



Valu-Trac Investment Management Limited

Annual Assessment of Value Statement as at 30 April 2023

VT RM Alternative Income Fund

Fund Information

Investment Manager:	RM Capital Markets Limited
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The investment objective of the Fund is to provide income whilst preserving capital over the medium to longer term (3-5 years).
Investment Policy:	The Fund seeks to meet its objectives by investing primarily (70% +) in listed equities, whose primary activity or exposure is within the alternative income sector, which includes REITs and Investment Trusts which operate in areas such as Asset Lending, Direct Lending, Peer to Peer Lending, Infrastructure Debt and Equity, Property, Structured Credit Investments and Renewables. In addition to investing in listed equities the fund may also invest in other transferable securities, bonds, money market instruments, deposits, cash or near cash. The Fund will have a preference for investments denominated in sterling with issuers which have activities and assets within the UK, Europe, USA, Singapore or another OECD country. Other than as noted above, the sub-Fund has no particular emphasis on any geographical area or industry or economic sector.
AUM (£):	£210.0m
Fund Launch Date:	11/06/2018

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 RM Alternative Income 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	● A	● G	● G	● A	● G	● G	● G
Retail Accumulation (GBP)	1.5%	● G	● A	● A	● G	● A	● G	● G	● G
Retail Income (GBP)	0.8%	● G	● A	● A	● G	● A	● G	● G	● G
Institutional Accumulation (GBP)	1.1%	● G	● A	● G	● G	● A	● G	● G	● G
Institutional Income (GBP)	1.9%	● G	● A	● G	● G	● A	● G	● G	● G
F Accumulation (GBP)	57.0%	● G	● A	● G	● G	● A	● G	● G	● G
F Income (GBP)	37.1%	● G	● G	● G	● G	● A	● G	● G	● G
F Accumulation (EUR)	0.1%	● G	● A	● G	● G	● A	● G	● G	● G
F Accumulation (USD)	0.5%	● G	● A	● G	● G	● A	● G	● G	● G

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

VT RM Alternative Income 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	 G	 G	 G	 G
Retail Classes	2.2%	 G	 G	 A	 G	 G	 G	 A	 A
Institutional Classes	5.0%	 G	 G	 A	 G	 G	 G	 G	 G
F Classes	92.9%	 G	 G	 A	 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

- Performance:
 - Assessed as Amber
 - The majority of unit classes have not provided capital growth over five years. The AFM will discuss the drivers of long-term performance, and trends in long term performance, at the next scheduled Investment Manager meeting.
- AFM Costs - General:
 - Assessed as Green, overall
 - unit class A proposal to amend the level of the Annual Management Charge (AMC) is currently under consideration.
- Comparable Market Rates:
 - Assessed as Amber
 - unit class
 - A proposal to revise the Ongoing Charges Figure, and the broader charging structure for each unit class, is presently under consideration.

Detailed Assessment

Quality of Service

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

- Investment Management services: RM Capital Markets Limited
- 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

As part of our assessment of service providers and our ongoing Investment Manager due diligence, which may include an assessment of pricing errors, regulatory breaches, prospectus breaches or a consideration of exceptional market conditions, the AFM will continue to work closely with the Investment Manager, to ensure ongoing adherence to the investment policy and prospectus provisions.

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 provide income whilst preserving capital over the medium to longer term (3-5 years).

Constraining Benchmark:

none

Comparator Benchmark:

The IA Infrastructure Sector Average

Target Benchmark:

none

Peer Group:

IA Infrastructure Sector

Minimum Recommended Holding Period:

3 Years

Management Approach:

