

A person wearing a bright yellow jacket and a dark hat sits on a wooden pier extending into a calm lake. The lake reflects the surrounding mountains and sky. The mountains are covered in autumn foliage and have patches of snow. The sky is blue with some clouds. A large white graphic element, resembling a stylized 'X' or a large arrow, is overlaid on the left side of the image.

# ANNUAL ASSESSMENT OF VALUE

YEAR ENDING 31 MAY 2022

## CONTENTS

PAGE 5

WHAT ARE  
THE  
ASSESSMENT  
OF VALUE  
CRITERIA?

PAGE 19

COMPARABLE  
MARKET RATES

PAGE 7

QUALITY OF  
SERVICE

PAGE 20

COMPARABLE  
SERVICES

PAGE 12

PERFORMANCE

PAGE 21

CLASSES OF  
UNITS

PAGE 17

AFM COSTS -  
GENERAL

PAGE 22

EMBARK  
INVESTMENTS  
BOARD

PAGE 18

ECONOMIES  
OF SCALE

## INTRODUCTION FROM THE CHAIR OF THE BOARD

This report summarises the Embark Investments Board of Directors' evaluation of the value offered to investors from the five Horizon Multi-Asset Sub-funds ("Sub-funds"), based on a set of criteria specified by the Financial Conduct Authority (FCA).

The concept of value may mean different things to different investors. For some, it is a straightforward question of the investment outcome in relation to the costs; others see value in terms of a fund manager's investment philosophy, or approach to responsible investing.

However you consider value, we hope this report is clear, fair and comprehensive, and gives you a good understanding of why our Horizon Multi-Asset Fund range continues to provide value to investors through strong medium to long-term performance, robust management and high-quality governance.



## INTRODUCTION FROM THE CHAIR OF THE BOARD (CONTINUED)

As an investor in our Horizon Multi-Asset Fund range, you may know us as Embark Investments. This is a trading name of Embark Investments Limited and this is the entity that is authorised and regulated by the FCA.

Embark Investments Limited is the Authorised Corporate Director (ACD) of the five Sub-funds, meaning we organise and oversee everything to do with the management of the Sub-funds, ensuring that they are being run as our investors expect. Many ACDs are asset manager owned but Embark Investments Limited is independent. Through this autonomy, we are able to govern the investment process objectively with the direct focus being the interest of our investors.

The investment management (including asset allocation) and operational administration for the Sub-funds has been outsourced, but the ACD remains ultimately responsible for the overall regulation and compliance of the Sub-funds. Oversight of the outsourced activities is retained and managed by the EIL Management Team, ACD Committee and Board.

The Horizon Multi-Asset Fund range is a unique investment solution, designed to evolve over time and adapt to changing markets conditions. Each of the five Sub-funds is risk profiled, so they may be matched to an investor's specific investment needs and risk appetite.

The Sub-funds are actively managed and offer a blend of expertise with three independent layers.

- i) The Authorised Corporate Director (ACD) for key product design features, outsourcing, oversight, and governance;
- (ii) The Risk Profile Model Provider, EV (EValue Limited), for strategic asset allocations; and
- (iii) The Investment Manager, Columbia Threadneedle Investments, for security selection, tactical asset allocation and ESG integration.

In January 2022, Embark Group became part of Lloyds Banking Group, a leading UK based financial services group, providing a wide range of banking and financial services.

### Performing for our investors

Overall, our assessment is that the Sub-funds provide value to our investors. During a challenging 2022 so far, the macroeconomic environment, with rising inflation and interest rates, has turned in favour of the Value style of investing. The underlying Growth bias of the Investment Manager has therefore adversely affected the Sub-funds' short-term performance. We are monitoring this closely and remain of the view that the portfolios are positioned well for future recovery. We believe that the robust investment process and our strong partnerships continue to provide quality and suitable investment solutions.

As part of its assessment, the Board found that the Sub-funds have performed in line with medium to long-term expectations in a very competitive market and during the times of extreme market stress. They are delivering outcomes in line with expectations, and within risk tolerances. We continue to believe our annual charges offer value to investors in relation to long-term performance and risk.

On the following pages you will read more about the assessment criteria and our conclusions.

A few more words, however, on how the Board has engaged with Management to assess and manage customer service and risks.

**THE HORIZON MULTI-ASSET FUND RANGE IS A UNIQUE INVESTMENT SOLUTION, DESIGNED TO EVOLVE OVER TIME AND ADAPT TO CHANGING MARKETS CONDITIONS.**

## INTRODUCTION FROM THE CHAIR OF THE BOARD (CONTINUED)

### Maintaining and enhancing our service during times of crisis

At the outset of the Covid-19 crisis, Management moved extremely quickly to ensure business continuity for our employees and our customers. Our employees had already been provided with technology and other support to enable home working in case of business disruption. We are proud of their professionalism and customer focus through the protracted crisis. We remain engaged with Management as we, and the industry, adapt to new working environments and practices.

With the invasion of Ukraine on 24 February 2022, we again moved quickly and proactively to reduce risk for our customers by removing Russia as an eligible market from our investment process and prospectus. We continue to provide Ukraine-focused commentary from our Investment Manager, Columbia Threadneedle Investments, for information on our website.

### Enhancing our service while managing evolving opportunities and risks

Wider investment policy and strategy changes were implemented in the period, approved by the Depositary, Northern Trust, and our Regulator, the FCA. The changes included amended asset exposure ranges to provide Investment Manager with greater flexibility to manage the Sub-funds and adapt better to changing market conditions. The design of funds is important and given the changing markets and investor needs, this will continue to be constantly reviewed.

Each of the Sub-funds is able to invest in emerging market equities and bonds, real estate and commodities. These range changes will allow the Investment Manager to expand investment opportunities and improve portfolio diversification.

