

VT MUNRO-SMART BETA FUND
(Sub-fund VT Munro Smart-Beta UK Fund)

Annual Report and Financial Statements
For the year ended 31 January 2023

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COMPANY OVERVIEW

Type of Company: VT Munro Smart-Beta Fund (“the Company”) is an authorized open-ended investment company with variable capital (“ICVC”) further to a Financial Services Authority (“FSA”) (predecessor of the FCA) authorization order dated 18 July 2007. The Company is incorporated under registration number IC000551. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook (“COLL”) issued by the Financial Conduct Authority (“FCA”).

The Company has been set up as an umbrella company. The Company has currently one Sub-fund available for investment, VT Munro Smart-Beta UK Fund (“the Sub-fund”).

The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Company consist predominantly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

The shareholders are not liable for the debts of the Company.

The Instrument of Incorporation can be inspected at the office of the ACD.

The Company has no directors other than the ACD.

The base currency of the Company is UK sterling.

Copies of the Prospectus and Key Investor Information Document are available free of charge from the ACD.

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

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

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

David Fraser FCCA

David E. Smith CA

Valu-Trac Investment Management Limited
Authorised Corporate Director

Date

30 May 2023

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF VT MUNRO SMART-BETA FUND

For the year ended 31 January 2023

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"), and 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 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 February 2023

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT MUNRO SMART-BETA FUND (SUB-FUND VT MUNRO SMART-BETA UK FUND)

Opinion

In our opinion, VT Munro Smart-Beta Fund financial statements:

> give a true and fair view of the financial position of the Company and of the sub-fund as at 31 January 2023 and of the net revenue and the net capital gains on the scheme property of the Company and of the sub-fund for the year then ended; and

> have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation. VT Munro Smart-Beta Fund is an Open Ended Investment Company ('OEIC') with one sub-fund. The financial statements of the Company comprise the financial statements of the sub-fund.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 January 2023; the statement of total return, and the statement of changes in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies; and notes to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions Relating to Going Concern

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 or the sub-fund's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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. However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's or the sub-fund's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information 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. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 year is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of Authorised Corporate Directors' Responsibilities, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine 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 and the sub-fund'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 wind up or terminate the Company or sub-fund, 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. 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.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company or the sub-fund and judgements and assumptions made by management in their significant accounting estimates. Audit procedures performed included:

- > Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- > Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- > Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT MUNRO SMART-BETA FUND (SUB-FUND VT MUNRO SMART-BETA UK FUND)(continued)

Use of this Report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on matters required by the Collective Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- >proper accounting records have not been kept; or
- >the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Colin Gray B.Com C.A. (senior statutory auditor)

for and on behalf of Frame Kennedy Ltd
Chartered Accountants and Statutory Auditors

Metropolitan House, 31-33 High Street
Inverness IV1 1HT

30 May 2023

SUB-FUND OVERVIEW

Name of Sub-fund	VT Munro Smart-Beta UK Fund
Size of Sub-fund	£24,312,028
Launch date	22 July 2007
Sub-fund objective and policy	<p>The objective of the VT Munro Smart-Beta UK Fund (the "Sub-fund") is to replicate the performance (before fund fees and expenses) of the Elston Smart-Beta UK Dividend Index[^].</p> <p>The Sub-fund will invest at least 80% in a portfolio of UK securities listed on the London Stock Exchange that as far as practically possible consist of the component securities of the Elston Smart-Beta UK Dividend Index (the "Benchmark Index").</p> <p>In seeking to achieve the objective the Sub-fund intends to use sampling techniques (as opposed to fully replicating the Benchmark Index), and it is therefore not expected that the Sub-fund will hold each and every underlying constituent of the Benchmark Index at all times or hold them in the same proportion as their weightings within the Benchmark Index. This could be down to construction constraints (i.e. compliance with UK UCITS rules), turnover constraints (where the manager considers it is in the best interests of investors not to change the holdings of assets to track the index); and liquidity management considerations (which may mean that the Sub-fund holds some cash which the Benchmark Index may not to ensure adequate liquidity)</p> <p>As the Sub-fund seeks to replicate the performance of the Benchmark Index (before fund fees and expenses) it is heavily influenced by the Benchmark Index with weightings of the Sub-fund being continuously compared to the weightings of the Benchmark Index, and an annualised tracking error will be targeted of <3%, when using consistent valuation points of the Sub-fund and the Benchmark Index (12pm).</p> <p>The Sub-fund may also invest in money market instruments, cash and deposits.</p> <p>It is the ACD's intention that derivatives be used for hedging purposes using efficient portfolio management style techniques (although use of derivatives is expected to be limited). The Sub fund may invest in other collective investment schemes which may themselves use derivatives for investment purposes.</p> <p>The Sub-fund is passively managed.</p> <p>The Sub-fund will not have any particular industry or economic sector focus and as such weightings in these may vary as required.</p>
Authorised Corporate Director (ACD)	Valu-Trac Investment Management Limited
Annual accounting date	31 January
Interim accounting dates	Last day of each month
Annual income allocation date	31 March
Interim income allocation dates	Last day of each month
Individual Savings Account (ISA)	The Company is a qualifying investment for inclusion in an ISA.
Share Classes:	Income Shares and Accumulation Shares in X Class

[^] The Elston Smart-Beta UK Dividend index is a Sterling based total return index, comprising approximately 300 of the largest dividend paying stocks (excluding Investment Trusts) that are quoted on the London Stock Exchange. While the full universe is initially determined by market capitalisation, the investible universe is reweighted based on expected dividend pay-out. Further information on the composition of the index can be found at: <https://www.elstonsolutions.co.uk/our-indices.html>. The Sub-fund aims to replicate the performance of the Elston Smart-Beta UK Dividend index (before fund fees and expenses) but will not necessarily be invested in all the constituents.

SUB-FUND OVERVIEW (Continued)

Minimum investment*

Lump sum subscription:	X Class Shares = £250
Top-up:	X Class Shares = £100
Holding:	X Class Shares = £250
Redemption:	X Class Shares = Nil

*The ACD may at its discretion accept subscriptions lower than the minimum amount.

Annual management charges

The management charge in respect of the X Class Shares is 0.50% per annum of the Net Asset Value of the X Class Shares.

Changes to Sub-fund

On 20 September 2022, the A Income share was closed and the investors were converted to X Income share.

On 20 September 2022, the A Accumulation share was closed and the investors were converted to X Accumulation share.

In addition there was clarification to the objective and policy wording to that above along with updating that the Freedom Smart-Beta UK Dividend Index has changed its name to Elston Smart-Beta UK Dividend Index. These amendments are not expected to result in any change to the way in which the Fund operates or the investments which it makes.

INVESTMENT ADVISER'S REVIEW

Investment Activities

The fund was managed to replicate the Elston Smart-Beta UK Dividend Index as closely as possible, having regard for costs, during the year under review. At the end of the financial year, it was invested in companies which accounted for 99.8% of the forecast dividend income of the Index. The fund continues to follow the same process of investing in large and medium sized companies listed on the London Stock Exchange, excluding investment trusts, in line with each stock's contribution to the total forecasted dividend payout for the group as a whole. Elston Consulting is the benchmark administrator of this Index.

The investment management process is designed to minimize trading and exploit volatility. New money is allocated to securities which are underweight relative to their position in the index.

Subscriptions to the fund of £21,667,482 exceeded redemptions of £4,887,901 to give a net inflow of £16,779,581. In addition, the fund benefitted from an increase in asset valuations so that in total the fund increased in size by £18,374,480, from £5,937,548 to £24,312,028.

During the period the fund distributed £490,776 to investors. This was a large increase on the £274,591 distributed in the previous year, largely down to the increase fund size. The yield at the period end was 4.67% which compares to 4.94% as the end of January 2022, this reduction is due to continued strength in asset prices.

Throughout this period the cash position held by the fund was kept as low as possible following full deployment of investor inflows and allowing for accrued income held in the fund.

Purchases totalling £13,718,553 were made into 254 companies, the top 20 are listed on page 18

Redemptions, and corporate actions, and changes to the index caused the fund to sell shares in 120 names totalling £3,295,457. The top 20 sales are also listed on page 18.

Trading was therefore confined to investing new funds as per the index and accepting takeover offers and raising cash to meet redemptions.

Investment Performance

Over the period under review the X Accumulation shares increased in value by 7.94%. This is below the rise of 9.74% in the Elston Smart-Beta UK Dividend Index which it seeks to replicate, giving a gross underperformance of 1.80%. However, the cost of running the fund of 1.07% (for the X Accumulation shares) meant that in gross terms it underperformed the benchmark by 0.73%. In the last year direct transaction costs were 0.85% consequently absorbing the -0.73% tracking error and effectively delivering a relative outperformance of +0.12% over the period.

