



Annual Assessment of Value Statement as at 30 September 2023

VT Greystone Balanced Managed

Fund Information

Investment Manager:	Foundation Investment Management Ltd
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The objective of the Sub-fund is to provide capital growth and some income over the medium to long term (7 years).
Investment Policy:	The Sub-fund aims to achieve its objective by investing in a diversified portfolio of collective investments schemes providing indirect exposure to different asset types (which may include those managed and/or operated by the ACD or Investment Manager) selected from the global market place. The Sub-fund will be managed within the constraints of the IA (Investment Association) Mixed Investment 40% - 85% Shares Sector and as such there is expected to be a balance between exposure to higher risk assets such as equities, defensive assets such as bonds and cash and alternative assets such as absolute return strategies and commodities (using exchange traded commodities). The Sub-fund may also invest directly in equities, fixed income, money market instruments, deposits, cash and near cash. The Sub-fund will be actively managed. Save as noted above 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 does not intend to have an interest in immovable or tangible movable property.
AUM (£):	£59.0m
Fund Launch Date:	01/09/2010

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 Greystone Balanced Managed 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	 A	 G	 G	 A	 G	 G	 G
R Accumulation	90.1%	 G	 A	 G	 G	 A	 G	 G	 G
R Income	9.9%	 G	 A	 G	 G	 A	 G	 G	 G

The table below shows the overall summary for the previous assessment i.e. carried out as at 30 September 2022:

VT Greystone Balanced Managed 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	 G	 G	 G	 A
R Accumulation	88.8%	 G	 R	 A	 G	 G	 G	 G	 A
R Income	11.2%	 G	 R	 A	 G	 G	 G	 G	 A

The 2022 assessment used previous criteria that has since been updated as described above, and therefore the results for 2022 are not directly comparable with the updated 2023 assessment.

Previous Remedial Actions

- Performance
 - Assessed as Red
 - No specific action prescribed.
- AFM Costs - General
 - Assessed as Amber
 - No specific action prescribed.

New Remedial Actions

- Performance
 - Assessed as Amber
 - The AFM will discuss the drivers of long-term performance and investment risk, and trends in long term performance and investment risk, with the Investment Manager, at the next scheduled Investment Manager meeting.
- Comparable Market Rates:
 - Assessed as Amber
 - Where applicable, the AFM will discuss the level, and composition, of the Ongoing Charges Figure (OCF) with the Investment Manager at the next scheduled Investment Manager meeting.

Detailed Assessment

Quality of Service

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

- Investment Management services: Foundation Investment Management Ltd.
- Depositary services: NatWest Trustee and Depositary Services Limited
- Custodian services: RBC Investor Services Trust, UK branch (RBC)
- 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 Sub-fund is to provide capital growth and some income over the medium to long term (7 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:

7 Years

Management Approach:

Active

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

Change in Fund Value	1 year to Sep-2023	1 year to Sep-2022	1 year to Sep-2021	1 year to Sep-2020	1 year to Sep-2019	1 year to Sep-2018	1 year to Sep-2017	7 years to Sep-2023
R Accumulation	4.0%	-16.9%	15.4%	-1.9%	2.2%	4.3%	12.2%	17.0%
R Income	4.0%	-16.9%	15.4%	-2.1%	2.2%	4.3%	12.2%	16.8%

Source: Valu-Trac

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

Yield	1 year to Sep-2023	1 year to Sep-2022	1 year to Sep-2021	1 year to Sep-2020	1 year to Sep-2019	1 year to Sep-2018	1 year to Sep-2017	7 years to Sep-2023 (avg. per-year)
R Accumulation	1.3%	0.2%	0.4%	0.9%	0.8%	0.5%	1.4%	0.9%
R Income	1.3%	0.2%	0.4%	0.9%	0.8%	0.5%	1.4%	0.9%

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)	7 years (avg. return per-year)	7 years Peer Rank
Benchmark	5.3%	3.3%	2.8%	4.1%	-
R Accumulation	5.4%	0.5%	0.7%	3.0%	Lowest 21%
R Income	5.4%	0.6%	0.7%	3.0%	Lowest 21%

*To 30 September 2023

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

The AFM has referred to both internal and external data sources for performance statistics, where the AFM has deemed this to be appropriate

Conclusion:



Amber

Each unit class within the fund has succeeded in providing capital growth over the minimum recommended holding period.

Each unit class within the fund has succeeded in generating income over the minimum recommended holding period.

The net total return of each unit class within the fund is below that of its performance comparator benchmark, over the minimum recommended holding period.

The AFM has also assessed the investment risk within the Fund. The AFM notes that the released volatility within the fund is significantly higher than that of peers. The AFM also notes that the market risk (beta) exposure within the fund is notably greater than that of peers.

The AFM will discuss the drivers of long-term performance and investment risk, and trends in long term performance and investment risk, with the Investment Manager, at the next scheduled Investment Manager meeting.

The AFM has concluded that unitholders are receiving reasonable 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	0.76%	-
R Accumulation	0.75%	Lowest 49%
R Income	0.75%	Lowest 49%

Source: Valu-Trac / Morningstar

Conclusion:

 Green

The Investment Management Fee is proposed by Foundation Investment Management Ltd. 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 Foundation Investment Management Ltd; 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)	2021	2022	Current	
				Peer Rank
Peer Group			1.09%	-
R Accumulation	1.41%	1.40%	1.41%	Highest 27%
R Income	1.41%	1.40%	1.41%	Highest 27%

Source: Morningstar

Conclusion



Amber

The OCF includes the costs of underlying funds held. This is currently estimated at 0.61%, 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, and composition, of the OCF with the Investment Manager at the next scheduled Investment Manager meeting.

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

Comparable Services

Valu-Trac act as AFM for four funds for which Foundation Investment Management Ltd 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 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 an Accumulation and Income variant) 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

 Green

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 discuss the drivers of long-term performance and investment risk, and trends in long term performance and investment risk, with the Investment Manager, at the next scheduled Investment Manager meeting.

With regard to Comparable Market Rates, the AFM will discuss the level, and composition, of the OCF with the Investment Manager, at the next scheduled Investment Manager meeting.

The AFM has concluded that the unitholders within the VT Greystone Balanced Managed Fund are receiving good value, overall.

31/01/2024