Importantly, the portfolios of the Sub-funds remained within their stated risk profile.

We have been pro-active in maintaining relationships with our service suppliers (including the Custodian, Transfer Agent, Investment Manager and asset allocation provider) to assure ourselves of the quality and continuity of their services to Embark Investments.

### ESG and our approach

For many investors it is important to know where and how their money is being invested. ESG investing (Environmental, Social and Governance) – is a key consideration for Embark Investments.

In March 2021, we announced we had signed up to the UN Principles for Responsible Investment (UNPRI) and, in doing so, committed to maintaining and building on our existing approach to ESG.

We endeavour to be clear about our stance and working with our Investment Manager have chosen an 'integrated' approach. This means that ESG is part of the investment process, with companies and issuers assessed against each of the ESG factors with a view to understanding impacts, risks and opportunities.

The approach to ESG adopted by the Investment Manager seeks to influence corporate behaviours through active analysis and engagement, looking at both returns and risks. This pragmatic approach differs from an 'exclusion' approach, whereby investments in certain companies and industries are not permitted. However, Horizon, as a policy, does not invest in companies involved in controversial weapons (e.g., personnel mines or biochemical weapons).

### Value for money

As the independent ACD for the Horizon Sub-funds, Embark Investments does not set the asset allocations, nor do we select the underlying investments. However, we routinely assess the performance and reporting delivery of EV and Columbia Threadneedle Investments to ensure they are delivering value to investors.

An Assessment of Value report can get wrapped up in numbers and metrics, but we hope you can appreciate some of the other ways we deliver value and continue to put investors at the heart of everything we do.

My thanks go to Management and the teams at Embark Investments who gathered and analysed substantial data, enabling us to reach our conclusions. Their customer focus and dedication during a protracted period of pandemic, market volatility and corporate change is greatly appreciated.

### Monika Machon

**Non-Executive Director &  
Chair of the Board of Embark Investments Limited**

## WHAT ARE THE ASSESSMENT OF VALUE CRITERIA?

The Financial Conduct Authority (FCA), our regulator, requires Authorised Fund Managers (AFMs) to report on fund governance with the intention of strengthening the duty of care of AFMs in acting in investors' best interest.

The Board of Embark Investments must perform a detailed assessment on whether Sub-funds manufactured and managed by Embark Investments are providing value to investors. AFMs must carry out this assessment using a specific set of criteria and publish a statement within four months of the accounting period end.

Therefore, the Board has assessed each fund against the following criteria, as required by the FCA:



**QUALITY OF SERVICE**



**PERFORMANCE**



**AFM COSTS - GENERAL**



**ECONOMIES OF SCALE**



**COMPARABLE MARKET RATES**



**COMPARABLE SERVICES**



**CLASSES OF UNITS**

## WHAT ARE THE ASSESSMENT OF VALUE CRITERIA? (CONTINUED)

### Overall Assessment

- The Sub-funds are performing in line with their investment objectives as documented in the Prospectus.
- The Sub-funds are actively managed as evidenced by the strategic asset allocations from EV and active risk positions from Columbia Threadneedle Investments.
- Distribution of the Sub-funds has been in line with the target market.
- During the year, the Sub-funds have underperformed and will therefore continue to be closely monitored.
- Where funds are not meeting our expectations, we work closely with the investment managers to review the investment strategy or fund holdings to improve potential investment returns for our customers. We would like to reassure our customers that we will be keeping the performance of our appointed fund manager under constant review to improve performance potential for the fund.
- Over the medium to long-term, in particular for five year and more, performance has delivered outcomes in line with expectations.

- There are currently no fund capacity concerns for the Sub-funds.
- The ACD received no complaints in the year.
- The quality of communications was of a consistently high standard, keeping advisers and investors informed with regular reporting/webinars on market overviews and commentary.
- Processes and controls are in place for performance monitoring oversight and quarterly reporting to the Embark Investments' Board.
- During the period, Embark Investments has demonstrated good operational resilience and has continued to engage well with the key counterparties, including Columbia Threadneedle Investments, Northern Trust, EV and Funds-Axis.

The Board has concluded that the Embark Horizon Multi-Asset Sub-funds have overall met their objectives and offer value to investors.

The table below summarises the outcome of our review of the Sub-funds I-V (Z accumulation and income, as well as I accumulation share classes), for the 12-month period ending 31 May 2022, using the seven assessment criteria set by the FCA:

	Quality of Service	Performance	AFM Cost – General	Economies of Scale	Comparable Market Rates	Comparable Services	Classes of units	Overall Value Statement
Embark Horizon Multi-Asset I	●	●	●	●	●	●	●	●
Embark Horizon Multi-Asset II	●	●	●	●	●	●	●	●
Embark Horizon Multi-Asset III	●	●	●	●	●	●	●	●
Embark Horizon Multi-Asset IV	●	●	●	●	●	●	●	●
Embark Horizon Multi-Asset V	●	●	●	●	●	●	●	●

● Provides value   ● Provides value but merits some action or further monitoring   ● Does not provide value   ● Not applicable



## EXTERNAL PROVIDERS

The Board of Embark Investments has given consideration to the overall quality of service to the investors, including the performance of the appointed external service providers.

The Board has evaluated the quality of services provided by the following service providers:

### EV (EValue Limited)

EV is the risk profile provider for the Sub-funds. They provide the ACD and the Investment Manager with active strategic asset allocations for the five Sub-funds, consistent with the related investor profiles as set out in the Prospectus. EV takes a long-term perspective and uses stochastic modelling techniques to create an expected optimal return by risk profile.

EV also provides the ACD and the Investment Manager with a software tool used to forecast the risk levels of the Sub-funds. This allows for regular checks to ensure the Sub-funds' investments correspond to the investor profiles.

