

Statement by the Authorised Fund Manager (AFM) to the shareholders of the VT Tyndall North American Fund on the outcome of the AFM's assessment of the value provided to shareholders  
For the year ended 31 March 2020

This assessment is to establish what the VT Tyndall North American 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 Odd Asset Management Limited.

The Fund was launched on 7 July 2017, with all the accumulation share classes.

The investment objective of the VT Tyndall North American Fund is to achieve long term capital growth.

The Fund will aim to meet its objectives by investing primarily in North American (US and Canadian) equities. The Sub-Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash and near cash.

	At and for the year ended <sup>1</sup>		
	31 March 2020	31 March 2019	31 March 2018 (period)
<b>Value of fund (launch date)</b>			
Class A GBP Net Accumulation (07.07.17)	£102k	£1,430k	-k
Class A GBP Net Accumulation (hedged) (07.07.17)	£11,579k	£12,869k	£10,326k
Class F GBP Net Accumulation (07.07.17)	£4,038k	£8,905k	£60k
Class F GBP Net Accumulation (hedged) (07.07.17)	£1,523k	£2,320k	£2,458k
Class A GBP Net Income (05.12.17)	-k	-k	-k
Class A GBP Net Income (hedged) (05.12.17)	£11k	-k	-k
Class F GBP Net Income (19.10.17)	£410k	£592k	£265k
Class F GBP Net Income (hedged) (07.07.17)	£188k	£54k	£133k
<b>Shares outstanding</b>			
Class A GBP Net Accumulation	92k	1,207k	-k
Class A GBP Net Accumulation (hedged)	11,725k	11,233k	9,560k
Class F GBP Net Accumulation	3,721k	7,680k	60k
Class F GBP Net Accumulation (hedged)	1,537k	2,022k	2,274k
Class A GBP Net Income	-k	-k	-k
Class A GBP Net Income (hedged)	11k	-k	-k
Class F GBP Net Income	382k	515k	266k
Class F GBP Net Income (hedged)	190k	47k	123k
<b>NAV per share</b>			
Class A GBP Net Accumulation	110.77p	118.48p	102.66p
Class A GBP Net Accumulation (hedged)	98.75p	114.56p	108.01p
Class F GBP Net Accumulation	108.52p	115.96p	100.34p
Class F GBP Net Accumulation (hedged)	99.03p	114.77p	108.09p
Class A GBP Net Income	106.29p	113.69p	98.51p
Class A GBP Net Income (hedged)	93.75p	108.76p	102.54p
Class F GBP Net Income	107.41p	114.77p	99.34p
Class F GBP Net Income (hedged)	99.03p	114.77p	108.09p

**Dividend per share**

Class A GBP Net Accumulation	-p	-p	-p
Class A GBP Net Accumulation (hedged)	-p	-p	-p
Class F GBP Net Accumulation	-p	-p	-p
Class F GBP Net Accumulation (hedged)	-p	-p	-p
Class A GBP Net Income	-p	-p	-p
Class A GBP Net Income (hedged)	-p	-p	-p
Class F GBP Net Income	-p	-p	-p
Class F GBP Net Income (hedged)	-p	-p	-p

**Net gains/(losses)**

Capital gains/(losses)	(£2,082k)	£1,258k	£670k
Total net gains/(losses)	(£1,816k)	£1,447k	£738k

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

The Fund does not have a specific benchmark. Although the Fund has not been in existence for 5 years, an indication of the performance of the Fund can be assessed by considering what has been achieved in the time since launch.

	<b>Cumulative gain/(loss) to 31 March 2020</b>
<b>Increase (decrease) in NAV per share</b>	
Class A GBP Net Accumulation	10.77%
Class A GBP Net Accumulation (hedged)	(1.25%)
Class F GBP Net Accumulation	8.52%
Class F GBP Net Accumulation (hedged)	(0.97%)
Class A GBP Net Income	6.29%
Class A GBP Net Income (hedged)	(6.25%)
Class F GBP Net Income	7.41%
Class F GBP Net Income (hedged)	(0.97%)

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 Depositary 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 past couple of years 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 Odd Asset Management 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 provide long term capital growth.

To show 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.

	<b>2020 performance</b>	<b>2019 performance</b>	<b>2018 performance (period)</b>
Class A GBP Net Accumulation	(6.51%)	15.41%	2.66%
Class A GBP Net Accumulation (hedged)	(13.80%)	6.06%	8.01%
Class F GBP Net Accumulation	(6.41%)	15.57%	0.34%
Class F GBP Net Accumulation (hedged)	(13.71%)	6.18%	8.09%
Class A GBP Net Income	(6.51%)	15.41%	(1.49%)
Class A GBP Net Income (hedged)	(13.80%)	6.06%	2.54%
Class F GBP Net Income	(6.41%)	15.54%	(0.66%)
Class F GBP Net Income (hedged)	(13.71%)	6.18%	8.09%

The poor performance in 2020 was caused by the fall in value of the holdings in the last 6 weeks of the year due to the Covid-19 pandemic. By June 2020, the NAV per share for all share categories had risen above the March 2019 values.

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

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

Investment manager's fee	186,243 (VAT exempt)
ACD fee	26,287 (VAT exempt)
Depositary fee	18,086 (VAT inclusive)

Audit fee	7,239 (VAT inclusive)
FCA fee	70 (VAT exempt)
Safe custody and transaction and other fees	12,179 (VAT inclusive)
RPA payments and research costs	72,272 (VAT inclusive)
<b>Total costs</b>	<b>322,376</b>

Loss for the year (capital and revenue) less costs was £2,176k; including irrecoverable withholding tax of £92k

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

The ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, 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.

#### 4. Economies of scale

Some fees, such as the ACD element of the IM fee, and the depositary fee are charged as a fixed amount. This methodology could result in savings that are made as a result of the increased growth of the fund and AFM.

#### 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

The annualised operating charges for the share classes since inception (including the 2018 period) is as noted below.

	At and for the year ended		
	31 March 2020	31 March 2019	31 March 2018
Operating charges A class	1.27%	1.10%	1.07%
Operating charges F class	1.17%	1.00%	0.97%

The Investment Management fee is currently at 0.65% for the F class shares and 0.75% for the A class shares. The F class shares are only available to the founder share class where investment was made before the value of the company exceeded £50 million.

## **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; it is considered that holders of A class shares and F class shares are receiving good value. The hedged classes have suffered losses over the period, however, hedging the currency exposure is the intention of these share classes and is not an investment decision implemented by the manager.

31 July 2020