

VT SMART DIVIDEND FUND
(Sub-fund VT Smart Dividend UK Fund)

Annual Report and Financial Statements
for the year ended 31 January 2016

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COMPANY OVERVIEW

Size of Company	£5,382,694
Launch date	22 July 2007
Company objective and policy	<p>The objective of the VT Smart Dividend UK Fund (the “Sub-fund”) is to maximize the overall return through investment mainly in UK securities listed on the London Stock Exchange.</p> <p>The Sub-fund will seek to deliver a consistent return over the long term by holding mainly large and medium sized securities, excluding Investment Trusts, listed on the London Stock Exchange. The Sub-fund will be constructed on the basis of the underlying fundamental financial attributes of the companies listed on the London Stock Exchange rather on their market capitalisation. The weight of each company in the Sub-fund will be determined by the proportion that its forecast total dividend will be expected to make of the total income of all the companies held in the Sub-fund. The data will be sourced from consensus forecasts as compiled by information providers such as Bloomberg and Reuters. Allowance will be made for securities forecast to be bought back. Such a rigorous process can be closely defined and will be insensitive to the personal preferences of the ACD.</p> <p>The Sub-fund may also invest in bonds, collective investment schemes, warrants, money market instruments, cash, deposits and other permitted investments.</p> <p>It is in the ACD’S intention that derivatives be used for hedging purposes using efficient portfolio management style techniques.</p> <p>The ACD does not intend to have an interest in any immovable property or tangible movable property.</p> <p>The Company will be managed in a manner that maintains eligibility for the stocks and shares component of a personal equity plan or individual savings account.</p>
Type of Company	<p>VT Smart Dividend 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”).</p> <p>The Company has been set up as an umbrella company. The Company has currently one Sub-fund available for investment, VT Smart Dividend UK Fund (“the Fund”).</p> <p>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.</p> <p>The shareholders are not liable for the debts of the Company.</p> <p>The Instrument of Incorporation can be inspected at the office of the ACD.</p> <p>The Company has no directors other than the ACD.</p>

COMPANY OVERVIEW (Continued)

	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.	
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.	
Minimum investment	<p>Lump sum subscription: A Class Shares = £1,000 B Class Shares = £100,000 X Class Shares = £250</p> <p>Top-up: A Class Shares = £1,000 B Class Shares = £1,000 X Class Shares = £100</p> <p>Holding: A Class Shares = £1,000 B Class Shares = £100,000 X Class Shares = £250</p> <p>Redemption: A Class Shares = Nil B Class Shares = Nil X Class Shares = Nil</p> <p>The ACD may at its discretion accept subscriptions lower than the minimum amount.</p>	
ACD charges	<p>The management charge in respect of the A Class Shares is 1.50% per annum of the Net Asset Value of the A Class Shares.</p> <p>The management charge in respect of the B Class Shares is 1.25% per annum of the Net Asset Value of the B Class Shares.</p> <p>The management charge in respect of the X Class Shares is 0.5% per annum of the Net Asset Value of the X Class Shares.</p>	
Changes to the Company	<p>The head office of the Company changed to Level 13, Broadgate Tower, 20 Primrose Street, London, EC2A 2EW on 13 August 2015.</p> <p>From 1 November 2015, the ACD did not delegate the investment management function. Prior to that the investment adviser was Fundamental Tracker Investment Management Limited</p> <p>On 27 November 2015 the scheme name changed from VT Maven Smart Dividend Fund to VT Smart Dividend Fund.</p> <p>On 27 November 2015 the sub-fund name changed from VT Maven Smart Dividend UK Fund to VT Smart Dividend UK Fund.</p> <p>From 1 November 2015, the income will be allocated and distributed monthly as opposed to quarterly.</p>	

INVESTMENT MANAGER'S REVIEW

THE VT SMART DIVIDEND UK FUND

Investment Adviser's Report For the year ended 31st January 2016

Investment Strategy

On 31st October 2015 Fundamental Tracker Investment Management Limited relinquished its role as the Investment Adviser to the fund with management of it reverting to Valu-Trac Investment Management Ltd as the ACD. The name was changed to the VT Smart Dividend UK Fund and there has been no change to the investment process.

Investment Activities

The Fund was managed during the year in accordance with its stated investment objective of investing in stocks in proportion to their contribution to the total forecasted dividend payout for the group as a whole. This methodology is designed to minimize trading by exploiting volatility and, rather than investing new money across all securities, this fundamental process allows the Fund to use specific opportunities in oversold stocks to add to positions.

Purchases by the Fund during the year totaled £632,958 with sales of £54,204, whilst subscriptions of £1,576,073 exceeded redemptions of £1,074,805. The low level of trading activity kept turnover down, thereby minimizing costs charged to the Fund. The Manager makes every effort to keep dealing costs to a minimum; the largest single cost is stamp duty, which cannot be avoided and is incurred as new money is invested.

A weak stock market, dominated by falls in oil and mining shares reduced the size of the Fund from £5.63 million to £5.38 million over the year.

Three stocks left the Fund during the year under review, all due to corporate action events. South 32 was sold after it was spun off from BHP Billiton since its primary exchange was in Australia and not London. Catlin and Alent were both taken over and left the Fund invested in 200 individual holdings at 31 January 2016. Two other trades were undertaken to meet redemptions, one in Tesco for £15,603 and one in SAB Miller for £9,956. These two trades were the only discretionary ones undertaken during the year and represent 0.5% of the average assets under management.

A total of £255,739 was paid as dividends by the fund during the year under review. This was an increase of 1.3% over the previous year despite a lower level of special dividends received.

In addition to these three events there were a number of corporate actions during the year which resulted in a number of minor changes to the fund, and demonstrates the advantages for investors of using collective investment vehicles to minimize their workload.

There were fewer returns of capital this year than last but this action was taken by Direct Line, Intermediate Capital, Persimmon, Spirax-Sarco and Melrose. There were four rights issues; Standard Chartered, Lonmin, Serco and BBA Aviation to which the fund subscribed its entitlement.

Investment Performance

Over the twelve months the investment return was a decrease of -11.1% in the X Accumulation units, which compared to a fall of -8.3% in the Freedom Smart-Beta UK Dividend Index. Although the Fund has an Annual Management Charge of only 0.5%, the ongoing charges for the Class X Accumulation Shares are 1.06%. The remaining difference of 2.8% was largely accounted for by the timing differences resulting from the fund taking prices at midday while the index is priced at 4:30pm at close of UK business. As a result of this difference the index started the year 0.49% lower and ended the year 1.35% higher than the fund which meant it declined less. There

INVESTMENT MANAGER'S REVIEW (Continued)

were also small effects totaling 0.68% from stocks not held and differences in weightings between the fund and the index.