The performance of the fund and strategy outperformed traditional UK Equity benchmarks, and the UK Equity Income peer group. Indeed, in the calendar year 2022, the fund was one of the top 5 performing UK equity funds. This is because the recent inflationary period has seen renewed interest in dividend-paying equities and the inherent value-bias they represent.

The fund only charges a dilution levy when individual transactions exceed 5% of NAV. This means it is only charged occasionally. The majority of the transactions incur stamp duty of 0.50%, these are charged to the fund and became part of the OCF. It is important to note that the cost of running the fund includes this tax which is significant when comparing costs with passive funds that do charge it on every transaction. Total transaction charges were £105,559 last year of which £91,979 was stamp duty.

As mentioned above, the current dividend yield of the fund is 4.67% which is the highest in the UK All Companies Sector, according to Trustnet.

The concept of smart-beta indexing is to get the returns of the asset class, in this case the UK stock market, but with a little additional performance by utilising an alternative weighting scheme, for example by emphasising a particular factor exposure. The return of the asset class is known as the beta of the market and the factor used by this index and fund is dividends which is also a proxy for value. For several years, when a value bias was out of favour, the return of this index was below that of the broader UK equity market as growth stocks benefitted from ultra-low interest rates and quantitative easing that pushed money into riskier assets. In an above-target inflationary regime, value has been back in favour.

INVESTMENT ADVISER'S REVIEW (continued)

Investment Strategy

There was no change in the investment strategy of the fund which is to track the Elston Smart-Beta UK Dividend Index. This index methodology allocates weights to shares in proportion to their contribution to the total cash dividend forecast for this index. This alternative weighting scheme is why it is considered a "smart-beta" based approach, when compared to traditional "beta", characterised by market-capitalisation weighting schemes.

The fundamental dividend tracking process captures this effect by focusing solely on forecast dividend flows and ignoring capital values. As far as we know this makes it unique.

A passive fund is relatively straightforward and relatively cheap to run, as most of the complexity takes place within the index methodology. Many of the costs at this stage are fixed and this makes it very well placed to take advantage of economies of scale as the fund grows. The manager and sponsor are keen to pass those benefits through to the investor and intends to reduce the AMC and/or the OCF as the fund grows in size.

Valu-Trac Investment Management Limited
Investment Manager of the Fund
31 March 2023

PERFORMANCE RECORD

Financial Highlights

Class A Net Income

	For the period 1 February 2022 to 20 September 2022 [^]	Year ended 31 January 2022	Year ended 31 January 2021
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	79.9674	69.3414	82.4683
Return before operating charges	0.0733	16.3605	(8.9385)
Operating charges (note 1)	(1.0265)	(1.7618)	(1.5788)
Return after operating charges*	(0.9532)	14.5987	(10.5173)
Distributions on income shares	(2.9472)	(3.9727)	(2.6096)
Closing net asset value per share	76.0670	79.9674	69.3414
*after direct transactions costs of:	0.6631	0.0373	0.0455
Performance			
Return after charges	(1.19%)	21.05%	(12.75%)
Other information			
Closing net asset value	-	£21,182	£18,240
Closing number of shares	-	26,488	26,304
Operating charges (note 2)	2.07%	2.36%	2.08%
Direct transaction costs	0.85%	0.05%	0.06%
Prices			
Highest share price	82.4000	81.6802	84.6756
Lowest share price	73.9538	69.3139	54.3944

[^] share class was closed on 20th September 2022.

Class X Net Income

	Year ended 31 January 2023	Year ended 31 January 2022	Year ended 31 January 2021
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	90.1418	77.4552	91.2207
Return before operating charges	7.9034	18.2798	(9.9553)
Operating charges (note 1)	(0.9784)	(1.1397)	(0.9108)
Return after operating charges*	6.9250	17.1402	(10.8661)
Distributions on income shares	(4.3270)	(4.4536)	(2.8994)
Closing net asset value per share	92.7398	90.1418	77.4552
*after direct transactions costs of:	0.7772	0.0419	0.0506
Performance			
Return after charges	7.68%	22.13%	(11.91%)
Other information			
Closing net asset value	£6,591,746	£3,905,195	£2,954,539
Closing number of shares	7,107,782	4,332,282	3,814,515
Operating charges (note 2)	1.07%	1.36%	1.08%
Direct transaction costs	0.85%	0.05%	0.06%
Prices			
Highest share price	93.9584	92.0455	93.6948
Lowest share price	81.0457	77.4330	60.2661

PERFORMANCE RECORD (Continued)

Financial Highlights (Continued)

Class A Net Accumulation

	For the period 1 February 2022 to 20 September 2022 [^]	Year ended 31 January 2022	Year ended 31 January 2021
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	143.4683	117.9804	134.2604
Return before operating charges	0.1018	28.5730	(13.6567)
Operating charges (note 1)	(1.8760)	(3.0851)	(2.6233)
Return after operating charges*	(1.7742)	25.4879	(16.2800)
Closing net asset value per share	141.6941	143.4683	117.9804
Retained distributions on accumulated shares	5.3460	6.9184	4.3336
*after direct transactions costs of:	1.2119	0.0654	0.0757
Performance			
Return after charges	(1.24%)	21.60%	(12.13%)
Other information			
Closing net asset value	-	£38,025	£81,297
Closing number of shares	-	26,504	68,907
Operating charges (note 2)	2.07%	2.36%	2.08%
Direct transaction costs	0.85%	0.05%	0.06%
Prices			
Highest share price	150.3688	146.2094	137.8538
Lowest share price	133.8548	117.9337	89.3606

[^] share class was closed on 20th September 2022.

Class X Net Accumulation

	Year ended 31 January 2023	Year ended 31 January 2022	Year ended 31 January 2021
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	162.5302	132.4211	149.2190
Return before operating charges	14.7178	32.1148	(15.2770)
Operating charges (note 1)	(1.8081)	(2.0057)	(1.5209)
Return after operating charges*	12.9097	30.1091	(16.7979)
Closing net asset value per share	175.4399	162.5302	132.4211
Retained distributions on accumulated shares	8.0186	7.7943	4.8164
*after direct transactions costs of:	1.4364	0.0737	0.0845
Performance			
Return after charges	7.94%	22.74%	(11.26%)
Other information			
Closing net asset value	£17,726,631	£1,974,333	£1,569,104
Closing number of shares	10,104,104	1,214,749	1,184,935
Operating charges (note 2)	1.07%	1.36%	1.08%
Direct transaction costs	0.85%	0.05%	0.06%
Prices			
Highest share price	177.8286	165.5875	153.2633
Lowest share price	151.7632	132.3831	99.4713

PERFORMANCE RECORD (Continued)

Financial Highlights (Continued)

1. The operating charges per share 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 '6' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Document (31 December 2021: ranked 6). The Sub-fund is ranked 6 because weekly historical performance data indicates that it has experienced significant rises and falls in market prices historically. The higher the rank, the greater the potential reward but the greater the risk of losing money

PORTFOLIO SUMMARY

As at 31 January 2023

Holding Investment	Market value £	% of total net assets
Equities (31.01.2022: 87.08%)		
40,300 ABRDN PLC	84,429	0.35%
4,700 Admiral Group PLC	103,400	0.43%
37,800 Airtel Africa PLC	43,357	0.18%
2,900 AJ Bell PLC	9,715	0.04%
14,700 Anglo American PLC	500,021	2.06%
5,484 Antofagasta PLC	93,283	0.38%
12,400 Ashmore Group PLC	33,009	0.14%
1,900 Ashtead Group PLC	100,168	0.41%
6,300 Associated British Foods PLC	117,054	0.48%
8,650 AstraZeneca PLC	914,478	3.76%
3,700 Auto Trader Group PLC	22,947	0.09%
52,800 Aviva PLC	239,870	0.99%
11,600 B&M European Value Retail SA	51,643	0.21%
4,300 Babcock International Group PLC	13,115	0.05%
25,580 BAE Systems PLC	218,965	0.90%
4,700 Balfour Beatty PLC	17,268	0.07%
1,000 Bank of Georgia Group PLC	26,950	0.11%
219,400 Barclays PLC	404,354	1.66%
18,760 Barratt Developments PLC	85,508	0.35%
3,570 Beazley PLC	23,633	0.10%
1,690 Bellway PLC	35,456	0.15%
1,470 Berkeley Group Holdings PLC	60,020	0.25%
193,700 BP PLC	934,893	3.85%
1,760 Bodycote PLC	11,361	0.05%
15,600 Breedon Group PLC	10,483	0.04%
8,130 Bridgepoint Group PLC	19,528	0.08%
42,550 British American Tobacco PLC	1,311,391	5.39%
2,350 Britvic PLC	18,213	0.07%
170,850 BT Group PLC	214,673	0.88%
1,950 Bunzl PLC	57,876	0.24%
2,750 Burberry Group PLC	67,293	0.28%
730 Bytes Technology Group PLC	2,813	0.01%
3,600 Carnival PLC	27,446	0.11%
12,650 Centamin PLC	13,953	0.06%
58,600 Centrica PLC	58,717	0.24%
1,400 Chemring Group PLC	3,927	0.02%
230 Clarkson PLC	6,969	0.03%
2,202 Close Brothers Group PLC	21,458	0.09%
11,500 Coats Group PLC	8,223	0.03%
10,740 Compass Group PLC	207,175	0.85%
1,000 Computacenter PLC	22,140	0.09%
10,800 ConvaTec Group PLC	25,142	0.10%
300 Cranswick PLC	9,570	0.04%
3,520 Crest Nicholson Holdings PLC	8,427	0.03%
610 Croda International PLC	41,382	0.17%
9,679 Currys PLC	6,282	0.03%
65 CVS Group PLC	1,281	0.01%
1,200 DCC PLC	54,780	0.23%
500 Dechra Pharmaceuticals PLC	14,240	0.06%
13,330 Diageo PLC	465,884	1.92%
700 Diploma PLC	18,956	0.08%
32,300 Direct Line Insurance Group PLC	56,961	0.23%
26,000 Diversified Energy Company PLC	28,600	0.12%
4,300 Dominos Pizza Group PLC	13,554	0.06%
6,500 Dr. Martens PLC	10,062	0.04%
3,600 Drax Group PLC	23,076	0.09%
19,250 DS Smith PLC	67,067	0.28%

