Valu-Trac Investment Management Limited

Annual Assessment of Value Statement as at 31 March 2025

VT AJ Bell Cautious Fund

Fund Information

Investment Manager:	AJ Bell Asset Management Limited
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The investment objective of VT AJ Bell Cautious is to achieve long-term capital growth with a high level of exposure (often indirect) to defensive assets such as cash, fixed interest securities, money market funds and collective investment schemes following alternative strategies such as property and commodities and a low level of exposure to higher risk assets such as equities. This is to keep the Fund within a pre-determined risk profile. Capital is in fact at risk and there is no guarantee that capital growth will be achieved over a 5 year, or any, period.
Investment Policy:	The Fund will seek to achieve its objective (and so provide exposure to the asset classes noted in the objective) by investing predominantly (80% +), in index-tracking investments or strategies (those instruments and/or investment strategies that aim to track the performance of various financial indices) and which typically consist of collective investment schemes (including those managed or operated by the ACD) as well as equities, bonds and transferable securities. The Fund may also invest in non-index tracking collective investment schemes, equities, bonds, transferable securities, money market instruments, deposits, cash and near cash. The Fund will not have any particular geographic, industry or economic sector focus and as such weightings in these may vary as required. The Fund may have exposure to emerging markets through its investments in e.g. collective investment schemes or futures. The Fund's risk profile is managed by restricting the types of asset held and allocations to those assets. The risk profiles are determined by the external risk rating agency's forward looking volatility assumptions. The Fund aims to operate with a risk rating of 3, on a scale of 1-10 where 1 is an allocation to cash and 10 is an allocation to riskier equity regions such as Asia and emerging markets. Derivatives (that is sophisticated investment instruments linked to the rise and fall of the price of other assets) are held only for efficient portfolio management purposes.

AUM (£):	£110.4m
Fund Launch Date:	18/04/2017

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 AJ Bell Cautious 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	1.2%	G	R	G	G	G	G	G	A
I Accumulation	98.6%	G	G	G	G	G	G	G	G
I Income	0.2%	G	n/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 March 2024:

VT AJ Bell Cautious 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	0.0%	G	n/a	G	G	G	G	G	G
I Accumulation	100.0%	G	G	G	G	G	G	G	G

Previous Remedial Actions

- None

New Remedial Actions

- Performance
  - Assessed as Green, overall
    - The AFM will discuss the drivers of nearer term performance with the Investment manager, where appropriate.

Detailed Assessment

Quality of Service

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

- Investment Management services: AJ Bell Asset Management Limited
- Depositary services: NatWest Trustee and Depositary Services Limited
- Custodian services: CACEIS Bank, UK Branch
- External audit: Frame Kennedy

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 VT AJ Bell Cautious is to achieve long-term capital growth with a high level of exposure (often indirect) to defensive assets such as cash, fixed interest securities, money market funds and collective investment schemes following alternative strategies such as property and commodities and a low level of exposure to higher risk assets such as equities. This is to keep the Fund within a pre-determined risk profile. Capital is in fact at risk and there is no guarantee that capital growth will be achieved over a 5 year, or any, period.

Constraining Benchmark:

none

Comparator Benchmark:

IA Mixed Investment 0%-35% Shares Sector Average

Target Benchmark:

none

Peer Group:

IA Mixed Investment 0%-35% Shares Sector

Minimum Recommended Holding Period:

5 Years

Management Approach:

Active (Active Asset Allocation, Passive Implementation)

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	3.4%	-	-	-	5.5%	-
A Accumulation	0.9%	-	-	-	3.1%	Lowest 6%
Benchmark	3.4%	1.0%	3.0%	-	-	-
I Accumulation	1.1%	1.4%	3.1%	Lowest 45%	-	-

*To 31 March 2025

Total return is the actual rate of return of an investment over a period. Total return includes interest, capital gains, dividends, and realised distributions (where appropriate).

The A Accumulation unit class launched on 22 January 2024.

The I Income unit class launched on 01 November 2024. Owing to the fact that this unit class has a performance track record of less than 12 months, it has been excluded from any formal performance assessment.

Source: Morningstar

Conclusion:

Green

The net total return of the A Accumulation unit class is below that of the performance comparator benchmark, since inception.

The net total return of the I Accumulation unit class 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 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 drivers of nearer term performance with the Investment manager, where appropriate.

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

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	0.68%	-
A Accumulation	0.45%	Lowest 23%
I Accumulation	0.31%	Lowest 14%
I Income	0.31%	Lowest 14%

Source: Morningstar

Conclusion:

Green

The Investment Management Fee is proposed by AJ Bell 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 AJ Bell 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 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.

Despite the fund having an AUM of less than £250m, the fund has a tiered depositary fee, subject to a minimum amount, alongside other fixed fees, such as audit fees.

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)	2023	2024	Current	
				Peer Rank
Peer Group	-	-	0.95%	-
A Accumulation	-	0.45%	0.45%	Lowest 14%
I Accumulation	0.31%	0.31%	0.31%	Lowest 8%
I Income	-	-	0.31%	Lowest 8%

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 nine funds for which AJ Bell Asset Management Limited are the Investment Manager. Each of these funds are what may be termed multi asset class funds. Differences between funds, in terms of their management approach 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
I Accumulation	0.31%	-	-	£1,000	£25	£1
I Income	0.31%	-	-	£1,000	£25	£1
A Accumulation	0.45%	0.14%	0.14%	£1,000	£25	£1

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 both unit classes come with the same set of investment minima attached. The AFM also notes that the recently launched A Accumulation unit class is intended for the exclusive use of customers within the AJ Bell pensions finding service, accessible via the AJ Bell platform; the manager has advised that, as a direct consequence of this platform listing, unitholders within the A Accumulation unit class will be afforded a differentiated, enhanced, level of service, compared to holders of I Accumulation units. The additional fee charged to investors within the A Accumulation unit class versus the I Accumulation unit class relates to the account and administration charges levied by the AJ Bell platform, and therefore the overall outcome for investors holding A Accumulation unit class is the same as that for investors holding the I Accumulation unit class. Owing to this, the AFM has concluded that unitholders within the A Accumulation unit class are receiving good value in relation to Classes of Units.

The AFM has concluded that unit holders 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 performance, the AFM will discuss the drivers of nearer term performance with the Investment manager, where appropriate.

The AFM has concluded that the unitholders within the VT AJ Bell Cautious Fund are receiving good value, overall.

28/07/2025