The Fund has made quarterly distributions since October 2012 and in October 2015 changed to making payments every month. According to the February 2016 issue of Money Management magazine it had the highest yield in the UK All Companies Sector at that time.

Over the 12 months under review Sterling depreciated from 1.51 to the Dollar to 1.42 which has increased the Sterling value of the dividends paid by companies that declare them in Dollars.

Outlook

No one knows what the future holds but evidence indicates that about half of the return that comes from investing into the stock market is derived from dividends, growth in dividends and reinvested dividends. This fund is unique in weighting its portfolio towards those companies that are forecast to pay the largest dividends. Apart from giving the fund a high yield it has also resulted in the fund being less volatile than conventional trackers according to Morningstar. This helps to give investors a smoother return.

The capital value of the UK stock market, as measured by a number of well-known indices, will fluctuate, sometimes quite alarmingly. But those investors who can tolerate this volatility in the short term can be compensated with better returns than other asset classes, such as cash and bonds, over the long-term because of the compounding effect of reinvested dividends.

PERFORMANCE RECORD

Financial Highlights

Class A Net Income GBP		2016	2015	2014
Changes in net assets per unit		GBP	GBP	GBP
Opening net asset value per unit		86.4487	85.1599	85.0156
Return before operating charges		(8.1982)	6.8029	5.5028
Operating charges (note 1)		(1.7805)	(1.3937)	(1.8327)
Return after operating charges*		(9.9787)	5.4092	3.6701
Distributions on income units		(3.7193)	(4.1204)	(3.5258)
Closing net asset value per unit		72.7507	86.4487	85.1599
*after direct transaction costs of:		0.1778	0.2286	0.1702
Performance				
Return after charges		(11.54%)	6.35%	4.32%
Other information				
Closing net asset value		£31,087	£44,534	£58,355
Closing number of units		42,731	51,516	68,524
Operating charges (note 2)		2.16%	1.60%	1.92%
Direct transaction costs		0.22%	0.26%	0.20%
Prices				
Highest unit price		91.08	90.43	90.69
Lowest unit price		68.87	79.98	80.90
Class B Net Income GBP		2016[^]	2015	2014
Changes in net assets per unit		GBP	GBP	GBP
Opening net asset value per unit		114.9541	113.1765	112.4175
Return before operating charges		(16.1163)	8.8154	7.3130
Operating charges (note 1)		(2.1196)	(1.5627)	(1.8794)
Return after operating charges*		(18.2359)	7.2527	5.4336
Distributions on income units		(4.9018)	(5.4751)	(4.6746)
Final closing net asset value per unit (21.01.16) [^]		91.8164	114.4951	113.1765
*after direct transaction costs of:		0.2310	0.3032	0.2256
Performance				
Return after charges		(8.74%)	6.41%	4.83%
Other information				
Closing net asset value (21.01.16) [^]		£6,826	£8,546	£8,414
Closing number of units (21.01.16) [^]		7,434	7,434	7,434
Operating charges (note 2)		1.93%	1.35%	1.63%
Direct transaction costs		0.22%	0.26%	0.20%
Prices				
Highest unit price		121.20	120.15	120.36
Lowest unit price		91.82	106.32	107.41

[^] Class B Net Income Shares were transferred to Class X Net Income shares on 22 January 2016, hence at 31 January 2016 this share class had no units and no net asset value.

PERFORMANCE RECORD (Continued)

Financial Highlights (Continued)

Class X Net Income GBP		2016	2015	2014
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	91.2789	89.6648	88.8048
	Return before operating charges	(8.8107)	6.5215	5.3778
	Operating charges (note 1)	(0.9184)	(0.5688)	(0.8209)
	Return after operating charges*	(9.7291)	5.9527	4.5569
	Distributions on income units	(3.9132)	(4.3386)	(3.6969)
	Closing net asset value per unit	77.6366	91.2789	89.6648
	*after direct transaction costs of:	0.1887	0.2410	0.1785
Performance				
	Return after charges	(10.66%)	6.64%	5.13%
Other information				
	Closing net asset value	£1,830,651	£1,548,219	£1,168,880
	Closing number of units	2,357,975	1,696,141	1,303,611
	Operating charges (note 2)	1.05%	0.62%	0.90%
	Direct transaction costs	0.22%	0.26%	0.20%
Prices				
	Highest unit price	96.41	95.17	95.29
	Lowest unit price	73.47	84.34	84.83
Class A Net Accumulation GBP		2016	2015	2014
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	110.7589	104.1601	99.8780
	Return before operating charges	(10.9611)	8.3644	6.2789
	Operating charges (note 1)	(2.3272)	(1.7656)	(1.9968)
	Return after operating charges*	(13.2883)	6.5988	4.2821
	Closing net asset value per unit	97.4706	110.7589	104.1601
	Retained distributions on accumulated units	4.8407	5.1209	4.2042
	*after direct transaction costs of:	0.2326	0.2862	0.2040
Performance				
	Return after charges	(12.00%)	6.34%	4.29%
Other information				
	Closing net asset value	£203,681	£244,587	£248,902
	Closing number of units	208,966	220,828	238,961
	Operating charges (note 2)	2.16%	1.62%	1.92%
	Direct transaction costs	0.22%	0.26%	0.20%
Prices				
	Highest unit price	117.06	112.86	109.55
	Lowest unit price	92.22	100.93	96.38

PERFORMANCE RECORD (Continued)

Financial Highlights (Continued)

