland Advisors London Ltd are the Investment Manager.

The services provided in respect to this fund are also aligned with the AFM's normal operating model.

Conclusion

 Green

The AFM has concluded that unitholders are receiving good value, in relation to Comparable Services.

Classes of Units

	Current OCF	Difference Compared to Least Expensive	Difference Compared to Next Least Expensive	Minimum Lump Sum Investment	Minimum Subsequent Investment	Minimum Holding Amount
F Accumulation	0.50%	-	-	£1,000	£100	£1,000
I Accumulation	1.30%	0.80%	0.80%	£5,000,000	£1,000	£5,000,000
R Accumulation	1.50%	1.00%	0.20%	£1,000	£100	£1,000

Where a share class may have a minimum investment or minimum holding amount, this may help the share class scale quicker, leading to a lower proportional servicing cost, and thus, lower Ongoing charges.

Conclusion

 Green

The AFM notes that the F unit class is only open to those who work with the AFM or Investment Manager and may also be available at the AFM's discretion. Trading within this unit class, has been negligible, over the review period.

The AFM notes that the I unit class comes with a more stringent set of investment minima than the R unit class. The AFM also notes that the cost differential between the I unit class and the R unit class, does not exceed the relevant, suggested materiality threshold.

The AFM has concluded that unit holders are receiving good value in relation to Classes of Units.

Overall Assessment

 Green

The AFM has concluded that unitholders are receiving good value in respect to five out of the seven, discrete criteria assessed above i.e. each has been assessed as green.

With regard to AFM Costs – General, the AFM will discuss the level of the AMC with the Investment Manager at the next scheduled Investment Manager meeting, where applicable.

With regard to Comparable Market Rates, the AFM will discuss the level, and composition, of the OCF with the Investment Manager at the next scheduled Investment Manager meeting, where applicable.

The AFM has concluded that the unitholders within the VT Holland Advisors Equity Fund are receiving good value, overall.

27/03/2024