

Assessment of Value Report

31 July 2023

ARC TIME Freehold Income Authorised Fund, a sub-fund of ARC TIME:Funds
ARC TIME Commercial Long Income PAIF, a sub-fund of ARC TIME:Funds II
ARC TIME Property Long Income & Growth PAIF, a sub-fund of ARC TIME:Funds II
ARC TIME Social Long Income PAIF, a sub-fund of ARC TIME:Funds II
ARC TIME UK Infrastructure Income Fund II, a sub-fund of ARC TIME:Funds III

Alpha Real Capital

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Introduction

Alpha Real Capital is the Authorised Corporate Director (“ACD”) to each of the Funds listed in this report. The ACD is required under the FCA Handbook to conduct an annual Assessment of Value with regards to each Fund and to report publicly the conclusions. The ACD reports on each of the Funds annually on or before 31 July each year.

The Assessment of Value reporting is designed to strengthen both fund governance and transparency to investors. The ACD has a duty to act in the best interests of investors and the annual Assessment of Value is designed to strengthen this existing duty of care to investors.

The FCA Handbook requires the ACD to report on seven non-exhaustive criteria in which value should be assessed, essentially reflecting three main elements: cost, performance against objectives, and quality of service. It is the responsibility of the ACD’s Board to apply effective oversight and challenge on the assessments. In order to ensure that the oversight is rigorous and impartial our ACD Board includes independent directors. One Board member has overall responsibility for the assessment.

The FCA’s assessment of value criteria

In carrying out the value assessment, the ACD considers the following seven criteria:

1. **Quality of service** – a review of the range and quality of services of the ACD, or those directed or appointed by the ACD, and their importance to Shareholders.
2. **Performance** - an assessment of performance, net of all charges that have been outlined in the prospectus of each Fund. The focus for the assessment of performance is in the context of the Fund’s investment objectives, considering both total return and also the income return to Shareholders.
3. **AFM costs** – identification of “each charge” incurred by the Fund and each class of shares. This reflects what the Fund is paying for each of the services received by both internal and external service providers. This considers the margins attributable to each charge and whether they are reasonable.
4. **Economies of scale** – an assessment to what extent the ACD is able to achieve reduced effective costs and charges, as a percentage of NAV, as Assets under Management grows and to what extent these benefits are being passed onto, or are capable of being passed onto, Shareholders.
5. **Comparable market rates** - an external comparison between the charges incurred by the Fund and the ‘market rate’ of comparable services, specifically Annual Management Charges and Ongoing Charge Figures.
6. **Comparable services** - an internal comparison of the services received by the Fund to that of other funds managed by the ACD.
7. **Classes of shares** – a consideration regarding the pricing of a unit class against the pricing of other unit classes within the same Fund, as well as the points of differentiation between these unit classes.

Each area is considered separately for each Fund and all are given equal weight in determining whether we are providing value for money. The assessments contained within this document provide the ACD’s overall assessment of value along with their consideration of each of the seven criteria.

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The ACD and ACD Board

This assessment of value report is delivered by Alpha Real Capital LLP. Alpha Real Capital is the ACD responsible for overall management of the Funds covered in the report, in compliance with FCA Handbook. ARC TIME:Funds and ARC TIME:Funds II are non-UCITS retail schemes. ARC TIME:Funds III is a UCITS.

The primary role of the ACD is to make sure that each Fund is operated at all times in the best interest of investors. As ACD, Alpha Real Capital is accountable to the FCA and has ultimate responsibility for each of the Funds.

