

VT Dominium Holdings
Investment Company with Variable Capital

INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 30th NOVEMBER 2023

SHAREHOLDER INFORMATION

Net assets attributable to shareholders:	£33,808,160
Shares outstanding:	
Accumulation:	23,116,271
Income:	290,804
Net asset value per share ('NAV'):	
Accumulation:	144.7p
Income:	136.8p
Ongoing charges figure ('OCF') (<i>annualised</i>):	0.99% (<i>see note below</i>)
Redemption charge:	3% for redemptions within three years (<i>payable to VT Dominion Holdings ICVC</i>)
Portfolio turnover (<i>annualised</i>):	3.6%
Minimum initial investment:	£250,000
Minimum subsequent investment:	£20,000
Year end:	31 st May
Ex-dividend date:	31 st May
Dividend distribution date:	31 st July

*Authorised Corporate Director (ACD),
Alternative Investment Fund Manager (AIFM)
and Registrar*

Valu-Trac Investment Management Limited
Orton,
Moray
IV32 7QE
Telephone: 01343 880217
Email: dominium@valu-trac.com
Authorised and regulated by the Financial Conduct
Authority

*Investment Manager
(Investment Adviser prior to 1st December 2023)*

Inpersca Limited
43 Melville Street,
Edinburgh
EH3 7JF
Authorised and regulated by the Financial Conduct
Authority

Depository

NatWest Trustee and Depository Services Limited
House A, Floor 0, 175 Glasgow Road
Gogarburn
Edinburgh
EH12 1HQ
Authorised and regulated by the Financial Conduct
Authority

Auditor

Johnston Carmichael LLP, CA
Commerce House, South Street,
Elgin
IV30 1JE

Note

The OCF is capped at 1% p.a. This is reduced to 0.85% p.a. on incremental assets above £30m and 0.75% on incremental assets above £50m.

ABOUT VT DOMINIUM HOLDINGS ICVC

VT Dominion Holdings ICVC ('the Company') is an Open-Ended Investment Company that is authorised and regulated by the United Kingdom's Financial Conduct Authority ('FCA') as a non-UCITS retail scheme. It began operations on 14th July 2017 as a vehicle for business ownership and is only intended for like-minded shareholders who recognise the risks and benefits of its investment objective and approach. The Company does not directly own immovable assets, commodities, derivatives or collective investment schemes, and does not 'short' shares or borrow to invest.

Investment Objective

The Company's investment objective is to preserve and grow the purchasing power of shareholders' capital (i.e. for its returns to increase in excess of the UK's Consumer Price Index) over the long-term.

Investment Approach

As investment manager, Inpersca Limited is of the opinion that business ownership offers the best means to protect and grow capital in real terms over time. It provides owners with a claim on the true sources of wealth creation. Participating patiently in the ownership of a limited number of carefully selected businesses, each efficiently providing products and services that effectively satisfy society's needs, is the core of the Company's investment approach. It has no defined time horizon for each but hopes to own them for decades. *Simply put, its goal is to buy well and hold on.*

The Company will seek to partner with competent and honest entrepreneurs or business owners who share with it a community of interest. These individuals will have the privilege and responsibility of overseeing the distribution or reinvestment of the cash flows generated by their businesses, a key determinant of the rate at which the Company's capital will compound over time.

In order that this wealth creation accrues to owners, and is not competed away, each business in which the Company has an ownership participation should have barriers to entry that are scarce and difficult to replicate. They should also operate with capital structures and business models resilient enough to endure life's inevitable vicissitudes.

At Inpersca Limited we believe that neither 'risk' nor 'value' is a number that can be found on a spreadsheet.

Given the sanctity of capital we see 'risk' as the likelihood of permanent capital loss. The careful selection of each business the Company owns is its best protection against this outcome – even then we will make errors of judgement. As long-term business owners we do not view asset price volatility, or illiquidity, as risk. You should know in advance that the Company will not avoid large drops in the share prices of the companies it owns. By understanding its businesses and management partners we hope to have the resilience to survive these falls and the courage to take advantage of them.

