

ASSESSMENT OF VALUE

INED Checklist

v1.0

PART 3. The iNEDS Assessment

The following checklist was used by iNEDS in their review:

As at Date	
Completed by	
Umbrella fund and sub-fund	
Sub-funds benchmark	
Shareclasses covered	

#	Question	Y/N	Notes
1	<p>Firm's capabilities</p> <p>Is the fund consistent with our core capabilities and skills.</p>		
2	<p>Fund Range</p> <p>From a review of the range of funds available, and having regard to the size of the fund and its investment objective, is there any clear product rationalisation that ought to be performed?</p>		
Target Investors and Investors Needs			
3	<p>When identifying the target investor, are there any specific needs including in respect of:</p> <ul style="list-style-type: none"> - Ethical investment - Green investment - Hedged currency exposure - Income needs 		
4	<p>Is there evidence that these specific needs have been met, or evidence that is inconsistent with these objectives being met?</p>		

Distribution			
5	Is the actual distribution of the fund in practice consistent with the intended distribution of the fund?		
Shareclasses available			
6	Are there legacy RDR shareclass		
7	Are there any shareclasses which are very small in size and where it should be considered whether they should be closed or merged with other shareclasses?		
8	Are there any shareclasses that were very similar in feature to other shareclasses of the fund and where it should be considered whether they should be closed or merged with other shareclasses?		
9	Are there shareclasses for specific distributors, where the pricing is such that it would not be in the investor's interests to use that distribution channel.		
Costs (further work needed on which costs) <i>In considering cost, regard needs to be had to the total cost of investing, including any adviser charges, platform charges, adviser fees and the on-going annual management charge.</i>			
10	Is there any evidence of inconsistent costs – e.g. where the target outperformance vs. benchmark is 1%, but where the costs are 1.5% greater than the equivalent costs of a passive tracker?		
11	Are the costs in keeping with the costs of other similar shareclasses within the same fund?		
12	Are the costs in keeping with the costs of other similar shareclasses within the group?		
13	Are the costs in keeping with the costs of other similar shareclasses within the market?		
14	Economies of scale – comparison to internal fund range		

	<i>larger funds should be able to benefits from economies of scale.</i>		
Performance – Closet Trackers			
12	Is there any evidence that the fund may be a closet tracker or partly passive		
13	Where there is evidence that the fund may be a closet tracker or partly passive		
Performance – Other			
12	Having regard to performance of the fund compared to the performance of the sector and of the benchmark over a range of timeframes, is there anything to suggest that investors are not receiving value for money.		
Risk			
13	Having regard to risk profile of the fund compared to the risk profile of the sector and of the benchmark over a range of timeframes, is there anything to suggest that investors are not receiving value for money.		
Service Quality			
15	From the internal assessment of service quality, is there service quality which is notable over and beyond standard service quality in the market. If so, is this supported by evidence?		
16	From the internal assessment of service quality, is there service quality short comings such that would raise a query over whether the shareclass / fund delivers value for money.		
17	From a review of the following MI / KPIs are there any service quality issues specific to the fund that need to be considered:		

	<ul style="list-style-type: none"> - Complaints in respect of Distribution - Complaints generally - Breach and error logs, including: <ul style="list-style-type: none"> - Investor Dealing errors - Pricing errors - Investment breaches 		
Other Issues			
18	Are there other material issues that need to be considered as part of the Assessment of Value process or wider product governance process.		

Actions

#	Detail	Priority	Assigned to	Due Date

Assessment of Value

We are required to perform an annual assessment of the value for money for each shareclass of each sub-fund within the ICVC. This has been performed based on the information available as at [date].

We have performed this review having regard to a wide range of factors. In doing so, we have made comparison with the other shareclasses of the relevant sub-fund, with the shareclasses and sub-funds within our fund ranges and also with comparable shareclasses and sub-funds in the rest of the market.

Broadly speaking, assessment of value requires consideration of a combination of factors, including the return achieved, the price paid, the risk taken and the quality and range of services provided by the asset manager. This also needs to be considered in the context of the investment objectives and policy for the fund, the target investor and the recommended holding period.

In considering cost, regard needs to be had to the total cost of investing, including any adviser charges, platform charges, adviser fees and the on-going annual management charge.

Regard also needs to be had to the degree of active management; as an investor, you would not be receiving value, if you were being charged fees for active portfolio management, where in fact, the fund's composition of performance is staying very close to a benchmark. These factors also need to be considered in the context of the size of the portfolio and the ability of larger funds to benefits from economies of scale.

As regards performance, it is important that performance is considered over an appropriate timescale given the fund's objectives, and should be measured net of fees.

Based on our assessment of the value of each shareclass, we have taken appropriate action where required. Following conclusion of this exercise, we are satisfied / we are not satisfied that the shareclass provides value for money for the investor.