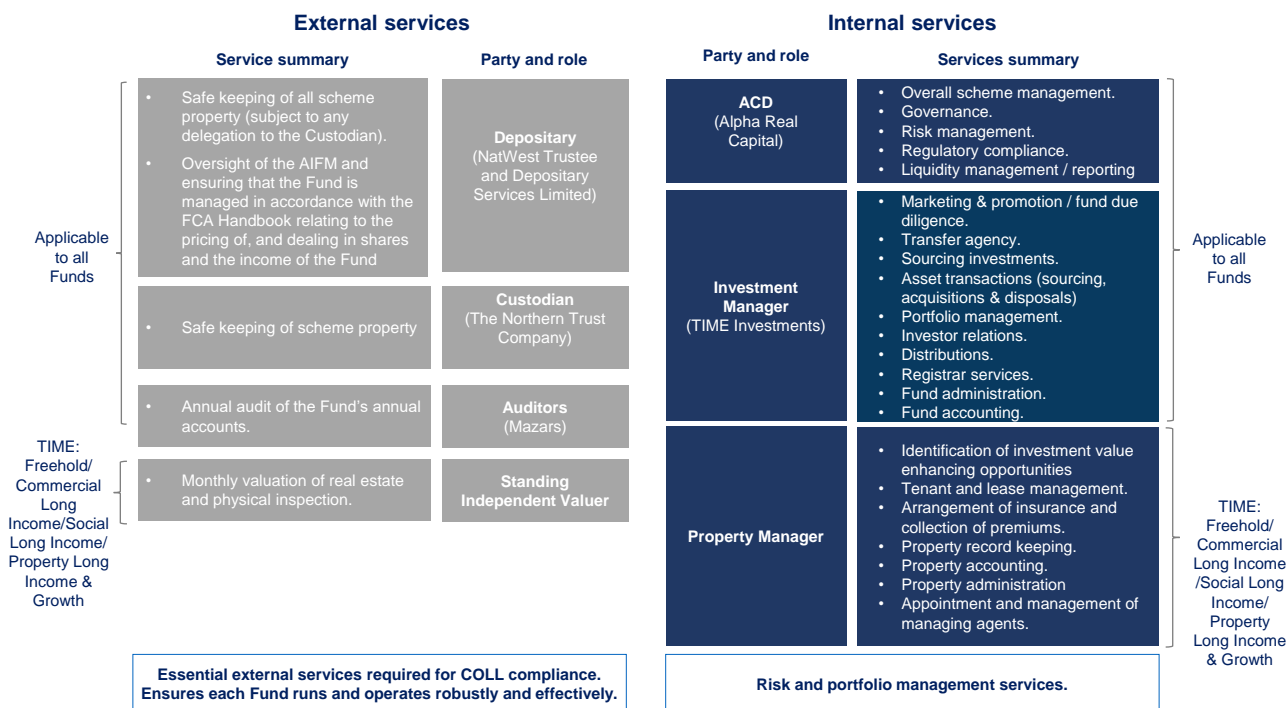
The ACD Board is comprised of five persons including executive members and independent members. We believe a combination of executive and independent ACD Board members is best equipped to ensure appropriate governance, input and challenge is embedded in the assessment of value and wider decision making by the ACD Board.

Responsibilities of the ACD

In seeking to ensure each Fund is being managed in accordance with its stated investment objectives and policies, the ACD undertakes and oversees a variety of different services and governance functions on behalf of each Fund.

Whilst many of these services are provided internally, certain of the services have been delegated to specialist service providers or indeed are required to be fulfilled by third parties under the terms of the FCA Handbook.

The diagram below provides a comprehensive but generalised scope of service provisions applicable. Whilst many of these services are applicable to all Funds, some are specific to those Funds which have direct real estate investments namely: TIME:Freehold, TIME:Commercial, TIME:Property Long Income & Growth and TIME:Social.



