Annual Assessment of Value Statement as at 30 September 2024

VT Sinfonia Balanced Managed Portfolio

Fund Information

Investment Manager:	Tatton Investment Management Limited
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The Sub-Fund aims to provide returns over the medium to long term (3-5 years) by a combination of both capital growth and income generation.
Investment Policy:	The Sub-Fund's investment objective will be achieved by investing in a diversified portfolio of fixed interest securities and equities, as well as warrants, and money market instruments, primarily (at least 70%) through investment in a portfolio of collective investment schemes (which may include those managed and/or advised by the ACD or Investment Manager). The Sub-Fund will typically be invested in a global portfolio of assets but may focus on UK and European assets. Normally, the Sub-Fund will be fully invested except for an amount to enable redemption of shares, efficient management of the Sub-Fund in relation to its strategic objectives, and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Sub-Fund. However, there may be short periods (e.g. in times of market stress) where it is considered appropriate for the scheme property not to be fully invested (and so for higher levels of liquidity to be maintained). One measure of risk is the proportion invested in the riskiest assets, such as equities. The SubFund will be actively managed and the investments will be selected with a balanced strategy in mind and so will seek to achieve a balance between higher risk assets (such as equities (and collective investment schemes investing in/providing investment exposure to such assets)) and defensive assets (such as bonds and cash (and collective investment schemes investing in/providing investment exposure to such assets)). For this Sub-Fund, over the long-term (5 years), it is expected that the proportion of the Sub-Fund exposed to equities will be approximately 75%. In the shorter term, this weighting may be adjusted tactically as economic and market conditions dictate while not deviating by more than ±12.5%. The asset classes in which the Sub-Fund may also invest includes transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits. The Company is permitted to invest in derivative instruments and forward transactions for investment purposes, however, it is the Investment Manager's intention

	that the Sub-Fund shall utilise derivative instruments and forward transactions for hedging purposes using efficient portfolio management techniques (and if this intention is to change the ACD shall provide advance notice to Shareholders)
AUM (£):	£17.7m
Fund Launch Date:	16/06/2008

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 Sinfonia Balanced Managed Portfolio	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	A	G	G	G
A Accumulation	92.4%	G	G	G	G	A	G	G	G
B Accumulation	0.9%	G	G	R	G	R	G	G	R
B Income	0.0%	G	G	R	G	R	G	G	R
D Accumulation	6.7%	G	G	R	G	R	G	G	R

The table below shows the overall summary for the previous assessment i.e. carried out as at 30 September 2023:

VT Sinfonia Balanced Managed Portfolio	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	86.4%	G	G	G	G	G	G	G	G
B Accumulation	7.6%	G	G	A	G	A	G	G	G
B Income	0.0%	G	G	A	G	A	G	G	G
D Accumulation	6.0%	G	G	R	G	R	G	G	R

Previous Remedial Actions

- AFM Costs - General
    - Assessed as Green, overall.
        - The AFM will discuss the level, and composition, of the Annual Management Charge (AMC) with the Investment Manager at the next scheduled Investment Manager meeting.

New Remedial Actions

- AFM Costs - General
    - Assessed as Green, overall.
        - The AFM reached an agreement to convert the D unit class into the B unit class. This arrangement was put in place with an effective date of 23 October 2024.
        - The AFM is reviewing all legacy unit classes across the business, with a view to retiring all such unit classes, within a reasonable timescale.

- Comparable Market Rates
    - Assessed as Amber
        - The AFM is discussing the level of the OCF with the Investment Manager. The AFM reached an agreement to convert the D unit class into the B unit class. This arrangement was put in place with an effective date of 23 October 2024.
        - The AFM is reviewing all legacy unit classes across the business, with a view to retiring all such unit classes, within a reasonable timescale.

Detailed Assessment

Quality of Service

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

- Investment Management services: Tatton Investment Management Limited
- Depositary services: NatWest Trustee and Depositary Services Limited
- Custodian services: CACEIS Investor Services
- 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 Sub-Fund aims to provide returns over the medium to long term (3-5 years) by a combination of both capital growth and income generation.

