



Architas 2019

value assessment report

The Architas Protector Fund Range

architas 

CONTENTS

| | |
|---|----|
| A message from the Chairman of the Architas Board | 1 |
| Introduction | 2 |
| Value assessment | 4 |
| Improvements | 10 |
| Appendix | 11 |
| Important information | 12 |



A MESSAGE FROM THE CHAIRMAN OF THE ARCHITAS BOARD

Dear investor,

I wanted to inform you personally that Architas has published its first Value Assessment.

You might wonder how this report impacts you and your investments.

Introduced by our regulator, the Financial Conduct Authority, it requires UK asset managers to evaluate their funds every year and report on whether they provide value for investors and when they do not, to explain what action is being taken to fix this. This aims to help investors like you make more informed choices when it comes to your investments.

The Board and I are here to ensure that the Value Assessment is carried out diligently, with our investors' best interests in mind, and to hold Architas accountable if value has not been delivered.

Consequently, the Board and I would like to confirm that:

- we have approved the 2019 Value Assessment report for all Architas' UK funds
- we have concluded that all of the Architas UK funds offered overall good value
- where we have identified areas we could improve, we have asked our teams to report on their progress throughout 2020

I would urge you to read the Value Assessment for the specific fund(s) we manage on your behalf, and the improvement work planned in 2020. On behalf of all of us at Architas, I would like to thank you for trusting us with your savings, especially in these uncertain times and wish you and your loved ones the best of health.

Yours sincerely



Peter Hazell
Chairman of the Board

INTRODUCTION

The information in this report is about your investment and is important.

Our regulator, the Financial Conduct Authority (FCA), has asked fund managers to assess the value our funds provide to investors. The period we are looking at in this report is from the start of January to the end of December 2019.

In this report you will see a summary of how we have assessed whether you are getting value – not just in terms of the charges you have paid, but also in the service and performance we have provided.



Which funds?

This report covers the following funds:

Architas Diversified Protector 70 Fund

Architas Diversified Protector 80 Fund

Architas Diversified Protector 85 Fund



How we assess value

The FCA gave us seven areas that we need to look at in our assessment.

These were as follows:

- 1 The **quality of the service** we provided.
- 2 The **performance** of a fund compared with its objectives.
- 3 The **AFM costs**, which compares what it costs us to provide our services with what we charge you.
- 4 **Economies of scale**, that is, any savings we could have passed on to you because of the size of our business or the size of our funds.
- 5 **Comparable market rates**, which consists in comparing the charges we took from your fund against the charges of similar funds managed by other fund managers.
- 6 **Comparable services** – which consists in comparing the services we provided to other customers with similar investments to yours.
- 7 **Classes of units**, which consists in a review of the different types of classes of shares (share classes) that are available for the same fund and, if there are different share classes with different charges, whether the higher charge is justified if there is a cheaper share class available.



What we found

We designed the Architas Multi-Manager Diversified Protector funds to offer investors a mixed portfolio of investments from different fund managers, managed in an active way and competitively priced.

Each Architas Multi-Manager Diversified Protector fund aim to 'protect' respectively 70%, 80% and 85% of the fund's highest ever share price, over the recommended investment period of at least five years.

We found that, overall, all the Architas Multi-Manager Diversified Protector funds offered value in 2019, looking at what the funds aim to do and the seven areas mentioned previously.



