

**Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Halo Global Asian Consumer Fund on the outcome of the AFM's assessment of the value provided to shareholders**

For the year ended 30 June 2020

This assessment is to establish what VT Halo Global Asian Consumer 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 Halo Global Asset Management Ltd.

The fund was launched on 3 November 2014.

The investment objective of VT Halo Global Asian Consumer Fund is to achieve annualised total return before fees of 8 – 12% over an economic cycle (5-7 years typically). Capital is in fact at risk and there is no guarantee that a positive return will be achieved over that or any period.

The Fund aims to meet its investment objective primarily by investing in a portfolio of stocks quoted across the globe that have at least 35% of their revenues or profits coming from emerging markets, with the majority of the emerging market exposure coming from Asia. The Fund may also invest in other collective investment schemes, transferable securities, money market instruments, deposits, cash and near cash. There will be no particular emphasis on any industry or economic sector.

	<b>At and for the year ended<sup>1</sup></b>				
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
<b>Value of Fund (per performance record)</b>					
A Net Accumulation GBP	£761k	£899k	£2,028k	£547k	£187k
B Net Accumulation GBP	£9,015k	£8,701k	£6,155k	£2,546k	£1,606k
B Net Accumulation USD	\$326k	\$152k	\$150k	\$90k	\$75k
B Net Income GBP	£5,170k	£3,711k	£2,352k	£1,175k	£472k
C Net Accumulation GBP	£15,909k	£16,590k	£6,957k	£7,769k	£6,696k
C Net Income GBP	£16,663k	£23,370k	£20,578k	£9,275k	£3,611k
C Net Income USD <sup>3</sup>	\$-k	\$955k	\$1,047k	\$474k	\$355k
B Net Income USD <sup>2</sup>	\$229k	\$191k	-	-	-
<b>Shares outstanding</b>					
A Net Accumulation GBP	593k	650k	1,529k	447k	190k
B Net Accumulation GBP	6,191k	5,555k	4,113k	1,850k	1,454k
B Net Accumulation USD	289k	121k	121k	80k	80k
B Net Income GBP	3,881k	2,552k	1,665k	890k	438k
C Net Accumulation GBP	10,797k	10,493k	4,615k	5,613k	6,045k
C Net Income GBP	12,371k	15,925k	14,470k	6,989k	3,343k
C Net Income USD	-k	821k	896k	441k	390k
B Net Income USD	216k	160k	-	-	-

**NAV per share**

A Net Accumulation GBP	128.28p	138.35p	132.62p	122.34p	98.40p
B Net Accumulation GBP	145.62p	156.64p	149.65p	137.65p	110.40p
B Net Accumulation USD	112.72c	125.32c	123.95c	112.61c	93.85c
B Net Income GBP	133.20c	145.42p	141.25p	132.01p	107.66p
C Net Accumulation GBP	147.34p	158.10p	150.74p	138.41p	110.78p
C Net Income GBP	134.69p	146.75p	142.27p	132.71p	108.02p
C Net Income USD	-c	116.43c	116.92c	107.62c	91.04c
B Net Income USD	105.76c	119.33c	-	-	-

**Dividend per share**

A Net Accumulation GBP	1.94p	2.28p	2.08p	1.78p	1.75p
B Net Accumulation GBP	2.20p	2.58p	2.35p	1.96p	1.87p
B Net Accumulation USD	1.59c	1.62c	1.45c	1.26c	1.18c
B Net Income GBP	2.05p	2.44p	2.25p	1.98p	1.85p
C Net Accumulation GBP	2.23p	2.61p	2.36p	2.01p	1.87p
C Net Income GBP	2.07p	2.46p	2.27p	2.00p	1.85p
C Net Income USD	-c	1.55c	1.35c	1.24c	1.16c
B Net Income USD	1.58c	1.10c	-	-	-

**Net gains/(losses) before expenses**

Capital gains/(losses)	(£4,241k)	£1,735k	£1,711k	£3,273k	£1,415k
Total Net gains/(losses)	(£3,441k)	£2,572k	£2,259k	£3,569k	£1,654k

*1 Sources of data is Valu-Trac Administration Services.*

*2 Share class launched 25 October 2018.*

*3 All balances redeemed 20 March 2020*

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 (5-7years).