Constraining Benchmark:

none

Comparator Benchmark:

The ARC Steady Growth Index

Target Benchmark:

none

Peer Group:

IA Mixed Investment 40%-85% Shares Sector

Minimum Recommended Holding Period:

3 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	3 years (avg. return per-year)	3 years Peer Rank	5 years (avg. return per-year)	5 years Peer Rank
Benchmark	12.2%	1.8%	-	3.9%	-
A Accumulation	14.5%	4.5%	Highest 20%	5.1%	Highest 39%
B Accumulation	13.5%	3.6%	Highest 30%	4.2%	Lowest 36%
B Income	13.5%	3.6%	Highest 30%	4.3%	Lowest 36%
D Accumulation	13.2%	3.4%	Highest 35%	4.0%	Lowest 31%

*To 30 September 2024

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).

Source: Morningstar

Conclusion:

Green

The net total return of each unit class within the fund is higher than that of its performance comparator benchmark, over the minimum recommended holding period. The net total return of the each of unit classes within the fund is also ahead of the performance comparator benchmark, over five years.

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	0.72%	-
A Accumulation	0.65%	Lowest 46%
B Accumulation	1.50%	Highest 9%
B Income	1.50%	Highest 9%
D Accumulation	1.75%	Highest 2%

Source: Valu-Trac / Morningstar

Conclusion:

Green

The Investment Management Fee is proposed by Tatton Investment Management 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 Tatton Investment Management 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 A unit class are currently paying an AMC lower than the market average for similar funds.

Unitholders within the B and D unit classes are currently paying an AMC higher than the market average for similar funds. The AFM reached an agreement to convert the D unit class into the B unit class, thereby reducing costs for customers. This arrangement was put in place with an effective date of 23 October 2024.

The AFM is reviewing all legacy unit classes across the business, with a view to retiring all such unit classes, within a reasonable timescale.

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 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)	2022	2023	Current	
				Peer Rank
Peer Group	-	-	1.01%	-
A Accumulation	1.05%	1.02%	1.01%	Highest 50%
B Accumulation	1.90%	1.87%	1.86%	Highest 7%
B Income	1.90%	1.87%	1.86%	Highest 7%
D Accumulation	2.15%	2.12%	2.11%	Highest 4%

Source: Morningstar

Conclusion

Amber

Unitholders within the A unit class are currently paying an OCF in line with the market average for similar funds.

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

The AFM reached an agreement to convert the D unit class into the B unit class, thereby reducing costs for customers. This arrangement was put in place with an effective date of 23 October 2024.

The Investment Manager has confirmed that the B unit classes, although more expensive than the A unit classes, are required to continue on an ongoing basis given their links to certain legacy, pre-RDR products. The AFM is reviewing all legacy unit classes across the business, with a view to retiring all such unit classes within a reasonable timescale.

The AFM is discussing the level of the OCF with the Investment Manager.

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

Comparable Services

Valu-Trac act as AFM for twenty funds for which Tatton Investment Management Limited are the Investment Manager. All of these funds are what may be termed multi-asset funds. Differences between these funds, in terms of their management approach or anticipated risk profile, notwithstanding, this fund is priced consistently with other funds within the range.

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
A Accumulation	1.01%	-	-	£1,000	£1,000	£1,000
B Accumulation	1.86%	0.85%	0.85%	£1,000	£1,000	£1,000
B Income	1.86%	0.85%	0.85%	£1,000	£1,000	£1,000
D Accumulation	2.11%	1.10%	0.25%	£1,000	£1,000	£1,000

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

Conclusion

Green

All unit classes have similar investment minima.

The AFM has reached an agreement with the Investment Manager, that the (most expensive) D unit class will be merged with the B unit class; thus reducing costs for investors within the D unit class. This arrangement was put in place with an effective date of 23 October 2024.

The Investment Manager has established that the B unit classes are required for the continued servicing of certain legacy products, and that such products generally entail higher servicing costs.

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 respect to six of the seven, discrete criteria assessed above i.e. each has been assessed as green.

With regard to Comparable Market Rates, the AFM is discussing the level of the OCF with the Investment Manager.

The AFM reached an agreement to convert the D unit class into the B unit class. This arrangement was put in place with an effective date of 23 October 2024.

The AFM is reviewing all legacy unit classes across the business, with a view to retiring all such unit classes, within a reasonable timescale.

The AFM has concluded that the unitholders within the VT Sinfonia Balanced Managed Portfolio Fund are receiving good value, overall.

28/01/2025