



**Annual Assessment of Value Statement as at 31 March 2024**

**VT Momentum Diversified Cautious**

**Fund Information**

<b>Investment Manager:</b>	Momentum Global Investment Management Ltd
<b>Authorised Fund Manager:</b>	Valu-Trac Investment Management Limited (Valu-Trac)
<b>Investment Objective:</b>	The Sub-fund aims to achieve total returns (comprised of capital growth and income) of the Consumer Prices Index + 3% (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 5 year, or any, period.
<b>Investment Policy:</b>	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 defensive with between 0% and 35% 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.
<b>AUM (£):</b>	£7.3m
<b>Fund Launch Date:</b>	09/03/2011

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 Momentum Diversified Cautious	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
A Accumulation	99.2%	G	R	A	G	A	G	G	A
I Accumulation	0.8%	G	R	G	G	A	G	G	A

The table below shows the overall summary for the previous assessment i.e. carried out as at 31 March 2023:

VT Momentum Diversified Cautious	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
A Accumulation	98.7%	G	R	A	G	A	G	G	A
I Accumulation	1.3%	G	n/a	G	G	A	G	G	G

The 2023 assessment used previous criteria that has since been updated as described above, and therefore the results for 2023 are not directly comparable with the updated 2024 assessment.

## Previous Remedial Actions

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- 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.
- AFM Costs - General
  - Assessed as Amber
    - Unitholders within the A Accumulation share class are currently paying an AMC 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.
- 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.

## New Remedial Actions

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- Performance
  - Assessed as Red
    - The AFM has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.
- 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

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### 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: 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 Sub-fund aims to achieve total returns (comprised of capital growth and income) of the Consumer Prices Index + 3% (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 5 year, or any, period.

#### **Constraining Benchmark:**

none

#### **Comparator Benchmark:**

none

#### **Target Benchmark:**

UK Consumer Price Index (CPI) +3.0% p.a.

#### **Peer Group:**

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	5 years (avg. return per-year)	5 years Peer Rank	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	6.3%	9.9%		7.6%	-	-	-
A Accumulation	5.6%	1.2%	Highest 15%	1.6%	Lowest 47%	-	-
Benchmark	6.3%	-	-	-	-	8.7%	-
I Accumulation	5.9%	-	-	-	-	0.4%	Lowest 29%

\*To 31 March 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 I Accumulation unit class launched on 03 May 2022.

Source: Morningstar

## Conclusion:



Red

The net total return of each unit class within the fund is significantly below that of its target benchmark over the minimum recommended holding period or longer term (since inception), where applicable. It should be noted that for funds of this type (which employ a target benchmark), the consideration of peer group rankings may be of less significance in making an overall performance assessment, than for funds which may employ an alternate category of benchmark.

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 has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.

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	0.74%	-
A Accumulation	0.75%	Highest 43%
I Accumulation	0.50%	Lowest 22%

Source: Valu-Trac / Morningstar

**Conclusion:**

 Amber

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 A Accumulation unit class are currently paying an AMC higher than the market average for similar funds.

Unitholders within the I Accumulation unit class are currently paying an AMC lower than the market average for similar funds.

The AFM has concluded that unitholders are receiving reasonable value, in relation to AFM Costs – General, overall.

**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	-	-	1.03%	-
A Accumulation	1.49%	1.48%	1.47%	Highest 23%
I Accumulation	-	1.23%	1.22%	Highest 27%

Source: Morningstar

### **Conclusion**

 Amber

The OCF includes the costs of underlying funds held. This is currently estimated at 0.22%, 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.

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

### **Comparable Services**

Valu-Trac act as AFM for five funds for which Momentum Global Investment Management Ltd are the Investment Manager. Each of these funds are what may be termed multi-asset funds. Differences between 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**

	Current OCF	Difference Compared to Least Expensive	Difference Compared to Next Least Expensive	Minimum Lump Sum Investment	Minimum Holding Amount
I Accumulation	1.22%	-	-	£50,000,000	£50,000,000
A Accumulation	1.47%	0.25%	0.25%	£1,000	£500

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.