After consultation with EV and the Investment Manager, the prospectus and Investment Management Agreement were updated. As a result of that, certain changes were implemented, mainly regarding the implementation of emerging market equities across all funds, and the incorporation of commodities as a new asset class, as well as clarifying other limits. EV incorporated these changes when providing updated asset allocations.

The Board is satisfied that EV has provided allocations during the reporting period to permit the Sub-funds to follow the expected risk profiles.

### Columbia Threadneedle Investments (the Investment Manager)

The Board considered the Investment Manager's process, experience and delivery in providing investment management services to the Sub-funds. It also reviewed the governance and oversight of these activities by the Embark Investments team, including monitoring of performance versus the asset allocations, respect of the Sub-funds' investment mandate restrictions, and compliance with their policies and procedures ensuring the Sub-funds retain their prescribed risk profiles. Since the Investment Manager has recently not met their objectives of outperformance against the strategic asset allocation provided by EV, as stated in the Investment Management Agreement, the board continues to monitor results carefully. The Board recognises that the investment style of the Investment Manager has a bias towards growth companies which means more recently they have not met expectations in the short-term.

### Northern Trust (Depositary, Custodian, Fund Accountant and Transfer Agent)

The Board considered the entire range of services that are provided to the Funds and delivery of key services against the agreed performance indicators and metrics, noting the format and frequency of committees and review meetings between Northern Trust and the Operational, Compliance and Legal teams within Embark Investments. It is satisfied with the services from Northern Trust.

### Funds-Axis (Mandate compliance and regulatory reporting)

The Board acknowledges the supply of regulatory and mandate compliance services, ensuring the Funds are maintained within the investment objectives and policy as described to investors in the Prospectus of Embark Investment Funds ICVC. Provision of daily checks and regulatory updates are important drivers in ensuring the funds deliver to the expectations set out in the Key Investor Information Document.

### UK Platform Providers (Distribution)

The Sub-funds are distributed to advised clients through the Embark Group platforms, third party platforms and unit-linked providers, giving broad distribution channels. Direct investments are normally not accepted. Embark Investments has legal agreements with each platform provider. These, in turn, have terms of business in place with financial advisers using their platform. When the funds were added to new external platform providers, Embark Investments, as an ACD, met its regulatory requirements in relation to its obligation as a manufacturer of authorised UK retail funds, by ensuring funds are designed appropriately and distributed to the target market.



## INTERNAL GOVERNANCE AND OVERSIGHT

The Board considered the oversight and governance of all ACD activities, including the monitoring of outsourced services but also the Sub-funds' regulatory compliance and adherence to internal policies and procedures. Within the internal governance framework, the Board is supported by the Embark Investments Management and ACD Committees. The ACD has demonstrated and maintained a strong and secure control environment in these areas to support the customer experience.

2021 saw many economies rebound strongly, as we increasingly learnt to live with and adapt to COVID-19, which has been helped by the major vaccination programmes. There still remained a focus on the performance of third party providers and the Board is pleased to note again this year there were no service issues reported.

The Board continues to monitor client communications and reporting, including the Horizon website ([www.embarkinvestments.co.uk](http://www.embarkinvestments.co.uk)). The Board is satisfied that the available information and shareholder reports are timely and accurate at all times.

## WAR IN UKRAINE

We are saddened by the ongoing conflict in the Ukraine and hope there can be a resolution as soon as possible.

The Horizon Multi-Asset funds had seen their already small holding in Russia written down to zero. These small

positions were held indirectly through investments in the Threadneedle Global Emerging Market Fund by each Horizon fund. As a result of fair value pricing applied by Columbia Threadneedle Investments, the Russian equity and Russian ruble exposure has been taken to nil across all the Horizon funds.

The portfolios of the Horizon funds have continued to be managed within their expected risk profiles.

Embark Investments, as the ACD, continues to monitor the situation on an ongoing basis.

## UN PRINCIPLES FOR RESPONSIBLE INVESTMENT AND ESG INTEGRATION

Embark Investments, as the Authorised Corporate Director (ACD) of the Horizon fund range, is a signatory of the United Nations supported Principles for Responsible Investment (PRI), a globally recognised benchmark for the consideration of Environmental, Social and Governance (ESG) issues. Embark Investments are committed to the integration of fundamental ESG principles into the Horizon Multi Asset Fund range and continue to evolve the Horizon Funds in line with the changing investment markets to meet client needs

The six principles of the PRI match the framework that Embark Investments employs to oversee the Horizon funds, helping us to embrace an international standard. The ACD monitors the funds through a number of ESG-related indicators on a monthly basis and proactively engages with the appointed Investment Manager, Columbia Threadneedle Investments.

The Horizon Multi-Asset funds are actively managed by Columbia Threadneedle, who are one of the founding signatories of the United Nations supported Principles for Responsible Investment (PRI).

In 2020 Columbia Threadneedle received an overall PRI assessment rating of A+, the highest rating possible which they have received for six years running.

Our mission as ACD is to ensure the Horizon funds offer a user-friendly investment package for financial advisers, which fulfils the responsible investment aspirations of the investors in a way that does not curtail their financial goals but enhances them. Our funds should therefore evolve with the times, adapting to trends in investments and society.

We use an integrated approach (as defined on page 4), which is embedded within our investment process. The investment professionals at Columbia Threadneedle have access to in-house ESG data and analysis to help develop investment theses. Fund managers and analysts collaborate with the dedicated Responsible Investment (RI) team to improve understanding of material ESG risk management and to identify potential for sustainable opportunity. The multi-asset experts responsible for the five Horizon funds, as well as the portfolio managers of Horizon's underlying Columbia Threadneedle Sub-funds, are therefore supported in their decision making by the RI team. Their proprietary RI ratings tool helps managers and analysts gain insights into a company's leadership, governance, culture and operational standards of practice, with a focus on issues that are material to its long-term performance



Their approach includes understanding linkages between sustainability opportunities on the one hand, and growth and competitive advantages on the other. Columbia Threadneedle also seeks to analyse the quality of operating practices and potential controversies in light of ESG factors, as an input to mitigate risks.

