



Valu-Trac Investment Management Limited

Annual Assessment of Value Statement as at 31 July 2024

VT Cantab Moderate

Fund Information

Investment Manager:	Cantab Asset Management Ltd
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The investment objective of the Fund is to provide income and capital growth over the medium term (3 -5 years)
Investment Policy:	The Fund aims to achieve its objective by investing at least 80% in collective investment funds (which may include those managed and/or operated by the ACD) which provide exposure to a diversified portfolio of investments, including equities, bonds and alternative assets (such as commodities, property and infrastructure). It is expected that the exposure to equities will typically be between 40% and 75%. The Fund may also invest directly in equities, fixed income, money market instruments, deposits, cash and near cash. Derivatives (that is sophisticated investments linked to the rise and fall of one or more underlying assets) may be used for efficient portfolio management purposes (although derivative use is expected to be limited). The Fund has no particular emphasis on any geographical areas or any industrial or economic sector.
AUM (£):	£69.8m
Fund Launch Date:	03/09/2018

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 Cantab Moderate	AUM (%)	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
Overall	100.0%	G	R	G	G	G	G	G	A
A Accumulation	6.1%	G	R	G	G	A	G	A	A
A Income	4.1%	G	R	G	G	A	G	A	A
C Accumulation	49.8%	G	R	G	G	G	G	G	A
C Income	40.0%	G	R	G	G	G	G	G	A

The table below shows the overall summary for the previous assessment i.e. carried out as at 31 July 2023:

VT Cantab Moderate 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	 A	 G	 G	 A	 G	 G	 G
A Accumulation	14.0%	 G	 A	 G	 G	 A	 G	 A	 G
A Income	4.8%	 G	 A	 G	 G	 A	 G	 A	 G
C Accumulation	36.9%	 G	 A	 G	 G	 A	 G	 G	 G
C Income	44.3%	 G	 A	 G	 G	 A	 G	 G	 G

A new methodology for determining an overall fund rating has recently been implemented. This updated methodology looks to arrive at a notional, average rating, considering the individual ratings for each of the discrete assessment criteria. This approach may differ from the approach taken previously.

Previous 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 at the next scheduled Investment Manager meeting.
- Comparable Market Rates:
 - Assessed as Amber
 - 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 Green, overall

Where a differential in costs between unit classes may not be justified, the AFM will look to align and harmonize costs at an appropriate level. The AFM will discuss costs with the Investment Manager at the next scheduled Investment Manager meeting, where appropriate.

New Remedial Actions

- Performance
 - Assessed as Red:
 - The Fund's total return is markedly below that of the performance comparator benchmark over the minimum recommended holding period. In part, this is due to weaker near-term performance, where relative exposure to, and stock selection within, the US equity market, proved detrimental. The AFM will schedule a meeting to further discuss the drivers of long-term performance, and trends in long term performance, with the Investment Manager, to establish what can be done to improve the value offered to unitholders.
- Comparable Market Rates:
 - Assessed as Green, overall
 - The AFM will discuss the level, and composition, of the Ongoing Charges Figure (OCF) with the Investment Manager, where applicable.

- Classes of Units:
 - Assessed as Green, overall
 - Where a differential in costs between unit classes may not be justified, the AFM will look to align and harmonize costs at an appropriate level. The AFM will discuss the cost differential between unit classes with the Investment Manager.

Detailed Assessment

Quality of Service

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

- Investment Management services: Cantab Asset Management Ltd
- 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 Fund is to provide income and capital growth over the medium term (3 -5 years).

Constraining Benchmark:

none

Comparator Benchmark:

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

Target Benchmark:

none

Peer Group:

The IA Mixed Investment 40%-85% Shares Sector

Minimum Recommended Holding Period:

3 Years

Management Approach:

Active

The change in capital value for each available unit class within the fund, is shown below:

Change in Fund Value	1 year to Jul-2024	1 year to Jul-2023	1 year to Jul-2022	3 years to Jul-2024	1 year to Jul-2021	1 year to Jul-2020	5 years to Jul-2024
A Accumulation	5.6%	-6.5%	-9.7%	-10.7%	15.3%	-2.4%	0.5%
A Income	5.6%	-6.5%	-9.7%	-10.8%	15.3%	-2.3%	0.6%
C Accumulation	5.6%	-6.5%	-9.7%	-10.7%	15.3%	-2.4%	0.5%
C Income	5.6%	-6.5%	-9.7%	-10.8%	15.3%	-2.3%	0.5%

