



Annual Assessment of Value Statement as at 30 June 2024

VT Castlebay UK Equity Fund

Fund Information

Investment Manager:	Castlebay Investment Partners LLP
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The objective of the Fund is to preserve capital and generate income and capital growth over the long term (5 years and over).
Investment Policy:	The Fund will aim to meet its investment objective by investing at least 80% in a portfolio of companies incorporated and listed in the UK. The Fund may also invest in overseas equities, bonds, money market instruments, deposits and cash and near cash. There will be no particular emphasis on any industrial or economic sector.
AUM (£):	£168.8m
Fund Launch Date:	28/01/2015

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 Castlebay UK 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 Net Accumulation	2.5%	● G	● G	● R	● G	● G	● A	● G	● A
A Net Income	1.2%	● G	● G	● R	● G	● G	● A	● G	● A
B Net Accumulation	14.8%	● G	● G	● A	● G	● G	● A	● G	● G
B Net Income	1.7%	● G	● G	● A	● G	● G	● A	● G	● G
C Net Accumulation	57.2%	● G	● G	● G	● G	● G	● G	● G	● G
C Net Income	22.6%	● 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 30 June 2023:

VT Castlebay UK 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 Net Accumulation	3.3%	● G	● G	● A	● G	● A	● G	● G	● G
A Net Income	1.5%	● G	● G	● A	● G	● A	● G	● G	● G
B Net Accumulation	17.5%	● G	● G	● A	● G	● A	● G	● G	● G
B Net Income	4.7%	● G	● G	● A	● G	● A	● G	● G	● G
C Net Accumulation	64.7%	● G	● G	● G	● G	● G	● G	● G	● G
C Net Income	8.4%	● G	● G	● G	● G	● G	● G	● G	● G

A new methodology for determining an overall fund rating has previously 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

- AFM Costs – General:
 - Assessed as Green, overall
 - Where applicable, the AFM will discuss the level of the Annual Management Charge (AMC) with the Investment Manager at the next scheduled Investment Manager meeting.
- Comparable Market Rates:
 - Assessed as Green, overall
 - Where applicable, the AFM will discuss the level of the Ongoing Charges Figure (OCF) with the Investment Manager at the next scheduled Investment Manager meeting.
- Classes of Units
 - Assessed as Green, overall
 - Where applicable, the AFM will discuss the specific contribution which platform administration costs may make to the OCF of each unit class with the Investment Manager and what waivers may exist in relation to such costs. The AFM will also seek to understand the circumstances under which such waivers may be applied.

New Remedial Actions

- AFM Costs – General:
 - Assessed as Green, overall
 - The AFM notes that the costs in this fund are subject to a fee cap, previously agreed with the Investment Manager. The AFM will discuss the level of the Annual Management Charge (AMC) with the Investment Manager, where applicable.
- Comparable Market Rates:
 - Assessed as Green, overall
 - The AFM notes that the costs in this fund are subject to a fee cap, previously agreed with the Investment Manager. The AFM will discuss the level of the Ongoing Charges Figure (OCF) with the Investment Manager, where applicable.

Detailed Assessment

Quality of Service

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

- Investment Management services: Castlebay Investment Partners LLP

- Depository services: NatWest Trustee and Depository 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 objective of the Fund is to preserve capital and generate income and capital growth over the long term (5 years and over).

Constraining Benchmark:

none

Comparator Benchmark:

The IA UK All Companies Sector Average

Target Benchmark:

none

Peer Group:

The IA UK All Companies 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						
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	1 year to Jun-2024	1 year to Jun-2023	1 year to Jun-2022	1 year to Jun-2021	1 year to Jun-2020	5 years to Jun-2024
A Net Accumulation	5.6%	1.9%	-10.6%	14.2%	-2.0%	8.4%
A Net Income	5.5%	1.9%	-10.3%	13.7%	-2.1%	7.4%
B Net Accumulation	5.8%	2.1%	-10.4%	14.6%	-1.8%	9.7%
B Net Income	5.6%	2.0%	-10.1%	14.1%	-1.9%	8.4%
C Net Accumulation	6.0%	2.4%	-10.2%	14.8%	-1.6%	10.9%
C Net Income	6.0%	2.4%	-10.0%	14.9%	-	-

Source: Valu-Trac

The income generated (percentage yield) by each available share class within the fund, is shown below:

Yield	1 year to Jun-2024	1 year to Jun-2023	1 year to Jun-2022	1 year to Jun-2021	1 year to Jun-2020	5 years to Jun-2024 (avg. per-year)
Benchmark	2.4%	2.5%	2.1%	1.5%	2.9%	-
A Net Accumulation	3.6%	3.5%	3.3%	2.6%	2.4%	3.2%
A Net Income	3.6%	3.4%	3.2%	3.0%	2.4%	3.0%
B Net Accumulation	3.7%	3.5%	3.3%	2.5%	2.4%	3.2%
B Net Income	3.6%	3.5%	3.3%	2.8%	2.4%	3.0%
C Net Accumulation	3.7%	3.5%	3.3%	2.6%	2.4%	3.2%
C Net Income	3.6%	3.4%	3.3%	2.3%	-	-

