



Assessment of Value Report 2022

Waystone Management (UK) Limited (“WMUK”)
WS CHARTERIS FUNDS



Message from the Chairperson

Dear Investor,

Welcome to our 2022 Assessment of Value report, which assesses the WS Charteris Funds range for the year to 31 December 2022. I would like to take this opportunity of thanking you for taking the time to read this report and find the content useful and informative.

As independent Chairperson, I lead the WMUK Board whose role is to provide effective oversight of the funds managed by WMUK in which you invest, to ensure that the interests of our fund investors are always at the forefront.

We continuously review the value our funds deliver to our clients throughout the year, and this annual report enables us to provide you with our assessment that the funds in which you are investing are delivering value on a consistent basis. Where issues have been identified, your Board is engaged with the WMUK management team to rectify them and seek improvements.

2022 saw an exceptionally volatile time for the worldwide financial markets caused by multiple factors. These included the conflict in Ukraine, high levels of inflation and the rising interest rates, creating challenges for our Investment Managers. This has impacted performance in the short term and while we measure investment performance over the longer term, this has made this year's review rather challenging.

Navigating these investment challenges we face today and seeking to provide consistent and competitive outcomes is paramount for the funds we manage, and your Board is monitoring this closely.

Tim Madigan
Chair of the Waystone Management (UK) Limited Board
28 April 2023

The Assessment of Value Report

As part of a move to strengthen fund governance, the regulator, the Financial Conduct Authority (“FCA”), requires asset managers to conduct an annual review of UK-domiciled funds to assess whether they provide good value to their underlying investors.

This Assessment of Value report is aimed at individuals who invest within the funds, or their financial advisers. It outlines each fund’s assessment and concludes on whether the Board believe that the fund has demonstrated good value. Where relevant, we also outline what measures we, as the Authorised Corporate Director (“ACD”), are putting in place where the Board believe the value provided does not meet our own high standards.

WMUK believe strongly that the Assessment of Value exercise should make it easier for investors to evaluate whether their investment fund is providing them with value, so they can make more informed decisions when choosing investment providers.

What is the Assessment of value?

This report is a transparent and accessible view of the assessment of performance, cost and service for the period ended 31st December 2022. The ACD, through its Board of Directors, has a responsibility to ensure that the Funds are managed appropriately and that these deliver value to you as a fund investor.

The assessment of whether each of our Funds (and underlying share classes) is providing value to investors has been evaluated using the seven criteria set out by the FCA. The way in which the Board has assessed these criteria is explained below.

The 7 criteria and how these have been assessed

In line with the regulations, we have carried out its assessments across the 7 criteria as below:

1. Quality of Service

This is a review of the range and quality of all services provided to the Funds and its investors.

This assessment considers the service provided by the Firm and its appointed delegates and suppliers, which will include:

- Investment Management Processes including Investment Committee Summary RAG status.
- Operational Services provided by appointed administration delegates.
- Complaints, breaches, errors, and incidents.
- Timely provision of Fund documentation
- Other service providers such as Fund custodians and auditors.
- The services provided by WMUK.

2. Performance

We have assessed the investment performance of the Fund (and different share classes) against both their stated investment objectives, as well as against any target or appropriate comparator benchmarks that are set out in its prospectus or available in the market.

We considered whether the Fund has performed as expected, given the market conditions and its investment philosophy, strategy, and implementation thereof. We have deemed it most appropriate to use a full five-year period for the assessment as we feel this is representative of a typical investment cycle and aligned to the period employed by the Key Investor Information Document (KIID). We have also assessed the fund on a 3 year and 1 year period.

Any fund launched more recently without a five-year track record, will be assessed on a “from inception” basis.

Where Funds have an income element as part of their Investment Objective, we have assessed the Fund’s performance not just in terms of net Total Return but also taken into consideration the income generated by comparing the yield of the Fund against an appropriate peer group.

3. AFM (Authorised Fund Management) costs - general

This is a review of all fund costs including Annual Management Charge (“AMC”) and other elements which make up the Ongoing Charges Figure (“OCF”).

We have assessed the costs incurred by us, as ACD, for providing the services to the funds, relative to the fees charged to you for those services. To perform this exercise each Fund’s OCF (the total cost associated with running a fund) has been broken down into the AMC and other individual elements of service providers to the Fund and any underlying fund costs. This breakdown of these costs has been analysed. Where the Board felt any of the figures look disproportionate to other equivalent funds, there was further validation performed. The breakdown of each cost and its impact on the OCF is separated out into share class level detail to provide further detail and analysis for each of the fund’s share classes.

4. Economies of Scale

This is a review of the OCF over time compared to fund size. This assessment is based on the principle that when a fund size grows, its relative costs should reduce and, where savings have been made, whether those savings have been passed onto investors.