Source: Valu-Trac

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

Yield	1 year to Jul-2024	1 year to Jul-2023	1 year to Jul-2022	3 years to Jul-2024 (avg. per-year)	1 year to Jul-2021	1 year to Jul-2020	5 years to Jul-2024 (avg. per-year)
Benchmark	1.8%	1.6%	1.3%	-	1.2%	1.6%	-
A Accumulation	1.9%	1.7%	1.1%	1.4%	0.7%	1.1%	1.3%
A Income	1.9%	1.7%	1.0%	1.4%	0.7%	1.0%	1.2%
C Accumulation	2.1%	1.9%	1.3%	1.6%	0.9%	1.3%	1.5%
C Income	2.1%	1.9%	1.3%	1.5%	0.9%	1.3%	1.4%

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)	3 years Peer Rank	5 years (avg. return per-year)	5 years Peer Rank
Benchmark	10.5%	2.4%	-	4.2%	-
A Accumulation	7.5%	-2.2%	Lowest 2%	1.4%	Lowest 2%
A Income	7.5%	-2.2%	Lowest 2%	1.4%	Lowest 2%
C Accumulation	7.7%	-2.0%	Lowest 2%	1.6%	Lowest 3%
C Income	7.7%	-2.0%	Lowest 3%	1.6%	Lowest 3%

*To 31 July 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

The AFM has referred to both internal and external data sources for performance statistics, where the AFM has deemed this to be appropriate.

Conclusion:



Red

Each unit class within the fund has failed to generate a positive capital return over the minimum recommended holding period.

Each unit class within the fund has generated a yield greater than, or broadly in line with, the sector average, over each of the three discrete, twelve-month periods, spanning the minimum recommended holding period.

The net total return of each unit class within the fund is markedly below 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 schedule a meeting to further discuss the drivers of long-term performance, and trends in long term performance, with the Investment Manager, to establish what can be done to improve the value offered to unitholders.

The AFM has concluded that unitholders are not 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	0.71%	-
A Accumulation	0.54%	Lowest 39%
A Income	0.54%	Lowest 39%
C Accumulation	0.34%	Lowest 19%
C Income	0.34%	Lowest 19%

Source: Morningstar

Conclusion:



Green

The Investment Management Fee is proposed by Cantab Asset Management Ltd. 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 Cantab Asset Management Ltd; 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 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	2023	Current	
				Peer Rank
Peer Group	-	-	1.03%	-
A Accumulation	1.37%	1.30%	1.19%	Highest 33%
A Income	1.37%	1.30%	1.19%	Highest 33%
C Accumulation	1.17%	1.10%	0.99%	Lowest 49%

C Income	1.17%	1.10%	0.99%	Lowest 49%
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Source: Morningstar

Conclusion

 Green

The OCF includes the costs of underlying funds held. This is currently estimated at 0.58%, but can change as the underlying investments made, change.

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

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

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

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 three funds for which Cantab Asset Management Ltd are the Investment Manager. Two of these funds may be termed multi asset class funds and one may be termed a single asset class fund, with an ethical investment objective. This fund may be regarded as being a multi asset fund. Differences between these funds, in terms of their management approach 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
C Accumulation	0.99%	-	-	£1,000	£100	£1,000
C Income	0.99%	-	-	£1,000	£100	£1,000
A Accumulation	1.19%	0.20%	0.20%	£1,000	£100	£1,000
A Income	1.19%	0.20%	0.20%	£1,000	£100	£1,000

The C unit classes only are available to customers of the Investment Manager's financial Planning business.

Given that the difference in OCF between each of unit classes is above the suggested materiality threshold, the AFM will discuss the cost differential between unit classes with the Investment Manager.

the AFM has concluded that unitholders are receiving good value, in relation to Classes of Units, overall.

Conclusion

 Green

The AFM has concluded that unitholders are receiving good value, in relation to Classes of Units.

Overall Assessment

 Amber

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 Performance, the AFM will schedule a meeting to further discuss the drivers of long-term performance, and trends in long term performance, with the Investment Manager, to establish what can be done to improve the value offered to unitholders.

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

With regard to Classes of Units, the AFM will discuss the cost differential between unit classes with the Investment Manager.

The AFM has concluded that the unitholders within the VT Cantab Moderate Fund are receiving reasonable value, overall.

20/11/2024