OUR VALUE ASSESSMENT

1

QUALITY OF SERVICE

What we looked at

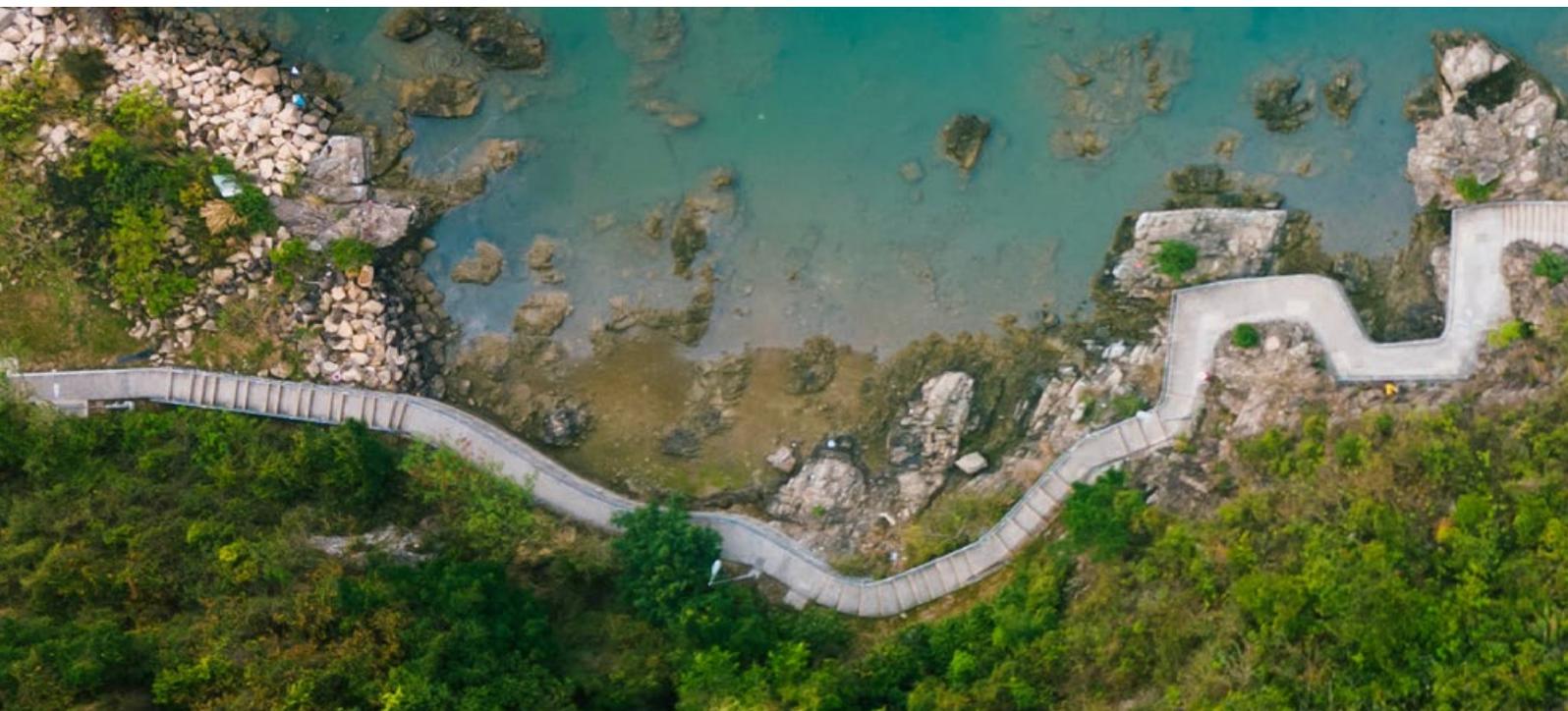
For this part of the assessment, we looked at the following.

- The way we manage investments, including the knowledge and experience of our investment team, the relevant awards and ratings our funds received, and the strength of our research.
- How we monitor our business, including how well we follow regulations, guidelines and our own procedures.
- The customer service we provide, using a number of measures and feedback we get from our investors, including any complaints we have received.
- The information we provide to our clients (including reports, fund information, social media and our website) and how easy it is to understand.

Did we deliver value?

We believe we delivered value for all Architas Multi-Manager Diversified Protector funds.

- We have a well-resourced and experienced investment team who provide a quality service to our investors.
- We have the right operational structure so we can effectively monitor the quality of service we provide and to make changes when needed. This includes effective management of third parties we use to help us provide services to you.
- We have dedicated staff to oversee complaints and carry out regular checks to maintain quality.
- We keep in touch on a regular basis with our investors and their financial advisors in various ways, such as through our company website, our client reports, several digital tools, investment reports, and by holding investment conferences.





2

PERFORMANCE

What we considered

We measured each fund's performance against its investment objectives (what it's designed to do). We also compared performance against funds with similar features and objectives managed by other fund managers. When doing this we took account of all fees, costs and charges.

Did we deliver value?

We believe we delivered value for all the Architas Multi-Manager Diversified Protector funds.

We say this because we found that each of the funds:

- provided a positive return over five years to the end of 2019; and
- met their protection objective.

3

AFM COSTS

What we considered

We looked at what it costs us to manage the funds. These included staff salaries, overheads like rent and rates, costs of computers and software, research costs, and the costs associated with marketing the funds to new investors. We also looked at the cost we paid to an external company to carry out the registration of investors' shareholdings.

