

## **An introduction to Value Assessments**

As Authorised Fund Manager ('AFM') of the Sub-funds, the following sets out our approach to the assessment, and the range of factors considered by the board of directors ('the Board') to determine if value is being provided to investors, and whether costs and charges are justified.

This exercise is conducted on an annual basis, alongside our regular fund reviews.

These reviews encompass thorough evaluations of the service and performance of each Sub-fund, and appropriate measures are taken throughout the year as needed.

### **1. Quality of service**

We evaluate the range, nature, extent, and quality of services provided to sub-fund investors or carried out on their behalf. This assessment encompasses the services rendered by Alquity Investment Management, taking into account its reputation, expertise, resources, and relative capabilities. The key factors considered are as follows:

- The excellence of the investment process, including research, portfolio construction, risk management, compliance, execution and operational procedures. Additionally, we assess the integration of environmental, social, and governance (ESG) factors into our investment process.
- The quality of administrative and investor services offered, along with the analysis of complaints and data related to operational accuracy. This evaluation helps us determine the position of the Alquity SICAV investors and its products and services over time, in comparison to similar asset managers.
- The calibre and promptness of clear communications and the relevance of information provided to investors. Our aim is to provide them with the necessary details to make well-informed decisions.

### **2. Performance**

We evaluate whether the performance of each Sub-fund, taking into account expenses, falls within a reasonable range relative to the Sub-fund's objective, policy, and strategy over appropriate time periods. The specific time frame considered for performance assessment is indicated in the individual Sub-fund's investment objective or policy. However, we also review performance over one, three, five years and since inception.

In addition to absolute performance, we compare the Sub-fund's performance to its peer group and assess whether it operated within its defined risk limits and investment restrictions. Performance evaluations, in alignment with the objectives, are conducted during regular governance meetings and contribute to the conclusions of the value assessment.

If the performance is deemed unsatisfactory, we may consider the following:

- Explanations provided by the portfolio manager regarding any underperformance, as part of our governance model.
- Appropriate actions, such as reviewing and potentially modifying the investment objective, policy, strategy, or investment personnel, to enhance performance.
- Liquidating or merging the Sub-fund in question.

Further details regarding the performance of individual Sub-funds during the relevant period are provided in the Fund Manager Report section of the Value Assessment.

### **3. Authorised Fund Manager (AFM) costs & charges**

We assess the reasonableness of our charges by considering the underlying costs incurred for the services we provide, as well as the performance objectives of each Sub-fund. The underlying fees, costs and expenses covered are detailed in the Alquity SICAV Prospectus, but in summary it covers the following payments:

- the fees and expenses of the Company as AFM
- the fees and expenses of the Investment Manager
- the fees and expenses of the Depositary
- the fees and expenses of the Custodian
- the fees and expenses of the Fund Administrator
- the fees and expenses of the Auditor
- the permitted costs in connection with periodic statements and accounts
- Regulatory fees

To facilitate the value assessment process, we use a costs and charges model to evaluate the expenses associated with each of the Sub-funds. This model is updated once a year and provides a comprehensive analysis of all cost components attributed to each Sub-fund. It aids us in determining the fairness of the costs allocated to each Sub-fund, considering the expenses related to the services provided for the corresponding unit class, while appropriately accounting for the income generated by the Company from these activities.

### **4. Economies of scale**

We examine if economies of scale have been attained concerning the costs and operational expenses of each unit class, and the extent to which investors should benefit from resulting financial savings. Currently, our sub-funds lack this scale, and we have been working towards increasing the size in our assets under management. We also consider the degree to which competitors offer similar products and whether they are invested to the same ESG and sustainability standards.

The assessment of underlying service costs for running the Sub-fund, as well as the appropriate level of fees charged, occurs annually. Any changes in underlying costs are taken into account in this analysis and may lead to adjustments in the overall charges.

When considering whether investors have appropriately benefited from savings or advantages in fund management, we recognize the broader, though intangible, benefits to investors, such as Alquity's brand.

