

VT GROSVENOR FUNDS ICVC
(Sub-funds VT Grosvenor Cautious Fund
and VT Grosvenor Adventurous Fund)

Annual Report and Financial Statements
for the year ended 31 December 2021

CONTENTS

	Page
Company Overview	1
Statement of the Authorised Corporate Director's (ACD's) Responsibilities	2
Statement of the Depositary's Responsibilities and Report of the Depositary	3
Independent Auditor's Report to the Shareholders of VT Grosvenor Funds ICVC (Sub-funds VT Grosvenor Cautious Fund and VT Grosvenor Adventurous Fund)	4
VT Grosvenor Cautious Fund	
Sub-fund Overview	7
Investment Manager's Review	8
Performance Record	9
Portfolio Summary	11
Summary of Material Portfolio Changes	12
Statement of Total Return	13
Statement of Changes in Net Assets Attributable to Shareholders	13
Balance Sheet	14
Notes to the Financial Statements	15
Distribution Tables	23
VT Grosvenor Adventurous Fund	
Sub-fund Overview	24
Investment Manager's Review	25
Performance Record	26
Portfolio Summary	28
Summary of Material Portfolio Changes	29
Statement of Total Return	30
Statement of Changes in Net Assets Attributable to Shareholders	30
Balance Sheet	31
Notes to the Financial Statements	32
Distribution Tables	39
Information for Investors	40
Corporate Directory	41
End subsection (unaudited)	
Assessment of Value VT Grosvenor Cautious Fund	1-5
Assessment of Value VT Grosvenor Adventurous Fund	1-5

COMPANY OVERVIEW

Type of Company

VT Grosvenor Funds ICVC (the 'Company') is an investment company (company number IC001077) with variable capital incorporated in England and Wales under the Open Ended Investment Company Regulations 2001 (SI2001/1228).

The Company was incorporated and authorised by the Financial Conduct Authority on 20 December 2016.

The Company is a UCITS scheme and is an umbrella company (as defined in the OEIC Regulations). Each Sub-fund would be a UCITS scheme if it had a separate authorisation order.

Shareholders are not liable for the debts of the Company.

STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S (ACD's) RESPONSIBILITIES

The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Company at the end of the financial year and its net revenue and net capital gains for the year. In preparing these financial statements the Authorised Corporate Director is required to:

- > comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- > select suitable accounting policies and then apply them consistently.
- > make judgements and estimates that are reasonable and prudent.
- > prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The Authorised Corporate Director is required to keep proper accounting records and manage the Company in accordance with the COLL regulations, the Instrument of Incorporation, and the Prospectus. The Authorised Corporate Director is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTOR'S STATEMENT

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Scheme's Sourcebook, we hereby certify the annual report.

Anne A. Laing CA

David E. Smith CA

Valu-Trac Investment Management Limited
Authorised Corporate Director

Date

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- > the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- > the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- > the value of shares in the Company is calculated in accordance with the Regulations;

- > any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- > the Company's income is applied in accordance with the Regulations; and

- > the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- i) has carried out the issue, sale, redemption, cancellation and calculation of the price of the Company's shares and application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- ii) has observed the Investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited
01 January 2022

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT GROSVENOR FUNDS ICVC (SUB-FUNDS VT GROSVENOR CAUTIOUS FUND AND VT GROSVENOR ADVENTUROUS FUND)

Opinion

We have audited the financial statements of VT Grosvenor Funds ICVC ("the Company") for the year ended 31 December 2021 which comprise the Statements of Total Return, Statements of Changes in Net Assets Attributable to Shareholders, Balance Sheets, the related Notes to the Financial Statements, including significant accounting policies and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

> give a true and fair view of the financial position of the Company at 31 December 2021 and of the net revenue and the net capital gains on the scheme property of the Company for the year then ended; and

> have been properly prepared in accordance with the IA Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are described further in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Authorised Corporate Director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on Other Matters Prescribed by the COLL Regulations

In our opinion, based on the work undertaken in the course of the audit:

> Proper accounting records for the Company have been kept and the accounts are in agreement with those records;

> We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and

> The information given in the report of the Authorised Corporate Director for the year is consistent with the financial statements.

Responsibilities of the Authorised Corporate Director

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 2, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- > UK Generally Accepted Accounting Practice including Financial Reporting Standard 102 and the IA Statement of Recommended Practice for Authorised Funds
- > the Financial Conduct Authority's Collective Investment Schemes Sourcebook
- > the Company's Prospectus

We gained an understanding of how the Company is complying with these laws and regulations by making enquiries of the Authorised Corporate Director. We corroborated these enquiries through our review of any relevant correspondence with regulatory bodies and the Company's breaches register.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the Authorised Corporate Director was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Authorised Corporate Director oversees the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- > Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity and reviewing judgements made by the Authorised Corporate Director in its calculation of accounting estimates for potential management bias; and
- > Assessing the Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook and its Prospectus.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ("the COLL Rules") issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor
Elgin

Date

SUB-FUND OVERVIEW

Name of Sub-fund	VT Grosvenor Cautious Fund
Size of Sub-fund	£176,476,831
Launch date	06 January 2017
Investment objective and policy	<p>The Sub-fund aims to generate growth in capital and income over the longer term. The Sub-fund has an annualised target volatility of 5.1%. The Sub-fund's primary objective is to control volatility and this could therefore be at the expense of performance. There can be no guarantee that the Sub-fund will achieve its objective of managing volatility. Capital is in fact at risk, and there is no guarantee that the investment objective will be achieved.</p> <p>In order to meet its objective, the Sub-fund will be actively managed by investing primarily in collective investment schemes that will have substantial exposure to fixed income and other conservative investments (including, but not limited to, convertible bonds, UCITS Long Short funds, market neutral funds, structured products and both UK and international corporate bond funds). The Sub-fund's exposure to UK and global equities will be limited to shares or funds in companies paying higher than average dividends and will not exceed 35% of the net asset value of the Sub-fund. The Sub-fund may also invest directly in other transferable securities, money market instruments, cash and near cash. The composition of the portfolio will reflect the investment manager's view of the potential future return of different asset classes and specific investments.</p> <p>Derivatives may be used only for efficient portfolio management (including hedging) in accordance with the FCA Rules.</p>
Benchmark	IA Mixed Investment 0% - 35% Shares. The performance of the Sub-fund can be compared against that of the benchmark. This benchmark has been selected as it is considered that this index most closely reflects the investments which the Sub-fund will make (and its risk/return objectives). For the avoidance of doubt, the Investment Manager is not bound or influenced by the index when making its decisions and can make investments that are not included in the index.
Ex-distribution dates	30 June and 31 December
Distribution dates	31 August and last day of February
Individual Savings Account (ISA)	The Sub-fund is a qualifying investment for inclusion in an ISA.
Minimum investment	
Lump sum subscription:	Class A: Accumulation Retail = £1,000 Class B: Accumulation Staff = £1,000
Top-up:	Class A: Accumulation Retail = £1,000 Class B: Accumulation Staff = £1,000
Holding:	Class A: Accumulation Retail = £1,000 Class B: Accumulation Staff = £1,000
Redemption:	Class A: Accumulation Retail = N/A (provided minimum holding is maintained) Class B: Accumulation Staff = N/A (provided minimum holding is maintained)
Switching:	Class A: Accumulation Retail = N/A (provided minimum holding is maintained) Class B: Accumulation Staff = N/A (provided minimum holding is maintained)

The ACD may waive the minimum levels at its discretion.

The Class B shares are only available to employees of the Sub-fund's sponsor, Grosvenor Consultancy Asset Management Limited.

Initial, redemption and switching charges Nil

Annual management charges

The Annual management charges are: Class A: Accumulation Retail = 0.65%
Class B: Accumulation Staff = 0.45%

The above percentages being percentages of the net asset value of the Sub-fund attributable to the relevant share class (plus VAT if applicable).

INVESTMENT MANAGER'S REVIEW

The A Accumulation share class of the VT Grosvenor Cautious Fund rose 6.10% over the year to 31 December 2021 while the IA Mixed Investment 0-35% Shares sector rose 2.93%.

