



Valu-Trac Administration Services

Annual Assessment of Value Statement as at 31 March 2023

VT Momentum Diversified Balanced Fund

Fund Information

Investment Manager:	Momentum Global Investment Management Ltd.
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The Sub-fund aims to achieve total returns (comprised of capital growth and income) of the Consumer Prices Index + 4% (net of management fees and underlying fund charges) over the medium to long-term (3-5 years). Capital is in fact at risk and there is no guarantee that a positive return will be achieved over a five year, or any, period.
Investment Policy:	The Sub-fund may gain exposure to a broad range of asset classes, including global equities, UK equities, corporate and government bonds, money market instruments, cash and near cash by investing at least 50% in a globally diverse mix of collective investment vehicles (including investment trusts) (which may include those managed and/or operated by the ACD or Investment Manager). The risk profile of the Sub-fund is broadly balanced with between 40% and 60% exposure to equities. The Sub-fund may also invest in cash, near cash, deposits, money market instruments and money market funds. The Sub-fund may use derivatives or forward transactions only for the purpose of efficient portfolio management.
AUM (£):	£10.7m
Fund Launch Date:	05/11/2012

Our assessment has been conducted against the seven criteria outlined by the FCA and the fund has been rated via the “traffic light” system. This has been summarised within the table, below:

VT Momentum Diversified 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
Class A Accumulation	91.3%	● G	● R	● G	● G	● A	● G	● G	● A
Class I Accumulation	8.7%	● G	n/a	● G	● G	● A	● G	● G	● G

The table below shows the overall summary for the previous assessment i.e. carried out as at 31 March 2022:

VT Momentum Diversified 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	● A	● G	● G	● G	● G	● R
Class A Accumulation	100.0%	● G	● R	● A	● G	● G	● G	● G	● R

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
 - Performance to be monitored.
- Comparable Market Rates:
 - Assessed as Amber
 - To be monitored

New Remedial Actions

- Performance:
 - Assessed as Red
 - The net total return of the A Accumulation share class is significantly below that of the target benchmark, over the minimum recommended holding period. The drivers of long-term performance and trends in long term performance have been discussed with the Investment Manager. The AFM is comfortable that the drivers of performance are in keeping with the stated investment policy. The AFM will continue to monitor long-term performance trends.
 - Where a benchmark may no longer be deemed appropriate for a fund, the AFM will consider an alternative. The AFM will discuss this with the Investment Manager.
- Comparable Market Rates:
 - Assessed as Amber
 - Unitholders are currently paying an OCF higher than the market average for similar funds. The AFM will continue to monitor and will discuss costs 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: Momentum Global 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 reasonably expect.

The AFM has concluded that unitholders are receiving good value, in relation to Quality of Service.

Performance

Objective:

The Sub-fund aims to achieve total returns (comprised of capital growth and income) of the Consumer Prices Index + 4% (net of management fees and underlying fund charges) over the medium to long-term (3-5 years). Capital is in fact at risk and there is no guarantee that a positive return will be achieved over a five year, or any, period.

Constraining Benchmark:

None

Comparator Benchmark:

None

Target Benchmark:

UK Consumer Price Index (CPI) +4.0% p.a.

Peer Group:

IA Mixed Investment 20%-60% Shares Sector

Minimum Recommended Holding Period:

3 years

Management Approach:

Active

The net total return and peer ranking (where available) for each available share 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	14.5%	10.1%	8.4%	-
Class A Accumulation	-6.9%	5.7%	0.8%	Lowest 15%

*To 31 March 2023

Source: Morningstar

Conclusion:



Red

The net total return of the A Accumulation share class is significantly below that of the target benchmark, over the minimum recommended holding period.

The current performance target is a rate of return, based upon a broad market, economic measure i.e. the rate of inflation; it should be noted that, given the current market environment, with headline inflation accelerating to reach levels not witnessed for forty years or more, funds which employ such an inflation-based benchmark, may find it difficult to keep pace with this benchmark, over the short to medium term. Where a benchmark may no longer be deemed appropriate for a fund, the AFM will consider an alternative.

Performance is also below the peer group average, over the longer-term.

The AFM has also assessed the investment risk within the Fund and has concluded that this 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 I Accumulation share class was launched on 03 May 2022 and is less than one year old; therefore, it has been excluded from any formal performance assessment.

The AFM has concluded that unitholders are not receiving good value, in relation to Performance.

AFM Costs - General

Each share class within the Fund has its own Annual Management Charge (AMC). The AMC may be thought of as being the amount deducted from a share class's average net assets to pay for the investment management of that share 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 share 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	0.85%	-
Class A Accumulation	0.75%	Lowest 39%
Class I Accumulation	0.50%	Lowest 23%

Source: Valu-Trac / Morningstar

Conclusion:

 Green

The Investment Management Fee is proposed by Momentum Global 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 Momentum Global 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, which is the threshold we consider 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 On-going 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			1.14%	-
Class A Accumulation	1.30%	1.55%	1.56%	Highest 22%
Class I Accumulation	-	-	1.31%	Highest 37%

Source: Morningstar

Conclusion



Amber

The ongoing charges includes the costs of underlying funds held. This is currently estimated at 0.52%, 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 has concluded that unitholders are receiving reasonable value, in relation to Comparable Market Rates.

The AFM will continue to monitor and will discuss costs with the Investment Manager at the next scheduled Investment Manager meeting.

Comparable Services

Valu-Trac act as AFM for five funds, for which Momentum Global Investment Management Ltd. are the Investment Manager. Four of these funds are 'growth' funds designed for long term wealth accumulation, while one has a more specific income generation objective. This fund is one of the four growth Funds, and it priced consistently with the 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 to Least Expensive	Difference Compared to Next	Minimum Lump Sum Investment	Minimum Holding Amount

			Least Expensive		
Class I Accumulation	1.31%			£50,000,000	£50,000,000
Class A Accumulation	1.56%	0.25%	0.25%	£1,000	£500

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 on-going charges.

Conclusion



Green

Unit holders within all share classes receive a comparable level of service.

The I Accumulation share class has more stringent investment minima than the A Accumulation share class. Given that the incremental difference in OCF between each of these share classes is below the suggested materiality threshold (of 0.30%), the AFM has concluded that unitholders within each of these share classes 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 concluded that unitholders are not receiving good value. The drivers of long-term performance and trends in long term performance have been discussed with the Investment Manager. The AFM is comfortable that the drivers of performance are in keeping with the stated investment policy. The AFM will continue to monitor long-term performance trends. Where a benchmark may no longer be deemed appropriate for a fund, the AFM will consider an alternative.

With regard to Comparable Market Rates, the AFM has concluded that unitholders are receiving reasonable value. The AFM will continue to monitor and will discuss costs with the Investment Manager at the next scheduled Investment Manager meeting.

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

02/08/2023