



# Assessment of Value

## EF Tellsons ICVC

31st March 2021

Including its sub-fund

EF Tellsons Endeavour Fund



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## Assessment of Value - Overview

As the Authorised Fund Manager (AFM), WAY Fund Managers Limited (WFM) has completed this assessment of value to consider whether the payments that the EF Tellsons ICVC's (the "Fund") prospectus allows to be taken from the Fund or sub-funds are justified in the context of the overall value delivered to the sub-fund's shareholders.




WFM's Product Governance Committee carries out the initial assessment annually for each sub-fund taking into consideration the factors laid out below. This assessment is then passed to WFM's independent non-executive directors (iNEDs) for scrutiny and agreement, ensuring that the outcome reflects a clear and fair assessment. A final review is carried out by the full WFM Board before publication.

WFM believes that value for investors does not necessarily mean the lowest costs. Investors seek value in many ways. Higher costs may be incurred because of the investment manager's style, for example by 'active' or 'passive' investment, or by seeking greater asset diversification that is often achieved where investment is based on a 'fund of funds' approach.

WFM's assessment of value examines the controls it has in place to manage costs, whilst assessing the actual returns achieved by investors relative to the investment objective(s) of the sub-fund(s). To this end, WFM has considered the following factors for each class of shares within each sub-fund:

- The range and quality of services that are provided;
- The performance of the sub-fund against its objective(s) and benchmark;
- The cost of investing;
- Any economies of scale that WFM may achieve;
- A comparison of the market rates paid to external third parties for fund services;
- A comparison to other funds that WFM manages to ensure that WFM is charging on a 'like for like' basis; and
- The specific range of share/unit classes available.

WFM has adopted a traffic light system to show how it has rated each sub-fund against the above criteria to enable it to provide an overall rating of the value received by investors.

	GREEN	This means WFM has determined that the sub-fund provides value to investors
	AMBER	This means WFM has determined that the sub-fund provides value to investors, but may merit some action or further monitoring
	RED	This means WFM has determined that the sub-fund does not currently provide value to investors








More detail on the delivery of objectives and costs can be found in the Fund's Annual Financial Statements for the period ending 31<sup>st</sup> March 2021 which can be viewed using this link <https://www.wayfunds.com/Funds>.

### The Outcome of this Assessment

Each sub-fund of the EF Tellsons ICVC will have its own assessment. This will be set out as the overall grade for the complete assessment, together with grading for each of the factors considered above.










EXAMPLE = EF Portfolio Fund - "Sub Fund" graded as Providing value to the investor

Range & Quality of service	Performance	Cost of investing	Economies of scale	Comparable market rates	Comparable services	Class of units
						

## EF Tellsons ICVC – EF Tellsons Endeavour Fund

 Graded as providing value to the investor

WFM has shown its assessment of each of the individual criteria below. Overall, it is WFM’s opinion that an investment into the Fund provides value to investors and that the charges are justified in the context of the overall value delivered to investors.

Range & Quality of service	Performance	Cost of investing	Economies of scale	Comparable market rates	Comparable services	Class of units
						

### The range of services that WFM provides to investors

As the AFM, WFM is responsible for overseeing any third-party that provides services to its funds. Being based in Wimborne, Dorset allows operating costs to typically be lower than a London-based organisation and as a smaller business WFM has built strong relationships with its third-party providers. This allows WFM to nimbly exchange expertise and business development ideas for the benefit of investors and provide a good quality personal service. The Wimborne-based Transfer Agency was originally developed by WFM specifically for its own funds and that close relationship continues with a dedicated team all experienced in the understanding of the full WFM fund range and typical investor requirements. The Wimborne office also provides the in-house corporate governance and oversight expertise in investment, product, risk, and other operational arrangements.

