

Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Reyker Real Assets Fund on the outcome of the AFM's assessment of the value provided to shareholders

For the period ended 31 January 2020

This assessment is to establish what the VT Reyker Real Assets 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 was Reyker Securities Plc until 4 October 2019, and thereafter Valu-Trac Investment Management Limited.

The fund was launched on 30 November 2018, and, as a consequence of the Investment Manager being placed in administration, the shareholdings were transferred in specie to VT Gravis UK Infrastructure Income Fund on 20 December 2019 through a Scheme of Arrangement.

The investment objective of the Fund is to provide a return in excess of the Consumer Prices Index (after deduction of fees) over the longer term (5 years). Capital is in fact at risk and there is no guarantee that a positive return will be achieved over a 5 year, or any, period.

The Fund seeks to meet its objective by investing primarily in transferable securities and other investments which have exposure to 'real assets', including REITs, investment trusts and other companies which operate in areas such as property, infrastructure, energy, agriculture and commodities.

The Fund may also invest in other transferable securities, collective investment schemes, exchange traded funds, money market instruments, deposits, cash and near cash.

The Fund will not have any particular geographic focus and as such weightings in these may vary as required. The Fund may have exposure to emerging markets through its investments in e.g. collective investment schemes, equities or futures.

For the period from 30 November 2018 to 20 December 2019

	20 Dec 2019 ³
Value of fund	
Class F (Accumulation)	£3,564k
Class F (Income)	£507k
Class I (Accumulation) ¹	£28k
Class I (Income) ¹	£345k
Class R (Accumulation) ²	£31k
Class R (Income) ²	£1k
Shares outstanding	
Class F (Accumulation)	3,335k
Class F (Income)	495k
Class I (Accumulation)	26k
Class I (Income)	335k
Class R (Accumulation)	29k
Class R (Income)	1k

NAV per share (at 20 December 2019)

Class F (Accumulation)	106.87p
Class F (Income)	102.29p
Class I (Accumulation) ¹	107.73p
Class I (Income) ¹	103.11p
Class R (Accumulation) ²	107.54p
Class R (Income) ²	102.94p

Dividend per share

Class F (Accumulation)	4.56p
Class F (Income)	4.48p
Class I (Accumulation) ¹	4.58p
Class I (Income) ¹	4.53p
Class R (Accumulation) ²	4.57p
Class R (Income) ²	4.49p

Net gains/(losses)

Capital gain/(losses)	£181k
Total Net gain/(losses)	£377k

1 Share class launched on 11 December 2018 at 100.00p per share

2 Share class launched on 13 December 2018 at 100.00p per share

3 Source 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, in section 2 below.

Cumulative gain to 20 Dec 2020**Total****Increase in NAV per share in period from 30 November 2018 to 20 December 2019**

Class F (Accumulation)	6.87%
Class F (Income) (dividends paid excluded)	2.29%
Class I (Accumulation)	7.73%
Class I (Income) (dividends paid excluded)	3.11%
Class R (Accumulation)	7.54%
Class R (Income) (dividends paid excluded)	2.94%

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. The AFM worked closely with Reyker Securities Plc 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. The objective of the fund is to provide a return in excess of the Consumer Prices Index (after deduction of fees) over the longer term (5 years). The fund was only active for just over a year, so it is too soon to consider whether its objective had been met, however the results for the period it was active are as follows, which shows that for all share classes the objective was achieved:

	Performance for period to 20 Dec 2019
Class F (Accumulation)	6.87%
Class F (Income)	6.77%
Class I (Accumulation)	7.73%
Class I (Income)	7.63%
Class R (Accumulation)	7.54%
Class R (Income)	7.43%

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

3. AFM costs - general

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

Authorised Corporate Director fee	29,007 (VAT exempt)
Investment Management fee	19,225 (VAT exempt)
Depository fee	18,986 (VAT inclusive)
Safe Custody fee	185 (VAT inclusive)
Audit fee	7,303 (VAT inclusive)
FCA fee	99 (VAT exempt)
Other fees and subscriptions	14,778 (VAT inclusive)
Total costs	89,583

Net Income for the period (capital and revenue) was £287,849. There was no taxation. This includes a rebate from the Investment Manager during the period of £9,667.

The ACD currently intends to charge a dilution levy in respect of 'large deals' (typically being a purchase or redemption of shares to a size exceeding 3% of the Net Asset Value of the fund). If the ACD charges a dilution levy it will be calculated by reference to the costs of dealing in the underlying investments of the Company, including any dealing spreads, commission and transfer taxes.

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. In particular, the dilution levy may be charged where the scheme property is in continual decline or in any case where the ACD is of the opinion that the interests of remaining shareholders require the imposition of a dilution levy. If a dilution levy is not charged in such circumstances, this may have an adverse effect on the future growth of the scheme property.

4. Economies of scale

IM fees are charged as a fixed percentage per share class (see Classes of units section below. Other fees are fixed, inflation linked or reduce in rates dependent on the size of the fund.

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.

6. Comparable services

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

7. Classes of units

There are 6 share classes, split between F, I and R shares both with Accumulation and Income shares

	At and for the period ended
	31 Jan 2020
Operating charges	
F Class	1.50%
I Class	1.50%
R Class	1.50%

Class F Shares: available to certain Founders who invested at the time of the launch, minimum investment £500,000, and Investment Management fee of 0.5% of the net asset value.

Class I Shares: minimum investment of £100,000 and an Investment management fee of 0.7% of the net asset value.

Class R Shares: minimum investment of £1,000 and an Investment management fee of 0.9% of the net asset value.

The Investment manager agreed to rebate all fees to 1.50% of the net asset value of the share class until the fund as a whole reached a value of £10,000,000. This did not happen during this period, hence all operating charges were rebated to 1.50%. Had the rebate not applied, the operating charges would have been:

F Class: 1.76%

I Class: 1.96%

R Class 2.16%

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 the VT Reyker Real Assets Fund were receiving good value.

29 May 2020