We have considered two aspects when looking at this criterion:

Firstly, as a fund grows, are we able to pass on economies of scale to our investors? We should be able to do this as fixed costs will fall in relative terms as the overall fund size increases.

Secondly, we can leverage better relationships and processes to bring efficiency and lower charges to the funds.

5. Comparable Market Rates

This relates to the charges in relation to funds managed by other firms. We assessed whether the charges investors pay are in line or favourable when compared to similar funds available in the market. In all instances, we measured our costs against costs charged by the fund’s Investment Association sector peer group median, where appropriate. These categories are independently classified based on fund strategies and objectives.

6. Comparable Services

This criterion looks internally, where we consider charges for each fund against comparable services provided elsewhere across the range of products that we offer and how reasonable these are where offered to different client types, e.g., institutional mandates. These should be comparable in terms of strategy, investment remit and investor outcome.

7. Classes of Units

This criterion looks to identify any investors holding shares in classes of a Fund which are subject to higher charges than those applying to other classes available for the same Fund with substantially similar rights.

Overall Assessment

After reviewing the seven key criteria, the Firm has considered its overall RAG rating based upon primarily on all of the criteria and whether we are of the opinion that the Fund is delivering overall value to its investors.

Our overall RAG rating is as follows:

RAG	Description
●	Delivering consistent overall value
●	While a fund is delivering satisfactory value, improvements/enhancements are under way or recently implemented
●	Not delivering consistent value

Disclaimer / Important Information

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Source for performance data: Morningstar. All performance figures show total returns with dividends and or income reinvested, net of charges. The value of these investments and the income from them can go down as well as up and you may not get back the amount invested

Source for charges data: Waystone Management (UK) Limited. All data is correct as of 31 December 2022 unless otherwise stated.

Summary of Results

Fund	Quality of Service	Performance	AFM Costs – General	Economies of Scale	Comparable Market Rates	Comparable Services	Classes of Units	Overall
WS Charteris Global Macro	●	●	●	●	●	N/A	●	●
WS Charteris Premium Income	●	●	●	●	●	●	●	●
WS Charteris Gold & Precious Metals	●	●	●	●	●	N/A	●	●
WS Charteris Strategic Bond	●	●	●	●	●	N/A	●	●

Identified Actions

We have identified that the WS Charteris Strategic Bond Fund and the WS Charteris Global Macro Fund would benefit from a reduction in their AMC rate. WMUK along with the Investment Manager, will be looking at implementing this reduction.

Conclusion

The Board has taken into consideration all the criteria, and considers that the WS Charteris Global Macro Fund, WS Charteris Premium Income Fund and WS Charteris Gold and Precious Metal are delivering consistent value to its investors.

The WS Charteris Strategic Bond Fund has been assessed as currently delivering satisfactory value to investors. However, while a yield is being achieved for investors, the costs associated with continued lower assets under management (AUM) are having a negative impact on the overall performance of the Fund. The Board will pursue actions as above with the aim that the overall assessment of this Fund is improved.

WS Charteris Global Macro Fund

1. Quality of Service ●

We have concluded, based on the analysis of Quality of Service, that the Fund is providing a good level of service to investors.

2. Performance ●

Objective: The investment objective of the Fund is to aim to deliver capital growth over the longer term whilst looking to mitigate downside risks.

Performance %	1 Year	3 Years	5 Years
WS Charteris Global Macro	5.26	10.02	7.19
Comparator Benchmark	-15.08	4.97	5.88

The Fund is an absolute fund and is meeting its objectives across the difference periods assessed. We recognise that, against a comparator benchmark, the Fund has also performed positively.

3. AFM Costs – General ●

Having broken down the costs and charges associated with the Fund, we have concluded that the cost and charges in the Fund are reasonable and appropriate.

4. Economies of Scale ●

The review carried out for the Fund did not identify any additional economies of scale that the Fund is not already benefitting from.

5. Comparable Market Rates ●

Compared to its peers, the Fund's OCF is significantly higher. We believe that the implementation of a reduction in the AMC will help to reduce the OCF going forward to the benefit of investors. We will continue to monitor the OCF following this reduction.

	OCF %
WS Charteris Global Macro	1.79
IA Global	0.87

6. Comparable Services N/A

We have concluded that there are no comparable funds based on size and complexity and investment objective where a fair comparison of the service provided can be made.

7. Classes of Units ●

The Fund only offers Income and Accumulation variants of one class of share for which the same charges are applied. We have therefore not identified any investors who should be in an alternative class.

WS Charteris Premium Income Fund

1. Quality of Service ●

We have concluded, based on the analysis of Quality of Service, that the Fund is providing a good level of service to investors.

2. Performance ●

Objective: The investment objective of the Fund is to provide a combination of income and capital growth with a particular emphasis on income.

