

**VT DOWNING INVESTOR FUNDS ICVC**  
**(Sub-funds VT Downing Global Investors Fund, VT Downing**  
**Unique Opportunities Fund and VT Downing European**  
**Unconstrained Income Fund)**

**Annual Report and Financial Statements**  
**for the period ended 30 June 2021**

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## COMPANY OVERVIEW

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### **Type of Company**

VT Downing Investor Funds ICVC (the Company) is an investment company with variable capital incorporated in England and Wales under the OEIC Regulations with registered number IC024590 and authorised by the Financial Conduct Authority (PRN: 921279) pursuant to an authorisation order dated 17 February 2020. The Company has an unlimited duration.

The Company is a UCITS scheme and is an umbrella company (as defined in the OEIC Regulations). Each Sub-fund would be a UCITS scheme if it had a separate authorisation order.

Shareholders are not liable for the debts of the Company.

## STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S (ACD's) RESPONSIBILITIES

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The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Company at the end of the financial period and its net revenue and net capital gains for the period. In preparing these financial statements the Authorised Corporate Director is required to:

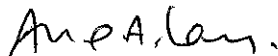
- > comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- > select suitable accounting policies and then apply them consistently.
- > make judgements and estimates that are reasonable and prudent.
- > prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The Authorised Corporate Director is required to keep proper accounting records and to manage the Company in accordance with the COLL regulations, the Instrument of Incorporation, and the Prospectus. The Authorised Corporate Director is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

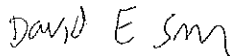
## DIRECTOR'S STATEMENT

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In accordance with the requirements of the Financial Conduct Authority's Collective Investment Scheme's Sourcebook, we hereby certify the annual report.



Anne A. Laing CA



David E. Smith CA

Valu-Trac Investment Management Limited  
Authorised Corporate Director

Date 13 October 2021

## STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

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The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- > the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
  - > the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
  - > the value of shares in the Company is calculated in accordance with the Regulations;
  - > any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
  - > the Company's income is applied in accordance with the Regulations; and
- > the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- ii) has observed the Investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited  
01 July 2021

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT DOWNING INVESTOR FUNDS ICVC (SUB-FUNDS VT DOWNING GLOBAL INVESTORS FUND, VT DOWNING UNIQUE OPPORTUNITIES FUND AND VT DOWNING EUROPEAN UNCONSTRAINED INCOME FUND)**

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**Opinion**

We have audited the financial statements of VT Downing Investor Funds ICVC ("the Company") for the period ended 30 June 2021 which comprise the Statements of Total Return, Statements of Changes in Net Assets Attributable to Shareholders, Balance Sheets, the related Notes to the Financial Statements, including significant accounting policies and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- > give a true and fair view of the financial position of the Company at 30 June 2021 and of the net revenue and the net capital gains on the scheme property of the Company for the period then ended; and
- > have been properly prepared in accordance with the IA Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are described further in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions Relating to Going Concern**

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Authorised Corporate Director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT DOWNING INVESTOR FUNDS ICVC (SUB-FUNDS VT DOWNING GLOBAL INVESTORS FUND, VT DOWNING UNIQUE OPPORTUNITIES FUND AND VT DOWNING EUROPEAN UNCONSTRAINED INCOME FUND) (continued)**

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**Opinion on other matters prescribed by the COLL Regulations**

In our opinion, based on the work undertaken in the course of the audit:

- > Proper accounting records for the Company have been kept and the accounts are in agreement with those records;
- > We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- > The information given in the report of the Authorised Corporate Director for the period is consistent with the financial statements.

**Responsibilities of the Authorised Corporate Director**

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 2, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal controls as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- > Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Authorised Corporate Director.
- > Conclude on the appropriateness of the Authorised Corporate Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT DOWNING INVESTOR FUNDS ICVC (SUB-FUNDS VT DOWNING GLOBAL INVESTORS FUND, VT DOWNING UNIQUE OPPORTUNITIES FUND AND VT DOWNING EUROPEAN UNCONSTRAINED INCOME FUND) (continued)**

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**Extent to which an audit is considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide the basis for our opinion. We planned and conducted our audit so as to obtain reasonable assurance of detecting any material misstatements in the financial statements resulting from irregularities or fraud.

All engagement team members were briefed on relevant laws and regulations and potential fraud risks at the planning stage of the audit. However, the primary responsibility for the prevention and detection of fraud rest with the Authorised Corporate Director.

We evaluated management's incentives for fraudulent activity and determined the key risk of fraud to be management override of controls in order to manipulate the financial statements. We determined that the principal risks in this regard were in relation inappropriate journal entries to increase net revenue or to increase the net asset value.

We considered the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. The most significant risk in relation to non-compliance with laws and regulations was deemed to be compliance with the Collective Investment Schemes Sourcebook and the Company's Prospectus.

Audit procedures performed in response to these risks included:

- Evaluating the control environment designed to prevent and detect irregularities which the Authorised Corporate Director has in place;
- Enquiring of management and those charged with governance regarding any known or suspected instances of non-compliance with laws and regulations and fraud and where they think fraud would most likely to occur and the safeguards made in place;
- Assessing the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur around the key risks of valuation and ownership of investments, and revenue recognition;
- Reviewing material journal entries during the period;
- Reviewing a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity that may indicate management override in the Company's financial statements; and
- Assessing the Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook and its Prospectus.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

**Use of our report**

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ("the COLL Rules") issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Johnston Carmichael LLP  
Chartered Accountants  
Statutory Auditor  
Elgin

Date 25 October 2021



## SUB-FUND OVERVIEW

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|  |  |
|--|--|
| <b>Name of Sub-fund</b>                | VT Downing Global Investors Fund   |
| <b>Size of Sub-fund</b>                | £40,981,943  |
| <b>Launch date</b>                     | 24 March 2020  |
| <b>Investment objective and policy</b> | <p>The investment objective of the Sub-fund is to achieve capital growth and income over the long term (5 + years).</p> <p>The Sub-fund will seek to achieve its objective by investing at least 70% in equities across global markets (with up to 20% invested in higher risk emerging markets).</p> <p>The Sub-fund may also invest in government securities, fixed income, collective investment schemes (which may include those managed and/or operated by the ACD and which will provide exposure to various asset classes including equities and fixed income), money market instruments, deposits, cash and near cash.</p> <p>The Sub-fund will be actively managed.</p> <p>Save as noted above, the Sub-fund will not have any particular geographic, industry or economic sector focus and as such weightings in these may vary as required.</p> |
| <b>Derivatives</b>                     | <p>The Sub-fund may hold derivatives for Efficient Portfolio Management (EPM) purposes (including hedging). It is not intended that the use of derivatives for EPM purposes will increase the risk profile of the Sub-fund.</p>  |
| <b>Benchmark</b>                       | <p>The Sub-fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance.</p> <p>However, many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.</p> <p>In order to assess the Sub-fund's performance, investors may find it useful to compare the Sub-fund against the performance of the IA Global Sector, which serves as a method of comparing the Sub-fund's performance with other funds which have broadly similar characteristics.</p>  |
| <b>Annual accounting date</b>          | 30 June  |
| <b>Interim accounting date</b>         | 31 December  |
| <b>Annual income allocation date</b>   | By 31 August   |
| <b>Interim income allocation dates</b> | By last day of February  |

## SUB-FUND OVERVIEW (continued)

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### Minimum investment

**Lump sum subscription:** Class A: £1,000  
Class F: £1,000,000  
Class F shares are only available to those who invest at launch of the Sub-fund (or otherwise at the ACD's discretion)

**Top-up:** Class A: £100  
Class F: £1,000

**Holding:** Class A: £1,000  
Class F: £1,000,000

**Regular saving:** £100 per month

**Redemption/switching:** N/A (provided minimum holding is maintained)

**Initial, redemption and switching charges:** Nil

The ACD may waive the minimum levels (and initial charge and redemption charge) at its discretion.

### Annual management charges

The annual management charges are £30,000<sup>^</sup> per annum plus  
Class A – 0.75% per annum  
Class F – 0.60% per annum

The above percentages being percentages of the net asset value of the Sub-fund attributable to the relevant class (plus VAT if applicable).

<sup>^</sup>The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2021)). In the event of negative inflation, this fee will remain unchanged.

## INVESTMENT MANAGER'S REVIEW

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The VT Downing Global Investors Fund is a thematically invested fund focused on the needs and wants of the growing middle-class population. We believe this population is a homogeneous, borderless group, showing a single set of demands and aspirations. Currently numbering around 3.3 billion, we believe the global middle class will be closer to 5.3 billion at the end of this decade<sup>1</sup>.

We use pattern hunting strategies to identify areas of economic activity attracting capital. We buy equity stakes in businesses that supply the needs and wants of the expanding global middle class population. We seek to invest in the leading companies within any business grouping we identify. Our top-down conviction primarily leads to larger capitalisation businesses and aims to avoid undue exposure to any single factor. We balance defensive and cyclical stocks and sectors depending on where we are in the business cycle.

Since launch on 24 March 2020, the fund has shown a rise in NAV of 60.50% (F Accumulation) as at 30 June 2021, which compares favourably to the rise in the IA Global TR Index of 56.33%<sup>2</sup>. Our view is that the global economy is at the early stages of an upturn in the economic cycle given the combination of stronger pricing across many areas of commodity inputs (early signals in our view), and an affordable cost of economic endeavour (the 30-year US treasury rate stands at around 2%<sup>3</sup>, implying adequate supply of money relative to strengthening demand, we believe). This is an attractive scenario for investors of capital.

Over the period under review, some of the more popular areas for investment (for example the broad theme of decarbonisation and associated industries) have become 'overbought' and derated. Similarly, some of the more exciting areas of the wider technology sector have weakened. We have exited a number of investments in these fields of activity and would anticipate returning at some stage given their longer term attractions. We believe we have identified an upturn in levels of activity and rising market demand for capital expenditure businesses<sup>4</sup>. That is businesses that enable greater production of, and greater productivity in the production of, goods and services that are in demand. Such a development, if correctly identified, implies rising confidence across areas of business activity which in itself extends the business cycle and by virtue of increased productivity, the economic cycle.

Our investment methodology revolves around populating the top down conviction described, which is our single conviction. The strategy is for the fund as a whole to be invested in this economic phenomenon first and foremost. The individual investments we make are initially placed to reinforce the collective allocation of assets, rather than as an end in themselves. From that point on, individual stock conviction can then be 'earned', but this approach does lead to a broader portfolio and a higher level of exploratory turnover as events evolve than might be the case with a strategy based more on conviction in the individual investments themselves, and a consequently shorter list.

Downing LLP  
Investment Manager  
14 September 2021

### Sources

<sup>1</sup> [https://knowledge4policy.ec.europa.eu/growing-consumerism\\_en](https://knowledge4policy.ec.europa.eu/growing-consumerism_en)

<sup>2</sup> FE Analytics, 25 March 2020 to 30 June 2021

<sup>3</sup> [https://www.marketwatch.com/investing/bond/tmubmud30y/charts?countrycode=bx&mod=mw\\_quote\\_advanced](https://www.marketwatch.com/investing/bond/tmubmud30y/charts?countrycode=bx&mod=mw_quote_advanced)

<sup>4</sup> <https://www.forbes.com/sites/billconerly/2021/06/24/businesses-capital-spending-surgings-will-boost-wages-over-time/?sh=469d180df502>

## PERFORMANCE RECORD

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| <b>Class F (Accumulation)</b>               |                                      | <b>Period from 24<br/>March 2020 to<br/>30 June 2021 ^</b> |
|---|--------------------------------------|--|
| Changes in net assets per unit              |                                      | GBp  |
| Opening net asset value per unit            |                                      | <u>100.0000</u>  |
| Return before operating charges             |                                      | 61.8550  |
| Operating charges (note 1)                  |                                      | <u>(1.3514)</u>  |
| Return after operating charges *            |                                      | <u>60.5036</u>   |
| Closing net asset value per unit            |                                      | <u>160.5036</u>  |
| Retained distributions on accumulated units |                                      | 1.7833   |
|   | *after direct transactions costs of: | 0.6513   |
| Performance                                 | Return after charges                 | 60.50%   |
| Other information                           | Closing net asset value              | £35,635,421  |
|   | Closing number of units              | 22,202,260   |
|   | Operating charges (note 2)           | 0.83%  |
|   | Direct transaction costs             | 0.50%  |
| Prices                                      | Highest unit price                   | 167.58   |
|   | Lowest unit price                    | 98.95  |

^Share class launched 24 March 2020

| <b>Class F (Income)</b>          |                                      | <b>Period from 22<br/>May 2020 to 30<br/>June 2021 ^</b> |
|----------------------------------|--------------------------------------|--|
| Changes in net assets per unit   |                                      | GBp  |
| Opening net asset value per unit |                                      | <u>100.0000</u>  |
| Return before operating charges  |                                      | 43.5180  |
| Operating charges (note 1)       |                                      | <u>(1.0838)</u>  |
| Return after operating charges * |                                      | 42.4342  |
| Distribution on income units     |                                      | <u>(1.3704)</u>  |
| Closing net asset value per unit |                                      | <u>141.0638</u>  |
|                                  | *after direct transactions costs of: | 0.6027   |
| Performance                      | Return after charges                 | 42.43%   |
| Other information                | Closing net asset value              | £5,303,057   |
|                                  | Closing number of units              | 3,759,333  |
|                                  | Operating charges (note 2)           | 0.83%  |
|                                  | Direct transaction costs             | 0.50%  |
| Prices                           | Highest unit price                   | 148.10   |
|                                  | Lowest unit price                    | 99.30  |

^Share class launched 22 May 2020

**PERFORMANCE RECORD (Continued)**

|   | <b>Period from 05<br/>March 2021 to<br/>30 June 2021 ^</b> |
|---|--|
| <b>Class A (Accumulation)</b>               |  |
| Changes in net assets per unit              | GBP  |
| Opening net asset value per unit            | 100.0000   |
| Return before operating charges             | 9.8813   |
| Operating charges (note 1)                  | (1.2777)   |
| Return after operating charges *            | 8.6036   |
| Closing net asset value per unit            | 108.6036   |
| Retained distributions on accumulated units | 0.5432   |
|   |  |
| *after direct transactions costs of:        | 0.5242   |
|   |  |
| Performance                                 |  |
| Return after charges                        | 8.60%  |
|   |  |
| Other information                           |  |
| Closing net asset value                     | £97,150  |
| Closing number of units                     | 89,454   |
| Operating charges (note 2)                  | 0.98%  |
| Direct transaction costs                    | 0.50%  |
|   |  |
| Prices                                      |  |
| Highest unit price                          | 109.06   |
| Lowest unit price                           | 98.75  |

^Share class launched 05 March 2021

1. The operating charges per unit figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.

2. The ongoing charges figure is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund together with the ongoing charges included within the underlying Closed Ended Investment Companies held within the Sub-fund's holdings.

**Risk Profile**

Based on past data, the Sub-fund is ranked a '6' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Sub-fund is ranked 6 because monthly historical performance data indicates that significant rises and falls in market prices would have occurred historically.

## PORTFOLIO STATEMENT

As at 30 June 2021

| Holding                       |   | Value £          | % of net assets |
|-------------------------------|---|------------------|-----------------|
| <b>Communications</b>         |   |                  |                 |
| 115                           | Alphabet Inc                              | 202,814          | 0.49%           |
| 110,000                       | Bollore SE                                | 426,726          | 1.04%           |
| 1,000                         | Facebook Inc                              | 253,818          | 0.62%           |
| 8,000                         | JCDecaux SA                               | 158,501          | 0.39%           |
| 450                           | Nintendo Co Ltd                           | 189,927          | 0.46%           |
| 18,000                        | Pearson PLC                               | 149,076          | 0.36%           |
| 25,000                        | S4 Capital PLC                            | 154,500          | 0.38%           |
| 1,262                         | Sea Ltd                                   | 261,376          | 0.64%           |
| 50,000                        | Sumo Group PLC                            | 181,875          | 0.44%           |
| 1,900                         | Walt Disney Co                            | 238,362          | 0.58%           |
| 12,000                        | YouGov PLC                                | 141,600          | 0.35%           |
|                               |   | <u>2,358,575</u> | <u>5.75%</u>    |
| <b>Consumer Discretionary</b> |   |                  |                 |
| 60                            | Amazon.com Inc                            | 149,269          | 0.36%           |
| 350,000                       | Bosideng International Holdings Ltd       | 180,756          | 0.44%           |
| 7,000                         | Byd Co Ltd                                | 151,042          | 0.37%           |
| 2,000                         | Compagnie Financiere Richemont SA         | 17,574           | 0.04%           |
| 15,000                        | Dometic Group AB (publ)                   | 184,504          | 0.45%           |
| 500                           | Dominos Pizza Inc                         | 167,277          | 0.41%           |
| 4,000                         | eBay Inc                                  | 203,412          | 0.50%           |
| 101,332                       | Emak SpA                                  | 150,270          | 0.37%           |
| 1,300                         | EssilorLuxottica SA                       | 174,876          | 0.43%           |
| 1,250                         | Evolution Gaming Group AB (publ)          | 144,849          | 0.35%           |
| 20,000                        | Foschini Group Ltd                        | 162,061          | 0.40%           |
| 5,000                         | Jubilant Foodworks Ltd                    | 149,684          | 0.37%           |
| 7,200                         | Jumia Technologies AG                     | 163,970          | 0.40%           |
| 20,000                        | Li Ning Co Ltd                            | 176,019          | 0.43%           |
| 500                           | LVMH Moet Hennessy Louis Vuitton SE       | 284,688          | 0.69%           |
| 1,700                         | Pandora A/S                               | 165,021          | 0.40%           |
| 2,000                         | Porsche Automobil Holding SE              | 154,401          | 0.38%           |
| 10,000                        | Shenzhou International Group Holdings Ltd | 182,196          | 0.44%           |
| 2,000                         | Shutterstock Inc                          | 145,861          | 0.36%           |
| 3,600                         | Sony Corp                                 | 254,137          | 0.62%           |
| 2,000                         | Starbucks Corp                            | 161,991          | 0.40%           |
| 3,000                         | Yeti Holdings Inc                         | 201,100          | 0.49%           |
|                               |   | <u>3,724,958</u> | <u>9.10%</u>    |
| <b>Consumer Staples</b>       |   |                  |                 |
| 10,000                        | AAK AB (publ)                             | 161,587          | 0.39%           |
| 10,000                        | Ajinomoto Co Inc                          | 188,114          | 0.46%           |
| 10,000                        | Amsterdam Commodities NV                  | 195,767          | 0.48%           |
| 7,200                         | Archer Daniels Midland Co                 | 314,722          | 0.77%           |
| 31                            | Chocoladefabriken Lindt & Spruengli AG    | 222,934          | 0.54%           |
| 4,810                         | Colgate-Palmolive Co                      | 281,903          | 0.69%           |
| 5,000                         | Diageo PLC                                | 174,225          | 0.43%           |
| 1,100                         | Estee Lauder Companies Inc                | 251,966          | 0.61%           |
| 550                           | LOreal SA                                 | 178,113          | 0.43%           |
| 1,650                         | Naspers Ltd                               | 250,082          | 0.61%           |
| 2,000                         | Nestle SA                                 | 180,802          | 0.44%           |
| 10,000                        | Oatly Group AB (publ)                     | 185,825          | 0.45%           |
| 33,000                        | Olam International Ltd (SUB SHS - CALC)   | 266              | 0.00%           |
| 1,500                         | PepsiCo Inc                               | 159,019          | 0.39%           |
| 1,100                         | Remy Cointreau SA                         | 166,662          | 0.41%           |
| 430,000                       | Thai Union Group PCL                      | 194,908          | 0.48%           |
| 115,000                       | Total Produce PLC                         | 261,625          | 0.64%           |
| 77,000                        | Wilmar International Ltd                  | 186,141          | 0.45%           |
|                               |   | <u>3,554,661</u> | <u>8.67%</u>    |