### **5. Comparable market rates**

We consider whether fees paid for each unit class are reasonable compared to similar Sub-funds and unit classes in the market by benchmarking each fund against a suitable peer group. This data used for comparison is provided by an independent data provider.

Direct comparisons of the individual fees may be difficult because information is not generally publicly available and is affected by numerous factors. As noted, the underlying expenses paid by the Sub-funds are routinely reviewed and this component is focused on the overall fee for a unit class in comparison to a suitable peer group.

Where the total charges are meaningfully greater than the average cost of equivalent peer group funds, we will review the fees and consider whether an adjustment can be made to our fee.

## **6. Comparable service**

The purpose of this pillar is to highlight if we manage segregated accounts or other pools of money at different rates. Currently, we do not manage any segregated account for any of our Sub-funds.

## **7. Classes of units**

We evaluate whether investors have holdings in the most suitable unit class, considering factors such as the services provided, entry criteria, and applicable fees.

As part of our regular procedures, we routinely assess whether investors have their investments allocated to the most appropriate unit class.

## **8. Other factors**

The Board may take into account additional factors to reach a conclusion for the value assessment, based on their discretion. If such factors are considered, the value assessment report for the corresponding Sub-fund will include the relevant details (if any).

## Alquity Future World Fund

### Overall assessment

	2023	2024
Share classes		
Comparable services		
Performance		
Costs		
Comparable market rates		
Quality of service		
Economies of scale		

In compliance with the obligation to conduct a value assessment, the Board has determined that all aspects of the assessment have been taken into account, and the charges for each unit class are deemed reasonable considering the overall value provided to investors.

The following is a summary of the conclusions we have reached after considering the various factors outlined in the 'Value Assessment Approach.' These conclusions apply to all unit classes within the Sub-fund.

#### Quality of service

We have thoroughly evaluated the overall quality of services provided to investors, beginning with our investment process, and concluded that investors have received clear communications, proper investment services, and relevant information in a timely manner. We also strive to improve our ESG standards each year. This has enabled our investors to make well-informed decisions. Along with proper administration and depositary services, we believe the services we have delivered have been both timely and of high quality.

#### Performance

	1 year	3 years	Since inception (26/07/2016)
Alquity Future World Fund (GBP Y)	-2.2%	-12.6%	-1.6%
EM Index	0.6%	-17.1%	15.3%

	1 year	3 years	Since inception (12/11/2019)
Alquity Future World Fund (GBP I)	-2.6%	-12.3%	-8.7%
EM Index	0.6%	-17.1%	-6.0%

Source: Alquity, Bloomberg, as of 29<sup>th</sup> December 2023.

### **AFM costs**

We have assessed the reasonableness of the fees paid for AFM services by considering the underlying costs associated with the services provided and the performance objectives set for the Sub-fund. The AMC is in line with the one of our peers.

### **Economies of scale**

There have been no significant changes in the size of the Scheme or Sub-fund in the past 12 months, and therefore no additional savings have been identified.

### **Comparable market rates**

We consider our OCF to be on par with the fees charged by similar ESG and sustainable funds in the regulated UK funds market.

### **Comparable service**

We do not manage any segregated account for the Sub-fund.

### **Classes of units**

The pricing of each unit class offered in the UK within the Sub-fund is regarded as reasonable, taking into account the different eligibility criteria and target investors for each class. All investors hold units in the appropriate class they are eligible for at the time of the assessment.

## **Fund manager report – Alquity Future World**

### **Performance**

Over the three years ending on 29th December 2023, the Sub-fund returned -19.2% (net of fees), placing it in the second quartile of the EM Funds universe.

### **Portfolio review**

The objective of the sub-fund is to invest in the highest quality ESG securities within the applicable investment universe, with appropriate portfolio construction and risk management, as determined by our investment process. The investment process is designed and managed by our investment team and overseen by our risk reviews, which are chaired by our CEO. For further information on our investment process, please see our website: <https://alquity.com>.