PORTFOLIO SUMMARY (Continued)

As at 31 January 2023			% of total net
Holding	Investment	Market value £	assets
2,267	Dunelm Group PLC	26,229	0.11%
6,200	easyJet plc	30,306	0.12%
2,685	RS Group PLC	24,890	0.10%
2,400	Endeavour Mining PLC	44,832	0.18%
3,900	Energean PLC	45,357	0.19%
2,000	Entain PLC	29,510	0.12%
37,625	EVRAZ plc	28,219	0.12%
4,200	Experian PLC	123,102	0.51%
1,360	Ferguson Plc	152,388	0.63%
321	Fevertree Drinks PLC	3,480	0.01%
3,315	FirstGroup PLC	3,633	0.01%
3,800	Fresnillo PLC	30,871	0.13%
170	Future PLC	2,545	0.01%
255	Games Workshop Group PLC	23,447	0.10%
410	Gamma Communications PLC	4,781	0.02%
408	GB Group PLC	1,409	0.01%
3,000	Genuit Group PLC	9,675	0.04%
170	Genus PLC	4,899	0.02%
265,700	Glencore PLC	1,421,495	5.85%
39,600	GSK plc	562,082	2.31%
700	Greggs PLC	18,760	0.08%
45,500	HALEON PLC	144,281	0.59%
1,050	Halma PLC	22,397	0.09%
17,700	Harbour Energy PLC	54,445	0.22%
5,900	Hargreaves Lansdown PLC	51,967	0.21%
14,100	Hays PLC	17,273	0.07%
1,950	Hikma Pharmaceuticals PLC	33,053	0.14%
2,800	Hiscox Ltd	31,290	0.13%
4,250	Howden Joinery Group PLC	28,985	0.12%
372,400	HSBC Holdings PLC	2,209,822	9.09%
4,800	Ibstock PLC	7,968	0.03%
6,102	IG Group Holdings PLC	48,450	0.20%
1,400	IMI PLC	20,006	0.08%
17,250	Imperial Brands PLC	348,795	1.43%
3,300	Inchcape PLC	30,096	0.12%
6,900	Informa PLC	46,202	0.19%
1,090	InterContinental Hotels Group PLC	61,062	0.25%
4,900	Intermediate Capital Group PLC	67,106	0.28%
6,900	International Consolidated Airlines Group SA	11,516	0.05%
1,100	Intertek Group PLC	47,223	0.19%
12,700	Investec PLC	66,218	0.27%
63,500	ITV PLC	51,651	0.21%
30,600	J Sainsbury PLC	79,376	0.33%
8,400	JD Sports Fashion PLC	13,474	0.06%
534	Jet2 PLC	6,405	0.03%
7,216	John Wood Group PLC	10,319	0.04%
1,750	Johnson Matthey PLC	38,028	0.16%
9,056	Jupiter Fund Management PLC	12,914	0.05%
650	Kainos Group PLC	9,542	0.04%
22,400	Kingfisher PLC	62,250	0.26%
1,255	Lancashire Holdings Ltd	7,850	0.03%
1,110	Liontrust Asset Management PLC	12,787	0.05%
120,500	Legal & General Group PLC	304,986	1.25%
1,003,200	Lloyds Banking Group PLC	524,272	2.16%
1,970	London Stock Exchange Group PLC	145,583	0.60%
62,000	M&G PLC	125,302	0.52%
19,550	Man Group PLC	48,425	0.20%
19,650	Marks and Spencer Group PLC	28,443	0.12%
2,850	Marshalls PLC	9,468	0.04%
2,700	Mediclinic International PLC	13,414	0.06%

PORTFOLIO SUMMARY (Continued)

As at 31 January 2023			% of total net
Holding	Investment	Market value £	assets
23,000	Melrose Industries PLC	33,063	0.14%
7,933	Mitie Group PLC	6,251	0.03%
5,600	Mondi PLC	84,532	0.35%
8,350	Moneysupermarket.Com Group PLC	19,539	0.08%
2,400	Morgan Advanced Materials PLC	7,464	0.03%
5,950	National Express Group PLC	7,985	0.03%
51,950	National Grid PLC	533,007	2.19%
140,850	Natwest Group PLC	431,564	1.78%
784	Network International Holdings PLC	2,054	0.01%
1,140	Next PLC	74,898	0.31%
1,085	NCC Group PLC	2,031	0.01%
15,300	Ninety One PLC	30,447	0.13%
7,100	OSB Group PLC	38,660	0.16%
115	Oxford Instruments PLC	2,639	0.01%
6,100	Pagegroup PLC	27,218	0.11%
3,550	Paragon Banking Group PLC	21,176	0.09%
4,250	Pearson PLC	39,117	0.16%
3,300	Pennon Group PLC	30,063	0.12%
6,110	Persimmon PLC	85,540	0.35%
5,490	Pets at Home Group PLC	19,654	0.08%
21,200	Phoenix Group Holdings	134,874	0.55%
448	Playtech PLC	2,520	0.01%
3,400	Premier Foods PLC	3,856	0.02%
9,490	Prudential PLC	126,075	0.52%
3,350	Qinetiq Group PLC	11,705	0.05%
11,700	Quilter PLC	11,335	0.05%
610	Rathbones Group PLC	12,749	0.05%
5,480	Reckitt Benckiser Group PLC	313,237	1.29%
3,100	Redde Northgate PLC	13,470	0.06%
4,249	Redrow PLC	21,819	0.09%
12,000	Relx PLC	285,960	1.18%
400	Renishaw PLC	15,640	0.06%
9,700	Rentokil Initial PLC	47,753	0.20%
3,200	Rightmove PLC	18,630	0.08%
25,000	Rio Tinto PLC	1,552,000	6.38%
10,740	Rolls-Royce Holdings PLC	11,550	0.05%
5,200	Rotork PLC	16,422	0.07%
13,312	International Distributions Services PLC	30,045	0.12%
2,900	RWS Holdings PLC	10,834	0.04%
6,900	Sage Group PLC	53,033	0.22%
1,450	Savills PLC	14,101	0.06%
20,500	Schroders PLC	97,498	0.40%
6,550	Serco Group PLC	9,687	0.04%
3,850	Serica Energy PLC	9,490	0.04%
2,635	Severn Trent PLC	74,518	0.31%
70,850	Shell plc	1,661,433	6.83%
5,800	Smith & Nephew PLC	64,032	0.26%
2,380	Smiths Group PLC	41,245	0.17%
1,900	Softcat PLC	22,705	0.09%
685	Spectris PLC	21,673	0.09%
280	Spirax-Sarco Engineering PLC	32,102	0.13%
2,530	Spirent Communications plc	5,571	0.02%
9,800	SSE PLC	169,050	0.70%
4,800	SSP Group PLC	12,326	0.05%
6,500	St. James's Place PLC	78,650	0.32%
18,900	Standard Chartered PLC	128,596	0.53%
2,800	Tate & Lyle PLC	21,235	0.09%
75,500	Taylor Wimpey PLC	87,580	0.36%
750	Telecom Plus PLC	15,038	0.06%

PORTFOLIO SUMMARY (Continued)