We 'value' scarcity, resilience, adaptability, ingenuity, probity and competence. The Company will look to own as much of this as possible for every portion of a business it acquires. Price volatility may provide it with the opportunity to acquire a greater portion of this value relative to the price it is being asked to pay - a welcome outcome.

Cash represents the residual of the investment approach. Suitable investment opportunities do not arise each and every day, or just because we might want them to. When suitable investment candidates are not available cash will be allowed to accumulate, to a maximum of fifteen percent of net asset value. We have no ability to time asset price movements in capital markets and so do not attempt to do so.

We do not believe making comparisons of investment performance with other assets over short periods of time is helpful. Furthermore, the Company's ownership interests are selected without consideration of benchmark weightings and as such performance may deviate substantially from other investment vehicles. A realistic measure of long-term performance would be progress against the UK's Consumer Price Index ('CPI') over a rolling five-year period. A reasonable long-term comparator for global business ownership may be a world index of listed businesses.

INVESTMENT MANAGER'S BUSINESS PRINCIPLES

As investment manager, Inpersca Limited takes seriously its fiduciary responsibility to your savings. To ensure a community of interest between it and the shareholders of the Company, Inpersca Limited is operated on the following broad business principles:

- ❖ We regard the capital entrusted to the Company as irreplaceable. Its long-term preservation, in real terms, is our first priority. A major portion of both the savings of our directors and the capital of Inpersca Limited is invested in the Company. We aim to participate in the progress of the Company alongside its other shareholders, not at their expense.
- ❖ We care about investment returns. Inpersca Limited is dedicated solely to managing the Company and to monitoring the businesses it owns. The Company's size will be limited so as to maximise its opportunity set.
- ❖ As the Company grows it is our intention to share with the Company's shareholders the benefits of scale via a systematic reduction of the ongoing charges figure. In addition, our investment approach seeks to minimise transaction costs, an important and often overlooked expense that impairs long-term investment returns.
- ❖ It is essential that the shareholders of the Company are like-minded investors who share our investment philosophy, perspective of risk, return expectations and time horizon. The longer your investment time horizon the better. If your investment time horizon is less than five years, it is unlikely to be a suitable vehicle for your savings and a redemption fee is payable to the Company for redemptions within three years. Our own time horizon is much longer. We only intend to comment on progress over a minimum of a five-year rolling period.

Inpersca Limited

LETTER TO SHAREHOLDERS

Dear fellow owners,

A focus on the timeless, not the timely

For most of human existence people have struggled with too little food and too little information. Today many of us have an abundance of both. For some they have become safety blankets of sorts, used to dispel discomfort or uncertainty even at a cost to long-term health. Immersing ourselves in a deluge of digital distractions exposes us to cognitive overload. This reduces self-control.¹ Multitasking, twenty-four-hour news, the next election orientation of politicians, the hype and publicity given to accelerating technological innovation, or the quarterly reporting used for assessing business performance all contribute to today's unreasonably short time frames.

Much of the information we have access to is incomplete, ambiguous or complicated. This makes forming an accurate perception of reality difficult. It is especially true when we are under pressure to come to an immediate judgement. We become prone to thinking that the knowledge we currently possess is all there is to know, to believing that what is obvious in hindsight could have been predicted with foresight, or to seeing patterns in data where none exist. The real trouble is that once we make up our minds, they are incredibly difficult to change. Details that are consistent with our expectations are seen as reassuring and easily processed. Those that offer disconfirming evidence are considered painful and so ignored or distorted. As psychologist Daniel Kahneman points out, "*Our comforting conviction that the world makes sense rests on a secure foundation: our almost unlimited ability to ignore our ignorance.*"²

My thinking is as susceptible as anyone else's to the habits, biases and emotions that are hurdles in coming to rational decisions. However, making an asset of time offers an avenue to better manage them. In a world flooded with transitory data, time uncovers lasting wisdom. It reveals what is honest, determinative, enduring and antifragile.³ Time allows improved self-control by putting some distance between an immediate emotional response and any eventual judgement or decision to act. Maybe most importantly, time provides the space to be more self-critical, more open-minded and to build knowledge through curiosity.

Accepting uncertainty

Stewardship of our Company's capital is a wonderful privilege that gives rise to a deep sense of duty and purpose. I have known most of you personally for a long time and for many of us our shareholding in it constitutes a substantial portion of our financial worth. This reality requires a candid assessment of risk and uncertainty, as well as an alignment of expectations and time horizons.