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)	5 years (avg. return per-year)	5 years Peer Rank	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	12.7%	3.0%	4.4%	-	-	-
A Net Accumulation	9.2%	2.2%	4.6%	Lowest 45%	-	-
A Net Income	9.2%	2.2%	4.6%	Lowest 45%	-	-
B Net Accumulation	9.4%	2.4%	4.8%	Lowest 48%	-	-
B Net Income	9.3%	2.4%	4.8%	Lowest 47%	-	-
C Net Accumulation	9.6%	2.6%	5.1%	Highest 46%	-	-
Benchmark	12.7%	3.0%	-	-	3.0%	-
C Net Income	9.6%	2.7%	-	-	3.4%	Lowest 47%

*To 30 June 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 C Net Income unit class launched 14 January 2020.

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

Each unit class within the fund has succeeded in generating capital growth over the longer term.

Each unit class within the fund has succeeded in generating income over the longer term; for most of the five, discrete twelve month periods shown, the yield generated has been in excess of that of the peer group average.

Each unit class within the fund has out-performed its performance comparator benchmark, on a net total return basis, over the longer term.

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 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	0.70%	-
A Net Accumulation	1.01%	Highest 20%
A Net Income	1.01%	Highest 20%
B Net Accumulation	0.81%	Highest 33%
B Net Income	0.81%	Highest 33%
C Net Accumulation	0.61%	Lowest 40%
C Net Income	0.61%	Lowest 40%

Source: Morningstar

Conclusion:

 Green

The Investment Management Fee is proposed by Castlebay Investment Partners LLP. 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 Castlebay Investment Partners LLP; 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 within the A and B unit classes are currently paying an AMC higher than the market average for similar funds.

Unitholders within the C unit classes are currently paying an AMC lower than the market average for similar funds.

The AFM notes that the costs in this fund are subject to a fee cap, previously agreed with the Investment Manager. The AFM will discuss the level of the Annual Management Charge (AMC) with the Investment Manager at the next scheduled Investment Manager meeting, where applicable.

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

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	-	-	0.76%	-
A Net Accumulation	1.00%	1.02%	1.02%	Highest 25%
A Net Income	1.00%	1.02%	1.02%	Highest 25%
B Net Accumulation	0.80%	0.82%	0.82%	Highest 45%
B Net Income	0.80%	0.82%	0.82%	Highest 45%
C Net Accumulation	0.60%	0.62%	0.62%	Lowest 37%
C Net Income	0.60%	0.62%	0.62%	Lowest 37%

Source: Morningstar

Conclusion

 Green

Unitholders within the A and B unit classes are currently paying an OCF higher than the market average for similar funds.

Unitholders within the C unit classes are currently paying an OCF lower than the market average for similar funds.

The AFM notes that the costs in this fund are subject to a fee cap, previously agreed with the Investment Manager. The AFM will discuss the level of the OCF with the Investment Manager at the next scheduled Investment Manager meeting, where applicable.

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

Comparable Services

Valu-Trac act as AFM for only one fund for which Castlebay Investment Partners LLP act as Investment Manager.

The services provided in respect to this fund are 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 Holding Amount	Minimum Top-Up Amount
C Net Accumulation	0.62%	-	-	£20,000,000	£20,000,000	£1,000,000
C Net Income	0.62%	-	-	£20,000,000	£20,000,000	£1,000,000
B Net Accumulation	0.82%	0.20%	0.20%	£2,000,000	£2,000,000	£100,000
B Net Income	0.82%	0.20%	0.20%	£2,000,000	£2,000,000	£100,000
A Net Accumulation	1.02%	0.40%	0.20%	£10,000	£10,000	£1,000
A Net Income	1.02%	0.40%	0.20%	£10,000	£10,000	£1,000

Where a share class may have a minimum investment or minimum holding amount, this may help the share class scale quicker, leading to a lower proportional servicing cost, and thus, lower Ongoing charges.

Conclusion

 Green

The B unit classes have notably more stringent investment minima than the A unit classes. The C unit classes have the most stringent investment minima overall. Given that the incremental difference in OCF between each unit class is below the suggested materiality threshold, the AFM has concluded that unitholders within each of these share classes are receiving good value, in relation to Classes of Units.

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 all seven, discrete criteria assessed above i.e. all have been assessed as green.

The AFM notes that the costs in this fund are subject to a fee cap, previously agreed with the Investment Manager.

With regard to AFM Costs – General, the AFM will discuss the level of the AMC with the Investment Manager, where applicable.

With regard to Comparable Market Rates, the AFM will discuss the level of the OCF with the Investment Manager, where applicable.

The AFM has concluded that the unitholders within the VT Castlebay UK Equity Fund are receiving good value, overall.

Dd/mm/yyyy