

Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Protean Capital PROCSI CoRE 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 the VT Protean Capital PROCSI CoRE 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 Protean Capital LLP.

The fund was launched on 30 May 2018.

The objective of the Fund is to generate capital growth over the medium to long term (5 to 7 years).

The Fund will aim to meet its investment objective primarily through entering into one or more swaps each of which will provide exposure to a financial index. The financial indices to which the swaps are linked will provide exposure to multiple asset classes such as global equities, global fixed income and commodities. The swaps will be supported by the Fund's other direct investments in a diversified portfolio which is expected to consist of transferable securities (including ETFs and potentially equities), other financial derivative instruments and government bonds.

The Fund may also invest in collective investment schemes, money market instruments, debentures, fixed interest securities, deposits and cash and near cash.

Derivatives (that is sophisticated investment instruments linked to the rise and fall of the price of other assets) may be used for purposes of meeting the Fund's investment objectives and efficient portfolio management purposes and are expected to form a significant part of the Fund's portfolio.

There will be no particular emphasis on any geographic or industrial sector.

	At and for the period ended		
	30 June 2020¹	30 June 2019¹	30 May 2018 to 30 June 2018¹
Value of Fund (Per Performance record)			
A Accumulation	£49,038k	£40,396k	£24,886k
Shares outstanding			
A Accumulation	48,537k	39,554k	25,076k
NAV per share			
A Accumulation	101.03p	102.13p	99.24p
Dividend per share			
A Accumulation	-p	-p	-p
Net gains/(losses) before expenses			
Capital gains/(losses)	£302k	£1,240k	(£155k)
Total Net gains/(losses)	£830k	£1,327k	(£142k)

1 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 by considering whether the objective is achieved (i.e. whether there has been capital growth over the medium to long term (5-7 years)).

The table below demonstrates the return achieved in the first 25 months of the Fund.

	2 years 1 month to 30 June 2020
Increase in NAV per share	
A Accumulation	1.00%

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 the Fund is to generate capital growth over the medium to long term (5-7 years) so the performance for 2020 is presented below along with the results of the previous two years and 1 month.

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.

	2020 performance	2 years 1 month performance
A Net Accumulation	(1.1%)	1.0%

3. AFM costs - general

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

Annual Management Charge	232,111 (VAT exempt)
Authorised Corporate Director's fee	30,869 (VAT exempt)
Depository fee	21,524 (VAT inclusive)
Audit fee	7,333 (VAT inclusive)
FCA fee	73 (VAT exempt)
Safe custody and transaction fees	9,577 (VAT inclusive)
Total costs	301,487

The Loss for the year (capital and revenue) less costs was £650k; there was no taxation.

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

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. In particular, the dilution levy may be charged in the following circumstances:

- (a) where a Fund is in continual decline;
- (b) on a Fund experiencing large levels of net sales or redemptions relative to its size;
- (c) on "large deals" (for these purposes, a large deal is defined as 10% of the size of the Fund); or
- (d) in any other case where the ACD is of the opinion that the interests of remaining Shareholders require the imposition of a dilution levy.

4. Economies of scale

As well as offering their service to VT Protean Capital PROCSI CoRE Fund, the fund can also take advantage of the rates Valu-Trac has agreed with its suppliers such as its Custodian and Depository 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.

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

As detailed below there is one share class, A Accumulation, and the operating charges are as detailed below.

	At and for the period ended		
	30 June 2020	30 June 2019	30 June 2018
Operating charges	0.65%	0.68%	0.75%

The investment management charge is 0.5% of the net asset value of the Fund.

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 Protean Capital PROCSI CoRE Fund are receiving good value.

30 October 2020