Over the past 12 months, the sub-fund has navigated a highly volatile market environment in Global Emerging Markets (GEM) punctuated by excessive inflation, rising short-term interest rates and a strong USD, higher commodity price volatility and heightened global economic and political uncertainty, such as intensifying US/China trade tensions, as well as a slowing global GDP growth and a weak macroeconomic outlook in China (slower and patchier than we had expected).

The sub-fund has navigated the aforementioned risks relatively well by maintaining a balanced approach to country and sector allocations while focussing most strongly on high quality security selection of stocks with demonstrably high ESG standards.

Despite outperforming our peers in both 2021 and 2022, the Alquity Future World Fund did not keep pace in 2023. This was almost entirely due to our poor returns from China and Chinese linked companies (for example in Korea). Furthermore, the underperformance of well-run, private-sector companies compared to state-linked companies also was a significant negative contributor to our returns. Elsewhere, our stock selection was positive or neutral in almost all regions (ex. China) with notable contributions from Saudi Arabia, India, Indonesia and Taiwan (mainly linked to the semiconductor industry). In terms of key asset allocation performance drivers, the Fund suffered from

the overweight in Thailand, but benefited from our positioning in the Middle East and Greece. As the asset class have significantly underperformed over the last five years, we believe Emerging Markets benefit from both strong growth and attractive valuations as we move into 2024.

## Alquity Asia Fund

### Overall assessment

	2023	2024
Share classes		
Comparable services		
Performance		
Costs		
Comparable market rates		
Quality of service		
Economies of scale		

In compliance with the obligation to conduct a value assessment, the Board has determined that all aspects of the assessment have been taken into account, and the charges for each unit class are deemed reasonable considering the overall value provided to investors.

The following summarizes the conclusions we have reached after considering the various factors outlined in the 'Value Assessment Approach.' These conclusions apply to all unit classes within the Sub-fund.

### Quality of service

We have thoroughly evaluated the overall quality of services provided to investors, beginning with our investment process, and concluded that investors have received clear communications, proper investment services, and relevant information in a timely manner. We also strive to improve our ESG standards each year. This has enabled our investors to make well-informed decisions. Along with proper administration and depositary services, we believe the services we have delivered have been both timely and of high quality.

## Performance

	1 year	3 years	Since inception (12/11/2019)
<b>Alquity Asia Fund (GBP I)</b>	-8.2%	-15.1%	-5.2%
Asia ex Japan Index	-2.6%	-20.9%	-4.8%

	1 year	3 years	Since inception (23/01/2015)
<b>Alquity Asia Fund (GBP Y)</b>	-8.8%	-16.7%	19.3%
Asia ex Japan Index	-2.6%	-20.9%	22.7%

Source: Alquity, Bloomberg, as of 29<sup>th</sup> December 2023

### AFM costs

We have assessed the reasonableness of the fees paid for AFM services by considering the underlying costs associated with the services provided and the performance objectives set for the Sub-fund. The AMC is in line with the one of our peers. **Economies of scale**

There have been no significant changes in the size of the Scheme or Sub-fund in the past 12 months, and therefore no additional savings have been identified.

### Comparable market rates

We consider our OCF to be on par with the fees charged by similar ESG and Asia funds in the regulated UK funds market.

### Comparable service

We do not manage any segregated account for the Sub-fund.

### Classes of units

The pricing of each unit class offered in the UK within the Sub-fund is regarded as reasonable, taking into account the different eligibility criteria and target investors for each class. All investors hold units in the appropriate class they are eligible for at the time of the assessment.

### Fund manager report – Alquity Asia

Over the twelve months ended 29<sup>th</sup> December 2023, the Sub-fund returned -12.5% (net of fees), placing it in the third quartile of the Asia ex Japan Funds universe.

