

Assessment of Value Report

April 2022



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About Eurizon SLJ Capital Limited

Originally founded by Stephen Jen and Fatih Yilmaz in 2011 as SLJ Macro Partners, Eurizon SLJ Capital was formed in 2016 when the firm joined forces with Eurizon Capital SGR (Eurizon). Eurizon is the asset management division of Intesa Sanpaolo Group and is one of the fastest growing asset managers in Europe. Stephen Jen (CEO & Co-CIO) and Fatih Yilmaz (Co-CIO) retain a 35% equity share in the business and maintain an active role in the business's day-to-day running and strategies.

Shared partnership

Eurizon is a leading player in the European asset management space, with a widespread international presence. Since its incorporation, over 35 years ago, it has continually innovated to grow and expand its business globally by adopting a diversified investment approach and offering a broad range of tailored products to meet specific client needs. With over €425 bn in assets under management, today Eurizon is active in 24 countries and can count on over two million customers worldwide.*

We offer our clients a greater diversity of ideas through cross-country collaboration with Eurizon's global network of investment professionals. This partnership allows our clients to benefit from an established service and infrastructure platform of shared functions.

Eurizon is built on the values of commitment and responsibility. A commitment to offer our clients outstanding service and innovative, customised investment solutions for the long term, and responsibility to build and maintain our clients' trust through transparency of service, open dialogue and presence in difficult times.

Background: What is a value assessment?

As a result of the *Asset Management Market Study*¹ (AMMS) our regulator, the Financial Conduct Authority (FCA), introduced measures to ensure authorised fund managers (AFMs) assess and understand the value they offer to investors.

The FCA set out seven pillars in their guidelines to act as a framework for AFMs to conduct the assessment. We summarise the seven pillars below and expand upon each in the following sections of this report.

- 1) **Quality of service** - the range and quality of services provided to the Funds' unitholders;
- 2) **Performance** - the performance of the Funds after deduction of all payments out of scheme property as set out in the Prospectus; performance should be considered over an appropriate timescale having regard to the scheme's investment objectives, policy and strategy;
- 3) **Authorised Fund Manager costs** - in relation to each charge, the cost of providing the service to which the charge relates;
- 4) **Comparable market rates** - the market rate for any comparable service provided;
- 5) **Economies of scale** - whether the fund manager is able to achieve savings and benefits from economies of scale, relating to the direct and indirect costs of managing the Funds' property and taking into account the value of the Funds' property and whether it has grown or contracted in size as a result of the sale and redemption of units;
- 6) **Comparable services** - in relation to each separate charge, the manager's charges and those of its associates for comparable services provided to clients, including for institutional mandates of a comparable size and having similar investment objectives and policies;
- 7) **Classes of units** - whether it is appropriate for unitholders to hold units in classes subject to higher charges than those applying to other classes of the same Fund with substantially similar rights.

¹ FCA publishes its second set of rules following its Asset <https://www.fca.org.uk/news/press-releases/fca-publishes-second-set-rules-following-asset-management-market-study>

Letter from our CEO

I am pleased to present our inaugural 'Assessment of Value' report for Eurizon SLJ Capital. Whilst we are a new asset management company, to the UK market, and our funds have less than one year track record, we appreciate the importance of transparency and the value we deliver to investors. As an asset manager we have a large responsibility to our investors and are grateful for their ongoing support and trust they place in us.

2021 saw us enter the UK asset management market during a challenging environment as the Covid pandemic continued with associated restrictions and related macroeconomic and market impacts. Against this backdrop, we launched UK domiciled versions of our two flagship strategies which we have managed on behalf of our sister company, Eurizon Capital SA, since 2017. The Eurizon SLJ Local Emerging Markets Debt and Eurizon SLJ Bond Aggregate RMB (Renminbi) Funds launched on the 22nd of February 2021, with the latter of particular note for being the first UK domiciled China onshore bond fund. During a challenging period, these fund launches are a testament to the quality of both our staff and our parent company, Eurizon Capital SGR. Being part of a strong and stable asset management division has enabled us to deliver value through economies of scale and a robust operational and risk management platform.

I am encouraged and thankful to my colleagues for their client-centric approach, strong performance and diligence. Our first 'Assessment of Value' report is the basis of our ongoing commitment to hold ourselves accountable to our Investors and ensure we continue to offer value for money. Our Board of Directors & Independent Non-Executive Directors, staff, and I look forward to building on our efforts thus far and reporting our findings in future reports.