The ACD has included oversight of Columbia Threadneedle's approach in its regular reviews, monitoring the portfolio through a number of ESG related indicators on a monthly basis.

## CLIMATE RISK REPORTING

On 17th December 2021, the FCA published final rules on climate-related disclosures for asset managers, with Policy Statement PS 21/24. The new disclosure obligations will be based on the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). As an Alternative Investment Fund Manager (AIFM), Embark Investments intends to report on a voluntary basis in the future.



## AN ACTIVE INVESTMENT STRATEGY

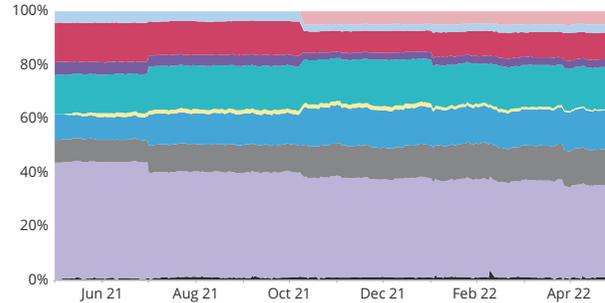
The Horizon Multi-Asset Funds are managed according to a carefully considered asset allocation strategy. Using expected volatilities and long-term returns for global assets, EV provides us with active allocation recommendations for Horizon.

Using expected volatilities and long-term returns for global assets, EV provides us with active allocation recommendations for Horizon. These allocations seek to match each Sub-fund's risk profile and evolve with the changing expected returns for assets. Columbia Threadneedle Investments uses these allocations and their own tactical allocations to invest in different asset classes, using proprietary, actively managed, investment funds.

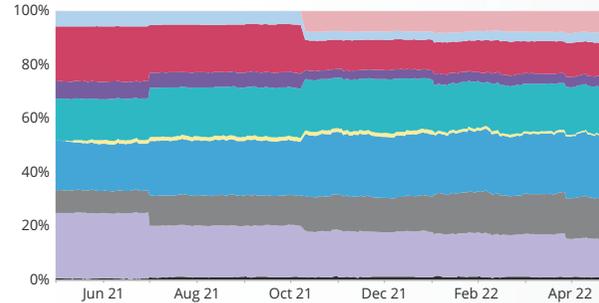
The graphs below show how each Sub-fund's portfolio has evolved during the reporting period. We believe this clearly illustrates the active nature of the management for each Sub-fund's assets.

Based upon this review, the Board has concluded that, despite the underperformance of the products over the last year, the performance in absolute terms in a longer timeframe is satisfactory, and the overall quality of the combined services provided by the ACD and the service providers are classified as providing value for all five Sub-funds.

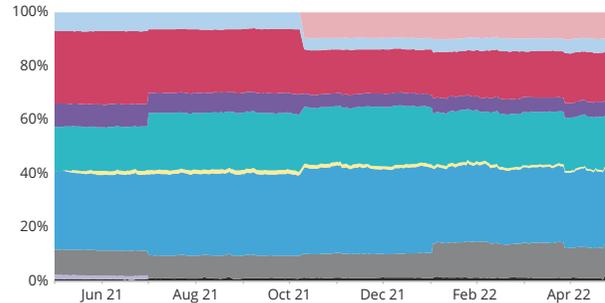
Horizon Fund I Portfolio Breakdown



Horizon Fund II Portfolio Breakdown



Horizon Fund III Portfolio Breakdown

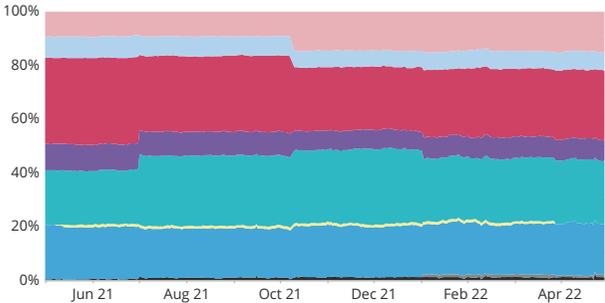


- Emerging Markets Equities
- Japan Equities
- US Equities
- Europe ex-UK Equities
- UK Equities
- European High Yield Bonds
- UK Corporate Bonds
- Global Ex-UK Government Bonds
- UK Government Bonds
- Cash & Money Markets



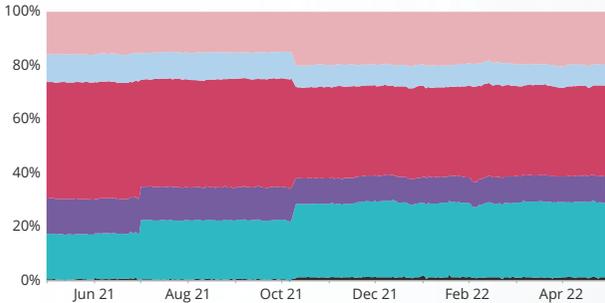
### AN ACTIVE INVESTMENT STRATEGY (CONTINUED)

Horizon Fund IV Portfolio Breakdown



- Emerging Markets Equities
- Japan Equities
- US Equities
- Europe ex-UK Equities
- UK Equities
- European High Yield Bonds
- UK Corporate Bonds
- Global Ex-UK Government Bonds
- Cash & Money Markets

Horizon Fund V Portfolio Breakdown



- Emerging Markets Equities
- Japan Equities
- US Equities
- Europe ex-UK Equities
- UK Equities
- Cash & Money Markets



## HORIZON SUB-FUND I

The Sub-fund aims to grow investment through a combination of income and capital growth over the medium to long-term (five or more years).

