

Statement by the Authorised Fund Manager (AFM) to the shareholders of the VT Woodhill UK Equity Strategic 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 Woodhill UK Equity Strategic 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 Woodhill Asset Management LLP.

The Fund was launched on 2 June 2014.

The investment objective of the VT Woodhill UK Equity Strategic Fund is to provide a positive capital return over a 12 month period, regardless of market conditions, with a lower level of volatility returns than the UK equity markets on average. Capital is at risk and there is no guarantee that a positive return will be achieved over a 12 month, or any, period.

The Fund will aim to achieve its objective by principally investing in a portfolio of UK equities. The Fund may also invest in transferable securities, money market instruments, deposits, cash and near cash.

There is no particular industry or economic sector focus.

	At and for the year ended ¹				
	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Income units					
Value of fund	£23,475k	£26,577k	£27,081k	£26,175k	£27,728k
Shares outstanding	31,409k	31,298k	31,321k	31,346k	31,456k
NAV per share	74.74p	84.92p	86.46p	83.50p	88.15p
Dividend per share	3.31p	3.41p	3.17p	3.26p	3.16p
Net gains/(losses)					
Capital gain/(losses)	(£2,906k)	(£149k)	£1,263k	(£1,124k)	(£3,989k)
Total Net gain/(losses)	(£1,866k)	£917k	£2,255k	(£79k)	(£2,994k)

1 Sources of data is Valu-Trac Administration Services

The Fund does not have a specific benchmark. However, the performance of the Fund can be assessed by considering whether the objective is achieved (i.e. whether there has been positive capital growth a 12 month period).

NAV per share	Cumulative loss to 31 March 2020
	5 years
2016	(12%)
2017	(5%)
2018	3%
2019	(1%)
2020	(11%)
Total	(26%)

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 Depositary 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. During 2018 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 Woodhill Asset Management LLP 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 a positive capital return over a 12 month period.

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	2019 performance	2018 performance	2017 performance	2016 performance
Income units	(8.10%)	2.2%	7.3%	(1.6%)	(10.5%)

3. AFM costs - general

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

Investment manager's fee	267,908 (VAT exempt)
ACD fee	20,151 (VAT exempt)
Depository fee	18,136 (VAT inclusive)
Audit fee	8,144 (VAT inclusive)
FCA fee	69 (VAT exempt)
Safe custody and transaction fees	4,616 (VAT inclusive)
Total costs	319,024

Loss for the year (capital and revenue) less costs was £2,185k; there was no taxation.

There were no preliminary charges, redemption charges or dilution levies 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 5% 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 Investment management 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 operating charge for the single class of shares over the past 5 years is as noted below.

	At and for the year ended				
	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Operating charges	1.19%	1.19%	1.17%	1.24%	1.18%

The Investment management fee is charged at 1.00% of the fund value.

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; the overall negative performance in three of the five years of the fund, reduction of the NAV price in four of the five years and overall reduction in the NAV price of 26% since inception leads us to conclude that the shareholders of VT Woodhill UK Equity Strategic Fund are not receiving good value; discussions are taking place with the delegated fund manager to ascertain the next steps.

31 July 2020