

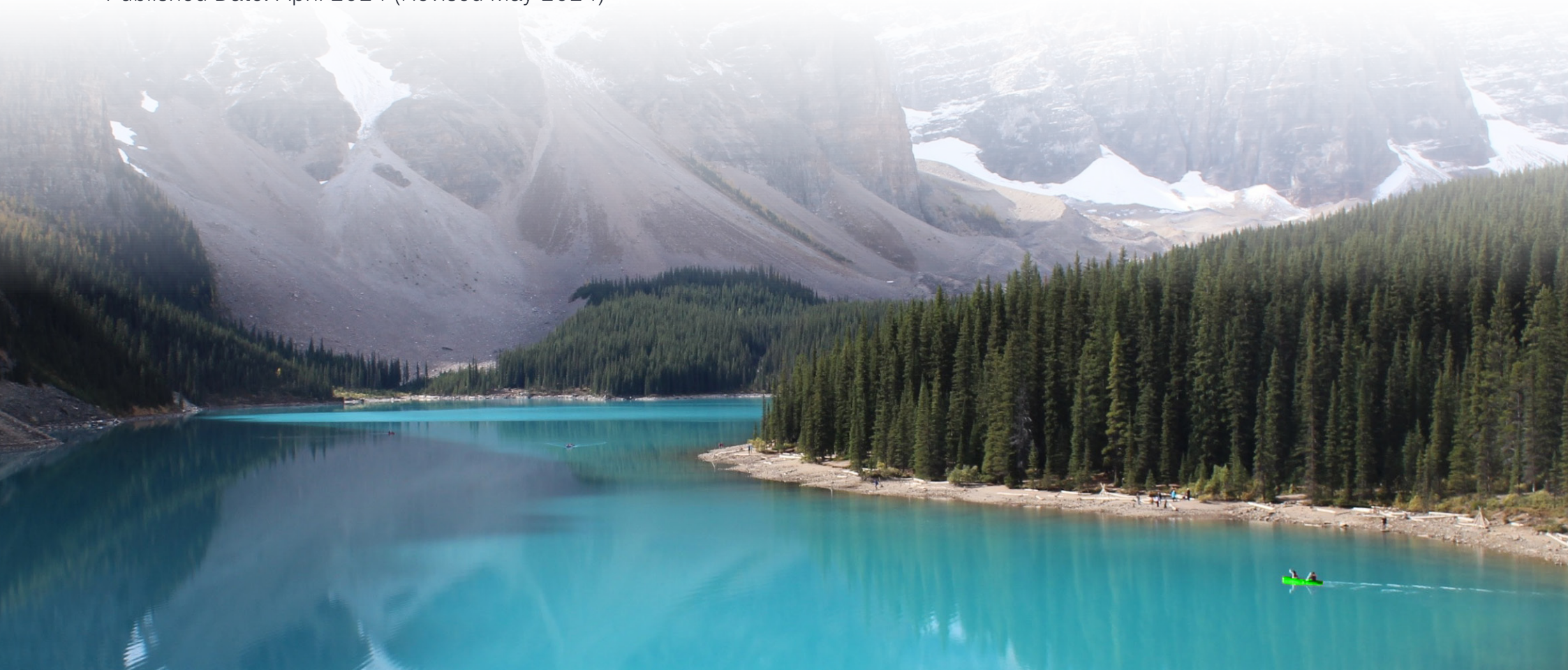


Assessment of Value Report

WS Havelock London Investment Funds

Report Date: 31 December 2023

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Letter from the Board

The past eighteen months have been particularly busy for the Waystone Group ('Waystone') in the UK. On 3 November 2022, Waystone acquired T. Bailey Fund Services, renamed to WFS (UK) Limited (Waystone Fund Services) and on 9 October 2023, it completed the transaction to acquire the UK and Irish business of Link Fund Solutions Limited ('LFS'), apart from certain excluded assets and liabilities. Effective from this date, Waystone Management (UK) Limited ('WMUK') took over responsibility from LFS as Authorised Corporate Director ('ACD')/ Alternative Investment Fund Manager ('AIFM') for over 150 LFS funds. During March 2024, the ACD for the WFS funds was also changed and absorbed into WMUK, bringing the total number of funds under the WMUK ACD/AIFM to over 230.

Waystone is a leading provider of institutional governance, risk, and compliance services to the asset management industry, with a global presence of over 1,750 experts across the UK, US, EMEA and APAC regions, and assets under service exceeding £1.6 trillion. This is a very exciting time for our company and our continued commitment is to put asset managers and you, the investor, at the heart of all that we do. Together, we will be able to provide current and new sponsors, clients, and investment managers with a more comprehensive set of services to support their, and investors', needs as they continue to evolve and grow.

I am the Non-Executive Chair of WMUK Board, and Independent Chair of its Value Assessment Committee. I have specific overall responsibility for the annual Assessment of Value reporting and I, supported by Liz Tracey and Simon White, the other Independent Non-Executive Directors of the Board, alongside the Executive Directors, seek to ensure that WMUK acts in investors' best interests and adheres to the highest standards of product governance. We are the independent voice of you, the investor, and this Assessment of Value has been produced with you in mind.

