

## Assessment of Value

Statement by the Authorised Fund Manager for the year to 30 September 2019 to the shareholders of

### The Beagle Fund

This document assesses the value that The Beagle Fund (the company) has delivered to its shareholders in return for the charges that they have paid.

Valu-Trac Investment Management Limited (Valu-Trac) is both the Authorised Fund Manager (AFM) and Authorised Corporate Director of the company. Valu-Trac has delegated responsibility for managing the company's investments to J M Finn & Co Ltd.

The investment objective of The Beagle Fund is to seek capital and income growth from investments identified across global equity and/or bond markets.

The Fund does not have a specific benchmark. However the performance of the Fund can be assessed by considering whether the objective is achieved (i.e. whether there has been capital growth and income over the long term (5+ years)).

The results of the last 5 years are set out below and demonstrate that the net asset valuation per share has grown from 1,081.0 p per share at 30 Sept 2014 to 1,632.9p per share over that period reflecting capital growth of 51% over the 5 years and that is after dividends paid of 97.3p per share over the period.

	At and for the year ended				
	30 Sept 2019	30 Sept 2018	30 Sept 2017	30 Sept 2016	30 Sept 2015
<b>Value of company</b>	£15.3m	£15.7m	£15.8m	£13.3m	£10.9m
<b>Shares outstanding</b>					
Income	936k	932k	1.018m	1.010m	1.006m
<b>NAV per share (mid price)</b>					
Income	1,632.9p	1686.4p	1,556.4p	1,323.6p	1,087.8p
<b>Dividend per share</b>					
Income	21.5p	23.8p	19.0p	16.7p	16.3p
<b>Ongoing charges</b>	0.99%	0.89%	0.99%	0.98%	0.98%

In carrying out the assessment of value the following criteria were considered:

### **1. Quality of service**

The AFM considers that a good level of service was provided to shareholders by all parties involved commensurate to the amount paid by the company for those services. The AFM monitors the following operational services:

Depository – NatWest Trustee and Depository Services Limited

Custodian – RBC Investor Services Trust, UK branch (RBC)

The external audit is conducted by Johnston Carmichael LLP

These services are essential in ensuring that the company operated efficiently and in the case of the Depository and Custodian the service is supervised on an on-going daily basis by the AFM. As a shareholder this means that you can be certain that your requests such as investment and redemption of the company's units will always be carried out exactly as set out in the documentation. The AFM had in fact recently changed the company's custodian to RBC following a review of custody providers and comparing the quality of the services provided in addition to costs. Such items as recovery of withholding tax and efficiency of opening new investment markets were considered.

Valu-Trac does not delegate any of the core functions of the company such as fund administration, fund accounting and transfer agency. This means that the AFM directly employs and supervises the individuals who are carrying out this work and that those undertaking the work are appropriately qualified and experienced. Due to this high level of supervision and control of these functions the AFM believes that the shareholders can be certain that their instructions will be carried out efficiently and that the reporting they receive is timely and focused. This also has ensured that the AFM has responded to any enquiries from shareholders fully and promptly. Reporting is provided directly to the shareholders. In addition, the AFM is aware that the investment manager meets regularly with the shareholders.

### **2. Performance**

The AFM has assessed performance of the company net of all the charges that are outlined in its prospectus. The total return for the year under review was a loss of (1.9%). This is after operating costs of 0.99% (which includes the fee paid to the investment manager) and direct transaction costs of 0.07%. The objective of the company is to be considered in the longer term (5+ years) so this result for 2019 is presented above along with the results of the previous four years. Over the 5 year period total performance on an annualised basis has been 9.9%.

### **3. AFM costs - general**

The costs (in £) incurred during the year ended 30 September 2019 were as follows (excluding unrecoverable withholding tax):

Authorised Corporate Director	20,000
Investment manager	73,858
Depositary	18,099
Custodian	3,109
Auditor	8,144
FCA	218
Transaction costs (capital)	814
Total costs	<b>124,242</b>

Effective 1 August 2019 the ACD reduced the fee payable to the investment manager to 0.45% from 0.50% of the net asset value of the company.

There were no preliminary charges, redemption charges or performance fees paid by shareholders during the year.

It should be noted that the prospectus does allow for an initial charge which can be waived at the discretion of the ACD.

### **4. Economies of scale**

The AFM has assessed to what extent it has been able to achieve any savings as a result of economies of scale. Where any such savings have been made this has in every case been passed on to the shareholders. Examples of this was the reduction in the investment management fee and also in custody fees following a review of custody providers. The fixed fee nature of the Authorised Corporate Director also provides for cost efficiency should the assets of the company grow. As the AFM grows its total assets across all schemes it uses this purchasing power to benefit all schemes. The successful growth of the AFM has already facilitated this for custody fees and depositary fees.

### **5. Comparable market rates**

The AFM has compared the charges of this company with that of comparable funds. The AFM believes that the shareholders of the company are achieving efficient market rates as a whole. As the AFM assets grow in total it continues to strive for extra efficiencies wherever this can be achieved for all of its schemes.

### **6. Comparable services**

All shareholders of this company are subject to the same service at the same cost. The services provided to this company and the costs are also comparable amongst other similar companies operated by the AFM.

## **7. Classes of units**

The company offers only one class of units therefore all shareholders of this company are treated equally and pay the same costs.

## **CONCLUSION**

In taking all of these criteria into consideration the AFM concludes that in assessing whether the payments out of the scheme property as set out in the prospectus are justified in the context of the overall value delivered to shareholders it is concluded that every shareholder of The Beagle Fund is receiving good value.

The AFM believes that all shareholders of The Beagle Fund receive a good quality of service, at relatively low costs and are treated equitably. Thus far the investment returns are satisfactory, although that cannot of course be guaranteed in future.

Anne A Laing CA Executive Director

Douglas J Halley Independent Non Executive Director

30 January 2020