

# Valu-Trac Investment Management Limited

# Annual Assessment of Value Statement as at 31 March 2025

# **VT Tyndall Unconstrained UK Income Fund**

### **Fund Information**

Investment Manager:	Odd Asset Management Limited
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The investment objective of the VT Tyndall Unconstrained UK Income Fund is to generate capital growth, alongside income that rises at least in line with the rate of inflation (as measured by CPI), over the long term (5 years).
Investment Policy:	The sub-fund will aim to meet its objectives by investing at least 80% in companies incorporated in the United Kingdom, or which have the majority of their economic activity in the UK.  In addition to investing directly in equities, the sub-fund may also invest in other transferable securities (such as bonds), collective investment schemes (which may include those managed and/or advised by the ACD or Investment Manager), money market instruments, deposits, cash and near cash.  There is no particular emphasis on any industrial or economic sector or company market capitalisation and, as such, the sub-fund is unconstrained in terms of the sectors and size of company in which it invests/has exposure to and relative weightings between such exposures.  Derivatives (that is sophisticated investment instruments linked to the rise and fall of the price of other assets) may be used for efficient portfolio management purposes including hedging (although it is expected that use of derivatives will be limited).
AUM (£):	£32.3m
Fund Launch Date:	21/09/2015

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 Tyndall Unconstrained UK 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	G	G	G	G	G	G
A Accumulation GBP	63.4%	G	G	G	G	G	G	G	G
A Income GBP	36.6%	G	G	G	<b>G</b>	G	G	G	G
B Accumulation GBP	0.0%	G	n/a	G	G	A	G	G	G
B Income GBP	0.0%	G	n/a	<b>G</b>	G	A	G	G	G

The table below shows the overall summary for the previous assessment i.e. carried out as at 31 March 2024:

VT Tyndall Unconstrained UK Income Fund	AUM (%)	C	Quality of Service	Pe	rformance	А	AFM costs - general	Eco	onomies of scale		omparable arket rates		omparable services	Class	es of units		Overall
Overall	100.0%		G	0	А		G		G		G		G		G		G
A Accumulation GBP	70.2%		G	0	А		G		G		G	0	G		G		G
A Income GBP	29.8%		G	0	А		G	0	G	0	G	0	G	0	G	0	G

## **Previous Remedial Actions**

- Performance
  - Assessed as Amber
    - The AFM will discuss the trend in long term performance with the Investment Manager.

### **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: Odd Asset Management Limited
- Depositary services: NatWest Trustee and Depositary Services Limited
- Custodian services: CACEIS Bank, UK Branch
- 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 Tyndall Unconstrained UK Income Fund is to generate capital growth, alongside income that rises at least in line with the rate of inflation (as measured by CPI), over the long term (5 years).

# Constraining Benchmark:

none

# Comparator Benchmark:

Total Return: IA UK Equity Income Sector Average

### Target Benchmark:

Yield: UK Consumer Prices Index (UK CPI)

# Peer Group:

IA UK Equity Income Sector

# Minimum Recommended Holding Period:

5 Years

### Management Approach:

Active

The income generated (percentage yield) within the fund, is shown below:

						5 years
	1 year	to				
Yield	to	to	to	to	to	Mar-2025
	Mar-2025	Mar-2024	Mar-2023	Mar-2022	Mar-2021	(avg. per-
						year)
Benchmark~	2.6%	3.2%	10.1%	7.0%	0.7%	4.7%
A Accumulation GBP	4.3%	4.4%	4.4%	3.5%	4.7%	6.0%
A Income GBP	4.2%	4.4%	4.3%	3.5%	4.6%	5.5%

<sup>~</sup> UK CPI

The net total return and peer ranking (where available) for each 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	7.2%	4.8%	11.1%	-
A Accumulation GBP	-3.3%	5.2%	13.3%	Highest 24%
A Income GBP	-3.3%	5.2%	13.3%	Highest 22%

<sup>~</sup>IA UK Equity Income Sector Average

Total return is the actual rate of return of an investment over a period. Net Total return includes interest, capital gains, dividends, and realised distributions (where appropriate), after all relevant fees have been deducted.

The B Accumulation and B Income unit classes launched on 11 July 2024. Owing to the fact that these unit classes have a performance track record of less than 12 months, they have been excluded from any formal performance assessment.

The AFM is aware that markets may have been more volatile than usual in March 2025. Such levels of volatility may result in a temporary, and intermittent, dislocation between fund return and benchmark return, for a short period of time.

Source: Morningstar

<sup>\*</sup>To 31 March 2025

### Conclusion:



Green

The yield generated by each unit class within the fund, is above that of its target benchmark, UK CPI, over the minimum recommended holding period of five years.

The net total return of each unit class within the fund 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 is comfortable that it 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:

	Cur	rent		
Annual Management Charge (AMC)		Peer Rank		
Peer Group	0.80%	-		
A Accumulation GBP	0.49%	Lowest 18%		
A Income GBP	0.49%	Lowest 18%		
B Accumulation GBP	0.79%	Lowest 49%		
B Income GBP	0.79%	Lowest 49%		

Source: Valu-Trac / Morningstar

### Conclusion:



Green

The Investment Management Fee is proposed by Odd Asset 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 Odd Asset 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 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)	2022	2024	Current			
Ongoing Charges Figure (OCF)	2023	2024		Peer Rank		
Peer Group	-	-	0.90%	-		
A Accumulation GBP	0.77%	0.76%	0.67%	Lowest 27%		
A Income GBP	0.77%	0.76%	0.67%	Lowest 27%		
B Accumulation GBP	-	-	0.97%	Highest 33%		
B Income GBP	-	-	0.97%	Highest 33%		

Source: Morningstar

### Conclusion



Green

The OCF includes the costs of underlying funds held. This is currently estimated at 0.35%, but can change as the underlying investments made, change.

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

Unitholders within the B unit classes are currently paying an OCF moderately higher 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 three funds for which Odd Asset Management Limited are the Investment Manager. Each of these funds are what may be termed single asset class funds. Differences between funds, in terms of their management approach and anticipated risk profile, notwithstanding, this fund is priced consistently with other funds within that 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 GBP	0.67%	-	-	£10,000	£1,000	£10,000
A Income GBP	0.67%	-	-	£10,000	£1,000	£10,000
B Accumulation GBP	0.97%	0.30%	0.30%	£10,000	£1,000	£10,000
B Income GBP	0.97%	0.30%	0.30%	£10,000	£1,000	£10,000

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

The AFM notes that Class A units are only available to founder investors in the fund.

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

The AFM has concluded that unitholders within the VT Tyndall Unconstrained UK Income Fund are receiving good value, overall.

28/07/2025