

UK Equity Fund
Abc shareclass: Isin:

Annual Assessment of Value Statement

Accounting period end date:

About this statement

This statement has been prepared to enable you to make an assessment of value of the XYZ fund. It is part of our ongoing dialogue with you to ensure that your objectives are being identified and met.

When making their assessment of VFM, a client is likely to focus on the generation of an attractive, risk-appropriate return over a timescale compatible with the investment horizon of the investor, net of costs but inclusive of the perceived service benefits received.

Whilst assessing value for money is by its nature subject, to assist you, this Statement includes the following sections:

- Our analysis of the typical investor in the fund;
- An overview of the available choice for similar funds
- Costs and charges - noting there are often different types of charges;
- Output, defined as risk and return, with a focus on the long-term
- Quality and service - other features and benefits often desired by the client, including the quality of governance and the sustainability of the investment approach

The Typical Investor

For the fund to provide you with value for money, it is important that the product is compatible with your needs, characteristics and objectives.

In this regard, we have characterised the potential target market for the product as below. If this does not fit your profile then you should

This product is targeted to the following types of client:	Retail
Knowledge client should	have of product type, product features and/or knowledge in thematically related areas
Investment experience that investor should have	
Investor Risk Tolerance	Risk Orientation*: <ul style="list-style-type: none"> - risk oriented or speculative” - “balanced” - “conservative”
What level of loss should client be willing to bear	
-	
The percentage of losses, clients should be able and willing to afford	
additional payment that might exceed the amount invested	
Maximum proportion of assets that should be invested in product	
Your wider Investment Objectives and Needs	
Expected investment horizon of target client	
Minimum expected number of years the investment is to be held	
Target investor specific age demographic	
Target investor tax efficiency based on clients’ country of tax residence	
Your need for currency protection	

Your need for the product to be “green” investment	Not applicable
- Your need for the product to be “ethical” investment	Not applicable
- Your need for the product to be “shariah” compliant	Not applicable
Distribution Strategy	
There are different ways in which investment funds can be distributed. We consider that the following are appropriate for this fund, including having regard to the extent to which advice is required before investing:	
<ul style="list-style-type: none"> B2B Platform (suitable for businesses, primarily financial advisers, but also pension schemes and fund management firms) 	Yes
<ul style="list-style-type: none"> Through IFAs 	No
<ul style="list-style-type: none"> Through Fund Supermarkets and Wrap Platforms (including ...) <p>These Platforms are targeted at retail investors. They offer execution services for investors who choose their own investments, usually without seeking advice.</p>	Yes

Available choice & identification of similar funds for comparison

Fund Category: UK Equity

Number of similar funds available to purchase in the UK:

Active: 350

Passive: 47

Is there a significant number of comparable funds available to purchase in the UK.

The Benchmark	strategy's peer group	low cost passive alternative
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Risk and Return

Risk and return can be calculated in different ways and can look different when focusing on short versus long horizons. We think it is important that the assessment of risk and return should be considered over an appropriate longer-term timescale given the fund's objectives. It should also be measured net of fees.

Return

Rather than focus on a single measure for return, the below dashboard shows returns for the overall strategy over a number of different timeframes, as well as Weighted Average Return¹.

The table also shows the comparative returns of other funds

	Portfolio A	Comparative funds		
		The Benchmark	strategy's peer group	low cost passive alternative
Since Inception	3%			
10 year	NA			
5 year	NA			
3 year	5%			
1 year	1%			
Return Composite	2.50%	4%	4%	3.5

Risk

No one risk estimate can give a clear reflection of the risk born by an investor. Accordingly, the below dashboard provides several risk statistics and results of stress tests to provide a rounded view. For background of each of these risk measures, visit risk.funds-axis.com.

Risk measure	UK Equity Fund	FTSE 100 Index		
Sharpe ratio	0.4	0.6		
Monthly VAR (99% confidence)	2.50%	4%		
Drawdown	8%	12%		
Stress test – GFC	15%	18%		
Stress test– Tech bubble burst	12%	21%		
Stress test – Rouble crisis	6%	9%		

¹ The Weighted Average Return has been calculated with the following bias to the long term: 50% weighting to 5 Year returns, 30% to 3 year, 15% to 2 year and 5% to 1 year returns.

Costs

Our objective is to ensure good value for money not only in the annual management charge, but also in execution costs, research fees (if charged separately), and charges for other third party services.

What is an appropriate charge will depend on factors such as the complexity of the investment strategy, the potential out-performance of the fund, the size of the fund, and the availability of cheaper alternatives.

Below is a summary of our charges

	Asset manager	Platform / wrappers	Intermediary
Direct costs	Annual management charge	Platform charges	Advisor charges
	Custody / depositary	Product wrapper charge	Service / activity charges
	Fund administration		
	Dealing		
	Fund accounting		
	Legal / audit		
	Entry/exit		
	Tax		
	Performance fee		
Indirect costs	Security lending	Cash account balances	
	Execution		
	Slippage		
	Anti-dilution		
	Portfolio turnover		
	Dealing spreads		
	Foreign Exchange		

The availability of cheaper alternatives

- **Economies of scale:** whether the AFM is able to achieve savings and benefits from economies of scale for larger funds;
- **Comparable market rates:** the market rate for any comparable service provided by the AFM or to the AFM (including by delegated investment managers);
- **Comparable services:** the AFM's charges for comparable services, including institutional mandates of a comparable size or funds with similar investment objectives; and

- **Classes of units:** whether it is appropriate for investors to be in share classes with higher charges than those applying to other similar share classes of the same fund.