The objective of the sub-fund is to invest in the highest quality ESG securities within the applicable investment universe, with appropriate portfolio construction and risk management, as determined by our investment process. The investment process is designed and managed by our investment team and overseen by our risk reviews, which are chaired by our CEO. For further information on our investment process, please see our website: <https://alquity.com>.

Over the past 12 months, the sub-fund has navigated a highly volatile market environment in Asian markets punctuated by excessive inflation, a strong USD, higher commodity price volatility and heightened global economic and political uncertainty, such as intensifying US/China trade tensions, as

well as a slowing global GDP growth and a weak macroeconomic outlook in China (slower and patchier than we had initially expected). The sub-fund has navigated the aforementioned risks reasonably well by maintaining a balanced approach to country and sector allocations, although our Chinese position has been detrimental to performance, while focussing most strongly on high quality security selection of stocks with demonstrably high ESG standards.

Our underperformance was almost entirely due to our poor returns from China and Chinese linked companies (for example in Korea), contributing to -6.4%. Furthermore, the underperformance of well-run, private-sector companies compared to state-linked companies also was a significant negative contributor to our returns. In terms of key asset allocation performance drivers, the Fund suffered from the overweight in Thailand and benefited from being underweight Malaysia. On the other hand, the positive contributors to performance were India, Indonesia and Taiwan.



## Alquity Indian Subcontinent Fund

### Overall assessment

	2023	2024
Share classes		
Comparable services		
Performance		
Costs		
Comparable market rates		
Quality of service		
Economies of scale		

In compliance with the obligation to conduct a value assessment, the Board has determined that all aspects of the assessment have been taken into account, and the charges for each unit class are deemed reasonable considering the overall value provided to investors.

The following summarizes the conclusions we have reached after considering the various factors outlined in the 'Value Assessment Approach.' These conclusions apply to all unit classes within the Sub-fund.

### Quality of service

We have thoroughly evaluated the overall quality of services provided to investors, beginning with our investment process, and concluded that investors have received clear communications, proper investment services, and relevant information in a timely manner. We also strive to improve our ESG standards each year. This has enabled our investors to make well-informed decisions. Along with proper administration and depositary services, we believe the services we have delivered have been both timely and of high quality.

### Performance

	1 year	3 years	Since inception (12/11/2019)
Alquity India Fund (GBP I)	13.2%	67.3%	72.7%
Indian Index	10.8%	29.7%	44.1%

	1 year	3 years	Since inception (29/04/2015)
Alquity India Fund (GBP Y)	12.4%	64.1%	160.1%
Indian Index	10.8%	29.7%	98.4%

Source: Alquity, Bloomberg, as of 29<sup>th</sup> December 2023.

### **AFM costs**

We have assessed the reasonableness of the fees paid for AFM services by considering the underlying costs associated with the services provided and the performance objectives set for the Sub-fund. The AMC is in line with the one of our peers.

### **Economies of scale**

There have been no significant changes in the size of the Scheme or Sub-fund in the past 12 months, and therefore no additional savings have been identified.

### **Comparable market rates**

We consider our OCF to be on par with the fees charged by Indian funds in the regulated UK funds market.

### **Comparable service**

We do not manage any segregated account for the Sub-fund.

### **Classes of units**

The pricing of each unit class offered in the UK within the Sub-fund is regarded as reasonable, taking into account the different eligibility criteria and target investors for each class. All investors hold units in the appropriate class they are eligible for at the time of the assessment.

### **Fund manager report – Alquity Indian Subcontinent**

Over the three years ended 29<sup>th</sup> December 2023, the Sub-fund returned 73.1% (net of fees), placing the Fund in the first quartile of the India Funds universe.

The objective of the sub-fund is to invest in the highest quality ESG securities within the applicable investment universe, with appropriate portfolio construction and risk management, as determined by our investment process. The investment process is designed and managed by our investment team and overseen by our risk reviews, which are chaired by our CEO. For further information on our investment process, please see our website: <https://alquity.com>.

