

Statement by the Authorised Fund Manager (AFM) to the unitholders of the VT Avastra Global Equity Fund on the outcome of the AFM's assessment of the value provided to unitholders

For the year ended 28 February 2023

This assessment is to establish what the VT Avastra Global Equity Fund (the Fund) has delivered to you in return for the price you have had to pay.

Our assessment has been conducted against the seven factors outlined by the FCA and the Fund has been rated via a 'traffic light' system, where green (G) indicates receiving good value, amber (A) indicates receiving reasonable value and red (R) indicates not receiving good value.

The dashboard below shows the overall summary of this assessment, **as at 28 February 2023**:

	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
VT Avastra Global Equity Fund	 G	 R	 A	 G	 R	 G	 G	 R
Sterling Accumulation	 G	 R	 A	 G	 R	 G	 G	 R
US Dollar Accumulation	 G	 A	 A	 G	 R	 G	 G	 A

The dashboard below shows the overall summary for the previous assessment i.e. carried out as at 28 February 2022:

	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
VT Avastra Global Equity Fund	 G	 R	 R	 G	 G	 G	 G	 R

The VT Avastra Global Equity Fund was launched on 22 November 2010.

The AFM is the Authorised Corporate Director of the Fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is Oakham Wealth Management Ltd.

The Fund aims to achieve capital growth over the medium to long term (5-7 years).

The Fund will invest at least 80% of its portfolio in a combination of global equities and units in collective investment schemes which themselves hold direct equity or equity related instruments.

The Fund may also invest, at the ACD's discretion, in other transferable securities (including structured products), money market instruments, cash and near cash and deposits to meet the investment objective.

Use may also be made of stock lending and borrowing. 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.

The value of each share class at the end of the last five financial years are as follows:

At and for the year ended					
	28-Feb-23	28-Feb-22	28-Feb-21	28-Feb-20	28-Feb-19
Value of Fund					
Sterling Accumulation	£6.78m	£6.86m	£7.96m	£7.65m	£8.32m
US Dollar Accumulation	\$0.07m	\$0.07m	\$0.08m	-	-

*Source: Valu-Trac, since 16/07/2021; prior to 16/07/2021, FundRock Partners Limited
US Dollar Accumulation share class launched 14 October 2020*

In carrying out the assessment of value the following criteria were considered:

1. Quality of service

The AFM considers that a good level of service was provided to unitholders by all parties involved commensurate to the amount paid by the Fund for those services. The AFM monitors the following operational services:

Depository – NatWest Trustee and Depositary Services Limited

Custodian – RBC Investor Services Trust, UK branch (RBC)

The external audit is conducted by Johnston Carmichael LLP.

These services are essential in ensuring that the Fund operated efficiently and in the case of the Depository and Custodian the service is supervised on an on-going daily basis by the AFM. As a unitholder this means that you can be certain that your requests such as investment and redemption of the Fund's units will always be carried out exactly as set out in the documentation.

Valu-Trac does not delegate any of the core operating functions of the Fund such as fund administration, fund accounting and transfer agency. This means that the AFM directly employs and supervises the individuals who are carrying out this work and that those undertaking the work are appropriately qualified and experienced. Due to this high level of supervision and control of these functions the AFM believes that the unitholders can be certain that their instructions will be carried out efficiently and that the reporting they receive is timely and focused. The AFM works closely with the investment manager to coordinate any required investment communications.

The AFM has concluded that the unitholders within the Fund are receiving good value for the quality of services provided by each party (detailed analysis on how we have arrived at this conclusion can be provided on request).

2. Performance

The AFM has assessed performance of the Fund net of all the charges that are outlined in its prospectus.

The objective of the Fund is to achieve capital growth over the medium to long term (5-7 years).

As such the time horizon used to assess performance is 7 years, however shorter periods are also reviewed to provide context for longer term performance.

For accumulation share classes, income is reinvested into the Fund, so the change in the net asset value (NAV) reflects the combination of capital growth and income, or total net return. Where an explicit value for retained income may be available, it may be possible to disaggregate the contribution to total

net return from, both, capital growth and income. For each of the share classes, below, however, no explicit value for retained income is available; therefore, the only measure of performance available, is that of total net return.

The total net returns generated by each share class within the Fund, are shown below. This is after on-going charges (OCF). This includes the fee paid to the Investment Manager, and transaction costs.

The performance comparator selected for the Fund is the IA Global Sector Average.

Note the comparator has been adjusted for the relevant share class currencies to provide relevant comparison.

	2023 Performance	2023 Comparator Performance	5-Year Performance (per year)	5-Year Comparator Performance (per year)	7-Year Performance (per year)	7-Year Comparator Performance (per year)
Sterling Accumulation	1.54%	1.52%	2.91%	7.67%	7.17%	10.93%
US Dollar Accumulation	-8.30%	-8.40%	-	-	0.62%	2.81%

Source: Morningstar

US Dollar Accumulation share class launched 14 October 2020. Since Inception

Performance figures for this share class are shown above.

The AFM has also assessed the investment risk within the Fund. The AFM has concluded that investment risk is not out of keeping for an actively managed Fund of this type. Further details may be provided upon request.