### Conclusion

 Green

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

The I Accumulation unit class has more stringent investment minima than the A Accumulation unit class. Given that the incremental difference in OCF between each of these unit classes is below the suggested materiality threshold, the AFM has concluded that unitholders within each of unit class are receiving good value, in relation to Classes of Units.

The AFM has concluded that unit holders 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 four of the seven, discrete criteria assessed above i.e. each has been assessed as green.

With regard to Performance, the AFM has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.

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 Momentum Diversified Cautious fund are receiving reasonable value, overall.

25/07/2024





Annual Assessment of Value Statement as at 31 March 2024

VT Momentum Diversified Balanced

Fund Information

<b>Investment Manager:</b>	Momentum Global Investment Management Ltd
<b>Authorised Fund Manager:</b>	Valu-Trac Investment Management Limited (Valu-Trac)
<b>Investment Objective:</b>	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.
<b>Investment Policy:</b>	<p>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).</p> <p>The risk profile of the Sub-fund is broadly balanced with between 40% and 60% exposure to equities.</p> <p>The Sub-fund may also invest in cash, near cash, deposits, money market instruments and money market funds.</p> <p>The Sub-fund may use derivatives or forward transactions only for the purpose of efficient portfolio management.</p>
<b>AUM (£):</b>	£7.7m
<b>Fund Launch Date:</b>	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. 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 Momentum Diversified Balanced	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
A Accumulation	83.8%	G	R	G	G	A	G	G	A
I Accumulation	16.2%	G	R	G	G	A	G	G	A

The table below shows the overall summary for the previous assessment i.e. carried out as at 31 March 2023:

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

The 2023 assessment used previous criteria that has since been updated as described above, and therefore the results for 2023 are not directly comparable with the updated 2024 assessment.

## Previous Remedial Actions

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- 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.

## New Remedial Actions

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- Performance
  - Assessed as Red
    - The AFM has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.
- 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

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### 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: 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 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 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	5 years (avg. return per-year)	5 years Peer Rank	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	7.3%	11.0%	-	8.6%	-	-	-
A Accumulation	7.3%	1.8%	Lowest 50%	1.9%	Lowest 17%	-	-
Benchmark	7.3%	-	-	-	-	9.7%	-
I Accumulation	7.6%	-	-	-	-	0.8%	Lowest 21%

\*To 31 March 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 I Accumulation unit class launched on 03 May 2022.

Source: Morningstar

## Conclusion:



Red

The net total return of each unit class within the fund is significantly below that of its target benchmark over the minimum recommended holding period or longer term (since inception), where applicable. It should be noted that for funds of this type (which employ a target benchmark), the consideration of peer group rankings may be of less significance in making an overall performance assessment, than for funds which may employ an alternate category of benchmark.

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 has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.

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	0.84%	-
A Accumulation	0.75%	Lowest 41%
I Accumulation	0.50%	Lowest 20%

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; 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	-	-	1.14%	-
A Accumulation	1.55%	1.56%	1.46%	Highest 29%
I Accumulation	-	1.31%	1.21%	Highest 39%

Source: Morningstar

### **Conclusion**

 Amber

The OCF includes the costs of underlying funds held. This is currently estimated at 0.30%, 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.

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

### **Comparable Services**

Valu-Trac act as AFM for five funds for which Momentum Global Investment Management Ltd are the Investment Manager. Each of these funds are what may be termed multi-asset funds. Differences between 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**

	Current OCF	Difference Compared to Least Expensive	Difference Compared to Next Least Expensive	Minimum Lump Sum Investment	Minimum Holding Amount
I Accumulation	1.21%	-	-	£50,000,000	£50,000,000

A Accumulation	1.46%	0.25%	0.25%	£1,000	£500
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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.

### Conclusion

 Green

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

The I Accumulation unit class has more stringent investment minima than the A Accumulation unit class. Given that the incremental difference in OCF between each of these unit classes is below the suggested materiality threshold, the AFM has concluded that unitholders within each of unit class are receiving good value, in relation to Classes of Units.

The AFM has concluded that unit holders 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 four of the seven, discrete criteria assessed above i.e. each has been assessed as green.

With regard to Performance, the AFM has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.

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 Momentum Diversified Balanced fund are receiving reasonable value, overall.

