Assessment of Value Report 2024

The Financial Conduct Authority (FCA) requires Heritage to produce an annual Assessment of Value Report to help to promote enhanced transparency, governance and outcomes for all investors and to ultimately strengthen trust in the UK asset management industry. Our Assessment of Value Report intends to consider in detail whether we at Heritage are delivering value to our investors across a broad range of areas. The data for this report was collected as at 31st December 2024.

The FCA requires Heritage to look at seven specific areas when assessing the value we deliver to our investors:

1. **Performance** – Has the fund performed in line with expectations?

2. **Quality of service** – Are we meeting expectations on the service we deliver?

3. **General costs of the authorised fund manager** – Are the fees charged to the fund reasonable and appropriate?

4. **Comparable market rates** – How do our fees compare against competitors?

5. **Economies of scale** – Do funds enjoy cost saving as they grow?

6. **Comparable services** – How do the fees we charge compare with what we charge clients for similar products?

7. **Classes of shares or units** – Are you in the most appropriate type of share class?

Heritage manages two investment funds:

1. **Heritage Managed Portfolio Fund**, a Guernsey domiciled and regulated accumulation fund, and

2. **SVS Heritage Balanced Portfolio Fund**, a UK domiciled and FCA regulated Fund suitable for ISA's and SIPP's

The investment objective of the Heritage funds is similar, namely to generate a total investment return (comprising capital growth and income) over the long term after all charges and expenses, which is in excess of the UK Consumer Price Index and with a lower risk that that associated with pure equity alternatives.

We aim to achieve this by investing in a well-diversified portfolio, spread amongst the major investment asset classes, including equities, bonds, property and cash.

Heritage's approach for assessing value

1. **Performance** – We assess the returns of our Heritage funds over five years which is the length of time we expect our funds to deliver their investment objectives. We note that sometimes our funds will underperform due to the prevailing market conditions and their investment style. We study several measures over a five year period to conclude whether or not the investment objectives are being met, including volatility.

   Figures are calculated after all charges and expenses:

Cumulative returns	5 years	Since inception
Heritage Managed Portfolio Fund	13.92%	285.75% (2001)
SVS Heritage Balanced Portfolio Fund	18.13%	55.10% (2016)
UK CPI benchmark	24.98%	85.25% (33.99%)

2. **Quality of service** – We review our Key Performance Indicators (KPIs) to help us determine whether we are creating sufficient value for our clients. These internal and external looking KPIs help Heritage to provide timely and accurate reporting to our clients and the Financial Conduct Authority. Additionally, we assess Heritage's policies and procedures in relation to liquidity and risk management to ensure that our governance is sufficient for our clients' needs. We also record and review all client feedback so that we can evaluate the client experience.

3. **General costs of the authorised fund manager** – We review the Ongoing Charges Figure (OCF) broken up into every cost component, including our portfolio management, fund administration and other costs. We review these costs against what we actually charge our clients. Additionally, we analyse these costs to ensure that Heritage remains a profitable business, continues to operate during stress scenarios and continues to research and innovate.

   All figures relate to the year ended 31 December 2024:

	Heritage Managed Portfolio Fund	SVS Heritage Balanced Portfolio Fund
Initial charges	0.00%	0.00%
Management fees	1.00%	1.00%
Expenses	0.19%	0.41%
Transaction fees	n/a	n/a
Performance fees	0.21%	n/a
Bid/offer spread	1.00%	n/a
Total	**2.40%**	**1.41%**

4. **Comparable market rates** – We compare the amounts we charge our investors at fund level against the average of the universe of the Morningstar Multi-Strategy Funds. We note that the market rates of funds within the relevant universe can vary due to differing investment approaches of the funds.

5. **Economies of scale** – Most funds can benefit from economies of scale. We assess whether there are potential economies of scale within the Heritage funds and whether or not these have been achieved in practice.

6. **Comparable services** – Although the two Heritage funds have similar objectives and investment style, they have different domiciles, investment managers and/or fund administrators. This means that the funds are not comparable services in relation to fees.

   At Heritage we manage investment portfolios for a range of clients all over the world, including individuals, trusts, companies and pension schemes. We have a uniform charging structure for all types of clients. We review our charging structure to ensure that it is reasonable and appropriate for all types of clients.

7. **Classes of shares or units** – Only the SVS Heritage Balanced Portfolio Fund has more than one share class at Heritage; accumulation and income shares. Both share classes at Heritage have the same uniform charging structure. We review our charging structure for these share classes to ensure that it is reasonable and appropriate for all types of clients.

Heritage Managed Portfolio Fund

The Fund's investment objective is to generate long term capital growth, with a lower risk than pure equity alternatives.

Overall conclusion

Looking at all the seven areas included in our assessment of value, we believe that this fund is delivering value to our investors.

1. **Performance** – We have assessed whether the fund has delivered its investment objective over the performance period of five years. Over five years the fund has not met its demanding UK CPI benchmark due to the Covid epidemic of 2020-22 which depressed equity and bond returns, and increased inflation and interest rates. After Covid in 2023 and 2024, the Fund delivered positive performance in excess of its UK CPI benchmark. However, the Fund has delivered on its investment objective over the longer term since inception and is delivering value in respect of performance over the longer term.

2. **Quality of service** – After reviewing our internal and external Key Performance Indicators (KPIs) along with our client feedback, we conclude that Heritage's investment process, operations and quality of client experience are effective and well established. This provides value to our clients.

3. **General costs of the authorised fund manager** – We have reviewed each cost component of the Ongoing Charges Figure (OCF) for this fund. We have concluded that in relation to each cost component, the charges for each service are reasonable and appropriate. Heritage has sufficient funds to remain a profitable business, survive stress scenarios and continue to innovate and research.

4. **Comparable market rates** – This fund is priced lower than the average of its peers. We believe that it is competitively priced and that it demonstrates value to our clients.

5. **Economies of scale** – By definition a fund requires assets under management in excess of £1 billion to achieve economies of scale. This fund is not large enough to realise economies of scale and does not benefit from the cost savings achieved from size. We will continue to assess this as this fund grows.

6. **Comparable services** – Heritage's two funds differ in relation to client investment uses, domicile and/or fund administrators. This means that the funds are not comparable services in relation to fees. We have reviewed our charging structure and believe that it is reasonable and appropriate for all types of clients.

7. **Classes of shares or units** – There is only one share class for this fund.

SVS Heritage Balanced Portfolio Fund

The Fund's investment objective is to achieve a total investment return (comprising of capital growth and income) over the long term (at least 5 years).

Overall conclusion

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6. **Comparable services** – Heritage's two funds differ in relation to client investment uses, domicile and/or fund administrators. This means that the funds are not comparable services in relation to fees. We have reviewed our charging structure and believe that it is reasonable and appropriate for all types of clients.

7. **Classes of shares or units** – There are two share classes for this fund; accumulation shares and income shares. Both share classes have the same charging structure but serve differing purposes in terms of income distribution to shareholders. On review of our charging structure for the two share classes, we believe that they are reasonable and appropriate for all types of clients.