

Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Lambda Investment Fund (Sub-fund of VT Sorbus Vector Funds ICVC) on the outcome of the AFM's assessment of the value provided to shareholders

For the period from 01 July 2019 to 30 September 2019

This assessment is to establish what VT Lambda Investment Fund (sub-fund) has delivered to you in return for the price you have had to pay.

The AFM is the Authorised Corporate Director of the sub-fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is Sorbus Partners LLP.

The objective of the sub-fund is to provide a total return through a combination of capital growth and income over the long term (5 years +). There is one share class in the sub-fund, A Income.

The table below demonstrates the performance over the short period since the inception of the fund.

**At and for the period
from 01 Jul 2019 to 30 Sept 2019^**

Value of sub-fund	£7,597,086
Shares outstanding	
Class A Income	7,591,559
NAV per share (<i>mid price</i>)	
Class A Income	99.8901p
Dividend per share	
Class A Income	0.4888p
Ongoing charges	
Class A Income	1.89%

^Sub-fund launched 01 July 2019

There is no benchmark for the Fund but investors can assess the performance of the Fund through considering whether the value of their investment has increased, as well as them having received income, over the long term.

Notes

The company started trading on 01 July 2019 when shares were issued at 100p each.

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

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 sub-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 sub-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 sub-fund's units will always be carried out exactly as set out in the documentation. Shortly before the launch of this sub-fund the AFM had in fact changed the scheme'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 sub-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 arranges delivery of mailings such as the contract notes, dividend vouchers and financial statements on a timely and clear basis, sending electronically where email details are provided. The AFM ensures that shareholder queries are responded to fully and promptly. Reporting is provided directly to the shareholder.

2. Performance

The AFM has assessed performance of the company net of all the charges that are outlined in its prospectus. The total return for the share class for the period under review was as follows:

Class A Income gain of 0.38%

This is after operating costs including the fee paid to the investment manager of 1.89% and transaction costs of 0.05%. Given that the objective of the fund is described as long term (5 years +), it is relevant here to bear in mind that the sub-fund has only been trading for 3 months.

3. AFM costs - general

The costs (in £) incurred during the period from 01 July 2019 to 30 September 2019 were as follows:

Authorised Corporate Director	5,236 (VAT exempt)
Investment manager	18,856 (VAT exempt)
Depository	4,488 (VAT inclusive)
Custodian	70 (VAT exempt)
Auditor	4,500 (VAT inclusive)
FCA	32 (VAT exempt)
Other fees	188 (VAT exempt)
Transaction costs (capital)	98 (VAT exempt)
Total costs	33,468

Income for the period (capital and revenue) was a gain of £ 75,982 before taxation of £nil.

Per the prospectus the sub-fund allows for a 5% charge for initial and redemption fees. There were none charged in the period.

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. An example of this is the reduction in the custodian element of the depository fees as a result of a review of custody providers. The main part of the depository fee has a minimum fixed fee until the fund reaches a size whereby it exceeds this and is then charged on a sliding scale (see section 7.3 in the prospectus). The calculation method of the depository fee and the fixed fee nature of the Authorised Corporate Director provides for cost efficiency as the assets of the company have grown. As the sub-fund has launched during this period we do not have comparable periods to compare how the ongoing charges have moved. The ongoing charge for the period was 1.89%. 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.

5. Comparable market rates

The AFM has compared the charges of this sub-fund with that of comparable funds. The AFM believes that the shareholders of the company 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

As this sub-fund has only one share class all fund costs are shared equally by all shareholders. The services provided to this company and the costs are also comparable amongst other similar companies operated by the AFM.

7. Classes of units

All shareholders of this sub-fund are treated equally. The fund has one income share class.

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 concluded that every shareholder of VT Lambda Investment Fund is receiving good value.

..... Anne A Laing CA Executive Director

..... Douglas J Halley Independent Non Executive Director