

Statement by the Authorised Fund Manager (AFM) to the shareholders of The VT Cindabella Fund on the outcome of the AFM's assessment of the value provided to shareholders

For the year ended 31 March 2020

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

The AFM is the Authorised Corporate Director of the fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is Smith & Williamson Investment Management LLP.

The fund was launched on 7 December 2015.

The investment objective of the VT Cindabella Fund is to achieve long term capital growth with some income over a 5 to 7 year period.

The company will aim to meet its objective by gaining exposure directly and indirectly mainly to global equities, but may also utilise a range of other asset classes. This may include gaining exposure directly or indirectly to fixed interest securities, warrants, money market instruments and cash. Indirect exposure will be gained through other collective investment schemes.

	At and for the year ended ¹				
	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016 ²
Class A Net Accumulation					
Value of fund	£16,936k	£18,336k	£17,233k	£16,463k	£14,297k
Shares outstanding	14,882k	14,817k	14,817k	14,688k	14,688k
NAV per share	113.80p	123.89p	116.31p	112.09p	97.34p
Dividend per share	1.56p	1.82p	1.68p	1.24p	0.11p
Net gains/(losses)					
Capital gain/(losses)	(£1,748k)	£856k	£372k	£1,985k	(£355k)
Total Net gain/(losses)	(£1,360k)	£1,274k	£763k	£2,318k	(£265k)

¹ Sources of data is Valu-Trac Administration Services

² Period from 7 December 2015 to 31 March 2016

The Fund does not have a specific benchmark, nor has it been in existence for 5 years as yet. However, an indication of the performance of the Fund can be assessed by considering what has been achieved in the 4 years and 4 months since launch.

	Cumulative gain to 31 March 2020
	4 years 4 months
NAV per share	13.8%

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

1. Quality of service

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

Depository – NatWest Trustee and Depository Services Limited

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

The external audit is conducted by FKF Accounting 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 shareholder this means that you can be certain that your requests such as investment and redemption of the fund's units will always be carried out exactly as set out in the documentation. During the period under review the AFM had in fact changed the fund'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 fund such as fund administration, fund accounting and transfer agency. This means that the AFM directly employs and supervises the individuals who are carrying out this work and that those undertaking the work are appropriately qualified and experienced. Due to this high level of supervision and control of these functions the AFM believes that the shareholders can be certain that their instructions will be carried out efficiently and that the reporting they receive is timely and focused. The AFM works closely with Smith & Williamson Investment Management LLP to coordinate mailings such as annual letters with dividend vouchers and financial reports to avoid excessive correspondence whilst providing all required reporting on a timely and clear basis. This also has ensured that the AFM has responded to any enquiries from shareholders fully and promptly.

2. Performance

The AFM has assessed performance of the fund net of all the charges that are outlined in its prospectus. The objective of the fund is to provide a positive capital return over a 5-7 year period.

To show capital growth, the total returns generated are shown on the table below this is after operating costs, including the fee paid to the investment manager, and transaction costs.

	2020 performance	2019 performance	2018 performance	2017 performance	2016 performance
Class A Net Accumulation	(8.1%)	6.5%	3.8%	15.2%	(2.7%)

The poor performance in 2020 was caused by the fall in value of the holdings in the last 6 weeks of the financial year due to the Covid-19 pandemic. By 30 July 2020, the NAV per share had risen back up to 132.3301p.

3. AFM costs - general

The costs (in £) charged during the year ended 31 March 2020 were as follows:

Investment manager's fee	116,354 (VAT exempt)
ACD fee	16,148 (VAT exempt)
Depository fee	18,136 (VAT inclusive)
Audit fee	2,714 (VAT inclusive)
FCA fee	71 (VAT exempt)
Safe custody and transaction fees	1,982 (VAT inclusive)
Total costs	155,405

Loss for the year (capital and revenue) less costs was £1,516k; there was no taxation.

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

The ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Sub-fund is in continual decline; on a Sub-fund experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size exceeding 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

Some fees, such as the ACD element of the IM fee, and the depository fee are charged as a fixed amount. This methodology could result in savings that are made as a result of the increased growth of the fund and AFM.

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

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

7. Classes of units

The operating charge for the single class of shares over the past 5 years is as noted below.

	At and for the year ended				
	31March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Operating charges	1.31%	1.39%	1.39%	1.39%	1.51%

The IM fee is currently restricted at 0.60% of the fund value.

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; it is considered that the shareholders of VT Cindabella Fund are receiving good value.

30 July 2020