Class B Net Accumulation GBP		2016	2015	2014
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	<u>144.1096</u>	<u>135.3808</u>	<u>129.5677</u>
	Return before operating charges	(14.3205)	10.7548	8.0419
	Operating charges (note 1)	<u>(2.6387)</u>	<u>(2.0260)</u>	<u>(2.2288)</u>
	Return after operating charges*	(16.9592)	8.7288	5.8131
	Closing net asset value per unit	<u>127.1504</u>	<u>144.1096</u>	<u>135.3808</u>
	Retained distributions on accumulated units	6.3046	6.6566	5.4590
	*after direct transaction costs of:	0.3030	0.3722	0.2647
Performance				
	Return after charges	(11.77%)	6.45%	4.49%
Other information				
	Closing net asset value	£6,616	£7,498	£3,243
	Closing number of units	5,203	5,203	2,396
	Operating charges (note 2)	1.88%	1.43%	1.65%
	Direct transaction costs	0.22%	0.26%	0.20%
Prices				
	Highest unit price	152.42	146.70	142.38
	Lowest unit price	120.29	131.19	125.15
Class X Net Accumulation GBP		2016	2015	2014
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	<u>117.4942</u>	<u>110.1100</u>	<u>104.8263</u>
	Return before operating charges	(11.8134)	8.0990	6.2924
	Operating charges (note 1)	<u>(1.2175)</u>	<u>(0.7148)</u>	<u>(1.0087)</u>
	Return after operating charges*	(13.0309)	7.3842	5.2837
	Closing net asset value per unit	<u>104.4633</u>	<u>117.4942</u>	<u>110.1100</u>
	Retained distributions on accumulated units	5.1729	5.4146	4.4285
	*after direct transaction costs of:	0.2479	0.3031	0.2147
Performance				
	Return after charges	(11.09%)	6.71%	5.04%
Other information				
	Closing net asset value	£3,304,074	£3,775,379	£3,238,275
	Closing number of units	3,162,905	3,213,247	2,940,945
	Operating charges (note 2)	1.06%	0.62%	0.92%
	Direct transaction costs	0.22%	0.26%	0.20%
Prices				
	Highest unit price	124.55	119.92	115.78
	Lowest unit price	98.81	106.73	101.55

PERFORMANCE RECORD (Continued)

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

Risk Profile

Based on past data, the fund is ranked a '5' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Document. The fund is in a higher category because the price of its investments has risen or fallen frequently and more dramatically than some other types of investment. The higher the rank, the greater the potential reward but the greater the risk of losing money.

PORTFOLIO STATEMENT

As at 31 January 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Equities 98.47% (2015:99.01%)			
Equities - Incorporated in the United Kingdom 88.10% (2015:89.41%)			
Basic Materials 7.42% (2015:9.91%)			
African Barrick Gold	563	1,070	0.02%
Anglo American	5,459	14,683	0.27%
Antofagasta	1,425	5,299	0.10%
BHP Billiton	33,820	224,751	4.18%
Croda International	111	3,125	0.06%
Elementis	874	1,865	0.03%
Essentra	295	2,162	0.04%
Evraz	2,177	1,238	0.02%
Johnson Matthey	208	5,006	0.09%
Kaz Minerals	810	932	0.02%
Lonmin	181	97	0.00%
Mondi	616	6,902	0.13%
Rangold Resources	37	1,789	0.03%
Rexam	1,203	7,200	0.13%
Rio Tinto	7,159	120,235	2.24%
Vedanta Resources	379	897	0.02%
Victrex	127	1,946	0.04%
		<u>399,197</u>	<u>7.42%</u>
Consumer Goods 6.70% (2015:5.71%)			
Barratt Developments	2,213	13,051	0.24%
Bellway	152	4,134	0.08%
Brown (N) Group	449	1,379	0.03%
Burberry Group	406	4,768	0.09%
Carnival	2,004	68,166	1.26%
Compass Group	2,748	32,797	0.61%
Dunelm	230	2,025	0.04%
GKN	1,690	4,714	0.09%
Greene King	336	2,940	0.05%
Home Retail Group	1,575	2,055	0.04%
Howden Joinery Group	839	4,185	0.08%
Intercontinental Hotels Group	278	6,327	0.12%
ITV	9,823	25,795	0.48%
Kingfisher	5,496	17,741	0.33%
Ladbroke's	1,518	1,914	0.04%
Marks & Spencer Group	5,276	22,265	0.41%
Marston's	1,373	2,151	0.04%
Millennium & Copthorne Hotels	379	1,558	0.03%
Next	481	33,225	0.61%
Pearson	2,280	17,864	0.33%
Persimmon	1,077	21,583	0.40%
Reed Elsevier	1,821	22,098	0.41%
TUI Travel	2,729	31,766	0.59%
WH Smith	283	5,133	0.10%
Whitbread	141	5,591	0.10%
William Hill	1,340	5,158	0.10%
		<u>360,383</u>	<u>6.70%</u>

PORTFOLIO STATEMENT (Continued)

As at 31 January 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Consumer Services 17.05% (2015:15.86%)			
Associated British Foods	604	18,706	0.35%
Booker	2,042	3,298	0.06%
British American Tobacco	5,818	224,066	4.16%
Britvic	423	3,024	0.06%
Debenhams	1,885	1,478	0.03%
Diageo	5,614	105,094	1.95%
Imperial Tobacco Group	3,701	138,621	2.57%
J Sainsbury	7,207	17,693	0.33%
Merlin Entertainments	2,667	10,957	0.20%
PZ Cussons	572	1,493	0.03%
Reckitt Benckiser Group	1,325	82,051	1.52%
SABMiller	2,800	116,571	2.16%
Sky	4,463	47,375	0.88%
Tate & Lyle	704	4,351	0.08%
Tesco	21,112	35,262	0.66%
Unilever	3,174	96,109	1.79%
WM Morrison Supermarkets	6,787	11,721	0.22%
		917,870	17.05%
Financials 20.85% (2015:23.20%)			
3i Group	1,052	4,620	0.09%
Aberdeen Asset Management	3,231	7,804	0.15%
Admiral Group	907	15,954	0.30%
Amlin	1,270	8,506	0.16%
Ashmore Group	1,552	3,354	0.06%
Aviva	12,201	57,308	1.07%
Barclays	56,039	102,187	1.89%
Beazley	897	3,345	0.06%
Capital & Counties Properties	253	919	0.02%
Close Brothers Group	233	2,977	0.06%
Derwent London	88	2,826	0.05%
Direct Line	6,908	25,912	0.48%
Esure Group	1,083	2,627	0.05%
Hargreaves Lansdown	550	7,337	0.14%
HSBC Holdings	77,776	376,592	7.00%
ICAP	1,805	8,658	0.16%
IG Group Holdings	449	3,264	0.06%
Intermediate Capital Group	650	3,760	0.07%
Investec	1,223	5,425	0.10%
Jardine Lloyd	261	2,160	0.04%
Jupiter Fund Management	676	2,757	0.05%
Legal & General Group	20,235	48,159	0.90%
Lloyds Banking Group	235,566	151,940	2.82%
London Stock Exchange Group	357	8,764	0.16%
Londonmetric Property	1,825	2,932	0.05%
Man Strategic Holdings	7,520	11,972	0.22%
Old Mutual	23,486	39,269	0.73%
Provident Financial	377	10,863	0.20%
Prudential	5,726	77,272	1.43%
Royal Bank of Scotland Group	11,887	29,902	0.56%
RSA Insurance Group	2,646	10,890	0.20%
Schroders	255	6,826	0.13%
Standard Chartered	10,758	49,710	0.91%