**PORTFOLIO STATEMENT (Continued)**

As at 30 June 2021

| Holding            |  | Value £   | % of net assets |
|--------------------|--|-----------|-----------------|
| <b>Energy</b>      |  |           |                 |
| 50,000             | Aegis Logistics Ltd                                  | 167,541   | 0.41%           |
| 12,000             | Cameco Corp (CAD)                                    | 165,556   | 0.40%           |
| 8,000              | Reliance Industries Ltd                              | 163,915   | 0.40%           |
|                    |  | 497,012   | 1.21%           |
| <b>Financials</b>  |  |           |                 |
| 5,000              | Brookfield Asset Management Inc                      | 188,670   | 0.46%           |
| 35                 | Brookfield Asset Management Reinsurance Partners Ltd | 1,421     | 0.00%           |
| 360                | MSCI Inc   | 140,784   | 0.34%           |
| 200                | Partners Group Holding AG                            | 219,612   | 0.54%           |
| 30,000             | Singapore Exchange Ltd                               | 179,575   | 0.44%           |
| 2,000              | Wendel SE  | 194,952   | 0.48%           |
|                    |  | 925,014   | 2.26%           |
| <b>Health Care</b> |  |           |                 |
| 300                | Align Technology Inc                                 | 132,569   | 0.32%           |
| 6,000              | Avantor Inc  | 154,669   | 0.38%           |
| 322                | Bio Rad Laboratories Inc                             | 150,057   | 0.37%           |
| 1,350              | Carl Zeiss Meditec AG                                | 190,095   | 0.46%           |
| 4,200              | Cellink AB   | 150,941   | 0.37%           |
| 2,700              | Chemometec A/S                                       | 261,828   | 0.64%           |
| 917                | Danaher Corp   | 179,137   | 0.44%           |
| 4,000              | Divis Laboratories Ltd                               | 170,915   | 0.42%           |
| 1,000              | Eli Lilly and Co                                     | 165,443   | 0.40%           |
| 5,000              | Fresenius SE & Co KGaA                               | 188,391   | 0.46%           |
| 6,250              | Getinge AB   | 171,747   | 0.42%           |
| 2,500              | GN Store Nord A/S                                    | 158,220   | 0.39%           |
| 440                | IDEXX Laboratories Inc                               | 202,157   | 0.49%           |
| 540                | Illumina Inc   | 186,730   | 0.46%           |
| 620                | Insulet Corp   | 126,802   | 0.31%           |
| 215                | Intuitive Surgical Inc                               | 142,835   | 0.35%           |
| 1,000              | IQVIA Holdings Inc                                   | 176,155   | 0.43%           |
| 1,000              | Laboratory Corporation of America Holdings           | 199,095   | 0.49%           |
| 4,000              | Laboratorios Farmaceuticos ROVI SA                   | 196,411   | 0.48%           |
| 314                | Lonza Group AG                                       | 161,136   | 0.39%           |
| 1,703              | Medacta Group SA                                     | 162,273   | 0.40%           |
| 1,100              | Moderna Inc  | 186,030   | 0.45%           |
| 4,000              | Novo Nordisk A/S                                     | 243,647   | 0.59%           |
| 10,167             | Oncimmune Holdings PLC                               | 18,377    | 0.04%           |
| 22,000             | Oxford BioMedica PLC                                 | 287,980   | 0.70%           |
| 134,228            | Poolbeg Pharma Limited                               | -         | 0.00%           |
| 3,400              | Revenio Group Oyj                                    | 185,758   | 0.45%           |
| 2,000              | Shockwave Medical Inc                                | 277,208   | 0.68%           |
| 200                | Siegfried Holding AG                                 | 138,161   | 0.34%           |
| 150                | Straumann Holding AG                                 | 171,568   | 0.42%           |
| 500                | Tecan Group AG                                       | 178,691   | 0.44%           |
| 603                | Thermo Fisher Scientific Inc                         | 221,030   | 0.54%           |
| 15,000             | WuXi Biologics (Cayman) Inc                          | 198,195   | 0.48%           |
| 6,000              | Xvivo Perfusion AB                                   | 171,084   | 0.42%           |
| 1,450              | Zoetis Inc   | 196,593   | 0.48%           |
|                    |  | 6,101,928 | 14.90%          |

**PORTFOLIO STATEMENT (Continued)**

As at 30 June 2021

| Holding |   | Value £   | % of net assets |
|---------|---|-----------|-----------------|
|         | <b>Industrials</b>                            |           |                 |
| 4,000   | Aalberts Industries NV                        | 155,173   | 0.38%           |
| 23,000  | Adani Ports and Special Economic Zone Ltd     | 157,223   | 0.38%           |
| 4,000   | Atlas Copco AB                                | 176,961   | 0.43%           |
| 500     | Belimo Holding AG                             | 165,325   | 0.40%           |
| 10,000  | Biesse SpA                                    | 242,468   | 0.59%           |
| 3,000   | Brenntag AG                                   | 201,831   | 0.49%           |
| 400     | Bucher Industries AG                          | 149,832   | 0.37%           |
| 3,375   | Canadian Pacific Railway Ltd                  | 188,078   | 0.46%           |
| 666     | Deere & Co                                    | 167,678   | 0.41%           |
| 1,700   | Eaton Corporation PLC                         | 179,651   | 0.44%           |
| 30,000  | Fagerhult AB                                  | 171,847   | 0.42%           |
| 750     | FedEx Corp                                    | 161,164   | 0.39%           |
| 8,000   | Fluidra SA                                    | 229,517   | 0.56%           |
| 600     | Generac Holdings Inc                          | 177,667   | 0.43%           |
| 34,000  | Godrej Industries Ltd                         | 189,701   | 0.46%           |
| 16,000  | Havells India Ltd                             | 152,226   | 0.37%           |
| 1,000   | Honeywell International Inc                   | 155,787   | 0.38%           |
| 2,400   | IHS Markit Ltd                                | 195,177   | 0.48%           |
| 70,000  | International Container Terminal Services Inc | 168,888   | 0.41%           |
| 65      | Interroll Holding AG                          | 187,485   | 0.46%           |
| 17,000  | Itochu Corp                                   | 355,283   | 0.87%           |
| 7,000   | Koninklijke Boskalis Westminster NV           | 163,544   | 0.40%           |
| 12,000  | Larsen & Toubro Ltd                           | 174,640   | 0.43%           |
| 34,000  | Nicolas Correa SA                             | 163,595   | 0.40%           |
| 2,000   | Nidec Corp                                    | 168,152   | 0.41%           |
| 3,700   | Quanta Services Inc                           | 242,178   | 0.59%           |
| 5,000   | Recruit Holdings Co Ltd                       | 178,663   | 0.44%           |
| 800     | Schindler Holding AG                          | 169,780   | 0.41%           |
| 1,640   | Schneider Electric SE                         | 186,952   | 0.46%           |
| 175,000 | SITC International Holdings Co Ltd            | 527,882   | 1.29%           |
| 32,000  | Somero Enterprises Inc                        | 147,200   | 0.36%           |
| 1,500   | Spirax-Sarco Engineering PLC                  | 204,150   | 0.50%           |
| 5,000   | Toyota Tsusho Corp                            | 171,383   | 0.42%           |
| 1,500   | Varta AG                                      | 170,240   | 0.42%           |
| 800     | VAT Group AG                                  | 191,292   | 0.47%           |
| 5,600   | Vestas Wind Systems A/S                       | 156,731   | 0.38%           |
| 2,000   | Vinci SA                                      | 154,573   | 0.38%           |
| 2,500   | Wolters Kluwer NV                             | 181,036   | 0.44%           |
| 4,050   | XP Power Ltd                                  | 224,370   | 0.55%           |
|         |   | <hr/>     |                 |
|         |   | 7,505,323 | 18.33%          |



**PORTFOLIO STATEMENT (Continued)**

As at 30 June 2021

| Holding                                | Value £   | % of net assets |
|--|-----------|-----------------|
| <b>Information Technology</b>          |           |                 |
| 817 Accenture PLC                      | 174,674   | 0.43%           |
| 500 Adobe Systems Inc                  | 213,035   | 0.52%           |
| 3,300 Altair Engineering Inc           | 169,922   | 0.41%           |
| 1,360 Apple Inc                        | 133,744   | 0.33%           |
| 2,800 Applied Materials Inc            | 286,665   | 0.70%           |
| 17,600 Asetek A/S                      | 143,124   | 0.35%           |
| 565 ASML Holding NV                    | 281,864   | 0.69%           |
| 1,250 Automatic Data Processing Inc    | 178,228   | 0.43%           |
| 88,000 Boku Inc                        | 151,360   | 0.37%           |
| 42,000 Borosil Renewables Ltd          | 109,425   | 0.27%           |
| 2,700 Brooks Automation Inc            | 187,914   | 0.46%           |
| 2,200 Cloudflare Inc                   | 170,731   | 0.42%           |
| 3,000 Cognex Corp                      | 181,244   | 0.44%           |
| 1,100 Comet Holding AG                 | 216,896   | 0.53%           |
| 5,000 Confluent Inc                    | 180,523   | 0.44%           |
| 1,000 Dassault Systemes SE             | 175,783   | 0.43%           |
| 1,100 DocuSign Inc                     | 225,666   | 0.55%           |
| 16,000 Electrocomponents PLC           | 164,080   | 0.40%           |
| 1,000 Fortinet Inc                     | 175,452   | 0.43%           |
| 3,000 Fujifilm Holdings Corp           | 161,355   | 0.39%           |
| 150,000 Greatech Technology Bhd        | 147,968   | 0.36%           |
| 5,500 Halma PLC                        | 148,335   | 0.36%           |
| 17,500 Hexagon AB                      | 186,873   | 0.46%           |
| 5,000 Hitachi Ltd                      | 207,390   | 0.51%           |
| 6,000 HMS Networks AB                  | 182,532   | 0.45%           |
| 385 HubSpot Inc                        | 165,749   | 0.40%           |
| 200 Inficon Holding AG                 | 167,123   | 0.41%           |
| 5,000 Infineon Technologies AG         | 145,357   | 0.35%           |
| 410 Intuit Inc                         | 145,315   | 0.35%           |
| 500 Keyence Corp                       | 182,972   | 0.45%           |
| 600 KLA Corp                           | 140,747   | 0.34%           |
| 6,250 Lectra SA                        | 172,878   | 0.42%           |
| 2,000 Logitech International SA        | 174,314   | 0.43%           |
| 648 Mastercard Inc                     | 172,019   | 0.42%           |
| 400,000 Meyer Burger Technology AG     | 174,939   | 0.43%           |
| 1,163 Microsoft Corp                   | 227,684   | 0.56%           |
| 8,000 Mycronic AB (publ)               | 175,163   | 0.43%           |
| 2,300 Northern Data AG                 | 158,308   | 0.39%           |
| 332 NVIDIA Corp                        | 191,874   | 0.47%           |
| 700 PayPal Holdings Inc                | 147,819   | 0.36%           |
| 1,100 Qorvo Inc                        | 155,285   | 0.38%           |
| 1,600 Qualcomm Inc                     | 164,611   | 0.40%           |
| 120,000 REC Silicon ASA                | 194,310   | 0.47%           |
| 170 Samsung Electronics Co Ltd         | 218,532   | 0.53%           |
| 205 Shopify Inc                        | 219,217   | 0.53%           |
| 150,000 Sunevision Holdings Ltd        | 110,488   | 0.27%           |
| 22,000 Telefonaktiebolaget LM Ericsson | 201,410   | 0.49%           |
| 600 Tokyo Electron Ltd                 | 188,306   | 0.46%           |
| 3,000 Unity Software Inc               | 239,935   | 0.59%           |
| 105,000 Xinyi Solar Holdings Ltd       | 163,363   | 0.40%           |
| 545 Zebra Technologies Corp            | 210,858   | 0.51%           |
|  | 9,163,359 | 22.37%          |

**PORTFOLIO STATEMENT (Continued)**

As at 30 June 2021

| Holding            |   | Value £                  | % of net assets       |
|--------------------|---|--------------------------|-----------------------|
| <b>Materials</b>   |   |                          |                       |
| 75,957             | Afrimat Ltd                               | 220,702                  | 0.54%                 |
| 876,000            | Alphamin Resources Corp                   | 336,490                  | 0.82%                 |
| 12,000             | Anglo American PLC                        | 344,640                  | 0.84%                 |
| 1,300              | Albemarle Corp                            | 157,083                  | 0.38%                 |
| 50,000             | Ambuja Cements Ltd                        | 165,248                  | 0.40%                 |
| 1,300              | Avery Dennison Corp                       | 196,765                  | 0.48%                 |
| 3,777              | Croda International PLC                   | 278,856                  | 0.68%                 |
| 8,150              | Freeport-McMoRan Inc                      | 219,087                  | 0.53%                 |
| 50                 | Givaudan SA                               | 169,174                  | 0.41%                 |
| 100,000            | Ivanhoe Mines Ltd                         | 515,654                  | 1.26%                 |
| 1,200              | Koninklijke DSM NV                        | 161,769                  | 0.39%                 |
| 1,000              | Linde PLC                                 | 207,968                  | 0.51%                 |
| 68,870             | Lynas Corporation Ltd                     | 212,866                  | 0.52%                 |
| 60,000             | Omnia Holdings Ltd                        | 165,792                  | 0.40%                 |
| 2,700              | Sensient Technologies Corp                | 168,184                  | 0.41%                 |
| 936                | Sherwin-Williams Co                       | 184,165                  | 0.45%                 |
| 786                | Sika AG                                   | 187,176                  | 0.46%                 |
| 4,000              | Smurfit Kappa Group PLC                   | 156,923                  | 0.38%                 |
| 19,553             | Treatt PLC                                | 229,259                  | 0.56%                 |
| 1,250              | Vulcan Materials Co                       | 156,961                  | 0.38%                 |
| 1,400              | Wacker Chemie AG                          | 155,499                  | 0.38%                 |
| 12,000             | Zignago Vetro SpA                         | 174,660                  | 0.43%                 |
|                    |   | <u>4,764,921</u>         | <u>11.61%</u>         |
| <b>Property</b>    |   |                          |                       |
| 18,033             | SEGRO PLC                                 | 198,047                  | 0.48%                 |
|                    |   | <u>198,047</u>           | <u>0.48%</u>          |
| <b>Real Estate</b> |   |                          |                       |
| 1,000              | American Tower Corp                       | 196,736                  | 0.48%                 |
| 6,000              | Americold Realty Trust                    | 167,957                  | 0.41%                 |
| 280                | Equinix Inc                               | 162,098                  | 0.40%                 |
| 90,000             | Mapletree Logistics Trust                 | 98,762                   | 0.24%                 |
| 25,000             | Oberoi Realty Ltd                         | 152,410                  | 0.37%                 |
| 57,000             | Parkway Life Real Estate Investment Trust | 140,086                  | 0.34%                 |
| 2,200              | Prologis Inc                              | 192,759                  | 0.47%                 |
| 8,000              | Weyerhaeuser Co                           | 196,992                  | 0.48%                 |
|                    |   | <u>1,307,800</u>         | <u>3.19%</u>          |
| <b>US Equities</b> |   |                          |                       |
| 8,000              | ChargePoint Holdings Inc                  | 205,706                  | 0.50%                 |
|                    |   | <u>205,706</u>           | <u>0.50%</u>          |
| <b>Utilities</b>   |   |                          |                       |
| 3,500              | Nextera Energy Inc                        | 187,050                  | 0.45%                 |
| 8,000              | Scatec ASA                                | 156,308                  | 0.37%                 |
|                    |   | <u>343,358</u>           | <u>0.82%</u>          |
|                    | <b>Portfolio of investments</b>           | <b>40,650,662</b>        | <b>99.19%</b>         |
|                    | <b>Net other assets</b>                   | <b>384,966</b>           | <b>0.94%</b>          |
|                    | <b>Mid to bid adjustment</b>              | <b>(53,685)</b>          | <b>(0.13%)</b>        |
|                    |   | <u><b>40,981,943</b></u> | <u><b>100.00%</b></u> |

The Sub-fund was launched on 24 March 2020, hence there are no comparatives.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

| <b>Purchases (Note 14)</b>                            | <b>£</b>          |
|---|-------------------|
| Synairgen PLC   | 867,029           |
| Tesla Motors Inc                                      | 744,497           |
| Americold Realty Trust                                | 615,284           |
| Unity Software Inc                                    | 611,336           |
| Shiseido Co Ltd                                       | 598,563           |
| Northern Data AG                                      | 592,044           |
| Top Glove Corporation Bhd                             | 589,281           |
| Shopify Inc   | 577,151           |
| Naspers Ltd   | 563,532           |
| Xinyi Solar Holdings Ltd                              | 549,146           |
| Reliance Industries Ltd                               | 548,550           |
| Beazley PLC   | 536,990           |
| Keyence Corp  | 523,594           |
| Olam International Ltd                                | 519,851           |
| Adyen NV  | 518,437           |
| AAK AB (publ)   | 512,709           |
| Albemarle Corp  | 510,950           |
| Fraport AG Frankfurt Airport Services Worldwide       | 499,411           |
| Ajinomoto Co Inc                                      | 498,890           |
| Scatec ASA  | 497,694           |
| Other purchases                                       | 79,706,379        |
| <b>Total purchases for the period</b>                 | <b>91,181,318</b> |
| <b>Sales (Note 14)</b>                                | <b>£</b>          |
| Tesla Motors Inc                                      | 841,807           |
| Plug Power Inc  | 803,419           |
| Top Glove Corporation Bhd                             | 774,268           |
| Synairgen PLC   | 725,752           |
| Blink Charging Co                                     | 593,756           |
| Shiseido Co Ltd                                       | 583,476           |
| Adyen NV  | 540,694           |
| Beazley PLC   | 521,668           |
| Tianneng Power International Ltd                      | 516,444           |
| Xinyi Solar Holdings Ltd                              | 512,711           |
| Olam International Ltd                                | 504,879           |
| Fraport AG Frankfurt Airport Services Worldwide       | 494,049           |
| Shopify Inc   | 489,480           |
| Americold Realty Trust                                | 458,192           |
| Zoomlion Heavy Industry Science and Technology Co Ltd | 454,891           |
| Unilever PLC  | 449,078           |
| Gerresheimer AG                                       | 443,365           |
| Albemarle Corp  | 438,598           |
| Palantir Technologies Inc                             | 430,888           |
| Digital Turbine Inc                                   | 429,012           |
| Other sales   | 50,458,143        |
| <b>Total sales for the period</b>                     | <b>61,464,570</b> |

The above transactions represent the largest sales and purchases during the period.

## STATEMENT OF TOTAL RETURN

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For the period ended 30 June 2021

|  |       | 24.03.20 to 30.06.21 |                          |
|--|-------|----------------------|--------------------------|
|  | Notes | £                    | £                        |
| Income   |       |                      |                          |
| Net capital gains  | 2     |                      | 10,731,940               |
| Revenue  | 3     | 422,083              |                          |
| Expenses   | 4     | (294,536)            |                          |
| Interest payable and similar charges   | 6     | <u>(2,176)</u>       |                          |
| Net revenue before taxation  |       | 125,371              |                          |
| Taxation   | 5     | <u>(50,249)</u>      |                          |
| Net revenue after taxation   |       |                      | <u>75,122</u>            |
| Total return before distributions  |       |                      | 10,807,062               |
| Finance costs: distributions   | 6     |                      | <u>(364,374)</u>         |
| <b>Changes in net assets attributable to shareholders from investment activities</b> |       |                      | <u><b>10,442,688</b></u> |

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 30 June 2021

|   | 24.03.20 to 30.06.21     |
|---|--------------------------|
|   | £                        |
| <b>Opening net assets attributable to shareholders</b>                                    | -                        |
| Amounts receivable on creation of shares  | 31,871,823               |
| Amounts payable on cancellation of shares   | (1,687,824)              |
| Dividend reinvested   | 355,256                  |
| Changes in net assets attributable to shareholders from investment activities (see above) | <u>10,442,688</u>        |
| <b>Closing net assets attributable to shareholders</b>                                    | <u><b>40,981,943</b></u> |

The Sub-fund was launched on 24 March 2020, hence there are no comparatives.

## BALANCE SHEET

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| As at 30 June 2021                             |       |                  | 30.06.21 |                    |
|--|-------|------------------|----------|--------------------|
|  | Notes | £                |          | £                  |
| <b>ASSETS</b>                                  |       |                  |          |                    |
| Investment assets                              |       |                  |          | 40,596,977         |
| <b>Current assets</b>                          |       |                  |          |                    |
| Debtors  | 7     | 995,732          |          |                    |
| Cash and bank balances                         | 8     | <u>452,683</u>   |          |                    |
| <b>Total current assets</b>                    |       |                  |          | <u>1,448,415</u>   |
| <b>Total assets</b>                            |       |                  |          | 42,045,392         |
| <b>LIABILITIES</b>                             |       |                  |          |                    |
| <b>Current liabilities</b>                     |       |                  |          |                    |
| Distribution payable on income shares          |       | (29,735)         |          |                    |
| Bank overdraft                                 | 8     | (168,250)        |          |                    |
| Creditors                                      | 9     | <u>(865,464)</u> |          |                    |
| <b>Total current liabilities</b>               |       |                  |          | <u>(1,063,449)</u> |
| <b>Net assets attributable to shareholders</b> |       |                  |          | <u>40,981,943</u>  |

The Sub-fund was launched on 24 March 2020, hence there are no comparatives.

## NOTES TO THE FINANCIAL STATEMENTS

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### For the period ended 30 June 2021

(a) The financial statements have been prepared in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and to the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling

(b) Dividends on equities are recognised when the security is quoted ex-dividend. Other revenue is accounted for on an accruals basis.

(c) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-fund, and where applicable is included in the distribution. In the case of an enhanced stock dividend the value of the enhancement is treated as capital.

(d) Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.

(e) All expenses are accounted for on an accruals basis and, all expenses are charged to capital of the Sub-fund.

(f) Where the revenue from investments exceeds the expenses of the Sub-fund, half yearly distributions are allocated to all holders of income and accumulation shares.

(g) The listed investments of the Sub-fund have been valued at bid-market prices at the closing valuation point on 30 June 2021. The total net assets are presented at bid price.

(h) All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the date of such transactions. Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 30 June 2021.

(i) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.

Deferred tax assets are recognised only to the extent that the ACD considers that it is more likely than not there will be taxable profits from which underlying timing differences can be deducted.

(j) In order to mitigate the dilutive effect of shareholder transactions on the existing shareholders of the Sub-fund and the Sub-fund's Net Asset Value, the ACD retains discretion to charge a dilution levy on all purchases and redemptions of shares. The levy, which is paid into the Sub-fund, is intended to cover certain charges not included in the mid market value of the Sub-fund, used in calculating the share price, which could have a diluting effect on the performance of the Sub-fund.

(k) Equalisation will be applied to the Sub-fund. An allocation of income to be made in respect of each share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum ("income equalisation") representing the ACD's best estimate of the amount of income included in the price of that share.

