



Annual Assessment of Value Statement as at 30 September 2024

VT Vanneck Defensive Fund

Fund Information

Investment Manager:	Vanneck Limited
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The investment objective of the Fund is to aim to preserve and grow capital over the medium to longer term (5 years). Capital is in fact at risk and there is no guarantee that a positive return will be achieved over any period.
Investment Policy:	<p>The Fund seeks to meet its objectives through investing in a diversified portfolio of assets, mainly (at least 50%) equities (and at times, significantly so) as well as bonds and cash. The portfolio will be actively managed with asset allocations varying based on the Investment Manager's views as to whether equity markets are over or undervalued. For example, at times, where the Investment Manager considers it prudent (based on market conditions), a large proportion of the portfolio may take the form of cash (and less in equities) and vice versa.</p> <p>The Fund may also invest in transferable securities, money market instruments, deposits, cash and near cash.</p> <p>The Fund has no particular emphasis on any geographical area or industry or economic sector.</p> <p>The Fund may use derivatives only for efficient portfolio management purposes. It is not intended that the use of derivatives for efficient portfolio management purposes will increase the risk profile of the Fund.</p>
AUM (£):	£38.7m
Fund Launch Date:	15/06/2018

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 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 Vanneck Defensive 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
Accumulation	31.5%	G	G	A	G	G	G	G	G
Income	33.8%	G	G	A	G	G	G	G	G
S Accumulation	29.4%	G	G	A	G	G	G	G	G
S Income	5.3%	G	G	A	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 Vanneck Defensive 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
Accumulation	28.4%	G	G	A	G	G	G	G	G
Income	33.2%	G	G	A	G	G	G	G	G
S Accumulation	33.6%	G	G	G	G	G	G	G	G
S Income	4.8%	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, 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 Amber
 - The AFM will discuss the level of the AMC 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: Vanneck Limited
- Depository services: NatWest Trustee and Depository 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 Fund is to aim to preserve and grow capital over the medium to longer term (5 years). Capital is in fact at risk and there is no guarantee that a positive return will be achieved over any period.

Constraining Benchmark:

none

Comparator Benchmark:

The IA Mixed Investment 40%-85% Shares Sector Average

Target Benchmark:

none

Peer Group:

IA Mixed Investment 40%-85% Shares Sector

Minimum Recommended Holding Period:

5 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)	5 years (avg. return per-year)	5 years Peer Rank	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	13.8%	2.5%	4.7%	-	-	-
Accumulation	13.0%	6.3%	5.2%	Highest 39%	-	-
Income	13.0%	6.3%	5.2%	Highest 39%	-	-
S Accumulation	13.2%	6.5%	5.3%	Highest 35%	-	-
Benchmark	13.8%	2.5%	-	-	4.2%	-
S Income	13.2%	6.5%	-	-	7.6%	Highest 5%

*To 30 September 2024

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.

Source: Morningstar

Conclusion:

 Green

The net total return of each unit class within the fund, is above that of its performance comparator benchmark over the minimum recommended holding period or longer term (since inception), where appropriate.

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	0.70%	-
Accumulation	0.85%	Highest 32%
Income	0.85%	Highest 32%
S Accumulation	0.70%	Highest 50%
S Income	0.70%	Highest 50%

Source: Morningstar

Conclusion:

 Amber

The Investment Management Fee is proposed by Vanneck 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 Vanneck 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 Accumulation and Income unit classes are currently paying an AMC above the market average for similar funds.

Unitholders within the S unit classes are currently paying an AMC in line with 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.

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:

On-Going Charges Figure (OCF)	2021	2022	Current	
				Peer Rank
Peer Group	-	-	0.98%	-
Accumulation	0.91%	0.94%	0.97%	Lowest 49%
Income	0.91%	0.94%	0.97%	Lowest 49%
S Accumulation	0.76%	0.79%	0.82%	Lowest 38%
S Income	0.76%	0.79%	0.82%	Lowest 38%

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 four funds for which Vanneck Limited 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 multi 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
S Accumulation	0.82%	-	-	£10,000,000	£100,000	£10,000,000
S Income	0.82%	-	-	£10,000,000	£100,000	£10,000,000
Accumulation	0.97%	0.15%	0.15%	£20,000	£100	£20,000
Income	0.97%	0.15%	0.15%	£20,000	£100	£20,000

Source: Valu-Trac

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.

Conclusion

 Green

The S unit classes have more stringent investment minima than the Accumulation or Income unit classes. Given that the incremental difference in OCF between these unit classes is below the suggested materiality threshold, the AFM has concluded that unitholders within all 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 respect to six of the seven, discrete criteria assessed above i.e. each has been assessed as green.

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

The AFM has concluded that the unitholders within the VT Vanneck Defensive Fund are receiving good value, overall.

28/01/2025