Global equities rose 20.14% in sterling during the year under review, buoyed by economic growth and corporate profits growth within developed markets. Global bonds fell 3.83%, however, as investors anticipated higher interest rates as a result of persistent inflation. US inflation reached 7% in December, the largest annual rise since 1982, while eurozone and UK prices showed rises of 5% and 5.4% respectively, driven by supply chain bottlenecks, material shortages and an increase in energy prices.

The portfolio's exposure to global inflation-linked bonds was increased, which should provide some capital protection against rising inflation as economies recovered from the pandemic, supported by largescale fiscal and monetary stimulus programmes. This was achieved through purchases of sterling-hedged holdings in Fidelity Global Inflation-linked Bond and PIMCO Global Low Duration Real Return. The PIMCO holding invests in shorter-dated inflation-linked bonds, which are typically less sensitive to interest rate changes than longer-dated bonds. New Capital Wealthy Nations Bond was sold due to its high exposure to Asia and emerging markets, which faced headwinds.

The portfolio's allocation to UK equities increased over the first half of the year to benefit from low valuations. The London market has a relatively high weighting in cyclical companies that may benefit from improving domestic economic conditions. Man GLG Income, a value-oriented holding, was topped up and Chelverton UK Equity Income, a small-cap investment was introduced while underperforming Majedie UK Focus holding was sold. Near the year end, UK equities were trimmed owing to growth headwinds caused by supply chain bottlenecks, rising Covid-19 infection rates and European Union-UK disagreements over Northern Ireland.

US economic growth appeared robust so an allocation to US equities was initiated through an index tracker and Vulcan Value Equity, which has a concentrated portfolio oriented towards attractively-valued long-term growth stocks. Within the global equity investments, Legg Mason ClearBridge Global Infrastructure Income was sold. This investment has a heavy weighting in utilities, which may continue to underperform other sectors with stronger growth prospects.

Continental Europe had lagged other parts of the developed world in rolling out Covid-19 vaccines and easing lockdown restrictions. Progress, however, was made later in the year and Blackrock European Dynamic was introduced. This holding has a flexible mandate but typically invests in industry-leading companies with pricing power, leaving them well placed to withstand a period of higher inflation.

Emerging market prospects appeared mixed during the year. China's shift towards "common prosperity" resulted in political interference in various sectors while overleveraged property developers struggled to service their bonds and economic growth appeared to slow, owing to Covid-related restrictions and supply constraints. Consequently, exposure to equities in Asia excluding Japan was trimmed through the partial sale of Matthews Asia ex Japan Dividend.

In the property sector, BMO Commercial Property was topped up. This investment trust was trading at a discount to its net asset value despite improving prospects. Property investments offer some inflation protection because income streams are often linked to inflation.

In commodities, the iShares Physical Gold exchange-traded commodity was topped up; gold can perform well during periods of low real interest rates.

US and UK monetary policies are likely to tighten albeit from ultra-accommodative levels.

Persistent inflation may remain a concern in 2022 but leading indicators at the turn of the year were pointing to sustained economic growth. Equities can perform well in an environment of modest inflation but investing in companies with pricing power is key in such circumstances.

Brompton Asset Management LLP
Investment Manager to the Fund
26 January 2022

Source: Refinitiv Lipper; global equities: MSCI AC World TR, global bonds: Bloomberg Barclays Global Aggregate Bond TR.

PERFORMANCE RECORD

Financial Highlights

Class A: Accumulation Retail

	Year to 31 December 2021	Year to 31 December 2020	Year to 31 December 2019
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	111.4269	108.9246	100.1908
Return before operating charges	8.2821	4.0007	9.9780
Operating charges (note 1)	(1.4813)	(1.4984)	(1.2442)
Return after operating charges *	6.8008	2.5023	8.7338
Closing net asset value per unit	118.2277	111.4269	108.9246
Retained distributions on accumulated units	2.1024	1.8779	1.6005
*after direct transactions costs of:	0.0066	0.0126	0.0209
Performance			
Return after charges	6.10%	2.30%	8.72%
Other information			
Closing net asset value	£172,757,661	£134,443,713	£116,411,488
Closing number of units	146,122,883	120,656,440	106,873,485
Operating charges (note 2)	1.29%	1.36%	1.19%
Direct transaction costs	0.01%	0.01%	0.02%
Prices			
Highest unit price	118.34	112.56	109.06
Lowest unit price	110.66	94.40	100.19

Class B: Accumulation Staff

	Year to 31 December 2021	Year to 31 December 2020	Year to 31 December 2019
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	112.7200	109.9466	100.9266
Return before operating charges	8.3729	4.0649	10.0638
Operating charges (note 1)	(1.2674)	(1.2915)	(1.0438)
Return after operating charges *	7.1055	2.7734	9.0200
Closing net asset value per unit	119.8255	112.7200	109.9466
Retained distributions on accumulated units	2.1271	1.8980	1.6134
*after direct transactions costs of:	0.0067	0.0127	0.0211
Performance			
Return after charges	6.30%	2.52%	8.94%
Other information			
Closing net asset value	£3,849,745	£2,449,262	£1,645,989
Closing number of units	3,212,794	2,172,872	1,497,081
Operating charges (note 2)	1.09%	1.16%	0.99%
Direct transaction costs	0.01%	0.01%	0.02%
Prices			
Highest unit price	119.91	113.89	110.08
Lowest unit price	111.98	95.35	100.93

PERFORMANCE RECORD (Continued)

1. The operating charges per unit figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.
2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund plus the costs of the underlying holdings. Note the 2019 operating charges percentage excludes the underlying costs of investment trust funds which are now included following the latest IA guidance issued in 2020.

Risk Profile

Based on past data, the Sub-fund is ranked a '4' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Sub-fund is ranked 4 because funds of this type have experienced average rises and falls in market prices historically. The higher the rank, the greater the potential reward but the greater the risk of losing money.

PORTFOLIO SUMMARY

As at 31 December 2021

Holding		Value £	% of net assets
COLLECTIVE INVESTMENT SCHEMES (31.12.2020: 89.01%)			
4,204,714	Artemis Strategic Bond	4,726,519	2.68
512,951	Baillie Gifford Global Income Growth	5,360,335	3.04
2,000,585	BlackRock European Absolute Alpha	3,473,016	1.97
1,592,466	BlackRock European Dynamic	4,922,312	2.79
1,417,619	BMO Commercial Property Trust Limited	1,499,841	0.85
8,396,207	Fidelity Funds - Global Inf-Ink Bond	11,536,389	6.54
230,151	Fundsmith Equity	1,562,908	0.89
290,911	Guinness Global Equity	5,401,250	3.06
5,403,073	Goldman Sachs Sterling Liquid Reserves Inst Dis	5,403,073	3.06
9,499	iShares Core S&P 500 UCITS ETF USD	3,435,361	1.95
191,053	iShares Physical Gold ETC	5,031,381	2.85
88,805	iShares Edge MSCI World Value Factor UCITS ETF	2,489,204	1.41
4,341,550	Janus Henderson Fixed Interest Monthly Inc	4,936,342	2.80
535,407	Jupiter JGF Dynamic Bond	6,098,290	3.46
16,467,838	Legal & General Global Inflation Lnkd Bd Idx	9,694,616	5.49
1,246,708	Liontrust Special Situations Fund	6,661,535	3.77
2,579,993	Man GLG UK Absolute Value	3,547,491	2.01
2,220,110	Man GLG UK Income	6,964,485	3.95
43,469	MI TwentyFour Dynamic Bond	4,702,647	2.66
540,755	MI Chelverton UK Equity Growth	2,161,648	1.22
1,235,000	Picton Property Income Ltd	1,252,290	0.71
562,623	PIMCO Select UK Income Bond	5,665,610	3.21
1,343,902	PIMCO GIS Glo Low Dur RI Rtn	14,917,314	8.45
395,139	PIMCO GIS Global Real Return	5,603,067	3.17
25,303	Polar Capital Global Technology	1,824,576	1.03
8,714,807	Royal London Shrt Dur Glo Hi Yield Bd	7,134,813	4.04
57,788	Schroder ISF Strategic Credit	7,717,311	4.37
1,618,854	Troy Trojan	5,178,066	2.93
80,005	T. Rowe Jap Eq	1,203,682	0.68
10,231	Vulcan Value Equity	3,220,955	1.83
1,330,946	3i Infrastructure PLC	4,721,531	2.68
156,735	Matthews Asia Fds-Asia ex Jap Dividend	2,318,117	1.31
2,358,967	MI Chelverton UK Equity Income	2,974,600	1.69
		163,340,575	92.55
UK GILTS (31.12.2020: 1.87%)			
2,500,000	UK GILT 22/07/2023	2,509,575	1.42
	Portfolio of investments (31.12.2020: 90.88%)	165,850,150	93.97
	Net other assets (31.12.2020: 9.15%)	10,684,852	6.06
	Adjustment to revalue assets from mid to bid prices (31.12.2020: (0.03%))	(58,171)	(0.03)
		176,476,831	100.00