Uncertainty might be uncomfortable, but it is an unavoidable reality. Just as in the past, the future will bear witness to events, policy choices and societal attitudes that are favourable to the owners of capital and others that are not. Society's sentiments will continue to swing between fear and greed, sometimes wildly. These shifts may even be amplified by the shorter time horizons alluded to earlier. Trying to correctly anticipate these to then predict the timing, magnitude or duration of movements in asset prices on global capital markets strikes me as incredibly difficult and probably a misguided use of hard-earned savings and time.

Patient business ownership offers us a unique attraction that collectibles, paper money, fixed income securities or precious metals do not. It allows us to connect our savings to entrepreneurial effort and productive assets that can adapt. For most of us, our savings have been accumulated gradually through commercial endeavours in ordinary industrial, financial or agricultural industries over the course of a wide variety of economic or political conditions. In effect, our Company is little more than a conduit via which the savings earned by one set of adaptable businesspeople are pooled and made available for use by another set. Given the sanctity of our savings, what activity they finance and the integrity of those who have use of them is crucial. There exists today a great deal that is hyped, false and transient.

Durability and integrity

As I see it, finding a great business is not simply a puzzle with a single definite answer, easily quantifiable risks and established rules. Rather there are no simple solutions, many immeasurable uncertainties and no pre-defined rules. For our purposes, it might be better to define a business that is a potentially suitable home for our capital as

LETTER TO SHAREHOLDERS

one involved in functional, innovative and productive efforts that give rise to returns that are economic and honest. It is their durability in creating widely shared wealth and the principles they adhere to in doing so that is of great value to us. Not least because they become increasingly so through time.

All businesses are subject to depreciation or decay as competition, complacency or adversity continually threaten profitability. Their attempts at overcoming these, while varied, often involve the dominance of a narrow niche (e.g. Robertet's market position in the supply of certain natural flavours and fragrances), a commitment to innovation (e.g. Rational's industry leading technology in commercial cooking equipment), the possession of unique consequential knowledge (e.g. RLI's deep understanding of the risks in insuring unusual perils), or ownership of difficult to replicate assets (e.g. Richemont's timeless *Cartier* brand). As people greatly influence this, time allows us to observe the principles these individuals choose to operate under, how they treat our capital and each other, what trade-offs they are prepared to make, how they wish to be incentivised and motivated, and what outcomes are the consequence of luck. The most valuable insights often occur in moments of crisis or windfall and time has a habit of delivering both.

Continuous improvement

Through the convenience of a stock exchange, we can participate in the ownership of these firms without having to try and build them ourselves. If we are patient, very occasionally the opportunity will arise to add a shareholding on terms that are favourable in relation to our objectives. Our preference for inactivity is intentional. By remaining patient, resisting the impulse to tinker too much and not falling prey to overconfidence or boredom, our collection of assets will slowly evolve to give greatest emphasis to the most valuable among them.

In a world enamoured by the now, my attention is given to reflecting on the enduring nature of what we own, trying to identify the risks and uncertainties associated with these assets, and attempting to disconfirm the assumptions that support any underlying hypotheses of why they are suitable for achieving our objectives. Perfection in this effort will always be beyond reach. The intention is simply to continuously improve. In this endeavour time delivers something else of tremendous value: accountability.

I wish you and your families a healthy and happy 2024.

Evan Green
Inpersca Limited, December 2023

Notes:

1. *Focus: the hidden driver of excellence* by Daniel Goleman (Bloomsburg Paperbacks, 2014)
2. *Thinking, fast and slow* by Daniel Kahneman (Penguin, 2012)
3. *Antifragile: Things that gain from disorder* by Nassim Nicholas Taleb (Penguin, 2013). Taleb suggests that rather than just being robust or resilient, things that are antifragile strengthen through encounters with disorder.