The amount of income equalisation in respect of any share may be the actual amount of income included in the issue price of the share in question or it may be an amount arrived at by taking the aggregate of the ACD's best estimate of the amounts of income included in the price of shares in that class issued or sold in the annual or interim period in question and dividing that aggregate by the number of those shares and applying the resultant average to each of the shares in question.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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|                                 |                                 |
|---------------------------------|---------------------------------|
| <b>2 Net capital gains</b>      | <b>24.03.20 to<br/>30.06.21</b> |
|                                 | <b>£</b>                        |
| The net capital gains comprise: |                                 |
| Non-derivative securities gains | 10,886,150                      |
| Transaction charges (custodian) | (21,782)                        |
| Foreign exchange (losses)       | <u>(132,428)</u>                |
| Total net capital gains         | <u>10,731,940</u>               |

|                               |                                 |
|-------------------------------|---------------------------------|
| <b>3 Revenue</b>              | <b>24.03.20 to<br/>30.06.21</b> |
|                               | <b>£</b>                        |
| UK dividends                  | 28,557                          |
| Overseas dividends            | 385,491                         |
| Property income distributions | 2,741                           |
| Investment manager rebate     | 5,284                           |
| Bank interest                 | <u>10</u>                       |
| Total revenue                 | <u>422,083</u>                  |

|   |                                 |
|---|---------------------------------|
| <b>4 Expenses</b>   | <b>24.03.20 to<br/>30.06.21</b> |
|   | <b>£</b>                        |
| <b>Payable to the Authorised Corporate Director,<br/>associates of the Authorised Corporate Director,<br/>and agents of either of them:</b> |                                 |
| ACD fee   | 247,949                         |
| <b>Payable to the depositary, associates of the<br/>depositary, and agents of either of them:</b>   |                                 |
| Depositary fee  | 22,844                          |
| Safe custody fee  | <u>3,955</u>                    |
|   | <u>26,799</u>                   |
| <b>Other expenses:</b>  |                                 |
| Audit fee   | 8,100                           |
| FCA fee   | 82                              |
| Other expenses  | <u>11,606</u>                   |
|   | <u>19,788</u>                   |
| Total expenses  | <u>294,536</u>                  |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation

24.03.20 to  
30.06.21  
£

**(a) Analysis of charge in the period**

|   |               |
|---|---------------|
| Irrecoverable overseas withholding tax    | 50,249        |
| Total tax charge for the period (note 5b) | <u>50,249</u> |

**(b) Factors affecting current tax charge for the period**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK for an open-ended investment company 20.00%.

The differences are explained below:

|   |               |
|---|---------------|
| Net revenue before taxation               | 125,371       |
| Corporation tax at 20.00%                 | 25,074        |
| <u>Effects of:</u>                        |               |
| Revenue not subject to UK corporation tax | (82,809)      |
| Current period expenses not utilised      | 57,735        |
| Irrecoverable overseas withholding tax    | 50,249        |
| Current taxation (note 5a)                | <u>50,249</u> |

**(c) Provision for deferred taxation**

At 30 June 2021 there is a potential deferred tax asset of £57,735 in relation to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.

6 Finance costs

24.03.20 to  
30.06.21  
£

|                       |                |
|-----------------------|----------------|
| Interim distributions | 169,346        |
| Final distribution    | <u>228,919</u> |
|                       | 398,265        |

|   |                 |
|---|-----------------|
| Add: Revenue deducted on cancellation of shares | 3,441           |
| Deduct: Revenue received on issue of shares     | <u>(37,332)</u> |

|  |                |
|--|----------------|
| <b>Net distribution for the period</b> | 364,374        |
| Interest payable and similar charges   | <u>2,176</u>   |
| <b>Total finance costs</b>             | <u>366,550</u> |

**Reconciliation of distributions**

|   |                |
|---|----------------|
| Net revenue after taxation                | 75,122         |
| Expenses paid from capital less IM rebate | <u>289,252</u> |
| <b>Net distribution for the period</b>    | <u>364,374</u> |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

| <b>7 Debtors</b>                       | <b>2021</b>    |
|--|----------------|
|  | <b>£</b>       |
| Amounts receivable for issue of shares | 167,984        |
| Amounts receivable on trades           | 799,843        |
| Prepayments                            | 67             |
| Accrued revenue:                       |                |
| UK dividends receivable                | 1,568          |
| Overseas dividends receivable          | 20,850         |
| Tax recoverable                        | 5,420          |
| Total debtors                          | <u>995,732</u> |

| <b>8 Cash and bank balances</b> | <b>2021</b>      |
|---------------------------------|------------------|
|                                 | <b>£</b>         |
| Cash and bank balances          | <u>452,683</u>   |
| Bank overdraft                  | <u>(168,250)</u> |

| <b>9 Creditors</b>  | <b>2021</b>    |
|---|----------------|
|   | <b>£</b>       |
| Amounts payable for redemption of shares  | 7,843          |
| Amounts payable on trades   | 811,129        |
| <b>Payable to the ACD, associates of the ACD<br/>and agents of either of them:</b>                |                |
| ACD's periodic charge   | 24,357         |
| <b>Payable to the depositary, associates of the<br/>depositary, and agents of either of them:</b> |                |
| Depositary fee  | 1,627          |
| Transaction charges   | 7,252          |
| Safe custody and other bank charges   | 1,501          |
|   | <u>10,380</u>  |
| Other accrued expenses  | 11,755         |
| Total creditors   | <u>865,464</u> |

### 10 Risk management

In pursuing its investment objective as stated on page 7, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the period.

#### Market price risk

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 10 Risk management (continued)

#### Market price risk (continued)

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the period ended 30 June 2021 would have increased/decreased by £4,059,698.

#### Foreign currency risk

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The Sub-fund's investment portfolio is invested in equities that are registered overseas and/or denominated in overseas currencies and the balance sheet can be affected by movements in foreign exchange rates. The ACD may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to Sterling on or near the date of receipt.

A portion of the net assets of the Sub-fund is denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by currency movements. If foreign exchange rates at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 30.06.21 would have increased/decreased by £3,675,702.

Net currency assets and liabilities consist of:

|                    | Net monetary assets and liabilities |            | Non-monetary assets |  | Total net assets |  |
|--------------------|-------------------------------------|------------|---------------------|--|------------------|--|
|                    | £                                   |            | £                   |  | £                |  |
|                    | 30.06.21                            |            | 30.06.21            |  | 30.06.21         |  |
| Sterling           | 784,130                             | 3,440,798  | 4,224,928           |  |                  |  |
| US Dollar          | (66,817)                            | 14,524,792 | 14,457,975          |  |                  |  |
| Euro               | (9,063)                             | 6,479,280  | 6,470,217           |  |                  |  |
| Australian Dollar  | -                                   | 212,493    | 212,493             |  |                  |  |
| Canadian Dollar    | -                                   | 1,387,169  | 1,387,169           |  |                  |  |
| Swiss Franc        | -                                   | 3,385,581  | 3,385,581           |  |                  |  |
| Danish Krone       | -                                   | 985,222    | 985,222             |  |                  |  |
| Hong Kong Dollar   | -                                   | 1,688,559  | 1,688,559           |  |                  |  |
| Indian Rupee       | 4                                   | 1,748,079  | 1,748,083           |  |                  |  |
| Japanese Yen       | -                                   | 2,243,941  | 2,243,941           |  |                  |  |
| Malaysian Ringgit  | 4                                   | 147,577    | 147,581             |  |                  |  |
| Norwegian Krone    | (160,038)                           | 493,290    | 333,252             |  |                  |  |
| Philippine Peso    | -                                   | 168,733    | 168,733             |  |                  |  |
| Swedish Krona      | -                                   | 2,077,852  | 2,077,852           |  |                  |  |
| Singapore Dollar   | -                                   | 603,408    | 603,408             |  |                  |  |
| Thai Baht          | -                                   | 194,425    | 194,425             |  |                  |  |
| South African Rand | (163,254)                           | 815,778    | 652,524             |  |                  |  |
| Total              | 384,966                             | 40,596,977 | 40,981,943          |  |                  |  |

#### Interest rate risk

Interest rate risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in interest rates. At 30 June 2021 the Sub-fund has bank balances of £452,683 and bank overdraft of £168,250.

#### Maturity of financial liabilities

The financial liabilities of the Sub-fund as at 30 June 2021 are payable either within one period or on demand.

#### Liquidity risk

The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

**10 Risk management (continued)**

**Credit risk**

Certain transactions in securities that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the ACD as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

Credit risk also arises on cash held within financial institutions. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related.

**Fair value disclosure**

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

- A Fair value based on a quoted price for an identical instrument in an active market.
- B Fair value based on the price of a recent transaction for an identical instrument.
- C1 Fair value based on a valuation technique using observable market data.
- C2 Fair value based on a valuation technique that relies significantly on non-observable market data.

| Valuation Technique   | Assets (£000's) | Liabilities (£000's) |
|---|-----------------|----------------------|
| A Quoted prices for identical instruments in active markets   | 40,597          | -                    |
| C2 Fair value based on a valuation technique that relies significantly on non-observable market data. | -               | -                    |
| <b>Total</b>  | <b>40,597</b>   | <b>-</b>             |

**11 Shares held**

**Class F (Accumulation)**

|                                      |                   |
|--------------------------------------|-------------------|
| <b>Opening shares at 24.03.20</b>    | -                 |
| Shares issued during the period      | 23,868,158        |
| Shares cancelled during the period   | (1,188,648)       |
| Shares converted during the period   | (477,250)         |
| <b>Closing shares as at 30.06.21</b> | <b>22,202,260</b> |

**Class F (Income)**

|                                      |                  |
|--------------------------------------|------------------|
| <b>Opening shares at 22.05.20</b>    | -                |
| Shares issued during the period      | 3,277,058        |
| Shares cancelled during the period   | (55,632)         |
| Shares converted during the period   | 537,907          |
| <b>Closing shares as at 30.06.21</b> | <b>3,759,333</b> |

**Class A (Accumulation)**

|                                      |               |
|--------------------------------------|---------------|
| <b>Opening shares at 05.03.21</b>    | -             |
| Shares issued during the period      | 89,622        |
| Shares cancelled during the period   | (168)         |
| Shares converted during the period   | -             |
| <b>Closing shares as at 30.06.21</b> | <b>89,454</b> |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 12 Contingent assets and liabilities

At 30 June 2021, the Sub-fund had no contingent liabilities or commitments.

### 13 Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 30 June 2021. Since that date, the Sub-fund's quoted price has moved as follows:

#### Share class

|                        | Price at 30 June 2021 | Price at 13 October 2021 |
|------------------------|-----------------------|--------------------------|
|                        | GBp                   | GBp                      |
| Class F (Accumulation) | 160.5036p             | 166.5691p                |
| Class F (Income)       | 141.0638p             | 146.3942p                |
| Class A (Accumulation) | 108.6036p             | 112.6536p                |

### 14 Direct transaction costs

|  | 24.03.20 to 30.06.21 |       |
|--|----------------------|-------|
|  | £                    | %     |
| <b>Analysis of total purchase costs</b>          |                      |       |
| Purchases in the period before transaction costs | 91,081,179           |       |
| Commissions                                      | 46,163               | 0.05% |
| Taxes  | 36,520               | 0.04% |
| Levies   | 17,456               | 0.02% |
| Total purchase costs                             | 100,139              | 0.11% |
| Total purchases including transaction costs      | 91,181,318           |       |

|  | 24.03.20 to 30.06.21 |         |
|--|----------------------|---------|
|  | £                    | %       |
| <b>Analysis of total sale costs</b>          |                      |         |
| Sales in the period before transaction costs | 61,503,189           |         |
| Commissions                                  | (30,597)             | (0.05%) |
| Taxes  | (6,003)              | (0.01%) |
| Levies                                       | (2,019)              | (0.00%) |
| Total sale costs                             | (38,619)             | (0.06%) |
| Total sales net of transaction costs         | 61,464,570           |         |

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-fund's average net asset value in the period:

|             | 24.03.20 to 30.06.21 |                              |
|-------------|----------------------|------------------------------|
|             | £                    | % of average net asset value |
| Commissions | 76,760               | 0.28%                        |
| Taxes       | 42,523               | 0.15%                        |
| Levies      | 19,475               | 0.07%                        |
|             | 138,758              | 0.50%                        |

## DISTRIBUTION TABLES

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### For the period ended 30 June 2021

#### Interim distribution in pence per share

Group 1: Shares purchased prior to 24 March 2020

Group 2 : Shares purchased on or after 24 March 2020 and on or before 30 June 2020

24 March 2020 to 30 June 2020

| <b>Class F (Accumulation)</b> | <b>Dividend accumulated 28 August 2020</b> | <b>Equalisation</b> | <b>Dividend accumulated 28 August 2020</b> |
|-------------------------------|--|---------------------|--|
| Group 1                       | 0.3645p                                    | -                   | 0.3645p                                    |
| Group 2                       | 0.2824p                                    | 0.0821p             | 0.3645p                                    |

| <b>Class F (Income)</b> | <b>Dividend paid 28 August 2020</b> | <b>Equalisation</b> | <b>Dividend paid 28 August 2020</b> |
|-------------------------|-------------------------------------|---------------------|-------------------------------------|
| Group 1                 | 0.1479p                             | -                   | 0.1479p                             |
| Group 2                 | 0.1479p                             | -                   | 0.1479p                             |

#### Interim distribution in pence per share

Group 1: Shares purchased prior to 1 July 2020

Group 2 : Shares purchased on or after 1 July 2020 and on or before 31 December 2020

01 July 2020 to 31 December 2020

| <b>Class F (Accumulation)</b> | <b>Dividend accumulated 26 February 2021</b> | <b>Equalisation</b> | <b>Dividend accumulated 26 February 2021</b> |
|-------------------------------|--|---------------------|--|
| Group 1                       | 0.5239p                                      | -                   | 0.5239p                                      |
| Group 2                       | 0.2257p                                      | 0.2982p             | 0.5239p                                      |

| <b>Class F (Income)</b> | <b>Dividend paid 26 February 2021</b> | <b>Equalisation</b> | <b>Dividend paid 26 February 2021</b> |
|-------------------------|---------------------------------------|---------------------|---------------------------------------|
| Group 1                 | 0.4315p                               | -                   | 0.4315p                               |
| Group 2                 | 0.2209p                               | 0.2106p             | 0.4315p                               |

## DISTRIBUTION TABLES (continued)

### Final distribution in pence per share

Group 1: Shares purchased prior to 01 January 2021

Group 2 : Shares purchased on or after 01 January 2021 and on or before 30 June 2021

01 January 2021 to 30 June 2021

| Class F (Accumulation) | Dividend Accumulated 28 August 2021 | Equalisation | Dividend Accumulated 28 August 2021 |
|------------------------|-------------------------------------|--------------|-------------------------------------|
| Group 1                | 0.8949p                             | -            | 0.8949p                             |
| Group 2                | 0.5992p                             | 0.2957p      | 0.8949p                             |

| Class F (Income) | Dividend paid 28 August 2021 | Equalisation | Dividend paid 28 August 2021 |
|------------------|------------------------------|--------------|------------------------------|
| Group 1          | 0.7910p                      | -            | 0.7910p                      |
| Group 2          | 0.5024p                      | 0.2886p      | 0.7910p                      |

| Class A (Accumulation) | Dividend Accumulated 28 August 2021 | Equalisation | Dividend Accumulated 28 August 2021 |
|------------------------|-------------------------------------|--------------|-------------------------------------|
| Group 1                | 0.5432p                             | -            | 0.5432p                             |
| Group 2                | 0.2483p                             | 0.2949p      | 0.5432p                             |

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

### Information for corporate shareholders

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 99.34% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 0.66% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

## SUB-FUND OVERVIEW

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|  |  |
|--|--|
| <b>Name of Sub-fund</b>                | VT Downing Unique Opportunities Fund   |
| <b>Size of Sub-fund</b>                | £38,514,521  |
| <b>Launch date</b>                     | 17 March 2020  |
| <b>Investment objective and policy</b> | <p>The investment objective of the Sub-fund is to achieve capital growth and income over the long term (5 + years).</p> <p>The Sub-fund seeks to achieve its investment objective by investing at least 80% in equities listed on UK markets (including the London Stock Exchange, AIM and the ICAP Securities and Derivatives Exchange (ISDX)). The Investment Manager will be seeking to invest in equities which it considers to have a unique outlook and opportunity for growth. The Investment Manager will be looking for the Sub-fund to invest in companies which have clearly identifiable characteristics to protect them against the entry of competitors (which are expected to enable such companies to produce an above average return on equity). The unique characteristics sought include:</p> <ul style="list-style-type: none"><li>▪ having intangible assets e.g. brands, patents or regulatory licences;</li><li>▪ having cost advantages stemming from process, location, scale or access to a unique asset;</li><li>▪ being the leading network in a business segment; and/or</li><li>▪ there being high switching costs which generate high customer retention rates.</li></ul> <p>Such businesses are highly likely to be the only UK listed company in their industry or one of very few and possessing a distinctive corporate strategy and so are considered 'unique opportunities'.</p> <p>The Sub-fund may also invest in other equities, fixed income, money market instruments, deposits, warrants, cash and near cash.</p> <p>The Sub-fund will aim to hold a portfolio of between 25-40 investments.</p> <p>The Sub-fund will be actively managed.</p> <p>Save as noted above (with a focus on UK listed investments), the Sub-fund will not have any particular, industry or economic sector focus and as such weightings in these may vary as required.</p> |
| <b>Derivatives</b>                     | <p>The Sub-fund may hold derivatives for Efficient Portfolio Management (EPM) purposes (including hedging). It is not intended that the use of derivatives for EPM purposes will increase the risk profile of the Sub-fund.</p>  |
| <b>Benchmark</b>                       | <p>The Sub-fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance.</p> <p>However, many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.</p> <p>In order to assess the Sub-fund's performance, investors may find it useful to compare the Sub-fund against the performance of the IA All Companies Sector Index, which serves as a method of comparing the Sub-fund's performance with other funds which have broadly similar characteristics.</p>   |

## SUB-FUND OVERVIEW (continued)

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|  |                         |
|--|-------------------------|
| <b>Annual accounting date</b>          | 30 June                 |
| <b>Interim accounting date</b>         | 31 December             |
| <b>Annual income allocation date</b>   | By 31 August            |
| <b>Interim income allocation dates</b> | By last day of February |

### Minimum investment

|   |  |
|---|--|
| <b>Lump sum subscription:</b>                     | Class A: £1,000                              |
| <b>Top-up:</b>                                    | Class A: £100                                |
| <b>Holding:</b>                                   | Class A: £1,000                              |
| <b>Regular saving:</b>                            | £100 per month                               |
| <b>Redemption/switching:</b>                      | N/A (provided minimum holding is maintained) |
| <b>Initial, redemption and switching charges:</b> | Nil  |

The ACD may waive the minimum levels (and initial charge and redemption charge) at its discretion.

### Annual management charges

|                                   |  |
|-----------------------------------|--|
| The annual management charges are | £30,000 <sup>^</sup> per annum plus<br>Class A – 0.75% per annum |
|-----------------------------------|--|

The above percentages being percentages of the net asset value of the Sub-fund attributable to the relevant class (plus VAT if applicable).

<sup>^</sup>The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2021)). In the event of negative inflation, this fee will remain unchanged.



## INVESTMENT MANAGER'S REVIEW

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### Investment Philosophy

The manager believes that there is no philosophical difference between buying shares in a business and owning the business in its entirety. The first task therefore is to identify businesses which have long term growth potential, strong finances, committed and capable management, and strong barriers to keep out competition. Such barriers could include high customer switching costs, patents, regulatory licenses, brands, network effects, low operating costs or access to a unique asset. The evidence for such barriers to competition is usually found in above average returns on capital, or, since we are equity investors, in high returns on equity, but without undue financial leverage. Businesses which regularly achieve high returns on equity and can reinvest some or most of their surplus capital at similar returns can over time see a compounding of financial rewards to investors which may be underestimated by the stock market. The manager seeks to invest into these superior businesses at below intrinsic value, defined as the sum of likely future free cash flows discounted back at a conservative rate. There is an in-built conservatism in this process, in the forecasting of future cash flows, in the discount rate, and in the fact that surplus cash is not assumed to be reinvested, although some of it will be.

### Performance Overview

The Fund launched in March 2020, the income units on 17 March and the accumulation units on 25 March. Over the period from launch to 30 June 2021, the income units rose in price by 72.02%, and generated a total return of 74.47%. This compares to an average total return of 59.13% achieved by the peer group, the IA UK All Companies Total Return Index, over the same period. The accumulation units, which launched slightly later, rose in price by 70.63% from launch to 30 June 2021, and this compares to an average return of 49.17% achieved by the peer group over the identical time frame. Despite a pleasing start, this is still a short period over which to measure the performance of any fund and deduce meaningful conclusions.

The UK equity market had been very weak in early 2020 as the global Covid-19 pandemic unfolded and reached its nadir on 23 March. Thus, the timing of our launch was fortuitous. In this reporting period, the Fund performed in the first quartile among its peers, and this was achieved while holding cash balances which averaged 17%. The high cash balances reflected the time and care taken in the early months to establish and build up the portfolio holdings. Thus, the returns delivered by our underlying stock selection were very strong. The Fund ended June 2021 with around 8% in cash and 32 holdings (ignoring a holding in Trellus Health, a recently listed company whose shares were obtained from an in-specie distribution by EKF Diagnostics, and are valued at nil in these accounts, due to near term restrictions on dealing).

### Key Contributors and Detractors

The largest individual contribution to performance came from Impax Asset Management. Assets under management at this fund management house, which is a pioneer and global leader in sustainable investing, rose from £14.4 billion at the end of March 2020 to £34.4 billion at the end of June 2021. This demonstrates both the rising popularity of sustainable investing and the credentials of Impax in this field, both for institutional and retail investors.