SUMMARY OF MATERIAL PORTFOLIO CHANGES

	£
Total purchases for the year (note 14)	86,853,824
3i Infrastructure PLC	703,361
Baillie Gifford Global Income Growth	743,212
BlackRock European Dynamic FD	4,763,065
BlackRock Global Equity Income	3,419,000
Dimensional Global Targeted Value	2,164,114
BMO Commercial Property Trust Limited	373,308
Fidelity Funds - Global Infl-Ink Bond	11,015,824
Goldman Sachs Sterling Liquid Reserves Inst Dis	5,403,073
Guinness Global Equity Income	2,178,950
iShares Core S&P 500 UCITS ETF	3,350,687
iShares Edge MSCI World Value Factor UCITS ETF	1,400,079
iShares Physical Gold ETC	1,572,538
Legal & General Global Inflation Lnkd Bd Idx	10,728,414
Liontrust Special Situations Fund	3,176,201
Man GLG UK Absolute Value	548,000
Man GLG UK Income Professional	4,299,144
MI Chelverton UK Equity Growth	631,585
MI Chelverton UK Equity Income	4,511,181
PIMCO GIS Global Low Duration Real Return	14,536,770
PIMCO GIS Global Real Return	5,675,807
Royal London Shrt Dur Glo Hi Yield Bd	1,336,793
Schroder ISF Strategic Credit	1,437,233
Vulcan Value Equity	2,885,485

	£
Total sales for the year (note 14)	53,810,192
Artemis Strategic Bond	1,355,835
BlackRock European Absolute Alpha	2,487,407
Dimensional Global Targeted Value	2,117,581
Fidelity Global Dividend	3,764,633
Fundsmith Equity I	1,324,716
iShares \$ Treasury Bond 1-3yr UCITS ETF	6,299,632
iShares Edge MSCI World Value Factor UCITS ETF	5,044,872
iShares Global Aggregate BD UCITS ETF	2,362,956
Legal & General Global Inflation Lnkd Bd Idx	4,125,773
Legg Mason IF RARE Global Infrastructure	1,269,216
LF Majedie UK Focus	3,812,864
Matthews Asia Fds-Asia ex Jap Dividend	1,362,433
MI Chelverton UK Equity Growth	3,181,668
MI Chelverton UK Equity Income	1,671,339
MI TwentyFour Dynamic Bond	1,357,681
New Capital Wealthy Nations Bd	2,281,301
Royal London Sterling Credit	3,134,307
RWC Asia Convertibles	2,630,039
Schroder ISF Strategic Credit	2,706,360
Vanguard FTSE 250 UCITS ETF	1,519,579

The above transactions represent all of the sales and purchases during the year.

STATEMENT OF TOTAL RETURN

For the year ended 31 December 2021

		2021		2020	
	Notes	£	£	£	£
Income					
	Net capital gains	2	7,602,949		1,849,733
	Revenue	3	3,064,502	2,390,263	
Expenses	4	(1,101,870)		(862,949)	
Interest payable and similar charges	6	<u>(42,863)</u>		<u>(16,470)</u>	
Net revenue before taxation		1,919,769		1,510,844	
Taxation	5	<u>(191,594)</u>		<u>(119,190)</u>	
Net revenue after taxation			<u>1,728,175</u>		<u>1,391,654</u>
Total return before distributions			9,331,124		3,241,387
Finance costs: distributions	6		<u>(2,833,438)</u>		<u>(2,128,410)</u>
Changes in net assets attributable to shareholders from investment activities			<u>6,497,686</u>		<u>1,112,977</u>

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 December 2021

	2021	2020
	£	£
Opening net assets attributable to shareholders	136,785,706	117,994,564
Amounts receivable on creation of shares	41,640,642	30,209,573
Amounts payable on cancellation of shares	(11,456,797)	(14,743,347)
Accumulation dividends retained	3,009,594	2,211,939
Changes in net assets attributable to shareholders from investment activities (see above)	<u>6,497,686</u>	<u>1,112,977</u>
Closing net assets attributable to shareholders	<u>176,476,831</u>	<u>136,785,706</u>

BALANCE SHEET

As at 31 December 2021		31.12.2021		31.12.2020	
	Notes	£	£	£	£
FIXED ASSETS					
Investment assets			165,791,979		124,268,734
Current assets					
Debtors	7	917,596		486,986	
Cash and bank balances	8	<u>10,086,520</u>		<u>12,246,791</u>	
Total current assets			<u>11,004,116</u>		<u>12,733,777</u>
Total assets			176,796,095		137,002,511
CURRENT LIABILITIES					
Creditors					
Creditors	9	<u>(319,264)</u>		<u>(216,805)</u>	
Total current liabilities			<u>(319,264)</u>		<u>(216,805)</u>
Net assets attributable to shareholders			<u>176,476,831</u>		<u>136,785,706</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1 Accounting policies

(a) The financial statements have been prepared in accordance with FRS 102, the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling.

(b) Dividends on equities and collectives are recognised when the security is quoted ex-dividend. Interest on gilts and deposits is accounted for on an accruals basis. Other revenue is accounted for on a receipts basis.

(c) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-fund, and where applicable is included in the distribution. In the case of an enhanced stock dividend the value of the enhancement is treated as capital.

(d) Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.

(e) All expenses are accounted for on an accruals basis and are charged to the capital of the Sub-fund.

(f) Half-yearly distributions are allocated to all holders of shares in the Sub-fund.

(g) The listed investments of the Sub-fund have been valued at bid market prices at the closing valuation point 31 December 2021, whilst unlisted collectives are valued at the closing bid price for dual priced funds and the closing single price for single priced funds.

(h) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.

Deferred tax assets are recognised only to the extent that the ACD considers that it is more likely than not there will be taxable profits from which underlying timing differences can be deducted.

(i) In certain circumstances the ACD may charge a dilution levy on the sale or repurchase of shares. The levy, which is paid into the Sub-fund, is intended to cover certain charges not included in the bid market value of the Sub-fund, used in calculating the share price, which could have a diluting effect on the performance of the Sub-fund.

(j) Equalisation will be applied to the Sub-fund. An allocation of income to be made in respect of each share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum ("income allocation") representing the ACD's best estimate of the amount of income included in the price of that share.

(k) All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting year are translated at the exchange rates at the closing valuation point on 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Net capital gains

	2021	2020
	£	£
The net capital gains comprise:		
Non-derivative securities gains	7,603,002	1,768,404
Transaction charges (custodian)	(53)	(273)
Currency gains	-	81,602
Total net capital gains	<u>7,602,949</u>	<u>1,849,733</u>

3 Revenue

	2021	2020
	£	£
Non-taxable dividends	961,800	914,894
Property income distributions	90,069	65,289
CIS interest distributions	1,993,760	1,385,397
Gilt interest	18,750	18,852
Bank interest	123	5,831
Total revenue	<u>3,064,502</u>	<u>2,390,263</u>

4 Expenses

	2021	2020
	£	£
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
ACD fee	<u>1,017,073</u>	<u>784,719</u>
Payable to the depositary, associates of the depositary, and agents of either of them:		
Depositary fee	52,904	50,734
Safe custody fee	15,618	11,512
	<u>68,522</u>	<u>62,246</u>
Other expenses:		
Audit fee	7,074	7,380
FCA fee	52	77
Other expenses	9,149	8,527
	<u>16,275</u>	<u>15,984</u>
Total expenses	<u>1,101,870</u>	<u>862,949</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation

	2021 £	2020 £
(a) Analysis of charge in the year		
Current tax charge	191,594	119,190
Total tax charge for the year (note 5b)	<u>191,594</u>	<u>119,190</u>
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20.00% (2020:20.00%). The differences are explained below:		
Net revenue before taxation	1,919,769	1,510,844
Corporation tax at 20.00% (2020:20.00%)	<u>383,954</u>	<u>302,169</u>
<u>Effects of:</u>		
Revenue not subject to UK corporation tax	(192,360)	(182,979)
Total tax charge for year (note 5a)	<u>191,594</u>	<u>119,190</u>

(c) Provision for deferred taxation

At 31 December 2021 there is no potential deferred tax asset or liability (31 December 2020: £nil).

