



# Assessment of Value Report 2021

Waystone Management (UK) Limited  
**WS QUAYS FUNDS**



## 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 ACD Board believe the value provided does not meet our own high standards.

Waystone 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 2021. The ACD, through its Board of Directors, has a responsibility to ensure that your 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 introduced by the FCA. The way in which the Board has assessed these criteria is explained below.

## The 7 criteria and how we have assessed them

We have chosen to group the criteria into three categories: Performance, Quality of Service and Costs (and charges).

### 1. 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 time period employed by the Key Investor Information Document (KIID).

Any fund launched more recently without a five-year track record, will be assessed on a “from inception” to 31st December 2021 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.

## 2. Quality of service

We have taken a holistic view when approaching this category by assessing the following:

- **Fund services:** These are operational activities that are core to the smooth running of our funds and include, for example, determining the daily price of the share classes of a fund and ensuring that investors receive their interest and dividend payments in a timely manner.
- **Engagement and Communications:** Here we have considered the quality of our investor servicing including, for example, how we address investor queries and resolve complaints, as well as the quality, breadth, and accuracy of the information we provide.
- **Governance:** It is important to ensure that funds are managed and operated in the best interests of investors. We have therefore considered whether an appropriate and effective control environment and robust risk framework are in place.

## 3. Costs (and charges)

The remaining criteria can be considered under the cost (and charges) umbrella and split out as follows:

- **AFM (Authorised Fund Manager) cost:** 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 (Ongoing Charges Figure – the total cost associated with running a fund) has been broken down into the Annual Management Charge (AMC), audit and tax fees, service fees (depository, custody, and other administration fees) and any underlying fund costs. This breakdown of these costs has been analysed. Where the Board felt any of the figures look disproportionate, there was further validation internally or by reviewing with the Sponsor (Owner).
- **Classes of shares:** The UK investment industry had a legacy of share classes with higher fees, largely relating to share classes that existed before the changes instigated by the Retail Distribution Review. Where a range of different share classes may be offered to investors, our assessment of this criteria has considered whether share classes within each fund are properly priced and whether investors are invested in the most appropriate share class that is available to them. We have also considered how we ensure ongoing suitability of pricing and will continue to monitor whether investors remain in the most appropriate share class. Finally, a review and discussion were held on the merits of continuing to offer each share class.
- **Comparable market rates:** This relates to the charges in relation to funds managed by other ACDs. 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. These categories are independently classified based on fund strategies and objectives.
- **Economies of scale:** 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.
- **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.

## Summary Results

	Performance	Quality of service	Costs	Overall Assessment of Value
WS Quays Conservative Retail GBP Acc	Amber	Green	Green	Green
WS Quays Growth Retail GBP Acc	Amber	Green	Green	Green
WS Quays Adventurous Retail GBP Acc	Amber	Green	Amber	Green

### Key

Green = delivering consistent overall value

Amber = while a fund is delivering satisfactory value, improvements/enhancements are under way or recently implemented

Red = not delivering consistent value

## Identified Actions

There are no identified actions for the above Funds.

## Conclusion

The Board has assessed the above Funds, however, as they have only been running since end of May, a complete assessment of value of the Funds is difficult at this early stage. Whilst costs have been assessed to be in line with the peer group, these are based on estimated data.

Currently, in terms of performance, all three funds are underperforming their respective benchmarks and whilst recognising that it is very early in the investment cycle for each of the funds' investment objective, performance will be closely monitored in the short term.

## Detailed Results

### 1. Performance

The three Quays funds were only incepted during 2021. The below table details the performance of each fund over Q3 and Q4 to end of December 2021 and compared to the benchmark.

All three Funds are underperforming their respective benchmarks and not meeting their investment objectives.

Fund	Cumulative performance H2, 2021 (net)	Cumulative Benchmark performance H2, 2021	Fund objective
WS Quays Conservative Retail GBP Acc	1.20%	3.88%	The Fund's objective is to provide income and some capital growth in excess of CPI +1%
WS Quays Growth Retail GBP Acc	2.77%	5.42%	The Fund's objective is to provide income and capital growth in excess of CPI + 4%
WS Quays Adventurous Retail GBP Acc	4.40%	5.93%	The Fund's objective is to provide capital growth with some income in excess of CPI +5%

Source: Morningstar as at end December 2021

### 2. Quality of Service

The Board have concluded that, taking all criteria into account, the level of service achieved meets investors' expectations based on the criteria set out above.

### 3. Costs (and charges)

- **AFM cost:** Having split out the costs of running the fund as described in section 3 above, the Board have reviewed all costs and assessed that they are reasonable and appropriately managed.
- **Classes of Shares:** All investors are in the appropriate share class - there is only one class for each of the Funds.
- **Comparable Market Rates:** All the Fund's OCFs are close to their respective peer group medians.

Share class	Share class OCF	IA sector median	Share Class AMC	AMC Peer Group Quartile 1 - higher AMC 4 - lower AMC
WS Quays Conservative Retail GBP Acc	1.14%*	1.02%	0.43%	N/A
WS Quays Growth Retail GBP Acc	1.25%*	1.13%	0.43%	N/A
WS Quays Adventurous Retail GBP Acc	1.30%*	0.88%	0.43%	N/A

Note: The Fund OCF is the latest published OCF available as end December 2021.

\*estimated – incepted May 2021

- **Economies of Scale:** The Board have concluded that any cost savings which can and will be obtained from economies of scale have been passed on to investors. One example of this is through the production of KIIDs documentation internally which has reduced costs in this area and these cost savings have been passed on to the Funds.
- **Comparable Services:** As we do not offer any similar investment products or services within the ACD, the Board is not able to assess this criterion.

#### Disclaimer

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Source for charges data: Waystone Management (UK) Limited. All data is correct as at 31 December 2021 unless otherwise stated.