

Statement by the Authorised Fund Manager (AFM) to the shareholders of The VT De Lisle America 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 VCT De Lisle America 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 De Lisle Partners LLP.

The Fund was launched on 6 August 2010.

The Fund will aim to achieve a long term return.

The Fund will invest primarily in equities and other investments in America (and may also invest in Canada). The Sub-Fund will invest in, predominantly, listed securities, typically common stock and American Depositary Receipts listed on US exchanges, including exchange traded funds. The Fund may invest in collective schemes, transferable securities, cash deposits and money market funds permitted by the FCA Rules. The Sub-Fund will not use derivatives.

	At and for the year ended ¹				
	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Value of fund					
Class B GBP Net Accumulation	£12,290k	£14,801k	£18,591k	£16,699k	£8,932k
Class B USD Net Accumulation	\$14,274k	\$19,581k	\$21,215k	\$19,222k	\$15,285k
Shares outstanding					
Class B GBP Net Accumulation	4,474k	4,361k	5,304k	4,705k	3,763k
Class B USD Net Accumulation	6,513k	6,790k	6,637k	6,705k	6,901k
NAV per share					
Class B GBP Net Accumulation	274.72p	339.38p	350.53p	354.89p	237.36p
Class B USD Net Accumulation	219.17c	288.38c	319.65c	286.67c	221.49c
Dividend per share					
Class B GBP Net Accumulation	2.98p	2.16p	0.43p	1.16p	1.17p
Class B USD Net Accumulation	1.98c	1.42c	0.28c	0.78c	0.76c
Net gains/(losses)					
Capital gains/(losses)	(£5,859k)	(£1,217k)	(£580k)	£9,636k	(£210k)
Total Net gains/(losses)	(£5,125k)	(£518k)	(£131k)	£10,119k	£170k

1 Sources of data is Valu-Trac Administration Services

(Please note that March 2020 figures noted above were the fund valuation at the peak of the Covid-19 disruption. As at 30 July 2020, the GBP NAV had increased to 356.80, whilst the USD NAV was 300.55c).

The Fund does not have a specific benchmark. However, the performance of the Fund can be assessed by considering whether the objective is achieved (i.e. whether there has been capital growth and income over the long term (+5 years)).

**Cumulative gain/(loss) for
5 years to 31 March 2020**

Class B GBP Net Accumulation	15.4%
Class B USD Net Accumulation	(4.0%)

The reinvestment of income is included in the above calculations.

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 Depositary 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 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 past few years 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 DeLisle Partners LLP to coordinate mailings such as annual letters 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 achieve a long term return.

To show long-term 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	Annualised 5-year performance
Class B GBP Net Accumulation	(19.1%)	3.1%
Class B USD Net Accumulation	(24.0%)	(0.8%)

Total return basis has distributions added back in for the share class.

3. AFM costs - general

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

Investment manager's fee	319,719 (VAT exempt)
ACD fee	12,594 (VAT exempt)
Depository fee	18,136 (VAT inclusive)
Audit fee	6,938 (VAT inclusive)
FCA fee	36 (VAT exempt)
Safe custody and transaction fees	8,354 (VAT inclusive)
Total costs	365,777

Loss for the year (capital and revenue) including costs was £5,604k; there was overseas taxation of £114k.

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

The need to charge a dilution levy will depend on the volume of sale and redemptions. The ACD 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. In particular, the dilution levy may be charged in the following circumstances:

- i. where over a dealing period the Fund has experienced a large level of net sales or redemptions relative to its size;
- ii. on "large deals". For these purposes are deals in respect of Shares exceeding the sum of £15,000 in value (or, in respect of Shares denominated in US dollars, \$15,000); and
- iii. where the ACD considers it necessary to protect the interests of the Shareholders.

4. Economies of scale

Some fees, such as the ACD element of the Investment management 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 two B class shares (£ and US\$) over the past 5 years is as noted below.

	At and for the year ended				
	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Operating charges	1.11%	1.12%	1.15%	1.18%	1.22%

The IM fee is charged at 1.00% 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; that the Class B GBP shareholders of the VT De Lisle America Fund are receiving good value. Class B USD shareholders are currently not receiving such good value, however this is susceptible to exchange rate movements and could change with movement in USD/Sterling rates

31 July 2020