6 Finance costs

	2021 £	2020 £
Interim dividend distribution	1,636,298	1,185,046
Final dividend distribution	<u>1,373,296</u>	<u>1,026,893</u>
	3,009,594	2,211,939
Add: Revenue deducted on cancellation of shares	62,270	82,409
Deduct: Revenue received on issue of shares	<u>(238,426)</u>	<u>(165,938)</u>
Net distribution for the year	2,833,438	2,128,410
Interest payable and similar charges	42,863	16,470
Total finance costs	<u>2,876,301</u>	<u>2,144,880</u>
Reconciliation of distributions		
Net revenue after taxation	1,728,175	1,391,654
Expenses paid from capital	1,101,870	862,949
Relief on expenses allocated to capital	(220,374)	-
Balance brought forward	383,060	256,867
Balance carried forward	<u>(159,293)</u>	<u>(383,060)</u>
Net distribution for the year	<u>2,833,438</u>	<u>2,128,410</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Debtors	31.12.2021	31.12.2020
	£	£
Amounts receivable on issue of shares	474,461	195,999
Accrued revenue: Dividends receivable	102,908	84,022
Interest distributions receivable	327,516	191,857
Property income distributions	4,253	6,650
Gilt interest	8,458	8,458
Total debtors	<u>917,596</u>	<u>486,986</u>

8 Cash and bank balances	31.12.2021	31.12.2020
	£	£
Cash and bank balances	<u>10,086,520</u>	<u>12,246,791</u>

9 Creditors	31.12.2021	31.12.2020
	£	£
Amounts payable for redemption of shares	12,906	-
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
ACD's periodic charge	95,692	74,031
Payable to the depositary, associates of the depositary, and agents of either of them:		
Depositary fee's	4,913	4,497
Safe custody and other bank charges	6,544	8,233
	<u>11,457</u>	<u>12,730</u>
Corporation tax payable	191,594	119,190
Other accrued expenses	7,615	10,854
Total creditors	<u>319,264</u>	<u>216,805</u>

10 Risk management policies

In pursuing its investment objective as stated on page 7, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Risk management policies (continued)

Market price risk

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 31 December 2021 would have increased/decreased by £16,579,198 (2020: £12,426,873).

Foreign currency risk

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The Sub-fund's investment portfolio is partly invested in collective investment schemes that are registered overseas and also collective investment schemes that invest in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The ACD may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to Sterling on or near the date of receipt.

Net currency assets and liabilities consist of:

	Net monetary assets and liabilities		Non-monetary assets		Total net assets	
	£		£		£	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Sterling	10,684,852	12,516,972	165,791,979	124,268,734	176,476,831	136,785,706
Total	10,684,852	12,516,972	165,791,979	124,268,734	176,476,831	136,785,706

Interest rate risk

Interest rate risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in interest rates. These include cash and bank balances and the inherent risk on the collectives that distributes interest as well as the direct investments in gilts.

The table below details the interest rate risk profile at the balance sheet date:

31.12.21				
Currency	Floating rate financial assets	Investment in bond and liquidity funds	Financial assets not carrying interest	Total
	£	£	£	£
Sterling	10,086,520	82,927,880	83,781,695	176,796,095
Total	10,086,520	82,927,880	83,781,695	176,796,095
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£	£	£	£
Sterling	-	-	(319,264)	(319,264)
Total	-	-	(319,264)	(319,264)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Risk management policies (continued)

Interest rate risk (continued)

31.12.20				
Currency	Floating rate financial assets	Investment in bond and liquidity funds	Financial assets not carrying interest	Total
	£	£	£	£
Sterling	12,246,791	36,227,540	88,528,180	137,002,511
Total	12,246,791	36,227,540	88,528,180	137,002,511
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£	£	£	£
Sterling	-	-	(216,805)	(216,805)
Total	-	-	(216,805)	(216,805)

Maturity of financial liabilities

The financial liabilities of the Sub-fund as at 31 December 2021 are payable either within one year or on demand.

Liquidity risk

The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

Credit risk

Certain transactions in securities and bonds that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments (including gilts) through brokers which have been approved by the ACD as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

Credit risk also arises on cash held within financial institutions. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related. Indirect credit risk arises from holdings in collectives that invest in debt securities as any default or perceived risk of default will affect the valuation of such holdings..

Fair value disclosure

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

- Level 1: Unadjusted quoted price in an active market for an identical instrument;
- Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;
- Level 3: Valuation techniques using unobservable inputs.

Valuation Technique	Assets (£000's)	Liabilities (£000's)
Level 1: Unadjusted quoted price in an active market for an identical instrument	165,792	-
Total	165,792	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 Shares held

Class A: Accumulation Retail

Opening shares at 01.01.2021	120,656,440
Shares issued during the year	35,352,273
Shares cancelled during the year	(9,885,830)
Shares converted during the year	-
Closing shares at 31.12.2021	146,122,883

Class B: Accumulation Staff

Opening shares at 01.01.2021	2,172,872
Shares issued during the year	1,209,220
Shares cancelled during the year	(169,298)
Shares converted during the year	-
Closing shares at 31.12.2021	3,212,794

12 Contingent assets and liabilities

At 31 December 2021, the Sub-fund had no contingent liabilities or commitments (31 December 2020: £nil).

13 Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 31 December 2021. Since that date, the Sub-fund's quoted price has moved as follows for each share class:

Share class	Price at 31 December 2021 (GBP)	Price at 17 March 2022 (GBP)
Class A: Accumulation Retail	118.2277	113.4213
Class B: Accumulation Staff	119.8255	115.0022

14 Direct transaction costs

	2021		2020	
	£	%	£	%
Analysis of total purchase costs				
Purchases in the year before transaction costs	86,850,863		79,715,160	
Commission	<u>2,961</u>	0.00%	<u>8,165</u>	0.01%
Total purchase costs	<u>2,961</u>	0.00%	<u>8,165</u>	0.01%
Total purchases including transaction costs	<u>86,853,824</u>		<u>79,723,325</u>	
Analysis of total sale costs				
Sales in the year before transaction costs	53,816,285		67,191,227	
Commission	<u>(6,093)</u>	(0.01%)	<u>(5,920)</u>	(0.01%)
Total sale costs	<u>(6,093)</u>	(0.01%)	<u>(5,920)</u>	(0.01%)
Total sales net of transaction costs	<u>53,810,192</u>		<u>67,185,307</u>	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Direct transaction costs (continued)

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-fund's average net asset value in the year:

	2021	% of average net	2020	% of average net
	£	asset value	£	asset value
Commission	9,054	0.01%	14,085	0.01%
	<u>9,054</u>	<u>0.01%</u>	<u>14,085</u>	<u>0.01%</u>

15 Portfolio Dealing Spread

The average portfolio dealing spread at 30 December 2021 is 0.06% (2020 0.06%)

DISTRIBUTION TABLES

Final distribution in pence per share

Group 1: Shares purchased prior to 01 July 2021

Group 2 : Shares purchased on or after 01 July 2021 and on or before 31 December 2021

01 July 2021 to 31 December 2021

Class A: Accumulation Retail	Net Revenue 28.02.2022	Equalisation	Distribution 28.02.2022	Distribution 26.02.2021
Group 1	0.9196p	-	0.9196p	0.8359p
Group 2	0.4363p	0.4833p	0.9196p	0.8359p

