

Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Vanneck Funds ICVC on the outcome of the AFM's assessment of the value provided to shareholders

For the year ended 30 September 2019

This assessment is to establish what the VT Vanneck Funds ICVC (the company) has delivered to you in return for the price you have had to pay.

The VT Vanneck Funds ICVC currently has only one sub-fund, the VT Vanneck Defensive Fund (the fund) launched 15 June 2018 with an Income and Accumulation share class. A further Income S and Accumulation S Class was launched on 8 May 2019, currently there are no investors in the Income S Class and so it is not considered in this report.

The AFM is the Authorised Corporate Director of the company, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Adviser is Vanneck Limited.

The investment objective of the Fund is to aim to preserve and grow capital over the medium to longer term. The Fund seeks to meet its objectives through investing in a diversified portfolio of assets, mainly equities (and at times, significantly so) as well as bonds and cash. The portfolio will be actively managed with asset allocations varying based on the Investment Manager's views as to whether equity markets are over or undervalued. For example, at times, where the Investment Manager considers it prudent (based on market conditions), a large proportion of the portfolio may take the form of cash (and less in equities) and vice versa.

| | Period from 15 June 2018 to 30 September 2019 | Period from 08 May 2019 to 30 September 2019 |
|---------------------------|--|---|
| Value of company | | |
| Income | £14.660m | |
| Accumulation | £5.398m | |
| Accumulation Class S | | £5.172m |
| Shares outstanding | | |
| Income | 13.950m | |
| Accumulation | 4.983m | |
| Accumulation Class S | | 5.000m |
| NAV per share | | |
| Income | 105.08p | |
| Accumulation | 108.33p | |
| Accumulation Class S | | 103.43p |
| Dividend per share | | |
| Income | 2.6919p | |
| Accumulation | 2.7804p | |
| Accumulation Class S | | 1.2123p |
| Operating charges | | |
| Income | 0.97% | |
| Accumulation | 0.97% | |
| Accumulation Class S | | 0.85% |
| Net gains/(losses) | | |
| Capital gain/(loss) | £1.024m | |
| Total Net gain/(loss) | £1.793m | |

Source of all data Valu-Trac Administration Services Ltd unless stated otherwise

The Income and Accumulation share classes launched on 15 June 2018, the Accumulation S class launched 8 May 2019

Although the VT Vanneck Funds ICVC does not have a formal benchmark the performance can be assessed against a comparator and by, in the future, by considering whether the objective is achieved (i.e. whether capital has been preserved and grown over the medium to long term (5+ years)). As the fund is less than 5 years old the performance is shown as measured against the comparator FTSE 100 TR.

| | Performance to 30 September 2019 |
|----------------------|---|
| | Since share class inception |
| NAV per share | |
| Income | 7.9% |
| Accumulation | 8.3% |
| Accumulation Class S | 3.4% |
| Comparator | |
| FTSE 100 TR | 2.96% |

Notes

Source of all data Valu-Trac Administration Services Ltd unless stated otherwise

The Income and Accumulation share classes launched on 15 June 2018, the Accumulation S class launched 8 May 2019

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 company 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 company 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 company’s units will always be carried out exactly as set out in the documentation. During the period under review the AFM had in fact changed the company’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 company 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 Vanneck 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 be considered in the medium to long term but we have broken down the performance to an annualised figure in the table below which shows that the fund is achieving its objective to preserve and grow capital.

| | Total Return | Annualised performance |
|----------------------|---------------------|-------------------------------|
| Income | 7.9% | 6.0% |
| Accumulation | 8.3% | 6.4% |
| Accumulation Class S | 3.4% | 8.9% |

3. AFM costs - general

The costs (in £) incurred during the period ended 30 September 2019 were as follows:

| | |
|-------------------------------|------------------------|
| Authorised Corporate Director | 185,741 (VAT exempt) |
| Depository | 23,178 (VAT inclusive) |
| Custodian | 1,167 (VAT exempt) |
| Auditor | 8,100 (VAT inclusive) |
| FCA | 117 (VAT exempt) |
| Transaction costs (capital) | 1,862 (VAT exempt) |
| Other fees | 2,130 (VAT exempt) |
| Total costs | 222,295 |

Income for the period (capital and revenue) was £1,792,696 before taxation of £16,604.

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

It should be noted that the prospectus does not allow for redemption charges however a 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

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 depository fees and in custody fees as a result of a review of custody providers. As the AFM grows its total assets across all schemes it uses this purchasing power to benefit all schemes.

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

All shareholders of this fund are subject to the same service although at slightly different costs. The Income and Accumulation shares classes charge an operating charge of 0.97% whereas the S Classes charge 0.85%. This is due to the higher minimum investment figures required by the S Classes and therefore lower charges. The services provided to this fund and the costs are also comparable amongst other similar funds operated by the AFM.

7. Classes of units

All shareholders of this fund are treated equally in all respects other than the operating charge detailed above.

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 every shareholder of VT Vanneck Funds ICVC are receiving good value.

Anne A Laing CA Executive Director

Joanne Taylor MCCA Governance and Compliance Manager

31 January 2020