**Cumulative gain to 30 June 2020**  
**(5 years)**

**Increase in NAV per share (dividends paid excluded)**

A Net Accumulation GBP	42%
B Net Accumulation GBP	44%
B Net Accumulation USD	12%
B Net Income GBP	33%
C Net Accumulation GBP	45%
C Net Income GBP	34%
C Net Income USD (to 20 March 2020) <sup>1</sup>	(15%)
B Net Income USD (for period from 25 October 2018).	6%

*1. Please note the C Net Income USD share class was sold at the bottom of the market fall caused by the pandemic*

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 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.

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.

### **2. Performance**

The AFM has assessed performance of the fund net of all the charges that are outlined in its prospectus. The objective of VT Halo Global Asian Consumer Fund is to achieve annualised total return before fees of 8 – 12% over an economic cycle (5-7 years typically). The Fund was launched in November 2014 so the performance to date is within the 5-7 year period. The tables below look at the performance over 5 years, as this period gives a direct comparison between one share class and another. The shares classes were launched at differing times from 3 November 2014, and since all (other than the B Net Income USD share class) existed by 30 June 2015 a valid comparison can be made between the share classes over the minimum of the 5-7 year economic cycle.

To show long-term performance, the total returns generated are shown in the tables below. The first table 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. The second table adds back the operating costs to the returns, giving a comparison to the objective of the Fund for each of the share classes.

	<b>Performance to 30 June 2020</b>	<b>Annualised 5 year Performance</b>
A Net Accumulation GBP	(7.3%)	8.3%
B Net Accumulation GBP	(7.0%)	8.8%
B Net Accumulation USD	(10.1%)	2.5%
B Net Income GBP	(7.0%)	8.7%
C Net Accumulation GBP	(6.8%)	9.1%
C Net Income GBP	(6.8%)	9.0%

C Net Income USD (to 20 March 2020)	(15.5%)	(10.1%)
B Net Income USD (from 25 October 2018)	(10.1%)	5.1%

**Annualised 5 year  
performance with  
fees added back**

A Net Accumulation GBP	9.7%
B Net Accumulation GBP	9.9%
B Net Accumulation USD	3.6%
B Net Income GBP	9.8%
C Net Accumulation GBP	10.0%
C Net Income GBP	9.9%
C Net Income USD	(1.1%)
B Net Income USD (from 25 October 2018)	5.3%

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

It should be noted that the only share classes not achieving the investment objective are the USD share classes. By 20 October 2020, all of the share prices have increased by a minimum of 10% since the year end of the fund on 30 June 2020.

### **3. AFM costs - general**

The costs (in £) charged during the year ended 30 June 2020 were as follows:

Authorised Corporate Director fee	18,649 (VAT exempt)
Investment Management fee	363,146 (VAT exempt)
Depository fee	23,754 (VAT inclusive)
Safe Custody fee	30,221 (VAT inclusive)
Audit fee	8,451 (VAT inclusive)
FCA fee	120 (VAT exempt)
Other fees and subscriptions	51,549 (VAT inclusive)
<b>Total costs</b>	<b>495,890</b>

Net Loss for the year (capital and revenue) was £3,992k. There was £54k of taxation.

There were no preliminary charges by shareholders during the year.

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

As well as offering their service to VT Halo Global Consumer Fund, the fund can also take advantage of the rates Valu-Trac has agreed with its suppliers such as its Custodian and Depositary services, which as the funds and AFM grow could see further reductions in the costs of such items. An example of this is the change in custodian from BNYM to RBC providing better cost efficiency.

### 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 7 share classes, split between A, B and C shares.

	For the year ended				
	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
<b>Operating charges</b>					
Class A	1.39%	1.38%	1.46%	1.33%	1.57%
Class B	1.09%	1.08%	1.16%	1.03%	1.28%
Class C	0.89%	0.88%	0.96%	0.83%	1.08%

The Class A shares have an investment management (IM) fee of 1.15%, with a minimum investment of £100 (or \$100), the Class B shares have an IM fee of 0.85% and a minimum investment of £100,000 (or \$100,000) whilst the Class C shares have an IM fee of 0.65% and a minimum investment of £5,000,000 (or \$5,000,000).

## 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 Sterling shareholders of VT Halo Global Asian Consumer Fund are receiving good value. The USD shareholders are currently not receiving such good value and not achieving the objective. However, this is susceptible to exchange rate movements and could change with movement in USD/Sterling rates.

30 October 2020