As at 31 January 2023		
Holding Investment	Market value £	% of total net assets
86,100 Tesco PLC	211,289	0.87%
13,605 TP ICAP PLC	24,503	0.10%
1,800 Travis Perkins PLC	18,027	0.07%
23,500 Unilever PLC	956,333	3.93%
8,250 United Utilities Group PLC	88,151	0.36%
4,025 Vesuvius PLC	16,575	0.07%
800 Victrex PLC	14,464	0.06%
22,500 Virgin Money UK PLC	42,705	0.18%
7,760 Vistry Group PLC	57,308	0.24%
619,500 Vodafone Group PLC	577,250	2.37%
1,100 Volution Group PLC	4,142	0.02%
1,300 Weir Group PLC	23,277	0.10%
638 WH Smith PLC	10,179	0.04%
1,080 Whitbread PLC	32,897	0.14%
12,650 WPP PLC	119,214	0.49%
Total Equities	23,460,246	96.50%
Investment trusts (31.01.2022: 0.24%)		
9,900 3i Group PLC	155,034	0.64%
190 4imprint Group PLC	8,541	0.04%
	163,575	0.67%
REIT (31.01.2022: 1.24%)		
38,300 Assura PLC	21,466	0.09%
1,700 Big Yellow Group PLC	20,722	0.09%
11,600 British Land Company PLC	51,236	0.21%
2,367 Capital & Counties Properties PLC	2,712	0.01%
990 Derwent London PLC	25,640	0.11%
5,200 Grainger PLC	13,425	0.06%
1,650 Great Portland Estates PLC	9,396	0.04%
72,500 Hammerson PLC	19,517	0.08%
11,450 Land Securities Group PLC	81,066	0.33%
13,700 Londonmetric Property PLC	26,044	0.11%
25,000 LXi REIT PLC	28,550	0.12%
20,200 Primary Health Properties PLC	22,786	0.09%
1,790 Safestore Holdings PLC	18,169	0.07%
11,300 SEGRO PLC	94,242	0.39%
17,200 SDCL Energy Efficiency Income Trust PLC	15,996	0.07%
2,900 Shaftesbury PLC	11,287	0.05%
18,400 Supermarket Income REIT PLC	17,811	0.07%
24,000 Tritax Big Box REIT PLC	37,656	0.15%
3,600 Unite Group PLC	35,820	0.15%
5,017 Urban Logistics Reit PLC	7,199	0.03%
	560,740	2.31%
Portfolio of investments (2022: 88.56%)	24,184,561	99.48%
Net other assets (2022: 11.46%)	127,467	0.52%
	24,312,028	100.00%

Note: The 31 January 2022 comparators percentages are based on Mid pricing and does not add up to 100%. The Mid to Bid adjustment for the year ended 31 January 2022 was (0.02%).

SUMMARY OF MATERIAL PORTFOLIO CHANGES

	£
Total purchases for the year (note 14)	20,782,438
HSBC Holdings PLC	1,776,308
Shell plc	1,402,037
Rio Tinto PLC	1,353,229
Glencore PLC	1,308,861
British American Tobacco PLC	1,218,772
BP PLC	792,475
Unilever PLC	785,754
AstraZeneca PLC	780,868
Vodafone Group PLC	548,779
Anglo American PLC	459,126
National Grid PLC	439,973
GSK plc	412,961
Diageo PLC	405,712
Lloyds Banking Group PLC	404,703
Natwest Group PLC	330,322
Barclays PLC	326,464
Reckitt Benckiser Group PLC	263,077
Imperial Brands PLC	244,961
Legal & General Group PLC	243,353
Relx PLC	220,818
Other	7,063,885
	£
Total sales for the year (note 14)	3,295,457
Rio Tinto PLC	623,974
Glencore PLC	314,273
Shell plc	197,866
Anglo American PLC	188,834
HSBC Holdings PLC	185,179
British American Tobacco PLC	160,883
AstraZeneca PLC	138,467
BP PLC	137,920
Unilever PLC	64,084
Persimmon PLC	41,716
Natwest Group PLC	38,657
National Grid PLC	36,000
Aviva PLC	34,981
Avast PLC	34,859
Petershill Partners PLC	34,391
Diageo PLC	33,166
SSE PLC	31,135
RHI Magnesita NV	30,781
Lloyds Banking Group PLC	30,208
AVEVA Group PLC	28,380
Other	909,703

The above transactions represent the top 20 all of the sales and purchases during the year.

STATEMENT OF TOTAL RETURN

For the year ended 31 January

		2023		2022	
	Notes	£	£	£	£
Income					
Net capital gains	2		1,438,568		877,934
Revenue	3	494,021		272,322	
Expenses	4	(128,294)		(94,011)	
Interest payable and similar charges	6	(16)		(216)	
Net revenue before taxation		365,711		178,095	
Taxation	5	(54)		-	
Net revenue after taxation			365,657		178,095
Total return before distributions			1,804,225		1,056,029
Finance costs: distributions	6		(490,776)		(274,591)
Changes in net assets attributable to shareholders from investment activities			1,313,449		781,438

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 January

	2023	2022
	£	£
Opening net assets attributable to shareholders	5,937,548	4,621,928
Amounts receivable on creation of shares	21,667,482	1,144,554
Amounts payable on cancellation of shares	(4,887,901)	(708,978)
Accumulation dividends retained	226,839	97,255
Dilution levies	54,611	1,351
Changes in net assets attributable to shareholders from investment activities (see above)	1,313,449	781,438
Closing net assets attributable to shareholders	24,312,028	5,937,548

BALANCE SHEET

As at	Notes	31.01.2023		31.01.2022	
		£	£	£	£
Assets					
Investment assets			24,184,561		5,257,398
Current assets					
Debtors	7	227,290		679,924	
Cash and bank balances	8	<u>113,200</u>		<u>49,505</u>	
Total current assets			<u>340,490</u>		<u>729,429</u>
Total assets			24,525,051		5,986,827
Current Liabilities					
Creditors	9	(176,279)		(26,953)	
Distribution payable on income shares		<u>(36,744)</u>		<u>(22,326)</u>	
Total current liabilities			<u>(213,023)</u>		<u>(49,279)</u>
Net assets attributable to shareholders			<u>24,312,028</u>		<u>5,937,548</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2023

The principal accounting policies, which have been applied in both the current and prior year, are set out below:

1 Accounting policies

- (a) The financial statements have been prepared in accordance with FRS 102, the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling.
- (b) There are no material events that have been identified that may cast significant doubt about the Company's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The ACD believes that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.
- (c) All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accruals basis. All expenses are then reallocated to capital, net of any tax effect for distribution purposes.
- (d) Distributions on equities and trusts are recognised when the security is quoted ex-dividend. Interest on deposits is accounted for on an accruals basis. The sponsors rebate is calculated and accrued for daily and credited to revenue each day, and then reallocated to capital, net of any tax effect for distribution purposes.
- (e) 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.
- (g) Special dividends are treated as either revenue or a repayment of capital depending on the facts of each particular case. Where the receipt of a special dividend results in a significant reduction in the capital value or where the distribution arises from an underlying capital event such as a merger or disposal these would typically be deemed as capital so as to ensure that the matching principle is applied to gains and losses. Otherwise, the special dividend would typically be recognised as revenue. Where special dividends are treated as revenue, they are included in the amount available for distribution. The tax accounting treatment follows the principal amount.
- (h) Investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is 12 noon on 31 January 2023 with reference to quoted bid prices from reliable external sources.
- (i) All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting year are translated at the exchange rates at the closing valuation point on 31 January 2023.
- (j) 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.
- (k) In certain circumstances the ACD may charge a dilution levy on the sale or repurchase of shares. The levy, which is paid into the Sub-fund, is intended to cover certain charges not included in the bid 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.
- (l) The Sub-fund currently issues Accumulation & Income shares. The Sub-fund goes ex dividend monthly and pays any income available to the shareholder two months in arrears, as a dividend distribution. Any revenue deficit at the year end is funded from capital.

If a distribution remains unclaimed for a year of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund (or if it no longer exists the ACD). Application to claim distributions that have not been paid should be made to the ACD before this six year has elapsed.

For the treatment of expenses revert to policy 'c' and special dividends revert to policy 'g'.

