

Statement by the Authorised Fund Manager (AFM) to the shareholders of the Alligator Fund ICVC on the outcome of the AFM's assessment of the value provided to shareholders

For the year ended 31 December 2019

This assessment is to establish what the Alligator Fund ICVC (the company) has delivered to you in return for the price you have had to pay.

The Alligator Fund ICVC currently has only one sub-fund, which launched on 21 November 2002 with a Net Income share class.

The AFM is the Authorised Corporate Director of the company, Valu-Trac Investment Management Limited (Valu-Trac) who replaced Smith & Williamson Fund Administration Limited on 28 December 2015. The Investment Manager is Whitley Asset Management Limited who replaced Brooks Macdoanld Asset Management Limited on 2 January 2018.

The Company seeks to achieve long term capital growth through investment in a mix of UK and overseas securities, which may include equities, convertibles, money market instruments, deposits, loan stock and other debt securities, warrants and collective investment schemes to the extent that each is permitted by the FCA Regulations.

	Year to 31 Dec 2019	Year to 31 Dec 2018	Year to 31 Dec 2017	Year to 31 Dec 2016	Year to 31 Dec 2015
Value of company					
Net Income shares	£17.289m	£13.685m	£14.345m	£13.544m	£15.269m
Shares outstanding					
Net Income shares	5.551m	5.412m	5.592m	6.252m	7.647m
NAV per share					
Net Income	311.4660p	252.8740p	256.5568p	216.6240p	199.6638p
Dividend per share					
Net Income	Nil	Nil	0.1655p	0.2329p	1.8470p
Operating charges					
Net Income	1.47%	1.49%	1.33%	1.45%	0.92%
Net gains/(losses)					
Capital gain/(loss)	£3.263m	£(0.106)m	£2.354m	£1.061m	£1.088m
Total Net gain/(loss)	£3.373m	£(0.015)m	£2.538m	£1.321m	£1.354m

Although The Alligator Fund ICVC does not have a formal benchmark, the performance can be assessed by considering whether the objective is achieved (i.e. whether capital has grown over the medium to long term (5+ years)).

	Performance to 31 December 2019
	Last 5 years
NAV per share	
Net Income increase	124.37p
Annualised increase	24.87p

Notes

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

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

1. Quality of service

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

Depository – NatWest Trustee and Depository Services Limited

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

The external audit is conducted by Johnston Carmichael LLP

These services are essential in ensuring that the company operated efficiently and in the case of the Depository and Custodian the service is supervised on an on-going daily basis by the AFM. As a shareholder this means that you can be certain that your requests such as investment and redemption of the company's units will always be carried out exactly as set out in the documentation. During the period under review the AFM had in fact changed the company's custodian to RBC following a review of custody providers and comparing the quality of the services provided in addition to costs. Such items as recovery of withholding tax and efficiency of opening new investment markets were considered.

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

2. Performance

The AFM has assessed performance of the fund net of all the charges that are outlined in its prospectus. The objective of the fund is to be considered in the medium to long term but we have broken down the performance to an annualised figure in the table below which shows that the fund is achieving its objective to preserve and grow capital.

	Total Return – Last 5 Years	Annualised performance
Net Income	67.7%	13.5%

3. AFM costs - general

The costs (in £) incurred during the year ended 31 December 2019 were as follows:

Authorised Corporate Director

20,756 (VAT exempt)

Investment Management fee	104,179 (VAT exempt)
Depository	18,000 (VAT inclusive)
Custodian	1,879 (VAT exempt)
Auditor	8,100 (VAT inclusive)
FCA	63 (VAT exempt)
Other fees	244 (VAT exempt)
Total costs	153,221

Income for the period (capital and revenue after expenses) was £3,220,210 before taxation of £4,110.

There were no preliminary charges, redemption charges or performance fees paid by shareholders during the year.

It should be noted that the prospectus does not allow for redemption charges however a dilution levy may be charged in the following circumstances: where the Scheme Property of a Sub-fund is in continual decline; on a Sub-fund experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size exceeding 5% of the Net Asset Value of the relevant Sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

4. Economies of scale

The AFM has assessed to what extent it has been able to achieve any savings as a result of economies of scale. Where any such savings have been made this has in every case been passed on to the shareholders. An example of this is the reduction in depository fees and in custody fees as a result of a review of custody providers. As the AFM grows its total assets across all schemes it uses this purchasing power to benefit all schemes.

5. Comparable market rates

The AFM has compared the charges of this fund with that of comparable funds. The AFM believes that the shareholders of the fund are achieving efficient market rates as a whole. As the AFM assets grow in total it continues to strive for extra efficiencies wherever this can be achieved for all of its schemes.

6. Comparable services

All shareholders of this fund are subject to the same service. The services provided to this fund and the costs are also comparable amongst other similar funds operated by the AFM.

7. Classes of units

All shareholders of this fund are treated equally in all respects.

CONCLUSION

In taking all of these criteria into consideration the AFM concludes that in assessing whether the payments out of the scheme property as set out in the prospectus are justified in the context of the overall value delivered to shareholders and that every shareholder of the Alligator Fund ICVC are receiving good value.

28 April 2020