Over the past 12 months, the Indian market continued to outperform broader Emerging Market indices, aided by relatively stable economic data and the continued economic and geopolitical issues facing China. The rise in US bond yields, and concerns regarding the health of the European and UK economies, also had only a marginal impact given India's growth is largely domestically driven by powerful long term, structural themes. The sub-fund has managed to outperform the index for another year.

Over this period, our weighting to smaller capitalisation companies in India has been the largest driver of performance. As India relies less on external demand and is more sensitive to domestic demand factors, this has benefitted overall returns for the portfolio as well as the wider market. We continue to focus on beneficiaries of domestic structural growth, which account for over 85% of the portfolio.

## Alquity Global Impact Fund

### Overall assessment

	2023	2024
Share classes		
Comparable services		
Performance		
Costs		
Comparable market rates		
Quality of service		
Economies of scale		

In compliance with the obligation to conduct a value assessment, the Board has determined that all aspects of the assessment have been taken into account, and the charges for each unit class are deemed reasonable considering the overall value provided to investors.

The following summarizes the conclusions we have reached after considering the various factors outlined in the 'Value Assessment Approach.' These conclusions apply to all unit classes within the Sub-fund.

#### Quality of service

We have thoroughly evaluated the overall quality of services provided to investors, beginning with our investment process, and concluded that investors have received clear communications, proper investment services, and relevant information in a timely manner. We also strive to improve our ESG standards each year. This has enabled our investors to make well-informed decisions. Along with proper administration and depositary services, we believe the services we have delivered have been both timely and of high quality.

#### Performance

	1 year	Since inception (16/03/2021)
Alquity Global Impact Fund (GBP I)	14.0%	18.1%
ACWI Index	13.7%	20.8%

	1 year	Since inception (29/01/2021)
Alquity Global Impact Fund (GBP Y)	13.5%	17.8%
ACWI Index	13.7%	20.8%

Source: Alquity, Bloomberg, as of 29<sup>th</sup> December 2023.

### **AFM costs**

We have assessed the reasonableness of the fees paid for AFM services by considering the underlying costs associated with the services provided and the performance objectives set for the Sub-fund.

### **Economies of scale**

There have been no significant changes in the size of the Scheme or Sub-fund in the past 12 months, and therefore no additional savings have been identified.

### **Comparable market rates**

We consider them to be in par in comparison to fees charged by similar funds within the regulated funds market in the UK.

### **Comparable service**

We do not manage any segregated account for the Sub-fund.

### **Classes of units**

The pricing of each unit class offered in the UK within the Sub-fund is regarded as reasonable, taking into account the different eligibility criteria and target investors for each class. All investors hold units in the appropriate class they are eligible for at the time of the assessment.

### **Fund manager report – Alquity Global Impact**

From its inception on 29th January 2021 to 29th December 2023, the Sub-fund returned 17.7% (net of fees), placing it in the second quartile of the Global Equity Funds universe.

The objective of the sub-fund is to invest in the highest quality ESG and sustainable securities within the applicable investment universe, with appropriate portfolio construction and risk management, as determined by our investment process. The investment process is designed and managed by our investment team and overseen by our risk reviews, which are chaired by our CEO. For further information on our investment process, please see our website: <https://alquity.com>.

Over the past 12 months, the sub-fund has navigated a highly volatile market environment in global equities punctuated by persistent inflation, rising short-term interest rates, higher commodity price volatility and heightened global economic and political uncertainty, intensifying US/China trade tensions, a slowing global GDP growth are all key examples of these risk factors.

The sub-fund has navigated the aforementioned risks reasonably well by maintaining a balanced approach to country and sector allocations while focussing most strongly on high quality security selection of stocks with the highest ESG and sustainability standards.

Over this period, our exposure to the Technology (e.g. Microsoft, Nvidia) and Healthcare (e.g. Novo Nordisk, Eli Lilly) sectors in the US and Europe had a positive impact on performance. The sub-fund has maintained a significantly lower tracking error than its closest peers.