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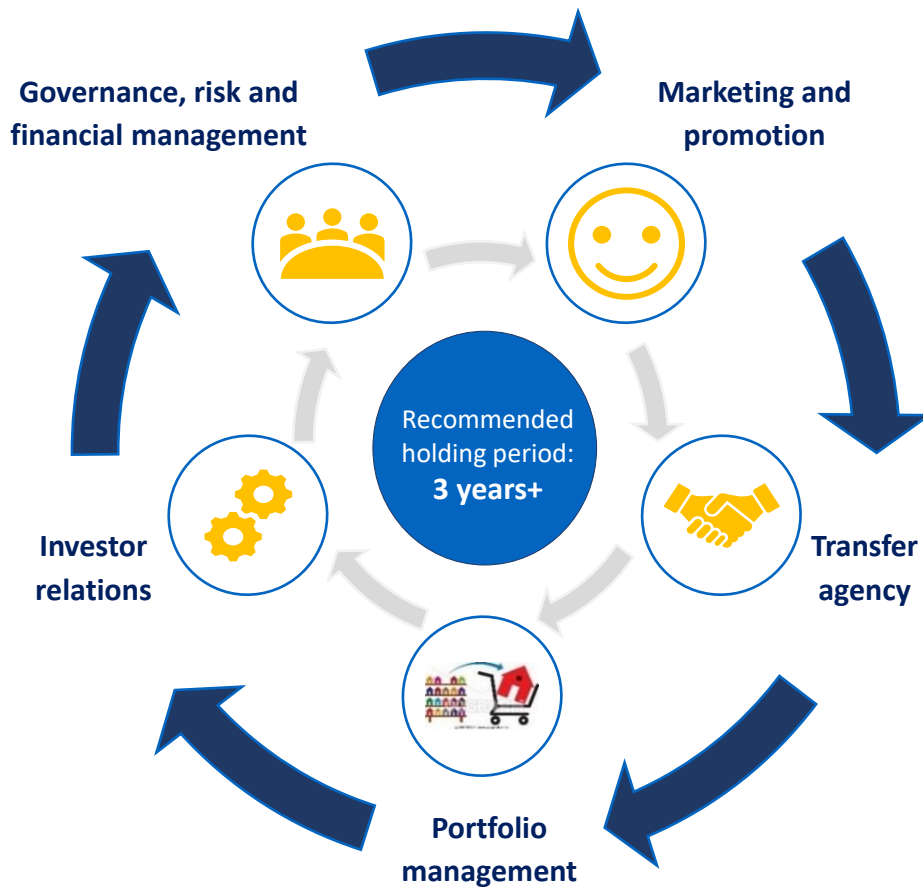
What is an “assessment of value”?

In accordance with the FCA Handbook, every ACD must conduct an assessment at least annually for each Fund it manages of whether the payments out of the Fund set out in the prospectus are justified in the context of the overall value delivered to shareholders.

As noted above, the FCA regulations established seven criteria for which Funds would need to be assessed against as part of the annual assessment of value.

Each of our Funds are designed and managed to support a longer-term investment by a shareholder. Typically our Funds have a recommended holding period of at least 3 years. Over that period, being a journey from original investment contemplation through to initial subscription of shares and ultimately through to share redemption, a shareholder interfaces with the Fund’s service providers through a number of junctures, as set out below. These points are underpinned by both internal and external services organised and governed by the ACD on behalf of each Fund.

The “investor journey”



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Our approach to assessing value

For each of the FCA's seven value criteria areas, through the shareholder journey, we have designed and undertaken the following analytical approach as part of our assessment:

	Step 1	Step 2	Step 3	Step 4
Quality of Service	Identify all services provided throughout the Shareholder's investment journey	Determine the importance of each of these services to the overall Shareholder experience	Assess the quality of services and the key differentiators through quantitative assessment	ACD Board Assessment and Conclusions
Performance	Review of performance against the Fund's existing performance measures plus defined peer group	Analysis of absolute and relative performance over defined time horizons	Summary conclusions of data analysis, including on a risk-adjusted basis	
AFM Costs	Identification of "each charge" reflecting the services the Fund is paying for and the fees charged	Analysis of the cost base associated with providing internal functions, allowing for margin analysis	Detailed analysis of each identified service and consider margin outcomes	
Economies of Scale	Identify services and review fee structures and the approach to procurement and tendering	Quantitative assessment based on historical cost data	Risk based assessment and procurement policies	
Comparable Market Rates	Establish each service within the management of the Fund to be subject to benchmarking	Define a comparable peer group of funds with comparable services	Undertake benchmarking analysis and consider variations	
Comparable Services	Define funds in scope across the full funds range of the ACD	Review comparable services and identify fees for each service	Analysis of identified fee structures	
Classes of Shares	Identify each share class within the Fund	Consider all factors that differentiate each share class from one another	Undertake analysis to explain variations	

Funds Included within this composite Assessment of Value Report

- **ARC TIME Freehold Income Authorised Fund, a sub-fund of ARC TIME:Funds ("TIME:Freehold")**
- **ARC TIME Commercial Long Income PAIF, a sub-fund of ARC TIME:Funds II ("TIME:Commercial Long Income")**
- **ARC TIME Property Long Income & Growth PAIF, a sub-fund of ARC TIME:Funds II ("TIME:Property Long Income & Growth")**
- **ARC TIME Social Long Income PAIF, a sub-fund of ARC TIME:Funds II ("TIME:Social Long Income")**
- **ARC TIME UK Infrastructure Income Fund II, a sub-fund of ARC TIME:Funds III ("TIME:UK Infrastructure Income")**

The overall assessment period for each Fund is for the 12 months to 31 March 2023.

