Valu-Trac Investment Management Limited

Annual Assessment of Value Statement as at 30 June 2024

VT Halo Global Asian Consumer Fund

Fund Information

Investment Manager:	Halo Global Asset Management Ltd
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The investment objective of the VT Halo Global Asian Consumer Fund is to achieve annualised total return of 7 – 11% (after deduction of fees) over 7 years (the length of a typical economic cycle). Capital is in fact at risk and there is no guarantee that a positive return will be achieved over that or any period.
Investment Policy:	The Sub-fund aims to meet its investment objective by investing primarily (at least 70%) in a portfolio of stocks quoted across the globe that have at least 35% of their revenues or profits coming from emerging markets, with the majority (at least 50%) of the emerging market exposure coming from Asia. The remainder of the Sub-fund's portfolio may be invested in other collective investment schemes (including those managed and/or advised by the ACD and Investment Manager), shares, bonds, money market instruments, deposits, cash and near cash. Derivatives (that is sophisticated investment instruments linked to the rise and fall of the price of other assets) may be used for efficient portfolio management purposes. It is expected that use of derivatives will be limited. There will be no particular emphasis on any industry or economic sector.
AUM (£):	£69.2m
Fund Launch Date:	03/11/2014

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 Halo Global Asian Consumer 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 GBP	16.1%	G	R	G	G	A	G	G	A
B Net Income GBP	2.4%	G	R	G	G	A	G	G	A
C Net Accumulation GBP	19.9%	G	R	G	G	G	G	G	A
C Net Income GBP	15.9%	G	R	G	G	G	G	G	A
D Net Income GBP	35.6%	G	n/a	G	G	G	G	G	G
B Net Accumulation USD	5.3%	G	R	G	G	A	G	G	A
C Net Accumulation USD	4.8%	G	R	G	G	G	G	G	A

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

VT Halo Global Asian Consumer 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 GBP	14.2%	G	R	G	G	A	G	G	A
B Net Income GBP	3.8%	G	R	G	G	A	G	G	A
C Net Accumulation GBP	24.4%	G	R	G	G	G	G	G	A
C Net Income GBP	51.8%	G	R	G	G	G	G	G	A
B Net Accumulation USD	1.9%	G	R	G	G	A	G	G	A
C Net Accumulation USD	4.0%	G	R	G	G	G	G	G	A

A new methodology for determining an overall fund rating has recently 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

- Performance:
  - Assessed as Red.
    - The AFM will discuss the drivers of long-term performance, and trends in long term performance, with the Investment Manager at the next scheduled Investment Manager meeting.
    - Where a benchmark may no longer be suitable for a fund, the AFM will actively consider an alternative. The AFM will reopen discussions on the suitability of the target benchmark with the Investment Manager.

- Comparable Market Rates:
  - Assessed as Green, overall.
    - 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.

New 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.

Detailed Assessment

Quality of Service

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

- Investment Management services: Halo Global Asset 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 VT Halo Global Asian Consumer Fund is to achieve annualised total return of 7 – 11% (after deduction of fees) over 7 years (the length of a typical economic cycle). Capital is in fact at risk and there is no guarantee that a positive return will be achieved over that or any period.

Constraining Benchmark:

none

Comparator Benchmark:

none

Target Benchmark:

A net total return of 7% p.a

Peer Group:

IA Asia Pacific ex Japan Sector

Minimum Recommended Holding Period:

7 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)	7 years (avg. return per-year)	7 years Peer Rank	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	7.0%	7.0%	7.0%	7.0%	-	-	-
B Net Accumulation GBP	2.2%	-5.1%	0.2%	2.0%	Lowest 9%	-	-
B Net Income GBP	2.2%	-5.1%	0.2%	2.0%	Lowest 9%	-	-
C Net Accumulation GBP	2.4%	-4.9%	0.4%	2.2%	Lowest 12%	-	-
C Net Income GBP	2.4%	-4.9%	0.4%	2.2%	Lowest 12%	-	-
Benchmark	7.0%	7.0%	7.0%	7.0%	-	-	-
B Net Accumulation USD	2.2%	-8.0%	0.2%	1.7%	Lowest 10%	-	-
Benchmark	7.0%	7.0%	-	-	-	7.1%	-
C Net Accumulation USD	2.4%	-7.8%	-	-	-	-5.9%	Lowest 39%

*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.

