



Annual Assessment of Value Statement as at 31 January 2025

Discovery Balanced Fund

Fund Information

Investment Manager:	Hawksmoor Investment Management Limited
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The objective of the Fund is to provide returns through a combination of capital growth and income over a market cycle (5 years).
Investment Policy:	The Fund will primarily gain exposure indirectly via eligible collective investment schemes and other collective investment vehicles (for example, investment companies, exchange traded funds) to a range of eligible assets such as transferable securities (shares (including investment trusts), debentures, government and public securities, warrants or certificates representing certain securities), money market instruments, deposits, cash, property and commodities to provide diversification. The Fund may also invest directly in such eligible assets (excluding property and commodities). Derivatives will be used only for the purpose of Efficient Portfolio Management. The Fund will be constructed based on the Investment Manager's assessment of the broader economic outlook as well as the absolute and relative attractiveness of different asset classes. This analysis, combined with the view on the potential risk profile and relative risk-adjusted returns of asset classes will determine the current asset allocation of the Fund. Typically, the Fund is likely to have a balanced exposure to underlying equities and commodities, on the one hand, and underlying cash, fixed interest and property assets on the other. The Investment Manager will use a wide range of assets and asset classes to provide a diversified investment approach and will actively alter the weights of the component parts where necessary with a view to achieving the investment objective. The Fund might have the ability to be fully invested in one class of asset, but in reality, due to creating a diversified investment solution, it will be exposed to numerous managers, geographies, asset classes and styles.
AUM (£):	£87.7m
Fund Launch Date:	21/05/2005

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:

Discovery Balanced 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
B Net Accumulation £	3.3%	G	R	A	G	A	G	G	A
B Net Income £	3.1%	G	R	A	G	A	G	G	A
C Net Accumulation £	92.8%	G	R	G	G	A	G	G	A
C Net Income £	0.8%	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 31 January 2024:

Discovery Balanced 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	G	G	G	A
B Net Accumulation £	3.8%	G	R	A	G	A	G	G	A
B Net Income £	3.6%	G	R	A	G	A	G	G	A
C Net Accumulation £	91.6%	G	R	G	G	G	G	G	A
C Net Income £	1.0%	G	R	G	G	G	G	G	A

Previous 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.
- AFM Costs - General:
 - Assessed as Green, overall
 - 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.
- Comparable Market Rates:
 - Assessed as Green, overall
 - The AFM will discuss the level of the Ongoing Charges Figure (OCF) with the Investment Manager at the next scheduled Investment Manager meeting, where applicable.

New Remedial Actions

- Performance
 - Assessed as Red
 - The AFM has discussed the trend in long-term performance with the Investment Manager. The AFM is comfortable that the drivers of long-

term performance are in keeping with the current, documented investment process. However, the Investment Manager has agreed to review these processes. The AFM will monitor the impact of these changes and continue to monitor the trend in long-term performance, with a view to ensuring the best possible customer outcomes.

- Comparable Market Rates
 - Assessed as Amber
 - The AFM will discuss the level, and composition, 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: Hawksmoor Investment Management Limited.
- Depositary services: NatWest Trustee and Depositary Services Limited
- Custodian services: Custodian services: CACEIS Investor Services
- External audit: Johnston Carmichael LLP

Other functions, such as fund administration, 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 provide returns through a combination of capital growth and income over a market cycle (5 years).

Constraining Benchmark:

none

Comparator Benchmark:

IA Mixed Investment 40%-85% Shares Sector Average

Target Benchmark:

none

Peer Group:

IA Mixed Investment 40%-85% Shares 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
Benchmark	12.6%	4.7%	5.1%	-
B Net Accumulation £	10.5%	3.1%	3.0%	Lowest 10%
B Net Income £	10.5%	2.9%	2.9%	Lowest 9%
C Net Accumulation £	10.8%	3.5%	3.4%	Lowest 14%
C Net Income £	10.8%	3.2%	3.2%	Lowest 12%

*To 31 January 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).

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.

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 discussed the trend in long-term performance with the Investment Manager. The AFM is comfortable that the drivers of long-term performance are in keeping with the current, documented investment process. However, the Investment Manager has agreed to review these processes. The AFM will monitor the impact of these changes and continue to monitor the trend in long-term performance, with a view to ensuring the best possible customer outcomes.

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 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	0.72%	-
B Net Accumulation £	0.78%	Highest 35%

B Net Income £	0.78%	Highest 35%
C Net Accumulation £	0.48%	Lowest 26%
C Net Income £	0.48%	Lowest 26%

Source: Valu-Trac / Morningstar

Conclusion:

 Green

The Investment Management Fee is proposed by Hawksmoor Investment 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 Hawksmoor Investment 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 within the B unit classes are currently paying an AMC marginally 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 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)	2023	2024	Current	
				Peer Rank
Peer Group	-	-	0.96%	-
B Net Accumulation £	1.19%	1.34%	1.30%	Highest 23%
B Net Income £	1.19%	1.34%	1.30%	Highest 23%
C Net Accumulation £	0.80%	1.04%	1.00%	Highest 43%
C Net Income £	0.80%	1.04%	1.00%	Highest 43%

Source: Morningstar

Conclusion



Amber

The OCF includes the costs of underlying funds held. This is currently estimated at 0.46%, but can change as the underlying investments made, change.

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

The AFM will discuss the level, and composition, of the OCF with the Investment Manager, where applicable.

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

Comparable Services

Valu-Trac act as AFM for seven funds for which Hawksmoor Investment Management Limited are the Investment Manager. Some funds are what may be termed multi-asset funds and others are what may be termed single asset class funds. This fund may be considered a multi-asset fund. Differences between such multi-asset funds, in terms of their management approach and 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	Difference Compared to Next	Minimum Lump Sum Investment	Minimum Subsequent Investment	Minimum Holding Amount
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		to Least Expensive	Least Expensive			
C Net Accumulation £	1.00%	-	-	£5,000,000	£500,000	£5,000,000
C Net Income £	1.00%	-	-	£5,000,000	£500,000	£5,000,000
B Net Accumulation £	1.30%	0.30%	0.30%	£3,000	£1,000	£3,000
B Net Income £	1.30%	0.30%	0.30%	£3,000	£1,000	£3,000

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 AFM notes that the C unit classes carry a more stringent set of investment minima than the B unit classes. The AFM also notes that the differential in OCF between the B unit classes and the C unit classes, is not in excess of the relevant materiality threshold.

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 has discussed the trend in long-term performance with the Investment Manager. The AFM is comfortable that the drivers of long-term performance are in keeping with the current, documented investment process. However, the Investment Manager has agreed to review these processes. The AFM will monitor the impact of these changes and continue to monitor the trend in long-term performance, with a view to ensuring the best possible customer outcomes.

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

The AFM has concluded that the unitholders within the Discovery Balanced Fund are receiving reasonable value, overall.

29/05/2025