Through the Assessment of Value process, our responsibility is to assess whether the payments from each fund are justified in the context of overall value delivered to investors. The Board's top priority is ensuring that our funds deliver the best possible outcomes for investors over the recommended holding period ('RHP'). By this we mean investment returns that are consistent with the investment objective and policy of the fund, and equitable and transparent cost structures relative to our peers, combined with excellent service levels. At WMUK, creating and maintaining value for investors is integral to everything we do. The principle of delivering value is woven into every stage of the oversight of our Investment Managers, operations, product development and governance processes. We welcome the opportunity to share our report for the past twelve months with you. While this report is published on an annual basis, each step of our wider governance process ensures that all our funds are regularly reviewed throughout the year.

Market Review

2022 was, in general, a year of market turmoil due to the Ukraine war; however, the start of 2023 was marked by better performance in both equities and fixed income asset classes, driven by factors such as slowing inflation, market expectations that aggressive interest rate hikes would begin to be reversed by the middle of the year, some major economies being more resilient to the inflationary environment than expected, and attractive asset valuations. All these factors contributed to generally positive returns during the first half of the year, despite some systemic risks such as US local banks' deposit issues, the Credit Suisse bailout by UBS, and US debt ceiling issues.

Over that period, US, European ex-UK and Japanese equities exhibited the best performance, driven mainly by the information technology, communication services, and consumer discretionary sectors' strong performance. Conversely, UK and Chinese equities underperformed. UK equities were penalised by a slower than expected fall in inflation, resulting in more aggressive monetary tightening policies, whilst Chinese equities were negatively impacted by weak consumer spending, resulting in deflationary issues. On the fixed income front, credit spread tightening and elevated yields contributed to offsetting interest hikes through 2023 for US and Pan-European bonds. Conversely, UK bonds were negatively impacted by more aggressive interest rate hikes.

While major central banks had paused their interest rate hikes, they highlighted that the battle against inflation was not over yet with persistent inflation easing more slowly than expected, and stressed the risk of having higher inflation for longer. As a result, equities and bonds exhibited negative performances across the board in the three months to the end of September, with the energy sector showing a positive return and UK equities, which are less sensitive to the cyclical technology sector, proving more resilient to the market turmoil – a situation also experienced in 2022.

However, 2023 ended strongly with equities and fixed income asset classes exhibiting overall strong returns in the fourth quarter of the year. The outlier here was China, which suffered from a weak recovery and a troubled real estate sector. Market performance was supported by the Federal Reserve's announcement in December of 0.75% in interest rate cuts through 2024, in support of slowing economic growth and its inflation projections, which it revised down for 2024.

Value Assessment Framework

While we have broadly maintained the basis of our existing Value Assessment Framework, over the past year and particularly with the integration of the LFS and WFS businesses, we have made some changes which aim to deliver greater transparency around our assessment process. Full details of the new process can be found in the 'Our Value Assessment Process' section of this report.

We have recently been working on implementing the FCA's new Consumer Duty regulation which came in to force in July 2023 with the aim of introducing higher standards of customer care across all financial products, including funds. This new regulation contains enhanced requirements for WMUK to "act to deliver good outcomes for retail customers". This overarching requirement is supplemented by four "outcome" requirements relating to:

- Products and Services
- Price and Value
- Consumer Understanding
- Consumer Support

Letter from the Board continued

Although the Consumer Duty is new, many of the requirements – including the first two outcomes – are existing requirements reconfirmed. For some time, we have followed both formal product governance requirements and produced value assessment reports. Save where we identify enhancement opportunities over time, these will continue largely as before. The areas where you will see greater emphasis and information will principally be those relating to Consumer Understanding and Consumer Support. In particular, there is a greater range of guidance material available on our website, or on request, and, in the future, we are likely to place greater focus not just on customer service, but also on ensuring that we are providing investors with the information they need to make informed decisions regarding their investments.

Demand for sustainable products and services has been increasing, and non-financial criteria are becoming a more important part of the investment process. The implementation of the UK's Sustainability Disclosure Requirements ('SDR') in 2024 aims to enhance trust, credibility, and integrity in the sustainable finance market by ensuring investors can trust the sustainability claims of their products. A key component is the anti-greenwashing rule, which requires sustainability statements to be clear, fair, and not misleading. The oversight of all our funds' sustainability exposures will continue to evolve in response to investor needs and legislation and, where appropriate, will become increasingly prominent in our Assessment of Value. Socially responsible investing continues to be a significant consideration for investors with Environmental, Social and Governance (ESG) a key factor for the wider world as well as our industry. Poor practices may not just damage a company's reputation but may lead to material fines or restrictions on operations. Encouraging companies to prioritise responsible and sustainable solutions can have a positive impact on the environment, communities, and investment returns. The UK Government was the first G20 country to mandate TCFD (Task Force on Climate Related Financial Disclosures) reporting for large financial firms. On 30 June 2023, to meet this obligation, the legacy LFSL funds published an initial set of reports which provide details of carbon emissions, scenario analysis, and other responsible investing metrics. Reporting on sustainability exposures will continue to evolve in response to investor needs and legislation, and, where appropriate, become increasingly prominent in our Assessment of Value. WMUK will publish its first TCFD report in June 2024.

Open and transparent communication with investors is important to us, so we do hope that this report will provide a useful insight and help to inform your investment decisions. Thank you for taking the time to read our report and, if you have any feedback about the report, we would be delighted to hear from you. Please email us at aovfeedback@waystone.com.