The Sub-fund will aim to achieve this objective, whilst remaining within risk profile 1, which is the lowest risk profile in the Horizon range. The Sub-fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider's asset allocation models which aim to achieve an optimal return for the expected risk level assuming a medium-to-long-term investment horizon.

Given its risk profile nature, the Sub-fund does not aim to match or exceed the performance of, and its portfolio is not constrained by, any index. The fund has been managed with a medium to long-term horizon and therefore shorter comparisons may not be considered complete.

Over the past year, the total return of the Sub-fund has been held back by different key factors. Against the backdrop of higher interest rates and concerns about rising inflation, fixed income and equity markets have both been under pressure. In turn, negative total returns have been experienced by the Sub-fund's investments. In addition, the performances of some of the underlying Columbia Threadneedle funds have fallen short of expectations.

In seeking to address underlying fund underperformance, the Board requested an explanation from Columbia Threadneedle as the Investment Manager, detailing the last 12 months underperformance and their view on the future. The review highlighted, that the bias of Columbia Threadneedle towards growth stocks was not suited to the prevailing market conditions whereby value and cyclical equities rebounded sharply. We will take into consideration the long-term outlook in assessing whether this investment style continues to be appropriate for the Sub-funds.

Over five years, the net performance has delivered a positive return of 7.05% to investors. This is the minimum time period we recommend investors to hold an investment in this fund.

The strategic asset allocation process has provided suitable, risk-adjusted returns over the long run, whilst Columbia Threadneedle's active management has added value over a longer-term time horizon.

Our assessment is that the Sub-fund has provided value but we will continue to monitor performance closely.



Discrete Performance as at 31 May 2022 – Percentage Growth	3 Year	5 Year	Launch
Horizon Sub-fund I (Z acc)	3.42%	7.05%	42.39%

Investors may wish to consider the performance of the fund by looking at the performance of the Investment Association ('IA') Mixed Investment 20-60% Shares Sector. Please note that past performance is not necessarily a guide to future performance and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested. No guarantee is given for the performance of the Sub-fund. Source: FE fundinfo 2022.



## HORIZON SUB-FUND II

The Sub-fund aims to grow investment through a combination of income and capital growth over the medium to long-term (five or more years).

The Sub-fund will aim to achieve this objective, whilst remaining within risk profile 2. The Sub-fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider’s asset allocation models which aim to achieve an optimal return for the expected risk level assuming a medium-to-long-term investment horizon.

Given its risk profile nature, the Sub-fund does not aim to match or exceed the performance of, and its portfolio is not constrained by any index. The Sub-fund has been managed with a medium-to-long-term horizon and therefore shorter comparisons may not be considered complete.

Over the past year, the total return of the Sub-fund has been held back by different key factors. Against the backdrop of higher interest rates and concerns about rising inflation, fixed income and equity markets have both been under pressure. In turn, negative total returns have been experienced by the Sub-fund’s investments. In addition, the performances of some of the underlying Columbia Threadneedle funds have fallen short of expectations.

In seeking to address underlying fund underperformance, the Board requested an explanation from Columbia Threadneedle as the Investment Manager, detailing the last 12 months underperformance and their view on the future. The review highlighted, that the bias of Columbia Threadneedle towards growth stocks was not suited to the prevailing market conditions whereby value and cyclical equities rebounded sharply. We will take into consideration the long-term outlook in assessing whether this investment style continues to be appropriate for the Sub-funds.

Over five years, the net performance has delivered a positive return of 14.54% to investors. This is the minimum time period we recommend investors to hold an investment in this fund.

The strategic asset allocation process has provided suitable, risk-adjusted returns over the long run, whilst Columbia Threadneedle’s active management has added value over a longer-term time horizon.

Our assessment is that the Sub-fund has provided value but we will continue to monitor performance closely.



Discrete Performance as at 31 May 2022 – Percentage Growth	3 Year	5 Year	Launch
Horizon Sub-fund II (Z acc)	6.78%	14.54%	56.41%

Investors may wish to consider the performance of the fund by looking at the performance of the Investment Association (IA) Mixed Investment 20-60% Shares Sector. Please note that past performance is not necessarily a guide to future performance and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested. No guarantee is given for the performance of the Sub-fund. Source: FE fundinfo 2022.



### HORIZON SUB-FUND III

The Sub-fund aims to grow investment through a combination of income and capital growth over the medium to long-term (five or more years).

The Sub-fund will aim to achieve this objective, whilst remaining within risk profile 3, which is the middle risk profile in the Horizon range. The Sub-fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider’s asset allocation models which aim to achieve an optimal return for the expected risk level assuming a medium-to-long-term investment horizon.

Given its risk profile nature, the Sub-fund does not aim to match or exceed the performance of, and its portfolio is not constrained by, any index. The fund has been managed with a medium-to-long-term horizon and therefore shorter comparisons may not be considered complete.

Over the past year, the total return of the Sub-fund has been held back by different key factors. Against the backdrop of higher interest rates and concerns about rising inflation, fixed income and equity markets have both been under pressure. In turn, negative total returns have been experienced by the Sub-fund’s investments. In addition, the performances of some of the underlying Columbia Threadneedle funds have fallen short of expectations.

In seeking to address underlying fund underperformance, the Board requested an explanation from Columbia Threadneedle as the Investment Manager, detailing the last 12 months underperformance and their view on the future. The review highlighted, that the bias of Columbia Threadneedle towards growth stocks was not suited to the prevailing market conditions whereby value and cyclical equities rebounded sharply. We will take into consideration the long-term outlook in assessing whether this investment style continues to be appropriate for the Sub-funds.

