

AMATI AIM VCT plc – Value Assessment Report

This report has been prepared on behalf of the Board of Amati AIM VCT plc (the “**Company**”, the “**Product**” or the “**Fund**” as the context requires) by Amati Global Investors Limited (“**Amati**”), discretionary Investment Manager to the Company. The Company and Amati have rigorous procedures in place to monitor and review all aspects of the Company, in order to ensure that the costs and charges paid for the product are commensurate with the benefits received and thus represent fair value for shareholders. The Company takes its responsibilities seriously in this regard and is constantly looking to identify areas for improvement, with a view to enhancing the benefits available to shareholders, to continue to provide fair value and to achieving good outcomes for shareholders over the lifecycle of the product and across the distribution chain. This report provides a summary of the review undertaken, the conclusions reached and any remedial action required.

1. Product Features, Services, Benefits & Quality

The features of the product, the services provided to shareholders and the benefits of a shareholding in the Fund were assessed in detail and found to be comprehensive in nature, appropriate for the investment needs of the specified target market and of consistently high quality. The product was therefore deemed to have delivered fair value to retail clients, including those belonging to different groups within the identified target market or those displaying characteristics of vulnerability, relative to the overall costs of the product. Further, it was concluded that there were no inherent restrictions or limitations that would prevent shareholders in the identified target market, including those displaying characteristics of vulnerability, from benefitting from the product and receiving fair value.

The product features and services assessed included the following: the operating model of the Fund; the governance and risk management framework; custody and fund administration; the investment process; the investment management system and third party platforms; regulatory and tax compliance; offers for subscription; the nature of the costs and charges applicable to the Fund; registrar and receiving agent services; the shareholder online portal; the discount policy and share buyback arrangements; distribution channels; website accessibility; and shareholder communications and support.

The benefits of the product were assessed in both financial and non-financial terms, and included the following: investment diversification; professional investment management; independent governance; regulatory and tax compliance; tax free capital gains and income; liquidity; valuation transparency; customer communications; enhanced shareholder support; and the provision of additional assistance to customers displaying characteristics of vulnerability, in order to minimise the impact that these characteristics may have on the likelihood that these customers may not enjoy the full benefits of the product and thus not receive fair value.

The Company and Amati will continue to review the features of the product, the services provided to shareholders and the benefits available to shareholders, in order to enhance the customer experience and to continue to provide fair value for retail clients. The Board concluded that no immediate remedial action was required, however several areas were identified for further development (pending which, however, does not compromise fair value), including the functionality of the shareholder portal, the accessibility of the Company’s website, the online application system for share offers, and the support available to those investors holding shares in a nominee.

2. Performance

	NAV TR 1yr (%)	NAV TR 3yr (%)	NAV TR 5yr (%)	NAV TR 10yr (%)
Benchmark Index	-12.07	-32.76	-12.43	-0.74
VCT AIM Sector Average	-13.66	-34.46	-3.78	23.80
Amati AIM VCT	-22.55	-44.25	-13.30	33.99

Source: Amati Global Investors, Deutsche Numis and The Association of Investment Companies

The Fund's long-term performance, after costs, was deemed to be within a reasonable range of outcomes and was consistent with its stated investment policy, objectives and strategy. As at 31 January 2024 the Fund had performed broadly in line with its benchmark index (Numis Alternative Markets Index, Total Return) over 5 years, and outperformed both the benchmark and the VCT AIM Sector Average over 10 years. More information on fund performance, together with fund manager commentaries, can be found within monthly fact sheets and annual and interim reports, which are available at www.amatiglobal.com.

3. Costs

The costs applicable to the Fund, including the annual management charge ("AMC") and other elements which make up the Ongoing Charges Figure ("OCF"), were reviewed and were considered to be fair value relative to the cost to the Company of providing the services. Transaction costs, both explicit and implicit, which do not form part of the OCF calculation, were also reviewed and found to be within industry norms. Non-financial costs, such as the provision of personal data to the Company or Amati and the granting of its use for regulatory and/or commercial purposes, were also considered and were found not to have impacted the likelihood that a shareholder may not receive fair value.

As part of the review, the costs charged to the Company for the services of external providers, together with any contingent charges paid directly by shareholders, such as those levied for administrative changes or the reissuance of shareholder documentation, were assessed and found to be justified relative to the services provided, while remaining competitive when benchmarked against other providers in the market. Costs across the distribution chain, such as advisory, platform, broking and transfer fees, were also assessed and were found to be justified relative to the additional services provided and were not likely to lead to poor outcomes for retail clients. An assessment of these costs forms part of the initial and ongoing due diligence when selecting platforms and other distribution partners for the Company's shares. Wherever possible we seek to exert influence on pricing and service levels so as to ensure fair value is received by the retail client after the addition of costs across the distribution chain.

Overall, the costs applicable to the fund were found to be commensurate with the range and quality of the services provided, and consistent with the disclosures in the Key Information Document and other regulatory documents.

4. Economies of Scale

A review was carried out to consider whether shareholders have benefited from savings generated as a result of the size of the Fund, which has grown significantly over the past five years. It was concluded that any savings from economies of scale, in relation to the direct and indirect costs of providing the services, have been passed on to shareholders. The Company will continue to look for efficiencies in order to maintain an appropriate balance between the range of services and benefits provided to shareholders and the overall fees charged for the product.

5. Comparable Market Rates

A review was undertaken to consider whether the overall costs of the product are reasonable as compared with similar funds available in the market. The most appropriate peer group is considered to be the AIC AIM Quoted Sector, which is a peer group of funds with similar investment parameters, regulatory constraints and operating models. As at 31 January 2024 the Fund's Ongoing Charges Figure (OCF) was the second lowest in the Sector and was lower than the median OCF of the Sector.

6. Comparable Services

A review of the range and quality of the services provided to shareholders was undertaken to consider whether the overall costs of the product represent fair value, as compared to similar products offered by the Company or Amati. The Company does not offer any other products and, while Amati offers other products to retail clients, none has a similar mandate or target market to the Fund and thus cannot be directly compared.

7. Share Classes

A review of share classes and shareholder rights was undertaken to establish whether any shareholders are subject to higher charges than those applying to other share classes with substantially similar rights. The Company provides one share class only and all shareholders have equal rights.

Overall Value Assessment

The overall assessment of the Company and Amati, based on the criteria reviewed above, is that this product represents fair value for customers in the designated target market.

Regulatory References

1. Product Features, Services, Benefits & Quality

PRIN 2A.4.8R(1)(2)(4), PRIN 2A.4.10G(1), PRIN 2A.4.11G(1)(2), COLL 6.6.21R(1)

2. Performance

COLL 6.6.21R(2)

3. Costs

PRIN 2A.4.8R(3), PRIN 2A.4.10G(2), PRIN 2A.4.11G(2), COLL 6.6.21R(3)

4. Economies of Scale

COLL 6.6.21R(4)

5. Comparable Market Rates

PRIN 2A.4.9G(2), COLL 6.6.21R(5)

6. Comparable Services

PRIN 2A.4.9G(4), COLL 6.6.21R(6)

7. Share Classes

COLL 6.6.21R(7)

For regulatory enquiries please contact compliance@amatiglobal.com. For further information on the product and for sales enquiries please use the contact details below.

Signatory of:



Issued by Amati Global Investors Limited, 8 Coates Crescent, Edinburgh, EH3 7AL
(Registered number: SC199908)

Tel: 0131 503 9100

Email: info@amatiglobal.com

Website: www.amatiglobal.com

Amati Global Investors Limited is authorised and regulated by the Financial Conduct Authority