25/07/2024



Annual Assessment of Value Statement as at 31 March 2024

VT Momentum Diversified Moderate

Fund Information

<b>Investment Manager:</b>	Momentum Global Investment Management Ltd
<b>Authorised Fund Manager:</b>	Valu-Trac Investment Management Limited (Valu-Trac)
<b>Investment Objective:</b>	The Sub-fund aims to achieve total returns (comprised of capital growth and income) of the Consumer Prices Index + 5% (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.
<b>Investment Policy:</b>	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 moderately aggressive with between 50% and 80% 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.
<b>AUM (£):</b>	£19.0m
<b>Fund Launch Date:</b>	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. 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 Momentum Diversified Moderate	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
A Accumulation	42.7%	G	R	A	G	A	G	G	A
I Accumulation	57.3%	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 31 March 2023:



VT Momentum Diversified Moderate	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
A Accumulation	64.2%	G	R	G	G	A	G	G	A
I Accumulation	35.8%	G	n/a	G	G	A	G	G	G

The 2023 assessment used previous criteria that has since been updated as described above, and therefore the results for 2023 are not directly comparable with the updated 2024 assessment.

## Previous Remedial Actions

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- 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.

## New Remedial Actions

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- Performance
  - Assessed as Red
    - The AFM has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.
- Comparable Market Rates
  - Assessed as Green, overall.
    - The AFM will discuss the level, and composition, of the Ongoing Charges figure (OCF) with the Investment Manager, where applicable.

## Detailed Assessment

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### 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: 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 Sub-fund aims to achieve total returns (comprised of capital growth and income) of the Consumer Prices Index + 5% (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) +5.0% p.a.

#### **Peer Group:**

IA Mixed Investment 40%-85% 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	5 years (avg. return per-year)	5 years Peer Rank	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	8.4%	12.1%	-	9.7%	-	-	-
A Accumulation	9.3%	2.1%	Lowest 25%	2.4%	Lowest 4%	-	-
Benchmark	8.4%	-	-	-	-	10.8%	-
I Accumulation	9.6%	-	-	-	-	1.3%	Lowest 17%

\*To 31 March 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 I Accumulation unit class launched on 03 May 2022.

Source: Morningstar

## Conclusion:



Red

The net total return of each unit class within the fund is significantly below that of its target benchmark over the minimum recommended holding period or longer term (since inception), where applicable. It should be noted that for funds of this type (which employ a target benchmark), the consideration of peer group rankings may be of less significance in making an overall performance assessment, than for funds which may employ an alternate category of benchmark.

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 has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.

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	0.73%	-
A Accumulation	0.75%	Highest 49%
I Accumulation	0.50%	Lowest 26%

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 A Accumulation unit class are currently paying an AMC higher than the market average for similar funds.

Unitholders within the I Accumulation unit 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, overall.

#### 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	-	-	1.06%	-
A Accumulation	1.55%	1.46%	1.21%	Highest 32%
I Accumulation	-	1.21%	0.96%	Lowest 45%

Source: Morningstar

### **Conclusion**

 Green

The OCF includes the costs of underlying funds held. This is currently estimated at 0.28%, but can change as the underlying investments made, change.

Unitholders within the A Accumulation unit class are currently paying an OCF higher than the market average for similar funds.

Unitholders within the I Accumulation unit class are currently paying an OCF lower than the market average for similar funds

The AFM will discuss the level, and composition, of the OCF with the Investment Manager where applicable.

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 five funds for which Momentum Global Investment Management Ltd are the Investment Manager. Each of these funds are what may be termed multi-asset funds. Differences between 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

	Current OCF	Difference Compared to Least Expensive	Difference Compared to Next Least Expensive	Minimum Lump Sum Investment	Minimum Holding Amount
I Accumulation	0.96%	-	-	£50,000,000	£50,000,000
A Accumulation	1.21%	0.25%	0.25%	£1,000	£500

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.

### **Conclusion**

 Green

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

The I Accumulation unit class has more stringent investment minima than the A Accumulation unit class. Given that the incremental difference in OCF between each of these unit classes is below the suggested materiality threshold, the AFM has concluded that unitholders within each of unit class are receiving good value, in relation to Classes of Units.