Active

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

Yield	1 year to Apr-2023	1 year to Apr-2022	1 year to Apr-2021	1 year to Apr-2020	3 years to Apr-2023 (avg. per-year)	Since Inception to Apr-2023 (avg. per-year)
Retail Accumulation (GBP)	5.0%	4.8%	5.5%	5.0%	5.6%	5.2%
Retail Income (GBP)	4.9%	5.4%	5.4%	4.9%	5.5%	4.8%
Institutional Accumulation (GBP)	5.0%	4.8%	5.5%	5.0%	5.6%	5.2%
Institutional Income (GBP)	4.9%	4.7%	5.4%	4.9%	5.3%	4.6%
F Accumulation (GBP)	5.0%	4.8%	5.5%	5.0%	5.6%	5.2%

F Income (GBP)	4.9%	4.7%	5.4%	4.9%	5.3%	4.7%
----------------	------	------	------	------	------	------

Source: Valu-Trac

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

Change in Fund Value	1 year to Apr-2023	1 year to Apr-2022	1 year to Apr-2021	1 year to Apr-2020	3 years to Apr-2023	Since Inception to Apr-2023
Retail Accumulation (GBP)	-13.4%	7.6%	13.3%	-10.8%	4.4%	-3.1%
Retail Income (GBP)	-13.2%	6.8%	13.1%	-10.3%	4.8%	-3.2%
Institutional Accumulation (GBP)	-13.3%	7.7%	13.3%	-10.8%	4.7%	-2.7%
Institutional Income (GBP)	-13.1%	7.6%	13.1%	-10.3%	5.8%	-1.2%
F Accumulation (GBP)	-13.1%	8.1%	13.6%	-10.5%	5.7%	-1.2%
F Income (GBP)	-12.8%	8.0%	13.4%	-10.0%	6.7%	0.1%

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)	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	-5.1%	7.4%	7.4%	-
Retail Accumulation (GBP)	-8.5%	6.9%	4.6%	Lowest 25%
Institutional Accumulation (GBP)	-8.4%	7.0%	4.7%	Lowest 28%
Institutional Income (GBP)	-8.4%	7.0%	4.7%	Lowest 27%
Benchmark	-5.1%	7.4%	6.4%	-
Retail Income (GBP)	-8.5%	6.9%	4.5%	Lowest 28%
Benchmark	-5.1%	7.4%	7.1%	-
F Accumulation (GBP)	-8.1%	7.3%	5.0%	Lowest 30%
Benchmark	-5.1%	7.4%	7.1%	-
F Income (GBP)	-8.1%	7.3%	5.0%	Lowest 31%

*To 30 April 2023

Source: Morningstar

The Retail Accumulation (GBP), Institutional Accumulation (GBP) and the Institutional Retail (GBP) unit classes launched on 11 June 2018. The Retail Income (GBP) unit class launched on 31 July 2018. The F Income (GBP) unit class launched on 19 October 2018. The F Accumulation (GBP) unit class launched on 26 October 2018. The F Accumulation (EUR) unit class and the F Accumulation (USD) unit class launched on 17 August 2022. Owing to the fact that these unit classes have a performance record of less than twelve months, they have been omitted from any formal performance assessment.

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

Conclusion:



Amber

Each unit class within the fund has generated income over the minimum recommended holding period and over five years

Each unit class within the fund has provided capital growth over the minimum recommended holding period. However, the majority of unit classes have failed to provide capital growth over five years.

Each unit class within the fund has under-performed its comparator benchmark, on a total return basis, over three years and since inception.

The AFM will discuss the drivers of long-term performance, and trends in long term performance, at the next scheduled Investment Manager meeting.

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 reasonable 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	0.79%	-
Retail Accumulation (GBP)	0.80%	Highest 29%
Retail Income (GBP)	0.80%	Highest 29%
Institutional Accumulation (GBP)	0.70%	Lowest 48%
Institutional Income (GBP)	0.70%	Lowest 48%
F Accumulation (GBP)	0.45%	Lowest 18%
F Income (GBP)	0.45%	Lowest 18%
F Accumulation (EUR)	0.45%	Lowest 18%
F Accumulation (USD)	0.45%	Lowest 18%

Source: Valu-Trac / Morningstar

Conclusion:

 Green

The Investment Management Fee is proposed by RM Capital Markets 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 RM Capital Markets Limited; 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 Retail Accumulation (GBP) unit class and the Retail Income (GBP) unit class 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) of the Retail unit classes with the Investment Manager at the next scheduled Investment Manager meeting.