Tim Madigan, Independent Non-Executive Chair
For and on behalf of the Board of Directors

Waystone Management (UK) Limited
April 2024

Company Details

Company	WS Havelock London Investment Funds
Authorised Corporate Director (ACD)	Waystone Management (UK) Limited
Investment Manager	Havelock London Limited

Summary of Results

Fund	Overall	Investment Performance	Comparable Market Rates	AFM Costs	Economies of Scale	Classes of Units/Shares	Comparable Services	Quality of Service
WS Havelock Global Select	●	●	●	●	●	●	●	●

Please refer to page 10 for explanation of ratings.

In this summary we have used the overall value rating for the representative (or most common) share class in the fund. Please refer to the individual fund page for the detailed rating and associated explanation for the fund and all its share classes.

It is important to note that different share classes charge different fees which will impact the performance return of the share class. The share class you hold will depend on how you invest in the fund(s).

Waystone Management (UK) Limited ('WMUK')

Board of Directors

This Assessment of Value report has been approved by the WMUK Board of Directors. The Board is comprised of the Chair, who is one of three Independent Non-Executive Directors (iNED), plus four Executive Directors.

Independent Non-Executive Directors



Tim Madigan

Independent Non-Executive Director and Chair of WMUK Board

Tim Madigan is the Independent Non-Executive Chairperson for WMUK and Waystone's regulated fund companies in Ireland (UCITS ManCo and AIFM) and Luxembourg (UCITS ManCo and AIFM). He serves as an iNED for a number of investment funds, both Irish-domiciled (UCITS and AIFs) and Luxembourg-domiciled (AIFs), as well as for an Irish cross-border life insurance company (where he also acts as chair of the Audit Committee). He was previously an iNED of a UK life insurance company (where he also acted as chair of the Risk & Compliance Committee).

From 2010 to 2011 Mr Madigan was Finance Director of Aviva Investment Management Europe, where he led the set-up of the finance function for Aviva Europe's Dublin-based centre of excellence, established to manage treasury assets and investment management mandates. Prior to this, Mr Madigan was Managing Director of cross-border life insurance company Aviva Life International from 2006 to 2010 (previously he was Finance Director for that company). In this role, he chaired the Investment Committee as well as leading a strategic review of business in 2009 following the onset of the global financial crisis.

He holds a Bachelor's Degree in Business Studies (Finance) from the University of Limerick, is a Fellow of the Association of Chartered Certified Accountants and is a Certified Investment Fund Director. He served as an elected council member of the Irish Fund Directors Association from 2016 to 2020.



Elizabeth Tracey

Independent Non-Executive Director

Elizabeth Tracey is an iNED for WMUK. Elizabeth brings to her role a wealth of expertise, having worked in the financial services industry for over 37 years, including senior operational roles at large asset management institutions, such as Merrill Lynch Investment Management and BlackRock Fund Managers.

Previously, Elizabeth was an iNED for Link Fund Solutions Limited, becoming an iNED to the Board in 2021. In addition, Elizabeth took on the role of Chair of the Link Fund Solutions Limited Risk, Compliance and Audit Committee.

Specialising in global operations, Elizabeth's experience includes oversight of projects in Europe, Asia, the US and Australia.



Simon White

Independent Non-Executive Director

Simon White is an experienced board member and senior executive with deep and varied finance industry experience, acquired during a career spanning more than 30 years.

Simon was appointed as an iNED of the Board of WMUK in February 2020. Simon has served as iNED for a number of public and private businesses and is currently an iNED for two substantial financial services firms.

Simon is the CEO and Managing Partner of Time Machine Capital Squared, an award-winning AI-focussed research and investment firm that specialises in artificial intelligence and machine learning. Simon previously served as COO (Chief Operating Officer) of Man Group and COO/CFO (Chief Financial Officer) of GLG Partners Inc, two of the most prominent alternative fund management companies globally. Throughout his career, Simon has been instrumental in building industry-leading infrastructure. In addition, Simon is a Fellow of the Institute of Chartered Accountants.

Waystone Management (UK) Limited ('WMUK')

Board of Directors continued

Executive Directors



Karl Midl
Country Head, UK and CEO WMUK

Karl Midl is an FCA approved professional with over 25 years of operational and client facing experience in the financial services sector. Karl joined Waystone in 2023 as part of its acquisition of Link Fund Solutions Limited where he had held the role of CEO. Karl joined Link Fund Solutions in 1995 and in 2002 became a Board member. Throughout his career, Karl has gained significant expertise in the administration and management of Collective Investment Schemes, both onshore and offshore and in all areas of operations, including fund accounting, pricing, transfer agency and projects.



Vasileios Karalekas
European Head of Investment Risk

Vasileios joined Waystone in 2014 and serves as the company's Head of Investment Risk Management, overseeing the investment risk desks of the company's regulated entities in Ireland, Luxembourg, and the UK. Vasileios is responsible for the implementation of best-in-class risk management models and practices and compliance with the latest regulatory guidelines. With over 10 years of experience working within the financial sector, Vasileios' interests and experience span both asset classes and strategies and include the valuation and risk modelling of derivatives, structured credit, liquid asset strategies and alternative assets, such as loan origination and real estate.