The AFM has concluded that unit holders 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 six of the seven, discrete criteria assessed above i.e. each has been assessed as green.

With regard to Performance, the AFM has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.

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

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

25/07/2024



Annual Assessment of Value Statement as at 31 March 2024

VT Momentum Diversified Income Fund

Fund Information

<b>Investment Manager:</b>	Momentum Global Investment Management Ltd
<b>Authorised Fund Manager:</b>	Valu-Trac Investment Management Limited (Valu-Trac)
<b>Investment Objective:</b>	The investment objective of VT Momentum Diversified Income Fund is to provide income over the medium to long term (3-5 years).
<b>Investment Policy:</b>	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 be able to generate income (i.e. dividends) 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.
<b>AUM (£):</b>	£143.0m
<b>Fund Launch Date:</b>	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. 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 Momentum Diversified Income 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	G	G	G	G
A Income	15.7%	G	A	R	G	R	G	R	R
B Accumulation	5.4%	G	A	G	G	G	G	G	G
B Income	76.9%	G	A	G	G	G	G	G	G
N Income	0.2%	G	A	A	G	A	G	G	G
I Income	1.7%	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 31 March 2023:

VT Momentum Diversified Income 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 Income	19.3%	G	G	A	G	R	G	R	R
B Accumulation	6.2%	G	G	G	G	A	G	G	G
B Income	73.0%	G	G	G	G	A	G	G	G
N Income	0.5%	G	G	A	G	R	G	G	A
I Income	0.9%	G	n/a	G	G	A	G	G	G

The 2023 assessment used previous criteria that has since been updated as described above, and therefore the results for 2023 are not directly comparable with the updated 2024 assessment.

## Previous Remedial Actions

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- AFM Costs - General:
  - Assessed as Green, overall
    - The AFM will continue to monitor and will discuss costs with the Investment Manager at the next scheduled Investment Manager meeting.
- Comparable Market Rates:
  - 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, overall
    - Where additional costs may not be justified, the AFM will look to align and harmonize costs to an appropriate level. Where appropriate, the AFM will discuss costs with the Investment Manager at the next scheduled Investment Manager meeting.

## New Remedial Actions

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- Performance
  - Assessed as Amber
    - The AFM has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.
- AFM Costs – General
  - Assessed as Green, overall
    - The AFM will discuss the level of the Annual Management Charge (AMC) with the Investment Manager, where applicable.
- Comparable Market Rates
  - Assessed as Green, overall
    - The AFM will discuss the level, and composition, of the Ongoing Charges figure (OCF) with the Investment Manager, where applicable.
- Classes of Units
  - Assessed as Green, overall
    - Where additional costs may not be justified, the AFM will look to align and harmonize costs to an appropriate level. The AFM has held discussions on the costs of the A unit classes with the Investment



Manager and will continue to review the future of the A unit classes with the view to improving the value offered to unitholders.

## **Detailed Assessment**

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### **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: 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 VT Momentum Diversified Income Fund is to provide income over the medium to long term (3-5 years).

#### **Constraining Benchmark:**

none

#### **Comparator Benchmark:**

IA Mixed Investment 20%-60% Shares Sector Average

#### **Target Benchmark:**

none

#### **Peer Group:**

IA Mixed Investment 20%-60% Shares Sector

#### **Minimum Recommended Holding Period:**

3 Years

#### **Management Approach:**

Active

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

Yield	1 year to Mar-2024	1 year to Mar-2023	1 year to Mar-2022	3 years to Mar-2024 (avg. per-year)	1 year to Mar-2021	1 year to Mar-2020	5 years to Mar-2024 (avg. per-year)
Benchmark~	2.5%	2.2%	1.8%	-	1.8%	2.5%	-
A Income	5.2%	4.6%	4.8%	4.4%	5.9%	4.9%	4.3%
B Income	5.2%	4.6%	4.8%	4.5%	5.9%	4.9%	4.4%
N Income	5.2%	4.6%	4.8%	4.4%	5.9%	4.9%	4.3%
B Accumulation	5.4%	4.8%	4.9%	4.8%	6.0%	-	-
I Income	5.2%	-	-	-	-	-	-