PORTFOLIO STATEMENT (Continued)

As at 31 January 2016

Investment	Nominal value or Holding	Market value £	% of total net assets
Standard Life	5,107	18,268	0.34%
St James's Place	574	5,341	0.10%
Tullet Prebon	668	2,261	0.04%
		<u>1,122,661</u>	<u>20.85%</u>
Healthcare 8.27% (2015:7.92%)			
AstraZeneca	3,472	153,896	2.86%
GlaxoSmithKline	19,460	277,110	5.15%
Indivior	1,325	2,048	0.04%
Smith & Nephew	1,045	11,929	0.22%
		<u>444,983</u>	<u>8.27%</u>
Industrials 3.85% (2015:4.25%)			
Aggreko	218	1,836	0.03%
Ashtead Group	288	2,593	0.05%
Atkins	206	2,959	0.06%
Babcock International Group	510	4,652	0.09%
BAE Systems	10,709	54,803	1.02%
BBA Aviation	1,557	2,518	0.05%
Balfour Beatty	1,460	3,671	0.07%
Berendsen	318	3,426	0.06%
Bunzl	311	5,699	0.11%
Capita	822	9,490	0.18%
Carillion	1,341	3,646	0.07%
Cobham	1,683	4,225	0.08%
De La Rue	213	943	0.02%
Easyjet	384	5,931	0.11%
Electrocomponents	826	1,721	0.03%
Firstgroup	3,315	3,028	0.06%
G4S	2,772	6,190	0.12%
Galliford Try	221	3,245	0.06%
Go Ahead Group	142	3,404	0.06%
Hays	1,875	2,352	0.04%
Homeserve	655	2,598	0.05%
IMI	261	2,084	0.04%
Inchcape	580	4,150	0.08%
Intertek Group	94	2,649	0.05%
Meggitt	630	2,260	0.04%
Melrose	492	1,435	0.03%
Michael Page International	543	2,186	0.04%
Mitie Group	798	2,235	0.04%
National Express	977	2,909	0.05%
Regus	1,302	3,850	0.07%
Rentokil Initial	1,339	2,088	0.04%
Rolls-Royce	3,119	16,874	0.30%
Rotork	730	1,233	0.02%
Royal Mail	2,243	10,187	0.19%
Serco Group	718	604	0.01%
Smith (DS)	1,500	5,524	0.10%
Smiths Group	555	5,168	0.10%
Spectris	101	1,572	0.03%
Spirax-Sarco Engineering	81	2,447	0.05%
Stagecoach	648	1,790	0.03%

PORTFOLIO STATEMENT (Continued)

As at 31 January 2016

Investment	Nominal value or Holding	Market value £	% of total net assets
Vesuvius	418	1,268	0.02%
Weir Group	212	1,844	0.03%
		<u>207,149</u>	<u>3.85%</u>
Oil & Gas 9.65% (2015:8.63%)			
AMEC	1,139	4,614	0.09%
BG Group	4,135	43,149	0.80%
BP	84,120	311,665	5.80%
EnQuest	237	36	0.00%
Hunting	274	787	0.01%
John Wood Group	254	1,598	0.03%
Royal Dutch Shell 'B'	10,326	154,012	2.86%
Soco International	1,824	2,820	0.05%
Tullow Oil	329	556	0.01%
		<u>519,237</u>	<u>9.65%</u>
Real Estate 2.49% (2015:2.16%)			
Berkeley Group Holdings	575	20,249	0.38%
British Land	3,380	24,835	0.46%
Hammerson	1,093	6,318	0.12%
Intu Properties	2,687	7,923	0.15%
Land Securitites Group	1,177	12,794	0.24%
Segro	1,789	7,738	0.14%
Taylor Wimpey	28,702	54,247	1.00%
		<u>134,104</u>	<u>2.49%</u>
Technology 0.52% (2015:0.46%)			
ARM Holdings	373	3,596	0.07%
Halma	398	3,289	0.06%
Laird	1,147	3,950	0.07%
Moneysupermarket.com	1,094	3,611	0.07%
Premier Farnell	1,023	986	0.02%
Renishaw	126	2,262	0.04%
Sage Group	1,724	10,538	0.19%
		<u>28,232</u>	<u>0.52%</u>
Telecommunications 6.41% (2015:6.23%)			
BT Group	19,420	92,546	1.72%
Cable & Wireless Communications	8,569	5,750	0.11%
Inmarsat	904	9,628	0.18%
Micro Focus International	274	3,772	0.07%
TalkTalk Telecom Group	2,428	5,161	0.10%
Vodafone Group	104,053	227,928	4.23%
		<u>344,785</u>	<u>6.41%</u>
Utilities 4.89% (2015:5.08%)			
Centrica	17,828	36,155	0.67%
Drax Group	568	1,430	0.03%
National Grid	13,086	127,026	2.36%
Pennon Group	687	6,052	0.11%
Severn Trent	515	11,178	0.21%
SSE	3,651	52,301	0.97%
United Utilities Group	3,047	28,947	0.54%
		<u>263,089</u>	<u>4.89%</u>
Total Equities - incorporated in the United Kingdom		<u><u>4,741,690</u></u>	<u><u>88.10%</u></u>

PORTFOLIO STATEMENT (Continued)

As at 31 January 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - incorporated outwith the United Kingdom 10.37% (2015:9.60%)			
Basic Materials 1.39% (2015:2.02%)			
CRH	1,300	23,478	0.44%
Fresnillo	1,131	7,923	0.15%
Glencore Xstrata	43,007	37,754	0.70%
New World Resources	9,160	16	0.00%
Polymetal International	976	5,558	0.10%
		<u>74,729</u>	<u>1.39%</u>
Consumer Services 1.01% (2015:0.92%)			
Coca-Cola HBC	309	4,368	0.08%
Informa	997	6,239	0.12%
UBM	543	2,787	0.05%
WPP	2,760	40,958	0.76%
		<u>54,352</u>	<u>1.01%</u>
Financials 0.58% (2015:0.65%)			
Henderson Group	2,566	6,949	0.13%
Hiscox	778	7,632	0.14%
Lancashire Holdings	1,674	10,471	0.19%
Phoenix Group Holdings	761	6,510	0.12%
		<u>31,562</u>	<u>0.58%</u>
Healthcare 0.08% (2015:0.09%)			
Shire	106	4,195	0.08%
		<u>4,195</u>	<u>0.08%</u>
Industrials 1.21% (2015:1.19%)			
DCC	108	5,759	0.11%
Experian	1,986	23,326	0.43%
International Consolidated Airlines Group	3,070	16,386	0.30%
Wolseley	582	19,811	0.37%
		<u>65,282</u>	<u>1.21%</u>
Oil & Gas 6.05% (2015:4.68%)			
Petrofac	550	4,275	0.08%
Royal Dutch Shell 'A'	21,509	320,862	5.96%
		<u>325,137</u>	<u>6.04%</u>
Technology 0.06% (2015:0.05%)			
Playtech	448	3,398	0.06%
		<u>3,398</u>	<u>0.06%</u>
Total Equities - incorporated outwith the United Kingdom		<u>558,655</u>	<u>10.37%</u>
Portfolio of investments		5,300,345	98.47%
Other net assets		84,325	1.57%
Adjustment from mid to bid		(1,976)	(0.04)%
Total net assets		<u>5,382,694</u>	<u>100.00%</u>

