



Annual Assessment of Value Statement as at 30 September 2024

VT Greystone Conservative Managed Fund

Fund Information

Investment Manager:	Foundation Investment Management Ltd
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The investment objective of the Company is to achieve capital growth over the medium term (3 years).
Investment Policy:	The Company will seek to achieve its objective by utilising a conservative approach to investment through investing at least 70% in a range of collective investment vehicles (including exchange traded funds, investment trusts and funds managed and/or operated by the ACD or Investment Manager) providing exposure (indirectly) to asset classes including fixed interest investments, equities, and alternative assets such as absolute return strategies, commodities and property. The Company will be actively managed and the investments will be selected to achieve a mix of growth and defensive assets. A greater proportion of the portfolio will be allocated to defensive assets (such as fixed interest and cash (and collective investment schemes investing in such assets)) than to growth assets (such as equities (and collective investment schemes investing in such assets)). Alternative assets may offer exposure to both defensive and growth asset types. A minimum of 45% of the portfolio will be exposed to investment grade fixed income and cash. The portfolio will hold up to a maximum of 35% equity exposure. The Company may also invest directly in equities, fixed income, money market instruments, deposits, cash and near cash. The Company will not have any particular geographic, industry or economic sector focus and as such weightings in these may vary as required. The Company may use cash and other asset classes including derivatives and forward transactions for EPM purposes. The Company does not intend to have an interest in immovable or tangible movable property.
AUM (£):	£21.0m
Fund Launch Date:	01/09/2012

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 Greystone Conservative 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	 A	 G	 A	 G	 G	 G
R Accumulation	100.0%	 G	 A	 A	 G	 A	 G	 G	 G

The table below shows the overall summary for the previous assessment i.e. carried out as at 30 September 2023:

VT Greystone Conservative 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	 A	 G	 G	 A
R Accumulation	100.0%	 G	 R	 A	 G	 A	 G	 G	 A

Previous Remedial Actions

- Performance
 - Assessed as Red
 - 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.
- AFM Costs - General:
 - Assessed as Amber
 - The AFM will discuss the level, and composition, of the Annual Management Charge (AMC) with the Investment Manager at the next scheduled Investment Manager meeting.
- Comparable Market Rates:
 - Assessed as Amber
 - 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.

New Remedial Actions

- Performance
 - Assessed as Amber
 - The AFM notes that there has been an improvement in near term performance. The AFM will discuss the drivers of long-term performance and trends in long term performance, with the Investment Manager, with a view to improving investor outcomes.
 - Where a benchmark may no longer be deemed suitable for a fund, the AFM will consider an alternative.
- Comparable Market Rates:

- Assessed as Amber
 - The AFM will discuss the level, and composition, of the Ongoing Charges Figure (OCF) with the Investment Manager.

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: 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 investment objective of the Company is to achieve capital growth over the medium term (3 years).

Constraining Benchmark:

none

Comparator Benchmark:

The IA Mixed Investment 0%-35% Shares Sector Average

Target Benchmark:

none

Peer Group:

The IA Mixed Investment 0%-35% Shares Sector

Minimum Recommended Holding Period:

3 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)	3 years Peer Rank
Benchmark	10.7%	0.3%	-
R Accumulation	11.2%	-0.3%	Lowest 38%

*To 30 September 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

Conclusion:



Amber

The net total return of the fund is less than that of its performance comparator benchmark, over the minimum recommended holding period.

The AFM notes that there has been an improvement in near term performance. The AFM will discuss the drivers of long-term performance and trends in long term performance, with the Investment Manager, with a view to improving investor outcomes.

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).

Where a benchmark may no longer be deemed suitable for a fund, the AFM will consider an alternative.

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	0.69%	-
R Accumulation	0.75%	Highest 39%

Source: Morningstar

Conclusion:

 Amber

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 higher than the market average for similar funds.

The AFM has concluded that unitholders are receiving reasonable 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:

Ongoing Charges Figure (OCF)	2022	2023	Current	
				Peer Rank
Peer Group	-	-	0.98%	-
R Accumulation	1.30%	1.26%	1.28%	Highest 24%

Source: Morningstar

Conclusion

 Amber

The OCF includes the costs of underlying funds held. This is currently estimated at 0.39%, 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 Ongoing Charges Figure (OCF) with the Investment Manager.

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 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, 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 four of the seven, discrete criteria assessed above i.e. each has been assessed as green.

With regard to Performance, the AFM notes that there has been an improvement in near term performance. The AFM will discuss the drivers of long-term performance and trends in long term performance, with the Investment Manager, with a view to improving investor outcomes.

Where a benchmark may no longer be deemed suitable for a fund, the AFM will consider an alternative.

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

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

20/11/2024