Class B: Accumulation Staff	Net Revenue 28.02.2022	Equalisation	Distribution 28.02.2022	Distribution 26.02.2021
Group 1	0.9320p	-	0.9320p	0.8455p
Group 2	0.4162p	0.5158p	0.9320p	0.8455p

Interim distribution in pence per share

Group 1: Shares purchased prior to 01 January 2021

Group 2 : Shares purchased on or after 01 January 2021 and on or before 30 June 2021

01 January 2021 to 30 June 2021

Class A: Accumulation Retail	Net revenue 31.08.2021	Equalisation	Distribution 31.08.2021	Distribution 28.08.2020
Group 1	1.1828p	-	1.1828p	1.0420p
Group 2	0.9474p	0.2354p	1.1828p	1.0420p

Class B: Accumulation Staff	Net revenue 31.08.2021	Equalisation	Distribution 31.08.2021	Distribution 28.08.2020
Group 1	1.1951p	-	1.1951p	1.0525p
Group 2	0.2811p	0.9140p	1.1951p	1.0525p

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Information for corporate shareholders

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 31.39% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 68.61% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

SUB-FUND OVERVIEW

Name of Sub-fund	VT Grosvenor Adventurous Fund
Size of Sub-fund	£219,273,252
Launch date	06 January 2017
Investment objective and policy	<p>The Sub-fund aims to generate capital growth principally from equity markets. The Sub-fund has an annualised target volatility of 12.5%. The Sub-fund's primary objective is to control volatility and this could therefore be at the expense of performance. There can be no guarantee that the Sub-fund will achieve its objective of managing volatility. Capital is in fact at risk, and there is no guarantee that the investment objective will be achieved.</p>

In order to meet its objective, the Sub-fund will be actively managed and significantly exposed to UK and international equity investments by primarily investing in collective investment schemes, and may also invest directly in other transferable securities, money market instruments, cash and near cash. The Sub-fund will also invest in high yield bonds and alternatives, exposure to such assets will not exceed 35% of the net asset value of the Sub-fund. The composition of the portfolio will reflect the investment manager's view of the potential future return of different asset classes and specific investments.

Derivatives may be used only for efficient portfolio management (including hedging) in accordance with the FCA Rules.

Benchmark	IA Flexible. The performance of the Sub-fund can be compared against that of the benchmark. This benchmark has been selected as it is considered that this index most closely reflects the investments which the Sub-fund will make (and its risk/return objectives). For the avoidance of doubt, the Investment Manager is not bound or influenced by the index when making its decisions and can make investments that are not included in the index.
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Ex-distribution dates	30 June and 31 December
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Distribution dates	31 August and last day of February
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Individual Savings Account (ISA)	The Sub-fund is a qualifying investment for inclusion in an ISA.
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Minimum investment

Lump sum subscription:	Class A: Accumulation Retail = £1,000 Class B: Accumulation Staff = £1,000
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Top-up:	Class A: Accumulation Retail = £1,000 Class B: Accumulation Staff = £1,000
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Holding:	Class A: Accumulation Retail = £1,000 Class B: Accumulation Staff = £1,000
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Redemption:	Class A: Accumulation Retail = N/A (provided minimum holding is maintained) Class B: Accumulation Staff = N/A (provided minimum holding is maintained)
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Switching:	Class A: Accumulation Retail = N/A (provided minimum holding is maintained) Class B: Accumulation Staff = N/A (provided minimum holding is maintained)
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The ACD may waive the minimum levels at its discretion.

The Class B shares are only available to employees of the Sub-fund's sponsor, Grosvenor Consultancy Asset Management Limited.

Initial, redemption and switching charges Nil

Annual management charges

The annual management charges are:	Class A: Accumulation Retail = 0.65% Class B: Accumulation Staff = 0.45%
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The above percentages being percentages of the net asset value of the Sub-fund attributable to the relevant share class (plus VAT if applicable).

INVESTMENT MANAGER'S REVIEW

The A Accumulation share class of the VT Grosvenor Adventurous Fund rose 11.11% over the year to 31 December 2021 while the IA Flexible Investment sector rose 11.53%.

Global equities rose 20.14% in sterling during the year under review, buoyed by economic growth and corporate profits growth within developed markets. Global bonds fell 3.83%, however, as investors anticipated higher interest rates as a result of persistent inflation. US inflation reached 7% in December, the largest annual rise since 1982, while eurozone and UK prices showed rises of 5% and 5.4% respectively, driven by supply chain bottlenecks, material shortages and an increase in energy prices.

The portfolio's allocation to UK equities increased over the first half of the year to benefit from low valuations. The London market has a relatively high weighting in cyclical companies that may benefit from improving domestic economic conditions. Value-biased investments such as Artemis UK Special Situations and Aberforth Smaller Companies were introduced while the growth-biased Merian UK Smaller Companies Focus investment and the underperforming Majedie UK Focus holding were sold. Near the year end, UK equities were trimmed owing to growth headwinds caused by supply chain bottlenecks, rising Covid-19 infection rates and European Union-UK disagreements over Northern Ireland.

US economic growth appeared robust so US equities were topped up through an index tracker and Vulcan Value Equity, which has a concentrated portfolio oriented towards attractively-valued long-term growth stocks. The remaining position in Morgan Stanley US Advantage, a growth-biased investment with a large allocation to technology and communication services stocks, was sold in May. Strong economic growth and higher inflation led investors to reconsider the high valuations for some technology companies held within its portfolio.

Continental Europe had lagged other parts of the developed world in rolling out Covid-19 vaccines and easing lockdown restrictions. Progress, however, was made later in the year and Janus Henderson European Smaller Companies was introduced, increasing the allocation to equities in Europe excluding the UK and diversifying the existing exposure. This investment has a focus on smaller companies that may prove sensitive to economic recovery in the eurozone. Legg Mason IF MC European Unconstrained, a concentrated portfolio of quality businesses, was also added. This invests in industry leading companies that have pricing power, leaving them well placed to withstand higher inflation.

Within the Japanese equity allocation, a new position in Lindsell Train Japanese Equity was initiated. This holding has a high allocation to consumer-facing companies that have suffered from Japan's Covid-19 restrictions. At the time of purchase, the portfolio constituents appeared attractively valued in absolute terms and relative to global peers.

Emerging market prospects appeared mixed during the year. China's shift towards "common prosperity" resulted in political interference in various sectors while overleveraged property developers struggled to service their bonds and economic growth appeared to slow, owing to Covid-related restrictions and supply constraints. Consequently, the allocation to equities in Asia excluding Japan and emerging markets was cut through the sales of Fidelity Asian Special Situations and Morgan Stanley Asia Opportunity. Investments, however, in countries whose markets were relatively insulated from events in China performed well during the year. Vietnam Enterprise Investments and Goldman Sachs India Equity were added to the portfolio. Vietnam is a low-cost producer benefitting from inward investment as companies diversify supply chains and reduce their dependence on China. Its growing middle class and political stability should sustain economic growth. India has a young population and the ease of doing business is improving thanks to reforms implemented by the prime minister, Narendra Modi.

In the property sector, BMO Commercial Property was added and TR Property was topped up. Both investment trusts were trading at a discount to net asset value despite improving prospects. Property and infrastructure investments offer some inflation protection because income streams are often linked to inflation.

In commodities, the iShares Physical Gold exchange-traded commodity was topped up; gold can perform well during periods of low real interest rates.

In the alternatives allocation, Blackrock European Absolute Alpha, a market neutral long-short equity investment, was added to increase diversification after the investment was re-assessed following the departure of a co-manager.

US and UK monetary policies are likely to tighten albeit from ultra-accommodative levels.

Persistent inflation may remain a concern in 2022 but leading indicators at the turn of the year were pointing to sustained economic growth. Equities can perform well in an environment of modest inflation but investing in companies with pricing power is key in such circumstances.

Source: Refinitiv Lipper; global equities: MSCI AC World TR, global bonds: Bloomberg Barclays Global Aggregate Bond TR.

