



Annual Assessment of Value Statement as at 30 June 2023

VT Protean Capital Elder Fund

Fund Information

Investment Manager:	Protean Capital LLP
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The objective of the Fund is to generate income, with the potential for capital growth over the long term.
Investment Policy:	The Fund will aim to meet its investment objective by investing primarily in a mixture of transferable securities (which may include debt instruments and structured notes issued by major global financial institutions), financial derivative instruments and government bonds. The Fund may also invest in collective investment schemes, money market instruments, debentures, fixed interest securities, deposits and cash and near cash. Derivatives (that is sophisticated investment instruments linked to the rise and fall of the price of other assets) may be used for purposes of meeting the Fund's investment objectives and efficient portfolio management purposes and are expected to form a significant part of the Fund's portfolio. There will be no particular emphasis on any geographic or industrial sector but there will be significant credit exposure to particular financial institutions through the use of swaps.
AUM (£):	£90.7m
Fund Launch Date:	30/08/2017

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 Protean Capital Elder 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	● G	● G	● G	● G	● G	● G
A Accumulation	28.4%	● G	● G	● G	● G	● G	● G	● G	● G
A Income	71.1%	● G	● G	● G	● G	● G	● G	● G	● G
I Accumulation	0.4%	● G	● G	● G	● G	● G	● G	● G	● G
I Income	0.0%	● G	● G	● G	● G	● G	● G	● G	● G

The table below shows the overall summary for the previous assessment i.e. carried out as at 30 June 2022:

VT Protean Capital Elder 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	 G	 G	 G	 G	 G	 G
A Accumulation	21.3%	 G	 G	 G	 G	 G	 G	 G	 G
A Income	78.1%	 G	 G	 G	 G	 G	 G	 G	 G
I Accumulation	0.5%	 G	 G	 G	 G	 G	 G	 G	 G
I Income	0.1%	 G	 G	 G	 G	 G	 G	 G	 G

A new methodology for determining an overall fund rating has recently been implemented. This updated methodology looks to arrive at a notional, average rating, considering the individual ratings for each of the discrete assessment criteria. This approach may differ from the approach taken previously.

Previous Remedial Actions

- None

New Remedial Actions

- None

Detailed Assessment

Quality of Service

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

- Investment Management services: Protean Capital LLP
- Depositary services: NatWest Trustee and Depositary 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.

Conclusion:

 Green

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

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

Performance

Objective:

The objective of the Fund is to generate income, with the potential for capital growth over the long term.

Constraining Benchmark:

none

Comparator Benchmark:

The IA Flexible Investment Sector Average

Target Benchmark:

none

Peer Group:

The VT Protean Capital Elder Fund Custom Peer Group*

*Derived from the IA Flexible Investment peer group, with the VT Protean Capital Elder Fund, incorporated subsequently.

Minimum Recommended Holding Period:

5 Years

Management Approach:

Active

The income generated (percentage yield) by each available share class within the fund, is shown below:

Yield	1 year to Jun-2023	1 year to Jun-2022	1 year to Jun-2021	1 year to Jun-2020	1 year to Jun-2019	5 years to Jun-2023 (avg. per-year)
A Accumulation	4.9%	4.4%	4.6%	4.2%	4.0%	4.3%
A Income	4.8%	4.3%	4.4%	4.1%	4.0%	3.9%
Yield	1 year to Jun-2023	1 year to Jun-2022	1 year to Jun-2021	Since Inception to Jun-2020		Since Inception to Jun-2023 (avg. per-year)
I Accumulation	4.9%	4.4%	4.5%	2.2%		5.0%
I Income	4.8%	4.3%	4.4%	2.2%		4.6%

The change in capital value for each available unit class within the fund, is shown below:

Change in Fund Value						
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	1 year to Jun-2023	1 year to Jun-2022	1 year to Jun-2021	1 year to Jun-2020	1 year to Jun-2019	5 years to Jun-2023
A Accumulation	3.4%	-8.3%	5.9%	-6.0%	-0.1%	-6.1%
A Income	3.2%	-8.2%	5.9%	-6.0%	-0.1%	-5.8%
Change in Fund Value	1 year to Jun-2023	1 year to Jun-2022	1 year to Jun-2021	Since Inception to Jun-2020		Since Inception to Jun-2023
I Accumulation	3.0%	-8.6%	5.6%	3.4%		2.7%
I Income	2.9%	-8.4%	5.5%	3.7%		3.0%