Performance %	1 Year	3 Years	5 Years
WS Charteris Premium Income	-2.21	3.90	1.97
Comparator Benchmark	-1.66	0.91	1.76

The Fund is an absolute fund and is meeting its objectives in the longer term (3 and 5 years). In 2022, it continued to provide a positive income despite the lack of capital growth. The Fund has also performed positively against the comparator benchmark in the longer term.

3. AFM Costs – General ●

Having broken down the costs and charges associated with the Fund, we have concluded that the cost and charges in the Fund are reasonable and appropriate.

4. Economies of Scale ●

The review carried out for the Fund did not identify any additional economies of scale that the Fund is not already benefitting from.

5. Comparable Market Rates ●

Compared to its peers, the Fund's OCF is significantly higher. We have identified that the fixed costs in the Fund have a greater impact on the OCF given the lower AUM of the Fund. We will continue to monitor the OCF and AUM levels.

	OCF (%)
WS Charteris Premium Income	1.48
IA UK Equity Income	0.85

6. Comparable Services ●

We have concluded that, compared to similar funds based on size and complexity and investment objective, the costs of services provided are aligned.

7. Classes of Units ●

The Fund only offers Income and Accumulation variants of one class of share for which the same charges are applied. We have therefore not identified any investors who should be in an alternative class.

WS Charteris Gold & Precious Metals Fund

1. Quality of Service ●

We have concluded, based on the analysis of Quality of Service, that the Fund is providing a good level of service to investors. However, we have identified one of the criteria, incidents and errors, in the quality of service assessment is outside our tolerance and, therefore, an amber rating has been applied overall to ensure that this area of service is monitored going forward.

2. Performance ●

Objective: The primary investment objective of the Fund is to achieve capital growth.

Performance %	1 Year	3 Years	5 Years
WS Charteris Gold and Precious Metal	-13.86	-3.13	2.94
Comparator Benchmark	-12.31	1.13	4.24

The Fund is an absolute fund and is not meeting its objectives over the periods we noted above. We recognise that, against a comparator benchmark, the Fund has also performed negatively within the sector. The Fund's performance in 2022 was particularly poor, markets had a significant downturn, and this has impacted longer term performance. Whilst, the sector is very volatile, the Investment Manager is confident in how the portfolio is positioned and is maintaining a long term view with respect to the differentiated strategy of the Fund. We continue to monitor the Fund's performance going forward.

3. AFM Costs – General ●

Having broken down the costs and charges associated with the Fund, we have concluded that the cost and charges in the Fund are reasonable and appropriate.

4. Economies of Scale ●

The review carried out for the Fund did not identify any additional economies of scale that the Fund is not already benefitting from.

5. Comparable Market Rates ●

Compared to its peers, the Fund's OCF is lower and very competitive.

	OCF (%)
WS Charteris Gold and Precious Metals	1.28
Equity Precious Metals	1.73

6. Comparable Services N/A

We have concluded that there are no comparable funds based on size and complexity and investment objective where a fair comparison of the service provided can be made.

7. Classes of Units ●

The Fund only offers Income and Accumulation variants of one class of share for which the same charges are applied. We have therefore not identified any investors who should be in an alternative class.

WS Charteris Strategic Bond Fund

1. Quality of Service ●

We have concluded, based on the analysis of Quality of Service, that the Fund is providing a good level of service to investors.

2. Performance ●

Objective: The investment objective of the Fund is to provide an income yield and to attempt to preserve capital.

Performance %	1 Year	3 Years	5 Years
WS Charteris Strategic Bond	2.44	-0.36	-1.03
Comparator Benchmark	-11.34	-1.82	0.02

The Fund is an absolute fund and is not meeting its objectives over the 3 years or 5 years. We recognise that, against a comparator benchmark, the Fund has also performed negatively within the sector in the long term. However, we recognise the Fund's performance in 2022 which was particularly good in a market which remains relatively volatile compared to years before. The recent change in investment Strategy has borne out positive results in the short term. We continue to monitor the Fund's performance going forward.

3. AFM Costs – General ●

Having broken down the costs and charges associated with the Fund, we have concluded that the cost and charges in the Fund are reasonable and appropriate.

4. Economies of Scale ●

The review carried out for the Fund did not identify any additional economies of scale that the Fund is not already benefiting from.

5. Comparable Market Rates ●

Compared to its peers, the Fund's OCF is significantly higher. We believe that the implementation of a reduction in the AMC will help to reduce the OCF going forward to the benefit of investors. We will continue to monitor the OCF following this reduction.

	OCF (%)
WS Charteris Strategic Bond	2.01
IA £ Strategic Bond	0.70

6. Comparable Services N/A

We have concluded that there are no comparable funds based on size and complexity and investment objective where a fair comparison of the service provided can be made.

7. Classes of Units ●

The Fund only offers Income and Accumulation variants of one class of share for which the same charges are applied. We have therefore not identified any investors who should be in an alternative class.