~ IA Mixed Investment 20%-60% Shares Sector Average

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	5 years (avg. return per-year)	5 years Peer Rank	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	7.8%	1.4%	-	3.1%	-	-	-
A Income	6.5%	0.0%	Lowest 16%	2.5%	Lowest 28%	-	-
B Income	7.1%	0.7%	Lowest 23%	3.1%	Lowest 46%	-	-
N Income	6.9%	0.4%	Lowest 20%	2.9%	Lowest 38%	-	-
Benchmark	7.8%	1.4%	-	-	-	2.5%	-
B Accumulation	7.4%	0.7%	Lowest 24%	-	-	3.0%	Highest 40%
Benchmark	7.8%	-	-	-	-	3.5%	-
I Income	7.4%	-	-	-	-	0.0%	Lowest 7%

\*To 31 March 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 Accumulation unit class was launched on 28 October 2019.

The I Income unit class was launched on 23 May 2022.

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

Source: Valu-Trac / Morningstar

## Conclusion:

 Amber

Each unit class within the fund has generated positive yield over the minimum recommended holding period or over the longer term (since inception), where appropriate. For each unit

class, the yield generated is also in excess of the yield generated by the performance comparator benchmark, over each discrete twelve-month period.

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

The AFM has also assessed the investment risk within the Fund. The AFM notes that the realised volatility, Tracking Error and exposure to systematic market risk (Beta), within the fund is significantly greater than that of peers (further details on how the AFM arrived at this conclusion may be provided upon request).

The AFM has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.

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	0.84%	-
A Income	1.40%	Highest 17%
B Accumulation	0.75%	Lowest 41%
B Income	0.75%	Lowest 41%
N Income	1.00%	Highest 34%
I Income	0.50%	Lowest 20%

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 A Income and N Income unit classes are currently paying an AMC higher than the market average for similar funds.

Unitholders within the B Accumulation, B Income and I Income unit classes are currently paying an AMC lower than the market average for similar funds.

The AFM will discuss the level of the AMC with the Investment Manager, where applicable.

The AFM has concluded that unitholders are receiving good value, in relation to AFM Costs – General, overall.

### **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)	2022	2023	Current	
				Peer Rank
Peer Group	-	-	1.14%	-
A Income	2.27%	2.30%	1.74%	Highest 15%
B Accumulation	1.62%	1.65%	1.09%	Lowest 49%
B Income	1.62%	1.65%	1.09%	Lowest 49%
N Income	1.87%	1.90%	1.34%	Highest 32%
I Income	-	1.40%	0.84%	Lowest 31%

Source: Morningstar

## Conclusion

 Green

The OCF includes the costs of underlying funds held. This is currently estimated at 0.28%, but can change as the underlying investments made, change.

Unitholders within the A Income and N Income unit classes are currently paying an OCF higher than the market average for similar funds.

Unitholders within the B Accumulation, B Income and I Income unit classes are currently paying an OCF lower than the market average for similar funds.

The AFM will discuss the level, and composition, of the OCF with the Investment Manager, where applicable.

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 five funds for which Momentum Global Investment Management Ltd are the Investment Manager. Each of these funds are what may be termed multi-asset funds. Differences between 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

	Current OCF	Difference Compared to Least Expensive	Difference Compared to Next Least Expensive	Minimum Lump Sum Investment	Minimum Subsequent Investment	Minimum Holding Amount
I Income	0.84%	-	-	£50,000,000	£100,000	£50,000,000
B Accumulation	1.09%	0.25%	0.25%	£100,000	£10,000	£100,000
B Income	1.09%	0.25%	0.25%	£100,000	£10,000	£100,000
N Income	1.34%	0.50%	0.25%	£1,000	£1,000	£1,000
A Income	1.74%	0.90%	0.40%	£3,000	£2,500	£3,000

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.

## Conclusion

 Green

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

The I Income unit class has more stringent investment minima than either of the B unit classes or the N Income unit class. Given that the incremental difference in OCF between each of these unit classes is below the suggested materiality threshold, the AFM has concluded that unitholders within each of these unit classes are receiving good value, in relation to Classes of Units.