Brompton Asset Management LLP
Investment Manager to the Fund
26 January 2022

PERFORMANCE RECORD

Financial Highlights

Class A: Accumulation Retail	Year to 31 December 2021	Year to 31 December 2020	Year to 31 December 2019
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	133.2135	119.3574	100.7058
Return before operating charges	16.6976	15.5736	20.0490
Operating charges (note 1)	(1.8983)	(1.7175)	(1.3974)
Return after operating charges *	14.7993	13.8561	18.6516
Closing net asset value per unit	148.0128	133.2135	119.3574
Retained distributions on accumulated units	1.3082	1.0559	1.1476
*after direct transactions costs of:	0.0205	0.0268	0.0331
Performance			
Return after charges	11.11%	11.61%	18.52%
Other information			
Closing net asset value	£211,033,887	£164,740,542	£135,508,539
Closing number of units	142,578,125	123,666,538	113,531,706
Operating charges (note 2)	1.35%	1.36%	1.27%
Direct transaction costs	0.01%	0.02%	0.02%
Prices			
Highest unit price	151.05	139.08	119.84
Lowest unit price	132.82	93.80	100.71

^Share class launched 06 January 2017

Class B: Accumulation Staff	Year to 31 December 2021	Year to 31 December 2020	Year to 31 December 2019
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	134.2531	120.0508	101.0892
Return before operating charges	16.7908	15.6773	20.1447
Operating charges (note 1)	(1.6311)	(1.4750)	(1.1831)
Return after operating charges *	15.1597	14.2023	18.9616
Closing net asset value per unit	149.4128	134.2531	120.0508
Retained distributions on accumulated units	1.3176	1.0628	1.1526
*after direct transactions costs of:	0.0207	0.0269	0.0221
Performance			
Return after charges	11.29%	11.83%	18.76%
Other information			
Closing net asset value	£8,341,639	£5,897,645	£4,574,161
Closing number of units	5,582,948	4,392,931	3,810,188
Operating charges (note 2)	1.15%	1.16%	1.07%
Direct transaction costs	0.01%	0.02%	0.02%
Prices			
Highest unit price	152.44	140.20	120.53
Lowest unit price	133.88	94.39	101.09

PERFORMANCE RECORD (Continued)

1. The operating charges per unit figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.

2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund plus the costs of the underlying holdings. Note the 2019 operating charges percentage excludes the underlying costs of investment trust funds which are now included following the latest IA guidance issued in 2020.

Risk Profile

Based on past data, the Sub-fund is ranked a '5' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Sub-fund is ranked 5 because funds of this type have experienced relatively high rises and falls in market prices historically. The higher the rank, the greater the potential reward but the greater the risk of losing money.

PORTFOLIO SUMMARY

As at 31 December 2021

Holding	COLLECTIVE INVESTMENT SCHEMES	Value £	% of net assets
112,867	Aberforth Smaller Companies Trust PLC	1,651,244	0.75
1,188,369	BMO Commercial Property Trust Limited	1,257,294	0.57
1,267,373	Artemis UK Special Situations	10,215,533	4.66
30,177	Baillie Gifford Japanese Smaller Companies	1,495,270	0.68
564,412	Baillie Gifford Pacific	6,039,210	2.75
2,437,963	BlackRock European Absolute Alpha	4,232,304	1.93
4,458,880	BlackRock European Dynamic FD	13,782,398	6.29
7,246,209	Fidelity Index US	26,437,069	12.06
907,949	Fundsmith Equity	6,165,700	2.81
186,043	Goldman Sachs EMs Eq Pf	4,092,949	1.87
97,748	Goldman Sachs India Equity Portfolio	2,245,274	1.02
32,645	iShares Core S&P 500 UCITS ETF USD	11,806,227	5.38
239,443	iShares Physical Gold ETC	6,305,731	2.88
189,516	iShares Gold Producers UCITS ETF USD	2,000,815	0.91
130,560	iShares Edge MSCI World Value Factor UCITS ETF	3,659,597	1.67
147,634	Janus Henderson European Smaller Companies	6,030,864	2.75
4,181,120	Legg Mason IF MC European Unconstrained	8,496,037	3.87
2,293,562	Lindsell Train Japanese Equity	5,600,879	2.55
3,212,845	Man GLG UK Absolute Value	4,417,662	2.01
8,885,834	Man GLG Undervalued Assets Professional	12,466,825	5.69
601,019	Matthews Asia Fds-Asia ex Jap Dividend	8,889,070	4.05
799,347	Chrysalis Investments Ltd	1,958,400	0.89
1,747,618	MI Chelverton UK Equity Growth	6,986,040	3.19
1,949,765	MI Chelverton UK Equity Income	2,458,607	1.12
677,424	Liontrust Special Situations Fund	3,619,681	1.65
1,435,554	Nippon Active Value Fund PLC	1,923,642	0.88
1,440,000	Picton Property Income Ltd	1,460,160	0.67
78,303	Polar Capital Global Technology	5,646,429	2.58
54,841	Schroder ISF Strategic Credit	7,323,672	3.34
309,057	T. Rowe Jap Eq	4,649,798	2.12
1,562,368	Troy Trojan	4,997,389	2.28
660,736	TR Property Investment Trust PLC	3,262,384	1.49
288,982	Vietnam Enterprise Investments Limited	2,219,382	1.01
51,927	Vulcan Value Equity	16,348,106	7.46
	Portfolio of investments (31.12.2020: 94.89%)	210,141,642	95.83
	Net other assets (31.12.2020: 5.16%)	9,233,883	4.22
	Adjustment to revalue assets from mid to bid prices (31.12.2020: (0.04%))	(102,273)	(0.05)
		219,273,252	100.00

SUMMARY OF MATERIAL PORTFOLIO CHANGES

	£
Total purchases for the year (note 14)	125,710,031
Aberforth Smaller Companies Trust PLC	1,660,541
Artemis UK Special Situations	9,626,055
Baillie Gifford Pacific	6,562,016
BlackRock European Absolute Alpha	4,220,114
BlackRock European Dynamic FD	7,642,233
Dimensional Global Targeted Value GBP	6,529,829
BMO Commercial Property Trust Limited	935,953
Fidelity Index US	14,483,569
Fundsmith Equity	5,733,537
Goldman Sachs India Equity Portfolio	1,753,601
Hermes Asia ex Japan Equity	3,632,687
iShares Edge MSCI Eu Val Factor UCITS ETF	6,450,218
iShares Edge MSCI World Value Factor UCITS ETF	3,507,202
iShares Gold Producers UCITS ETF USD	149,642
iShares Physical Gold ETC	2,072,112
Janus Henderson European Smaller Companies	6,177,022
Legg Mason IF MC European Unconstrained	8,642,376
Lindsell Train Japanese Equity GBP	6,177,022
Man GLG Japan CoreAlpha	3,510,200
Man GLG UK Absolute Value	901,048
Man GLG Undervalued Assets	954,000
Matthews Asia Fds-Asia ex Jap Dividend	1,734,130
MI Chelverton UK Equity Growth	1,686,005
MI Chelverton UK Equity Income	6,230,553
MS INVF Asia Opportunity	2,202,365
TR Property Investment Trust PLC	919,390
Troy Trojan	1,946,134
Vietnam Enterprise Investments Limited	1,760,819
Vulcan Value Equity	7,909,658
	£
Total sales for the year (note 14)	97,759,157
Baillie Gifford Emerging Markets Growth	6,033,627
Baillie Gifford Japanese Smaller Companies	1,558,802
BlackRock European Dynamic FD	6,644,762
Chrysalis Investments Ltd	521,638
Dimensional Global Targeted Value GBP	6,654,915
Fidelity Funds - Asian Special Sits	6,309,102
Fundsmith Equity	2,111,352
Goldman Sachs EMs Eq Pf	1,801,431
Hermes Asia ex Japan Equity	3,569,860
iShares Core MSCI World UCITS ETF USD	3,547,147
iShares Edge MSCI Eu Val Factor UCITS ETF	6,483,225
iShares Edge MSCI World Value Factor UCITS ETF	13,021,849
LF Majedie UK Focus	6,366,182
Man GLG Japan CoreAlpha	3,917,493
Merian UK Smaller Companies Focus	3,417,054
MI Chelverton UK Equity Income	4,205,915
MI TwentyFour Dynamic Bond	5,446,938
Morgan Stanley US Advantage	2,362,431
MS INVF Asia Opportunity	5,199,169
Polar Capital Healthcare Opportunities	2,841,895
T. Rowe Jap Eq	1,711,033
Vanguard FTSE 250 UCITS ETF	4,033,337

The above transactions represent all of the sales and purchases during the year.