Stephen Jen,

CEO & co-CIO

Executive Summary: Assessment of Value results

We have paid close attention to the seven pillars laid out by the FCA when assessing the value for money offered to investors. In the following sections we elaborate on the findings of our analysis, and we summarise our conclusions in the table on the following page:

Criteria	Rating & Conclusion
Quality of service 	It is essential to consider a wide range of factors when thinking about the value we provide when servicing the needs of our investors. We believe our investment management, people, risk management and transparent approach offers valuable and high-quality service to investors.
Performance 	Due to the recent launch of our funds we do not believe it appropriate to issue a rating. The performance of our funds is monitored by our Board of Directors on a regular basis, and we will revisit the rating in future reports. We have analysed the performance of all share classes for our funds, on an absolute and relative basis against our stated benchmarks and Morningstar category peer groups. With the caveat of appropriateness of a short track record, we note the Eurizon SLJ Local Emerging Markets Debt fund has produced a negative absolute and relative to benchmark return yet outperformed the peer group in GBP terms. However, the EUR returns were positive on an absolute and relative to benchmark and peer group basis. The Eurizon SLJ Bond Aggregate RMB (Renminbi) Fund produced a positive absolute return and outperformed both benchmark and peer group in GBP & EUR terms.
Authorised Fund Manager costs & Comparable Market Rates 	We believe the absolute level of fees and our diligent monitoring of costs represent value to investors. We have benchmarked fees charged to investors against our peers within the Morningstar Categories relevant to our funds. Analysis shows that each of our share classes is more cost-effective than the average fee charged by our peers.
Economies of scale 	Our investors benefit from our ability to leverage the scale of our parent company, Eurizon Capital SGR, to negotiate fees and deliver cost efficiencies.
Comparable services 	We are conscious of the fees we charge for comparable services and the need to treat investors in a fair manner. Our UK funds are offered at a competitive fee in comparison to similar services.
Classes of units 	We actively monitor investors and their eligibility for more cost-effective access to our funds. To date, no investors have been found to be in a more expensive share class than is appropriate.

Quality of service

✓ Green Rating

We have adopted a holistic approach to assessing the quality of service offered to investors. We believe it is essential to consider a wide range of factors when thinking about the value we provide when servicing the needs of our investors. In particular, we consider:

- Investment management
 - Your investment teams
 - Our philosophy
 - Investment processes
 - Fund objectives
- Governance & Risk management
- Outsourced functions
- Transparency
- Complaints

Quality of investment management

Your investment team

We believe that the most interesting and innovative ideas are generated through the constant and lively debate and communication amongst our Investment team, where everyone contributes their insights and views.

The Investment team shares a strong collaboration ethic, enabling a constant stream of information on macro, economic and monetary themes leading to interesting investment ideas and opportunities.

Our London based team is exceptionally diverse in cultural and professional background. Most of our portfolio managers are originally from the emerging markets and speak local languages, having lived and worked in these countries. This provides us with the unique combination of understanding the local culture whilst also applying the global context of how the outside world views these markets.

China strategies team

The China Strategies team consists of four investment professionals, including and led by Stephen Jen (CEO, co-CIO & Founder). The team, based in London, is highly diverse in cultural, social and professional background. Given the unique and multi-faceted nature of the Chinese economy, the team adopts a holistic approach to the management of the fund, where everyone contributes their diverse perspective and experience (fixed income, FX, DM

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and EM credit). Our portfolio managers are Chinese Mandarin speakers having lived, studied or worked in China and Taiwan. This represents a strategic advantage in accessing local information and intel and understanding the reasons behind Chinese policy decisions.

Emerging markets team

The Emerging Market Debt team consists of five investment professionals, including and led by Fatih Yilmaz (co-CIO & Founder). Our experienced team is highly regarded by some of the world's largest central banks, asset managers, sovereign wealth, and hedge funds. The team blend their top-down global macro perspective with a tactical, bottom-up approach that selects better risk-reward portfolio constituents within the universe that fits the global macro views.

Our philosophy

We believe in a research-led active management approach, the potential to add incremental value in a risk and cost-aware manner.

Macroeconomic research is a crucial element of our philosophy, culture, and investment process. We seek out answers to questions that have not been thoroughly investigated, probing the status quo to examine all information inputs. As a result, we formulate ideas and provide unique and orthogonal insights on key economic and policy issues.

We believe inefficiencies embedded within the macroeconomic landscape, fixed income and currency markets provide opportunities to deliver superior outcomes for our clients.

Investment process

The investment processes for the Eurizon SLJ Bond Aggregate RMB (Renminbi) Fund and Eurizon SLJ Local Emerging Markets Debt Fund are supported by our research-led philosophy.

