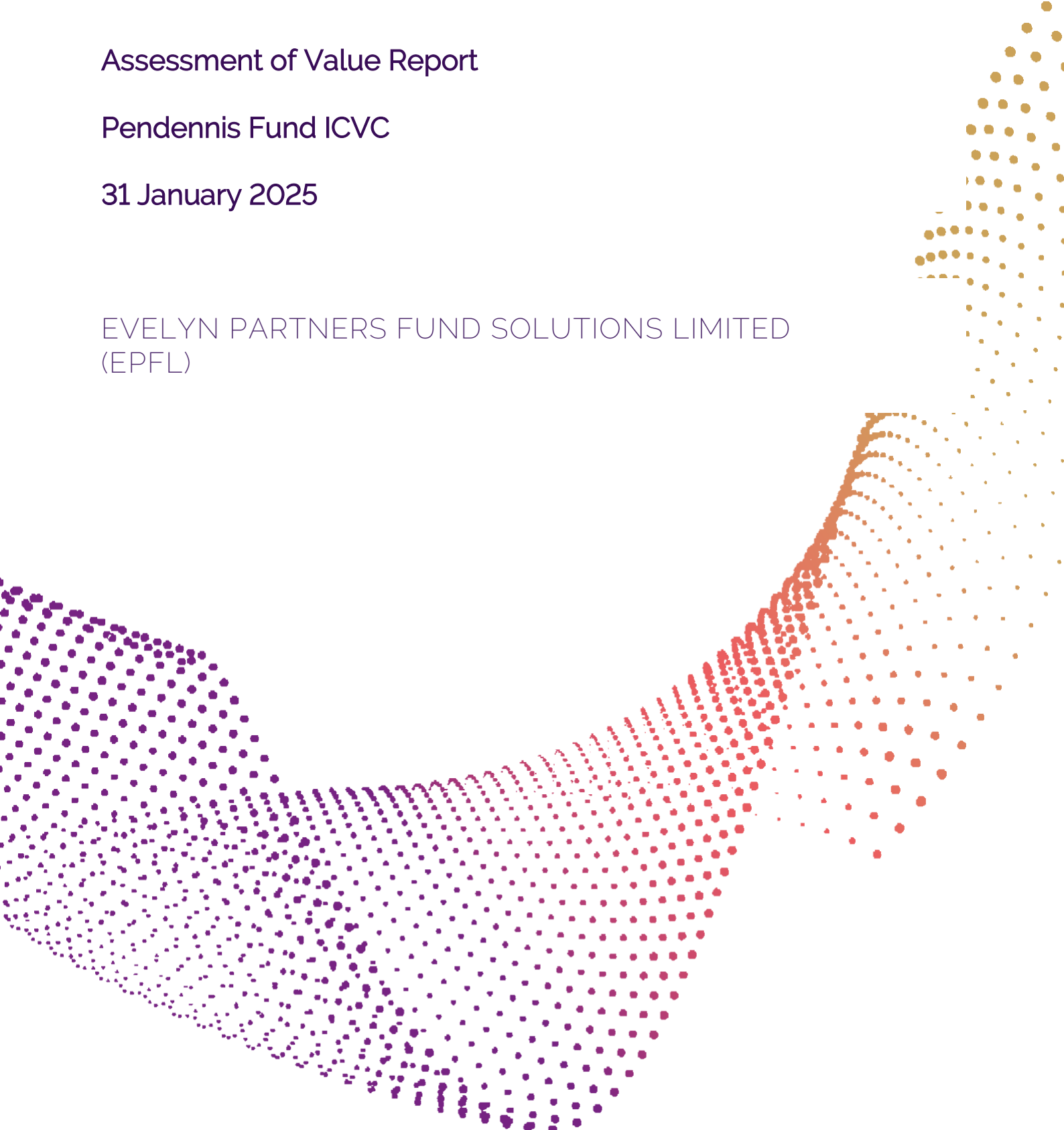


Assessment of Value Report

Pendennis Fund ICVC

31 January 2025

EVELYN PARTNERS FUND SOLUTIONS LIMITED  
(EPFL)



# Evelyn Partners Fund Solutions Limited (EPFL)

## Assessment of Value Process

As part of a move to strengthen fund governance, the FCA requires Authorised Fund Managers (AFMs) such as EPFL to carry out and publish an annual Assessment of Value (AOV) Report for each of the funds that they control.