STATEMENT OF TOTAL RETURN

For the year ended 31 December 2021

		2021		2020	
	Notes	£	£	£	£
Income					
Net capital gains	2		19,693,345		17,276,822
Revenue	3	1,873,854		1,688,864	
Expenses	4	(1,358,265)		(1,017,341)	
Interest payable and similar charges	6	<u>(29,840)</u>		<u>(15,326)</u>	
Net revenue before taxation		485,749		656,197	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>485,749</u>		<u>656,197</u>
Total return before distributions			20,179,094		17,933,019
Finance costs: distributions	6		<u>(1,786,100)</u>		<u>(1,299,003)</u>
Changes in net assets attributable to shareholders from investment activities			<u>18,392,994</u>		<u>16,634,016</u>

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 December 2021

	2021	2020
	£	£
Opening net assets attributable to shareholders	170,534,797	140,027,592
Amounts receivable on creation of shares	47,393,974	29,711,339
Amounts payable on cancellation of shares	(18,893,950)	(17,168,013)
Accumulation dividends retained	1,845,437	1,329,863
Changes in net assets attributable to shareholders from investment activities (see above)	<u>18,392,994</u>	<u>16,634,016</u>
Closing net assets attributable to shareholders	<u>219,273,252</u>	<u>170,534,797</u>

BALANCE SHEET

As at 31 December 2021	Notes	31.12.2021		31.12.2020	
		£	£	£	£
FIXED ASSETS					
Investment assets			210,039,369		161,730,959
Current assets					
Debtors	7	642,567		404,019	
Cash and bank balances	8	<u>9,130,702</u>		<u>8,518,835</u>	
Total current assets			<u>9,773,269</u>		<u>8,922,854</u>
Total assets			219,812,638		170,653,813
CURRENT LIABILITIES					
Creditors					
Bank overdraft	8	(397,083)		-	
Creditors	9	<u>(142,303)</u>		<u>(119,016)</u>	
Total current liabilities			<u>(539,386)</u>		<u>(119,016)</u>
Net assets attributable to shareholders			<u>219,273,252</u>		<u>170,534,797</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1 Accounting policies

(a) The financial statements have been prepared in accordance with FRS 102, the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling.

(b) Dividends on equities are recognised when the security is quoted ex-dividend. Interest on deposits is accounted for on an accruals basis. Other revenue is accounted for on a receipts basis.

(c) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-fund, and where applicable is included in the distribution. In the case of an enhanced stock dividend the value of the enhancement is treated as capital.

(d) Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.

(e) All expenses are accounted for on an accruals basis and are charged to the capital of the Sub-fund.

(f) Half-yearly distributions are allocated to all holders of shares in the fund.

(g) The listed investments of the Sub-fund have been valued at bid market prices at the closing valuation point on 31 December 2021 and unlisted collectives are valued at the closing bid price for dual priced funds and the closing single price for single priced funds.

(h) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.

Deferred tax assets are recognised only to the extent that the ACD considers that it is more likely than not there will be taxable profits from which underlying timing differences can be deducted.

(i) In certain circumstances the ACD may charge a dilution levy on the sale or repurchase of shares. The levy, which is paid into the Sub-fund, is intended to cover certain charges not included in the bid market value of the Sub-fund, used in calculating the share price, which could have a diluting effect on the performance of the Sub-fund.

(j) Equalisation will be applied to the Sub-fund. An allocation of income to be made in respect of each share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum ("income equalisation") representing the ACD's best estimate of the amount of income included in the price of that share.

(k) All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting year are translated at the exchange rates at the closing valuation point on 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Net capital gains	2021	2020
The net capital gains comprise:	£	£
Non-derivative securities gains	19,685,995	17,277,112
Gains on foreign currency	6,177	-
Transaction charges (custodian)	1,173	(290)
Total net capital gains	<u>19,693,345</u>	<u>17,276,822</u>
3 Revenue	2021	2020
	£	£
Non-taxable dividends	1,363,082	1,430,842
Property income distributions	80,497	40,680
CIS interest distributions	427,962	213,271
Bank interest	2,313	4,071
Total revenue	<u>1,873,854</u>	<u>1,688,864</u>
4 Expenses	2021	2020
	£	£
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
ACD fee	<u>1,262,342</u>	<u>937,711</u>
Payable to the depositary, associates of the depositary, and agents of either of them:		
Depositary fee	64,427	53,018
Safe custody fee	14,518	10,727
	<u>78,945</u>	<u>63,745</u>
Other expenses:		
Audit fee	7,074	7,380
FCA fee	54	77
Other expenses	9,850	8,428
	<u>16,978</u>	<u>15,885</u>
Total expenses	<u>1,358,265</u>	<u>1,017,341</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation	2021	2020
	£	£
(a) Analysis of charge in the year		
UK corporation tax	-	-
Total tax charge for the year (note 5b)	-	-
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20.00% (2020:20.00%). The differences are explained below:		
Net revenue before taxation	485,749	656,197
Corporation tax at 20.00% (2020:20.00%)	97,150	131,239
Effects of:		
Revenue not subject to UK corporation tax	(272,617)	(286,168)
Current year expenses not utilised	175,467	154,929
Total tax charge for year (note 5a)	-	-

(c) Provision for deferred taxation

At 31 December 2021 there is a potential deferred tax asset of £671,138 (31 December 2020: £495,671) in relation to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.

6 Finance costs	2021	2020
	£	£
Interim dividend distribution	1,191,026	842,924
Final dividend distribution	654,411	486,939
	1,845,437	1,329,863
Add: Revenue deducted on cancellation of shares	47,978	45,830
Deduct: Revenue received on issue of shares	(107,315)	(76,690)
Net distribution for the year	1,786,100	1,299,003
Interest payable and similar charges	29,840	15,326
Total finance costs	1,815,940	1,314,329
Reconciliation of distributions		
Net revenue after taxation	485,749	656,197
Expenses paid from capital	1,358,265	1,017,341
Relief on expenses allocated to capital	(96,186)	-
Balance brought forward	374,535	-
Balance carried forward	(336,263)	(374,535)
Net distribution for the year	1,786,100	1,299,003

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Debtors	31.12.2021	31.12.2020
	£	£
Amounts receivable on issue of shares	551,551	335,087
Accrued revenue:		
Dividends receivable	69,966	52,861
Interest distribution receivable	17,485	16,071
Property income receivable	3,565	-
Total debtors	<u>642,567</u>	<u>404,019</u>
8 Cash and bank balances	31.12.2021	31.12.2020
	£	£
Cash and bank balances	9,130,702	8,518,835
Bank overdraft	<u>(397,083)</u>	<u>-</u>
9 Creditors	31.12.2021	31.12.2020
	£	£
Amounts payable for redemption of shares	7,838	2,583
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
ACD's periodic charge	118,108	91,262
Payable to the depositary, associates of the depositary, and agents of either of them:		
Depositary's fees	6,403	5,701
Safe custody and other bank charges	<u>2,409</u>	<u>8,515</u>
	8,812	14,216
Other accrued expenses	<u>7,545</u>	<u>10,955</u>
Total creditors	<u>142,303</u>	<u>119,016</u>

10 Risk management policies

In pursuing its investment objective as stated on page 25, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Risk management policies (continued)

Market price risk

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 31 December 2021 would have increased/decreased by £21,003,937 (2020: £16,173,096).

Foreign currency risk

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The Sub-fund's investment portfolio is partly invested in collective investment schemes that are registered overseas and also collective investment schemes that invest in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The ACD may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to Sterling on or near the date of receipt.

Net currency assets and liabilities consist of:

	Net monetary assets and liabilities		Non-monetary assets		Total net assets	
	£		£		£	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Sterling	9,233,883	8,803,838	210,039,369	161,730,959	219,273,252	170,534,797
Total	9,233,883	8,803,838	210,039,369	161,730,959	219,273,252	170,534,797

Interest rate risk

Interest rate risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in interest rates. These include cash and bank balances and inherent risk on the collectives that distributes interest.