Andrew Berry
Executive Director

Andrew has over 30 years of experience in accounting and financial services, working in retail funds, fund platforms, fund accounting, administration and investment oversight. At Waystone, Andrew leads the UK ACD/AIFM business within the London operation, having joined in 2019 as part of Waystone's acquisition of Host Capital Ltd. As Executive Director, Andrew oversees the UK ACD/Alternative Investment Fund Manager business including client service delivery across UCITS and non-UCITS funds in the UK, with responsibility for the management of the risk, valuation, due diligence and audits for the UK ACD/Alternative Investment Fund Manager, its funds and appointed delegates. Andrew is IAQ qualified and his previous roles have involved the set up and operation of UK ACD/Alternative Investment Fund Manager companies.



Rachel Wheeler
Global Product Head, Regulated Fund Solutions

Rachel is responsible for overseeing the development, management and growth of our regulated fund solutions business. This encompasses the management companies and MiFID (Markets in Financial Instruments Directive) businesses.

Trained as a fund lawyer, Rachel has gained over 25 years of experience in asset management. Her extensive career includes serving as the Group General Counsel for Aviva Investors and GAM Investments. Rachel has also held senior positions in the legal teams of USS Investment Management, The Bank of New York Mellon, Gartmore Investment Management and Merrill Lynch Investment Management.

Rachel holds a postgraduate diploma in Law and the Legal Practice Course from the College of Law, Guildford, and a BA (Hons) in History from the University of Wales.

Individual Fund Summary



WS Havelock Global Select

Overall Rating



- Investment Performance
- Comparable Market Rates
- AFM Costs
- Economies of Scale
- Classes of Units/Shares
- Comparable Services
- Quality of Service



Based on our annual assessment, we have concluded that the Fund provides overall value to investors. All of the criteria which form part of the assessment are within our tolerance levels, with all payments out of the scheme property being justified. We have therefore rated it Green.

Investment Manager	Havelock London Limited
Assets Under Management (AUM)	£155,605,604
Fund Launch Date	21 August 2018
Recommended Holding Period (RHP)	3 years
IA Sector	Global
Comparator Benchmark	IA Global sector*
Investment Objective	The Fund aims to achieve investment growth (net of fees) over three to five years.

* The benchmark changed from the IA Flexible Investments sector on 11 January 2023.

Actions carried forward from 2022 Assessment – None.

Resolution of 2022 Actions – N/A.

Proposed actions arising from 2023 Assessment – No actions proposed.

WS Havelock Global Select continued

Investment Performance

The Fund has achieved a positive return of 10.26% over its RHP, meeting its investment objective. It has outperformed its comparator benchmark by 6.08% over the same period. Therefore, the Fund has been rated Green for Investment Performance.

Annualised Performance – Periods to 31 December 2023

	12 Months	3 Years	5 Years	Since Inception
Fund Return	9.83%	10.26%	9.63%	7.76%
Relative to IA Global*	-1.88%	6.08%	2.69%	3.04%

Discrete Performance – Rolling 12-Month Periods

	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Dec 2022	31 Dec 2023
Fund Return	15.33%	2.45%	15.22%	5.93%	9.83%
Relative to IA Global*	-0.31%	-4.56%	3.84%	15.06%	-1.88%

* Performance is measured against the IA Flexible Investments sector up until 11 January 2023 and against the IA Global sector after this date.

Comparable Market Rates

Our review has identified that all share classes' OCFs are lower than their IA sector medians. We would like to draw your attention to the fact that all share classes have had an OCF cap in place since launch. This is to protect investors from the impact of fixed fees on the OCF while the share classes are still small. For this Fund only one share class 'Class I' requires the protection of the cap due to the recent growth in the Fund size.

	A Shares	I Shares
Share Class OCF	0.84%	0.69%
IA Sector Median OCF	0.87%	0.82%

AFM Costs

The Fund and its share classes have an AMC that is lower than the IA sector medians.

Economies of Scale

We are comfortable that share classes have benefitted from economies of scale both due to their size and access to the fee arrangements in place with the ACD.

Classes of Units/Shares

We are comfortable that all investors are in the most appropriate share class. Share classes assessed:

- Class A: a clean retail share class
- Class I: an institutional share class also available through platforms

Comparable Services

Based on our assessment, we are satisfied that all charges passed to the Fund are appropriate when considered in the context of comparable funds within the AFM.

Quality of Service

This review considers the range and quality of all services provided to the Fund(s) and its unit/shareholders. We have identified, considered, and then assessed the service provided utilising any relevant reporting, key performance indicators ('KPIs') and due diligence that has been undertaken over the past 12 months.

Investment Process – WMUK has put the IMD's process through its quality of service assessment and concluded that it adheres to all the criteria set out in our Assessment of Value framework. In particular, the Fund demonstrates stability in the investment team; a strong change and governance process around its use of data and systems; relevancy, and robustness at each phase of the investment process; and has evidenced that it adheres to its Prospectus and integrated risk management procedures. The portfolio's liquidity is regularly assessed, and stress tested, and no concerns have been identified. Finally, due diligence has recently been conducted on the IMD and there were no material findings.

Governance Process – Our assessment of the ACD, and key service providers and delegates, namely but not limited to the Depositary, ACD, Fund Accounting, Transfer Agency, as well as their related oversight processes, raised no material concerns. For the first time, we have considered key Consumer Duty deliverables and assessed these, in particular investor feedback via complaints, and failure to deliver good service around Consumer Support and Consumer Understanding and have concluded that all of the above were met for the period.



