



Valu-Trac Investment Management Limited

Annual Assessment of Value Statement as at 30 September 2023

VT Vanneck Equity Fund

Fund Information

Investment Manager:	Vanneck Limited
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The objective of the Fund is to generate income whilst also achieving capital growth over the long term (5 years).
Investment Policy:	The Fund aims to achieve its objective by investing in a concentrated portfolio of equities. At least 50% will be invested in UK equities, with the remainder in global equities. The investment manager will aim to achieve these objectives and spread investment risk through an actively managed and diversified portfolio of equities. The use of derivatives and/or hedging transactions are permitted in connection with the Efficient Portfolio Management of the Fund (although derivative use is expected to be limited). Other than as noted above in respect of a focus on UK equities, the Fund will not have any particular geographic, industry or economic sector focus and as such weightings in these may vary as required.
AUM (£):	£98.1m
Fund Launch Date:	16/05/2014

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 Vanneck Equity 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
B Accumulation	50.5%	G	G	G	G	G	G	G	G
B Income	29.1%	G	G	G	G	G	G	G	G
C Accumulation	17.4%	G	G	G	G	G	G	G	G
C Income	0.6%	G	G	G	G	G	G	G	G
R Accumulation	2.5%	G	G	A	G	A	G	R	A
R Income	0.0%	G	G	A	G	A	G	R	A

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

VT Vanneck Equity 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
B Accumulation	45.0%	 G	 G	 G	 G	 G	 G	 G	 G
B Income	33.0%	 G	 G	 G	 G	 G	 G	 G	 G
C Accumulation	18.5%	 G	 G	 G	 G	 G	 G	 G	 G
C Income	0.6%	 G	 G	 G	 G	 G	 G	 G	 G
R Accumulation	2.9%	 G	 G	 A	 G	 G	 G	 G	 G

The 2022 assessment used a previous criteria that has since been updated as described above, and therefore the results for 2022 are not directly comparable with the updated 2023 assessment.

Previous Remedial Actions

- None

New Remedial Actions

- AFM Costs - General:
 - Assessed as Green, overall
 - 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.
- Comparable Market Rates:
 - Assessed as Green, overall
 - Where applicable, the AFM will discuss the level of the Ongoing Charges Figure (OCF) with the Investment Manager at the next scheduled Investment Manager meeting.
- Classes of Units:
 - Assessed as Green, overall
 - Where applicable, the AFM will discuss the level of the Ongoing Charges Figure (OCF) with the Investment Manager at the next scheduled Investment Manager meeting.

Detailed Assessment

Quality of Service

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

- Investment Management services: Vanneck 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.

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 objective of the Fund is to generate income whilst also achieving capital growth over the long term (5 years).

Constraining Benchmark:

none

Comparator Benchmark:

The VT Vanneck Equity Composite Benchmark*

*70% IA UK Equity Income / 30% IA Global Equity Income

Target Benchmark:

none

Peer Group:

IA Global Equity Income Sector

Minimum Recommended Holding Period:

5 Years

Management Approach:

Active

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

Yield	1 year to Sep-2023	1 year to Sep-2022	1 year to Sep-2021	1 year to Sep-2020	1 year to Sep-2019	5 years to Sep-2023 (avg. per-year)	Since Inception to Sep-2023 (avg. per-year)
B Accumulation	3.8%	3.7%	3.6%	3.3%	5.0%	3.9%	-
B Income	3.8%	3.6%	3.6%	3.2%	4.9%	3.6%	-
C Accumulation	3.8%	3.7%	3.6%	3.2%	-	-	3.5%
C Income	3.8%	3.6%	3.6%	3.1%	-	-	3.3%
R Accumulation	3.8%	3.7%	3.6%	3.3%	5.0%	3.8%	-

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-2023	1 year to Sep-2022	1 year to Sep-2021	1 year to Sep-2020	1 year to Sep-2019	5 years to Sep-2023	Since Inception to Sep-2023
B Accumulation	9.5%	-3.7%	18.1%	-14.0%	3.9%	13.1%	-
B Income	9.5%	-3.5%	18.0%	-13.8%	3.8%	11.4%	-
C Accumulation	9.6%	-3.6%	18.3%	-13.8%	-	-	13.9%
C Income	9.6%	-3.4%	18.1%	-12.0%	-	-	10.0%
R Accumulation	9.0%	-4.2%	17.6%	-14.3%	3.5%	10.5%	-