The technology sector continues to have the highest representation in the Fund, at 30% on average, albeit this high-level categorisation includes some technology-rich industrial and defence businesses. The next three of the top four contributors in this period were IT software and services companies. Kainos Group has continued to see strong demand from the UK central government and the NHS for its digital services, where revenue grew by 32% year on year. In addition, Kainos continues to grow its Workday cloud-based human capital and financial planning software implementation practice in Europe and North America and its proprietary testing software for Workday customers. Workday revenues grew by 30% of which 18% was organic. Alfa Financial Software is a global leader in the provision of leasing software for managing the lease cycle for automotive, aircraft, office and agricultural equipment lessors. Alfa announced six new customer wins in 2020, diversifying its blue-chip customer base to 32. Several existing customers upgraded to version 5 of its software, and cloud-hosting is becoming an increasingly important, accretive, and predictable revenue stream. Dotdigital is a leading omni-channel platform for the automation of digital marketing campaigns. Dotdigital has continued to deliver a ten-year unbroken record of revenue and profit growth. The other top performer was Elementis, a speciality chemicals company whose active ingredients help improve the flow qualities of cosmetics and coatings. It is the second largest global producer of talc, used to lighten and strengthen plastics, and the only North American producer of chromium. Elementis received two bid approaches from trade buyers, but these were rejected as undervaluing the company. Nevertheless, this provides a useful underpinning of the share price.

### Key Contributors and Detractors (continued)

There were only a handful of relative detractors in the period, being mainly consumer-facing businesses such as MJ Gleeson (housebuilder) and AG Barr (soft drinks manufacturer), which were negatively affected by the various UK lockdowns imposed during different phases of the pandemic. There was only one significant faller in absolute terms, marine services supplier James Fisher. Its subsea and equipment-rental services to the offshore oil and gas industry, and its installation services to the offshore renewables industry, were severely disrupted by the pandemic. In addition, the decision to purchase two dive-support vessels to aid offshore oil & gas projects in West Africa and the Middle East proved ill-judged or at least badly timed. Impairments of £31.6 million were taken in 2020, and one of these vessels has subsequently been sold to reduce group debt. More positively, a recent strategic review of the group by a new management team has identified scope for significant operational and financial improvements in what has historically been a profitable and cash-generative company.

There have been only a handful of disposals at this early stage in the life of the Fund. The holding in Aveva (software) was sold as its market capitalisation had moved over our upper limit of £10 billion, following a share issue to purchase OSISoft. Small investments in SSP (airport and rail station catering) and Bioventix (antibody production) were sold early on. More recently, the holding in mask producer Avon Protection was sold as a result of lingering doubts over the quality and logic of an acquisition from 3M, which took the company into the new area of body armour. More generally the company is becoming more acquisitive, which in our view raises the investment risk. Subsequent to our exit, further delays in product shipments and rising labour and supply chain costs have caused a major de-rating of the shares.

### Outlook

The manager does not attempt to forecast macro-economic trends, preferring to focus on allocating investors' capital into excellent businesses with sustainably high barriers to competition, and allowing the compounding effect of high returns on equity to generate positive value creation over the long term.

Downing LLP  
Investment Manager to the Fund  
14 September 2021

### Sources

<sup>1</sup> <https://www.londonstockexchange.com/news-article/IPX/q3-aum-update/15048127>

<sup>2</sup> <https://go.kainos.com/rs/272-PGO-379/images/Kainos-Annual-Report-2021.pdf>

<sup>3</sup> <https://go.kainos.com/rs/272-PGO-379/images/Kainos-Annual-Report-2021.pdf>

<sup>4</sup> <http://s3-eu-west-1.amazonaws.com/cdn.alfasystems.com/articleDownloads/2020-FY-results-RNS-vFINAL.pdf?mtime=20210322201229>

<sup>5</sup> <https://www.dotdigitalgroup.com/wp-content/uploads/2021/02/H1-2021-dotdigital-Results-Presentation-FINAL-1.pdf>

<sup>6</sup> <https://www.elementis.com/business-at-a-glance>

<sup>7</sup> <https://www.elementis.com/sites/default/files/2021-04/2020%20Annual%20Report%20and%20Accounts.pdf>

<sup>8</sup> <https://ir.q4europe.com/Solutions/JamesFisher/2140/newsArticle.aspx?storyid=15176953>

<sup>9</sup> [https://www.james-fisher.com/files/7516/1616/0652/260448\\_JF\\_PLC\\_AnnualReport\\_Web\\_lower.pdf](https://www.james-fisher.com/files/7516/1616/0652/260448_JF_PLC_AnnualReport_Web_lower.pdf)

<sup>10</sup> [https://investors.aveva.com/annualreport/docs/Annual\\_Report\\_2021.pdf](https://investors.aveva.com/annualreport/docs/Annual_Report_2021.pdf)

<sup>11</sup> [https://otp.tools.investis.com/clients/uk/avon\\_rubber\\_plc1/rns/regulatory-story.aspx?cid=820&newsid=1436927](https://otp.tools.investis.com/clients/uk/avon_rubber_plc1/rns/regulatory-story.aspx?cid=820&newsid=1436927)

## PERFORMANCE RECORD

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|                                |   | <b>Period from 25<br/>March 2020 to<br/>30 June 2021</b> |
|--------------------------------|---|--|
| <b>Class A (Accumulation)</b>  |   |  |
| Changes in net assets per unit |   | GBP  |
|                                | Opening net asset value per unit            | 100.0000   |
|                                | Return before operating charges             | <u>72.3206</u>   |
|                                | Operating charges (note 1)                  | <u>(1.6914)</u>  |
|                                | Return after operating charges *            | <u>70.6292</u>   |
|                                | Closing net asset value per unit            | <u>170.6292</u>  |
|                                | Retained distributions on accumulated units | 2.3989   |
|                                | <br>*after direct transactions costs of:    | <br>0.8733   |
| Performance                    |   |  |
|                                | Return after charges                        | 70.63%   |
| Other information              |   |  |
|                                | Closing net asset value                     | £31,868,293  |
|                                | Closing number of units                     | 18,676,932   |
|                                | Operating charges (note 2)                  | 1.00%  |
|                                | Direct transaction costs                    | 0.65%  |
| Prices                         |   |  |
|                                | Highest unit price                          | 171.50   |
|                                | Lowest unit price                           | 100.00   |

^Share class launched 25 March 2020

|                                |  | <b>Period from 17<br/>March 2020 to<br/>30 June 2021</b> |
|--------------------------------|--|--|
| <b>Class A (Income)</b>        |  |  |
| Changes in net assets per unit |  | GBP  |
|                                | Opening net asset value per unit         | 100.0000   |
|                                | Return before operating charges          | <u>76.2269</u>   |
|                                | Operating charges (note 1)               | <u>(1.7568)</u>  |
|                                | Return after operating charges *         | <u>74.4701</u>   |
|                                | Distribution on income units             | <u>(2.4530)</u>  |
|                                | Closing net asset value per unit         | <u>172.0171</u>  |
|                                | <br>*after direct transactions costs of: | <br>0.8777   |
| Performance                    |  |  |
|                                | Return after charges                     | 74.47%   |
| Other information              |  |  |
|                                | Closing net asset value                  | £6,867,234   |
|                                | Closing number of units                  | 3,992,180  |
|                                | Operating charges (note 2)               | 1.00%  |
|                                | Direct transaction costs                 | 0.65%  |
| Prices                         |  |  |
|                                | Highest unit price                       | 173.80   |
|                                | Lowest unit price                        | 99.65  |

^Share class launched 17 March 2020

## PERFORMANCE RECORD (Continued)

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1. The operating charges per unit figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.
2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund.

### Risk Profile

Based on past data, the Sub-fund is ranked a '5' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Sub-fund is ranked 5 because monthly historical performance data indicates that relatively high rises and falls in market prices would have occurred historically.

## PORTFOLIO STATEMENT

As at 30 June 2021

| Holding                       |                                       | Value £                  | % of net assets       |
|-------------------------------|---------------------------------------|--------------------------|-----------------------|
| <b>Communications</b>         |                                       |                          |                       |
| 47,000                        | 4imprint Group PLC                    | 1,269,000                | 3.28%                 |
| 170,000                       | Auto Trader Group PLC                 | 1,073,550                | 2.79%                 |
| 90,000                        | YouGov PLC                            | 1,062,000                | 2.76%                 |
|                               |                                       | <u>3,404,550</u>         | <u>8.83%</u>          |
| <b>Consumer Discretionary</b> |                                       |                          |                       |
| 90,000                        | Dunelm Group PLC                      | 1,269,000                | 3.29%                 |
| 11,000                        | Games Workshop Group PLC              | 1,277,100                | 3.32%                 |
| 138,509                       | MJ Gleeson PLC                        | 1,206,413                | 3.13%                 |
| 85,000                        | Vitec Group Plc                       | 1,200,625                | 3.12%                 |
|                               |                                       | <u>4,953,138</u>         | <u>12.86%</u>         |
| <b>Consumer Staples</b>       |                                       |                          |                       |
| 210,000                       | A.G. Barr PLC                         | 1,096,200                | 2.85%                 |
|                               |                                       | <u>1,096,200</u>         | <u>2.85%</u>          |
| <b>Financials</b>             |                                       |                          |                       |
| 175,000                       | AJ Bell PLC                           | 761,425                  | 1.98%                 |
| 125,000                       | Impax Asset Management Group PLC      | 1,401,250                | 3.64%                 |
| 85,000                        | Mortgage Advice Bureau (Holdings) PLC | 1,032,750                | 2.68%                 |
| 265,000                       | Tatton Asset Management Ltd.          | 1,140,825                | 2.96%                 |
|                               |                                       | <u>4,336,250</u>         | <u>11.26%</u>         |
| <b>Healthcare</b>             |                                       |                          |                       |
| 360,000                       | Advanced Medical Solutions Group PLC  | 1,016,100                | 2.64%                 |
| 52,000                        | Craneware PLC                         | 1,115,400                | 2.90%                 |
| 1,500,000                     | EKF Diagnostics Holdings PLC          | 1,125,000                | 2.92%                 |
| 80,000                        | EMIS Group PLC                        | 927,200                  | 2.41%                 |
| 85,000                        | Ergomed PLC                           | 1,024,250                | 2.66%                 |
| 61,538                        | Trellus Health Ltd                    | -                        | 0.00%                 |
| 175,000                       | Tristel PLC                           | 1,102,500                | 2.86%                 |
|                               |                                       | <u>6,310,450</u>         | <u>16.39%</u>         |
| <b>Industrials</b>            |                                       |                          |                       |
| 425,000                       | Chemring Group PLC                    | 1,219,750                | 3.17%                 |
| 35,000                        | Diploma PLC                           | 1,024,800                | 2.66%                 |
| 115,000                       | James Fisher and Sons PLC             | 1,048,225                | 2.72%                 |
| 300,000                       | Rotork PLC                            | 1,039,500                | 2.70%                 |
| 20,000                        | XP Power Ltd                          | 1,108,000                | 2.88%                 |
|                               |                                       | <u>5,440,275</u>         | <u>14.13%</u>         |
| <b>Information Technology</b> |                                       |                          |                       |
| 750,000                       | Alfa Financial Software Holdings PLC  | 978,750                  | 2.54%                 |
| 160,000                       | Aptitude Software Group PLC           | 936,000                  | 2.43%                 |
| 550,000                       | Dotdigital Group PLC                  | 1,260,876                | 3.27%                 |
| 85,000                        | Kainos Group PLC                      | 1,271,175                | 3.30%                 |
| 49,000                        | Softcat PLC                           | 873,915                  | 2.27%                 |
| 400,000                       | Strix Group PLC                       | 1,259,000                | 3.27%                 |
| 130,000                       | Tracsis PLC                           | 1,176,500                | 3.05%                 |
|                               |                                       | <u>7,756,216</u>         | <u>20.13%</u>         |
| <b>Materials</b>              |                                       |                          |                       |
| 800,000                       | Elementis PLC                         | 1,224,400                | 3.18%                 |
| 40,000                        | Victrix PLC                           | 1,019,200                | 2.65%                 |
|                               |                                       | <u>2,243,600</u>         | <u>5.83%</u>          |
|                               | <b>Portfolio of investments</b>       | <b>35,540,679</b>        | <b>92.28%</b>         |
|                               | <b>Net other assets</b>               | <b>3,194,848</b>         | <b>8.29%</b>          |
|                               | <b>Mid to bid adjustment</b>          | <b>(221,006)</b>         | <b>(0.57%)</b>        |
|                               |                                       | <u><b>38,514,521</b></u> | <u><b>100.00%</b></u> |

The Sub-fund was launched on 17 March 2020, hence there are no comparatives.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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|   |                              |
|---|------------------------------|
| <b>Total sales for the period (Note 14)</b> | <b>£</b><br><b>1,263,041</b> |
| AVEVA Group PLC                             | 549,790                      |
| Avon Rubber PLC                             | 517,443                      |
| Bioventix PLC                               | 122,953                      |
| SSP Group PLC                               | 72,855                       |

|   |                               |
|---|-------------------------------|
| <b>Total purchases for the period (Note 14)</b> | <b>£</b><br><b>29,387,267</b> |
| 4imprint Group PLC                              | 1,073,584                     |
| A.G.Barr PLC                                    | 976,036                       |
| Advanced Medical Solutions Group PLC            | 819,163                       |
| AJ Bell PLC                                     | 700,343                       |
| Alfa Financial Software Holdings PLC            | 837,004                       |
| Aptitude Software Group PLC                     | 757,227                       |
| Auto Trader Group PLC                           | 944,750                       |
| AVEVA Group PLC                                 | 507,715                       |
| Avon Rubber PLC                                 | 561,513                       |
| Bioventix PLC                                   | 103,226                       |
| Chemring Group PLC                              | 1,108,809                     |
| Craneware PLC                                   | 950,463                       |
| Diploma PLC                                     | 751,348                       |
| Dotdigital Group PLC                            | 786,310                       |
| Dunelm Group PLC                                | 1,141,350                     |
| EKF Diagnostics Holdings PLC                    | 865,856                       |
| Elementis PLC                                   | 745,603                       |
| EMIS Group PLC                                  | 945,551                       |
| Ergomed PLC                                     | 894,092                       |
| Games Workshop Group PLC                        | 1,016,033                     |
| Impax Asset Management Group PLC                | 622,036                       |
| James Fisher and Sons PLC                       | 1,169,064                     |
| Kainos Group PLC                                | 929,211                       |
| MJ Gleeson PLC                                  | 982,718                       |
| Mortgage Advice Bureau (Holdings) PLC           | 655,967                       |
| Rotork PLC                                      | 1,074,083                     |
| Softcat PLC                                     | 553,674                       |
| SSP Group PLC                                   | 69,550                        |
| Strix Group PLC                                 | 906,170                       |
| Tatton Asset Management Ltd                     | 714,763                       |
| Tracsis PLC                                     | 798,955                       |
| Tristel PLC                                     | 875,846                       |
| Victrex PLC                                     | 871,817                       |
| Vitec Group Plc                                 | 815,379                       |
| XP Power Ltd                                    | 1,012,721                     |
| YouGov PLC                                      | 849,337                       |

The above purchases and sales represent all of the purchases and sales during the period.

## STATEMENT OF TOTAL RETURN

For the period ended 30 June 2021

|  |       | 17.03.20 to 30.06.21 |                         |
|--|-------|----------------------|-------------------------|
|  | Notes | £                    | £                       |
| Income   |       |                      |                         |
| Net capital gains  | 2     |                      | 7,190,874               |
| Revenue  | 3     | 321,780              |                         |
| Expenses   | 4     | (237,312)            |                         |
| Interest payable and similar charges   | 6     | <u>(6,905)</u>       |                         |
| Net revenue before taxation  |       | 77,563               |                         |
| Taxation   | 5     | <u>-</u>             |                         |
| Net revenue after taxation   |       |                      | <u>77,563</u>           |
| Total return before distributions  |       |                      | 7,268,437               |
| Finance costs: distributions   | 6     |                      | <u>(279,866)</u>        |
| <b>Changes in net assets attributable to shareholders from investment activities</b> |       |                      | <u><b>6,988,571</b></u> |

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 30 June 2021

|   | 17.03.20 to<br>30.06.21<br>£ |
|---|------------------------------|
| <b>Opening net assets attributable to shareholders</b>                                    | -                            |
| Amounts receivable on creation of shares  | 35,465,903                   |
| Amounts payable on cancellation of shares   | (4,290,037)                  |
| Dividend reinvested   | 318,057                      |
| Dilution levy   | 32,027                       |
| Changes in net assets attributable to shareholders from investment activities (see above) | <u>6,988,571</u>             |
| <b>Closing net assets attributable to shareholders</b>                                    | <u><b>38,514,521</b></u>     |

The Sub-fund was launched on 17 March 2020, hence there are no comparatives.

## BALANCE SHEET

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As at 30 June 2021

|  | Notes | £                | 30.06.21<br>£     |
|--|-------|------------------|-------------------|
| <b>ASSETS</b>                                  |       |                  |                   |
| Investment assets                              |       |                  | 35,319,673        |
| <b>Current assets</b>                          |       |                  |                   |
| Debtors  | 7     | 402,753          |                   |
| Cash and bank balances                         | 8     | <u>3,253,852</u> |                   |
| <b>Total current assets</b>                    |       |                  | <u>3,656,605</u>  |
| <b>Total assets</b>                            |       |                  | 38,976,278        |
| <b>LIABILITIES</b>                             |       |                  |                   |
| <b>Current liabilities</b>                     |       |                  |                   |
| Distributions payable on income shares         |       | (36,093)         |                   |
| Creditors                                      | 9     | <u>(425,664)</u> |                   |
| <b>Total current liabilities</b>               |       |                  | <u>(461,757)</u>  |
| <b>Net assets attributable to shareholders</b> |       |                  | <u>38,514,521</u> |

The Sub-fund was launched on 17 March 2020, hence there are no comparatives .



## NOTES TO THE FINANCIAL STATEMENTS

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### For the period ended 30 June 2021

(a) The financial statements have been prepared in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and to the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling

(b) Dividends on equities are recognised when the security is quoted ex-dividend. Other revenue is accounted for on an accruals basis.

(c) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-fund, and where applicable is included in the distribution. In the case of an enhanced stock dividend the value of the enhancement is treated as capital.

(d) Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.

(e) All expenses are accounted for on an accruals basis and, all expenses are charged to capital of the Sub-fund.

(f) Where the revenue from investments exceeds the expenses of the Sub-fund, half yearly distributions are allocated to all holders of income and accumulation shares.

(g) The listed investments of the Sub-funds have been valued at bid-market prices at the closing valuation point on 30 June 2021. The total net assets are presented at bid price.

(h) All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the date of such transactions. Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 30 June 2021.

(i) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.

Deferred tax assets are recognised only to the extent that the ACD considers that it is more likely than not there will be taxable profits from which underlying timing differences can be deducted.

(j) In order to mitigate the dilutive effect of shareholder transactions on the existing shareholders of the Sub-fund and the Sub-fund's Net Asset Value, the ACD retains discretion to charge a dilution levy on all purchases and redemptions of shares. The levy, which is paid into the Sub-fund, is intended to cover certain charges not included in the mid market value of the Sub-fund, used in calculating the share price, which could have a diluting effect on the performance of the Sub-fund.

(k) Equalisation will be applied to the Sub-fund. An allocation of income to be made in respect of each share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum ("income equalisation") representing the ACD's best estimate of the amount of income included in the price of that share.

The amount of income equalisation in respect of any share may be the actual amount of income included in the issue price of the Share in question or it may be an amount arrived at by taking the aggregate of the ACD's best estimate of the amounts of income included in the price of shares in that class issued or sold in the annual or interim period in question and dividing that aggregate by the number of those shares and applying the resultant average to each of the shares in question.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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### 2 Net capital gains

17.03.20 to  
30.06.2021  
£

The net capital gains comprise:

|                                 |                  |
|---------------------------------|------------------|
| Non-derivative securities gains | 7,195,533        |
| Transaction charges (custodian) | <u>(4,659)</u>   |
| Total net capital gains         | <u>7,190,874</u> |

### 3 Revenue

17.03.20 to  
30.06.2021  
£

|                           |                |
|---------------------------|----------------|
| UK dividends              | 286,770        |
| Investment manager rebate | 35,009         |
| Bank interest             | <u>1</u>       |
| Total revenue             | <u>321,780</u> |

### 4 Expenses

17.03.20 to  
30.06.2021  
£

**Payable to the Authorised Corporate Director,  
associates of the Authorised Corporate Director,  
and agents of either of them:**

|         |         |
|---------|---------|
| ACD fee | 193,691 |
|---------|---------|

**Payable to the depositary, associates of the  
depositary, and agents of either of them:**

|                  |               |
|------------------|---------------|
| Depositary fee   | 23,188        |
| Safe custody fee | <u>852</u>    |
|                  | <u>24,040</u> |

**Other expenses:**

|                |               |
|----------------|---------------|
| Audit fee      | 8,083         |
| FCA fee        | 83            |
| Other expenses | <u>11,415</u> |
|                | <u>19,581</u> |

|                |                |
|----------------|----------------|
| Total expenses | <u>237,312</u> |
|----------------|----------------|

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation

17.03.20 to  
30.06.2021  
£

(a) Analysis of charge in the period

|   |          |
|---|----------|
| Irrecoverable income tax                  | -        |
| Total tax charge for the period (note 5b) | <u>-</u> |

(b) Factors affecting current tax charge for the period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20.00%.

The differences are explained below:

|   |          |
|---|----------|
| Net revenue before taxation               | 77,563   |
| Corporation tax at 20.00%                 | 15,513   |
| <u>Effects of:</u>                        |          |
| Revenue not subject to UK corporation tax | (57,355) |
| Current period expenses not utilised      | 41,842   |
| Current taxation (note 5a)                | <u>-</u> |

(c) Provision for deferred taxation

At 30 June 2021 there is a potential deferred tax asset of £41,842 in relation to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.