Our Value Assessment Process

Our Value Assessment Process

Introduction

This is the fourth year of the Assessment of Value and, since its establishment, our process has evolved and matured to reflect industry best practice, as well as revised guidance from the FCA. As mentioned in the Board Letter, while our overarching framework remains the same, we have made some important changes to it during the last 12 months. These changes have been introduced with the intention of providing greater clarity to you, the end investor. Several of the revisions are to our parameters and the metrics that we use to assess the criteria, however, two of the main changes will be clearly visible to you. Firstly, since the assessment was introduced, while we assessed all seven of the criteria individually, five of them (the costs-based criteria) were rated under one pillar – Costs. This year, for the first time, we have rated all five criteria separately. The second significant change is within the Quality of Service criteria, where we have now added a self-assessment of our performance as ACD/AIFM to the funds. In our independent capacity as ACD/AIFM, we feel this is of particular importance.

Our Assessment of Value applies a combination of quantitative and qualitative metrics to assess whether funds provide value to our investors. The FCA has set out seven key assessment criteria, which we've explained in full on page 11, but it also notes that there may be 'Other' appropriate assessment factors. Our assessment considers if any additional criteria should be assessed. In particular, we are starting to focus on the ESG impact to the investment process. Where ESG forms part of a fund's objective and/or policy, the assessment is included in the Investment Performance section. However, where the Investment Manager has identified ESG priorities, even if they are not part of the investment objective but a clear part of their investment process, these are also monitored against the IMD's policies or guidelines through the Quality of Service assessment.

We employ a robust governance and risk management framework in our oversight and monitoring process. This includes the funds, the various third parties – investment managers and administrators – and our performance as ACD/AIFM, by considering the service provided by the internal teams within WMUK. Part of this governance assessment are the regular reviews to ensure we are familiar with the administration, investment and product processes. We utilise Key Performance Indicators and Service Level Agreements where appropriate. All of this helps us to identify any potential issues that may cause detriment to the funds or the investors.

Where appropriate and relevant to our assessment, we comment on events that have occurred outside of the investment reporting period to 31 December 2023.

Ratings





There are two key pieces of information you need to know when reviewing the report: firstly your fund name and secondly, the share class in which you invest. Our ratings process has not changed and, in line with previous years, an overall rating is determined for each fund and share class using a simple four-colour traffic light system. However, while we rely heavily on metrics to assess the funds, in some cases the Board applies a subjective adjustment to the ratings to ensure that they appropriately reflect the fund's assessment. In addition, we will use the commentary in each of the criteria to identify anything which might be of interest to the investors.

A rating is given for each of the seven criteria, and these form the basis of the overall fund rating. This overall rating is calculated using metrics agreed by the WMUK Board, with some criteria having a greater weighting than others. Our Assessment of Value framework (including weightings) is reviewed at least annually to ensure appropriateness and relevancy.

For newly launched funds, whilst we assess them, we may rate them differently. Where there is a performance history of less than one year or if there has been a material change to the fund's investment objective and/or policy, we may assign a grey rating as it is too soon to rate the fund.

Likewise in relation to costs, we recognise that newly launched funds are still in their growth stage and can experience higher fixed costs. If a fund has launched within three years of the reporting period, we may assign a grey rating, indicating that it is too soon to rate it for costs.

Our summary page shows a rating for all funds assessed for the reporting period to 31 December 2023.

-  Offers value to investors
-  Has provided value in some but not all areas; additional monitoring and/or further action may be proposed
-  Has not provided value; appropriate further action will be agreed and addressed
-  Too soon to measure. Fund has been live for less than 1 year (for performance)/3 years (for costs) or has had a material change to its investment objective, policy or benchmark during that period

To provide as independent an assessment process as possible we:

- rely on a framework, which, while evolving, uses a consistent assessment methodology which has been challenged and approved by our three iNEDs.
- use independent data from Fitz Partners and Morningstar, allowing us to assess the funds' costs and performance on an arm's length basis using externally sourced and validated information.
- use, where documented, the fund benchmarks identified in the Prospectus.

Where any of the criteria assessed results in an Amber or Red rating, any proposed remedial action(s) will be displayed in the individual fund summaries from page 6.

Our Value Assessment Process continued

FCA Criteria and What This Means

In carrying out the Assessment of Value, the AFM must consider the seven criteria set out by the FCA plus any additional factors which are considered relevant to a fair assessment. These are further detailed below.

Fund Performance

The performance of the fund, after deduction of all payments out of scheme property, as set out in the Prospectus. Performance should be considered over an appropriate timescale (usually the RHP stated in the Prospectus) having regard to the fund's investment objectives, policy and strategy.

Classes of Units/Shares

Whether it is appropriate for unit/shareholders to hold units/shares in classes subject to higher charges than those applying to other classes of the same scheme with substantially similar rights.

Comparable Market Rates

In relation to each service, the market rate for any comparable service provided by the AFM, or to the AFM or on its behalf, including by a person to which any aspect of the fund's management has been delegated.

Comparable Services*

In relation to each separate charge, the AFM's charges and those of its associates for comparable services provided to clients, including for institutional mandates of a comparable size and having similar investment objectives and policies.

* as Host or Independent ACD/AIFM, we are not expected to look at institutional mandates.

AFM Costs

In relation to each charge, the cost of providing the service to which the charge relates and, when money is paid directly to associates or external parties, the cost is the amount paid to that person.

Quality of Service

The range and quality of services provided to investors.

Economies of Scale

Whether the AFM is able to achieve savings and benefits from economies of scale, relating to the direct and indirect costs of managing the scheme property, and taking into account the value of the scheme property and whether it has grown or contracted in size as a result of the sale and redemption of units/shares.