WFM engages with and monitors the following outsourced operational services:

Investment Manager – Tellsons Investors LLP

Depository – Northern Trust Global Services SE

Custodian – The Northern Trust Company

Fund Accountant – Apex Fund and Corporate Services (UK) Ltd

Auditor – PFK Littlejohn LLP

Transfer Agent and Registrar – Investor Administration Solutions Ltd (an Appointed Representative of WFM)



### **Outcome of the assessment**

*WFM considers that a good level of service is provided to shareholders by all parties involved and it is commensurate to the amounts paid by the sub-fund for those services and provides value to the investor. Therefore, no further action is planned.*

### Performance of the sub-fund

WFM assesses the value represented by the investment performance achieved by the sub-fund after charges, at the end of each annual review period. Taking into consideration the sub-fund’s investment objective, its policy, its benchmark, its recommended holding period and, where relevant, its relative exposure to investment risk to achieve this.

The investment objective of the Fund is to target capital growth, with less of the volatility of global equities, at a rate of 3-4% (net of fees) in excess of a composite performance benchmark over a 5 year period. The target performance benchmark represents 50% of UK Consumer Prices Index (CPI) (rolling 5-year average) and 50% of the FTSE Actuaries UK Conventional Gilts up to 5 years Index. Volatility is measured against the MSCI World 100% Hedged to GBP Index. Investment in the sub-fund should be regarded as long-term, which is at least five years. The fund has beaten its targets.

The sub-fund’s risk and reward profile is 4, on a scale of 1 to 7, where 1 represents typically lower risk and reward and 7 higher risk and reward.

The sub-fund’s industry comparator benchmark is the IA Mixed investment 20%-60% Sector.

Share Class	5 Year			3 year			1 year			GRADING
	Sub-Fund	Fund composite Benchmark	IA Sector	Sub-Fund	Fund composite Benchmark	IA Sector	Sub-Fund	Fund composite Benchmark	IA Sector	
A Acc	38.55%	5.43%	30.24%	21.38%	3.22%	14.40%	17.88%	0.10%	19.83%	
A Inc	38.56%	5.43%	30.24%	21.39%	3.22%	14.40%	17.90%	0.10%	19.83%	
Z Acc	36.85%	5.43%	30.24%	20.50%	3.22%	14.40%	17.59%	0.10%	19.83%	
Z Inc	36.77%	5.43%	30.24%	20.44%	3.22%	14.40%	17.60%	0.10%	19.83%	
PF Acc	35.17%	5.43%	30.24%	19.59%	3.22%	14.40%	16.51%	0.10%	19.83%	
SP Acc	41.00%	5.43%	30.24%	22.69%	3.22%	14.40%	18.30%	0.10%	19.83%	

### Outcome of the assessment

The sub-fund is exceeding its objectives of target growth and low volatility, exceeding its target benchmarks and is competitive against the comparator IA sector providing good value to the investors.

## The Cost of investing

All expenses and general disbursements paid by the sub-fund, such as the annual management charge, the cost of any investment advisory services, regulatory reporting, accounting, transfer agency, platform services, depositary and custodian services, are reflected in the ongoing charges figure ("OCF"). The OCF gives an indication of the cost of investing in the sub-fund.

Share Class	Ongoing Costs (OCF)			
	Total OCF	AFM Fees	Other fees	Transaction Costs
A Acc	1.01%	0.75%	0.26%	0.24%
A Inc	1.01%	0.75%	0.26%	0.24%
Z Acc	1.26%	1.00%	0.26%	0.24%
Z Inc	1.26%	1.00%	0.26%	0.24%
*PF Acc	0.26%	0.00%	0.26%	0.24%
SP Acc	0.66%	0.40%	0.26%	0.24%

\*PF Acc share class attracts a performance fee from the Fund if certain conditions are met. During this period, the share class attracted a 1.93% fee which, when added to the OCF, gives an overall cost in this period of 2.19% for that share class.

Shareholders can compare the charges across WFM's fund range at:

<https://www.wayfunds.com/Funds/EnhancedFee>

### Outcome of the assessment

The overall cost of investing in the sub-fund's primary share class has been considered, by WFM, reasonable against the funds returns and is lower than its peer group giving value to the investor. WFM has compared the charges of this sub-fund with that of comparable funds, which can be seen below in the "Comparable Market" section.