The conclusions for each of the above Funds, apply equally to their relevant dedicated feeder trust, as relevant.

ARC TIME Freehold Income Authorised Fund, “TIME:Freehold” (1/2)

Overall Assessment:

Taking into account all seven areas included in the assessment of value, the ACD has concluded that the Fund is demonstrating high value overall.

Assessment Outcomes

- 1. Quality of service
- 2. Performance
- 3. AFM costs
- 4. Economies of scale
- 5. Comparable market rates
- 6. Comparable services
- 7. Classes of shares

Key:

- Value is being achieved
- Value is being achieved but the fund has some areas that could be improved upon
- The assessment has found areas that need action

1. Quality of service

The ACD has considered the quality of service to Shareholders by considering the direct and indirect interactions with Shareholders over the lifecycle of investment: a journey from initial interest in the Fund and subscription through to redemption. During this period a Shareholder interfaces with the Fund's service providers through a number of junctures split into five primary areas: marketing and promotion; transfer agency; portfolio management; investor relations and governance, risk and financial management. These are delivered by both internal and external services organised and governed by the ACD on behalf of the Fund, its investment objective and policy.

Against each of the service areas identified, the quality of the services provided to investors has been assessed using the Prospectus terms or key performance metrics, including those with external service providers.

Overall the ACD Board determined that the Fund's operating model continues to be considered highly effective. Very high levels of service continue to be delivered. In particular, Shareholders continue to receive clear, relevant and timely information to enable them to make informed decisions regarding their investment.

2. Performance

The Fund's overall performance, relative to its investment objectives, policy and strategy, was satisfactory during the review period, in particular in the context of the external pressures arising from the elevated inflationary and interest rate environment as well as regulatory and legislative pressures specifically relevant for residential freeholds. This assessment is concluded both on an absolute performance and relative performance basis to its peers.

Total return in the 12 months to 31 March 2023 was 3.3% (comprising an income return of 4.8% and a capital return of -1.5%). The 5-year annualised total return, being a more appropriate assessment horizon noting the recommended holding period of the Fund, is 5.6% per year.

The Fund did not exceed its performance fee target benchmark or RPI, being the Fund's comparative benchmark, in the review period.

Despite the notable headwinds in the review period, over the 12 months to 31 March 2023, TIME:Freehold has been able to demonstrate its inherent defensive qualities for Shareholders. In particular noting the Fund's objective is to deliver a consistent income stream, that has been fully delivered both in the review period and over the longer term. The Fund continues to deliver a strong performance in accordance with its product design.

The ACD Board is of the opinion that overall the Fund has successfully balanced the aim of delivering the Fund's stated objective, whilst also ensuring that the Fund maintained a sufficient level of liquidity to meet operational requirements.

Overall, it was determined the Fund's performance has been satisfactory in the review period and no concerns to performance have been identified.

ARC TIME Freehold Income Authorised Fund, “FI AF” (2/2)

3. AFM costs

The ACD has analytically reviewed all fees and charges incurred by the Fund, including an assessment of margins arising, and confirms the payments out of scheme property, as permitted in the Prospectus, are justified in the context of the overall value delivered to Shareholders and represents good value for money.

4. Economies of scale

It is concluded that all services are appointed on appropriate terms for the scope and quality of services provided and all Shareholders participated appropriately in the general economies of scale derived from investing with the Fund based on a range of benefits and services provided and the overall fees charged.