OWNERSHIP INTERESTS

Portfolio statement as at 30th November 2023

Holding	Security	Currency	Value (£)	% of Net Assets	31 st May 2023
2,480	Markel Corp.	USD	2,797,831	8.28	
5,610	Costco Wholesale Corp.	USD	2,603,738	7.70	
40,500	Heineken Holding NV	EUR	2,495,722	7.38	
8,200	Berkshire Hathaway Inc.	USD	2,333,311	6.90	
53,000	Fielmann Group AG	EUR	2,213,297	6.55	
13,000	Schindler Holding AG	CHF	2,207,523	6.53	
80,000	Admiral Group plc	GBP	2,162,800	6.40	
58,503	TFF Group	EUR	2,141,878	6.34	
13,000	Pernod Ricard SA	EUR	1,775,978	5.25	
29,900	Brown & Brown Inc.	USD	1,746,468	5.17	
15,400	RLI Corp.	USD	1,648,154	4.88	
16,000	Exor NV	EUR	1,225,797	3.63	
12,358	Compagnie Financiere Richemont SA	CHF	1,223,428	3.62	
13,100	Nestle SA	CHF	1,179,575	3.49	
3,300	Mastercard Inc.	USD	1,076,704	3.18	
171,950	A.G. Barr plc	GBP	832,668	2.46	
128,660	VP plc	GBP	800,909	2.37	
1,400	Rational AG	EUR	710,581	2.10	
750	Robertet Group	EUR	492,896	1.46	
50,000	Compania Cervecerias Unidas SA (ADR)	USD	480,594	1.42	
Total equities			32,149,852	95.09	<i>94.12</i>
Cash and equivalents		Various	1,706,719	5.05	<i>6.01</i>
Adjustment to revalue assets from mid to bid			(48,411)	(0.14)	<i>(0.13)</i>
Total portfolio			33,808,160	100.00	

During the six months to 30th November 2023 there were investment purchases of £600,728 and investment sales of £679,363.

FINANCIAL STATEMENTS

Statement of total return

For the 6 months ended 30 th November	2023	2022
	£	£
Income		
Net capital gains	587,185	451,513
Revenue	367,786	350,255
Expenses	(186,600)	(165,899)
Operating expenses		
Expense reimbursement by investment adviser	20,096	13,964
Finance costs: interest	<u>-</u>	<u>(35)</u>
Net revenue before taxation	201,282	198,285
Taxation	<u>(93,654)</u>	<u>(61,292)</u>
Net revenue after taxation	<u>107,628</u>	<u>136,993</u>
Total return before dividends	694,813	588,506
Finance costs: dividends	<u>(360)</u>	<u>2,371</u>
Change in net assets attributable to shareholders from investment activities	<u>694,453</u>	<u>590,877</u>

Statement of changes in net assets attributable to shareholders

For the 6 months ended 30 th November	2023	2022
	£	£
Opening net assets attributable to shareholders	33,628,347	30,448,129
Amounts receivable on creation of shares	34,997	597,629
Amounts payable on cancellation of shares	(549,637)	-
Change in net assets attributable to shareholders from investment activities (see above)	<u>694,453</u>	<u>590,877</u>
Closing net assets attributable to shareholders	<u>33,808,160</u>	<u>31,636,635</u>

As comparatives are shown for the comparable interim period the net asset value at the end of the period will not agree to the net asset value at the start of the period. The Company net asset value as at 31st May 2023 was £33,628,347.

FINANCIAL STATEMENTS

Balance sheet

As at	30 th November 2023		31 st May 2023	
	£	£	£	£
Assets				
Investment assets		32,101,441		31,604,051
Debtors	104,029		198,867	
Cash and bank balances	<u>1,633,989</u>		<u>1,864,305</u>	
Total other assets		<u>1,738,018</u>		<u>2,063,172</u>
Total assets		33,839,459		33,667,223
Liabilities				
Creditors	(31,299)		(36,343)	
Dividend payable	<u>-</u>		<u>(2,533)</u>	
Total liabilities		<u>(31,299)</u>		<u>(38,876)</u>
Net assets attributable to shareholders		<u>33,808,160</u>		<u>33,628,347</u>

Accounting Policies

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 accounting policies applied are consistent with those of the financial statements for the period ended 31st May 2023 and are described in those financial statements.