SUMMARY OF MATERIAL PORTFOLIO CHANGES

Total sales for the year (note 14)	£ 54,204
Catlin	6,991
SAB Miller	9,956
South 32	22,194
Tesco	15,063
Total purchases for the year (note 14)	£ 632,958
Anglo American	20,136
BHP Billiton	120,952
BP	84,454
Carnival	20,214
Glaxosmith	20,111
Glencore Xstrata	35,051
HSBC Holdings	20,105
Lloyds Banking	21,163
Rio Tinto	34,989
Royal Bank	20,126
Royal Dutch Shell A	138,265
Royal Dutch Shell B	57,179
SAB Miller	20,076
TUI	20,137

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

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 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 revenues and net capital gains/losses 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 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.

Anne A. Laing CA

Neil J. Smith MA BA CA

Valu-Trac Investment Management Limited
Authorised Corporate Director

Date

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

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of income that arises from that property.

It is the duty of the Depositary to take reasonable care to 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 (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus, in relation to the pricing of , and dealings in, shares in the Company; the application of income of the Company; and 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 Authorised Company Director:

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

National Westminster Bank Plc
01 February 2016

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT SMART DIVIDEND FUND (THE COMPANY)

We have audited the Company's financial statements of The VT Smart Dividend Fund ("the Company") for the year ended 31 January 2016 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders, Balance Sheet, the related Notes to the Financial Statements and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including FRS102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland."

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

Respective responsibilities of the Authorised Corporate Director and auditors

As explained more fully in the Authorised Corporate Director's Responsibilities Statement the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in The VT Smart Dividend Fund annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and the sub-fund at 31 January 2016 and of the net revenue and the net capital gains of the scheme property of the Company and the sub-fund for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT SMART DIVIDEND FUND (THE COMPANY)

Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

We have obtained all the information and explanations we consider necessary for the purposes of the audit; and

- 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

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

Colin Gray B.Com C.A. (Senior Statutory Auditor)
for and on behalf of FKF Accounting Limited, Statutory Auditor
Chartered Accountants
Metropolitan House
31-33 High Street
Inverness
IV1 1HT

Date

STATEMENT OF TOTAL RETURN

For the year ended 31 January 2016

		31.01.16		31.01.15	
	Notes	£	£	£	£
Income					
Net capital (losses)/gains	2		(878,344)		103,264
Revenue	3	256,196		242,402	
Expenses	4	(53,304)		(27,725)	
Interest payable and similar charges		(5)		-	
Net revenue before taxation		202,887		214,677	
Taxation	5	-		-	
Net revenue after taxation		202,887		214,677	
Total return before distributions		(675,457)		317,941	
Finance costs: distributions	6	(255,739)		(252,372)	
Change in net assets attributable to shareholders from investment activities		<u>(931,196)</u>		<u>65,569</u>	

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 January 2016

	31.01.16	31.01.15
	£	£
Opening net assets attributable to shareholders	5,627,021	4,724,482
Amounts receivable on creation of shares	1,576,073	1,730,228
Amounts payable on cancellation of shares	(1,074,805)	(1,079,527)
Stamp Duty	-	(287)
Retained Accumulation Distributions	185,601	186,556
Change in net assets attributable to shareholders from investment activities (see above)	<u>(931,196)</u>	<u>65,569</u>
Closing net assets attributable to shareholders	<u>5,382,694</u>	<u>5,627,021</u>

BALANCE SHEET

As at 31 January 2016

		31.01.16		31.01.15	
	Notes	£	£	£	£
FIXED ASSETS					
Investment assets			5,298,369		5,569,395
Current Assets					
Debtors	7	16,661		19,578	
Cash and bank balances	8	96,813		55,108	
Total other assets			113,474		74,686
Total assets			5,411,843		5,644,081
LIABILITIES					
Creditors					
Other creditors	9	(14,599)		(6,930)	
Distribution payable on income shares		(2,393)		(10,130)	
Bank overdrafts	8	(12,157)		-	
Total liabilities			(29,149)		(17,060)
Net assets attributable to shareholders			5,382,694		5,627,021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2016

1. Accounting policies

- (a) The financial statements have been prepared in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014. There are no changes to the comparatives following the adoption of this SORP.

(b) **Valuation of investments**

The purchase and sale of investments are included up to the valuation point on 31 January 2016.

The purchase and sale of investments are recognized when a legally binding and unconditional right to obtain, or an obligation to deliver an asset, arises.

Investments are stated at their fair value at balance sheet date. In determining fair value, the valuation point is 12 noon on 31 January 2016, with reference to quoted bid prices reliable external sources.

Where an observable market price is unreliable or does not exist, investments are valued at the Fund's best estimate of the amount that would be received from an immediate transfer at arm's length.

(c) **Foreign exchange**

The base currency of the Fund is Sterling, which is taken to be the Fund's functional currency.

All transactions in foreign currencies are converted into Sterling at the rates of the exchange ruling at the dates of such transactions.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

(d) **Revenue**

Revenue is recognized in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non-equity shares are recognized as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

Overseas dividends are recognized as revenue gross of any withholding tax and the tax consequences are recognized within the tax expense.

(e) **Expenses**

The annual management charge is charged to the relevant share class against revenue and then reallocated to capital net of any tax effect.

For comparative purposes, up to 3 December 2012 all charges, other than those relating to the purchase and sale of investments are allocated to income. From 3 December 2012 all charges are allocated to capital per the terms of Prospectus.

(f) **Allocation of income and expenses to multiple share classes**

All income and expenses which are directly attributable to a particular share class are allocated to that share class. All income and expenses which are attributable to the Fund are allocated to the Fund and are normally allocated across the share classes pro rata to the net asset value of each share class on a daily basis.