Did we deliver value?

We found that investors in the Architas Multi-Manager Diversified Protector funds paid charges that fairly reflected the costs of managing the funds.

We found that the current level of the registrar fee (0.05%) is appropriate when compared with the costs of providing the service.



4

ECONOMIES OF SCALE

What we considered

When it comes to our funds, we achieve economies of scale through the size of our business and the size of our funds. As we use other companies to help us, we can sometimes negotiate better rates from those companies. If we get larger as a company, we may be able to negotiate even better rates.

We last negotiated the rates we pay other companies in 2018. At that time we reviewed lots of other providers in the market. This gave us an opportunity to find better services and better rates. As a result of our review we were able to negotiate a discount on our charges. As these charges are passed directly to the fund, you, as an investor, directly benefited from this saving.

We carry out this type of review every five years.

Did we deliver value?

There were no new economies of scale in 2019, but investors continue to benefit from the savings we negotiated in 2018.

5

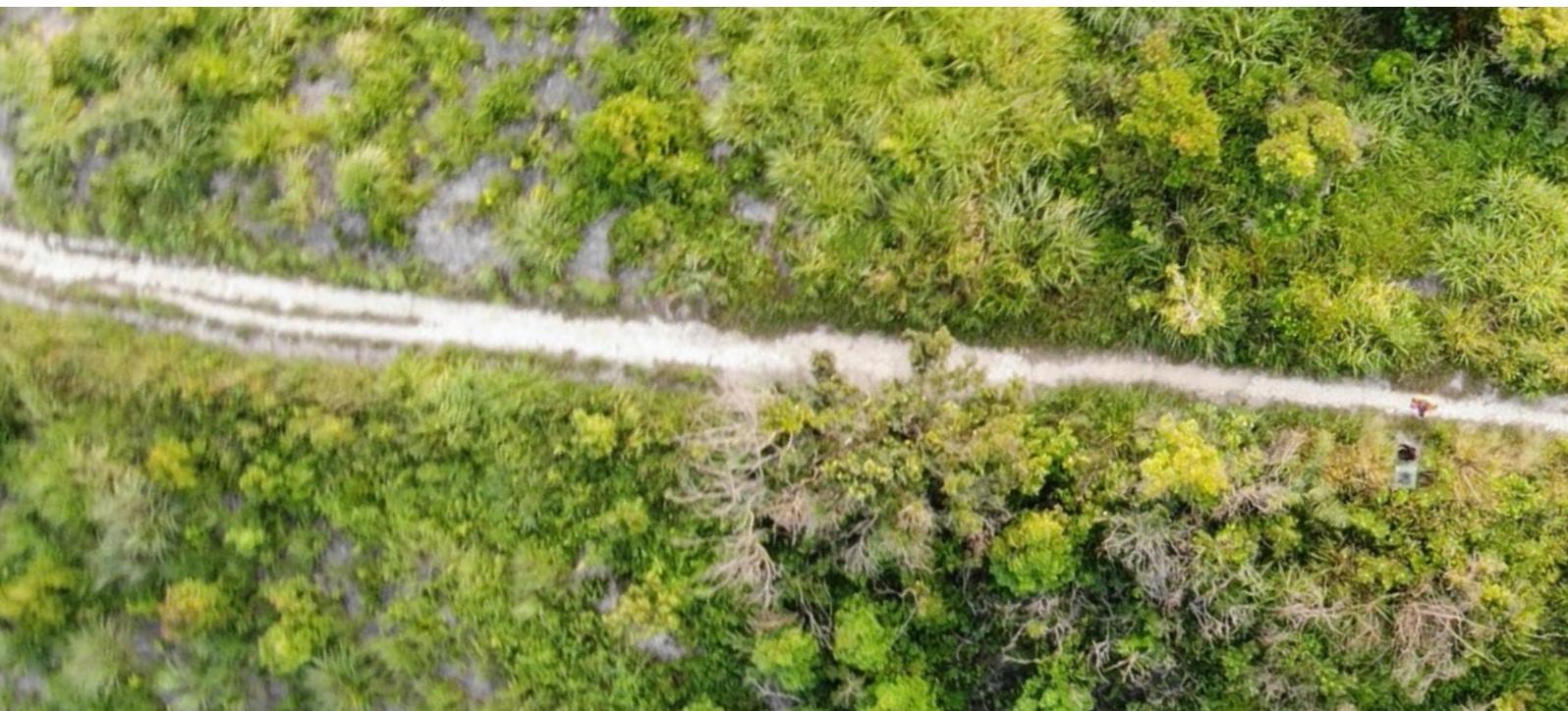
COMPARABLE SERVICES

What we considered

We looked at the costs and charges that we take from investments run by other parts of our business and compared them against the costs and charges we apply to the Architas Multi-Manager Diversified Protector funds. We did this to make sure there weren't any unexplained difference in costs for providing a similar service to different types of clients.

Did we deliver value?

We found that, overall, the costs and charges were broadly similar to those our group charges to other clients for comparable services.





6

COMPARABLE MARKET RATES

What we considered

We offer investors one share class, the R-class, which is available to any investor who meets the minimum investment amount.

For this part of the report, we looked at the costs and the charges of the R-class and compared them against similar share classes of a group of funds managed by other fund managers.

The costs and charges we compared are as follows.

- **The Annual Management Charge**
- **The Ongoing Charge Fee** (the Annual Management Charge plus all the expenses needed to run a fund)

Did we deliver value?

Annual Management Charge (AMC)

We found the following:

- The AMC of the R-class is cheaper than the average of equivalent share classes of comparable funds for the Architas Multi-Manager Diversified Protector 85 fund.
- The AMC of the R-class is slightly higher than the average of equivalent share classes of comparable funds for the Architas Multi-Manager Diversified Protector 80 fund and the Architas Multi-Manager Diversified Protector 70 fund.

Ongoing Charge Fee (OCF)

We found the following:

- The OCF of the R-class is cheaper than the average of equivalent share classes of comparable funds for the Architas Multi-Manager Diversified Protector 85 fund.