6 Finance costs

17.03.20 to  
30.06.2021  
£

|                                |                |
|--------------------------------|----------------|
| Interim dividend distributions | 199,796        |
| Final dividend distribution    | 202,733        |
|                                | <u>402,529</u> |

|   |                  |
|---|------------------|
| Add: Revenue deducted on cancellation of shares | 14,614           |
| Deduct: Revenue received on issue of shares     | <u>(137,277)</u> |

|  |                |
|--|----------------|
| <b>Net distribution for the period</b> | 279,866        |
| Interest payable and similar charges   | 6,905          |
| <b>Total finance costs</b>             | <u>286,771</u> |

Reconciliation of distributions

|   |                |
|---|----------------|
| Net revenue after taxation                | 77,563         |
| Expenses paid from capital less IM rebate | 202,303        |
| <b>Net distribution for the period</b>    | <u>279,866</u> |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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| <b>7 Debtors</b>                       | <b>2021</b>    |
|--|----------------|
|  | £              |
| Amounts receivable for issue of shares | 353,593        |
| Prepayments                            | 65             |
| OCF rebate                             | 32             |
| Dividends receivable                   | 49,063         |
| Total debtors                          | <u>402,753</u> |

| <b>8 Cash and bank balances</b> | <b>2021</b>      |
|---------------------------------|------------------|
|                                 | £                |
| Cash and bank balances          | <u>3,253,852</u> |

| <b>9 Creditors</b>  | <b>2021</b>    |
|---|----------------|
|   | £              |
| Amounts payable on trades   | 278,415        |
| Amounts payable on redemptions  | 85,957         |
| <b>Payable to the ACD, associates of the ACD and agents of either of them:</b>                |                |
| ACD's periodic charge   | 47,809         |
| <b>Payable to the depositary, associates of the depositary, and agents of either of them:</b> |                |
| Depositary fees   | 1,627          |
| Transaction charges   | 1,148          |
| Safe custody and other bank charges   | 413            |
|   | <u>3,188</u>   |
| Other accrued expenses  | 10,295         |
| Total creditors   | <u>425,664</u> |

### 10 Risk management

In pursuing its investment objective as stated on page 29, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the period.

#### Market price risk

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-Fund might suffer through holding market positions in the face of price movements.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the period ended 30 June 2021 would have increased/decreased by £3,531,967.

**10 Risk management (continued)**

**Foreign currency risk**

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

Net currency assets and liabilities consist of:

|          | Net monetary assets and liabilities | Non-monetary assets and liabilities | Total net assets |
|----------|-------------------------------------|-------------------------------------|------------------|
|          | £                                   | £                                   | £                |
|          | 30.06.21                            | 30.06.21                            | 30.06.21         |
| Sterling | 3,194,848                           | 35,319,673                          | 38,514,521       |
| Total    | 3,194,848                           | 35,319,673                          | 38,514,521       |

**Interest rate risk**

Interest rate risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in interest rates. At 30 June 2021 the Sub-fund has bank balances of £3,253,852.

**Maturity of financial liabilities**

The financial liabilities of the Sub-fund as at 30 June 2021 are payable either within one year or on demand.

**Liquidity risk**

The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

**Credit risk**

Certain transactions in securities that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the ACD as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed. Indirect credit risk arises from holdings in collectives that invest in debt securities as any default or perceived risk of default will affect the valuation of such holdings.

Credit risk also arises on cash held within financial institutions. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related.

**Fair value disclosure**

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

- A Fair value based on a quoted price for an identical instrument in an active market.
- B Fair value based on the price of a recent transaction for an identical instrument.
- C1 Fair value based on a valuation technique using observable market data.
- C2 Fair value based on a valuation technique that relies significantly on non-observable market data.

| Valuation Technique   | Assets (£000's) | Liabilities (£000's) |
|---|-----------------|----------------------|
| A Quoted prices for identical instruments in active markets   | 35,320          | -                    |
| C2 Fair value based on a valuation technique that relies significantly on non-observable market data. | -               | -                    |
| Total   | 35,320          | -                    |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 Shares held

Class A (Accumulation)

|                                     |                   |
|-------------------------------------|-------------------|
| <b>Opening shares at 25.03.20</b>   | -                 |
| Shares issued during the period     | 21,191,771        |
| Shares cancelled during the period  | (2,514,839)       |
| Shares converted during the period  | -                 |
| <b>Closing shares as at 30.4.21</b> | <b>18,676,932</b> |

Class A (Income)

|                                     |                  |
|-------------------------------------|------------------|
| <b>Opening Shares at 17.03.20</b>   | -                |
| Shares issued during the period     | 4,205,602        |
| Shares cancelled during the period  | (213,422)        |
| Shares converted during the period  | -                |
| <b>Closing Shares as at 30.4.21</b> | <b>3,992,180</b> |

12 Contingent assets and liabilities

At 30 June 2021, the Sub-fund had no contingent liabilities or commitments.

13 Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 30 June 2021. Since that date, the Sub-fund's quoted price has moved as follows:

| Share class            | Price at 30 June 2021 | Price at 13 October 2021 |
|------------------------|-----------------------|--------------------------|
|                        | GBp                   | GBp                      |
| Class A (Accumulation) | 170.6292p             | 175.5037p                |
| Class A (Income)       | 172.0171p             | 176.9642p                |

14 Direct transaction costs

|  | 17.03.20 to 30.06.21   |         |
|--|------------------------|---------|
|  | £                      | %       |
| <b>Analysis of total purchase costs</b>          |                        |         |
| Purchases in the period before transaction costs | 29,284,458             |         |
| Commissions                                      | 17,808                 | 0.06%   |
| Taxes  | 49,517                 | 0.17%   |
| Levies   | 35,484                 | 0.12%   |
| Total purchase costs                             | 102,809                | 0.35%   |
| Total purchases including transaction costs      | 29,387,267             |         |
| <b>Analysis of total sale costs</b>              |                        |         |
|  | 17.03.20 to 30.06.2021 |         |
|  | £                      | %       |
| Sales in the period before transaction costs     | 1,263,837              |         |
| Commissions                                      | (777)                  | (0.06%) |
| Levies   | (19)                   | (0.00%) |
| Total sale costs                                 | (796)                  | (0.06%) |
| Total sales net of transaction costs             | 1,263,041              |         |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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**14 Direct transaction costs (continued)**

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-fund's average net asset value in the period:

**17.03.20 to 30.06.2021**

|             | £              | % of average net<br>asset value |
|-------------|----------------|---------------------------------|
| Commissions | 18,585         | 0.12%                           |
| Taxes       | 49,517         | 0.31%                           |
| Levies      | 35,503         | 0.22%                           |
|             | <u>103,605</u> | <u>0.65%</u>                    |

## DISTRIBUTION TABLES

### For the period ended 30 June 2021

#### Interim distribution in pence per share

Group 1: Shares purchased prior to 17 March 2020

Group 2 : Shares purchased on or after 17 March 2020 and on or before 30 June 2020

17 March 2020 to 30 June 2020

| <b>Class A (Accumulation)</b> | <b>Dividend accumulated 28 August 2020</b> | <b>Equalisation</b> | <b>Dividend accumulated 28 August 2020</b> |
|-------------------------------|--|---------------------|--|
| Group 1                       | 0.2232p                                    | -                   | 0.2232p                                    |
| Group 2                       | 0.0991p                                    | 0.1241p             | 0.2232p                                    |

| <b>Class A (Income)</b> | <b>Dividend paid 28 August 2020</b> | <b>Equalisation</b> | <b>Dividend paid 28 August 2020</b> |
|-------------------------|-------------------------------------|---------------------|-------------------------------------|
| Group 1                 | 0.2363p                             | -                   | 0.2363p                             |
| Group 2                 | 0.0372p                             | 0.1991p             | 0.2363p                             |

#### Interim distribution in pence per share

Group 1: Shares purchased prior to 1 July 2020

Group 2 : Shares purchased on or after 1 July 2020 and on or before 31 December 2020

01 July 2020 to 31 December 2020

| <b>Class A (Accumulation)</b> | <b>Dividend accumulated 26 February 2021</b> | <b>Equalisation</b> | <b>Dividend accumulated 26 February 2021</b> |
|-------------------------------|--|---------------------|--|
| Group 1                       | 1.2835p                                      | -                   | 1.2835p                                      |
| Group 2                       | 0.4382p                                      | 0.8453p             | 1.2835p                                      |

| <b>Class A (Income)</b> | <b>Dividend paid 26 February 2021</b> | <b>Equalisation</b> | <b>Dividend paid 26 February 2021</b> |
|-------------------------|---------------------------------------|---------------------|---------------------------------------|
| Group 1                 | 1.3126p                               | -                   | 1.3126p                               |
| Group 2                 | 0.7487p                               | 0.5639p             | 1.3126p                               |

#### Final distribution in pence per share

Group 1: Shares purchased prior to 01 January 2021

Group 2 : Shares purchased on or after 01 January 2021 and on or before 30 June 2021

01 January 2021 to 30 June 2021

| <b>Class A (Accumulation)</b> | <b>Dividend accumulated 31 August 2021</b> | <b>Equalisation</b> | <b>Dividend accumulated 31 August 2021</b> |
|-------------------------------|--|---------------------|--|
| Group 1                       | 0.8922p                                    | -                   | 0.8922p                                    |
| Group 2                       | 0.4629p                                    | 0.4293p             | 0.8922p                                    |

| <b>Class A (Income)</b> | <b>Dividend paid 31 August 2021</b> | <b>Equalisation</b> | <b>Dividend paid 31 August 2021</b> |
|-------------------------|-------------------------------------|---------------------|-------------------------------------|
| Group 1                 | 0.9041p                             | -                   | 0.9041p                             |
| Group 2                 | 0.3481p                             | 0.5560p             | 0.9041p                             |



## **DISTRIBUTION TABLES (continued)**

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Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

### **Information for corporate shareholders**

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 100.00% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 0.00% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

## SUB-FUND OVERVIEW

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|  |   |
|--|---|
| <b>Name of Sub-fund</b>                | VT Downing European Unconstrained Income Fund   |
| <b>Size of Sub-fund</b>                | £84,901,450   |
| <b>Launch date</b>                     | 5 November 2020   |
| <b>Investment objective and policy</b> | <p>The investment objective of the Sub-fund is to generate income with the potential for long term (5 years) capital growth.</p> <p>The Sub-fund will seek to achieve its objective by investing at least 75% in equities issued by companies based in developed European markets (being member states of the European Union, Norway, Switzerland or the United Kingdom). The Sub-fund may also invest in emerging and frontier European markets including Turkey, Russia and Iceland.</p> <p>The Sub-fund may also invest in government securities, fixed income, closed ended collective investment schemes/vehicles (which may include those managed and/or operated by the ACD and which will provide exposure to various asset classes including equities and bonds), real estate investment trusts, money market instruments, deposits, cash and near cash.</p> <p>The Sub-fund will be actively managed.</p> <p>Save as noted above, the Sub-fund will not have any particular industry or economic sector focus and as such weightings in these may vary as required.</p> |
| <b>Derivatives</b>                     | <p>The Sub-fund may hold derivatives for Efficient Portfolio Management (EPM) purposes (including hedging). It is not intended that the use of derivatives for EPM purposes will increase the risk profile of the Sub-fund.</p>   |
| <b>Benchmark</b>                       | <p>The Sub-fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance</p> <p>However, many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.</p> <p>In order to assess the Sub-fund's performance, investors may find it useful to compare the Sub-fund against the performance of the IA Europe (ex UK) Sector, which serves as a method of comparing the Sub-fund's performance with other funds which have broadly similar characteristics. The IA Europe (excluding UK) has been chosen as a comparator rather than the IA Europe (including UK), as it is not the intention of the Sub-fund to have a large exposure to UK equities that generate their revenue in the UK.</p>   |
| <b>Annual accounting date</b>          | 30 June   |
| <b>Interim accounting date</b>         | 31 December   |
| <b>Annual income allocation date</b>   | By 31 August  |
| <b>Interim income allocation dates</b> | By 30 November; By last day of February; By 31 May  |

## SUB-FUND OVERVIEW (continued)

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### Minimum investment

**Lump sum subscription:** Class A: £1,000  
Class F: £1,000,000

Class F shares are only available to those who invest at launch of the Sub-fund (or otherwise at the ACD's discretion)

**Top-up:** Class A: £100  
Class F: £1,000

**Holding:** Class A: £1,000  
Class F: £1,000,000

**Regular saving:** £100 per month

**Redemption/Switching:** N/A (provided minimum holding is maintained)

**Initial, redemption and switching charges:** Nil

The ACD may waive the minimum levels (and initial charge and redemption charge) at its discretion.

### Annual management charges

The annual management charges are £30,000<sup>^</sup> per annum plus  
Class A – 0.75% per annum  
Class F – 0.55% per annum

The above percentages being percentages of the net asset value of the Sub-fund attributable to the relevant class (plus VAT if applicable).

<sup>^</sup>The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2021)). In the event of negative inflation, this fee will remain unchanged.

## INVESTMENT MANAGER'S REVIEW

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### Investment philosophy

Whilst the Downing European Unconstrained Income fund is a relatively new fund, having only launched in November 2020, the investment philosophy underpinning the strategy has been followed by the managers for over a decade.

The fund aims to take advantage of two types of opportunities. The first is to find well known stocks that have temporarily fallen out of favour with the market but where the managers believe that the long-term business model still has strong potential. These can be large or small companies, but in such circumstances the manager is aiming to take advantage of the short-term behavioural bias of other investors. The second type of opportunities are in "off-the-radar" stocks. These are less well known stocks that are often a better way to play a market opportunity than the more popular names. In these circumstances, the managers believe that they may be able to get an analytic edge in these names simply because relatively few investors are taking the time to look at such stocks.

The types of businesses that the managers are attracted to are companies that have a long-term sustainable advantage that allows them to earn returns above the cost of capital over the long run. These companies typically have attractive characteristics such as strong brands, market dominance, a technology advantage, and structural tailwinds driving their industry. Strong balance sheets allow such companies to weather the natural gyrations of the economy and can also allow them to take advantage of opportunities that arise in their markets. However, these companies are usually well priced by other investors and so the managers believe that they need to be selective and patient in their approach to stock picking. As a result, the fund is concentrated, typically holding between 30 and 40 names, and the investment horizon is three to five years.

### Performance overview

The fund launched in November 2020; the F Inc class on 6 November and the A Acc Class on 18 November. It proved to be a difficult time to launch as it coincided with the first announcement of a successful Covid-19 vaccine which caused the general market to rally sharply and the more value focused stocks to increase in value even faster. This occurred as the fund was deploying its seed capital which led to a degree of cash drag on relative performance. However, since launch the F Inc units have increased in value from 100.2273p to 115.4496p and the A Acc units from 100.0000p to 112.9041p and the managers are relatively pleased with performance so far. The fund has also paid 3 quarterly dividends to investors, providing clients with income as well as capital performance.

### Key contributors and detractors

For the period under review from 1 January to 30 June, there were a number of positive contributors to performance. The largest contributor was BFF Bank which rose by 64%<sup>1</sup> during the period. The company is a leading player in speciality finance in Southern Europe, providing factoring and lending services to corporates in Italy, Spain, and Greece. The shares have been overlooked by the market in recent years due to its size, but the acquisition of Depobank which gives it access to cheap liquidity, will allow returns to increase from around 30% to 40% whilst the balance continues to be very strong with a CET1 ratio of 18.6%<sup>2</sup>. The Bank of Italy will also allow the company to pay-out the accrued 2019 and 2020 dividends later in the year which will provide investors with an attractive income of over 10% of the market capitalisation.

There has been a lot of discussion about the global shortage of semi-conductor chips which is starting to hamper the production plans of many industries just as demand begins to recover after the pandemic. BE Semiconductors has benefitted from this strong demand situation with revenue growing by 71%<sup>3</sup> in H1 compared to a year ago, and with an even stronger increase in its order book. The shares have been in demand and the share price grew by 42%<sup>4</sup> in the first half of the year.

The fund has a number of post-Covid re-opening plays as we try to capture the increase as consumer spending patterns begin to recover. Despite the still uncertain near-term outlook for Covid, as a group, these stocks contributed positively to performance during the first six months. For example, protein shake maker, Glanbia, and Salmar, a leading Norwegian salmon farmer, both enjoyed strong share price performance on the back of improving demand. The fund also has notable exposure to the European housebuilding market through Cairn Homes and Aedas Homes. Both the Irish and Spanish housing markets saw a lack of new homes being built during the pandemic as work on building sites ground to a halt amid social distancing restrictions. However, the housing demand is booming<sup>5</sup> as family savings rates have soared over the last 18 months, and this is beginning to translate into house price inflation and rising cashflows for our holdings.

## INVESTMENT MANAGER'S REVIEW (continued)

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### Key contributors and detractors (continued)

The biggest detractor during the period was GTT. GTT is a French engineering company which specialises in the design of cryogenic membrane containment systems for Liquid Natural Gas (LNG) carriers. Thanks to the transition by the world to new, more clean forms of energy, LNG is an industry that is expected to boom over the next 10 years. There is expected to be a wave of orders for new LNG carriers to meet the growing demand which GTT should benefit from. However, the orders are taking longer to materialise than we expected and the shares have been weak as a consequence<sup>6</sup>.

Most of our companies reported encouraging results during the period. However, there were notable outlook downgrades at a few of our holdings. Sadly, Fresenius Medical Care<sup>7</sup> saw a number of excess deaths in its patient population due to Covid which reduced the amount of people using their kidney dialysis services which is depressing revenue, whilst both Vestas Wind Systems<sup>8</sup> and Infineon flagged that supply chain constraints were beginning to impact their financials. Both company's shares have been relatively weak during the period.

### Portfolio activity & outlook

The European market has been remarkably strong so far in 2021, with growth continuing to outperform value stocks during the period. As bottom-up stock pickers the managers do not have a strong view on whether this will continue. However, they are encouraged that they have still been able to find attractive new ideas to add to the portfolio during the period.

As passenger cars transition from internal combustion engines to become fully electric, auto makers need to invest into new production lines to produce the necessary batteries and electric motors. Aumann is a Germany engineering company whose e-mobility production lines help their customers to do exactly that. Given the attractive long term outlook, the managers added the company to the portfolio in January.

In May, two new positions were added: Flow Traders<sup>9</sup> is one of the leading ETF liquidity providers. It benefits from the continued structural shift towards passive investing, as well as protecting the portfolio against bouts of higher market volatility. Fnac Darty is an interesting French consumer goods company which should benefit from increased demand after Covid. In June, the managers initiated new positions in Aedas and Masoeval. Aedas<sup>10</sup> is Spanish housebuilder who has some of the best plots of land in Spain, bought in the aftermath of the financial crisis. In a similar fashion to many European countries, housing demand is booming after the forced hiatus due to Covid and Aedas's residential properties are in high demand. Masoeval<sup>11</sup> is small Norwegian salmon farmer. Its operations are amongst the most efficient in the industry leading to high margins and solid cashflow generation. These new positions were funded by exiting the holdings in Vopak, Elekta and Sig Combibloc during the period.