(g) **Taxation**

Tax payable on profits is recognized as an expense in the period in which profits arise. The tax effects of tax losses available to carry forward are recognized as an asset when it is probable that future taxable profits will be available, against which these losses can be utilized.

UK corporation tax is provided as amounts to be paid/recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at 31 January 2016 to pay more or less tax, at a future date, at rates expected to apply when they crystallize based on current contract rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

(h) Efficient portfolio management

Where appropriate, certain permitted instruments such as derivatives or forward currency contracts may be used for efficient portfolio management purposes. Where such instruments are used to protect or enhance revenue, the revenue or expenses derived therefrom are included in the Statement of total return as income related items and form part of the distribution. Where such instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in the Statement of total return as capital related items.

(i) Dilution Levy

The need to charge a dilution levy will depend on the volume of sales or redemptions. The Authorised Corporate Director may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all shareholders and potential shareholders. Please refer to the Prospectus for further information.

Distribution policies

(j) Basis of distribution

The distribution policy of the Fund is to distribute all available revenue. Distributions attributable to income shares are paid to shareholders. Distribution attributable to accumulation shares are re-invested in the Fund on behalf of the shareholders.

(k) Revenue

All revenue is included in the final distribution with reference to the Accounting policies for revenue disclosed in note 1.

(l) Expenses

In respect of expenses payable from revenue please refer to the accounting policies in note 1.

In respect of expenses transferred to capital net of any tax effect, please refer to the accounting policies in note 1 and note 6.

(m) Equalisation

Group 2 shares are shares which are purchased on or after the previous XD date and before the current XD date. Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax in the hands of the shareholders but must be deducted from the cost of shares for capital gains tax purposes. Equalisation per share is disclosed in the Distribution table.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2	Net capital (losses)/gains	31.01.16	31.01.15
	The net capital (losses)/gains comprise:	£	£
	Non-derivative securities (losses)/gains -unrealised	(864,647)	112,788
	-realised	(5,228)	(150)
	Transaction charges	(8,587)	(9,361)
	FX gains/(losses)	118	(13)
	Total net capital (losses)/gains	<u>(878,344)</u>	<u>103,264</u>
3	Revenue	31.01.16	31.01.15
		£	£
	Franked revenue	242,948	224,138
	Unfranked revenue	7,748	10,943
	Overseas revenue	5,500	7,321
	Total revenue	<u>256,196</u>	<u>242,402</u>
4	Expenses	31.01.16	31.01.15
		£	£
	Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
	ACD fee	31,751	30,398
	Payable to the depositary, associates of the depositary, and agents of either of them:		
	Depositary fee	18,045	17,951
	Safe Custody fee	513	535
		18,558	18,486
	Other expenses		
	Audit fee	1,901	1,855
	FCA fee	315	292
	EMX Fees	519	-
	Investment Manager Association Fee	260	-
		2,995	2,147
	Investment advisers reimbursement	-	(23,306)
	Total expenses	<u>53,304</u>	<u>27,725</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Taxation	31.01.16	31.01.15
	£	£
(a) Analysis of charge in the year		
Overseas tax withheld	-	-
Total tax charge for the year (note 5b)	-	-
(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 company (20%). The differences are explained below:		
Net revenue before taxation	202,887	214,677
Corporation tax at 20%	40,577	42,935
Effects of:		
Franked revenue	(48,589)	(44,828)
Overseas revenue	(1,100)	(1,464)
Excess management expenses	9,112	3,357
Total tax charge for year (note 5a)	-	-
(c) Provision for deferred taxation		
At 31 January 2016 there is a potential deferred tax asset of £47,255 (31 January 2015:£38,143) in relation to surplus management expenses. It is unlikely the Company will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.		
6. Finance costs	31.01.16	31.01.15
	£	£
Interim income distribution	72,197	59,126
Interim accumulation distribution	183,821	161,238
Final income distribution	950	10,130
Final accumulation distribution	1,779	25,317
	258,747	255,811
Add: Revenue deducted on cancellation of shares	5,254	8,321
Deduct: Revenue received on issue of shares	(8,263)	(11,760)
	255,739	252,372
Interest payable and similar charges	-	-
Total finance costs	255,739	252,372
Reconciliation of distributions		
Net revenue after taxation	202,887	214,677
Allocations to Capital:		
Expenses paid by capital	53,309	37,695
Balance carried forward	(457)	-
Net distribution for the year	255,739	252,372

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Debtors	31.01.16	31.01.15
	£	£
Amounts receivable for issue of shares	-	8,351
Dividends receivable	8,556	11,227
Outstanding trade settlements	8,105	-
	<u>16,661</u>	<u>19,578</u>
Total debtors	<u>16,661</u>	<u>19,578</u>
8 Cash and bank balances	31.01.16	31.01.15
	£	£
Cash and bank balances	96,813	55,108
Bank overdrafts	(12,157)	-
	<u>84,656</u>	<u>55,108</u>
9 Creditors	31.01.16	31.01.15
	£	£
Amounts payable on cancellation of shares	7,080	355
Other accrued expenses	7,519	6,575
	<u>14,599</u>	<u>6,930</u>
Total creditors	<u>14,599</u>	<u>6,930</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Units held

Units Held – Class A Net Income

Opening units at 01.02.15	51,515
Units issued during the year	12
Units cancelled during the year	(8,796)
Units converted during the year	-
Closing units at 31.01.16	42,731

Units Held – Class A Net Accumulation

Opening Units at 01.02.15	220,828
Units issued during the year	1,193
Units cancelled during the year	(13,055)
Units converted during the year	-
Closing units at 31.01.16	208,966

Units Held – Class B Net Income

Opening Units as at 01.02.15	7,434
Units issued during the year	-
Units cancelled during the year	-
Units converted during the year	(7,434)
Closing units at 31.01.16	-

Units Held - Class B Net Accumulation

Opening Units as at 01.02.15	5,203
Units issued during the year	-
Units cancelled during the year	-
Units converted during the year	-
Closing units as at 31.01.16	5,203

Units Held – Class X Net Income

Opening Units as at 01.02.15	1,696,141
Units issued during the year	1,236,790
Units cancelled during the year	(574,956)
Units converted during the year	-
Closing units at 31.01.16	2,357,975

Units Held - Class X Net Accumulation

Opening Units as at 01.02.15	3,213,247
Units issued during the year	549,477
Units cancelled during the year	(599,819)
Units converted during the year	-
Closing units as at 31.01.16	3,162,905

11. Financial instruments

In pursuing its investment objective as stated on page 1, the Company holds a number of financial instruments. The Company's financial instruments, other than derivatives, 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 Company'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 Company'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 company holds. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

The Company'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 31.01.16 would have increased/decreased by £529,837 (2015 – £556,940)

Foreign currency risk

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

The 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 Company's investment holdings will fluctuate as a result of changes in interest rates.