Over five years, the net performance has delivered a positive return of 20.68% to investors. This is the minimum time period we recommend investors to hold an investment in this fund.

The strategic asset allocation process has provided suitable, risk-adjusted returns over the long run, whilst Columbia Threadneedle’s active management has added value over a longer-term time horizon.

Our assessment is that the Sub-fund has provided value but we will continue to monitor performance closely.



Discrete Performance as at 31 May 2022 – Percentage Growth	3 Year	5 Year	Launch
Horizon Sub-fund III (Z acc)	11.35%	20.68%	71.71%

Investors may wish to consider the performance of the fund by looking at the performance of the Investment Association (‘IA’) Mixed Investment 40-85% Shares Sector. Please note that past performance is not necessarily a guide to future performance and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested. No guarantee is given for the performance of the Sub-fund. Source: FE fundinfo 2022.



## HORIZON SUB-FUND IV

The Sub-fund aims to grow investment through a combination of income and capital growth over the medium to long-term (five or more years).

The Sub-fund will aim to achieve this objective, whilst remaining within risk profile 4. The Sub-fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider’s asset allocation models which aim to achieve an optimal return for the expected risk level assuming a medium-to-long-term investment horizon.

Given its risk profile nature, the Sub-fund does not aim to match or exceed the performance of, and its portfolio is not constrained by, any index. The fund has been managed with a medium-to-long-term horizon and therefore shorter comparisons may not be considered complete.

Over the past year, the total return of the Sub-fund has been held back by different key factors. Against the backdrop of higher interest rates and concerns about rising inflation, fixed income and equity markets have both been under pressure. In turn, negative total returns have been experienced by the Sub-fund’s investments. In addition, the performances of some of the underlying Columbia Threadneedle funds have fallen short of expectations.

In seeking to address underlying fund underperformance, the Board requested an explanation from Columbia Threadneedle as the Investment Manager, detailing the last 12 months underperformance and their view on the future. The review highlighted, that the bias of Columbia Threadneedle towards growth stocks was not suited to the prevailing market conditions whereby value and cyclical equities rebounded sharply. We will take into consideration the long-term outlook in assessing whether this investment style continues to be appropriate for the Sub-funds.

Over five years, the net performance has delivered a positive return of 25.30% to investors. This is the minimum time period we recommend investors to hold an investment in this fund.

The strategic asset allocation process has provided suitable, risk-adjusted returns over the long run, whilst Columbia Threadneedle’s active management has added value over a longer-term time horizon.

Our assessment is that the Sub-fund has provided value but we will continue to monitor performance closely.



Discrete Performance as at 31 May 2022 – Percentage Growth	3 Year	5 Year	Launch
Horizon Sub-fund IV (Z acc)	16.11%	25.30%	88.22%

Investors may wish to consider the performance of the fund by looking at the performance of the Investment Association (‘IA’) Mixed Investment 40-85% Shares Sector. Please note that past performance is not necessarily a guide to future performance and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested. No guarantee is given for the performance of the Sub-fund. Source: FE fundinfo 2022.



## HORIZON SUB-FUND V

The Sub-fund aims to grow investment through a combination of income and capital growth over the medium to long-term (five or more years).

The Sub-fund will aim to achieve this objective, whilst remaining within risk profile 5, which is the highest risk profile in the Horizon range. The Sub-fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider’s asset allocation models which aim to achieve an optimal return for the expected risk level assuming a medium-to-long-term investment horizon.

Given its risk profile nature, the Sub-fund does not aim to match or exceed the performance of, and its portfolio is not constrained by, any index. The fund has been managed with a medium-to-long-term horizon and therefore shorter comparisons may not be considered complete.

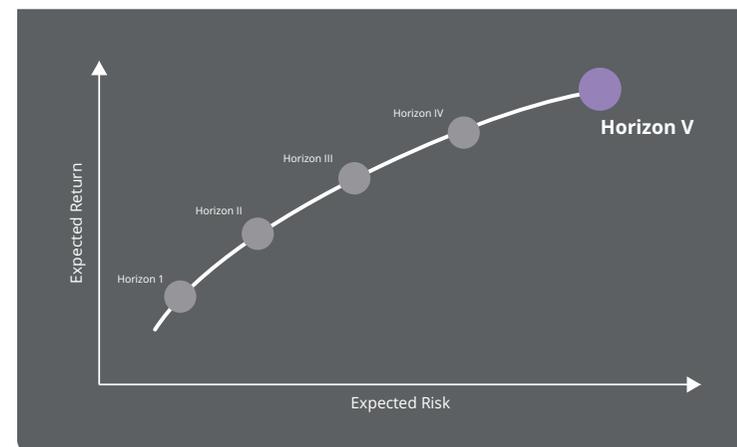
Over the past year, the total return of the Sub-fund has been held back by different key factors. Against the backdrop of higher interest rates and concerns about rising inflation, fixed income and equity markets have both been under pressure. In turn, negative total returns have been experienced by the Sub-fund’s investments. In addition, the performances of some of the underlying Columbia Threadneedle funds have fallen short of expectations.

In seeking to address underlying fund underperformance, the Board requested an explanation from Columbia Threadneedle as the Investment Manager, detailing the last 12 months underperformance and their view on the future. The review highlighted, that the bias of Columbia Threadneedle towards growth stocks was not suited to the prevailing market conditions whereby value and cyclical equities rebounded sharply. We will take into consideration the long-term outlook in assessing whether this investment style continues to be appropriate for the Sub-funds.

Over five years, the net performance has delivered a positive return of 39.18% to investors. This is the minimum time period we recommend investors to hold an investment in this fund.

The strategic asset allocation process has provided suitable, risk-adjusted returns over the long run, whilst Columbia Threadneedle’s active management has added value over a longer-term time horizon.