Equalisation applies only to shares purchased during the distribution year (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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Net capital gains	2023	2022
	£	£
The net capital gains comprise:		
Non-derivative securities gains	1,449,062	883,054
Transaction charges	(10,691)	(5,122)
Currency gains	197	2
Total net capital gains	<u>1,438,568</u>	<u>877,934</u>

3 Revenue	2023	2022
	£	£
Non-taxable dividends	484,211	270,032
Interest distributions	39	-
Property income distributions (PID)	8,581	2,284
Sponsors rebate	275	-
Bank interest	915	6
Total revenue	<u>494,021</u>	<u>272,322</u>

4 Expenses	2023	2022
	£	£
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
Annual management charge	<u>52,720</u>	<u>26,456</u>
Payable to the depositary, associates of the depositary, and agents of either of them:		
Depositary fee	19,479	18,099
Safe custody fee	571	149
	<u>20,050</u>	<u>18,248</u>
Other expenses:		
Audit fee	2,760	2,072
FCA fee	55	52
Other expenses	52,709	47,183
	<u>55,524</u>	<u>49,307</u>
Total expenses	<u>128,294</u>	<u>94,011</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation	2023 £	2022 £
(a) Analysis of charge in the year		
Overseas withholding tax	54	-
Total tax charge for the year (note 5b)	54	-
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment Sub-fund 20.00% (2022: 20.00%)		
The differences are explained below:		
Net revenue before UK corporation tax	365,711	178,095
Corporation tax at 20.00% (2022: 20.00%)	73,142	35,619
<u>Effects of:</u>		
Revenue not subject to UK corporation tax	(96,842)	(54,006)
Current year expenses not utilised	23,700	18,387
Overseas withholding tax	54	-
Total tax charge for the year (note 5a)	54	-

(c) **Provision for deferred taxation**

At 31 January 2023 there is a potential deferred tax asset of £149,011 (31 January 2022: £125,311) 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	2023 £	2022 £
Interim dividend distributions	389,555	261,234
Final dividend distribution	132,399	13,463
	521,954	274,697
Add: Revenue deducted on cancellation of shares	7,930	1,074
Deduct: Revenue received on issue of shares	(39,108)	(1,180)
	490,776	274,591
Net distribution for the year	490,776	274,591
Interest payable and similar charges	16	216
Total finance costs	490,792	274,807
Reconciliation of distributions		
Net revenue after taxation	365,657	178,095
Expenses paid from capital (less sponsors rebate)	128,019	94,011
Relief on expenses allocated to capital	(1,904)	(415)
Balance brought forward	(2,900)	-
Balance carried forward	1,904	2,900
Net distribution for the year	490,776	274,591

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Debtors	31.01.2023	31.01.2022
	£	£
Amounts receivable on creation of shares	130,807	118,291
Amounts receivable for unsettled trades	36,186	551,853
Non-taxable dividends receivable	57,471	9,646
Property income distributions receivable	675	-
Sponsors rebate receivable	275	-
Prepayments	1,876	134
Total debtors	<u>227,290</u>	<u>679,924</u>

8 Cash and bank balances	31.01.2023	31.01.2022
	£	£
Cash and bank balances	<u>113,200</u>	<u>49,505</u>

9 Creditors	31.01.2023	31.01.2022
	£	£
Amounts payable on cancellation of shares	7,126	2,616
Amounts payable for unsettled trades	115,264	-
Other accrued expenses	53,889	24,337
Total creditors	<u>176,279</u>	<u>26,953</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 year.

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 year ended 31 January 2023 would have increased/decreased by £2,418,456 (31 January 2022: £525,740).

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 had no significant exposure to foreign currency during the year.

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.

The Sub-fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

The Sub-fund had no exposure to interest bearing securities in the year.

Maturity of financial liabilities

The financial liabilities of the Sub-fund as at 31 January 2023 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.

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:

- Level 1: Unadjusted quoted price in an active market for an identical instrument;
- Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;
- Level 3: Valuation techniques using unobservable inputs.

Valuation Technique	31.01.2023		31.01.2022	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Unadjusted quoted price in an active market for an identical instrument	24,185	-	5,257	-
Total	24,185	-	5,257	-

11 Shares held

Class A Net Income

Opening Shares at 01.02.2022	26,488
Shares issued during the period	165
Shares cancelled during the period	(26,653)
Shares converted during the period	-
Closing Shares as at 20.09.2022	-

Class A Accumulation

Opening Shares at 01.02.2022	26,504
Shares issued during the period	141,090
Shares cancelled during the period	(143,443)
Shares converted during the period	(24,151)
Closing Shares as at 20.09.2022	-

Class X Net Income

Opening Shares at 01.02.2022	4,332,282
Shares issued during the year	3,923,116
Shares cancelled during the year	(1,546,640)
Shares converted during the year	399,024
Closing Shares as at 31.01.2023	7,107,782

Class X Accumulation

Opening Shares at 01.02.2022	1,214,749
Shares issued during the year	11,102,276
Shares cancelled during the year	(2,030,122)
Shares converted during the year	(182,799)
Closing Shares as at 31.01.2023	10,104,104

12 Contingent assets and liabilities

At 31 January 2023, 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 31 January 2023. Since that date, the Sub-fund's quoted price has moved as follows for each share class:

Share class	Price as at 31 January 2023	Price as at 26 May 2023
Class X Net Income	92.7398p	88.3404p
Class X Accumulation	175.4399p	169.8581p

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Direct transaction costs

Analysis of total purchase costs	2023		2022	
	£	% of total purchases	£	% of total purchases
Purchases in the year before transaction costs	20,678,359		915,758	
Commissions	12,100	0.06%	226	0.02%
Taxes and levies	91,979	0.44%	2,044	0.22%
Total purchase costs	<u>104,079</u>	<u>0.50%</u>	<u>2,270</u>	<u>0.25%</u>
Total purchases including transaction costs	<u>20,782,438</u>		<u>918,028</u>	

Analysis of total sale costs

	2023		2022	
	£	% of total sales	£	% of total sales
Sales in the year before transaction costs	3,297,020		1,143,010	
Commissions	(1,480)	(0.04%)	(423)	(0.04%)
Taxes and levies	(83)	(0.00%)	(7)	(0.00%)
Total sale costs	<u>(1,563)</u>	<u>(0.05%)</u>	<u>(430)</u>	<u>(0.04%)</u>
Total sales net of transaction costs	<u>3,295,457</u>		<u>1,142,580</u>	

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 year:

	2023		2022	
	£	% of average net asset value	£	% of average net asset value
Commissions	13,580	0.11%	649	0.01%
Taxes and levies	92,062	0.74%	2,051	0.04%
	<u>105,642</u>	<u>0.85%</u>	<u>2,700</u>	<u>0.05%</u>

15 Portfolio Dealing Spread

The average portfolio dealing spread at 31 January 2023 is 0.05% (2022: 0.04%)

16 Related Party transactions

Valu-Trac Investment Management Limited, as ACD is a related party due to its ability to act in respect of the operations of the Sub-fund.

Amounts paid to the ACD and its associates are disclosed in note 4. The amounts due to the ACD and its associates at the balance sheet date are disclosed in note 9. Amounts received from the ACD and its associates are disclosed in note 3. Amounts due from the ACD and its associates at the balance sheet date are disclosed in note 7.

DISTRIBUTION TABLES

Month 1 Distribution in pence per share

Group 1: Shares purchased prior to 01 February 2022

Group 2 : Shares purchased on or after 01 February 2022 and on or before 28 February 2022

Payment Date	Unit Type	Share Class	Net Revenue 2022	Equalisation 2022	Distribution 2022	Distribution 2021
29.04.2022	Group 1	A Net Income	0.2728p	-	0.2728p	0.3705p
29.04.2022	Group 2	A Net Income	0.1103p	0.1625p	0.2728p	0.3705p
29.04.2022	Group 1	X Net Income	0.3077p	-	0.3077p	0.4140p
29.04.2022	Group 2	X Net Income	0.1651p	0.1426p	0.3077p	0.4140p
29.04.2022	Group 1	A Net Accumulation	0.4895p	-	0.4895p	0.6303p
29.04.2022	Group 2	A Net Accumulation	0.4895p	-	0.4895p	0.6303p
29.04.2022	Group 1	X Net Accumulation	0.5548p	-	0.5548p	0.7078p
29.04.2022	Group 2	X Net Accumulation	0.5120p	0.0428p	0.5548p	0.7078p

Month 2 Distribution in pence per share

Group 1: Shares purchased prior to 01 March 2022

Group 2 : Shares purchased on or after 01 March 2022 and on or before 31 March 2022

Payment Date	Unit Type	Share Class	Net Revenue 2022	Equalisation 2022	Distribution 2022	Distribution 2021
31.05.2022	Group 1	A Net Income	0.9895p	-	0.9895p	0.7399p
31.05.2022	Group 2	A Net Income	0.0209p	0.9686p	0.9895p	0.7399p
31.05.2022	Group 1	X Net Income	1.1167p	-	1.1167p	0.8272p
31.05.2022	Group 2	X Net Income	0.3073p	0.8094p	1.1167p	0.8272p
31.05.2022	Group 1	A Net Accumulation	1.7821p	-	1.7821p	1.2654p
31.05.2022	Group 2	A Net Accumulation	1.7821p	-	1.7821p	1.2654p
31.05.2022	Group 1	X Net Accumulation	2.0204p	-	2.0204p	1.4217p
31.05.2022	Group 2	X Net Accumulation	0.6500p	1.3704p	2.0204p	1.4217p