The FCA also gives examples of where firms are likely to be offering poor value for money: these include expensive “partly active” funds and legacy pre-Retail Distribution Review (RDR) share classes where cheaper but otherwise identical classes exist.

Service and Quality

There are various services and features that differentiate investment management offerings that are otherwise comparable in terms of risk and return. These features include independence, governance and high quality administration. Some clients will feel that these features are worth paying a premium for; others will not.

Below is our summary of the quality of service that we provide. Your own assessment will be subjective

Service and Quality	Our assessment of how we compare	Explanation
<p>Clarity and consistency in the investment process</p> <p>Clients are likely to be more confident in the future returns from an investment process that is clearly specified and consistently followed.</p>		<p>We apply a clear and consistent investment process. Click here for more details.</p>
<p>Integration of ESG and sustainability in the investment process</p> <p>Including assessment of ESG in the investment decision making process can be expected to improve the risk and return characteristics over the longer term. Some clients may value inclusion of this perspective over and above the direct impact on return and realised risk.</p>		<p>We include assessment of ESG issues in the investment decision making process.</p> <p>We proactively seek to capture opportunities that help deliver sustainable growth and returns for our clients.</p>
<p>Quality and effectiveness of asset stewardship</p> <p>Diligent stewardship of the assets in the portfolio (i.e. share voting and engagement) should serve to improve risk and return over the longer term and hence are better able to capture opportunities for growth.</p>		<p>We are committed to being a responsible long-term investor and to act in the best long-term interest of our clients.</p> <p>We subscribe to and are a signatory to the United Nations-backed Principles of Responsible Investment (PRI). In the UK we are a signatory to the Stewardship Code.</p> <p>Our high level implementation of the principles is outlined here.</p>
<p>Independence and experience of the fund board</p> <p>Whilst there is a requirement for a fund board, there will be differences in the experience of the board and the levels of independence.</p> <p>An experienced and independent fund board should provide you with confidence that the manager will be challenged and held to act in the best interests of the clients</p>		<p>There is an experienced and independent fund board in place.</p>
<p>Quality of governance and internal controls</p> <p>Controls certifications provide additional assurance over the controls environments.</p>		<p>We have in place the following controls certifications:</p> <p>Key certifications include:</p> <ul style="list-style-type: none"> * ISO 9001 * ISO27000 * ISAE

<p>Safekeeping of assets</p> <p>here is a regulatory requirement to have in place a depositary that is responsible for safekeeping of assets and for oversight. They also have specific liabilities for any "loss" of assets. There are range of depositaries and depositary service delivery available in the market.</p>		<p>xxx act as depositary. They have a credit rating of AAA and over \$x trn AUM under management as at xxx. They are ranked x in the xxx Global Custodian Survey.</p>
<p>Quality of Audit</p> <p>There is aregulatory requirement that the fund be subject to an annual audit process and produce annually audited report and accounts. However, there is discretion in the choice of appointment of Auditor</p>		<p>We have appointed XYZ as the Auditor of the fund.</p>
<p>Quality of service</p> <p>Clients value accurate and efficient administration, including services that exceed the minimum regulatory requirements. The measured level of client satisfaction or complaints is also a measure of the overall quality of service.</p>		<p>Some examples of where we provide you with enhanced quality of service over and above the regulatory requirements, include [the ability to deal online], [] and [].</p> <p>As part of our assessment of quality of service, we monitor against of KPI of ... Our performance against this KPI in the year to xxx is xxx.</p>
<p>Quality and timeliness of reporting Investors</p> <p>The regulations require that we provide you with an annual statement and report and accounts. Clients typically place a value on higher quality and more frequent or timely reporting.</p>		<p>In addition to the regulatory requirements, we provide real-time web-based reporting. We also provide you with bespoke reporting in the form of:</p>
<p>Access to advice, insight and thought-leadership</p> <p>The Manager is required to provide various regulatory reporting in respect of the fund.</p> <p>Some Managers also provide additional insights or tools. These can form input into and challenge to the client's own wider investment decision making, e.g. strategy and asset allocation.</p>		<p>As part of the service, you also receive a wider investment insights from us as part of the service over and above the insight delivered directly as part of the portfolio management.</p>
<p>Ability to suffer loss</p> <p>Where the management company does not fulfil its regulatory obligations, there may be occasions where the fund or investors suffer loss and the Manager is required to meet that loss.</p> <p>Some clients will place value on the capital adequacy of the Manager and its ability to meet these losses.</p>		<p>With a balance sheet of £x million, we compare favourably to many in the market.</p>

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