Our assessment is that the Sub-fund has provided value but we will continue to monitor performance closely.



Discrete Performance as at 31 May 2022 – Percentage Growth	3 Year	5 Year	Launch
Horizon Sub-fund V (Z acc)	26.14%	39.18%	117.83%

Investors may wish to consider the performance of the fund by looking at the performance of the Investment Association (‘IA’) Flexible Investment Sector. Please note that past performance is not necessarily a guide to future performance and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested. No guarantee is given for the performance of the Sub-fund. Source: FE fundinfo 2022.



## AFM COSTS - GENERAL

### AFM COSTS – GENERAL

The Board is required to consider the cost of providing the service to which the charge relates, and when money is paid directly to associates or external parties. We have therefore assessed the charging structure of the Sub-funds.

All Sub-funds are subject to an Annual Management Charge (AMC) which is paid to the ACD (Embark Investments). The AMC covers all services organised by the ACD for the Sub-funds. The AMC includes, but is not limited to, Investment Manager, Custody and other third-party administrator fees.

The Board considers that the AMC offers value to investors, as demonstrated by performance relative to comparable funds, peer group costs and the active management of the funds for all five Sub-funds and the two share classes (Z and I).

In addition, the Board also reviewed the OCF (Ongoing Charges Figure), which is the aggregate of the above AMC and any other ongoing costs and charges incurred by each Sub-fund in the underlying investments, being Columbia Threadneedle Investments funds. The table below shows a reduction in OCF for three funds throughout the period, demonstrating a concerted effort within the underlying Columbia Threadneedle Investments funds to reduce charges, which has a clear benefit to the Sub-funds and their investors.

	AMC 31 May 2022	OCF 31 May 2022	AMC 31 May 2021	OCF 31 May 2021
<b>Embark Horizon Multi-Asset I Z Class</b>	<b>0.75%</b>	<b>0.81%</b>	<b>0.75%</b>	<b>0.83%</b>
Embark Horizon Multi-Asset I I Class	0.65%	0.71%	0.65%	0.73%
<b>Embark Horizon Multi-Asset II Z Class</b>	<b>0.75%</b>	<b>0.81%</b>	<b>0.75%</b>	<b>0.82%</b>
Embark Horizon Multi-Asset II I Class	0.65%	0.71%	0.65%	0.72%
<b>Embark Horizon Multi-Asset III Z Class</b>	<b>0.75%</b>	<b>0.81%</b>	<b>0.75%</b>	<b>0.81%</b>
Embark Horizon Multi-Asset III I Class	0.65%	0.71%	0.65%	0.71%
<b>Embark Horizon Multi-Asset IV Z Class</b>	<b>0.75%</b>	<b>0.81%</b>	<b>0.75%</b>	<b>0.81%</b>
Embark Horizon Multi-Asset IV I Class	0.65%	0.71%	0.65%	0.71%
<b>Embark Horizon Multi-Asset V Z Class</b>	<b>0.75%</b>	<b>0.81%</b>	<b>0.75%</b>	<b>0.81%</b>
Embark Horizon Multi-Asset V I Class	0.65%	0.71%	0.65%	0.71%

Source: FE fundinfo 2021

# NO

**PERFORMANCE FEES  
INITIAL CHARGE  
SWITCHING CHARGE  
EXIT/REDEMPTION  
CHARGE**



## ECONOMIES OF SCALE

The ACD has considered the extent to which economies of scale would be realised as the Sub-funds grow and whether the Sub-funds' fee levels reflect these economies of scale for the benefit of investors

The Board regularly reviews the profitability of the Sub-funds to the ACD and the Investment Manager.

The five Sub-funds are currently of insufficient size to generate economies of scale to the ACD or the Investment Manager, once operational costs and the costs of managing the funds are taken into consideration.

The Board determined that economies of scale could not be realised at present with the Annual Management Charge (AMC) and was satisfied with the current fee structure. However, the Board will continue to monitor Horizon to evaluate the levels of AMC in the future.

The Board considered each Sub-fund's fee structure, asset size and Ongoing Charges Figure (OCF). In addition, the Board reviewed profitability information it received in connection with the services provided to each Sub-fund. The Board noted that the AMC schedule for each share class is currently fixed and does not incorporate economies of scale.



## COMPARABLE MARKET RATES

## COMPARABLE MARKET RATES

We have compared the Horizon Ongoing Charges Figure (OCF) of the Sub-funds to other funds in the UK retail market, and how the Horizon OCF has evolved during the period.

All five Sub-funds have an OCF of 0.81% for the Z share class and 0.71% for the I share class. We believe these charges are competitive for UK retail investors and offer value.

The comparison below shows the overall cost of the funds' Z share class (both accumulation and income) is in-line with the Volatility Managed average.

The OCFs in the table include the costs directly charged to the Horizon funds (AMC), as well as the OCF of the underlying Columbia Threadneedle Investments funds.

If any rebates were to be received from the Columbia Threadneedle Investments funds they would be credited to the Horizon funds and not to the ACD.

The AMC includes the services of the risk profile provider (EV), the Depository, Administrator and Transfer Agent (Northern Trust) and the Investment Manager (Columbia Threadneedle Investments).