Source: Valu-Trac

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	3 years (avg. return per-year)	5 years (avg. return per-year)	5 years Peer Rank
Benchmark	3.7%	4.8%	3.6%	-
A Accumulation	8.3%	4.7%	3.2%	Lowest 45%
A Income	8.2%	4.7%	3.2%	Lowest 45%
Net Total Return*	1 year	3 years (avg. return per-year)	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	3.7%	4.8%	6.4%	-
I Accumulation	7.9%	4.4%	5.7%	Lowest 43%
I Income	7.8%	4.3%	5.7%	Lowest 43%

*To 30 June 2023

Source: Morningstar / Valu-Trac

The I unit classes launched 10 March 2020.

The AFM has referred to both internal and external data sources for performance statistics, where the AFM has deemed this to be appropriate.

Conclusion:



Green

All unit classes have succeeded in meeting the primary performance objective of the fund, in generating income over the minimum recommended holding period or since inception, where applicable.

The A unit classes have not succeeded in generating capital growth over the minimum recommended holding period.

All unit classes within the fund have under-performed benchmark, on a net total return basis, over the minimum recommended holding period or since inception, where applicable. The specialist investment approach undertaken by the fund in seeking to meet its performance objective, may render peer comparisons less significant for this fund, than for other funds within the wider, Valu-Trac propositional range.

The AFM will discuss the drivers of investment performance and the trends in investment performance, with the Investment Manager at the next, scheduled Investment Manager meeting, where applicable.

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	0.89%	-
A Accumulation	0.50%	Lowest 17%
A Income	0.50%	Lowest 17%
I Accumulation	0.80%	Lowest 49%
I Income	0.80%	Lowest 49%

Source: Valu-Trac / Morningstar

Conclusion:



Green

The Investment Management Fee is proposed by Protean Capital LLP. 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 Protean Capital LLP.; 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 are currently paying an AMC lower than the market average for similar funds.

The AFM has concluded that unitholders are receiving good 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:

Ongoing Charges Figure (OCF)	2021	2022	Current	
				Peer Rank
Peer Group	-	-	1.26%	-
A Accumulation	0.61%	0.60%	0.61%	Lowest 13%
A Income	0.61%	0.60%	0.61%	Lowest 13%
I Accumulation	0.91%	0.90%	0.91%	Lowest 32%
I Income	0.91%	0.90%	0.91%	Lowest 32%

Source: Morningstar

Conclusion



Green

Unitholders are currently paying an OCF lower than the market average for similar funds.

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

Comparable Services

Valu-Trac act as AFM for two funds, for which Protean Capital LLP act as Investment Manager. Both of these funds may be regarded as multi-asset, growth funds, designed for long term wealth accumulation. Allowing for any explicit difference in risk profile, investment approach or levels of servicing between funds, this fund is priced consistently in relation to other fund within the group.

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 Holding Amount	Minimum Top-Up Amount
A Accumulation	0.61%	-	-	£2,000,000	£2,000,000	£100,000
A Income	0.61%	-	-	£2,000,000	£2,000,000	£100,000
I Accumulation	0.91%	0.30%	0.30%	£100	£100	£10
I Income	0.91%	0.30%	0.30%	£100	£100	£10

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.

Unit holders within all share classes receive a comparable level of service.

Conclusion

 Green

The A unit classes have notably more stringent investment minima than the I unit classes. Given that the incremental difference in OCF between each unit class does not exceed the suggested materiality threshold (of 0.30%), the AFM has concluded that unitholders within each of these share classes are receiving good value, in relation to Classes of Units.

The AFM has concluded that unitholders 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 all seven, discrete criteria assessed above i.e. each has been assessed as green.

The AFM has concluded that the unitholders within VT Protean Capital Elder Fund are receiving good value, overall.

26/10/2023