Source: Valu-Trac

The net total return and peer ranking (where available) for each available share 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	12.1%	10.8%	3.7%	-	-	-
B Accumulation	13.3%	11.3%	6.0%	Lowest 48%	-	-
B Income	13.3%	11.3%	6.0%	Lowest 48%	-	-
R Accumulation	12.8%	10.8%	5.6%	Lowest 36%	-	-
Benchmark	12.1%	10.8%	-	-	3.9%	-
C Accumulation	13.4%	11.4%	-	-	6.4%	Highest 36%
Benchmark	12.1%	10.8%	-	-	4.9%	-
C Income	13.4%	11.4%	-	-	6.0%	Lowest 38%

*To 30 September 2023

Source: Morningstar

The C Accumulation unit class launched on 26 July 2019. The C Income unit class launched on 04 October 2019. The R Income unit class launched on 16 January 2023; being less than one year old, this share class has 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:

 Green

Each unit class within the fund has generated income over the minimum recommended holding period, or since inception, where appropriate.

Each unit class within the fund has provided capital growth over the minimum recommended holding period, or since inception, where appropriate.

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 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	0.83%	-
B Accumulation	0.73%	Lowest 35%
B Income	0.73%	Lowest 35%
C Accumulation	0.60%	Lowest 26%
C Income	0.60%	Lowest 26%
R Accumulation	1.00%	Highest 34%
R Income	1.00%	Highest 34%

Source: Valu-Trac / Morningstar

Conclusion:

 Green

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 B and C unit classes are currently paying an AMC lower than the market average for similar funds.

Unitholders within the R unit classes are currently paying an AMC higher than the market average for similar funds.

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.

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:

On-Going Charges Figure (OCF)	2021	2022	Current	
				Peer Rank
Peer Group	-	-	1.02%	-
B Accumulation	0.94%	0.94%	0.92%	Lowest 49%
B Income	0.94%	0.94%	0.92%	Lowest 49%
C Accumulation	0.81%	0.81%	0.79%	Lowest 28%
C Income	0.81%	0.81%	0.79%	Lowest 28%
R Accumulation	1.37%	1.37%	1.35%	Highest 27%
R Income	-	-	1.35%	Highest 27%

Source: Morningstar

Conclusion



Green

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

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

Where applicable, the AFM will discuss the level of the Ongoing Charges Figure (OCF) with the Investment Manager at the next scheduled Investment Manager meeting.

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

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 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
C Accumulation	0.79%	-	-	£10,000,000	£1,000	£10,000,000
C Income	0.79%	-	-	£10,000,000	£1,000	£10,000,000
B Accumulation	0.92%	0.13%	0.13%	£250,000	£1,000	£250,000
B Income	0.92%	0.13%	0.13%	£250,000	£1,000	£250,000
R Accumulation	1.35%	0.56%	0.43%	£10,000	£1,000	£10,000
R Income	1.35%	0.56%	0.43%	£10,000	£1,000	£10,000

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.

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

Conclusion



Green

The B unit classes have more stringent investment minima than the R unit classes, with the C unit classes having the most stringent investment minima of all.

Given that the incremental difference in OCF between the B unit classes and C unit classes is below the suggested materiality threshold (of 0.30%), the AFM has concluded that unitholders within the B unit classes are receiving good value, in relation to Classes of Units.

However, given that the incremental difference in OCF between the R unit classes and B unit classes is above the suggested materiality threshold (of 0.30%), the AFM has concluded that unitholders within the R unit classes are not receiving good value, in relation to Classes of Units.

The AFM will discuss the differential in the respective Ongoing Charges Figure (OCF) between unit classes, with the Investment Manager, where applicable, at the next scheduled Investment Manager meeting.

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 all seven, discrete criteria assessed above i.e. all have been assessed as green.

With regard to AFM Costs – General, 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, where applicable.

With regard to Comparable Market Rates, 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, where applicable.

With regard to Classes of Units, the AFM will discuss the differential in the respective Ongoing Charges Figure (OCF) between unit classes, with the Investment Manager, at the next scheduled Investment Manager meeting, where applicable.

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

31/01/2024