Downing LLP  
Investment Manager  
15 September 2021

### Sources

<sup>1</sup> Bloomberg attribution report H1 2021

<sup>2</sup> BFF 1H 2021 Results, 6th August 2021

<sup>3</sup> [Half Year 2021 Report final.pdf \(besi.com\)](#)

<sup>4</sup> [Half Year 2021 Report final.pdf \(besi.com\)](#)

<sup>5</sup> [Bank of England monitors UK housing boom as it weighs inflation risk | Bank of England | The Guardian](#)

<sup>6</sup> [FY 2020 Results \(att.fr\)](#)

<sup>7</sup> [Deutsche Boerse Q2 2021 EN.pdf \(freseniusmedicalcare.com\)](#)

<sup>8</sup> [Vestas - Interim Financial Report - First Quarter 2021](#)

<sup>9</sup> Flow Traders, Annual Report 2020

<sup>10</sup> <https://www.aedas.com/en/news-and-media/publications-9>

<sup>11</sup> [Måsøval Annual Report 2020 \(flippingbook.com\)](#)

## PERFORMANCE RECORD

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|                                |   | <b>Period from 17<br/>November 2020<br/>to 30 June<br/>2021 ^</b> |
|--------------------------------|---|---|
| <b>Class A (Accumulation)</b>  |   |   |
| Changes in net assets per unit |   | GBP   |
|                                | Opening net asset value per unit            | 100.0000  |
|                                | Return before operating charges             | <u>13.4829</u>  |
|                                | Operating charges (note 1)                  | <u>(0.5788)</u>   |
|                                | Return after operating charges *            | <u>12.9041</u>  |
|                                | Closing net asset value per unit            | <u>112.9041</u>   |
|                                | Retained distributions on accumulated units | 1.7700  |
|                                | *after direct transactions costs of:        | 0.2768  |
| Performance                    |   |   |
|                                | Return after charges                        | 12.90%  |
| Other information              |   |   |
|                                | Closing net asset value                     | £338,048  |
|                                | Closing number of units                     | 299,412   |
|                                | Operating charges (note 2)                  | 0.87%   |
|                                | Direct transaction costs                    | 0.26%   |
| Prices                         |   |   |
|                                | Highest unit price                          | 113.75  |
|                                | Lowest unit price                           | 99.74   |

^Share class launched 17 November 2020

|                                |                                      | <b>Period from 30<br/>November 2020<br/>to 30 June<br/>2021 ^</b> |
|--------------------------------|--------------------------------------|---|
| <b>Class A (Income)</b>        |                                      |   |
| Changes in net assets per unit |                                      | GBP   |
|                                | Opening net asset value per unit     | 100.0000  |
|                                | Return before operating charges      | <u>10.0255</u>  |
|                                | Operating charges (note 1)           | <u>(0.5273)</u>   |
|                                | Return after operating charges *     | 9.4982  |
|                                | Distribution on income units         | <u>(1.6852)</u>   |
|                                | Closing net asset value per unit     | <u>107.8130</u>   |
|                                | *after direct transactions costs of: | 0.2702  |
| Performance                    |                                      |   |
|                                | Return after charges                 | 9.50%   |
| Other information              |                                      |   |
|                                | Closing net asset value              | £16,976   |
|                                | Closing number of units              | 15,745  |
|                                | Operating charges (note 2)           | 0.87%   |
|                                | Direct transaction costs             | 0.26%   |
| Prices                         |                                      |   |
|                                | Highest unit price                   | 109.97  |
|                                | Lowest unit price                    | 98.15   |

^Share class launched 30 November 2020

**PERFORMANCE RECORD (Continued)**

|   | <b>Period from 11<br/>December 2020<br/>to 30 June<br/>2021 ^</b> |
|---|---|
| <b>Class F (Accumulation)</b>               |   |
| Changes in net assets per unit              | GBP   |
| Opening net asset value per unit            | 100.0000  |
| Return before operating charges             | 9.5530  |
| Operating charges (note 1)                  | (0.3796)  |
| Return after operating charges *            | 9.1734  |
| Closing net asset value per unit            | 109.1734  |
| Retained distributions on accumulated units | 1.9780  |
| <br>  |   |
| *after direct transactions costs of:        | 0.2719  |
| <br>  |   |
| Performance                                 |   |
| Return after charges                        | 9.17%   |
| <br>  |   |
| Other information                           |   |
| Closing net asset value                     | £28,797,328   |
| Closing number of units                     | 26,377,615  |
| Operating charges (note 2)                  | 0.67%   |
| Direct transaction costs                    | 0.26%   |
| <br>  |   |
| Prices                                      |   |
| Highest unit price                          | 109.99  |
| Lowest unit price                           | 97.90   |

^Share class launched 11 December 2020

|                                      | <b>Period from 5<br/>November 2020<br/>to 30 June 2021</b> |
|--------------------------------------|--|
| <b>Class F (Income)</b>              |  |
| Changes in net assets per unit       | GBP  |
| Opening net asset value per unit     | 100.0000   |
| Return before operating charges      | 18.0441  |
| Operating charges (note 1)           | (0.4812)   |
| Return after operating charges *     | 17.5629  |
| Distribution on income units         | (2.1133)   |
| Closing net asset value per unit     | 115.4496   |
| <br>                                 |  |
| *after direct transactions costs of: | 0.2801   |
| <br>                                 |  |
| Performance                          |  |
| Return after charges                 | 17.56%   |
| <br>                                 |  |
| Other information                    |  |
| Closing net asset value              | £55,830,166  |
| Closing number of units              | 48,358,899   |
| Operating charges (note 2)           | 0.67%  |
| Direct transaction costs             | 0.26%  |
| <br>                                 |  |
| Prices                               |  |
| Highest unit price                   | 117.76   |
| Lowest unit price                    | 100.00   |

^Share class launched 5 November 2020

## PERFORMANCE RECORD (Continued)

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1. The operating charges per unit figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.
2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund.

### Risk Profile

Based on past data, the Sub-fund is ranked a '5' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Sub-fund is ranked 5 because simulated monthly historical performance data indicates that relatively high rises and falls in market prices would have occurred historically.



**PORTFOLIO STATEMENT**

As at 30 June 2021

| Holding                       |                                      | Value £           | % of net assets |
|-------------------------------|--------------------------------------|-------------------|-----------------|
| <b>Communications</b>         |                                      |                   |                 |
| 214,634                       | Infrastrutture Wireless Italiane SpA | 1,749,582         | 2.06%           |
|                               |                                      | <u>1,749,582</u>  | <u>2.06%</u>    |
| <b>Consumer Discretionary</b> |                                      |                   |                 |
| 3,439,793                     | Cairn Homes PLC                      | 3,124,335         | 3.68%           |
| 529,312                       | Europris ASA                         | 2,414,255         | 2.84%           |
|                               |                                      | <u>5,538,590</u>  | <u>6.52%</u>    |
| <b>Consumer Staples</b>       |                                      |                   |                 |
| 216,299                       | Glanbia PLC                          | 2,541,584         | 2.99%           |
| 79,428                        | Mowi ASA                             | 1,468,199         | 1.73%           |
| 33,484                        | SalMar ASA                           | 1,602,161         | 1.89%           |
|                               |                                      | <u>5,611,944</u>  | <u>6.61%</u>    |
| <b>Energy</b>                 |                                      |                   |                 |
| 11,845                        | Gaztransport et Technigaz SA         | 693,119           | 0.82%           |
| 605,728                       | Snam SpA                             | 2,523,856         | 2.97%           |
|                               |                                      | <u>3,216,975</u>  | <u>3.79%</u>    |
| <b>Financials</b>             |                                      |                   |                 |
| 28,090                        | Amundi SA                            | 1,785,251         | 2.10%           |
| 191,547                       | Aumann AG                            | 2,756,745         | 3.25%           |
| 522,912                       | Banca Farmafactoring SpA             | 3,758,391         | 4.43%           |
| 369,649                       | doValue SpA                          | 2,931,067         | 3.45%           |
| 53,115                        | Julius Baer Gruppe AG                | 2,504,413         | 2.95%           |
| 363,446                       | Måsøval AS                           | 1,260,327         | 1.48%           |
| 128,941                       | Van Lanschot Kempen NV               | 2,383,239         | 2.81%           |
|                               |                                      | <u>17,379,433</u> | <u>20.47%</u>   |
| <b>Health Care</b>            |                                      |                   |                 |
| 139,105                       | Fagron NV                            | 2,278,199         | 2.68%           |
| 54,736                        | Flow Traders NV                      | 1,712,605         | 2.02%           |
| 55,621                        | Fnac Darty SA                        | 2,554,628         | 3.01%           |
| 39,089                        | Fresenius Medical Care AG & Co KGaA  | 2,345,155         | 2.76%           |
| 60,526                        | Siemens Healthineers AG              | 2,690,621         | 3.17%           |
|                               |                                      | <u>11,581,208</u> | <u>13.64%</u>   |
| <b>Industrials</b>            |                                      |                   |                 |
| 49,819                        | Befesa SA                            | 2,788,078         | 3.28%           |
| 33,955                        | Eiffage SA                           | 2,478,641         | 2.92%           |
| 101,703                       | Prysmian SpA                         | 2,639,127         | 3.11%           |
| 110,700                       | Relx PLC                             | 2,125,368         | 2.50%           |
| 20,738                        | Schneider Electric SE                | 2,364,035         | 2.78%           |
| 54,845                        | Vestas Wind Systems A/S              | 1,534,980         | 1.81%           |
|                               |                                      | <u>13,930,229</u> | <u>16.40%</u>   |
| <b>Information Technology</b> |                                      |                   |                 |
| 30,758                        | Amadeus IT Group SA                  | 1,560,950         | 1.84%           |
| 197,536                       | AMS AG                               | 2,851,169         | 3.36%           |
| 28,376                        | BE Semiconductor Industries NV       | 1,738,202         | 2.05%           |
| 58,639                        | Infineon Technologies AG             | 1,704,714         | 2.01%           |
| 21,774                        | SAP SE                               | 2,228,523         | 2.62%           |
|                               |                                      | <u>10,083,558</u> | <u>11.88%</u>   |
| <b>Real Estate</b>            |                                      |                   |                 |
| 6,575                         | Aedas Homes SA                       | 130,268           | 0.15%           |
| 208,764                       | Cibus Nordic Real Estate AB (publ)   | 3,630,927         | 4.28%           |
| 106,234                       | Instone Real Estate Group AG         | 2,325,726         | 2.74%           |
| 1,558,957                     | Sirius Real Estate Ltd               | 1,722,647         | 2.03%           |
|                               |                                      | <u>7,809,568</u>  | <u>9.20%</u>    |

**PORTFOLIO STATEMENT (Continued)**

As at 30 June 2021

| Holding |                                 | Value £           | % of net assets |
|---------|---------------------------------|-------------------|-----------------|
|         | <b>Utilities</b>                |                   |                 |
| 72,822  | Rubis SCA                       | <u>2,338,448</u>  | <u>2.75%</u>    |
|         |                                 | 2,338,448         | 2.75%           |
|         | <b>Portfolio of investments</b> | <u>79,239,535</u> | <u>93.32%</u>   |
|         | <b>Net other assets</b>         | 5,742,980         | 6.77%           |
|         | <b>Mid to bid adjustment</b>    | (81,065)          | (0.09%)         |
|         |                                 | <u>84,901,450</u> | <u>100.00%</u>  |

The Sub-fund was launched on 5 November 2020, hence there are no comparatives

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

---

|   | £                 |
|---|-------------------|
| <b>Total sales for the period (Note 14)</b> | <b>24,014,722</b> |
| Amadeus IT Group SA                         | 213,501           |
| Amundi SA                                   | 613,277           |
| Banca Farmafactoring SpA                    | 1,764,514         |
| BE Semiconductor Industries NV              | 1,537,859         |
| Befesa SA                                   | 745,697           |
| Cibus Nordic Real Estate AB (publ)          | 326,193           |
| Elekta AB (publ)                            | 1,559,687         |
| Europris ASA                                | 426,860           |
| Fresenius Medical Care AG & Co KGaA         | 361,734           |
| Gaztransport et Technigaz SA                | 2,566,014         |
| Glanbia PLC                                 | 1,219,518         |
| Infrastrutture Wireless Italiane SpA        | 629,112           |
| Instone Real Estate Group AG                | 478,709           |
| Koninklijke Vopak NV                        | 1,805,237         |
| Mowi ASA                                    | 1,207,735         |
| Relx PLC                                    | 511,536           |
| Rubis SCA                                   | 417,861           |
| Ryanair Holdings PLC                        | 1,282,489         |
| SalMar ASA                                  | 1,365,813         |
| Schneider Electric SE                       | 303,849           |
| SIG Combibloc Group AG                      | 1,893,786         |
| Sirius Real Estate Ltd                      | 2,055,719         |
| Van Lanschot Kempen NV                      | 488,763           |
| Vestas Wind Systems A/S                     | 239,259           |

The above represent all of the sales during the period.

**SUMMARY OF MATERIAL PORTFOLIO CHANGES (Continued)**

|   | £                 |
|---|-------------------|
| <b>Total purchases for the period (Note 14)</b> | <b>93,007,329</b> |
| Amadeus IT Group SA                             | 1,570,228         |
| Aedas Homes                                     | 131,081           |
| AMS AG  | 3,196,080         |
| Amundi SA                                       | 2,243,553         |
| Aumann AG                                       | 2,456,607         |
| Banca Farmafactoring SpA                        | 3,147,000         |
| BE Semiconductor Industries NV                  | 2,127,399         |
| Befesa SA                                       | 2,414,932         |
| Cairn Homes PLC                                 | 2,977,871         |
| Cibus Nordic Real Estate AB (publ)              | 3,354,475         |
| doValue SpA                                     | 2,963,774         |
| Eiffage SA                                      | 2,253,612         |
| Elekta AB (publ)                                | 1,582,424         |
| Europris ASA                                    | 2,699,881         |
| Fagron NV                                       | 2,448,461         |
| Flow Traders NV                                 | 1,694,444         |
| Fnac Darty SA                                   | 2,737,720         |
| Fresenius Medical Care AG & Co KGaA             | 2,890,251         |
| Gaztransport et Technigaz SA                    | 3,745,794         |
| Glanbia PLC                                     | 2,956,941         |
| Infineon Technologies AG                        | 1,444,342         |
| Infrastrutture Wireless Italiane SpA            | 2,704,172         |
| Instone Real Estate Group AG                    | 2,312,799         |
| Julius Baer Gruppe AG                           | 2,039,876         |
| Koninklijke Vopak NV                            | 2,101,067         |
| Måsøval AS                                      | 1,135,827         |
| Mowi ASA  | 2,086,623         |
| Prysmian SpA                                    | 2,365,358         |
| Relx PLC  | 2,445,162         |
| Rubis SCA                                       | 2,550,675         |
| Ryanair Holdings PLC                            | 1,033,934         |
| SalMar ASA                                      | 2,663,366         |
| SAP SE  | 1,949,722         |
| Schneider Electric SE                           | 2,463,748         |
| Siemens Healthineers AG                         | 2,243,253         |
| SIG Combibloc Group AG                          | 1,762,314         |
| Sirius Real Estate Ltd                          | 3,138,629         |
| Snam SpA  | 2,414,687         |
| Van Lanschot Kempen NV                          | 2,671,904         |
| Vestas Wind Systems A/S                         | 1,887,343         |

The above represent all of the purchases during the period.

## STATEMENT OF TOTAL RETURN

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For the period ended 30 June 2021

|  | Notes | 05.11.20 to 30.06.21 |                         |
|--|-------|----------------------|-------------------------|
|  |       | £                    | £                       |
| Income   |       |                      |                         |
| Net capital gains  | 2     |                      | 10,059,972              |
| Revenue  | 3     | 1,512,269            |                         |
| Expenses   | 4     | (328,999)            |                         |
| Interest payable and similar charges   | 6     | <u>(9,227)</u>       |                         |
| Net revenue before taxation  |       | 1,174,043            |                         |
| Taxation   | 5     | <u>(165,390)</u>     |                         |
| Net revenue after taxation   |       |                      | <u>1,008,653</u>        |
| Total return before distributions  |       |                      | 11,068,625              |
| Finance costs: distributions   | 6     |                      | <u>(1,337,652)</u>      |
| <b>Changes in net assets attributable to shareholders from investment activities</b> |       |                      | <u><b>9,730,973</b></u> |

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 30 June 2021

|   | 05.11.20 to 30.06.21<br>£ |
|---|---------------------------|
| <b>Opening net assets attributable to shareholders</b>                                    | -                         |
| Amounts receivable on creation of shares  | 96,402,610                |
| Amounts payable on cancellation of shares   | (21,666,037)              |
| Dividend reinvested   | 433,904                   |
| Changes in net assets attributable to shareholders from investment activities (see above) | <u>9,730,973</u>          |
| <b>Closing net assets attributable to shareholders</b>                                    | <u><b>84,901,450</b></u>  |

The Sub-fund was launched on 5 November 2020, hence there are no comparatives

## BALANCE SHEET

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| As at 30 June 2021                             |       | 30.06.21         |                    |
|--|-------|------------------|--------------------|
|  | Notes | £                | £                  |
| <b>ASSETS</b>                                  |       |                  |                    |
| Investment assets                              |       |                  | 79,158,470         |
| <b>Current assets</b>                          |       |                  |                    |
| Debtors  | 7     | 2,075,681        |                    |
| Cash and bank balances                         | 8     | <u>4,742,763</u> |                    |
| <b>Total current assets</b>                    |       |                  | <u>6,818,444</u>   |
| <b>Total assets</b>                            |       |                  | 85,976,914         |
| <b>LIABILITIES</b>                             |       |                  |                    |
| <b>Current liabilities</b>                     |       |                  |                    |
| Distribution payable on income shares          |       | (694,236)        |                    |
| Creditors                                      | 9     | <u>(381,228)</u> |                    |
| <b>Total current liabilities</b>               |       |                  | <u>(1,075,464)</u> |
| <b>Net assets attributable to shareholders</b> |       |                  | <u>84,901,450</u>  |

The Sub-fund was launched on 5 November 2020, hence there are no comparatives

## NOTES TO THE FINANCIAL STATEMENTS

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### For the period ended 30 June 2021

(a) The financial statements have been prepared in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and to the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling

(b) Dividends on equities are recognised when the security is quoted ex-dividend. Other revenue is accounted for on an accruals basis.

(c) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-fund, and where applicable is included in the distribution. In the case of an enhanced stock dividend the value of the enhancement is treated as capital.

(d) Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.

(e) All expenses are accounted for on an accruals basis and, all expenses are charged to the capital of the Sub-fund.

(f) Where the revenue from investments exceeds the expenses of the Sub-fund, quarterly distributions are allocated to all holders of income and accumulation shares.

(g) The listed investments of the Sub-funds have been valued at bid-market prices at the closing valuation point on 30 June 2021. The total net assets are presented at bid price.

(h) All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the date of such transactions. Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 30 June 2021.

(i) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.

Deferred tax assets are recognised only to the extent that the ACD considers that it is more likely than not there will be taxable profits from which underlying timing differences can be deducted.

(j) In order to mitigate the dilutive effect of shareholder transactions on the existing shareholders of the Sub-fund and the Sub-fund's Net Asset Value, the ACD retains discretion to charge a dilution levy on all purchases and redemptions of shares. The levy, which is paid into the Sub-fund, is intended to cover certain charges not included in the mid market value of the Sub-fund, used in calculating the share price, which could have a diluting effect on the performance of the Sub-fund.

(k) Equalisation will be applied to the Sub-fund. An allocation of income to be made in respect of each share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum ("income equalisation") representing the ACD's best estimate of the amount of income included in the price of that share.

The amount of income equalisation in respect of any share may be the actual amount of income included in the issue price of the Share in question or it may be an amount arrived at by taking the aggregate of the ACD's best estimate of the amounts of income included in the price of shares in that class issued or sold in the annual or interim period in question and dividing that aggregate by the number of those shares and applying the resultant average to each of the shares in question.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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|                                  | <b>05.11.20 to<br/>30.06.21</b> |
|----------------------------------|---------------------------------|
|                                  | <b>£</b>                        |
| <b>2 Net capital gains</b>       |                                 |
| The net capital losses comprise: |                                 |
| Non-derivative securities gains  | 10,247,357                      |
| Transaction charges (custodian)  | (2,063)                         |
| Foreign exchange (losses)        | <u>(185,322)</u>                |
| Total net capital gains          | <u>10,059,972</u>               |

|                    | <b>05.11.20 to<br/>30.06.21</b> |
|--------------------|---------------------------------|
|                    | <b>£</b>                        |
| <b>3 Revenue</b>   |                                 |
| UK dividends       | 89,532                          |
| Overseas dividends | 1,422,695                       |
| Bank interest      | <u>42</u>                       |
| Total revenue      | <u>1,512,269</u>                |

|   | <b>05.11.20 to<br/>30.06.21</b> |
|---|---------------------------------|
|   | <b>£</b>                        |
| <b>4 Expenses</b>   |                                 |
| <b>Payable to the Authorised Corporate Director,<br/>associates of the Authorised Corporate Director,<br/>and agents of either of them:</b> |                                 |
| ACD fee   | 297,213                         |
| <b>Payable to the depositary, associates of the<br/>depositary, and agents of either of them:</b>   |                                 |
| Depositary fee  | 18,095                          |
| Safe custody fee  | <u>4,651</u>                    |
|   | <u>22,746</u>                   |
| <b>Other expenses:</b>  |                                 |
| Audit fee   | 8,100                           |
| FCA fee   | 40                              |
| Other expenses  | <u>900</u>                      |
|   | <u>9,040</u>                    |
| Total expenses  | <u>328,999</u>                  |



NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation

05.11.20 to  
30.06.21  
£

(a) Analysis of charge in the period

|   |                |
|---|----------------|
| Irrecoverable overseas withholding tax    | 165,390        |
| Total tax charge for the period (note 5b) | <u>165,390</u> |

(b) Factors affecting current tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20.00%.

The differences are explained below:

|                             |                |
|-----------------------------|----------------|
| Net revenue before taxation | 1,174,043      |
| Corporation tax at 20.00%   | <u>234,809</u> |

Effects of:

|   |                |
|---|----------------|
| Revenue not subject to UK corporation tax | (302,446)      |
| Current period expenses not utilised      | 67,637         |
| Irrecoverable overseas withholding tax    | <u>165,390</u> |
| Current taxation (note 5a)                | <u>165,390</u> |

(c) Provision for deferred taxation

At 30 June 2021 there is a potential deferred tax asset of £67,637 in relation to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.

6 Finance costs

05.11.20 to  
30.06.21  
£

|                                |                  |
|--------------------------------|------------------|
| Interim dividend distributions | 276,626          |
| Final dividend distribution    | <u>1,051,911</u> |
|                                | 1,328,537        |

|   |                 |
|---|-----------------|
| Add: Revenue deducted on cancellation of shares | 38,860          |
| Deduct: Revenue received on issue of shares     | <u>(29,745)</u> |

|  |                  |
|--|------------------|
| <b>Net distribution for the period</b> | 1,337,652        |
| Interest payable and similar charges   | <u>9,227</u>     |
| <b>Total finance costs</b>             | <u>1,346,879</u> |

Reconciliation of distributions

|  |                  |
|--|------------------|
| Net revenue after taxation             | 1,008,653        |
| Expenses paid from capital             | <u>328,999</u>   |
| <b>Net distribution for the period</b> | <u>1,337,652</u> |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

| <b>7 Debtors</b>                       | <b>2021</b>      |
|--|------------------|
|  | <b>£</b>         |
| Amounts receivable for issue of shares | 1,000            |
| Amounts receivable on trades           | 1,868,259        |
| Dividends receivable                   | 126,328          |
| Recoverable overseas withholding tax   | 80,050           |
| Prepayments                            | 44               |
| Total debtors                          | <u>2,075,681</u> |

| <b>8 Cash and bank balances</b> | <b>2021</b>      |
|---------------------------------|------------------|
|                                 | <b>£</b>         |
| Cash and bank balances          | <u>4,742,763</u> |

| <b>9 Creditors</b>  | <b>2021</b>    |
|---|----------------|
|   | <b>£</b>       |
| Amounts payable on trades   | 321,134        |
| <b>Payable to the ACD, associates of the ACD and agents of either of them:</b>                |                |
| ACD's periodic charge   | 45,377         |
| <b>Payable to the depositary, associates of the depositary, and agents of either of them:</b> |                |
| Depositary fees   | 2,752          |
| Transaction charges   | 1,003          |
| Safe custody and other bank charges   | <u>2,755</u>   |
|   | 6,510          |
| Other accrued expenses  | 8,207          |
| Total creditors   | <u>381,228</u> |

### 10 Risk management

In pursuing its investment objective as stated on page 48, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the period.