- The OCF of the R-class is in line with the average of equivalent share classes of comparable funds for each of the Architas Multi-Manager Diversified Protector 80 fund.
- The OCF of the R-class is higher than the average of equivalent share classes of comparable funds for each of the Architas Multi-Manager Diversified Protector 70 fund.

Based on our analysis, we believe that, overall, the R-class is competitively priced and so provide value.

We are constantly working with our suppliers and underlying fund managers to reduce our costs using the financial strength of the AXA group. We expect this work to result in lower overall running costs for the Architas Multi-Manager Diversified Protector funds, especially for those with higher ongoing charge fees than comparable funds.

Fee comparisons are shown in appendix 1.



7

CLASSES OF UNITS

Classes of units consists in a review of the different types of classes of shares (share classes) that are available for the same fund and, if there are different share classes with different charges, whether the higher charge is justified if there is a cheaper share class available.

What we considered

There is only one share class in the Architas Multi-Manager Diversified Protector funds, therefore no comparison is possible.

| | Share class | Types of shares available | Annual Management Charge | Initial charge | Minimum Investment |
|---|-------------|---------------------------|--------------------------|----------------|--------------------|
| Architas Multi-Manager Diversified Protector 70 | R | Accumulation | 1.05% | Does not apply | £500 |
| Architas Multi-Manager Diversified Protector 80 | R | Accumulation | 1.05% | Does not apply | £500 |
| Architas Multi-Manager Diversified Protector 85 | R | Accumulation | 0.80% | Does not apply | £500 |

Did we deliver value?

We believe that R-class investors are paying an appropriate charge.



IMPROVEMENTS

We believe that this value assessment gives us the opportunity to tell you about our behind-the-scenes work of running funds, including the improvements we are planning to our services and the way our investors can get access to our funds.



What we have done recently to give you better value

- ✓ We have rewritten the investment objectives of our funds to make the language clearer for investors.
- ✓ We have renegotiated with some of our suppliers, using the strength of the AXA Group, to reduce some of the costs we pay them.



What we will be doing

- ✓ We are looking at the different AMC across the Architas Multi-Manager Diversified Protector funds and whether these remain appropriate.
- ✓ We are looking at how some of our costs, and the costs of some of the companies we use to help deliver services for the funds, are managed to see if we can make this clearer to our investors and make sure they are being managed as efficiently as possible.
- ✓ We will be clearer about how we refer to our range of share classes.