The Company 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 Fund had no exposure to interest bearing securities in the year.

Maturity of financial liabilities

The financial liabilities of the company as at 31 January 2016 are payable either within one year or on demand.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Liquidity risk

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

Credit risk

Certain transactions in securities that the Company 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 Company has fulfilled its responsibilities. The Company 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 used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

A Fair value based on a quoted price for an identical instrument in an active market.

B Fair value based on the price of a recent transaction for an identical instrument.

C1 Fair value based on a valuation technique using observable market data.

C2 Fair value based on a valuation technique that relies significantly on non observable market data

Valuation Technique	Assets (£'000)	Liabilities (£'000)
A Quoted prices for identical instruments in active markets	5,298	-
Total	5,298	-

12. Contingent assets and liabilities

At 31 January 2016, the fund had no contingent liabilities or commitments (31 January 2015 £nil).

13. Post balance sheet events

Subsequent to the year end, the net asset value for each class has moved as follows as at 19.05.16:

Share Class	Value per share (p) 31.01.16	Value per share (p) 19.05.16
A Class Net Income	72.7507	74.4319
B Class Net Income (closed 21.01.16)	-	-
X Class Net Income	77.6366	79.5511
A Class Net Accumulation	97.4706	101.4252
B Class Net Accumulation*	127.1504	-
X Class Net Accumulation	104.4633	108.8920

*On 7 April 2016, the B Class Net Accumulation share class closed and the units transferred to the X Class Net Accumulation share class.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Portfolio transaction costs

	31.01.16		31.01.15	
	£	£	£	£
Analysis of total purchase costs				
Purchases in the year before transaction costs	629,592		962,062	
Commissions	475	0.08%	1,095	0.11%
Taxes	2,869	0.46%	4,451	0.46%
Levy	22	0.00%	37	0.00%
Total purchase costs	3,366	0.54%	5,583	0.57%
Total purchases including transaction costs	632,958		967,645	

Analysis of total sale costs

Sales in year before transaction costs	54,259		94,906	
Commissions	(55)	0.10%	(45)	0.05%
Total sale costs	(55)	0.10%	(45)	0.05%
Total sales net of transaction costs	54,204		94,861	

The following represents the total of each type of transaction cost, expressed as a percentage of the Fund's average net asset value in the year:

	2016 £	% of average net asset value	2015	% of average net asset value
Commission	530	0.0%	1,140	0.0%
Taxes	2,869	0.1%	4,451	0.1%
Levy	22	0.0%	37	0.0%
	3,421	0.1%	5,628	0.1%

DISTRIBUTION TABLES

Q1 distributions in pence per share – distribution number 20

Group 1: Shares purchased prior to 31 January 2015

Group 2: Shares purchased 31 January 2015 to 30 April 2015

Payment date	Unit type	Share class	Net revenue 2015	Equalisation 2015	Distribution paid / allocated 2015	Distribution paid / allocated 2014
28.06.15	group 1	A Net Income	1.3848	-	1.3848	1.8535
28.06.15	group 2	A Net Income	1.3848	-	1.3848	1.8535
28.06.15	group 1	B Net Income	1.8420	-	1.8420	2.4628
28.06.15	group 2	B Net Income	1.8420	-	1.8420	2.4628
28.06.15	group 1	X Net Income	1.4640	-	1.4640	1.9511
28.06.15	group 2	X Net Income	0.6858	0.7782	1.4640	1.9511
28.06.15	group 1	A Net Accumulation	1.7743	-	1.7743	2.2667
28.06.14	group 2	A Net Accumulation	1.7743	-	1.7743	2.2667
28.06.15	group 1	B Net Accumulation	2.3092	-	2.3092	2.9461
28.06.15	group 2	B Net Accumulation	2.3092	-	2.3092	2.9461
28.06.15	group 1	X Net Accumulation	1.8845	-	1.8845	2.3959
28.06.15	group 2	X Net Accumulation	0.6631	1.2214	1.8845	2.3959

Q2 distributions in pence per share – distribution number 21

Group 1: Shares purchased prior to 30 April 2015

Group 2: Shares purchased 30 April 2015 to 31 July 2015

Payment date	Unit type	Share class	Net revenue 2015	Equalisation 2015	Distribution paid / allocated 2015	Distribution paid / allocated 2014
30.09.15	group 1	A Net Income	0.7748	-	0.7748	0.7863
30.09.15	group 2	A Net Income	0.1076	0.6672	0.7748	0.7863
30.09.15	group 1	B Net Income	1.0313	-	1.0313	1.0448
30.09.15	group 2	B Net Income	1.0313	-	1.0313	1.0448
30.09.15	group 1	X Net Income	0.8207	-	0.8207	0.8281
30.09.15	group 2	X Net Income	0.2503	0.5704	0.8207	0.8281
30.09.15	group 1	A Net Accumulation	1.0084	-	1.0084	0.9817
30.09.15	group 2	A Net Accumulation	1.0084	-	1.0084	0.9817
30.09.15	group 1	B Net Accumulation	1.3131	-	1.3131	1.2760
30.09.15	group 2	B Net Accumulation	1.3131	-	1.3131	1.2760
30.09.15	group 1	X Net Accumulation	1.0731	-	1.0731	1.0381
30.09.15	group 2	X Net Accumulation	0.3112	0.7619	1.0731	1.0381

DISTRIBUTION TABLES

Q3 distributions in pence per share – distribution number 22

Group 1: Shares purchased prior to 31 July 2015

Group 2: Shares purchased 31 July 2015 to 31 October 2015

Payment date	Unit type	Share class	Net revenue 2015	Equalisation 2015	Distribution paid / allocated 2015	Distribution paid / allocated 2014
31.12.15	group 1	A Net Income	1.0722	-	1.0722	0.9328
31.12.15	group 2	A Net Income	1.0722	-	1.0722	0.9328
31.12.15	group 1	B Net Income	1.4280	-	1.4280	1.2394
31.12.15	group 2	B Net Income	1.4280	-	1.4280	1.2394
31.12.15	group 1	X Net Income	1.1388	-	1.1388	0.9820
31.12.15	group 2	X Net Income	0.1027	1.0361	1.1388	0.9820
31.12.15	group 1	A Net Accumulation	1.4084	-	1.4084	1.1749
31.12.15	group 2	A Net Accumulation	1.4084	-	1.4084	1.1749
31.12.15	group 1	B Net Accumulation	1.8352	-	1.8352	1.5273
31.12.15	group 2	B Net Accumulation	1.8352	-	1.8352	1.5273
31.12.15	group 1	X Net Accumulation	1.5027	-	1.5027	1.2421
31.12.15	group 2	X Net Accumulation	0.9754	0.5273	1.5027	1.2421