The report outlines each fund's assessment and concludes on whether the EPFL Board believes that the fund's payments are justified in the context of the overall value delivered to unitholders. The report also explains the corrective action required in the event of the Board deciding that the fund does not offer value for unitholders.

The EPFL Board, whose chair is an Independent Non-Executive Director (INED), must ensure that the AFM carries out the FCA assessment and acts in the best interests of the unitholders.

EPFL believes that the AOV process provides greater transparency and ultimately provides better outcomes for unitholders. To support the ongoing evolution of our AOV reporting, EPFL had sought additional guidance from the Funds Board Council to review and strengthen our process.

The EPFL AOV Committee consists of our INEDs (including the chair of the EPFL Board), Executive Directors and members of the Leadership Team (including the Head of ACD Services), the Head of Funds Compliance and members of the AOV team (as presenters) and Client Service Management (as observers) to ensure a collaborative independent approach.

The published AOV report, which follows the seven criteria set out by the FCA, is the result of a rigorous review process. This process includes a review by a dedicated EPFL Investment Committee, whose main focus is to review the performance of the fund, plus a full review by the Assessment of Value Committee which reviews the completed assessment and the data used to support all conclusions. EPFL uses third-party systems to ensure that comparative data is relevant and up to date. At the end of each section, EPFL awards a Red, Amber or Green (RAG) status to determine the assessment for each fund.

## Background

In line with the provisions contained within COLL 6.6.20R, the Board of Evelyn Partners Fund Solutions Limited ('EPFL') as Authorised Corporate Director ('ACD'), has carried out an Assessment of Value for Pendennis Fund ICVC ('the Fund'). Furthermore, the rules require that EPFL publishes these assessments.

On reviewing this Assessment of Value report, we would welcome feedback from investors via our short questionnaire which can be found online.

<https://www.evelyn.com/services/fund-solutions/assessment-of-value/>

Investors' views are invaluable to the development and delivery of this report.




Should you be unable to access the questionnaire online please contact us directly on 0141 222 1151 and we will provide you with a paper copy of the questionnaire.

## Introduction

A high-level summary of the outcome of EPFL's rigorous review of the Fund for the year ended 31 January 2025, using the seven criteria set by the FCA is set out below:

1. Quality of Service	
2. Performance	
3. ACD Costs	
4. Economies of Scale	
5. Comparable Market Rates	
6. Comparable Services	
7. Classes of Shares	
Overall Rating	

EPFL has adopted a traffic light system to show how it rated the Fund:

-  On balance, the Board believes the Fund has delivered value to investors, with no material issues noted.
-  On balance, the Board believes the Fund has delivered value to investors, but may require some action.
-  On balance, the Board believes the Fund has not delivered value to investors and significant remedial action is now planned by the Board.

How EPFL assessed each of the seven criteria and the rating arrived at are discussed in greater detail on the following pages.

EPFL has created an Assessment of Value Committee ('AVC'), for the review, challenge and approval of all the funds' Assessments of Value. Ultimately the assessments will be subject to scrutiny by the Board (which includes independent directors) to ensure the outcomes of the assessments are clear and fair, before final sign-off by the chair of the Board prior to communicating to investors if the Fund has delivered value, and if not, where improvements need to be made.

In carrying out the assessment, the EPFL AVC has separately considered, the following seven criteria stipulated by the FCA. The Committee may also have considered other issues where it was deemed appropriate.

EPFL believes the Assessment of Value can make it easier for investors to both evaluate whether the Fund is providing them with value for money and make more informed decisions when choosing investments.