The performance of the Sterling Accumulation share class is significantly below that of the performance comparator over the long term. The AFM has therefore concluded that unitholders within this share class are not receiving good value, with regard to performance.

The performance of the USD Accumulation share class is moderately below that of the performance comparator since inception. The AFM has therefore concluded that unitholders within this share class are receiving reasonable value, with regard to performance.

3. AFM costs - general

The costs directly charged to the Fund, during the year ended 28 February 2023, were as follows:

	£	%age of average fund value
Investment manager's fee	22,909	0.35%
ACD fee	26,689	0.40%
Depository fees	18,000	0.27%
Audit fee	6,455	0.10%
FCA fee	55	0.00%
Safe custody fee	657	0.01%
Transaction charges (custodian)	36	0.00%
Legal expenses	4,000	0.06%
Other expenses	1,680	0.02%
Total Costs	80,480	1.21%

Source: Valu-Trac

The AFM has concluded that the Annual Management Charge (AMC) (this is the Investment Manager fee and the ACD fee) equivalent to 0.75%, is reasonable for an actively managed Fund of this type. Within this charging structure, the ACD fee is fixed and may rise annually, in line with inflation, and the Investment Manager's fee is variable. However, owing to the modest size of the Fund, overall, the sum of all direct charges is higher than other, similar Funds, managed by the AFM.

The AFM has therefore concluded that unitholders are receiving reasonable value, with regard to AFM costs.

4. Economies of scale

The AFM has assessed to what extent it has been able to achieve any savings as a result of economies of scale. Where any such savings have been made this has in every case been passed on to the unitholders. An example of this is the depository fees charged being on a sliding scale so reduce in cost as the Fund exceeds certain thresholds. As the AFM grows its total assets across all schemes it uses this purchasing power to benefit all schemes.

The AFM has therefore concluded that all unitholders within the Fund are receiving good value in terms of economies of scale.

5. Comparable market rates

The AFM has considered the costs charged to the Fund, by comparing the ongoing charges (OCF) of the share classes to the average OCF of the IA Global sector retail classes, where available, alongside the historical change for each share class. This is shown below:

OCF	28-Feb-23	28-Feb-22	28-Feb-21	28-Feb-20	28-Feb-19
Sterling Accumulation	2.08%	2.05%	2.45%	2.48%	2.48%
US Dollar Accumulation	2.08%	2.05%	-	-	-
IA Global Sector Average	0.85%	-	-	-	-

Source: Valu-Trac / Morningstar

The AFM notes that the operating charge of each share class includes the costs of underlying funds held, at 0.92%.

Unitholders are currently paying an OCF greater than that of the market average for similar funds. This is also among the most expensive among peers.

The trend in charges is favourable for unitholders, with the OCF generally reducing, despite the overall size of the Fund reducing.

The AFM has therefore concluded that unitholders within the Fund are not receiving good value, with regard to market rates.

6. Comparable services

The services provided to this Fund and the costs are also comparable amongst other similar funds operated by the AFM with the same investment manager, and is aligned with its normal operating model.

The AFM concludes that unitholders in all share classes are receiving good value with regard to comparable services.

7. Classes of units

There is only type of share class in this Fund (with Sterling and USD denominated versions). Therefore, all unitholders of this Fund are treated equally in all respects.

The AFM concludes that unitholders are receiving good value, with regard to classes of units.

CONCLUSION

Our assessment has been conducted against the seven factors outlined by the FCA and the Fund has been rated via a ‘traffic light’ system, where green (G) indicates receiving good value, amber (A) indicates receiving reasonable value and red (R) indicates not receiving good value.

	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
VT Avestra Global Equity Fund	 G	 R	 A	 G	 R	 G	 G	 R
Sterling Accumulation	 G	 R	 A	 G	 R	 G	 G	 R
US Dollar Accumulation	 G	 A	 A	 G	 R	 G	 G	 A

Recent Fund performance for both share classes, has been broadly in line with that of the performance comparator. However, long term Fund performance, for both share classes, continues to lag that of the performance comparator. The AFM has concluded that the unitholders within the Sterling Accumulation share class are not receiving good value, and that unitholders within the USD Accumulation share class are receiving reasonable value, in relation to performance. The AFM will continue to monitor performance trends and, where appropriate, will work with the Investment Manager to ensure the Fund is well positioned to perform in line with both its objectives and any performance comparator or benchmark.

The AFM has concluded that the Annual Management Charge (AMC) of 0.75%, is reasonable for an actively managed Fund of this type. However, owing to the modest size of the Fund, overall, the sum of all direct charges is higher than other, similar funds, managed by the AFM. The AFM has therefore concluded that unitholders are receiving reasonable value, with regard to AFM costs.

The AFM notes that the operating charge for both share classes is greater than that of the sector average and that they appear to be among the most expensive within that sector. The AFM will continue discussions with the appointed Investment Manager in relation to on-going charges.

The AFM has therefore concluded that unitholders within the Avastra Global Equity Fund are not receiving good value, overall.

01/06/2023