Month 10 distributions in pence per share – distribution number 23

Group 1: Shares purchased prior to 31 October 2015

Group 2: Shares purchased 31 October 2015 to 30 November 2015

Payment date	Unit type	Share class	Net revenue 2016	Equalisation 2016	Distribution paid / allocated 2016	Distribution paid / allocated 2015
29.01.16	group 1	A Net Income	0.3939	-	0.3939	0.5478
29.01.16	group 2	A Net Income	0.3939	-	0.3939	0.5478
29.01.16	group 1	B Net Income	0.5249	-	0.5249	0.7281
29.01.16	group 2	B Net Income	0.5249	-	0.5249	0.7281
29.01.16	group 1	X Net Income	0.3897	-	0.3897	0.5774
29.01.16	group 2	X Net Income	0.2607	0.1290	0.3897	0.5774
29.01.16	group 1	A Net Accumulation	0.5243	-	0.5243	0.6976
29.01.16	group 2	A Net Accumulation	0.5243	-	0.5243	0.6976
29.01.16	group 1	B Net Accumulation	0.6835	-	0.6835	0.9072
29.01.16	group 2	B Net Accumulation	0.6835	-	0.6835	0.9072
29.01.16	group 1	X Net Accumulation	0.5785	-	0.5785	0.7385
29.01.16	group 2	X Net Accumulation	0.3752	0.2028	0.5785	0.7385

DISTRIBUTION TABLES (Continued)

Month 11 distributions in pence per share – distribution number 24

Group 1: Shares purchased prior to 30 November 2015

Group 2: Shares purchased 30 November 2015 to 31 December 2015

Payment date	Unit type	Share class	Net revenue 2016	Equalisation 2016	Distribution paid / allocated 2016
29.02.16	group 1	A Net Income	0.0567	-	0.0567
29.02.16	group 2	A Net Income	0.0567	-	0.0567
29.02.16	group 1	B Net Income	0.0756	-	0.0756
29.02.16	group 2	B Net Income	0.0756	-	0.0756
29.02.16	group 1	X Net Income	0.0604	-	0.0604
29.02.16	group 2	X Net Income	0.0332	0.0272	0.0604
29.02.16	group 1	A Net Accumulation	0.0759	-	0.0759
29.02.16	group 2	A Net Accumulation	0.0759	-	0.0759
29.02.16	group 1	B Net Accumulation	0.0990	-	0.0990
29.02.16	group 2	B Net Accumulation	0.0990	-	0.0990
29.02.16	group 1	X Net Accumulation	0.0812	-	0.0812
29.02.16	group 2	X Net Accumulation	0.0581	0.0231	0.0812

Month 12 distributions in pence per share – distribution number 25

Group 1: Shares purchased prior to 31 December 2015

Group 2: Shares purchased 31 December 2015 to 31 January 2016

Payment Date	Unit type	Share class	Net revenue 2016	Equalisation 2016	Distribution paid / allocated 2016
31.03.16	group 1	A Net Income	0.0369	-	0.0369
31.03.16	group 2	A Net Income	0.0369	-	0.0369
31.03.16	group 1	B Net Income	-	-	-
31.03.16	group 2	B Net Income	-	-	-
31.03.16	group 1	X Net Income	0.0396	-	0.0396
31.03.16	group 2	X Net Income	0.0302	0.0094	0.0396
31.03.16	group 1	A Net Accumulation	0.0494	-	0.0494
31.03.16	group 2	A Net Accumulation	0.0494	-	0.0494
31.03.16	group 1	B Net Accumulation	0.0646	-	0.0646
31.03.16	group 2	B Net Accumulation	0.0646	-	0.0646
31.03.16	group 1	X Net Accumulation	0.0529	-	0.0529
31.03.16	group 2	X Net Accumulation	0.0501	0.0028	0.0529

DISTRIBUTION TABLES (Continued)

EQUALISATION

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

Information for corporate shareholders

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

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

INFORMATION FOR INVESTORS

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 2016 and capital gains within the Company will not be taxed.

Individual shareholders

Tax on distributions: Revenue distributed by an OEIC was paid net but individual shareholders resident for tax purposes in the UK should generally be entitled to a tax credit equivalent to one ninth of the amount of the net distribution. Tax vouchers are sent to shareholders with each distribution and UK resident shareholders will be taxed on the total of the distribution and tax credit shown on the voucher. The credit will meet liability to basic rate tax but if the shareholder pays tax at the higher rate there will be a further liability. If the shareholder is not liable to income tax the amount of the tax credit cannot be reclaimed from HM Revenue and Customs. For payments made from 6 April 2016 dividend tax credits were abolished.

Capital gains tax: Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. The first £11,100 of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

Debts of the ICVC fund

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

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.

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 normal business hours. Instructions may be given by email to smartdividend@valu-trac.com or by sending an application form to the Registrar. Application forms are available from the Registrar.

The price of shares will be determined by reference to a valuation of the Company's net assets at 12 noon on each business day and prices of shares are calculated as at that time. Share dealing is on a forward basis, i.e. investors can buy and sell shares at the next valuation point following receipt of the order.

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.

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 together with, where appropriate, a notice of the applicant's right to cancel. 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. 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.

CORPORATE DIRECTORY

Authorised Corporate Director & Registrar	Valu-Trac Investment Management Limited Orton Moray IV32 7QE Telephone: 01343 880344 Fax: 01343 880267 E-mail: (smartdividend@valu-trac.com) Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
Director	Valu-Trac Investment Management Limited as ACD
Investment Adviser (to 31 October 2015)	Fundamental Tracker Investment Management Limited Kintyre House 205 West George Street Glasgow G2 2LW Authorised and regulated by the Financial Conduct Authority
Depository	National Westminster Bank Plc Trustee and Depositary Services Younger Building 1 st Floor , 3 Redheughs Avenue Edinburgh EH12 9RH Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority
Auditors	FKF Accounting Limited 4 th Floor Metropolitan House 31-33 High Street Inverness IV1 1HT