Unitholders within the A Income unit class currently pay the highest OCF of all. Along with the N Income unit class, the A Income unit class, also carries an initial charge (of 5%). The incremental difference in OCF between this unit class and the next least expensive unit class (the N Income unit class) is above the suggested materiality threshold. In addition, the A Income unit class currently has investment minima greater than that of the N Income unit class. Therefore, the AFM has concluded that unitholders within the A Income unit 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. The AFM has held discussions on the costs of the A unit classes with the Investment Manager and will continue to review the future of the A unit classes with the view to improving the value offered to unitholders.

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 has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.

With regard to AFM Costs – General, the AFM will discuss the level of the Annual Management Charge (AMC) with the Investment Manager, where applicable.

With regard to Comparable Market Rates, the AFM will discuss the level, and composition, of the Ongoing Charges figure (OCF) with the Investment Manager, where applicable.

With regard to Classes of Units, where additional costs may not be justified, the AFM will look to align and harmonize costs to an appropriate level. The AFM has held discussions on the costs of the A unit classes with the Investment Manager and will continue to review the future of the A unit classes with the view to improving the value offered to unitholders.

The AFM notes that the A unit class holders are receiving poorer value than either the B, N or I unit class holders, across a range of assessed categories.

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

05/08/2024





Annual Assessment of Value Statement as at 31 March 2024

VT Momentum Diversified Growth Fund

Fund Information

<b>Investment Manager:</b>	Momentum Global Investment Management Ltd
<b>Authorised Fund Manager:</b>	Valu-Trac Investment Management Limited (Valu-Trac)
<b>Investment Objective:</b>	The investment objective of VT Momentum Diversified Growth Fund is to achieve capital growth over the long term (5 years).
<b>Investment Policy:</b>	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.
<b>AUM (£):</b>	£122.0m
<b>Fund Launch Date:</b>	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. 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 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	R	A	G	A	G	G	A
A Accumulation	28.3%	G	R	R	G	R	G	R	R
B Accumulation	67.0%	G	R	A	G	A	G	G	A
N Accumulation	0.4%	G	R	A	G	A	G	G	A
I Accumulation	4.2%	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 31 March 2023:

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 Accumulation	27.7%	G	G	A	G	R	G	R	R
B Accumulation	65.9%	G	G	G	G	A	G	G	G
N Accumulation	0.5%	G	G	A	G	A	G	G	G
I Accumulation	5.9%	G	n/a	G	G	A	G	G	G

The 2023 assessment used previous criteria that has since been updated as described above, and therefore the results for 2023 are not directly comparable with the updated 2024 assessment.

## Previous Remedial Actions

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- AFM Costs - General:
  - Assessed as Green, overall
    - The AFM will continue to monitor and will discuss costs with the Investment Manager at the next scheduled Investment Manager meeting.
- Comparable Market Rates:
  - 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, overall
    - 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.

## New Remedial Actions

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- Performance
  - Assessed as Red
    - The AFM has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.
- AFM Costs – General
  - Assessed as Amber
    - The AFM will discuss the level of the Annual Management Charge (AMC) with the Investment Manager, where applicable.
- Comparable Market Rates
  - Assessed as Amber
    - The AFM will discuss the level, and composition, of the Ongoing Charges figure (OCF) with the Investment Manager, where applicable.
- Classes of Units
  - Assessed as Green, overall
    - Where additional costs may not be justified, the AFM will look to align and harmonize costs to an appropriate level. The AFM has held discussions on the costs of the A unit classes with the Investment

Manager and will continue to review the future of the A unit classes with the view to improving the value offered to unitholders.

## **Detailed Assessment**

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### **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: 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 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 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)	5 years Peer Rank	Since Inception (avg. return per-year)	Since Inception Peer Rank
Benchmark	10.1%	3.4%	5.3%	-	-	-
A Accumulation	7.9%	1.2%	3.7%	Lowest 16%	-	-
B Accumulation	8.6%	1.8%	4.4%	Lowest 31%	-	-
N Accumulation	8.4%	1.6%	4.1%	Lowest 27%	-	-
Benchmark	10.1%	-	-	-	4.0%	-
I Accumulation	8.9%	-	-	-	0.6%	Lowest 11%

\*To 31 March 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 I Accumulation unit class was launched on 29 April 2022.