The B Net Accumulation USD and C Net Accumulation USD returns are shown in USD. The C Net Accumulation unit class launched on 23 April 2021.

The D Net Income GBP unit class launched on 14 February 2024 and, as such, has a performance track record of less than 12 months. Therefore, this unit class has been excluded from any formal performance assessment.

Source: Morningstar

Conclusion:

 Red

The net total return of each unit class within the fund is markedly below that of its performance comparator benchmark, over the minimum recommended holding period or longer term (since inception), where appropriate.

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 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.

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	0.96%	-
B Net Accumulation GBP	0.95%	Lowest 49%
B Net Income GBP	0.95%	Lowest 49%
C Net Accumulation GBP	0.75%	Lowest 25%
C Net Income GBP	0.75%	Lowest 25%
D Net Income GBP	0.70%	Lowest 22%
B Net Accumulation USD	0.95%	Lowest 49%
C Net Accumulation USD	0.75%	Lowest 25%

Source: Morningstar

Conclusion:

Green

The Investment Management Fee is proposed by Halo Global Asset 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 Halo Global Asset 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:

Ongoing Charges Figure (OCF)	2022	2023	Current	
				Peer Rank
Peer Group	-	-	1.23%	-
B Net Accumulation GBP	1.06%	1.06%	1.25%	Highest 38%
B Net Income GBP	1.06%	1.06%	1.25%	Highest 38%
C Net Accumulation GBP	0.86%	0.86%	1.05%	Lowest 45%
C Net Income GBP	0.86%	0.86%	1.05%	Lowest 45%
D Net Income GBP	-	-	1.00%	Lowest 40%
B Net Accumulation USD	1.06%	1.06%	1.25%	Highest 38%
C Net Accumulation USD	0.86%	0.86%	1.05%	Lowest 45%

Source: Morningstar

Conclusion

Green

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

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

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 Halo Global Asset Management Ltd are the 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 Subsequent Investment	Minimum Holding Amount
D Net Income GBP	1.00%	-	-	£20,000,000	£100	£20,000,000
C Net Accumulation GBP	1.05%	0.05%	0.05%	£5,000,000	£100	£5,000,000
C Net Income GBP	1.05%	0.05%	0.05%	£5,000,000	£100	£5,000,000
C Net Accumulation USD	1.05%	0.05%	0.05%	$5,000,000	$100	$5,000,000
B Net Accumulation GBP	1.25%	0.25%	0.20%	£100	£100	£100
B Net Income GBP	1.25%	0.25%	0.20%	£100	£100	£100
B Net Accumulation USD	1.25%	0.25%	0.20%	$100	$100	$100

Conclusion

Green

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

The D unit class carries the most stringent investment minima and is the cheapest unit class.

The difference in OCF between the D unit class and the next most expensive unit class, the C unit classes, is below the relevant materiality threshold. Therefore, the AFM has concluded that unitholders within the C unit classes are receiving good value, in relation to classes of units.

The difference in OCF between the C unit classes and the B unit classes is justifiable, in relation to the differences in respective investment minima Therefore, the AFM has concluded that unitholders within the B unit classes are receiving good value, in relation to classes of units.

The AFM has concluded that unitholders are receiving good value, in relation to Classes of Units, overall.

Overall Assessment

Green

The AFM has concluded that unitholders are receiving good value in respect to six of the seven, discrete criteria assessed above i.e. each has been assessed as green.

With regard to Performance, 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.

The AFM has concluded that the unitholders within the VT Halo Global Asian Consumer Fund are receiving good value, overall.

12/09/2024