Fund Class & Sector	OCF
Embark Horizon Multi-Asset I Z Class	0.81%
Embark Horizon Multi-Asset I I Class	0.71%
<b>IA Volatility Managed Average</b>	<b>0.81%</b>
Embark Horizon Multi-Asset II Z Class	0.81%
Embark Horizon Multi-Asset II I Class	0.71%
<b>IA Volatility Managed Average</b>	<b>0.81%</b>
Embark Horizon Multi-Asset III Z Class	0.81%
Embark Horizon Multi-Asset III I Class	0.71%
<b>IA Volatility Managed Average</b>	<b>0.81%</b>
Embark Horizon Multi-Asset IV Z Class	0.81%
Embark Horizon Multi-Asset IV I Class	0.71%
<b>IA Volatility Managed Average</b>	<b>0.81%</b>
Embark Horizon Multi-Asset V Z Class	0.81%
Embark Horizon Multi-Asset V I Class	0.71%
<b>IA Volatility Managed Average</b>	<b>0.81%</b>

Source: FE fundinfo 2022

\* Access to the I Share Class is restricted to intermediaries (investing on behalf of underlying investors) that have entered into arrangements for this Share Class with the ACD and which the ACD expects to invest, including investments made by any other members of the intermediary's group, at least £10,000,000 into the Fund. Any such concession must be duly considered and approved by the ACD, prior to investing in the I Share Class.



## COMPARABLE SERVICES

The five Sub-funds are currently our only fund offering.

We like to keep things straightforward and prefer to evolve our Sub-funds' approach as the world changes, rather than launching a plethora of new products. Therefore, neither the ACD, nor any other member of the Lloyds Banking Group, offers similar actively managed risk profiled funds, in the IA Volatility Managed Sector.



## CLASSES OF UNITS

### CLASSES OF UNITS

We have assessed the current share class structure and their appropriateness for the holders.

Three share classes were offered in the Sub-funds at the end of the assessment period: Z accumulation, Z income and I accumulation.

The pricing of each Share Class is considered to provide value based on the different Share Class eligibility criteria and target investor for each Share Class. All investors are invested appropriately in the Share Class they are eligible to hold in the Fund at the date of this assessment report.

The AMC for the Z accumulation and Z income shares is 0.75%. The AMC for the I accumulation shares is 0.65%.

The accumulation shares accrue all dividends and interest after tax, whereas the income shares pay out a bi-annual distribution to investors. As an alternative to using the income class, investors may seek advice from their financial adviser on the use of drawdown options offered by their investment platform.

The investment minima has been reduced, in the period, thus removing a potential sale barrier. Access to the I share class\* has been altered to state an expected investment holding in excess of £10,000,000 in total rather than value of new investment per year.

The ACD regularly reviews the appropriateness of I class eligibility and actions accordingly.

Investment Minima:	Class Z	Class I*
Lump Sum:	£500	£10,000,000
The ACD may waive the investment minima at its discretion.		

\* Access to the I Share Class is restricted to intermediaries (investing on behalf of underlying investors) that have entered into arrangements for this Share Class with the ACD and which the ACD expects to invest, including investments made by any other members of the intermediary's group, at least £10,000,000 into the Fund. Any such concession must be duly considered and approved by the ACD, prior to investing in the I Share Class.

## EMBARK INVESTMENTS LIMITED BOARD



**Thomas Rostron** – Chief Executive Officer,  
Horizon Funds

Thomas has more than 30 years' experience in asset and wealth management, including positions of Head Global Fund Distribution at Fortis Investments and Managing Director Investment Management with Barclays Wealth. He most recently advised investment firms on strategy, marketing and organisation including advising Embark Group in the development of Embark's Investment activities.

Resigned from Board as of 27th July 2022.



**Scott Guild** – Chief Financial Officer

Scott is Finance Director for Insurance and Wealth Pensions Investments, Stockbroking and Wealth business. The combined businesses manage c£130bn of assets on behalf of customers within the Insurance and Wealth division of Lloyds Banking Group. He leads a team of colleagues in Edinburgh and Leeds and is responsible for engaging the wider Insurance and Wealth Finance team to support businesses. Scott is a qualified accountant with over 25 years' experience in Financial Services, having held a number of senior leadership roles in large complex groups and across a range of disciplines including Audit, Finance, Strategy, Change Management, Planning and Sales Development and Propositions. Appointed to Board as of 11 April 2022.



**Fraser Blain** – Chief Commercial Officer, Horizon Funds

Fraser Blain is a sales and marketing professional with over 30 years of experience in the distribution and marketing of wholesale investment products across UK and Continental European Retail markets. Fraser's previous experience includes National Investment Development Director at Zurich Insurance Group and Head of UK Wholesale Distribution at Allianz Global Investors UK.



**Gillian Hutchison** – Research Director, The Adviser Centre

Gill launched The Adviser Centre with Peter Toogood in 2014. She was Head of Research at OBSR and subsequently ran the consulting business both there and at Morningstar. She was previously a portfolio manager at Credit Suisse Private Banking.



**Jaqueline Lowe** – Non-Executive Director

Jacqueline is a Board member at Rathbone Unit Trust Management, as well as being Non-Executive Chairman of T Bailey Asset Management and has over 30 years financial services experience with Standard Life and Aberdeen Standard Investments.



**Monika Machon** – Non-Executive Chair

Monika is currently a Board member of GAM Holding AG. She has over 30 years previous financial markets experience, most recently in the roles of Treasurer and Global Head of Asset Management at AIG.



If you require further information on any of the Embark Horizon Multi-Asset Funds, the Key Investor Information Document (KIID) and the Prospectus are both available on the website [www.embarkinvestments.co.uk](http://www.embarkinvestments.co.uk). The Authorised Corporate Director of the Embark Investment Funds ICVC (in this document "Horizon") is Embark Investments Limited (in this document "Embark Investments"), authorised and regulated by the Financial Conduct Authority. Registered in England and Wales under registered number 3383730. Registered Office: 100 Cannon Street, London, EC4N 6EU.

This document is intended to be for information purposes only and is not intended as promotional material or an investment recommendation. The document is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Past performance is not necessarily a guide to future performance and the value of investments (and any income from them) can go down, so an investor may get back less than the amount invested. No guarantee is given for the performance of the funds.