#### Market price risk

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the period ended 30 June 2021 would have increased/decreased by £7,915,847.

10 Risk management (continued)

**Foreign currency risk**

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The Sub-fund's investment portfolio is invested in equities that are registered overseas and/or denominated in overseas currencies and the balance sheet can be affected by movements in foreign exchange rates. The ACD may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to Sterling on or near the date of receipt.

A portion of the net assets of the Sub-fund is denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by currency movements. If foreign exchange rates at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 30.06.21 would have increased/decreased by £7,851,346.

Net currency assets and liabilities consist of:

|                 | Net monetary assets and liabilities | Non-monetary assets and liabilities | Total net assets and liabilities |
|-----------------|-------------------------------------|-------------------------------------|----------------------------------|
|                 | £                                   | £                                   | £                                |
|                 | 30.06.21                            | 30.06.21                            | 30.06.21                         |
| Sterling        | 4,666,903                           | 1,721,089                           | 6,387,992                        |
| Euro            | 1,076,077                           | 60,191,571                          | 61,267,648                       |
| Danish Krone    | -                                   | 1,534,663                           | 1,534,663                        |
| Norwegian Krone | -                                   | 6,728,010                           | 6,728,010                        |
| Swiss Franc     | -                                   | 5,353,980                           | 5,353,980                        |
| Swedish Krona   | -                                   | 3,629,157                           | 3,629,157                        |
| Total           | 5,742,980                           | 79,158,470                          | 84,901,450                       |

**Interest rate risk**

Interest rate risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in interest rates. At 30 June 2021 the Sub-fund held bank balances of 4,742,763.

**Maturity of financial liabilities**

The financial liabilities of the Sub-fund as at 30 June 2021 are payable either within one year or on demand.

**Liquidity risk**

The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

**Credit risk**

Certain transactions in securities that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the ACD as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed. Indirect credit risk arises from holdings in collectives that invest in debt securities as any default or perceived risk of default will affect the valuation of such holdings.

Credit risk also arises on cash held within financial institutions. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related.

**Fair value disclosure**

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

- A Fair value based on a quoted price for an identical instrument in an active market.
- B Fair value based on the price of a recent transaction for an identical instrument.
- C1 Fair value based on a valuation technique using observable market data.
- C2 Fair value based on a valuation technique that relies significantly on non-observable market data.

| Valuation Technique   | Assets (£000's) | Liabilities (£000's) |
|---|-----------------|----------------------|
| A Quoted prices for identical instruments in active markets | 79,158          | -                    |
| Total   | 79,158          | -                    |

11 Shares held

**Class A (Accumulation)**

|                                      |                |
|--------------------------------------|----------------|
| <b>Opening shares at 17.11.20</b>    | -              |
| Shares issued during the period      | 311,025        |
| Shares cancelled during the period   | (11,613)       |
| Shares converted during the period   | -              |
| <b>Closing shares as at 30.06.21</b> | <b>299,412</b> |

**Class A (Income)**

|                                      |               |
|--------------------------------------|---------------|
| <b>Opening shares at 30.11.20</b>    | -             |
| Shares issued during the period      | 22,312        |
| Shares cancelled during the period   | (6,567)       |
| Shares converted during the period   | -             |
| <b>Closing shares as at 30.06.21</b> | <b>15,745</b> |

**Class F (Accumulation)**

|                                      |                   |
|--------------------------------------|-------------------|
| <b>Opening shares at 11.12.20</b>    | -                 |
| Shares issued during the period      | 26,377,615        |
| Shares cancelled during the period   | -                 |
| Shares converted during the period   | -                 |
| <b>Closing shares as at 30.06.21</b> | <b>26,377,615</b> |

**Class F (Income)**

|                                      |                   |
|--------------------------------------|-------------------|
| <b>Opening shares at 05.11.20</b>    | -                 |
| Shares issued during the period      | 68,437,029        |
| Shares cancelled during the period   | (20,078,130)      |
| Shares converted during the period   | -                 |
| <b>Closing shares as at 30.06.21</b> | <b>48,358,899</b> |

12 Contingent assets and liabilities

At 30 June 2021, the Sub-fund had no contingent liabilities or commitments.

13 Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 30 June 2021. Since that date, the Sub-fund's quoted price has moved as follows:

**Share class**

|                        | <b>Price at 30 June 2021</b> | <b>Price at 13 October 2021</b> |
|------------------------|------------------------------|---------------------------------|
|                        | <b>GBP</b>                   | <b>GBP</b>                      |
| Class A (Accumulation) | 112.9041p                    | 112.2292p                       |
| Class A (Income)       | 107.8130p                    | 106.7465p                       |
| Class F (Accumulation) | 109.1734p                    | 108.5829p                       |
| Class F (Income)       | 115.4496p                    | 114.3704p                       |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Direct transaction costs

|  | 05.11.20 to 30.06.21 |         |
|--|----------------------|---------|
|  | £                    | %       |
| <b>Analysis of total purchase costs</b>          |                      |         |
| Purchases in the period before transaction costs | 92,830,928           |         |
| Commissions                                      | 46,313               | 0.05%   |
| Taxes  | 106,102              | 0.11%   |
| Levies   | 23,986               | 0.03%   |
| Total purchase costs                             | 176,401              | 0.19%   |
| Total purchases including transaction costs      | 93,007,329           |         |
| <b>Analysis of total sale costs</b>              |                      |         |
|  | 05.11.20 to 30.06.21 |         |
|  | £                    | %       |
| Sales in the period before transaction costs     | 24,025,669           |         |
| Commissions                                      | (10,941)             | (0.05%) |
| Taxes  | (4)                  | (0.00%) |
| Levies   | (2)                  | (0.00%) |
| Total sale costs                                 | (10,947)             | (0.05%) |
| Total sales net of transaction costs             | 24,014,722           |         |

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-fund's average net asset value in the period:

|             | 05.11.20 to 30.06.21 |                              |
|-------------|----------------------|------------------------------|
|             | £                    | % of average net asset value |
| Commissions | 57,254               | 0.08%                        |
| Taxes       | 106,106              | 0.15%                        |
| Levies      | 23,988               | 0.03%                        |
|             | 187,348              | 0.26%                        |

## DISTRIBUTION TABLES

### For the period ended 30 June 2021

#### Interim distribution in pence per share

Group 1: Shares purchased prior to 05 November 2020

Group 2 : Shares purchased on or after 05 November and on or before 31 December 2020

05 November 2020 to 31 December 2020

| <b>Class A (Accumulation)</b> | <b>Dividend Accumulated 26 February 2021</b> | <b>Equalisation</b> | <b>Dividend Accumulated 26 February 2021</b> |
|-------------------------------|--|---------------------|--|
| Group 1                       | 0.1573p                                      | -                   | 0.1573p                                      |
| Group 2                       | 0.0302p                                      | 0.1271p             | 0.1573p                                      |

| <b>Class A (Income)</b> | <b>Dividend paid 26 February 2021</b> | <b>Equalisation</b> | <b>Dividend paid 26 February 2021</b> |
|-------------------------|---------------------------------------|---------------------|---------------------------------------|
| Group 1                 | 0.1255p                               | -                   | 0.1255p                               |
| Group 2                 | 0.0059p                               | 0.1196p             | 0.1255p                               |

| <b>Class F (Accumulation)</b> | <b>Dividend Accumulated 26 February 2021</b> | <b>Equalisation</b> | <b>Dividend Accumulated 26 February 2021</b> |
|-------------------------------|--|---------------------|--|
| Group 1                       | 0.4191p                                      | -                   | 0.4191p                                      |
| Group 2                       | 0.0672p                                      | 0.3519p             | 0.4191p                                      |

| <b>Class F (Income)</b> | <b>Dividend paid 26 February 2021</b> | <b>Equalisation</b> | <b>Dividend paid 26 February 2021</b> |
|-------------------------|---------------------------------------|---------------------|---------------------------------------|
| Group 1                 | 0.4435p                               | -                   | 0.4435p                               |
| Group 2                 | 0.1633p                               | 0.2802p             | 0.4435p                               |

#### Interim distribution in pence per share

Group 1: Shares purchased prior to 01 January 2021

Group 2 : Shares purchased on or after 01 January 2021 and on or before 31 March 2021

01 January 2021 to 31 March 2021

| <b>Class A (Accumulation)</b> | <b>Dividend Accumulated 31 May 2021</b> | <b>Equalisation</b> | <b>Dividend Accumulated 31 May 2021</b> |
|-------------------------------|---|---------------------|---|
| Group 1                       | 0.2264p                                 | -                   | 0.2264p                                 |
| Group 2                       | 0.0186p                                 | 0.2078p             | 0.2264p                                 |

| <b>Class A (Income)</b> | <b>Dividend paid 31 May 2021</b> | <b>Equalisation</b> | <b>Dividend paid 31 May 2021</b> |
|-------------------------|----------------------------------|---------------------|----------------------------------|
| Group 1                 | 0.2197p                          | -                   | 0.2197p                          |
| Group 2                 | 0.1577p                          | 0.0620p             | 0.2197p                          |

| <b>Class F (Accumulation)</b> | <b>Dividend Accumulated 31 May 2021</b> | <b>Equalisation</b> | <b>Dividend Accumulated 31 May 2021</b> |
|-------------------------------|---|---------------------|---|
| Group 1                       | 0.2187p                                 | -                   | 0.2187p                                 |
| Group 2                       | 0.2187p                                 | -                   | 0.2187p                                 |

| <b>Class F (Income)</b> | <b>Dividend paid 31 May 2021</b> | <b>Equalisation</b> | <b>Dividend paid 31 May 2021</b> |
|-------------------------|----------------------------------|---------------------|----------------------------------|
| Group 1                 | 0.2346p                          | -                   | 0.2346p                          |
| Group 2                 | 0.0599p                          | 0.1747p             | 0.2346p                          |

## DISTRIBUTION TABLES

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### Final distribution in pence per share

Group 1: Shares purchased prior to 01 April 2021

Group 2 : Shares purchased on or after 01 April 2021 and on or before 30 June 2021

01 April to 30 June 2021

| <b>Class A (Accumulation)</b> | <b>Dividend Accumulated 31 August 2021</b> | <b>Equalisation</b> | <b>Dividend Accumulated 31 August 2021</b> |
|-------------------------------|--|---------------------|--|
| Group 1                       | 1.3863p                                    | -                   | 1.3863p                                    |
| Group 2                       | 0.8231p                                    | 0.5632p             | 1.3863p                                    |

| <b>Class A (Income)</b> | <b>Dividend paid 31 August 2021</b> | <b>Equalisation</b> | <b>Dividend paid 31 August 2021</b> |
|-------------------------|-------------------------------------|---------------------|-------------------------------------|
| Group 1                 | 1.3400p                             | -                   | 1.3400p                             |
| Group 2                 | 0.9233p                             | 0.4167p             | 1.3400p                             |

| <b>Class F (Accumulation)</b> | <b>Dividend Accumulated 31 August 2021</b> | <b>Equalisation</b> | <b>Dividend Accumulated 31 August 2021</b> |
|-------------------------------|--|---------------------|--|
| Group 1                       | 1.3402p                                    | -                   | 1.3402p                                    |
| Group 2                       | 1.3402p                                    | -                   | 1.3402p                                    |

| <b>Class F (Income)</b> | <b>Dividend paid 31 August 2021</b> | <b>Equalisation</b> | <b>Dividend paid 31 August 2021</b> |
|-------------------------|-------------------------------------|---------------------|-------------------------------------|
| Group 1                 | 1.4352p                             | -                   | 1.4352p                             |
| Group 2                 | 1.4352p                             | -                   | 1.4352p                             |

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

### Information for corporate shareholders

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 100.00% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 0.00% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

## INFORMATION FOR INVESTORS

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### Base Currency

The base currency of the Company is Pounds Sterling.

### Share Capital

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

### Structure of the Company

VT Downing Investor Funds ICVC is structured as an umbrella company. Provision exists for an unlimited number of Sub-funds, and at the date of this report three sub-funds, VT Downing Global Investors Fund, VT Downing Unique Opportunities Fund and VT Downing European Unconstrained Income Fund are authorised.

### Taxation

The Company will pay no corporation tax on its profits for the period ended 30 June 2021 and capital gains within the Company will not be taxed.

### Individual shareholders

**Income tax:** Tax on distributions: HM Revenue and Customs changed the taxation of dividends on 6 April 2016. Dividend tax credits were abolished and replaced by a tax-free annual dividend allowance of £2,000 (2021/22). UK resident shareholders are now subject to new, higher rates of tax on dividend income in excess of the annual allowance. The actual rate depends on the individual's tax rate band.

**Capital gains tax:** Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. However, the first £12,300 (2020/2021) of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

### Classes of Shares

The Company can issue different classes of share in respect to any sub-fund.

### Valuation Point

The scheme property of the Company and each sub-fund will normally be valued at 12:00 mid-day on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed.

The ACD reserves the right to revalue the Company or any Sub-fund at any time if it considers it desirable to do so, with the Depositary's approval.

### Buying and Selling of Shares

The ACD will accept orders for the purchase and sale of shares on normal business days between 8:30am and 5:30pm. Instructions to buy or sell shares may either be in writing to:

Valu-Trac Investment Management Limited

Orton, Fochabers, Moray, IV32 7QE

Or by email to:

Downing@valu-trac.com for deals relating to all the Sub-funds.

A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

### Pricing Basis

There is a single price for buying, selling and switching shares in a Sub-fund which represents the net asset value of the Sub-fund concerned. The share price is calculated on a forward pricing basis, that is at the next valuation point after the purchase or redemption is deemed to be accepted by the ACD.

The prices of shares are published daily on the Investment Association website at [www.fundlistings.com](http://www.fundlistings.com). Neither the ACD nor the Company can be held responsible for any errors in the publication of the prices. The shares in the company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

### Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected free of charge at the office of the ACD which is also the Head Office of the Company and copies may be obtained upon application.

**Remuneration:** Information about the authorised fund manager (AFM) remuneration policies and disclosures is available from Valu-Trac Investment Management Limited on its website which can be found on the link below.

<https://www.valu-trac.com/VIML%20Remuneration%20Policy%20Statement.pdf>

The AFM does not employ any staff directly from the fund, so there are no quantitative disclosures in this report.



**CORPORATE DIRECTORY**

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|  |   |
|--|---|
| <b>Authorised Corporate Director &amp; Registrar</b> | Valu-Trac Investment Management Limited<br>Orton<br>Fochabers<br>Moray<br>IV32 7QE<br><br>Telephone: 01343 880344<br>Fax: 01343 880267<br>Email: Downing@valu-trac.com<br><br>Authorised and regulated by the Financial Conduct Authority<br>Registered in England No 2428648 |
| <b>Investment Manager</b>                            | Downing LLP<br>St Magnus House<br>3 Lower Thames Street<br>London<br>EC3R 6HD<br><br>Authorised and regulated by the Financial Conduct Authority  |
| <b>Depository</b>                                    | NatWest Trustee and Depository Services Limited<br>House A<br>Floor 0, 175 Glasgow Road<br>Gogarburn<br>Edinburgh<br>EH12 1HQ<br><br>Authorised regulated by the Financial Conduct Authority  |
| <b>Auditor</b>                                       | Johnston Carmichael LLP<br>Chartered Accountants<br>Commerce House<br>South Street<br>Elgin<br>IV30 1JE   |

## Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Downing Global Investors Fund on the outcome of the AFM's assessment of the value provided to shareholders

For the period 24 March 2020 to 30 June 2021

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This assessment is to establish what VT Downing Global Investors Fund (the Fund) has delivered to you in return for the price you have had to pay.

VT Downing Global Investors Fund was launched on 24 March 2020 with an F Accumulation share class. A further F Income share class was launched on 22 May 2020 and an A Accumulation share class which launched on 05 March 2021.

The AFM is the Authorised Corporate Director (ACD) of the Fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is Downing LLP.

The investment objective of the Fund is to achieve capital growth and income over the long term (5 + years).

The Fund will seek to achieve its objective by investing at least 70% in equities across global markets (with up to 20% invested in higher risk emerging markets).

The Fund may also invest in government securities, fixed income, collective investment schemes (which may include those managed and/or operated by the ACD and which will provide exposure to various asset classes including equities and fixed income), money market instruments, deposits, cash and near cash.

The Fund will be actively managed.

Save as noted above, the Fund will not have any particular geographic, industry or economic sector focus and as such weightings in these may vary as required.

### Period 24 March 2020 to 30 June 2021

#### Value of Fund (Per Performance record)

|                                     |          |
|-------------------------------------|----------|
| Class F (Accumulation) <sup>1</sup> | £35,635k |
| Class F (Income) <sup>2</sup>       | £5,303k  |
| Class F (Accumulation) <sup>3</sup> | £97k     |

#### Shares outstanding

|                                     |         |
|-------------------------------------|---------|
| Class F (Accumulation) <sup>1</sup> | 22,202k |
| Class F (Income) <sup>2</sup>       | 3,759k  |
| Class F (Accumulation) <sup>3</sup> | 89k     |

#### NAV per share

|                                     |         |
|-------------------------------------|---------|
| Class F (Accumulation) <sup>1</sup> | 160.50p |
| Class F (Income) <sup>2</sup>       | 141.06p |
| Class F (Accumulation) <sup>3</sup> | 108.60p |

#### Dividend per share

|                                     |       |
|-------------------------------------|-------|
| Class F (Accumulation) <sup>1</sup> | 1.78p |
| Class F (Income) <sup>2</sup>       | 1.37p |
| Class F (Accumulation) <sup>3</sup> | 0.54p |

## Net gains (before expenses)

|                 |          |
|-----------------|----------|
| Capital gains   | £10,754k |
| Total Net gains | £11,171k |

*1 Share Class launched 24 March 2020*

*2 Share Class launched 22 May 2020*

*3 Share Class launched 05 March 2021*

*Source of all data Valu-Trac Administration Services unless stated otherwise*

In carrying out the assessment of value the following criteria were considered:

### 1. Quality of service

The AFM considers that a good level of service was provided to shareholders by all parties involved commensurate to the amount paid by the Fund for those services. The AFM monitors the following operational services:

Depository – NatWest Trustee and Depository Services Limited

Custodian – RBC Investor Services Trust, UK branch (RBC)

The external audit is conducted by Johnston Carmichael LLP.

These services are essential in ensuring that the Fund operated efficiently and in the case of the Depository and Custodian the service is supervised on an on-going daily basis by the AFM. As a shareholder this means that you can be certain that your requests such as investment and redemption of the Fund's units will always be carried out exactly as set out in the documentation.

Valu-Trac does not delegate any of the core functions of the Fund such as fund administration, fund accounting and transfer agency. This means that the AFM directly employs and supervises the individuals who are carrying out this work and that those undertaking the work are appropriately qualified and experienced. Due to this high level of supervision and control of these functions the AFM believes that the shareholders can be certain that their instructions will be carried out efficiently and that the reporting they receive is timely and focused. The AFM works closely with Downing LLP to coordinate mailings such as annual letters with dividend vouchers and financial reports to avoid excessive correspondence whilst providing all required reporting on a timely and clear basis. This also has ensured that the AFM has responded to any enquiries from shareholders fully and promptly.

### 2. Performance

The AFM has assessed performance of the Fund net of all the charges that are outlined in its prospectus. The investment objective of the Fund is to achieve capital growth and income over the long term (5 + years). As the Fund has only been running for less than a year, the performance record of VT Downing Global Investors Fund is too short to determine whether value is being delivered on the investment performance criteria.

The Fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance. In order to assess the Fund's performance, investors may find it useful to compare the Fund against the performance of the IA Global Sector (the comparator)

To assess capital growth, the below table shows total return for the period under review.

| <b>Total Returns</b>                         |  |   |
|--|--|---|
|  | <b>Performance since<br/>class inception</b> | <b>Comparator<br/>Performance since<br/>class inception</b> |
| Class F (Accumulation) (since 24 March 2020) | 60.50%                                       | 56.33%  |
| Class F (Income) (since 22 May 2020)         | 42.43%                                       | 34.10%  |
| Class A (Accumulation) (since 05 March 2021) | 8.60%  | 11.60%  |

The AFM has also assessed the risk taken to achieve the above performance and is satisfied no excessive risk was taken to achieve performance, (detailed analysis on how we have arrived at this conclusion can be provided on request). However, it is too early to assess the performance of the Fund fully as to whether it is meeting the objectives of the Fund.