Month 3 Distribution in pence per share

Group 1: Shares purchased prior to 01 April 2022

Group 2 : Shares purchased on or after 01 April 2022 and on or before 30 April 2022

Payment Date	Unit Type	Share Class	Net Revenue 2022	Equalisation 2022	Distribution 2022	Distribution 2021
30.06.2022	Group 1	A Net Income	0.4131p	-	0.4131p	0.2805p
30.06.2022	Group 2	A Net Income	0.0527p	0.3604p	0.4131p	0.2805p
30.06.2022	Group 1	X Net Income	0.4666p	-	0.4666p	0.3141p
30.06.2022	Group 2	X Net Income	0.2015p	0.2651p	0.4666p	0.3141p
30.06.2022	Group 1	A Net Accumulation	0.7530p	-	0.7530p	0.4846p
30.06.2022	Group 2	A Net Accumulation	0.7530p	-	0.7530p	0.4846p
30.06.2022	Group 1	X Net Accumulation	0.8546p	-	0.8546p	0.5450p
30.06.2022	Group 2	X Net Accumulation	0.6597p	0.1949p	0.8546p	0.5450p

DISTRIBUTION TABLES (Continued)**Month 4 Distribution in pence per share**

Group 1: Shares purchased prior to 01 May 2022

Group 2 : Shares purchased on or after 01 May 2022 and on or before 31 May 2022

Payment Date	Unit Type	Share Class	Net Revenue 2022	Equalisation 2022	Distribution 2022	Distribution 2021
29.07.2022	Group 1	A Net Income	0.0593p	-	0.0593p	0.2778p
29.07.2022	Group 2	A Net Income	0.0593p	-	0.0593p	0.2778p
29.07.2022	Group 1	X Net Income	0.0656p	-	0.0656p	0.3111p
29.07.2022	Group 2	X Net Income	0.0625p	0.0031p	0.0656p	0.3111p
29.07.2022	Group 1	A Net Accumulation	0.0901p	-	0.0901p	0.4818p
29.07.2022	Group 2	A Net Accumulation	0.0901p	-	0.0901p	0.4818p
29.07.2022	Group 1	X Net Accumulation	0.1759p	-	0.1759p	0.5423p
29.07.2022	Group 2	X Net Accumulation	0.1539p	0.0220p	0.1759p	0.5423p

Month 5 Distribution in pence per share

Group 1: Shares purchased prior to 01 June 2022

Group 2 : Shares purchased on or after 01 June 2022 and on or before 30 June 2022

Payment Date	Unit Type	Share Class	Net Revenue 2022	Equalisation 2022	Distribution 2022	Distribution 2021
31.08.2022	Group 1	A Net Income	0.2237p	-	0.2237p	0.1592p
31.08.2022	Group 2	A Net Income	0.0158p	0.2079p	0.2237p	0.1592p
31.08.2022	Group 1	X Net Income	0.2531p	-	0.2531p	0.1784p
31.08.2022	Group 2	X Net Income	0.0707p	0.1824p	0.2531p	0.1784p
31.08.2022	Group 2	A Net Accumulation	0.4102p	-	0.4102p	0.2770p
31.08.2022	Group 2	A Net Accumulation	0.4102p	-	0.4102p	0.2770p
31.08.2022	Group 2	X Net Accumulation	0.4662p	-	0.4662p	0.3121p
31.08.2022	Group 2	X Net Accumulation	0.1419p	0.3243p	0.4662p	0.3121p

Month 6 Distribution in pence per share

Group 1: Shares purchased prior to 01 July 2022

Group 2 : Shares purchased on or after 01 July 2022 and on or before 31 July 2022

Payment Date	Unit Type	Share Class	Net Revenue 2022	Equalisation 2022	Distribution 2022	Distribution 2021
30.09.2022	Group 1	A Net Income	0.1336p	-	0.1336p	0.0905p
30.09.2022	Group 2	A Net Income	0.0216p	0.1120p	0.1336p	0.0905p
30.09.2022	Group 1	X Net Income	0.1513p	-	0.1513p	0.1015p
30.09.2022	Group 2	X Net Income	0.0492p	0.1021p	0.1513p	0.1015p
30.09.2022	Group 2	A Net Accumulation	0.2457p	-	0.2457p	0.1578p
30.09.2022	Group 2	A Net Accumulation	0.2457p	-	0.2457p	0.1578p
30.09.2022	Group 2	X Net Accumulation	0.2795p	-	0.2795p	0.1778p
30.09.2022	Group 2	X Net Accumulation	0.1622p	0.1173p	0.2795p	0.1778p

DISTRIBUTION TABLES (Continued)

Month 7 Distribution in pence per share

Group 1: Shares purchased prior to 01 August 2022

Group 2 : Shares purchased on or after 01 August 2022 and on or before 31 August 2022

Payment Date	Unit Type	Share Class	Net Revenue 2022	Equalisation 2022	Distribution 2022	Distribution 2021
31.10.2022	Group 1	A Net Income	0.8552p	-	0.8552p	0.8947p
31.10.2022	Group 2	A Net Income	-	0.8552p	0.8552p	0.8947p
31.10.2022	Group 1	X Net Income	0.9693p	-	0.9693p	1.0038p
31.10.2022	Group 2	X Net Income	0.3762p	0.5931p	0.9693p	1.0038p
31.10.2022	Group 2	A Net Accumulation	1.5754p	-	1.5754p	1.5625p
31.10.2022	Group 2	A Net Accumulation	1.5754p	-	1.5754p	1.5625p
31.10.2022	Group 2	X Net Accumulation	1.7940p	-	1.7940p	1.7613p
31.10.2022	Group 2	X Net Accumulation	0.3744p	1.4196p	1.7940p	1.7613p

Month 8 Distribution in pence per share

Group 1: Shares purchased prior to 01 September 2022

Group 2 : Shares purchased on or after 01 September 2022 and on or before 30 September 2022

Payment Date	Unit Type	Share Class	Net Revenue 2022	Equalisation 2022	Distribution 2022	Distribution 2021
30.11.2022	Group 1	A Net Income	-	-	-	0.6251p
30.11.2022	Group 2	A Net Income	-	-	-	0.6251p
30.11.2022	Group 1	X Net Income	0.3738p	-	0.3738p	0.7019p
30.11.2022	Group 2	X Net Income	0.1429p	0.2309p	0.3738p	0.7019p
30.11.2022	Group 2	A Net Accumulation	-	-	-	1.1044p
30.11.2022	Group 2	A Net Accumulation	-	-	-	1.1044p
30.11.2022	Group 2	X Net Accumulation	0.6990p	-	0.6990p	1.2462p
30.11.2022	Group 2	X Net Accumulation	0.3266p	0.3724p	0.6990p	1.2462p

Month 9 Distribution in pence per share

Group 1: Shares purchased prior to 01 October 2022

Group 2 : Shares purchased on or after 01 October 2022 and on or before 31 October 2022

Payment Date	Unit Type	Share Class	Net Revenue 2022	Equalisation 2022	Distribution 2022	Distribution 2021
30.12.2022	Group 1	A Net Income	-	-	-	0.0716p
30.12.2022	Group 2	A Net Income	-	-	-	0.0716p
30.12.2022	Group 1	X Net Income	0.0961p	-	0.0961p	0.0804p
30.12.2022	Group 2	X Net Income	0.0414p	0.0547p	0.0961p	0.0804p
30.12.2022	Group 2	A Net Accumulation	-	-	-	0.1276p
30.12.2022	Group 2	A Net Accumulation	-	-	-	0.1276p
30.12.2022	Group 2	X Net Accumulation	0.1808p	-	0.1808p	0.1442p
30.12.2022	Group 2	X Net Accumulation	0.1252p	0.0556p	0.1808p	0.1442p

DISTRIBUTION TABLES (Continued)**Month 10 Distribution in pence per share**

Group 1: Shares purchased prior to 01 November 2022

Group 2 : Shares purchased on or after 01 November 2022 and on or before 30 November 2022

Payment Date	Unit Type	Share Class	Net Revenue 2023	Equalisation 2023	Distribution 2023	Distribution 2022
31.01.2023	Group 1	A Net Income	-	-	-	0.1053p
31.01.2023	Group 2	A Net Income	-	-	-	0.1053p
31.01.2023	Group 1	X Net Income	0.3107p	-	0.3107p	0.1184p
31.01.2023	Group 2	X Net Income	0.3107p	-	0.3107p	0.1184p
31.01.2023	Group 2	A Net Accumulation	-	-	-	0.1877p
31.01.2023	Group 2	A Net Accumulation	-	-	-	0.1877p
31.01.2023	Group 2	X Net Accumulation	0.5849p	-	0.5849p	0.2122p
31.01.2023	Group 2	X Net Accumulation	0.4628p	0.1221p	0.5849p	0.2122p