Source: Valu-Trac / Morningstar

### Conclusion:

 Red

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 or longer term (since inception). The net return from both the A Accumulation and I Accumulation unit classes, is significantly so.

The AFM has also assessed the investment risk within the Fund. The AFM notes that the realised volatility, Tracking Error and exposure to systematic market risk (Beta), within the fund is significantly greater than that of peers (further details on how the AFM arrived at this conclusion may be provided upon request).

The AFM has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.

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	0.73%	-
A Accumulation	1.40%	Highest 15%
B Accumulation	0.75%	Highest 49%
N Accumulation	1.00%	Highest 29%
I Accumulation	0.50%	Lowest 27%

Source: Valu-Trac / Morningstar

### Conclusion:

 Amber

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 A, B and N Accumulation unit classes are currently paying an AMC higher than the market average for similar funds.

Unitholders within the I Accumulation unit class are currently paying an AMC lower than the market average for similar funds.

The AFM will discuss the level of the Annual Management Charge (AMC) with the Investment Manager, where applicable.

The AFM has concluded that unitholders are receiving reasonable value, in relation to AFM Costs – General, overall.

### 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)	2022	2023	Current	
				Peer Rank
Peer Group	-	-	1.06%	-
A Accumulation	2.31%	2.28%	1.75%	Highest 12%
B Accumulation	1.66%	1.63%	1.10%	Highest 41%
N Accumulation	1.91%	1.88%	1.35%	Highest 26%
I Accumulation	-	1.38%	0.85%	Lowest 37%

Source: Morningstar

**Conclusion**

 Amber

The OCF includes the costs of underlying funds held. This is currently estimated at 0.29%, but can change as the underlying investments made, change.

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

Unitholders within the I Accumulation unit class are currently paying an OCF lower 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, overall.

**Comparable Services**

Valu-Trac act as AFM for five funds for which Momentum Global Investment Management Ltd are the Investment Manager. Each of these funds are what may be termed multi-asset funds. Differences between 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

	Current OCF	Difference Compared to Least Expensive	Difference Compared to Next Least Expensive	Minimum Lump Sum Investment	Minimum Subsequent Investment	Minimum Holding Amount
I Accumulation	0.85%	-	-	£50,000,000	£100,000	£50,000,000
B Accumulation	1.10%	0.25%	0.25%	£100,000	£10,000	£100,000
N Accumulation	1.35%	0.50%	0.25%	£1,000	£1,000	£1,000
A Accumulation	1.75%	0.90%	0.40%	£3,000	£2,500	£3,000

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.

## Conclusion

 Green

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

The I Accumulation unit class has more stringent investment minima than either the B Accumulation unit class or the N Accumulation unit class. Given that the incremental difference in OCF between each of these unit classes is below the suggested materiality threshold, the AFM has concluded that unitholders within each of these unit classes are receiving good value, in relation to Classes of Units.

Unitholders within the A Accumulation unit class currently pay the highest OCF of all. Along with the N Accumulation unit class, the A Accumulation class, also carries an initial charge (of 5%). The incremental difference in OCF between this unit class and the next least expensive unit class (the N Accumulation unit class) is above the suggested materiality threshold. In addition, the A Accumulation unit class currently has investment minima greater than that of the N Accumulation unit class. Therefore, the AFM has concluded that unitholders within the A Accumulation unit 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. The AFM has held discussions on the costs of the A unit classes with the Investment Manager and will continue to review the future of the A unit classes with the view to improving the value offered to unitholders.

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

## Overall Assessment

 Amber



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 has discussed the trends in long-term performance with the Investment Manager. Following this discussion, the Investment Manager is undertaking a review of the investment objective & policy of the Fund. The AFM will monitor the progress of this review and take further remedial action if necessary.

With regard to AFM Costs – General, the AFM will discuss the level of the AMC with the Investment Manager, where applicable.

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

With regard to Classes of Units, where additional costs may not be justified, the AFM will look to align and harmonize costs to an appropriate level. The AFM has held discussions on the costs of the A unit classes with the Investment Manager and will continue to review the future of the A unit classes with the view to improving the value offered to unitholders.

The AFM notes that the A unit class holders are receiving poorer value than either the B, N or I unit class holders, across a range of assessed categories.

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

05/08/2024