5. Comparable market rates

The fees paid for each of the services provided to the Fund (whether internally or externally provided) were considered to be sufficiently competitive to those charged by similar competitor ground rent funds and those within the UK regulated property funds market, when adjusted for the variations arising from property asset classes. TIME:Freehold's overall OCF is higher than other assessed authorised funds but the additional fees and costs charged by TIME:Freehold are not deemed to be unreasonably higher considering the intensity of operation arising from the granular asset base portfolio which requires substantially more resource and overhead to manage the portfolio of over 50,000 individual ground rents.

6. Comparable services

On the basis of very limited comparable funds, and the comparable services considered, the fees charged were deemed to be reasonable compared to the fees charged within the Alpha Real Capital group (including associates) for any comparable products available of an equivalent size and with a similar investment objective and policy to the Fund.

7. Classes of shares

The ACD Board has assessed whether investors hold shares in the most appropriate share class for their investment, in terms of the fees applied and concluded that this was the case and no actions were required. The ACD also considered differentials in the fees charged to different classes of Shares and determined the variations were justified based on the eligibility criteria for different classes.

ARC TIME Commercial Long Income PAIF, “TIME:Commercial Long Income” (1/2)

Overall Assessment:

Taking into account all seven areas included in the assessment of value, we believe that the Fund is demonstrating high value overall.

Assessment Outcomes

- 1. Quality of service
- 2. Performance
- 3. AFM costs
- 4. Economies of scale
- 5. Comparable market rates
- 6. Comparable services
- 7. Classes of shares

Key:

- Value is being achieved
- Value is being achieved but the fund has some areas that could be improved upon
- The assessment has found areas that need action

1. Quality of service

The ACD has considered the quality of service to Shareholders by considering the direct and indirect interactions with Shareholders over the lifecycle of investment: a journey from initial interest in the Fund and subscription through to redemption. During this period a Shareholder interfaces with the Fund's service providers through a number of junctures split into five primary areas: marketing and promotion; transfer agency; portfolio management; investor relations and governance, risk and financial management. These are delivered by both internal and external services organised and governed by the ACD on behalf of the Fund, its investment objective and policy.

Against each of the service areas identified, the quality of the services provided to investors has been assessed using the Prospectus terms or key performance metrics, including those with external service providers.

Overall the ACD Board determined that the Fund's operating model continues to be considered highly effective. Very high levels of service continue to be delivered. In particular, Shareholders continue to receive clear, relevant and timely information to enable them to make informed decisions regarding their investment.

2. Performance

The Fund's Investment Objective is to seek to deliver to Shareholders with a consistent income return and some capital growth prospects through acquiring property with long leases, including commercial ground rents.

The Fund's performance in the review period was substantially impacted by the elevated interest rate and inflationary environment which has negatively impacted valuations of assets in the portfolio, albeit the impact has varied substantially by sub-sector. Overall the total return of the Fund in the review period was -7.67%, this includes the impact of moving pricing to bid-pricing which is responsible for 1.4% of this downward performance.

The Fund has continued to deliver a consistent income return of 4.47% for the year to 31 March 2023 and with operational stability in the Fund's underlying sectors the ACD is observing strong occupancy levels and rental collection rates.

Whilst overall the Fund underperformed RPI, being one comparative benchmark, the Fund outperformed the IA Direct Property Index, in the 1-year review period.

The WALT of the portfolio is 54 years which gives significantly greater visibility of income than in traditional commercial property. This is achieved through the specific features of long income, which includes the visibility of income through the high Weighted Average Unexpired Lease Term, married with tenant quality, sector sustainability and quality of the real estate. Whilst inflation has been on an aggressive upward trajectory, around 94% of the rent reviews are linked to an inflation index or have a fixed percentage growth allowing for robust inflation arbitraging.

The ACD Board remains of the view that the Fund's performance will recover with the run-rate performance trajectory will be delivered once again and no current concerns to performance have been identified. It is noted the Fund continues to have more restricted liquidity and continues a managed disposal programme to ensure prudent liquidity management is maintained whilst protecting shareholder value.

ARC TIME Commercial Long Income PAIF, “TIME:Commercial Long Income” (2/2)

3. AFM costs

The ACD has analytically reviewed all fees and charges incurred by the Fund, including an assessment of margins arising, and confirms the payments out of scheme property, as permitted in the Prospectus, are justified in the context of the overall value delivered to Shareholders and represents good value for money.

