

Statement by the Authorised Fund Manager (AFM) to the shareholders of the VT AI-FUNDS Tactical High Yield Bond on the outcome of the AFM's assessment of the value provided to shareholders
For the period ended 30 April 2020

This assessment is to establish what the VT AI-FUNDS Tactical High Yield Bond (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 Unbiased Financial Group LLP (t/a AI-INVESTMENTS).

The Fund was launched on 07 October 2019 with the S (Accumulation) share class.

The investment objective of the Fund is to provide consistent positive total returns of c. 6-9% per annum (net of fees) over a three year business cycle. Capital is in fact at risk and there is no guarantee that a positive return will be achieved over a three year, or any, period.

The Fund will seek to achieve its objective by using active systematic rules to invest almost exclusively (90% +) in a portfolio of high yielding fixed income collective investment schemes (CIS) (which may include funds managed and/or operated by the ACD) selected from a global market place.

It is expected that CIS which the Fund will invest will be very large (>\$1 billion) high yield fixed income funds. To reduce potential volatility from currency exposures the Fund may invest (where available) in hedged share classes in a CIS which will mean currency exposures are hedged back to sterling.

If, in the opinion of the Investment Manager, market conditions deteriorate and become uncertain the Fund's asset allocation may be tactically adjusted to increase the exposure to a range of money market and short dated bond CIS funds. If the conditions deteriorate even further, exposure may be made up to 30% into longer dated sovereign CIS funds.

The Fund may also invest in transferable securities, fixed income, money market instruments, deposits, cash and near cash.

The Fund will be actively managed.

Save as noted above, the Fund will not have any particular geographic, industry or economic sector focus and as such weightings in these may vary as required.

	At and for the period ended^{1,2}
	30 April 2020
Value of Fund (launch date)	
I (Accumulation) (25.03.20)	£2k
S (Accumulation) (07.10.19)	£3,383k
Shares outstanding	
I (Accumulation)	2k
S (Accumulation)	3,595k
NAV per share	
I (Accumulation)	110.65p
S (Accumulation)	94.11p

Dividend per share

I (Accumulation)	0.15p
S (Accumulation)	0.68p
Capital (losses)	(£223k)
Total net (losses)	(£185k)

1 Sources of data is Valu-Trac Administration Services
2 Period from 07 October 2019 to 30 April 2020

The Fund does not have a specific benchmark. Although the Fund has not been in existence for 3 years, an indication of the performance of the Fund can be assessed by considering what has been achieved in the time since launch.

Cumulative gain/(loss) to 30 April 2020

Increase (decrease) in NAV per share

I (Accumulation)	10.65%
S (Accumulation)	(5.89%)

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 works closely with Unbiased Financial Group LLP (t/a AI-INVESTMENTS) 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.

	2020 performance
I (Accumulation) (for 1 month)	10.65%
S (Accumulation) (for 7 months)	(5.89%)

The poor performance for the S (Accumulation) class in 2020 was caused by the fall in value of the holdings in the last 6 weeks of the financial year due to the Covid-19 pandemic. By 12 August 2020, the NAV per share had risen to: I (Accumulation) 122.64p and S (Accumulation) 104.33p.

3. AFM costs - general

The costs (in £) charged for the period from 07 October 2019 to 30 April 2020 were as follows:

ACD fee	11,816 (VAT exempt)
Depository fee	10,143 (VAT inclusive)
Audit fee	8,022 (VAT inclusive)
FCA fee	41 (VAT exempt)
Safe custody and transaction fees	1,304 (VAT inclusive)
Total costs	31,326

Loss for the year (capital and revenue) less costs was £216k; there was no taxation. Costs are rebated by the investment manager to ensure that the total ongoing charges equate to management fee.

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

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

Due to the rebate paid by the investment manager, year on year the ongoing fees will be a fixed proportion of the net asset value of the Fund, meaning that investors are certain of the charges made each year.

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 are:

At and for the period from 07 October 2019 to 30 April 2020

I (Accumulation)	1.08%
S (Accumulation)	0.98%

The Investment Management fee is currently at 1.08% for I (Accumulation) shares and 0.98% for the S (Accumulation) shares. The investment minima for both share classes is £1,000. Class S Shares are only available to platforms and investors in the early stage of the Fund at the ACD's discretion.

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 I (Accumulation) and S (Accumulation) class shares are receiving good value.

28 August 2020