



Valu-Trac Administration Services

Annual Assessment of Value Statement as at 31 March 2023

VT Momentum Diversified Growth Fund

Fund Information

Investment Manager:	Momentum Global Investment Management Ltd.
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The investment objective of VT Momentum Diversified Growth Fund is to achieve capital growth over the long term (5 years).
Investment Policy:	The Fund aims to meet its objective by investing in a balanced and well diversified portfolio of UK and International equities which the Investment Manager expects to grow in value as well as some fixed interest securities including government and corporate bonds. Investments will also be made in regulated collective investment schemes (which may include funds managed and/or operated by the ACD or Investment Manager), money markets and cash deposits to provide further diversification to the Sub-fund in accordance with applicable regulations.
AUM (£):	£134.6m
Fund Launch Date:	05/10/2004

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 Growth 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	● G	● G	● G	● A	● G	● A	● G
A Net Accumulation	27.7%	● G	● G	● A	● G	● R	● G	● R	● R
B Net Accumulation	65.9%	● G	● G	● G	● G	● A	● G	● G	● G
N Net Accumulation	0.5%	● G	● G	● A	● G	● A	● G	● G	● G
I Net Accumulation	5.9%	● 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 Growth 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	● G	● G	● G	● G	● G	● G	● G
A Net Accumulation	27.2%	● G	● G	● R	● G	● G	● G	● G	● A
B Net Accumulation	72.5%	● G	● G	● G	● G	● G	● G	● G	● G
N Net Accumulation	0.3%	● G	● G	● G	● G	● G	● G	● G	● G

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

- AFM Costs - General:
 - Assessed as Green
 - OCF of A Net Accumulation assessed as Red.

New Remedial Actions

- AFM Costs - General:
 - Assessed as Green
 - AMC of A Net Accumulation and N Net Accumulation assessed as Amber
- Comparable Market Rates:
 - Assessed as Amber
 - OCF of A Net Accumulation assessed as Red
 - OCF of B Net Accumulation, I Net Accumulation and N Accumulation assessed as Amber

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

- Classes of Units:
 - Assessed as Amber
 - A Net Accumulation assessed as Red

Where additional costs may not be justified, the AFM will look to align and harmonize costs to an appropriate level. Where appropriate, 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 investment objective of VT Momentum Diversified Growth Fund is to achieve capital growth over the long term (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 change in capital value for each available share class within the fund, is shown below:

Change in Fund Value	1 year to Mar-2023	1 year to Mar-2022	1 year to Mar-2021	1 year to Mar-2020	1 year to Mar-2019	5 years to Mar-2023
A Net Accumulation	-10.7%	2.5%	40.0%	-21.1%	6.0%	1.4%
B Net Accumulation	-10.7%	2.5%	40.1%	-21.2%	6.0%	1.3%
N Net Accumulation	-10.7%	2.5%	40.0%	-21.2%	6.0%	1.4%

Source: Valu-Trac

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	-4.6%	8.3%	4.1%	-
A Net Accumulation	-8.4%	10.9%	3.9%	Lowest 46%
B Net Accumulation	-7.8%	11.6%	4.6%	Highest 38%
N Net Accumulation	-8.0%	11.4%	4.3%	Highest 42%

*To 31 March 2023

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:

 Green

Each share class within the fund has generated positive capital growth over the minimum recommended holding period.

The B Net Accumulation share class and the N Net Accumulation share class have out-performed the comparator benchmark, on a net total return basis, over the minimum recommended holding period. The performance of the A Net Accumulation share class is marginally below that of the comparator benchmark, on a net total return basis, over the minimum recommended holding period.

The I Net Accumulation share class was launched on 29 April 2022 and is less than one year old; therefore, it has been excluded from any formal performance assessment.

The AFM has also assessed the investment risk within the Fund and while the fund may exhibit a heightened volatility compared to peers and have a greater exposure to general market risk than peers, this is not wholly 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 concluded that unitholders are 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	0.77%	-
A Net Accumulation	1.40%	Highest 16%
B Net Accumulation	0.75%	Lowest 49%
N Net Accumulation	1.00%	Highest 32%
I Net 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 within the B Net Accumulation share class and the I Net Accumulation share class 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.

Unitholders within the A Net Accumulation share class and the N Net Accumulation share class 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. 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, overall, 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)	2020	2021	2022	Current	
					Peer Rank
Peer Group	-	-	-	1.10%	-
A Net Accumulation	1.89%	2.30%	2.31%	2.28%	Highest 4%
B Net Accumulation	1.24%	1.65%	1.66%	1.63%	Highest 20%
N Net Accumulation	1.49%	1.90%	1.91%	1.88%	Highest 11%
I Net Accumulation	-	-	-	1.38%	Highest 30%

Source: Morningstar

Conclusion

 Amber

The ongoing charges includes the costs of underlying funds held. This is currently estimated at 0.83%, 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 within the B share class, I share class and N share class are receiving reasonable value in relation to Comparable Market Rates and that unitholders within the A share class are not receiving good 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 Least Expensive	Minimum Lump Sum Investment	Minimum Holding Amount	Minimum Top-Up Amount
I Net Accumulation	1.38%			£50,000,000	£50,000,000	£100,000
B Net Accumulation	1.63%	0.25%	0.25%	£100,000	£100,000	£10,000
N Net Accumulation	1.88%	0.50%	0.25%	£1,000	£1,000	£1,000
A Net Accumulation	2.28%	0.90%	0.40%	£3,000	£3,000	£2,500

Where a share class may minimum investment or holding amounts, this may help the share class scale quicker, leading to a lower proportional servicing cost, and thus, lower on-going charges.

Conclusion



Amber

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

The I Net Accumulation share class has more stringent investment minima than either the B Net Accumulation share class or the N Net 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.

Unitholders within the A Net Accumulation share class currently pay the highest OCF of all. The incremental difference in OCF between this share class and the next least expensive share class (the N Net Accumulation share class) is above the suggested materiality threshold. In addition, the A Net Accumulation share class currently has investment minima greater than that of the N Net Accumulation share class. Therefore, the AFM has concluded that unitholders within the A Net Accumulation share class, are not receiving good value, in relation to Classes of Units.

Where additional costs may not be justified, the AFM will look to align and harmonize costs to an appropriate level. Where appropriate, will discuss costs with the Investment Manager at the next scheduled Investment Manager meeting.

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 Comparable Market Rates, the AFM has concluded that unitholders within the B share class, I share class and N share class are receiving reasonable and that unitholders within the A share class are not receiving good value.

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

With regard to Classes of Units, the AFM has concluded that unitholders within the A Net Accumulation share class are not receiving good value.

Where additional costs may not be justified, the AFM will look to align and harmonize costs to an appropriate level. Where appropriate, 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 Growth Fund are receiving good value, overall.

02/08/2023