4. Economies of scale

It is concluded that all services are appointed on appropriate terms for the scope and quality of services provided and all Shareholders participated appropriately in the general economies of scale derived from investing with the Fund based on a range of benefits and services provided and the overall fees charged.

5. Comparable market rates

The fees paid for each of the services provided to the Fund (whether internally or externally provided) were considered to be sufficiently competitive to those charged by similar competitor funds and those within the UK regulated property funds market.

6. Comparable services

On the basis of very limited comparable funds, and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Alpha Real Capital group (including associates) for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Fund.

7. Classes of shares

The ACD Board has assessed whether investors hold shares in the most appropriate share class for their investment, in terms of the fees applied and concluded that this was the case and no actions were required. The ACD also considered differentials in the fees charged to different classes of Shares and determined the variations were justified based on the eligibility criteria for different classes.

ARC TIME Property Long Income & Growth PAIF, “TIME:Property Long Income & Growth” (1/2)

Overall Assessment:

Taking into account all seven areas included in the assessment of value, we believe that the Fund is demonstrating high value overall.

Assessment Outcomes

- 1. Quality of service
- 2. Performance
- 3. AFM costs
- 4. Economies of scale
- 5. Comparable market rates
- 6. Comparable services
- 7. Classes of shares

Key:

- Value is being achieved
- Value is being achieved but the fund has some areas that could be improved upon
- The assessment has found areas that need action

1. Quality of service

The ACD has considered the quality of service to Shareholders by considering the direct and indirect interactions with Shareholders over the lifecycle of investment: a journey from initial interest in the Fund and subscription through to redemption. During this period a Shareholder interfaces with the Fund's service providers through a number of junctures split into five primary areas: marketing and promotion; transfer agency; portfolio management; investor relations and governance, risk and financial management. These are delivered by both internal and external services organised and governed by the ACD on behalf of the Fund, its investment objective and policy.

Against each of the service areas identified, the quality of the services provided to investors has been assessed using the Prospectus terms or key performance metrics, including those with external service providers.

Overall the ACD Board determined that the Fund's operating model continues to be considered highly effective. Very high levels of service continue to be delivered. In particular, Shareholders continue to receive clear, relevant and timely information to enable them to make informed decisions regarding their investment.

2. Performance

The Fund's Investment Objective is to offer Shareholders an income return with some capital growth prospects. This is intended to be primarily delivered through investment in a blend of direct UK freehold property (which benefit from long leases) and listed UK REITs.

The Fund's performance in the 12-month review period to 31 March 2023 has been heavily impacted by the wider underperformance of UK REITs, reflecting the wider economic uncertainty and elevated inflationary and interest rate environment.

It should be noted that the Fund only launched on 1 September 2021 and as at the reference date of this report the Fund remains small scale with Net Asset Value of £17.4 million which will naturally impact the overall performance and other metrics considered elsewhere within the Assessment of Value.

Over the 1 year review period, the Fund's total return performance was -17.35%. Over the same period, the Fund's comparative benchmark - being the IA Property Other Sector - delivered a performance of -19.5%, and accordingly a relative outperformance by the Fund. Within the assessment performed the ACD Board also considered relative risk adjusted performance to a basket of peers and the Fund outperformed on this metric also.

The ACD Board remains of the view that the Fund's performance is in line with expectations and no immediate concerns to performance have been identified.

ARC TIME Property Long Income & Growth PAIF, “TIME:Property Long Income & Growth ” (2/2)

3. AFM costs

The ACD has analytically reviewed all fees and charges incurred by the Fund, including an assessment of margins arising, and confirms the payments out of scheme property, as permitted in the Prospectus, are justified in the context of the overall value delivered to Shareholders and represents good value for money. At present the Fund's fees paid to the AFM are more than outweighed by the costs of operation reflecting the Fund is sub-scale as at the reference date.

4. Economies of scale

It is concluded that all services are appointed on appropriate terms for the scope and quality of services provided.

5. Comparable market rates

The fees paid for each of the services provided to the Fund (whether internally or externally provided) were considered to be sufficiently competitive to those charged by similar competitor funds and those within the UK regulated property funds market. It is noted the Fund has certain expenses which have a minimum base fee or fixed element, such as audit fees, and accordingly the impact of these fees on Fund performance will dilute over time as the Fund attains scale and the Fund's fee rates normalise.