APPENDIX

In this appendix we show the Annual Management Charge (AMC) and Ongoing Charge Fee for our funds and for comparable funds. To compare funds, we have used funds in the Morningstar Capital Protected category with a focus on funds registered for sale in the UK which had a similar business model to us.

You can click on the following links for more information on the Morningstar Capital Protected category.

[Fund sector definitions](#)

[Funds in the sector](#)

Architas Multi-Manager Diversified Protector funds

Comparable funds: Multi-manager funds (mainly third-party funds) in the Morningstar Capital Protected sector

| | | AMC | OCF |
|--------------------------------------|---------|--------------|--------------|
| Architas MM Diversified Protector 70 | R-class | 1.05% | 1.65% |
| Architas MM Diversified Protector 80 | R-class | 1.05% | 1.40% |
| Architas MM Diversified Protector 85 | R-class | 0.80% | 1.34% |
| Average for comparable funds | | 0.98% | 1.40% |

Source: Morningstar Direct

IMPORTANT INFORMATION

Past performance is not a guide to future performance. The value of investments and any income provided by them can go down as well as up and is not guaranteed. You may get back less than you invested.

The funds can invest entirely in units of collective investment schemes.

You can invest in these funds through a number of financial products. These funds may not be appropriate for investors who plan to withdraw their money within five years.

We take charges to cover the costs of managing the fund. If you are investing using a financial product, the product provider may take extra charges, and, if so, should give you details of these charges before you invest.

The AXA Group includes other fund management companies which we refer to as in-house managers, such as AXA Investment Managers, Architas Multi-Manager Europe Limited and AllianceBernstein. We, Architas, may choose to include funds managed by in-house managers, which we refer to as in-house funds, within our multi-manager funds.

The AXA Group includes other fund management companies which we refer to as in-house managers, such as AXA Investment Managers and Architas Multi-Manager Europe Limited. We, Architas, may choose to include funds managed by in-house managers, which we refer to as in-house funds, in our multi-manager funds.

In the UK, we follow an in-depth research process that ensures that the funds selected for our multi-manager funds are included on the potential benefits they could bring to our Architas funds. We are not influenced by the AXA Group to include in-house funds over funds from other fund managers; funds are selected on their consistency to meet their objectives. We regularly review our selection of funds, including those from in-house managers, to ensure they continue to be appropriate and in your clients' best interests.

More information about our use of funds from in-house managers is available at **[architas.com/inhousemanagers](https://www.architas.com/inhousemanagers)**

If you need more information on any of our funds, you can ask us for a free copy of the Key Investor Information document (KIID) and the prospectus. The KIID is designed to help you make an informed decision before investing. You can also view or download all of our funds' KIIDs from our website at **[architas.com](https://www.architas.com)**

Architas Multi-Manager Limited does not assume liability for any advice provided in conjunction with this document. Architas Multi-Manager Limited is the provider and manager of the Architas funds and does not assess the suitability of its funds to individual investors. The presence on this document of the name of a financial adviser, or network of advisers, should not, in any way, be taken to imply that Architas Multi-Manager Limited has knowledge of, or influence over, advice that you have received or will receive. Your financial adviser shall remain, at all times, solely responsible for any financial advice and or recommendations provided in relation to your investment decisions.

Architas was set up in 2008 and is authorised and regulated by the Financial Conduct Authority (FCA). We provide access to investment managers' services through a range of solutions, including regulated collective investment schemes. For more information on our funds, please contact your financial adviser.

The funds referred to in this document are all collective investment schemes authorised and regulated by the Financial Conduct Authority. AXA is a worldwide leader in financial protection and wealth management. Architas operates three legal entities in the UK; Architas Multi-Manager Limited (AMML), Architas Advisory Services Limited (AASL) and Architas Limited. Both AMML and AASL are owned by Architas Limited, which is 100% owned by AXA SA (a company registered in France). Architas Multi-Manager Limited is a company limited by shares and authorised and regulated by the Financial Conduct Authority (Firm Reference Number 477328). It is registered in England: No. 06458717. Registered Office: 5 Old Broad Street, London, EC2N 1AD.



architاس

The Architas customer support team is on hand to answer your questions.

Call 0800 953 0197

*Monday to Friday 9.00am–5.30pm;
calls may be recorded. Calls are free from
landlines and mobiles within the UK.*

Architas Multi-Manager Limited
5 Old Broad Street
London EC2N 1AD
architاس.com

ARC5486