Other

This includes any additional factors which we might consider on a case-by-case basis, e.g. ESG.

Our Value Assessment Process continued

Investment Performance

The below outlines how our Assessment of Value Framework interprets and measures each of the criteria. This is supported by key metrics which have been reviewed and agreed by the WMUK Board but we also want to draw your attention to the fact that there is an element of subjectivity through our assessment process.

When assessing the fund's performance, we consider two different assessments. These consider the performance in different ways over the fund's RHP (usually but not always five years), or since launch if it has not yet received the RHP. Equally, if the fund has had a significant change to its investment objective or the appointment of a new investment manager, we may also show performance from this point. Should this be the case we will identify this appropriately.

- 1) Absolute Performance – this test assesses the main investment objective of the fund e.g. growth. While we rate the fund/share class over its RHP, attention is paid to performance over the past twelve months, or significant periods of over- or underperformance during the RHP which may have a material impact on the returns. In addition, some funds will have additional objectives or targets that are considered here e.g. income, volatility or ESG.
- 2) Relative Performance – this test compares the performance of the fund/share class against its target/comparator benchmark over rolling performance periods. So, for a fund/share class with a five-year RHP, where possible, we look at 10 years of performance history. We use this to determine on how many of these performance periods the fund has outperformed the benchmark, allowing us to measure the consistency of its performance. This considers how the fund/share class has performed against the wider market. Where a fund has not reached its RHP, and has insufficient periods to enable this assessment, we look at the annualised return of the fund versus the benchmark since inception. If a fund has more than one benchmark, we note all benchmarks but identify which has been used for assessment purposes.

While we do not include investment style in our assessment, where we feel it is important in explaining the performance of a fund we will use the commentary section to draw your attention to this.

Comparable Market Rates

To assess this we look at all the costs the fund pays, this is known as the Ongoing Charges Figure (OCF). The OCF is the total sum of the Annual Management Charge (AMC), Investment Manager, Registrar and other Direct Costs as identified in the Prospectus and found in the Key Investment Information Document (KIID). We compare the OCF at share class level against the relevant Investment Association sector or, where appropriate, peer group. The IA sectors organise groups of similar funds e.g. by geographic region or asset type. This might not be appropriate for all funds and, on some occasions, the ACD/AIFM Board will identify a suitable group of comparable funds – a peer group. We determine how the share class compares to the median of that sector or peer group. While we know that this comparison can be skewed by different investment approaches (e.g. passive fund of funds), we believe it provides a good indication of where the fund sits generally. We then consider if the OCF paid by the investor provides good value. We do not consider transaction costs or other indirect costs (e.g. synthetic fee) as part of this assessment.

Authorised Fund Manager Costs

We compare the AMC of all share classes against what our investors would pay for holding a similar investment elsewhere in a fund with similar investment objectives and strategies. We recognise that certain asset classes such as property, infrastructure and private equity can be more expensive owing to additional costs associated with the investment process and asset level due diligence; these costs are also considered as part of our assessment.

Economies of Scale

Our review is to ensure that investors benefit from economies of scale. There are two factors here. Firstly, does the fund benefit from economies as part of the wider negotiation powers of the ACD/AIFM, which it might not benefit from if it contracted directly with the provider? Secondly, has the fund benefitted from additional economies of scale as its assets under management (AuM) have increased, i.e. as the fund and share classes increase in size, have overall costs reduced? The Investment Manager's fees make up the majority of costs charged to the funds and, where appropriate, we discuss with them whether or not economies of scale can or have been achieved. On an ongoing basis, we strive to ensure that service, performance, and costs are in line with market best practice. Measures which we have in place to support this effort include:

- adopting a standard operating approach across all funds supported by each service delegate and using this to leverage economies of scale.
- employing an independent consultancy to provide regular benchmark data that compares service delivery for fund administration and custody against other clients of that service provider and against the whole of the market.
- periodically commissioning an analysis of services, fees and costs to ensure they remain competitive. In the past three years, this has included a review of custody fees at one of our major providers, a renegotiation of Trustee and Depositary fees and a full market review (costs and service capability) for the provision of Fund Administration services.

Classes of Units/Shares

As part of our cost analysis, we seek to ensure that all investors are in the most appropriate share class. Where we identify that there is a cheaper, more appropriate share class available, we will transfer investors across within a reasonable time frame. Our assessment considers the fund's distribution model, target investors, and minimum investment amount. Where a fund has been designed for, and is only distributed to, a limited number of clients of the Investment Manager, we consider the higher costs associated with the additional services received by investors and ensure that they are of sufficient value. We note the recent and ongoing piece of work on share class conversions across our funds, i.e. moving investors to the cheapest available share class, providing better value for our directly registered investors (subject to share class minimums).

Our Value Assessment Process continued

Comparable Services

This is an internal assessment and compares the services provided to the fund against those we provide to other funds and different client types, e.g. segregated mandates. These should be comparable in terms of strategy, investment remit and investor outcome. As host/independent ACD/AIFM, we are not required to look at institutional mandates.

Quality of Service

Here we aim to assess the range and quality of services provided to our investors and funds. This includes an evaluation of the services we, as AFM, provide to our investors. There are two significant elements here – investment process and governance process.