6. Comparable services

On the basis of very limited comparable funds, and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Alpha Real Capital group (including associates) for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Fund.

7. Classes of shares

The ACD Board has assessed whether investors hold shares in the most appropriate share class for their investment, in terms of the fees applied and concluded that this was the case and no actions were required. The ACD also considered differentials in the fees charged to different classes of Shares and determined the variations were justified based on the eligibility criteria for different classes.

ARC TIME Social Long Income PAIF, “TIME:Social Long Income” (1/2)

Overall Assessment:

Taking into account all seven areas included in the assessment of value, we believe that the Fund is demonstrating high value overall.

Assessment Outcomes

- 1. Quality of service
- 2. Performance
- 3. AFM costs
- 4. Economies of scale
- 5. Comparable market rates
- 6. Comparable services
- 7. Classes of shares

Key:

- Value is being achieved
- Value is being achieved but the fund has some areas that could be improved upon
- The assessment has found areas that need action

1. Quality of service

The ACD has considered the quality of service to Shareholders by considering the direct and indirect interactions with Shareholders over the lifecycle of investment: a journey from initial interest in the Fund and subscription through to redemption. During this period a Shareholder interfaces with the Fund’s service providers through a number of junctures split into five primary areas: marketing and promotion; transfer agency; portfolio management; investor relations and governance, risk and financial management. These are delivered by both internal and external services organised and governed by the ACD on behalf of the Fund, its investment objective and policy.

Against each of the service areas identified, the quality of the services provided to investors has been assessed using the Prospectus terms or key performance metrics, including those with external service providers.

Overall the ACD Board determined that the Fund’s operating model continues to be considered highly effective. Very high levels of service continue to be delivered. In particular, Shareholders continue to receive clear, relevant and timely information to enable them to make informed decisions regarding their investment.

2. Performance

The aim of the Fund is to offer Shareholders a consistent income stream with some capital growth prospects through acquiring social infrastructure assets.

The Fund’s overall performance, relative to its investment objectives, policy and strategy, was within the range of expected outcomes during the periods under consideration – both on an absolute performance and relative performance basis to its peers. Total return in the 12 months to 31 March 2023 was 0.8%, which noting the current economic uncertainty and elevated inflationary and interest rate environment, was considered a very positive outcome. Income yield in the period was maintained at 4.2% which is in line with prior reporting periods underlining the delivery of consistent income to Shareholders, as per the product design.

Against the Fund’s comparative benchmarks, being RPI and the IA Direct Property Index, performance of the Fund was below RPI but strongly outperformed against the index.

The long term fundamentals of the Fund and its portfolio remain strong, and the Fund continues to receive its rental income with the majority of rent reviews linked to inflation or a fixed level of growth.

The Fund continues to focus on investing in tenants across social infrastructure assets that generate a positive social impact in sectors which demonstrate supportive long term dynamics. In terms of the leases within the Fund, the WALT (weighted average lease term) of the portfolio is 21 years with c.87% of the rent reviews being linked to an inflation index or a fixed percentage growth.

The ACD Board continues to be of the opinion that the Fund maintains its successful balance of delivering its stated objectives, whilst ensuring that the Fund has sufficient level of liquidity to meet operational requirements and no concerns to performance have been identified.

ARC TIME Social Long Income PAIF, “TIME:Social Long Income” (2/2)

3. AFM costs

The ACD has analytically reviewed all fees and charges incurred by the Fund, including an assessment of margins arising, and confirms the payments out of scheme property, as permitted in the Prospectus, are justified in the context of the overall value delivered to Shareholders and represents good value for money.

4. Economies of scale

It is concluded that all services are appointed on appropriate terms for the scope and quality of services provided and all Shareholders participated appropriately in the general economies of scale derived from investing with the Fund based on a range of benefits and services provided and the overall fees charged.

5. Comparable market rates

The fees paid for each of the services provided to the Fund (whether internally or externally provided) were considered to be sufficiently competitive to those charged by similar competitor funds and those within the UK regulated property funds market.