### 3. AFM costs

The costs incurred during the period 24 March 2020 to 30 June 2021 were as follows:

|                             | £              | <b>Annualised % of<br/>average fund value</b> |
|-----------------------------|----------------|---|
| Investment manager's fee    | 209,868        | 0.61%   |
| Investment manager's Rebate | (5,284)        | (0.02%)                                       |
| ACD fee                     | 38,081         | 0.11%   |
| Depositary fee              | 22,844         | 0.06%   |
| Audit fee                   | 8,100          | 0.02%   |
| Safe custody fee            | 3,955          | 0.01%   |
| FCA fee                     | 82             | 0.00%   |
| Other fees                  | 11,606         | 0.03%   |
| Transaction fee (capital)   | 21,782         | 0.06%   |
| <b>Total costs</b>          | <b>311,034</b> | <b>0.88%</b>                                  |

Gains for the period (capital and revenue) were £10,807,062, there was overseas taxation of £50,249.

There were no preliminary charges, redemption charges or dilution levies paid by shareholders during the period.

Note that the Investment Manager paid a rebate to the Fund such that the operating costs as a percentage of the Fund did not exceed 1.00%.

It should be noted that the prospectus does not allow for redemption charges however, the ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Sub-fund is in continual decline; on a Sub-fund experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size exceeding 3% of the Net Asset Value of the relevant Sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

The AFM has considered the costs charged to the Fund by comparing the operating charges of the share classes to the average OCF of the largest 10 funds in the IA Global Sector, retail classes where available. This is shown below.

|  | <b>Operating charges<br/>(excluding transaction<br/>fee (capital))</b> |
|--|--|
| Class F  | 0.83%  |
| Class A  | 0.98%  |
| IA Global Sector (average of 10 largest funds) | 1.21%  |

Source - Morningstar

The AFM has concluded the costs, and in particular the Investment Manager's fee is appropriate and justified for the Fund. Section 7 explains the reasoning for the differences in the share class charges.

#### **4. Economies of scale**

The AFM has assessed to what extent it has been able to achieve any savings as a result of economies of scale. Where any such savings have been made this has in every case been passed on to the shareholders. An example of this is the depositary fees charges being on a sliding scale so reduce in cost as the Fund exceeds certain thresholds. As the AFM grows its total assets across all schemes it uses this purchasing power to benefit all schemes.

#### **5. Comparable market rates**

The AFM has compared the charges of this Fund with that of comparable funds. The AFM selected funds that are classified in the IA Global Sector along with similar style funds that the AFM administer. The AFM believes that the shareholders of the Fund are achieving efficient market rates as a whole and are not excessive as discussed in section 3. As the AFM assets grow in total it continues to strive for extra efficiencies wherever this can be achieved for all of its schemes.

#### **6. Comparable services**

The services provided to this Fund and the costs are also comparable amongst other similar funds operated by the AFM, and is aligned with its normal operating model.

#### **7. Classes of units**

The annualised operating charges for the two classes of shares is as noted below.

#### **At and for the period ended**

#### **30 June 2021**

|         |       |
|---------|-------|
| Class F | 0.83% |
| Class A | 0.98% |

The Investment manager's fee is 0.60% per annum for the class F share classes while it is 0.75% per annum for the class A share classes. The minimum initial investment and holding in the Class F share classes is £1,000,000 compared to £1,000 for the Class A share classes and minimum top up is £1,000 for Class F compared to £100 for Class A which is why it attracts a lower fee.

### **CONCLUSION**

In taking all of these criteria into consideration the AFM concludes that in assessing whether the payments out of the scheme property as set out in the prospectus are justified in the context of the overall value delivered to shareholders, while it is too early to conclude if the objective will be met, the shareholders of VT Downing Global Investors Fund are receiving good value, considering the period of time the Fund has been in operation.

13<sup>th</sup> October 2021

## **Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Downing Unique Opportunities Fund on the outcome of the AFM's assessment of the value provided to shareholders**

For the period 17 March 2020 to 30 June 2021

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This assessment is to establish what VT Downing Unique Opportunities Fund (the Fund) has delivered to you in return for the price you have had to pay.

VT Downing Unique Opportunities Fund was launched on 17 March 2020 with an A Income share class. A further A Accumulation share class was launched on 25 March 2021.

The AFM is the Authorised Corporate Director (ACD) of the Fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is Downing LLP.

The investment objective of the Fund is to achieve capital growth and income over the long term (5 + years).

The Fund seeks to achieve its investment objective by investing at least 80% in equities listed on UK markets (including the London Stock Exchange, AIM and the ICAP Securities and Derivatives Exchange (ISDX)). The Investment Manager will be seeking to invest in equities which it considers to have a unique outlook and opportunity for growth. The Investment Manager will be looking for the Fund to invest in companies which have clearly identifiable characteristics to protect them against the entry of competitors (which are expected to enable such companies to produce an above average return on equity). The unique characteristics sought include:

- having intangible assets e.g. brands, patents or regulatory licences;
- having cost advantages stemming from process, location, scale or access to a unique asset;
- being the leading network in a business segment; and/or
- there being high switching costs which generate high customer retention rates.

Such businesses are highly likely to be the only UK listed company in their industry or one of very few and possessing a distinctive corporate strategy and so are considered 'unique opportunities'.

The Fund may also invest in other equities, fixed income, money market instruments, deposits, warrants, cash and near cash.

The Fund will aim to hold a portfolio of between 25-40 investments.

The Fund will be actively managed.

Save as noted above (with a focus on UK listed investments), the Fund will not have any particular, industry or economic sector focus and as such weightings in these may vary as required.

**Period 17 March 2020 to 30 June  
2021**

### **Value of Fund (Per Performance record)**

|                                     |          |
|-------------------------------------|----------|
| Class A (Accumulation) <sup>1</sup> | £31,868k |
| Class A (Income) <sup>2</sup>       | £6,867k  |

|                                       |         |
|---------------------------------------|---------|
| <b>Shares outstanding</b>             |         |
| Class A (Accumulation) <sup>1</sup>   | 18,677k |
| Class A (Income) <sup>2</sup>         | 3,992k  |
| <b>NAV per share</b>                  |         |
| Class A (Accumulation) <sup>1</sup>   | 170.63p |
| Class A (Income) <sup>2</sup>         | 172.02p |
| <b>Dividend per share</b>             |         |
| Class A (Accumulation) <sup>1</sup>   | 2.40p   |
| Class A (Income) <sup>2</sup>         | 2.45p   |
| <b>Operating charges (annualised)</b> |         |
| Class A (Accumulation) <sup>1</sup>   | 1.00%   |
| Class A (Income) <sup>2</sup>         | 1.00%   |
| <b>Net gains (before expenses)</b>    |         |
| Capital gains                         | £7,196k |
| Total Net gains                       | £7,482k |

*1 Share Class launched 25 March 2020*

*2 Share Class launched 17 March 2020*

*Source of all data Valu-Trac Administration Services unless stated otherwise*

In carrying out the assessment of value the following criteria were considered:

### **1. Quality of service**

The AFM considers that a good level of service was provided to shareholders by all parties involved commensurate to the amount paid by the Fund for those services. The AFM monitors the following operational services:

Depository – NatWest Trustee and Depository Services Limited

Custodian – RBC Investor Services Trust, UK branch (RBC)

The external audit is conducted by Johnston Carmichael LLP.

These services are essential in ensuring that the Fund operated efficiently and in the case of the Depository and Custodian the service is supervised on an on-going daily basis by the AFM. As a shareholder this means that you can be certain that your requests such as investment and redemption of the fund's units will always be carried out exactly as set out in the documentation.

Valu-Trac does not delegate any of the core functions of the fund such as fund administration, fund accounting and transfer agency. This means that the AFM directly employs and supervises the individuals who are carrying out this work and that those undertaking the work are appropriately qualified and experienced. Due to this high level of supervision and control of these functions the AFM believes that the shareholders can be certain that their instructions will be carried out efficiently and that the reporting they receive is timely and focused. The AFM works closely with Downing LLP to coordinate mailings such as annual letters with dividend vouchers and financial reports to avoid

excessive correspondence whilst providing all required reporting on a timely and clear basis. This also has ensured that the AFM has responded to any enquiries from shareholders fully and promptly.

## 2. Performance

The AFM has assessed performance of the Fund net of all the charges that are outlined in its prospectus. The investment objective of the Fund is to achieve capital growth and income over the long term (5 + years). As the Fund has only been running for less than a year, the performance record of VT Downing Unique Opportunities Fund is too short to determine whether value is being delivered on the investment performance criteria.

The Fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance. In order to assess the fund's performance, investors may find it useful to compare the Fund against the performance of the IA All Companies Sector (the comparator).

To assess capital growth, the below table shows total return for the period under review.

|  | <b>Total Returns</b>                         |   |
|--|--|---|
|  | <b>Performance since<br/>class inception</b> | <b>Comparator<br/>Performance since<br/>class inception</b> |
| Class A (Accumulation) (since 25 March 2020) | 70.63%                                       | 49.17%  |
| Class A (Income) (since 17 March 2020)       | 74.88%                                       | 59.13%  |

The AFM has also assessed the risk taken to achieve the above performance and is satisfied no excessive risk was taken to achieve performance, (detailed analysis on how we have arrived at this conclusion can be provided on request). However, it is too early to assess the performance of the fund fully as to whether it is meeting the objectives of the fund.

## 3. AFM costs

The costs incurred during the period 17 March 2020 to 30 June 2021 were as follows:

|                             | £              | <b>Annualised % of<br/>average fund value</b> |
|-----------------------------|----------------|---|
| Investment manager's fee    | 154,954        | 0.76%   |
| Investment manager's Rebate | (35,009)       | (0.18%)                                       |
| ACD fee                     | 38,737         | 0.19%   |
| Depositary fee              | 23,188         | 0.11%   |
| Audit fee                   | 8,083          | 0.04%   |
| Safe custody fee            | 852            | 0.01%   |
| FCA fee                     | 83             | 0.00%   |
| Other fees                  | 11,415         | 0.06%   |
| Transaction fee (capital)   | 4,659          | 0.02%   |
| <b>Total costs</b>          | <b>206,962</b> | <b>1.02%</b>                                  |

Gains for the period (capital and revenue) were £7,268,437, there was no taxation.

There were no preliminary charges, redemption charges paid by shareholders during the period.

Note that the Investment Manager paid a rebate to the Fund such that the operating costs (excluding capital transaction fees) as a percentage of the Fund did not exceed 1.00%.



It should be noted that the prospectus does not allow for redemption charges however, the ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Sub-fund is in continual decline; on a Sub-fund experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size exceeding 3% of the Net Asset Value of the relevant Sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy. There was £32,027 of dilution levies applied in the period under review.

The AFM has considered the costs charged to the Fund by comparing the operating charges of the share classes to the average OCF of the largest 10 funds in the IA All Companies Sector, retail classes where available. This is shown below.

|   | <b>Operating charges<br/>(excluding capital<br/>transaction costs)</b> |
|---|--|
| Class A   | 1.00%  |
| IA All Companies Sector (average of 10 largest funds) | 0.58%  |
| Source - Morningstar                                  |  |

The AFM has concluded the costs, and in particular the Investment Manager's fee is appropriate and justified for the Fund. While the Operating charges is higher than the comparator the largest element being the Investment manager's fee is considered good value given the experience, knowledge and research which the Manager applies to arrive at the selection of the assets which have delivered this outcome.

#### **4. Economies of scale**

The AFM has assessed to what extent it has been able to achieve any savings as a result of economies of scale. Where any such savings have been made this has in every case been passed on to the shareholders. An example of this is the depositary fees charges being on a sliding scale so reduce in cost as the Fund exceeds certain thresholds. As the AFM grows its total assets across all schemes it uses this purchasing power to benefit all schemes.

#### **5. Comparable market rates**

The AFM has compared the charges of this Fund with that of comparable funds. The AFM selected funds that are classified in the IA All Companies Sector along with similar style funds that the AFM administer. The AFM believes that the shareholders of the Fund are achieving efficient market rates as a whole and are not excessive as discussed in section 3. As the AFM assets grow in total it continues to strive for extra efficiencies wherever this can be achieved for all of its schemes.

#### **6. Comparable services**

The services provided to this Fund and the costs are also comparable amongst other similar funds operated by the AFM, and is aligned with its normal operating model.

#### **7. Classes of units**

There is only one share class in this Fund, therefore, all shareholders of this Fund are treated equally in all respects. The Investment manager fee is 0.75% per annum.

## **CONCLUSION**

In taking all of these criteria into consideration the AFM concludes that in assessing whether the payments out of the scheme property as set out in the prospectus are justified in the context of the overall value delivered to shareholders, while it is too early to conclude if the objective will be met, the shareholders of VT Downing Unique Opportunities Fund are receiving good value, considering the period of time the Fund has been in operation.

13<sup>th</sup> October 2021

## **Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Downing European Unconstrained Income Fund on the outcome of the AFM's assessment of the value provided to shareholders**

For the period 05 November 2020 to 30 June 2021

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This assessment is to establish what VT Downing European Unconstrained Income Fund (the Fund) has delivered to you in return for the price you have had to pay.

VT Downing European Unconstrained Income Fund was launched on 05 November 2020 with an F income share class. A further A Accumulation share class was launched on 17 November 2020, an A Income share class was launched on 30 November 2020 and an F Accumulation was launched on 11 December 2020.

The AFM is the Authorised Corporate Director (ACD) of the Fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is Downing LLP.

The investment objective of the Fund is to generate income with the potential for long term (5 years) capital growth.

The Fund will seek to achieve its objective by investing at least 75% in equities issued by companies based in developed European markets (being member states of the European Union, Norway, Switzerland or the United Kingdom). The Fund may also invest in emerging and frontier European markets including Turkey, Russia and Iceland.

The Fund may also invest in government securities, fixed income, closed ended collective investment schemes/vehicles (which may include those managed and/or operated by the ACD and which will provide exposure to various asset classes including equities and bonds), real estate investment trusts, money market instruments, deposits, cash and near cash.

The Fund will be actively managed.

Save as noted above, the Fund will not have any particular industry or economic sector focus and as such weightings in these may vary as required.

### **Period 05 November 2020 to 30 June 2021**

#### **Value of Fund (Per Performance record)**

|                                     |          |
|-------------------------------------|----------|
| Class A (Accumulation) <sup>1</sup> | £338k    |
| Class A (Income) <sup>2</sup>       | £17k     |
| Class F (Accumulation) <sup>3</sup> | £28,797k |
| Class F (Income) <sup>4</sup>       | £55,830k |

#### **Shares outstanding**

|                                     |         |
|-------------------------------------|---------|
| Class A (Accumulation) <sup>1</sup> | 299k    |
| Class A (Income) <sup>2</sup>       | 16k     |
| Class F (Accumulation) <sup>3</sup> | 26,378k |
| Class F (Income) <sup>4</sup>       | 48,359k |

#### **NAV per share**

|                                     |         |
|-------------------------------------|---------|
| Class A (Accumulation) <sup>1</sup> | 112.90p |
| Class A (Income) <sup>2</sup>       | 107.81p |
| Class F (Accumulation) <sup>3</sup> | 109.17p |
| Class F (Income) <sup>4</sup>       | 115.45p |

**Dividend per share**

|                                     |       |
|-------------------------------------|-------|
| Class A (Accumulation) <sup>1</sup> | 1.77p |
| Class A (Income) <sup>2</sup>       | 1.69p |
| Class F (Accumulation) <sup>3</sup> | 1.98p |
| Class F (Income) <sup>4</sup>       | 2.11p |

**Net gains (before expenses)**

|                 |         |
|-----------------|---------|
| Capital gains   | £10.06m |
| Total Net gains | £11.57m |

*1 Share Class launched 17 November 2020*

*2 Share Class launched 30 November 2020*

*3 Share Class launched 11 December 2020*

*4 Share Class launched 05 November 2020*

*Source of all data Valu-Trac Administration Services unless stated otherwise*

In carrying out the assessment of value the following criteria were considered:

**1. Quality of service**

The AFM considers that a good level of service was provided to shareholders by all parties involved commensurate to the amount paid by the Fund for those services. The AFM monitors the following operational services:

Depository – NatWest Trustee and Depository Services Limited

Custodian – RBC Investor Services Trust, UK branch (RBC)

The external audit is conducted by Johnston Carmichael LLP.

These services are essential in ensuring that the Fund operated efficiently and in the case of the Depository and Custodian the service is supervised on an on-going daily basis by the AFM. As a shareholder this means that you can be certain that your requests such as investment and redemption of the Fund's units will always be carried out exactly as set out in the documentation.

Valu-Trac does not delegate any of the core functions of the Fund such as fund administration, fund accounting and transfer agency. This means that the AFM directly employs and supervises the individuals who are carrying out this work and that those undertaking the work are appropriately qualified and experienced. Due to this high level of supervision and control of these functions the AFM believes that the shareholders can be certain that their instructions will be carried out efficiently and that the reporting they receive is timely and focused. The AFM works closely with Downing LLP to coordinate mailings such as annual letters with dividend vouchers and financial reports to avoid excessive correspondence whilst providing all required reporting on a timely and clear basis. This also has ensured that the AFM has responded to any enquiries from shareholders fully and promptly.

**2. Performance**

The AFM has assessed performance of the Fund net of all the charges that are outlined in its prospectus. The investment objective of the Fund to generate income with the potential for long term (5 years) capital growth. As the Fund has only been running for less than a year, the performance record of VT Downing European Unconstrained Income Fund is too short to determine whether value is being delivered on the investment performance criteria.

The Fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance. In order to assess the Fund's performance, investors may find it useful to compare the Fund against the performance of the IA Europe Excluding UK sector (the comparator).

To assess income, the below table shows the dividend yield for the period under review.

|   | <b>Dividend Yield</b>            |  |
|---|----------------------------------|--|
|   | <b>since<br/>class inception</b> | <b>Comparator<br/>annualised yield</b> |
| Class A (Accumulation) (since 17 November 2020) | 1.77%                            | 0.72%                                  |
| Class A (Income) (since 30 November 2020)       | 1.69%                            | 0.72%                                  |
| Class F (Accumulation) (since 11 December 2020) | 1.98%                            | 0.72%                                  |
| Class F (Income) (since 05 November 2020)       | 2.11%                            | 0.72%                                  |

The AFM has also assessed the risk taken to achieve the above performance and is satisfied no excessive risk was taken to achieve performance, (detailed analysis on how we have arrived at this conclusion can be provided on request). However, it is too early to assess the performance of the Fund fully as to whether it is meeting the objectives of the Fund.

### 3. AFM costs

The costs incurred during the period 05 November 2020 to 30 June 2021 were as follows:

|                           | <b>£</b>       | <b>Annualised % of<br/>average fund value</b> |
|---------------------------|----------------|---|
| Investment manager's fee  | 277,657        | 0.62%   |
| ACD fee                   | 19,556         | 0.05%   |
| Depositary fee            | 18,095         | 0.05%   |
| Audit fee                 | 8,100          | 0.02%   |
| Safe custody fee          | 4,651          | 0.02%   |
| FCA fee                   | 40             | 0.00%   |
| Other fees                | 900            | 0.00%   |
| Transaction fee (capital) | 2,063          | 0.00%   |
| <b>Total costs</b>        | <b>331,062</b> | <b>0.76%</b>                                  |

Gains for the period (capital and revenue) were £11,069k, after overseas withholding taxation of £165k.

There were no preliminary charges, redemption charges or dilution levies paid by shareholders during the period.

It should be noted that the prospectus does not allow for redemption charges however, the ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Sub-fund is in continual decline; on a Sub-fund experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size exceeding 3% of the Net Asset Value of the relevant Sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

The AFM has considered the costs charged to the Fund by comparing the operating charges of the share classes to the average OCF of the largest 10 funds in the IA Europe Excluding UK sector, retail classes where available. This is shown below.

|  | <b>Operating charges<br/>(excluding transaction<br/>fee (capital))</b> |
|--|--|
| Class F  | 0.67%  |
| Class A  | 0.87%  |
| IA Europe Excluding UK (average of 10 largest funds) | 0.98%  |

Source - Morningstar

The AFM has concluded the costs, and in particular the Investment Manager's fee is appropriate and justified for the Fund. Section 7 explains the reasoning for the differences in the share class charges.

#### **4. Economies of scale**

The AFM has assessed to what extent it has been able to achieve any savings as a result of economies of scale. Where any such savings have been made this has in every case been passed on to the shareholders. An example of this is the depositary fees charges being on a sliding scale so reduce in cost as the Fund exceeds certain thresholds. As the AFM grows its total assets across all schemes it uses this purchasing power to benefit all schemes.

#### **5. Comparable market rates**

The AFM has compared the charges of this Fund with that of comparable funds. The AFM selected funds that are classified in the IA Europe Excluding UK sector along with similar style funds that the AFM administer. The AFM believes that the shareholders of the Fund are achieving efficient market rates as a whole and are not excessive as discussed in section 3. As the AFM assets grow in total it continues to strive for extra efficiencies wherever this can be achieved for all of its schemes.

#### **6. Comparable services**

The services provided to this Fund and the costs are also comparable amongst other similar funds operated by the AFM, and is aligned with its normal operating model.

#### **7. Classes of units**

The annualised operating charges for the two classes of shares is as noted below.

#### **At and for the period ended**

#### **30 June 2021**

|         |       |
|---------|-------|
| Class F | 0.67% |
| Class A | 0.87% |

The Investment manager's fee is 0.55% per annum for the class F share classes while it is 0.75% per annum for the class A share classes. The minimum initial investment and holding in the Class F share classes is £1,000,000 compared to £1,000 for the Class A share classes and minimum top up is £1,000 for Class F compared to £100 for Class A which is why it attracts a lower fee.

#### **CONCLUSION**

In taking all of these criteria into consideration the AFM concludes that in assessing whether the payments out of the scheme property as set out in the prospectus are justified in the context of the overall value delivered to shareholders, while it is too early to conclude if the objective will be met, the shareholders of VT Downing European Unconstrained Income Fund are receiving good value, considering the period of time the Fund has been in operation.

13<sup>th</sup> October 2021