Our investment processes blend a top-down global macro perspective with a tactical, bottom-up approach that selects better risk-reward portfolio constituents within the respective universes that fits our global macroeconomic views.

For each of the funds, we adopt a team-based approach. We believe that superior outcomes and value for investors can be achieved when all team members work together. The diversity of thought, experience and technical knowledge present within our teams adds value for investors.

Fund objectives

Clear objectives, which are easily understood, play an important role in helping investors understand how a fund operates and managing expectations. Our objectives have been created in line with industry practice. Our fund objectives are easy to access on our website, fund reporting, and third-party websites.

Quality of governance & risk management

As stewards of our investors capital, we believe that governance and risk management play a crucial role in providing good service. Accordingly, we have assessed our policies, oversight and risk management processes as part of our review. The results of our risk management, liquidity analysis, compliance and operational reviews are reported to and discussed by our board, including our independent non-executive directors, every quarter. In addition, our policies and procedures are subject to internal audit reviews carried out independently by our parent company. We believe that our robust infrastructure and risk-conscious approach has delivered value to our investors by ensuring the company and funds operate appropriately and efficiently.

Quality of outsourced functions

We operate robust control processes covering outsourced activities, incorporating the following criteria:

- Continuous oversight of the services provided;
- A qualitative approach, taking into consideration a combination of relevant factors such as the timeliness and the accuracy of the service provided;
- Periodic monitoring of service billing to check adherence to the 'Terms of Engagement' signed with the outsourcer/provider.
- Quarterly review meeting with each provider to check the service level and agree on any improvement that might be required by the Company.

Additionally, the monitoring process incorporates several quantitative key performance indicators (KPIs) to aid monitoring and trend analysis of the service we receive. The findings of our monitoring process is reported to and reviewed by our board of directors. During the period under review, our analysis demonstrated a high quality of service being provided by our outsourced functions.

Transparency

We have considered how we interact with investors across a variety of media. Our main communication channels are via fund reporting, our website and professional social media (LinkedIn). We provide regular reporting for our funds, including extensive fund commentaries, factsheets and regulatory documentation. Our website hosts regular updates on our latest thinking, with a minimum of two updates per week. During 2021 we expanded our communication methods to cater to individual preferences, and now include podcasts, webinars, and written articles. In addition, our portfolio managers and senior management regularly make themselves available to engage directly with investors and prospective investors.

Complaints

We received no complaints during the reporting period. Whilst a lack of complaints does not directly imply 'good value', we are encouraged by this metric. In our future assessment of value reports, we will treat any complaints as 'score reducing metric' and outline remedial actions taken.

Performance

✓ Green Rating

When considering performance, we believe that an assessment of the value delivered to investors needs to consider multiple factors that go beyond the return achieved by a fund. In particular:

- **Objectives** – Has the fund performed according to its stated objectives, such as growth, return target and timeline?
- **Investment policy and strategy** – Were the fund assets invested in line with the investment policy? Did the manager employ the strategy in keeping with what had been communicated to investors?
- **Fund manager reward** – Are the interests of fund managers aligned with investors?
- **Returns** – How did the fund perform in absolute terms? How did the fund perform relative to its stated benchmark and peer groups on a net of fees basis, across all share classes offered?

Due to the short track records of our funds, having launched on the 22nd February 2021, it would not be appropriate for us to assign a value rating.

The objectives of our funds are to offer growth and returns in excess of our benchmarks, net of fees, over any five-year period. As such we will revisit the value ratings in future reports. However, we are encouraged to report that both funds have operated in line with their stated investment policies and strategies. Further, our remuneration policies for fund managers are aligned with the interests of our investors. In keeping with our transparent approach, a summary of our remuneration policy is available on our website.

Name	Fund Return	Benchmark Return	Morningstar Category Median Return
Eurizon SLJ Local EM Dbt I6 WS GBP Acc	-2.52%	0.95%	-3.01%
Eurizon SLJ Local EM Dbt E6 Instl £ Acc	-2.52%	0.95%	-3.01%
Eurizon SLJ Local EM Dbt Z Fdr EUR Acc	1.62%*	-0.17%*	0.15%*
Eurizon SLJ Local EM Dbt Z6 Fdr GBP Acc	-2.52%	0.95%	-3.01%
Eurizon SLJ Bond Agg RMB I6 WS GBP Acc	13.33%	12.12%	9.77%
Eurizon SLJ Bond Agg RMB E6 Instl £ Acc	13.35%	12.12%	9.77%
Eurizon SLJ Bond Agg RMB Z Fdr EUR Acc	16.52%*	15.52%*	11.67%*
Eurizon SLJ Bond Agg RMB Z6 Fdr GBP Acc	13.17%	12.12%	9.77%