The seven criteria are:

- (1) Quality of service – the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;
- (2) Performance – how the Fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles and kept to reasonable timescales;
- (3) ACD costs – the fairness and value of the Fund's costs, including entry and exit fees, early redemption fees and administration charges;
- (4) Economies of scale – how costs have been or can be reduced as a result of increased assets-under-management ('AUM'), and whether or not those savings have been passed on to investors;
- (5) Comparable market rates – how the costs of the Fund compare with others in the marketplace;
- (6) Comparable services – how the charges applied to the Fund compare with those of other funds administered by EPFL;
- (7) Classes of shares – the appropriateness of the classes of shares in the Fund for investors.

## 1. Quality of Service

### What was assessed in this section?

#### Internal Factors

EPFL, as ACD, has overall responsibility for the Fund. The Board assessed, amongst other things: the day-to-day administration of the Fund; the maintenance of scheme documentation (such as prospectuses and key investor information documents ('KIIDs')); the pricing and valuation of shares; the calculation of income and distribution payments; the maintenance of accounting and other records; the preparation of annual audited and half-yearly Report & Accounts; the review of tax provisions and submission of tax computations to HMRC; the maintenance of the register of investors; the dealing and settlement arrangements; and the quality of marketing material sent to investors. EPFL delegates the investment management of the Fund to two delegated investment management firms.

The Board reviewed information provided by EPFL's control functions on the adequacy of its internal services, including governance, operations and monitoring. Elements important to the investors experience such as the timely payment of settlement and distribution monies were also reviewed. Over the past year, EPFL has been audited by internal and external auditors, the Fund's Depositary and various EPFL delegated investment managers.

## External Factors

The Board assessed the delegates' skills, processes and experience. Also considered were any results from service review meetings as well as the annual due diligence performed by EPFL on the delegated investment manager, Sarasin & Partners LLP and Waverton Investment Management Limited, where consideration was given to, amongst other things, the delegates' controls around the Fund's liquidity management.

The Board also considered the nature, extent and quality of administrative and investor services performed under separate agreements covering depositary services, custody, as well as services provided with regard to both audit and legal functions.

### What was the outcome of the assessment?

## Internal Factors

The Board recognised that all distribution and settlement monies were paid in a timely manner and that there were no significant findings as a result of the various audits performed on EPFL during the year. In addition, EPFL has performed its own independent analysis, using automated systems, of the Fund's liquidity. The Board concluded that EPFL had carried out its duties diligently.

## External Factors

The Board concluded that the nature, extent and quality of the services provided by the external parties have benefitted and should continue to benefit the Fund and its investors.

### Were there any follow up actions?

There were no follow-up actions required.

## 2. Performance

### What was assessed in this section?

The Board reviewed the performance of the Fund, after the deduction of all payments out of the scheme property as set out in the Prospectus. Performance, against its benchmark, was considered over appropriate timescales having regard to the Fund's investment objective, policy and strategy. The Board also considered whether an appropriate level of market risk had been taken.

## Investment Objectives

The Fund seeks to maintain the long-term real value of capital through a globally diversified portfolio of bonds, equities, equity related instruments, collective investment schemes and money market instruments.

## Benchmark

As ACD, EPFL is required to explain in a fund's scheme documentation why a benchmark is being used or alternatively, explain how investors should assess performance of a fund in the absence of a benchmark.

The benchmarks for the Fund are the IA Mixed Investment 40-85% Shares sector and the UK Consumer Price Index +4.5%, which are comparators. A 'comparator' benchmark is an index or similar factor against which an investment manager invites investors to compare a fund's performance. Details of how the Fund had performed against its comparator benchmarks over various timescales can be found below.

### Cumulative Performance (%)

Cumulative Performance as at 31/01/2025

Instrument	Currency	1 year	3 years	5 years
Pendennis Fund ICVC	GBP	19.80	30.12	54.26
IA Mixed Investment 40-85% Shares	GBP	12.67	14.91	28.26
UK Consumer Price Index plus 4.5%	GBP	7.36	34.17	55.59

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but it neither warrants, represents nor guarantees the contents of the information, nor does it accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein. Performance is calculated net of fees. Past performance is not a guide to future performance.

