

Statement by the Authorised Fund Manager (AFM) to the shareholders of VT PEF Global Multi-Asset 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 PEF Global Multi-Asset 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 Plain English Finance Limited.

The fund start date was 26 September 2017. The objective of the fund is to provide capital growth over the medium to long term. The fund will aim to meet its objective primarily by using Exchange Traded Funds to provide indirect exposure to a broad selection of asset classes which may include equities, fixed income, commodities, real estate and infrastructure in different jurisdictions throughout the world. The Fund may also invest directly in transferable securities, collective investment schemes, money market instruments, deposits, cash and near cash.

The table below shows the net gains or losses for the fund since inception on 26 September 2017, a period of just over 2 years.

	At and for the year ended	
	31 Dec 2019	31 Dec 2018¹
Net gains/(losses)	£	£
Capital only	360k	(739k)
Total Fund	569k	(548k)

¹ Period covered from 26 September 2017 to 31 December 2018

<u>GBP Share Class</u>	<u>At and for the year ended</u>	
	31 Dec 2019	31 Dec 2018¹
Value of fund		
A (Accumulation) GBP	£11.2m	£11.0m
Shares outstanding		
A (Accumulation) GBP	11.4m	11.7m
NAV per share		
A (Accumulation) GBP	98.43p	94.27p
Dividends		
A (Accumulation) GBP	0.65p	0.10p
Operating charges		
A (Accumulation) GBP	1.40%	1.43%

¹ Period covered from 26 September 2017 to 31 December 2018

The ongoing charges ratio is based on the actual charges and the average NAV during the period.

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

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 over the medium to long term (3-5 years)).

	<u>Cumulative gain to 31 Dec 2019</u>	
	FY 2019	Since fund inception 27/09/17
Increase in NAV per share		
Class A (Accumulation) GBP ¹	4.42%	(1.57%)

Notes

¹The GBP share classes were launched on 27 September 2017 when shares were issued at 100p each.

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

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 Plain English Finance 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 to achieve capital growth in the medium to long term, so in view of the short life since of inception of the fund, this time has yet to arrive.

3. AFM costs - general

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

Authorised Corporate Director	23,656	(VAT exempt)
Investment Manager fee	76,218	(VAT exempt)
Depository	18,000	(VAT inclusive)
Custodian – safe keeping	1,005	(VAT exempt)
Auditor	8,100	(VAT inclusive)
FCA	73	(VAT exempt)
Other Expenses	8,600	(VAT inclusive)
Total costs	135,652	

The fund made a profit for the year (capital and revenue) of £433,621. There was no taxation.

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 a redemption charge if the minimum holding is maintained, however a dilution levy can be charged on transactions into or out of the fund in the following circumstances: where the Scheme Property of the Company is in continual decline; on the Company 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 Company), in any case where the ACD is of the opinion that the interests of the 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. Examples of this are the sliding scales of both the investment manager and depository in addition to reduction in depository fees and in custody fees as a result of a review of custody providers. The fixed fee nature of the Authorised Corporate Director will also provide for cost efficiency savings as the assets of the fund grow. As the AFM grows its total assets across all schemes it uses this purchasing power to benefit all schemes. The successful growth of the AFM has already facilitated this for both depository and custody fees, which have reduced from £31,209 (for 15 months ended 31 December 2018) to £19,005.

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

All shareholders of this fund are subject to the same service at the same cost. 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 is only one class of GBP accumulation shares.

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 VT PEF Global Multi-Asset Fund is receiving good value.

28 April 2020