6. Comparable services

On the basis of very limited comparable funds, and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Alpha Real Capital group (including associates) for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Fund.

7. Classes of shares

The ACD Board has assessed whether investors hold shares in the most appropriate share class for their investment, in terms of the fees applied and concluded that this was the case and no actions were required. The ACD also considered differentials in the fees charged to different classes of Shares and determined the variations were justified based on the eligibility criteria for different classes.

ARC TIME UK Infrastructure Income Fund II, “TIME:UK Infrastructure Income” (1/2)

Overall Assessment:

Taking into account all seven areas included in the assessment of value, the ACD has concluded that the Fund is demonstrating good value overall.

Assessment Outcomes

- 1. Quality of service
- 2. Performance
- 3. AFM costs
- 4. Economies of scale
- 5. Comparable market rates
- 6. Comparable services
- 7. Classes of shares

Key:

- Value is being achieved
- Value is being achieved but the fund has some areas that could be improved upon
- The assessment has found areas that need action

1. Quality of service

The ACD has considered the quality of service to Shareholders by considering the direct and indirect interactions with Shareholders over the lifecycle of investment: a journey from initial interest in the Fund and subscription through to redemption. During this period a Shareholder interfaces with the Fund's service providers through a number of junctures split into five primary areas: marketing and promotion; transfer agency; portfolio management; investor relations and governance, risk and financial management. These are delivered by both internal and external services organised and governed by the ACD on behalf of the Fund, its investment objective and policy.

Against each of the service areas identified, the quality of the services provided to investors has been assessed using the Prospectus terms or key performance metrics, including those with external service providers.

Overall the ACD Board determined that the Fund's operating model continues to be considered highly effective. Very high levels of service continue to be delivered. In particular, Shareholders continue to receive clear, relevant and timely information to enable them to make informed decisions regarding their investment.

2. Performance

The Investment Objective of the Fund is to achieve a consistent income return with some capital growth. The Fund invests at least 70% of the portfolio in defensive, asset-backed UK listed securities exposed to the infrastructure, renewable energy and real estate sectors. Within the review period, UK equities have been subject to significant volatility reflecting wider economic uncertainty both in the UK and elsewhere.

The Fund's overall performance, relative to its investment objectives, policy and strategy, was within the range of expected outcomes - both on an absolute performance and relative risk adjusted performance basis to its peers.

Over the 12 month period the Fund delivered total return of -13.1%. Income yield was 5.1% over the review period and 5.0% per annum over a 3-year horizon; this is consistently ahead of the income yield yardstick of 4% per annum which is a comparative benchmark of the Fund. This confirms ongoing delivery by the Fund in accordance with its Investment Objective and product design.

The Fund underperformed its other comparative benchmark - being the IA Infrastructure Sector index - in the review period. The appropriateness of the benchmark, noting the evolving constituents of the index, was under review as of the reference date of this report.

The ACD Board remains of the view that the Fund's performance is in-line with expectations and no immediate concerns to performance have been identified.

ARC TIME UK Infrastructure Income Fund II, “TIME:UK Infrastructure Income” (2/2)

3. AFM costs

The ACD has analytically reviewed all fees and charges, including margins arising, and confirms the payments out of scheme property, as set out in the Prospectus, are justified in the context of the overall value delivered to Shareholders and represents good value for money. It is noted that the Fund remains sub-scale as at the reference date of this report.

4. Economies of scale

It is concluded that generally all services are appointed on appropriate terms for the scope and quality of services provided and all Shareholders participated appropriately in the general economies of scale derived from investing with the Fund based on a range of benefits and services provided and the overall fees charged.

5. Comparable market rates

The fees paid for each of the services provided to the Fund (whether internally or externally provided) were considered to be sufficiently competitive to those charged by similar competitor funds and by reference to the constituents of the IA Infrastructure Sector.

6. Comparable services

No other funds in the ACD's portfolio of funds are considered comparable to TIME:UK Infrastructure Income.

7. Classes of shares

The ACD Board has assessed whether investors hold shares in the most appropriate share class for their investment, in terms of the fees applied and concluded that this was the case and no actions were required. The ACD also considered differentials in the fees charged to different classes of Shares and determined the variations were justified based on the eligibility criteria for different classes.
