



Valu-Trac Investment Management Limited

Annual Assessment of Value Statement as at 29 February 2024

VT Avastra Global Alternatives Fund

Fund Information

Investment Manager:	Oakham Wealth Management Limited
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The Fund aims to achieve capital growth over the medium term (5 years).
Investment Policy:	The Fund will invest in a range of collective investment schemes, money market instruments, transferable securities (including structured products) and derivative instruments in order to gain indirect exposure to property, commodities, hedge funds, currency funds and convertible bonds. The portfolio will be actively managed and will normally remain fully invested unless there is significant volatility in other asset markets or asset valuations are not attractive. There will, however, be no restrictions on the underlying investments held, in terms of investment type, geographical or economic sector and the fund manager has the absolute discretion to weight the portfolio towards any investment type or sector, including cash, at any time. Borrowing will be permitted up to the levels stated in the Regulations. Foreign currency exposure may be hedged back to the base currency. The Fund may hold derivatives for investment purposes as well as for efficient portfolio management purposes. It is not intended that the use of derivatives in this way will change the risk profile of the Fund.
AUM (£):	£2.8m
Fund Launch Date:	22/11/2010

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 Avastra Global Alternatives 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	R	G	G	A	G	G	A
Accumulation GBP	99.6%	G	R	G	G	A	G	G	A
Accumulation USD	0.4%	G	R	G	G	A	G	G	A

The table below shows the overall summary for the previous assessment i.e. carried out as at 29 February 2023:

VT Avastra Global Alternatives 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	 R	 A	 G	 R	 G	 G	 R
Accumulation GBP	99.6%	 G	 R	 A	 G	 R	 G	 G	 R
Accumulation USD	0.4%	 G	 R	 A	 G	 R	 G	 G	 R

The 2023 assessment used previous criteria that has since been updated as described above, and therefore the results for 2023 are not directly comparable with the updated 2024 assessment.

Previous Remedial Actions

- Performance
 - Assessed as Red
 - The AFM has engaged with the Investment Manager in relation to the issues highlighted. Discussions are on-going.
- AFM Costs - General
 - Assessed as Amber
 - The AFM has engaged with the Investment Manager in relation to the issues highlighted. Discussions are on-going.
- Comparable Market Rates
 - Assessed as Red
 - The AFM has engaged with the Investment Manager in relation to the issues highlighted. Discussions are on-going.

New Remedial Actions

- Performance
 - Assessed as Red:
 - The AFM will continue to discuss the trend in long term performance with the Investment Manager. The AFM will also investigate the drivers of long term performance and will present any relevant findings to the Investment Manager, for their comment and consideration, at the next scheduled Investment Manager meeting.

Comparable Market Rates

- Assessed as Amber:
 - 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 acknowledges that the overall costs within this fund are now subject to a recently introduced fee cap of 1.50% OCF.

Detailed Assessment

Quality of Service

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

- Investment Management services: Oakham Wealth Management Limited.
- 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 Fund aims to achieve capital growth over the medium term (5 years).

Constraining Benchmark:

none

Comparator Benchmark:

SONIA

Target Benchmark:

none

Peer Group:

IA Specialist Sector

Minimum Recommended Holding Period:

5 Years

Management Approach:

Active

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	5.1%	2.4%	1.5%	-	-	-
Accumulation GBP	-2.0%	-1.8%	-1.0%	Lowest 8%	-	-
Benchmark	9.8%	-1.0%	-	-	1.3%	-
Accumulation USD	2.4%	-5.1%	-	-	-2.3%	Lowest 17%

*To 29 February 2024

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 Accumulation USD unit class was launched on 14 October 2020.

Source: Morningstar

Conclusion:



Red

The net total return of each unit class within the fund is significantly below that of its performance comparator benchmark, over the minimum recommended holding period or longer term (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 will continue to discuss the trend in long term performance with the Investment Manager. The AFM will also investigate the drivers of long term performance and will present any relevant findings to the Investment Manager, for their comment and consideration, at the next scheduled Investment Manager meeting.

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 IM Fee Component payable to Oakham Wealth Management Limited is the same for all share classes at 0.35%.

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	0.97%	-
Accumulation GBP	0.78%	Lowest 41%
Accumulation USD	0.78%	Lowest 41%

Source: Valu-Trac / Morningstar

Conclusion:

 Green

The Investment Management Fee of 0.35% is proposed by Oakham Wealth 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 Oakham Wealth 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.

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)	2022	2023	Current	
				Peer Rank
Peer Group			1.23%	-
Accumulation GBP	2.18%	2.02%	1.50%	Highest 34%
Accumulation USD	2.18%	2.02%	1.50%	Highest 34%

Source: Morningstar

Conclusion



Amber

The OCF includes the costs of underlying funds held. This is currently estimated at 0.37%, but can change as the underlying investments made, change.

Unitholders are currently paying an OCF higher than the market average for similar funds.

The AFM will discuss the level of the OCF with the Investment Manager, at the next scheduled Investment Manager meeting. The AFM acknowledges that the overall costs within this fund are now subject to a recently introduced fee cap of 1.50%.

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

Comparable Services

Valu-Trac act as AFM for three funds for which Oakham Wealth Management Limited are the Investment Manager. Each of these funds are what may be termed single 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

There is only one type of unit class in this fund (albeit having differing currency denominated variants) and all investors are offered the same level of service; therefore, all unitholders 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



Amber

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

With regard to Performance, the AFM will continue to discuss the trend in long term performance with the Investment Manager. The AFM will also investigate the drivers of long term performance and will present any relevant findings to the Investment Manager, for their comment and consideration, at the next scheduled Investment Manager meeting.

With regard to Comparable Market Rates, the AFM will discuss the level of the OCF with the Investment Manager, at the next scheduled Investment Manager meeting. The AFM acknowledges that the overall costs within this fund are now subject to a recently introduced fee cap of 1.50%.

The AFM has concluded that the unitholders within the VT Avastra Global Alternatives Fund are receiving reasonable value, overall.

23/05/2024