## Comparable market rates

Given the confidential nature of commercial arrangements, it is not possible to objectively compare the rates that WFM is paying for its services against its competitors. WFM has however, completed an assessment of overall costs of the sub-fund's primary share class against similar funds in the marketplace, to provide an indication as to how competitive the sub-fund may be.

The assessment was completed using FE Analytics data against a range of Funds with a net asset values of under £60 million and being similar constituents of the IA Mixed Investment 20-60% sector (the sub-fund's Investment Association (IA) "peer group").

Primary Share Class	Ongoing Costs - OCF			Trading Transaction Costs (not inc in OCF calculation)
	Total OCF	Annual Management Charge	Other fees from fund	
A Acc	1.01%	0.75%	0.26%	0.24%
IA Mixed Investment 20-60% sector	1.09%	0.61%	0.48%	0.15%

### **Outcome of the assessment**

*WFM has compared the charges of this sub-fund's primary share class with that of comparable funds and the overall cost of investing in the sub-fund is lower than its peer group offering value to the investor.*

### **Economies of scale**

WFM has used its overall asset base to negotiate the best possible terms available with its current outsourced service providers, for the benefit of its entire fund range.

Service arrangements are reviewed on an ongoing basis and WFM negotiates fee rates on an appropriate sliding scale, with lower percentage fees applying as the funds reach certain sizes, ensuring all benefits of economies of scale are applied directly to the funds and their investors. This means that as a fund grows, it benefits from the improved economies of scale. Certain services may have fixed or minimum fees. WFM seeks to ensure that each fund offers value to investors and is viable considering the impact of any fixed or minimum fees.

### **Outcome of the assessment**

*All available savings from economies of scale obtained by WFM or the sub-fund are passed to the investor. No further action currently planned.*

### **Comparable services**

With regard to AFM services, WFM provides a similar range of services across its entire fund range. This means WFM adheres to all applicable financial regulations in the UK and provides the information and dealing services that its investors need. WFM's added value is its customer service and WFM prides itself on high quality personal service compared to other institutions.

Charging structures may vary between funds, because the size, investment nature and risk can vary between different funds, depending on their investment objectives and policies. However, WFM endeavours to ensure that the ongoing fees paid by the funds for all in house and any outsourced services are similar to those paid by other comparable funds in its range.

### **Outcome of the assessment**

*All investors are provided with the same service and fees charged for similar funds across WFM's fund range are comparable.*

### **Classes of units**

Each fund may have several share classes, each with different characteristics and charging structures, to cater for the ways in which they may have been marketed. It is important to point out, however, that WFM has no control on the selection of share class by investors or their financial advisers.

A review of share classes and registered holders is part of the annual product review. If it is discovered that there is a more appropriate share class available to an investor, WFM will write to the Investor's financial adviser, or directly to them if they do not have an adviser registered, to offer a free conversion to a more appropriate share class. All investors with commission paying share classes, but without a registered financial adviser, have been written to and offered a free conversion to non-commission paying shares. Investors who have responded have had their holdings converted to a more favourable share class.

Below is a table of the sub-fund's share classes. Some are restricted to a specific distribution channel, but all are suitable for retail investors.

Share Class	Sponsor Distribution Channel
A Acc	Primary accumulation share class open to all investors
A Inc	Primary income share class open to all investors
Z Acc	Restricted to founder investors in the Fund
Z Inc	Restricted to founder investors in the Fund
PF Acc	Class subject to performance fees
SP Acc	Institutional class

**Outcome of the assessment**

*WFM has taken action to ensure that all shareholders are in the most appropriate share classes. Share classes are monitored for continued suitability. WFM is in the process of updating the sub-fund's prospectus to permit it to convert shareholders to the most appropriate share class, where it can be demonstrated to be in the best interests of an investor, without obtaining their prior permission. The current share classes available are considered suitable for the specific distribution channel.*

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