Investment Process

Here, we engage directly with the Investment Manager Delegate's (IMD) investment team, to determine the quality and integrity of the IMD and their investment process, examining the following areas:

- regular due diligence of the IMD including their governance, data and systems, culture and conduct, human resources (particularly where there are critical employees) as well as their corporate and regulatory framework.
- the different phases of the investment processes and how they interact with each other.
- the IMD's investment strategies and their adherence to the Prospectus.
- the integration of risk management for global exposures, idiosyncratic and concentration risks.
- the relevancy and robustness of top-down and bottom-up phases as well as the quantitative and qualitative approaches embedded in those.
- Where ESG forms part of a fund's policy and/or objective, or is a fundamental part of the investment process, our assessment considers if the fund or the Investment Manager is adhering to the Prospectus and/or their ethical screening policy.

Governance Process

We perform extensive oversight on all delegated service providers as part of a detailed Vendor Management Policy. This ensures that service quality is maintained in line with documented Service Level Agreements which, in turn, delivers service that meets or exceeds regulatory requirements. This includes a review of the following:

- ACD/AIFM – the ACD/AIFM Board is responsible for ensuring that the funds are run in the best interests of investors and, in evidencing that, we have effectively discharged our governance responsibilities.
- services provided by the Fund Administrator, in particular the accurate and timely pricing of the funds.
- client servicing, namely the services of the Transfer Agent and Registrar, in the delivery of contract notes and statements, income and redemption payments, etc.
- other providers including Depositary and Custodians.
- complaints, errors, breaches, and incidents.
- accessibility, accuracy, and use of plain language, in fund documentation, investor communications and the website.

Glossary



Glossary

Absolute Return

The rise or fall in the value of an asset in a particular period of time, expressed as a percentage. This measure is expressed as a percentage and for time periods greater than 12 months is annualised.

Accumulation Shares/Units

A share/unit class that reinvests any income which is reflected in the value of the shares/units. The income can be from interest or dividends.

Alternative Investment Fund Manager (AIFM)

The entity responsible for ensuring compliance with the Alternative Investment Fund Management Directive (AIFMD) regulations and is responsible for providing the legal and regulatory framework for the alternatives funds through its oversight and governance process.

Annualised Performance

The equivalent annual return an investor receives over a given period.

Annual Management Charge (AMC)

A charge covering costs, fees and expenses for the operation and management of each share class, representing a percentage of the Net Asset Value (NAV) of each share class.

Asset

Anything having commercial or exchange value that is owned by a business, institution or individual.

Assets Under Management (AUM)

The total market value of the assets, including investments of a fund.

Authorised Corporate Director (ACD)

In Waystone Management (UK) Limited's (WMUK) capacity as Authorised Fund Manager we act as the ACD where we are responsible for providing the legal and regulatory framework for each fund through our extensive Product Governance process, Value Assessment, Risk Monitoring and Reporting.

Authorised Fund Manager (AFM)

WMUK is an independent, regulated provider of AFM services for a range of UK regulated funds.

Benchmark

Measure, such as an index or sector, against which a portfolio's performance is judged. The fund's benchmark must be disclosed in the Prospectus.

Benchmark – Comparator

The fund managers choose the benchmark, which may be an index or a sector, as a comparator for the fund's performance, but they do not have to replicate its composition. The benchmark is not used for any other purpose, such as, for example, to serve as a reference when setting performance fees.

Benchmark – Composite

A composite benchmark combines a number of different indices which may have different weights.

Benchmark – Constraint

The portfolio must replicate the securities contained in the benchmark and their weights. The benchmark can be an index or a sector. Depending on the fund's mandate, the managers can replicate the positions directly or via derivatives, which are instruments whose value is derived from that of an underlying security or pool of securities.

Benchmark – Proxy

An alternative benchmark which mimics the performance of the original benchmark.

Benchmark – Target

An index or similar factor that is part of a target a fund manager has set for a fund's performance to match or exceed.

Bottom-Up Selection

Selecting stocks based on the attractiveness of fundamental characteristics of companies, such as earnings growth or dividends.

Capital

Refers to the financial assets, or resources, that a company has to fund its business operations.

Consumer Price Index (CPI)

An index used to measure inflation, or the rate at which prices for a basket of goods and services bought by households change. The contents of the basket are meant to be representative of products and services consumers typically spend money on, and are updated regularly.

Corporate Bonds

Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky. Also referred to by investors as "credit."

Cumulative Return

The aggregated return from an investment or fund over a specific time period.

Custodian

A financial institution that holds customers' securities for safekeeping to prevent them from being stolen or lost.

Depository

A depository is an independent third party that is responsible for the safekeeping of assets of an investment fund, performing the cash flow monitoring and the oversight duties of the fund.

Discrete Performance

The percentage return on an investment over specific defined time periods.

Dividend

A share in the profits of a company, paid out to the company's shareholders at set times of the year.

Dividend Yield

Annual income distributed by a company as a percentage of its share price as at a certain date.

Drawdown

The decline in price from a historical peak value of an investment. It's a measurement of the maximum amount an investor could have lost since an investment was at its highest price.

Economies of Scale

Savings in costs which can be achieved from an increase in production. For example, when a fund grows, it may experience economies of scale through a decrease in fixed costs when the impact in pound and pence fixed cost figures becomes smaller as a percentage of the total size of the fund.

Glossary continued

Equities

Shares of ownership in a company. They offer investors participation in the company's potential profits, but also the risk of losing all their investment if the company goes bankrupt.

