



## Annual Assessment of Value Statement as at 31 July 2024

### VT Cantab Sustainable Global Equity Fund

#### Fund Information

<b>Investment Manager:</b>	Cantab Asset Management Ltd
<b>Authorised Fund Manager:</b>	Valu-Trac Investment Management Limited (Valu-Trac)
<b>Investment Objective:</b>	The investment objective of the Fund is to provide income and capital growth over the long term (5 years +) by gaining exposure to a diversified portfolio of global equities.
<b>Investment Policy:</b>	<p>The Fund may also invest in other transferable securities, collective investment schemes (including those managed or operated by the ACD), 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.</p> <p>It is expected that the portfolio will be relatively concentrated.</p> <p>A key element in portfolio construction is an assessment of investee companies' approach to environmental, social and governance (ESG) issues (e.g. whether they pay due attention and consideration to ESG concerns and demonstrate this through ESG policies and practice). Investments will only be made in companies which the Investment Manager considers make a positive contribution to environmental, social and/or governance matters and so help in the development of a sustainable global economy. Companies involved in industries such as the production of fossil fuels, alcohol and tobacco, gambling or controversial weapons are automatically excluded from the investment universe.</p> <p>The Investment Manager will consider emissions when assessing potential investee companies, but will not use a science-based emissions target in this assessment. The Investment Manager will consider each investment on a case-by-case basis and look for evidence that a company is attempting to reduce its carbon footprint. The Investment Manager places a greater emphasis in decision making on Scope 1 emissions (emissions over which a company has direct control, such as company facilities and company vehicles), rather than Scope 3 emissions (which relate to indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions) which it does not consider to be a fair reflection or not of a company's overall footprint and is less material to the Investment Manager's decision making. Save as noted above, the Fund has no particular emphasis</p>

	on any geographical areas or any industrial or economic sector.
<b>AUM (£):</b>	£43.9m
<b>Fund Launch Date:</b>	17/12/2019

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 Sustainable Global 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	A	G	G	G	G	G	G
A Accumulation	6.2%	G	A	G	G	G	G	G	G
A Income	0.5%	G	A	G	G	G	G	G	G
C Accumulation	49.1%	G	A	G	G	G	G	G	G
C Income	35.3%	G	G	G	G	G	G	G	G
Z Income	8.9%	G	A	G	G	G	G	G	G

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

VT Cantab Sustainable Global 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
A Accumulation	5.4%	G	G	G	G	A	G	G	G
A Income	0.6%	G	G	G	G	A	G	G	G
C Accumulation	44.1%	G	G	G	G	G	G	G	G
C Income	45.3%	G	G	G	G	G	G	G	G
Z Income	4.6%	G	n/a	G	G	G	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

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- Comparable Market Rates:
  - Assessed as Green, overall

The Ongoing Charges Figure (OCF) of A unit class assessed as Amber. The AFM will discuss the level, and composition, of the OCF with the Investment Manager, where appropriate, at the next scheduled Investment Manager meeting.

## New Remedial Actions

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

## Detailed Assessment

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### 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.

The AFM notes that there are material changes pending to the investment objective, policy and name of this fund. In particular, such changes relate to any specific 'sustainable' investment objectives or characteristics which the fund may currently have and the removal of the same.

**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 long term (5 years +) by gaining exposure to a diversified portfolio of global equities.

**Constraining Benchmark:**

none

**Comparator Benchmark:**

The Thomson Reuters (Refinitiv) Global Index (Price Return)

**Target Benchmark:**

none

**Peer Group:**

The IA Global Sector

**Minimum Recommended Holding Period:**

5 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	1 year to Jul-2021	Since Inception to Jul-2024
A Accumulation	10.3%	4.7%	6.6%	18.3%	37.6%
A Income	10.3%	4.7%	6.6%	18.3%	32.4%
C Accumulation	10.3%	4.8%	6.6%	18.3%	38.2%
C Income	10.3%	4.6%	6.6%	18.3%	43.4%
Z Income	10.3%	-	-	-	13.3%

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	1 year to Jul-2021	Since Inception to Jul-2024 (avg. per-year)
Benchmark	0.6%	0.6%	0.5%	0.4%	-
A Accumulation	1.7%	0.9%	0.7%	0.7%	1.0%
A Income	1.7%	1.1%	0.6%	0.7%	1.7%
C Accumulation	2.0%	1.0%	0.7%	1.0%	1.2%
C Income	2.0%	1.2%	0.8%	1.0%	1.4%
Z Income	1.6%	-	-	-	1.9%

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)	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	14.3%	6.1%	8.6%	-
A Income	12.0%	8.2%	8.0%	Lowest 30%
C Accumulation	12.3%	8.4%	8.2%	Lowest 34%
Net Total Return*	1 year	3 years (avg. return per-year)	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	14.3%	6.1%	8.6%	-
A Accumulation	12.0%	8.3%	8.0%	Lowest 32%
Net Total Return*	1 year	3 years (avg. return per-year)	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	14.3%	6.1%	10.3%	-
C Income	12.3%	8.5%	10.6%	Highest 43%
Net Total Return*	1 year	3 years (avg. return per-year)	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	14.3%	-	12.3%	-
Z Income	11.9%	-	10.7%	Lowest 44%

\*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 / Valu-Trac

The A Income and C Accumulation unit classes were launched on 17 December 2019. The A Accumulation unit class was launched on 23 December 2019. The C Income unit class was launched on 27 July 2020. The Z Income unit class was launched on 01 February 2023.

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 generated a positive capital return since inception.

Each unit class within the fund has generated a yield greater than the sector average, over each of the four discrete, twelve-month periods, where applicable, since inception.

The net total return of the majority of unit classes within the fund is below that of the performance comparator benchmark, since inception.

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 trend in long term performance with the Investment Manager.

The AFM has concluded that unitholders are receiving reasonable 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	0.85%	-
A Accumulation	0.81%	Lowest 49%
A Income	0.81%	Lowest 49%
C Accumulation	0.56%	Lowest 27%
C Income	0.56%	Lowest 27%
Z Income	0.06%	Lowest 8%

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	-	-	1.04%	-
A Accumulation	1.00%	1.00%	0.94%	Lowest 49%
A Income	1.00%	1.00%	0.94%	Lowest 49%
C Accumulation	1.00%	0.82%	0.69%	Lowest 28%
C Income	1.00%	0.82%	0.69%	Lowest 28%
Z Income	-	0.20%	0.19%	Lowest 9%

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 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 represents the latter. 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
Z Income	0.19%	-	-	£10,000,000	£10,000	£10,000,000
C Accumulation	0.69%	0.50%	0.50%	£5,000,000	£5,000	£5,000,000
C Income	0.69%	0.50%	0.50%	£5,000,000	£5,000	£5,000,000
A Accumulation	0.94%	0.75%	0.25%	£1,000	£100	£1,000
A Income	0.94%	0.75%	0.25%	£1,000	£100	£1,000

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 incremental difference in OCF between the A unit classes and the C unit classes is below the suggested materiality threshold and would appear reasonable, in the context of the differences in investment minima for each unit class.

The incremental difference in OCF between the A unit classes and the Z unit class, is above the suggested materiality threshold. The AFM understands that the Z class units have been created for a specific client group, to allow for efficient portfolio construction within a range of balanced mandates. The AFM is comfortable that the price differential is justified in this context.

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 Performance, the AFM will discuss the trend in long term performance with the

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

20/11/2024