COMPARATIVE TABLES

	Income shares		
	6 months to 30 th Nov 2023	12 months to 31 st May 2023	12 months to 31 st May 2022
Change in net assets per share			
Opening net asset value per share	134.0p	126.5p	121.5p
Return before operating charges †	3.5p	9.7p	7.1p
Operating charges	(0.7p)	(1.3p)	(1.2p)
Return after operating charges	2.8p	8.4p	5.9p
Dividend on income shares	(0.0p)	(0.9p)	(0.9p)
Closing net asset value per share	136.8p	134.0p	126.5p
† after direct transaction costs of	0.01p	0.01p	0.02p
Returns			
Total return after charges	2.1%	6.6%	4.9%
Other information			
Closing net asset value	£0.4m	£0.4m	£0.4m
Closing number of shares	0.3m	0.3m	0.3m
Annualised operating charges	0.99%	0.99%	1.00%
Direct transaction costs	0.01%	0.01%	0.02%
Share prices			
Highest price	137.5p	140.0p	133.7p
Lowest price	133.0p	120.6p	122.3p

	Accumulation shares		
	6 months to 30 th Nov 2023	12 months to 31 st May 2023	12 months to 31 st May 2022
Change in net assets per share			
Opening net asset value per share	141.7p	132.9p	126.7p
Return before operating charges †	3.7p	10.2p	7.5p
Operating charges	(0.7p)	(1.4p)	(1.3p)
Return after operating charges	3.0p	8.8p	6.2p
Dividend on accumulation shares	(0.0p)	(0.9p)	(1.0p)
Reinvested dividend on accumulation shares	0.0p	0.9p	1.0p
Closing net asset value per share	144.7p	141.7p	132.9p
† after direct transaction costs of	0.01p	0.01p	0.03p
Returns			
Total return after charges	2.1%	6.6%	4.9%
Other information			
Closing net asset value	£33.5m	£33.3m	£30.1m
Closing number of shares	23.1m	23.5m	22.6m
Annualised operating charges	0.99%	0.99%	1.00%
Direct transaction costs	0.01%	0.01%	0.02%
Share prices			
Highest price	145.5p	147.2p	139.5p
Lowest price	140.7p	126.8p	127.5p

AUTHORISED CORPORATE DIRECTOR RESPONSIBILITIES

The rules of the Financial Conduct Authority's ('FCA') 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 judgments 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 FCA's Collective Investment Schemes Sourcebook and Investment Funds Sourcebook, 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

In accordance with the requirements of the FCA's Investment Scheme's Sourcebook and Investment Funds Sourcebook, we hereby certify the interim report.

David E. Smith CA

Valu-Trac Investment Management Limited
Authorised Corporate Director
12th December 2023

ADDITIONAL INFORMATION

Issue and redemption of shares

Valu-Trac Investment Management Limited is the ACD and Registrar and will receive requests for the purchase or sale of shares at any time during normal business hours. Instructions may be given by sending an application form by email to dominium@valu-trac.com or by post. Application forms are only available from the Registrar.

The price of shares purchased or sold will be determined by reference to a valuation of the Company's net assets at 4:30pm on the 1st and 15th (or the next business day) of each month.

The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part. In this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued.

A contract note giving details of the shares purchased and the price used will be issued by the Registrar by the end of the business day following the valuation point. Settlement is due four business days after the trade date shown on the contract note and should be made to the ACD's dealing account.

Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. Certificates will not be issued. Annual statements in respect of distributions of revenue will show the number of shares held by the recipient in respect of which the distribution is paid. Individual statements of a shareholder's shares will also be issued at any time on request by the registered holder.

Where shares are sold, payment will be made not later than the close of business on the fourth business day following the next valuation point. Please note that shares sold within three years of purchase will be subject to a redemption charge. This redemption charge is payable to the Company. It is not paid to the ACD or investment manager.

The most recent prices of shares are published on www.valu-trac.com/dominium. Neither the ACD nor the Company can be held responsible for any errors in the publication of the prices.

Taxation

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

Value assessment

The AIFM undertakes an assessment of value for the Company each year. This report is available on their website.

Risk Profile

Based on past data, the Company 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 (31st May 2023 ranked '5'). The Company is ranked 5 because monthly historical performance data indicates that it has experienced relatively high rises and falls in market prices historically.