Past performance is not a reliable indicator of future returns. The impact of fees or other charges including tax, where applicable, can be material on the performance of your investment. The impact of fees reduces your return. The fund returns are subject to currency exchange risk which could either increase or decrease returns. Source: Morningstar Direct & Eurizon SLJ Capital as at 31 December 2021. * Denotes Euro returns. The benchmark for Eurizon SLJ Local EM Dbt is the JPMorgan GBI EM Global Diversified Index®, whereas the benchmark for Eurizon SLJ Bond Agg RMB is the e Bloomberg Barclays China Treasury Total Return Index®.

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Authorised Fund Manager (AFM) costs & Comparable Market Rates

✓ Green Rating

When considering the costs associated with the funds, as part of our review, we have considered a number of factors, including:

- Cost composition – Fees paid to the investment manager, additional expenses e.g. custody, depository, and administration.
- Cost monitoring process – Oversight and monitoring of costs.
- Relative costs – How we compare with or peer groups.

The cost of our funds and the fees charged to investors are important elements of offering value to those who trust us with their money. Our analysis takes into account the differing levels of fees charged at a share class level, which are monitored on an annual basis.

As part of our ongoing monitoring of outsourced relationships, we pay close attention to the fees that we negotiate. We believe our investors benefit from the economies of scale that we are able to secure via our parent company, Eurizon Capital SGR.

We have benchmarked fees charged to investors against our peers within the Morningstar Categories relevant to our funds. Analysis shows that each of our share classes is more cost-effective than the average fee charged by our peers.

Name	Fund Management Fee	Fund Ongoing Charge	Morningstar Category Average Management Fee	Morningstar Category Average Ongoing Charge
Eurizon SLJ Local EM Dbt I6 WS GBP Acc	0.50	0.70	0.69	0.90
Eurizon SLJ Local EM Dbt E6 Instl £ Acc	0.35	0.55	0.69	0.90
Eurizon SLJ Local EM Dbt Z Fdr EUR Acc	0.25	0.45	0.69	0.90
Eurizon SLJ Local EM Dbt Z6 Fdr GBP Acc	0.25	0.45	0.69	0.90
Eurizon SLJ Bond Agg RMB I6 WS GBP Acc	0.50	0.65	0.64	0.85
Eurizon SLJ Bond Agg RMB E6 Instl £ Acc	0.35	0.50	0.64	0.85
Eurizon SLJ Bond Agg RMB Z Fdr EUR Acc	0.25	0.40	0.64	0.85
Eurizon SLJ Bond Agg RMB Z6 Fdr GBP Acc	0.25	0.40	0.64	0.85

Source: Morningstar Direct & Eurizon SLJ Capital. Peer group share classes include those available for sale in the United Kingdom, Accumulation units in GBP and EUR. Share classes with a zero annual management charge have been excluded to enable a like for like comparison.

In conclusion, we believe our funds, and share classes, represent good value for investors.

Comparable market rates & Services

✓ Green Rating

When comparing the rates charged for similar services, we have considered our delegated investment management relationships (mandates). In keeping with our broader assessment of value, we have looked beyond the fees charged to take into account:

- **Objectives** – Do we operate mandates with similar objectives?
- **Service** – Are the services associated with the mandate similar?
- **Oversight** – Are the mandates subject to a similar governance model?
- **Distribution** – Are there similarities within the distribution model?

We manage similar mandates, to both funds under review, on behalf of our sister company Eurizon Capital SA. The funds (Eurizon Fund Bond Aggregate RMB & Eurizon Fund SLJ Local Emerging Markets Debt) are Luxembourg domiciled FCP vehicles with similar objectives, oversight, and distribution models. As part of the delegated investment management relationship, the service we provide shares the same model as our UK funds.

We conclude that we offer value to investors when comparing the fees and services offered to UK investors. Fee analysis shows that the fees levied on the UK vehicles are cost-effective in comparison to the Luxembourg equivalent funds.

Economies of scale

✓ Green Rating

The ability to pass cost savings and efficiencies to end investors through economies of scale is an important part of delivering value. Eurizon SLJ Capital is majority owned by Eurizon Capital SGR, the asset management firm of Intesa Sanpaolo Group. Our strong relationship with our parent, and their scale, has enabled us to secure cost savings during the set up of our UK funds by leveraging their global relationships. We believe the strength of our parent relationship not only enables us to offer economies of scale, but ultimately offers value to our investors.

