Valu-Trac Administration Services

Annual Assessment of Value Statement as at 31 March 2023

VT AJ Bell Responsible Growth Fund

Fund Information

Investment Manager:	AJ Bell Asset Management Ltd.
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The investment objective of VT AJ Bell Responsible Growth is to achieve capital growth over the long-term (5 years) through investment in assets that follow a responsible strategy. 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 Sub-fund will seek to achieve its objective by investing at least 80%, in index-tracking investments and which consist of collective investment schemes (including those managed or operated by the ACD). The indexes which the investments of the Sub-fund will track will be those indexes which the Investment Manager considers incorporate environmental, social and governance considerations and more specifically which apply: (i) values based exclusions (and so exclude investments with material revenue exposure (more than 15%) to the manufacture or supply of weapons; unconventional extraction of oil, gas and consumable fuels; metals and minerals; the sale or manufacture of tobacco; gambling; alcohol and adult entertainment ; and (ii) 'norms based screening' to remove companies from the investment universe which do not, for example meet minimum standards of business practice against, for example, the UN Declaration of Human Rights). The Sub-fund may also invest (up to 20%) in the following (in respect of which the 'responsible' filters noted above may not apply): non-index tracking collective investment schemes (including those managed and/or advised by the ACD or Investment Manager), equities, bonds, money market instruments, deposits, cash and near cash. Save as noted above (with a focus on responsible investment) the Sub-fund will not have any particular geographic, industry or economic sector focus and as such weightings in these may vary as required. The Sub-fund may have exposure to emerging markets (those markets whose economies are in an emerging growth phase and offer higher

	potential return with higher risks than developed market countries) through its investments in e.g. collective investment schemes or futures. 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 (£):	£95.4
Fund Launch Date:	23/11/2020

Our assessment has been conducted against the seven criteria outlined by the FCA and the fund has been rated via the "traffic light" system. This has been summarised within the table, below:

VT AJ Bell Responsible Growth 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
I Net Accumulation	95.1%	G	G	G	G	G	G	G	G
I Net Income	4.9%	G	G	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 2022:

VT AJ Bell Responsible Growth 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
I Net Accumulation	95.3%	G	G	G	G	G	G	G	G
I Net Income	4.7%	G	G	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

- None

New Remedial Actions

- None

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 Ltd.
- Depositary services: NatWest Trustee and Depositary Services Limited
- Custodian services: RBC Investor Services Trust, UK branch (RBC)
- 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.

The fund is predominantly invested in collective investment vehicles which have an explicit ESG or SRI bias.

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 reasonably 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 Responsible Growth is to achieve capital growth over the long-term (5 years) through investment in assets that follow a responsible strategy. 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 Flexible Investment Sector Average

Target Benchmark:

None

Peer Group:

IA Flexible Investment Sector

Minimum Recommended Holding Period:

5 Years

Management Approach:

Active Asset Allocation, Passive Implementation

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

Change in Fund Value	1 year to Mar-2023	1 year to Mar-2022	Since Inception to Mar-2023
I Net Accumulation	-5.0%	6.7%	7.3%
I Net Income	-5.1%	6.7%	7.4%

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	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	-4.0%	2.7%	-
I Net Accumulation	-4.2%	3.6%	Highest 39%
I Net Income	-4.2%	3.7%	Highest 37%

*To 31 March 2023

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:

Green

The fund has achieved positive capital growth, since inception.

The fund has out-performed its comparator benchmark, on a total return basis, since inception.

It should be noted that while the minimum recommended holding period for the fund is five years, the fund has only been in existence for a little under three.

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 share class within the Fund has its own Annual Management Charge (AMC). The AMC may be thought of as being the amount deducted from a share class's average net assets to pay for the investment management of that share class; this charge will typically include a proportionate allocation from the Investment Management Fee, ACD fee and other, ancillary fees.

The current AMC of each share 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	0.88%	-
I Net Accumulation	0.17%	Lowest 8%
I Net Income	0.17%	Lowest 8%

Source: Valu-Trac / Morningstar

Conclusion:

Green

The Investment Management Fee is proposed by AJ Bell Asset Management Ltd. Owing to the limitations of the host ACD model which the AFM operates, the AFM is unable to comment upon the specific profit margin this fee may generate for AJ Bell; 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, which is the threshold we consider 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

Although the fund is smaller than £250m, we note the fees charged are already comparable to funds with a similar objective, but a larger amount of assets, indicating the fees are already representative of a much larger fund.

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

Comparable Market Rates

The current and historic On-going 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	-	-	1.25%	-
I Net Accumulation	0.55%	0.59%	0.45%	Lowest 8%
I Net Income	0.55%	0.59%	0.45%	Lowest 8%

Source: Morningstar

Conclusion

Green

The OCF includes the costs of underlying funds held. This is currently estimated at 0.22%, but can change as the underlying investments made change.

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 Ltd. are the Investment Manager. Six of these funds are 'growth' funds designed for long term wealth accumulation, two aim to achieve a combination of income and growth, and one overlays a responsible investment objective. This fund is the sole fund with an explicit responsible investment objective. Allowing for this difference in investment approach, the AFM believes that this fund is priced consistently with the 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

There is only one type of share class in this fund (albeit with an accumulation and income variant) and all investors are offered the same level of service; therefore, all shareholders of this fund are treated equally in all respects.

Conclusion

Green

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

Overall Assessment

Green

The AFM has concluded that unitholders are receiving good value in respect to each of the seven, discrete criteria assessed above i.e. all criteria have been assessed as green.

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

01/08/2023