Unitholders within all other unit classes 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, overall.

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 On-going 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)	2020	2021	2022	Current	
					Peer Rank
Peer Group				1.12%	-
Retail Accumulation (GBP)	0.85%	0.85%	1.89%	1.62%	Highest 12%
Retail Income (GBP)	0.85%	0.85%	1.89%	1.62%	Highest 12%
Institutional Accumulation (GBP)	0.85%	0.85%	1.82%	1.55%	Highest 19%
Institutional Income (GBP)	0.85%	0.85%	1.82%	1.55%	Highest 19%
F Accumulation (GBP)	0.45%	0.45%	1.49%	1.22%	Highest 49%

F Income (GBP)	0.45%	0.45%	1.49%	1.22%	Highest 49%
F Accumulation (EUR)	-	-	-	1.22%	Highest 49%
F Accumulation (USD)	-	-	-	1.22%	Highest 49%

Source: Morningstar

Conclusion



Amber

The OCF includes the costs of underlying funds held. This is currently estimated at 0.77%, but can change as the underlying investments made, change.

Unitholders are currently paying an OCF higher than the market average for similar funds. unit class A proposal to amend the level of the Annual Management Charge (AMC) is currently under consideration.

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

Comparable Services

Valu-Trac act as AFM for two funds, for which RM Capital Markets Limited are the Investment Manager. Both of these funds may be regarded as 'growth' funds; designed for long term wealth accumulation. Allowing for any explicit difference in risk profile or investment approach between these funds, this fund is priced consistently in relation to other funds within the wider 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
F Accumulation (GBP)	1.22%	-	-	£1,000,000	£1,000,000	£10,000
F Income (GBP)	1.22%	-	-	£1,000,000	£1,000,000	£10,000
F Accumulation (EUR)	1.22%	-	-	€1,000,000	€1,000,000	€10,000
F Accumulation (USD)	1.22%	-	-	\$1,000,000	\$1,000,000	\$10,000
Institutional Accumulation (GBP)	1.55%	0.33%	0.33%	£10,000	£10,000	£100
Institutional Income (GBP)	1.55%	0.33%	0.33%	£10,000	£10,000	£100
Retail Accumulation (GBP)	1.62%	0.40%	0.07%	£1,000	£1,000	£25
Retail Income (GBP)	1.62%	0.40%	0.07%	£1,000	£1,000	£25

Where a unit class may minimum investment or holding amounts, this may help the unit class scale quicker, leading to a lower proportional servicing cost, and thus, lower on-going charges.

Conclusion



Green

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

While the incremental difference in OCF between the F unit classes and the Institutional unit classes is above the suggested materiality threshold (of 0.30%), there is a marked difference in the attendant investment minima attached to each of these unit classes. The AFM has concluded that unitholders within the Institutional unit classes are receiving good value.

The incremental difference in OCF between the Institutional unit classes and the Retail unit classes, is below what has been taken to be the base materiality threshold (of 0.10%). The AFM has concluded that unitholders within the Retail unit classes are receiving good value.

The AFM has concluded that unitholders are receiving good value, in relation to Classes of Units, overall.

Overall Assessment



Green

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

With regard to Performance, the AFM will discuss the drivers of long-term performance, and trends in long term performance, at the next scheduled Investment Manager meeting.

With regard to AFM Costs – General, a proposal to amend the level of the Annual Management Charge (AMC) is currently under consideration.

With regard to AFM Comparable Market Rates, a proposal to revise the Ongoing Charges Figure, and the broader charging structure for each unit class, is presently under consideration unit class.

The AFM has concluded that the unitholders within the VT RM Alternative Income Fund are receiving good value, overall.

30/08/2023