Month 11 Distribution in pence per share

Group 1: Shares purchased prior to 01 December 2022

Group 2 : Shares purchased on or after 01 December 2022 and on or before 31 December 2022

Payment Date	Unit Type	Share Class	Net Revenue 2023	Equalisation 2023	Distribution 2023	Distribution 2022
28.02.2023	Group 1	A Net Income	-	-	-	0.1761p
28.02.2023	Group 2	A Net Income	-	-	-	0.1761p
28.02.2023	Group 1	X Net Income	0.1726p	-	0.1726p	0.1982p
28.02.2023	Group 2	X Net Income	0.0853p	0.0873p	0.1726p	0.1982p
28.02.2023	Group 2	A Net Accumulation	-	-	-	0.3144p
28.02.2023	Group 2	A Net Accumulation	-	-	-	0.3144p
28.02.2023	Group 2	X Net Accumulation	0.3261p	-	0.3261p	0.3558p
28.02.2023	Group 2	X Net Accumulation	0.2487p	0.0774p	0.3261p	0.3558p

Month 12 Distribution in pence per share

Group 1: Shares purchased prior to 01 January 2023

Group 2 : Shares purchased on or after 01 January 2023 and on or before 31 January 2023

Payment Date	Unit Type	Share Class	Net Revenue 2023	Equalisation 2023	Distribution 2023	Distribution 2022
31.03.2023	Group 1	A Net Income	-	-	-	0.1815p
31.03.2023	Group 2	A Net Income	-	-	-	0.1815p
31.03.2023	Group 1	X Net Income	0.0435p	-	0.0435p	0.2045p
31.03.2023	Group 2	X Net Income	0.0267p	0.0168p	0.0435p	0.2045p
31.03.2023	Group 2	A Net Accumulation	-	-	-	0.3248p
31.03.2023	Group 2	A Net Accumulation	-	-	-	0.3248p
31.03.2023	Group 2	X Net Accumulation	0.0824p	-	0.0824p	0.3679p
31.03.2023	Group 2	X Net Accumulation	0.0166p	0.0658p	0.0824p	0.3679p

Information for corporate shareholders

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

- i) 98.01% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 1.99% 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

Distribution

Distributions of the revenue of the Company will be made to shareholders on or before 31 March each year (final) and interim allocations of revenue at the end of each calendar month.

Taxation

The Company will pay no corporation tax on its profits for the year to 31 January 2023 and capital gains within the Company will not be taxed.

Individual shareholders

Income tax: Tax-free annual dividend allowance now standing at £2,000 (2022/23). UK resident shareholders are now subject to new, higher rates of tax on dividend income in excess of the annual allowance. UK resident shareholders are subject to tax on dividend income in excess of the annual allowance.

Corporate shareholders

Companies resident for tax purposes in the UK which hold shares should note that OEIC distributions are streamed into both franked and unfranked income. The unfranked income element will be treated as an annual payment which has been subject to income tax at a rate of 20% and will be liable to tax accordingly. On realisation of their shares, UK resident companies may be liable to pay corporation tax on any capital gains.

The above information on taxation is only a general summary, and shareholders should consult their own tax advisors in relation to their own circumstances. Shareholders should also note that the position as outlined may change to reflect future changes in tax legislation.

Debts of the ICVC fund

Unit holders of the ICVC are not liable for the debts of the ICVC.

Issue and redemption of shares

Valu-Trac Investment Management Limited is the ACD and Registrar. Valu-Trac Investment Management Limited will receive requests for the purchase or sale of shares at any time during 8.30am to 5.30pm. Instructions may be given by email to the below email address or by sending an application form to the Registrar. Application forms are available from the Registrar. (E-mail: Smartbeta@valu-trac.com).

The price of shares will be determined by reference to a valuation of the Company's net assets at 12 noon on each dealing day.

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, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

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 in such circumstances.

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 by reference to which the purchase price is determined.

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

Where shares are redeemed, payment will be made not later than the close of business on the fourth business day following the next valuation point after receipt by the ACD of a request for redemption. The minimum value of shares that a shareholder can hold is detailed on page 8. The ACD may at its discretion accept subscriptions lower than the minimum amount.

The most recent issue and redemption prices are available from the ACD.

INFORMATION FOR INVESTORS (continued)

Remuneration

The ACD is subject to a remuneration policy which meets the requirements of the Undertakings for Collective Investment in Transferable Securities Directive (UCITS) as set out in SYSC 19E of the FCA Handbook.

The policy is designed to ensure practices for employee remuneration are consistent with, and promote, sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or instrument of incorporation of the funds managed, and does not impair the ACD compliance with its duty to act in the best interests of the funds it manages.

The ACD has reviewed the Remuneration Policy and its application in the last year which has resulted in no material changes to the policy or irregularities to process.

The ACD is required to disclose the total remuneration it pays to its staff during the financial year, split into fixed and variable remuneration, with separate aggregate disclosure for staff whose actions may have a material impact to the risk profile of a fund or the ACD itself. This includes executives, senior risk and compliance staff and certain senior managers.

30.09.2022	Number of Beneficiaries	Fixed Remuneration	Variable Remuneration Paid	Total Remuneration Paid
Total remuneration paid by the ACD during the year	95	£ 2,760,167	£ nil	£ 2,760,167
Remuneration paid to employees of the ACD who have a material impact on the risk profile of the UK UCITS	8	£ 492,146	£ nil	£ 492,146
Senior Management	18	£ 1,042,368	£ nil	£ 1,042,368
Control Functions	13	£ 652,722	£ nil	£ 652,722
Employees receiving total remuneration that takes them into the same remuneration brackets as senior management and risk takers	3	£ 149,085	£ nil	£ 149,085

Further information is available in the ACD's Remuneration Policy document which can be obtained from <https://www.valu-trac.com/Pillar%203%202021-09.pdf>. A paper copy of the remuneration policy is available on request from the registered office of the Authorised Corporate Director free of charge.

CORPORATE DIRECTORY

Authorised Corporate Director & Registrar	Valu-Trac Investment Management Limited Orton Fochabers Moray IV32 7QE Telephone: 01343 880344 Fax: 01343 880267 Email: Smartbeta@valu-trac.com Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
Director	Valu-Trac Investment Management Limited as ACD
Depositary	NatWest Trustee and Depositary Services Limited House A Floor 0, 175 Glasgow Road Gogarburn Edinburgh EH12 1HQ Authorised and regulated by the Financial Conduct Authority
Auditor	Frame Kennedy Ltd 4th Floor Metropolitan House 31-33 High Street Inverness IV1 1HT

Statement by the Authorised Fund Manager (AFM) to the unitholders of the VT Munro Smart-Beta Fund on the outcome of the AFM’s assessment of the value provided to unitholders

For the year ended 31 January 2023

This assessment is to establish what the VT Munro Smart-Beta Fund (the Fund) has delivered to you in return for the price you have had to pay.

Our assessment has been conducted against the seven factors outlined by the FCA and the Fund has been rated via a ‘traffic light’ system, where green (G) indicates receiving good value, amber (A) indicates receiving reasonable value and red (R) indicates not receiving good value.

The dashboard below shows the overall summary of this assessment, **as at 31 January 2023:**

	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
VT Munro Smart-Beta Fund	G	A	A	G	A	G	G	A
Class X Net Accumulation	G	A	A	G	A	G	G	A
Class X Net Income	G	A	A	G	A	G	G	A

The dashboard below shows the overall summary for the previous assessment i.e., carried out as at 31 January 2022:

	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
VT Munro Smart Beta Fund								
Class X Net Accumulation	G	A	A	G	G	G	G	A
Class X Net Income	G	A	A	G	G	G	G	A

The Fund was launched on 22 July 2007.

The AFM is the Authorised Corporate Director of the Fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is also Valu-Trac Investment Management Limited. During the period, the Appointed Representative (AR) and Sponsor Smart-Beta Investments resigned. The sponsorship was taken over by Elston Consulting Limited, who continue to engage independently with Smart Beta Investments. Elston Consulting Limited were already acting as the index provider.

The objective of the VT Munro Smart-Beta UK Fund (the Fund) is to replicate the performance (before fund fees and expenses) of the Elston Smart-Beta UK Dividend Index.

The Fund will invest at least 80% in a portfolio of UK securities listed on the London Stock Exchange that as far as practically possible consist of the component securities of the Elston Smart-Beta UK Dividend Index (the Benchmark Index / the Comparator).