Class of units

✓ Green Rating

Our funds were launched on the 22nd February 2021 and the share classes offered are clean classes. This means we do not offer share classes which permit distribution fees to be paid to a third-party. Our share classes and the entry requirements are stated clearly in our prospectus. We actively monitor investors and their eligibility for more cost-effective access to our funds. To date, no investors have been found to be in a more expensive share class than is appropriate.

Key Risks

Charges from capital The fund charges are taken from capital invested. Taking charges from capital has the effect of increasing the yield, whilst also negatively effecting the growth potential of the investment.

Chinese securities The fund invests in financial instruments dealt in on the local Chinese markets, including on the CIBM, and denominated in Renminbi may imply specific regulatory, exchange rate, repatriation and tax risks are detailed in section 5.40 of the Prospectus.

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Counterparty risk The fund carries the risk that a third-party with which the Sub-fund entered into contracts in order to perform some operations may default on its obligations.

Credit risk The risk that the issuer of debt instruments fails to pay to the Sub-fund interests and principal, even only in part.

Liquidity risk The risk that the sale of the financial instruments in which the Sub-fund invests may be difficult depending on the features of these instruments themselves and/or on the market conditions when the sale is to be executed or on the lack of a sufficient number of potential buyers. The selling price may then be less than the value of a financial instrument.

Geopolitical risk The risk related to the investments in geographic areas that may be sensitive to any event of economic, geopolitical or regulatory nature or any other events beyond the control of the Management Company that could expose the Sub-fund to losses.

Exchange rate risk Changes in currency exchange rates may affect the value of your investment.

Concentration risk The price of funds that invest in a reduced number of holdings, sectors, or geographical areas may be more heavily affected by events that influence markets and increase volatility.

Dilution A Sub-fund may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect the ACD may apply a dilution adjustment to the price of Shares when bought or as a deduction when sold.

Market Risk External factors can cause an entire asset class to decline in value. Prices and values of all shares or all bonds could decline at the same time. Some of the recognised exchanges on which each Sub-fund may invest may prove to be illiquid or highly volatile from time to time and this may affect the price at which each Sub-fund may liquidate positions to meet repurchase requests or other funding requirements.

Derivatives for EPM purposes The Company may employ derivatives with the aim of reducing the risk profile of the Sub-funds, reducing costs or generating additional capital or income, in accordance with EPM. The use of derivatives for EPM is not expected to not lead to any material increase in risk to any Sub-fund.

Inflation and interest rates The real value of any returns that an investor may receive from the Company could be affected by interest rates and inflation over time.

Investment in Less Developed Markets The systems for settlement of transactions on less developed markets, in particular in emerging countries and in Russia, may be less well organized than in developed countries. Hence there is a risk that settlement of transactions could be delayed and that the liquidity or the securities of the Sub-funds could be threatened due to such systems breaking down or failing.

Investment in lower rated, higher yielding debt instruments Sub-funds which invest in lower rated, higher yielding debt instruments are subject to greater market and credit risk than higher rated securities. The lower ratings of such instruments reflect the greater possibility that adverse changes in the financial conditions of the issuer or rising interest rates, may impair the ability of the issuer to make payments to holders of the instruments. Consequently, investment in such Sub-funds may involve more risk than Sub-fund investing in higher rated, lower yielding debt instruments.

Further information	Useful links
Visit our website for more insights & details about our strategies	www.eurizoncapital.com/UK
Sales & Business Development	Matt Jones, Head of Distribution Email: matthew.jones@eurizonslj.com Mobile: 07716 639835
Business address	Eurizon SLJ Asset Management 90 Queen Street London EC4N 1SA

For professional clients only. This is a financial promotion and is not investment advice. The Eurizon SLJ Local Emerging Markets Debt Fund & Eurizon SLJ Bond Aggregate RMB (Renminbi) fund are a sub-funds of Eurizon Funds ICVC, an open-ended investment company with variable capital with segregated liability between sub-funds. The Company is an investment company with variable capital incorporated with limited liability and registered in England and Wales under registered number IC027300. It is a UCITS scheme as defined in COLL and an umbrella company for the purposes of the OEIC Regulations. The Authorised Corporate Director (ACD) is Eurizon SLJ Capital Limited, authorised and regulated by the Financial Conduct Authority, with firm reference 736926.

For more information on the fund, or the risks of investing, please refer to the Prospectus or Key Investor Information Document (KIID), available via the relevant fund information pages on www.eurizonsljcapital.com

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