## What was the outcome of the assessment?

The Board assessed the performance of the Fund over its minimum recommended holding period of five years and observed that it has outperformed one of its comparator benchmarks, the IA Mixed Investment 40-85% Shares Sector, and had performed in line with the second benchmark, the UK Consumer Price Index +4.5%. The Board noted the IA Mixed 40-85% Shares Sector was the most suitable benchmark as this reflected the underlying assets of the Fund.

Consideration was given to the risk metrics associated with the Sub-fund, focusing amongst other things on volatility and risk adjusted returns. The Board concluded that the level of investment risk is appropriate, within its mandated parameters, without taking excessive risk for an actively managed Sub-fund of this type.

The Board found that the Fund is investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last 12 months.

As the Fund had outperformed its primary benchmark, the Board felt that a Green rating was appropriate.

### Were there any follow up actions?

There were no follow-up actions required.

## 3. ACD Costs

### What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflected the services provided. This included investment management fees, Annual Management Charge ('AMC'), depositary, custody fees, and audit fees.

The charges should be transparent and understandable to the investors, with no hidden costs.

### What was the outcome of the assessment?

The Board received and considered information about each of the Fund's costs, and concluded that they were fair, reasonable and were provided on a competitive basis.

### Were there any follow up actions?

There were no follow-up actions required.

## 4. Economies of Scale

### What was assessed in this section?

The Board reviewed each separate fee structure and the AUM of the Fund to examine the effect on the Fund to potential and existing investors should it increase or decrease in value.

### What was the outcome of the assessment?

The investment management fee and ACD fee are on a fixed percentage charge meaning there are no opportunities for savings going forward should the Fund grow in size.

The ancillary charges<sup>1</sup> of the Fund represent 7 basis points<sup>2</sup>. Some of these costs are fixed and as the Fund grows in size, may result in a small reduction in the basis point cost of these services.

### Were there any follow up actions?

There were no follow-up actions required.

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<sup>1</sup> Ancillary charge is any charge paid directly out of the sub-fund in addition to the AMC, e.g., Auditor, Custodian or Depositary fees.

<sup>2</sup> One **basis point** is equal to 1/100th of 1%, or 0.01%. Figure calculated at annual report, 31 January 2025.



## 5. Comparable Market Rates

### What was assessed in this section?

The Board reviewed the Ongoing Charges Figure of the Fund, ('OCF'), and how those charges affect its returns.

The OCF of the Fund was compared against the 'market rate' of similar external funds.

### What was the outcome of the assessment?

The OCF of 0.73%<sup>3</sup> compared favourably with those of similar externally managed funds.

Note that there is not a performance fee, and that EPFL has not charged an entry fee, exit fee or any other event-based fees on this Fund.

### Were there any follow up actions?

There were no follow-up actions required.

## 6. Comparable Services

### What was assessed in this section?

The Board compared the Fund's investment management fee with those of other funds administered by EPFL having regard to size, investment objectives and policies.

### What was the outcome of the assessment?

The investment management fees compared favourably other EPFL administered funds displaying similar characteristics.

### Were there any follow up actions?

There were no follow-up actions required.

## 7. Classes of Shares

### What was assessed in this section?

The Board reviewed the Fund's set-up to ensure that where there are multiple share classes, investors are in the correct share class given the size of their holding.

### What was the outcome of the assessment?

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<sup>3</sup> Figures at annual report 31 January 2025.

There is only one share class in the Fund, therefore this part of the assessment does not apply.

### Were there any follow up actions?

There were no follow-up actions required.

## Overall Assessment of Value

The Board concluded that Pendennis Fund ICVC had provided value to investors.

Dean Buckley

Chairman of the Board of Evelyn Partners Fund Solutions Limited