In seeking to achieve the objective the Fund intends to use sampling techniques (as opposed to fully replicating the Benchmark Index), and it is therefore not expected that the Fund will hold each and every underlying constituent of the Benchmark Index at all times or hold them in the same proportion as their weightings within the Benchmark Index. This could be down to construction constraints (i.e compliance with UK UCITS rules), turnover constraints (where the manager considers it is in the best interests of investors not to change the holdings of assets to track the index); and liquidity management considerations (which may mean that the Fund holds some cash which the Benchmark Index may not to ensure adequate liquidity).

As the Fund seeks to replicate the performance of the Benchmark Index (before fund fees and expenses) it is heavily influenced by the Benchmark Index with weightings of the Fund being continuously compared to the weightings of the Benchmark Index, and an annualised tracking error will be targeted of <3% when using consistent valuation points of the Fund and the Benchmark Index (12pm).

The Fund may also invest in money market instruments, cash and deposits. It is the ACD's intention that derivatives be used for hedging purposes using efficient portfolio management style techniques (although use of derivatives is expected to be limited). The Fund may invest in other collective investment schemes which may themselves use derivatives for investment purposes.

The Fund is passively managed.

The Fund will not have any particular industry or economic sector focus and as such weightings in these may vary as required.

The value of each share class at the end of the last five financial years are as follows:

At and for the year ended					
	31-Jan-23	31-Jan-22	31-Jan-21	31-Jan-20	31-Jan-19
Value of Fund					
Class X Net Accumulation	£17.73m	£1.97m	£1.57m	£1.77m	£2.14m
Class X Net Income	£6.59m	£3.91m	£2.96m	£3.87m	£3.60m

Source: Valu-Trac

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 unitholders 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 Frame Kennedy Ltd.

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 unitholder 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 unitholders 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 the investment manager to coordinate any required investment communications.

The AFM has concluded that the unitholders within the Fund are receiving good value for the quality of services provided by each party (detailed analysis on how we have arrived at this conclusion can be provided on request).

2. Performance

The AFM has assessed performance of the Fund gross (before) of all the charges that are outlined in its prospectus. This is because the objective of the Fund is to perform in line with the benchmark before the deduction of charges.

The objective of the VT Munro Smart-Beta UK Fund is to replicate the performance of the Elston Smart-Beta UK Dividend Index (the benchmark), before the deduction of fees and expenses.

The Fund has no specified investment horizon, in the objective, but the target market outlines the Fund is suitable for investors with a medium to long term horizon. For the purposes of this analysis, the investment horizon has been assumed to be 3 years. Shorter periods are also reviewed to provide context for longer term performance.

To show investment return against the benchmark, the total returns, both before and after, on-going charges (OCF), generated by the share classes, are shown on the table below.

Total Return	2023 Performance	2023 Benchmark Performance	3-Year Performance (per year)	3-Year Benchmark Performance (per year)
Class X Gross Accumulation	9.41%	10.47%	6.74%	6.82%
Class X Net Accumulation	7.94%	10.47%	5.54%	6.82%
Class X Gross Income	9.51%	10.47%	6.61%	6.82%
Class X Net Income	8.04%	10.47%	5.41%	6.82%

Source: Morningstar / Valu-Trac

Owing to data restrictions relating to the mid-day priced series of the performance benchmark, the AFM has been unable to measure realised, annualised tracking error, as per the Fund description. We are now capturing this data and will be able to make the assessment in the future. However, the AFM has been able to assess tracking difference (the difference in the return of the share class and the benchmark). The AFM is comfortable that the level of tracking difference within the Fund is as we may reasonably expect for a passively managed fund of this type – for the accumulation units, which is the most reflective of the benchmark given dividends are reinvested into the Fund, the tracking difference is around 0.2% per year. A more detailed analysis or realised investment risk can be provided upon request.

The AFM has concluded that the unitholders within the Fund are receiving reasonable value in relation to performance.

3. AFM costs - general

The costs directly charged to the Fund, during the year ended 31 January 2023, were as follows:

	£	% of average fund value
Consulting fee	29,268	0.23%
ACD fee	23,452	0.19%
Depository fee	19,479	0.16%
Audit fee	2,760	0.02%
FCA fee	55	0.00%
Safe custody fee	571	0.00%
Transaction charges (custodian)	10,691	0.09%
Other fees	52,709	0.42%
Total Costs	138,985	1.11%

Although the fees are relatively high for a 'passive' fund, the index tracked is a 'smart-beta' index and goes beyond a simple weighting methodology. It lies somewhere between a fully passive and fully active solution.

As of the end of the period (31 January 2023) the new fund sponsor (Elston) had implemented a formal OCF cap of 0.99%, and subsequently has lowered this on an informal basis (i.e., this could be removed without notice) to 0.79%.

For the period under assessment the AFM has concluded that the unitholders within the Fund are receiving reasonable value in relation to AFM costs and highlight the continued progress after the period end to continue to drive down costs.

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 unitholders. An example of this is the depository fees charged 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. We are also working with the sponsor and the index provider to restructure the index fees, investment management fees and the ACD fee to ensure each one tiers down as the Fund grows. These discussions are ongoing.

The AFM has therefore concluded that all unitholders within the Fund are receiving good value in terms of economies of scale.

5. Comparable market rates

The AFM has considered the costs charged to the Fund, by comparing the ongoing charges (OCF) of the share classes to the average OCF of the IA UK Equity Income Sector, retail classes where available, alongside the historical change for the Fund's share class. This is shown below:

OCF	31-Jan-23	31-Jan-22	31-Jan-21	31-Jan-20	31-Jan-19
Class X Net Accumulation	1.07%	1.36%	1.08%	0.96%	0.92%
Class X Net Income	1.07%	1.36%	1.08%	0.96%	0.92%
The IA UK Equity Income Sector Average	1.15%				

Source: Valu-Trac / Morningstar

Note these are the average OCF over the period, and do not reflect the OCF cap put in place towards the end of the financial year.

While an ongoing charge in excess of 0.30% may be considered excessive for a passively managed fund, within the context of the wider marketplace, and owing to the non-standard performance comparator benchmark which the Fund aims to follow, the AFM considers the current operating charge to be broadly reasonable. The current operating charge is lower than that of the IA UK Equity Income Sector average. It should also be noted that a new fee cap has been agreed with the Sponsor, informally limiting the operating charge to 0.79%; the effective date for this revised fee cap is February 2023. This informal arrangement has been put in place whilst the AFM works with the sponsor and index provider to put in a new fee structure with the aim of lowering costs, and ensuring these continue to scale down as the Fund grows.

The AFM has therefore concluded that all unitholders within the Fund are receiving reasonable value, with regard to market rates.

6. Comparable services

The services provided to this Fund and the costs are also comparable amongst other similar funds operated by the AFM with the same investment manager and index provider/sponsor and is aligned with its normal operating model.

The AFM concludes that unitholders in all share classes are receiving good value with regard to comparable services.

7. Classes of units

There is only type of share class in this Fund (with accumulation and income versions), therefore all unitholders of this Fund are treated equally in all respects, with the Fund distributed by the sponsor.

The AFM concludes that unitholders are receiving good value with regard to classes of units.

CONCLUSION

Our assessment has been conducted against the seven factors outlined by the FCA and the Fund has been rated via a ‘traffic light’ system, where green (G) indicates receiving good value, amber (A) indicates receiving reasonable value and red (R) indicates not receiving good value.

	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
VT Munro Smart-Beta Fund	G	A	A	G	A	G	G	A
Class X Net Accumulation	G	A	A	G	A	G	G	A
Class X Net Income	G	A	A	G	A	G	G	A

In taking all of these criteria into consideration, the AFM will conclude 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 unitholders.

The Fund description states that the performance and risk profile of the Fund ought to be assessed before fees, in the first instance. On this basis, the performance of the Fund is broadly similar to that of the benchmark, over a 3-year investment horizon. This observation also forms the basis of the AFM’s assessment of tracking difference. The AFM is comfortable that the return and risk profile of the Fund is as we may reasonably expect for a passively managed fund of this type. The AFM notes that the performance of the Fund is below that of the benchmark, after fees. The AFM continues to gather data to ensure the tracking error (the variance in returns between the Fund and the benchmark) is within the prospectus limits.

Although both AFM costs and comparable market rates are reasonable when compared to the wider marketplace, as this is a ‘passive’ fund, we would expect the costs to be significantly lower than the market average. The sponsor has already taken action to lower the costs, and we continue to work with them to put in an updated cost structure to ensure the costs straddle the space between fully passive and fully active funds.

Overall, the AFM concludes that the unitholders of the VT Munro Smart-Beta Fund are receiving reasonable value.

16 May 2023