

Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Gravis Clean Energy Income Fund 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 VT Gravis UK Clean Energy Income 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 Adviser is Gravis Advisory Limited.

The fund was launched on 18 December 2017.

The investment objective of the VT Gravis Clean Energy Income Fund is to generate income and preserve capital with the potential for capital growth.

The Fund will aim to meet its objectives by investing primarily in listed equities whose primary activity or exposure is within the clean energy sector. In addition to investing in equities, the sub-fund may also invest in other transferable securities, bonds, collective investment schemes, money market instruments, deposits, cash and near cash.

Other than as noted in the policy there is no particular emphasis on any geographical area or industry or economic sector.

	At and for the year ended		
	31 Dec 2019 ⁴	31 Dec 2018 ⁴	31 Dec 2017 ⁴
Value of Fund			
C Net Income GBP	£20,040k	£5,074k	£1,137k
C Net Accumulation GBP	£29,168k	£1,749k	£910k
C Net Accumulation EUR ¹	EUR 13k	EUR 1k	-
I Net Income GBP ³	£151k	-	£996k
I Net Accumulation GBP ²	£1,898k	£19k	-
Shares outstanding			
C Net Income GBP	15,915k	5,211k	1,141k
C Net Accumulation GBP	21,368k	1,721k	911k
C Net Accumulation EUR ¹	9k	1k	-
I Net Income GBP ³	137k	-	1,000k
I Net Accumulation GBP ²	1,463k	20k	-
NAV per share			
C Net Income GBP	125.91p	97.35p	99.64p
C Net Accumulation GBP	136.50p	101.65p	99.96p
C Net Accumulation EUR ¹	141.10c	106.45c	-
I Net Income GBP ³	109.98p	-	99.64p
I Net Accumulation GBP ²	129.72p	96.48p	-

Dividend per share

C Net Income GBP	4.42p	3.90p	0.32p
C Net Accumulation GBP	4.68p	3.96p	0.32p
C Net Accumulation EUR ¹	3.41c	3.43c	-
I Net Income GBP ³	1.76p	0.80p	0.33p
I Net Accumulation GBP ²	4.58p	0.29p	-

Net gains/(losses)

Capital gain/(losses)	£4,755k	(£65k)	(£16k)
Total Net gain/(losses)	£5,901k	£239k	(£3k)

1 Share class launched on 19 February 2018 at 100c

2 Share class launched on 14 December 2018 at 100p

3 Share class was launched on 18 December 2017, closed on 11 April 2018 at 92.39p and reactivated on 27 June 2019 at 100p

4 Sources of data is Valu-Trac Administration Services

The Fund does not have a specific benchmark. However, the performance of the Fund can be assessed as to whether the objective has been achieved, particularly over the long term (5+years). Note that the fund was launched in January 2016, hence no share class is 5+ years old currently.

Cumulative gain to 31 Dec 2019

Total

Increase in NAV per share

C Net Income GBP (dividends are excluded)	26%
C Net Accumulation GBP	37%
C Net Accumulation EUR ¹	41%
I Net Income GBP ³ (dividends are excluded)	10%
I Net Accumulation GBP ²	30%

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 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 Gravis Advisory Limited 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 two-fold; long-term capital growth and to generate income, and should be considered in the longer term (5+ years). However the fund was only launched in December 2017 so the performance for 2019 is presented below along with the annualised performance for the length of time each share class has been active.

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 which vary depending on the class of shares, this is discussed more in the Classes of Units section below.

	2019 performance	Annualised Performance
C Net Income GBP	33.87%	15.1%
C Net Accumulation GBP	34.29%	15.3%
C Net Accumulation EUR ¹	32.55%	16.0%
I Net Income GBP ³	11.73%	23.1%
I Net Accumulation GBP ²	34.45%	33.0%

¹The figure quoted is from the period since the share class was reactivated on 27 June 2019

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

The levels of income can be seen to have been achieved by looking at the dividends paid in the current year, and the average dividends paid since launch.

	2019 Distribution	Average Distribution
C Net Income GBP	4.42p	4.24p
C Net Accumulation GBP	4.68p	4.39p
C Net Accumulation EUR ¹	3.41c	3.66c
I Net Income GBP ³	1.76p	3.48p
I Net Accumulation GBP ²	4.58p	4.64p

¹ The share class was open for an initial 4.5 month period, then reactivated for a six month period to present. The 1.76p in 2019 is for the six months to December 2019, whilst 2.89p has been paid in total over the 10.5 months.

3. AFM costs - general

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

Authorised Corporate Director fee	20,934 (VAT exempt)
Investment Management fee	154,779 (VAT exempt)
Depository fee	17,951 (VAT inclusive)
Safe Custody fee	1,031 (VAT inclusive)
Audit fee	8,101 (VAT inclusive)
FCA fee	(22) (VAT exempt)
Other fees and subscriptions	17,514 (VAT inclusive)
Total costs	219,682

Net Income for the year (capital and revenue) was £5,613,576. Which included taxation of £67,111.

Note that the Investment Manager pays a rebate to the fund such that the operating costs per share class do not exceed the IM charge for that share class (0.80% for the C shares, 0.70% for the I shares)

It should be noted that the prospectus does also allow for dilution levies if 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 3% 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.

Economies of scale

IM fees are charged as a fixed percentage per share class (see Classes of units section below), these rates have not changed since 2017. Other fees are fixed, inflation linked or reduce in rates dependent on the size of the fund. This indicates that as the fund grows in size, the actual costs of the fund per share class will reduce. However the existence of the rebate means that the costs per share class are no more than the IM fee charged for that share class.

4. 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.

5. Comparable services

The services provided to this fund and the costs are also comparable amongst other similar funds operated by the AFM.

6. Classes of units

There are 5 share classes, split between C shares and I shares

	At and for the year ended		
	31 Dec 2019	31 Dec 2018	31 Dec 2017
Operating charges			
C Class	0.80%	0.80%	0.80%
I Class	0.70%	0.70%	0.70%

The lower fee for the I Classes is due to the higher minimum investment figure required (£10,000,000) compared to the C Classes (£1,000).

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 the shareholders of VT Gravis Clean Energy Income Fund C and I are receiving good value.

29 April 2020