



Valu-Trac Investment Management Limited

Annual Assessment of Value Statement as at 30 September 2024

VT Sorbus Vector Fund 1

Fund Information

Investment Manager:	Sorbus Partners LLP
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The investment objective of the VT Sorbus Vector Fund 1 is to generate income and capital growth.
Investment Policy:	The Fund will aim to meet its objectives by investing primarily (at least 70%) in a small number of UK equities (many of which are likely to have a small market capitalisation) which the Investment Manager considers to be undervalued. In addition to investing in equities, the sub-fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash and near cash. The Fund will not have any particular industry or economic sector focus and as such weightings in these may vary as required. Derivatives and forward transactions may be held for efficient portfolio management purposes.
AUM (£):	£34.3m
Fund Launch Date:	21/04/2016

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 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 Sorbus Vector Fund 1	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	A	G	A	G	G	G
A Net Income	92.9%	G	A	A	G	A	G	G	G
B Net Income	7.1%	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 September 2023:

VT Sorbus Vector Fund 1	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	R	A
A Net Income	91.7%	G	G	A	G	A	G	R	A
B Net Income	8.3%	G	G	G	G	G	G	G	G

Previous Remedial Actions

- AFM Costs - General:
 - Assessed as Amber
 - Where applicable, the AFM will discuss the level of the Annual Management Charge (AMC) with the Investment Manager at the next scheduled Investment Manager meeting.
- Comparable Market Rates:
 - Assessed as Amber
 - Where applicable, 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.
- Classes of Units:
 - Assessed as Red
 - The AFM will discuss the differential between the Ongoing Charges Figure (OCF) of the various unit classes within the fund structure, with the Investment Manager at the next scheduled Investment Manager meeting.

New Remedial Actions

- Performance
 - Assessed as Amber
 - The AFM will discuss the drivers of long-term performance, and trends in long term performance, with the Investment Manager where applicable.
- AFM Costs - General
 - Assessed as Amber
 - The AFM will discuss the level of the Annual Management Charge (AMC) with the Investment Manager, where applicable.
- Comparable Market Rates
 - Assessed as Amber
 - The AFM will discuss the level of the Ongoing Charges Figure (OCF) with the Investment Manager, where applicable.

Detailed Assessment

Quality of Service

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

- Investment Management services: Sorbus Partners LLP
- 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 investment objective of the VT Sorbus Vector Fund 1 is to generate income and capital growth.

Constraining Benchmark:

none

Comparator Benchmark:

The MSCI UK IMI NR

Target Benchmark:

none

Peer Group:

IA UK All Companies

Minimum Recommended Holding Period:

5 Years

Management Approach:

Active

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

Yield	1 year to Sep-2024	1 year to Sep-2023	1 year to Sep-2022	1 year to Sep-2021	1 year to Sep-2020	5 years to Sep-2024 (avg. per-year)
Benchmark~	2.4%	2.5%	2.5%	1.6%	2.5%	-
A Net Income	2.4%	2.2%	1.2%	1.1%	1.0%	1.9%
B Net Income	3.2%	3.0%	1.9%	2.1%	2.0%	2.9%

~ IA UK All Companies Peer Group average

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 Sep-2024	1 year to Sep-2023	1 year to Sep-2022	1 year to Sep-2021	1 year to Sep-2020	5 years to Sep-2024
A Net Income	-6.1%	2.2%	-15.9%	38.7%	7.0%	19.8%
B Net Income	-6.1%	2.2%	-15.9%	40.3%	10.0%	24.4%

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	13.2%	7.9%	5.5%	-
A Net Income	-3.7%	-5.0%	5.3%	Highest 45%
B Net Income	-3.0%	-4.3%	7.0%	Highest 10%

*To 30 September 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). Net total return is calculated after the deduction of any relevant fees, including performance fees, where applicable.

Source: Morningstar

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 successfully generated income over the minimum recommended holding period. However, for each discrete twelve-month period considered, this is generally below the peer group average.

Each unit class within the fund has provided capital growth over the minimum recommended holding period.

The net total return of the A unit class is marginally below that of the performance comparator benchmark, over the minimum recommended holding period. The net total return of the B unit

class is above that of the performance comparator benchmark, over the minimum recommended holding period.

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 will discuss the drivers of long-term performance, and trends in long term performance, with the Investment Manager where applicable.

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

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	0.69%	-
A Net Income	0.90%	Highest 29%
B Net Income	0.15%	Lowest 16%

Source: Valu-Trac / Morningstar

Conclusion:

 Amber

The Investment Management Fee is proposed by Sorbus Partners 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 Sorbus Partners 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 within the A unit class are currently paying an AMC higher than the market average for similar funds.

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

The AFM will discuss the level of the AMC with the Investment Manager, where applicable.

The AFM has concluded that unitholders are receiving reasonable 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	-	-	0.76%	-
A Net Income	0.84%	0.92%	0.93%	Highest 33%
B Net Income	0.09%	0.17%	0.18%	Lowest 15%

Source: Valu-Trac / Morningstar

Conclusion



Amber

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

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

In addition to the OCF, the Investment Manager may be further entitled to receive a performance fee from this fund, provided that certain conditions are met. These conditions are detailed within the fund prospectus. As any performance fee is an expense deductible from the

scheme property of the fund, the AFM has assessed the value delivered to investors from this charge; in this instance, the AFM has determined that the amount of the performance fee payable to the Investment Manager during period under review, is not material in relation to the level of overall costs.

The AFM will discuss the level of the OCF with the Investment Manager, where applicable.

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 five funds for which Sorbus Partners LLP are the Investment Manager. Some funds are what may be termed multi-asset funds and others are what may be termed single asset class funds. This fund may be considered to be a single asset class fund. 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 Subsequent Investment	Minimum Holding Amount
B Net Income	0.18%	-	-	-	-	-
A Net Income	0.93%	0.75%	0.75%	£1,000	-	£1,000

In addition to the investment minima detailed above, the A unit class is also subject to a high water mark performance fee. The B unit class is not subject to this high water mark performance fee.

The AFM notes that The B unit class is reserved for employees of the Investment Manager and connected persons.

Conclusion

 Green

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

With regard to Performance, the AFM will discuss the drivers of long-term performance, and trends in long term performance, with the Investment Manager where applicable.

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

With regard to Comparable Market Rates, The AFM will discuss the level of the OCF with the Investment Manager, where applicable.

The AFM has concluded that the unitholders within the VT Sorbus Vector Fund 1 fund are receiving good value, overall.

28/01/2025