Financial Conduct Authority (FCA)

The body which regulates the financial services industry in the UK. Its role includes protecting consumers, keeping the industry stable and promoting healthy competition between financial service providers.

Fixed Income Security

A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid. Also referred to as a bond.

Fund Administrator

The entity is responsible for maintaining accurate records of the fund's transactions, holdings, and performance. They also prepare regulatory filings and provide other compliance-related support.

Fundamentals – Company

A basic principle, rule, law, or the like, that serves as the groundwork of a system. A company's fundamentals pertain specifically to that company, and are factors such as its business model, earnings, balance sheet and debt.

High Net Worth Individual

A person or family with liquid assets above a certain figure.

Idiosyncratic

A type of risk that can have a negative impact on a specific asset as opposed to the entire market.

Income Shares/Units

A type of share where income is paid out as cash on the payment date. The income can be from interest or dividends.

Income Yield

Refers to the income received from an investment. Usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

Inflation

The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with that of the same month a year earlier.

Institutional Investor

An entity that trades for others, usually in large quantities.

Institutional Mandate

Legal agreement between two parties such as a fund manager and a financial institution which outlines how a client fund will be managed.

Intermediary

An individual or organisation which acts as a link between the investor and the fund: for example, a financial adviser or platform.

Investment Association (IA)

The UK trade body that represents fund managers. It works with investment managers, liaising with government on matters of taxation and regulation, and also aims to help investors understand the industry and the investment options available to them.

Investment Association (IA) Sector Median

The IA classifies funds under different sectors according to their investment strategy. The median is the middle point of a set of data and the IA sector median for costs is calculated by ordering the OCF of all funds in a sector from lowest to highest and taking the middle OCF.

Investment Manager Delegate (IMD)

The company or individual to whom the ACD delegates the responsibility for deciding how to invest the money in the fund's assets.

Investment Objective

A high-level description outlining the aim of the fund, for example "to achieve capital growth and income over the long term".

Key Performance Indicator (KPI)

Quantifiable measures used to assess the performance of a process.

Maturity

The length of time until the initial amount invested in a fixed income security is due to be repaid to the holder of the security.

Morningstar

A provider of independent investment research, including performance statistics and independent fund ratings.

Ongoing Charges Figure (OCF)

The ongoing charge figure represents the operating costs investors can reasonably expect to pay under normal circumstances.

Ongoing Charges Figure (OCF) Capped

The maximum percentage of fees per annual total market value of all of a company's outstanding shares.

Performance

The profit or loss derived from an investment over a specified time period.

Platform Investor

An investor who utilises an online service that makes products available from more than one provider.

Primary Share Class

The highest charging unbundled – free of any rebates or intermediary commission – share class freely available through third-party distributors in the retail market.

Real Return

The return on an investment, adjusted for changes in prices in an economy (inflation).

Recommended Holding Period

Recommended minimum period for which an investment should be held.

Relative Return

The return of an asset in a given period compared with that of a particular benchmark. It is expressed as the difference between the asset's percentage return and that of the benchmark, and it is also known as alpha.

Glossary continued

Retail Investor

Is an individual who purchases shares for their own personal account rather than for an organisation. They also typically trade in much smaller quantities.

Share/Unit

An ownership stake in a company, usually in the form of a security. Also called equity. Shares/units offer investors participation in the company's potential profits, but also the risk of losing all their investment if the company goes bankrupt.

Share/Unit Class

Type of fund shares/units held by investors in a fund (share/unit classes differ by levels of charge and/or by other features such as hedging against currency risk). Different share/unit classes, such as C, R and I, have different levels of charges and minimum investment. Details on charges and minimum investments can be found in the Key Investor Information Documents.

Share/Unit Class – Clean

A share/unit class without any rebates or commission included in its Ongoing Charge Figure.

Stress Test

A liquidity stress test aims to measure the level of liquidity the fund must maintain to ensure a continuous ability to meet financial obligations in stressed conditions.

Synthetic Costs

Fees paid (i.e. management fees) to other funds and/or investment trusts which the fund invests in.

Synthetic Fee

Fees that the Investment Manager pays to a third party to manage the assets of a fund.

Systematic Risk

Risk inherent to the entire market and cannot be diversified. Examples include inflation and changes in interest rates.

Top-Down Investment

An investment approach that analyses economic factors, i.e. surveys the 'big picture', before selecting which companies to invest in. The top-down investor will look at things like economic growth, inflation and the business cycle to pick stocks.

Total Return

The gain or loss derived from an investment over a particular period, including income and price appreciation in that period. Income can be in the form of interest for bonds or dividend payments for shares.

Volatility

The degree to which the price of a given security, fund, or index changes. It is calculated as the degree of deviation from the norm for that type of investment over a given time period. The higher the volatility, the riskier the security tends to be.

Yield

This refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.

Please note that this document is not intended to recommend or to sell an investment and is intended only as a summary. Please refer to the Key Investor Information Document (KIID), Prospectus and Report & Accounts for full details about the specific risks, performance history and other full investment objectives and policies applicable to each fund before investing in a fund. Please remember that the value of investments, and the income from them, can go down as well as up and an investor may get back less than the amount originally invested. Past performance is not a guide to future results. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law changes. If you invest through a third-party provider you are advised to consult directly with them as charges, performance and/or terms and conditions may differ. If you are not sure how the information contained in this document may affect your investment, please contact a professional adviser.

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