Maturity of financial liabilities

The financial liabilities of the Sub-fund as at 31 December 2021 are payable either within one year or on demand.

Liquidity risk

The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

Credit risk

Certain transactions in securities that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the ACD as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in broker's financial ratings are reviewed.

Credit risk also arises on cash held within financial institutions. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related. Indirect credit risk arises from holdings in collectives that invest in debt securities as any default or perceived risk of default will affect the valuation of such holdings..

10 Risk management policies (continued)

Fair value disclosure

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

- Level 1: Unadjusted quoted price in an active market for an identical instrument;
- Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;
- Level 3: Valuation techniques using unobservable inputs.

Valuation Technique	Assets (£000's)	Liabilities (£000's)
Level 1: Unadjusted quoted price in an active market for an identical instrument	210,039	-
Total	210,039	-

11 Shares held

Class A: Accumulation Retail

Opening shares at 01.01.2021	123,666,538
Shares issued during the year	31,965,015
Shares cancelled during the year	(13,053,428)
Shares converted during the year	-
Closing shares at 31.12.2021	142,578,125

Class B: Accumulation Staff

Opening shares at 01.01.2021	4,392,931
Shares issued during the year	1,524,025
Shares cancelled during the year	(334,008)
Shares converted during the year	-
Closing shares at 31.12.2021	5,582,948

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Contingent assets and liabilities

At 31 December 2021, the Sub-fund had no contingent liabilities or commitments (31 December 2020: £nil).

13 Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 31 December 2021. Since that date, the Sub-fund's quoted price has moved as follows for each share class:

Share class	Price at 31 December 2021 (GBP)	Price at 17 March 2022 (GBP)
Class A: Accumulation Retail	148.0128	135.0919
Class B: Accumulation Staff	149.4128	136.4266

14 Direct transaction costs

	2021		2020	
	£	%	£	%
Analysis of total purchase costs				
Purchases in the year before transaction costs	125,691,300		95,292,632	
Commission	<u>18,731</u>	0.01%	<u>20,382</u>	0.02%
Total purchase costs	<u>18,731</u>	0.01%	<u>20,382</u>	0.02%
Total purchases including transaction costs	<u>125,710,031</u>		<u>95,313,014</u>	
Analysis of total sale costs				
Sales in the year before transaction costs	97,769,125		85,774,061	
Commission	<u>(9,968)</u>	(0.01%)	<u>(11,259)</u>	(0.01%)
Total sale costs	<u>(9,968)</u>	(0.01%)	<u>(11,259)</u>	(0.01%)
Total sales net of transaction costs	<u>97,759,157</u>		<u>85,762,802</u>	

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-fund's average net asset value in the year:

	2021	% of average	2020	% of average
	£	net asset value	£	net asset value
Commission	<u>28,699</u>	0.01%	<u>31,641</u>	0.02%
	<u>28,699</u>	0.01%	<u>31,641</u>	0.02%

15 Portfolio Dealing Spread

The average portfolio dealing spread at 30 December 2021 is 0.10% (2020: 0.08%)

DISTRIBUTION TABLES

Final distribution in pence per share

Group 1: Shares purchased prior to 01 July 2021

Group 2 : Shares purchased on or after 01 July 2021 and on or before 31 December 2021

01 July 2021 to 31 December 2021

Class A: Accumulation Retail	Net Revenue 28.02.2022	Equalisation	Distribution 28.02.2022	Distribution 26.02.2021
Group 1	0.4415p	-	0.4415p	0.3802p
Group 2	0.1882p	0.2533p	0.4415p	0.3802p

Class B: Accumulation Staff	Net Revenue 28.02.2022	Equalisation	Distribution 28.02.2022	Distribution 26.02.2021
Group 1	0.4457p	-	0.4457p	0.3829p
Group 2	0.1610p	0.2847p	0.4457p	0.3829p

Interim distribution in pence per share

Group 1: Shares purchased prior to 01 January 2021

Group 2 : Shares purchased on or after 01 January 2021 and on or before 30 June 2021

01 January 2021 to 30 June 2021

Class A: Accumulation Retail	Net revenue 31.08.2021	Equalisation	Distribution 31.08.2021	Distribution 28.08.2020
Group 1	0.8667p	-	0.8667p	0.6757p
Group 2	0.4854p	0.3813p	0.8667p	0.6757p

Class B: Accumulation Staff	Net revenue 31.08.2021	Equalisation	Distribution 31.08.2021	Distribution 28.08.2020
Group 1	0.8719p	-	0.8719p	0.6799p
Group 2	0.4290p	0.4429p	0.8719p	0.6799p

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Information for corporate shareholders

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 72.74% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 27.26% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

INFORMATION FOR INVESTORS

Distribution

Distributions of the revenue of the Company if applicable will be made to shareholders on or before the last day of February each year and interim allocations of revenue on or before 31 August.

Individual shareholders

Income tax: Tax-free annual dividend allowance now standing at £2,000 (2021/22). UK resident shareholders are subject to new, higher rates of tax on dividend income in excess of the annual allowance. The actual rate depends on the individual's tax rate band.

Capital gains tax: Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. However, the first £12,300 (2021/22) of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

Corporate shareholders

Companies resident for tax purposes in the UK, which hold shares should note that OEIC distributions are streamed into both franked and unfranked income. The unfranked income element will be treated as an annual payment which has been subject to income tax at prevailing rates and will be liable to tax accordingly. On realisation of their shares, UK resident companies may be liable to pay corporation tax on any capital gains.

The above information on taxation is only a general summary, and shareholders should consult their own tax advisors in relation to their own circumstances. Shareholders should also note that the position as outlined may change to reflect future changes in tax legislation.

Issue and redemption of shares

Valu-Trac Investment Management Limited is the ACD and Registrar. Valu-Trac Investment Management Limited will receive requests for the purchase or sale of shares at any time during normal business hours between 8.30am and 5.30pm. Instructions may be given by email (grosvenor@valu-trac.com) or by sending an application form to the Registrar. Application forms are available from the Registrar.

The price of shares will be determined by reference to a valuation of the Company's net assets at 12 noon (London Time) on each dealing day.

The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

A contract note giving details of the shares purchased and the price used will be issued by the Registrar by the end of the business day following the valuation point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel. Settlement is due four business days after the trade date shown on the contract note and should be made to the ACD's dealing account.

Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. Certificates will not be issued. Statements in respect of periodic distributions of revenue will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a shareholder's shares will also be issued at any time on request by the registered holder.

Where shares are redeemed, payment will be made not later than the close of business on the fourth business day following the next valuation point after receipt by the ACD of a request for redemption. The minimum value of shares that a shareholder may hold is £1,000. The ACD may waive the minimum levels at its discretion.

The most recent issue and redemption prices are available from the ACD.

Remuneration

Information about the authorised fund manager (AFM) remuneration policies and disclosures is available from Valu-Trac Investment Management Limited on its website which can be found on the link below.

<https://www.valu-trac.com/VIML%20Remuneration%20Policy%20Statement.pdf>

The AFM does not employ any staff directly from the Company, so there are no quantitative disclosures in this report.

CORPORATE DIRECTORY

Authorised Corporate Manager & Registrar	Valu-Trac Investment Management Limited Orton Fochabers Moray IV32 7QE Telephone: 01343 880344 Fax: 01343 880267 Email: grosvenor@valu-trac.com Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
Director	Valu-Trac Investment Management Limited as ACD
Investment Manager	Brompton Asset Management LLP 1 Knightsbridge Green London SW1X 7QA Authorised and regulated by the Financial Conduct Authority
Depositary	NatWest Trustee and Depositary Services Limited House A Floor 0, 175 Glasgow Road Gogarburn Edinburgh EH12 1HQ Authorised and regulated by the Financial Conduct Authority
Auditor	Johnston Carmichael LLP Chartered Accountants Commerce House Elgin IV30 1JE

Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Grosvenor Cautious Fund on the outcome of the AFM’s assessment of the value provided to shareholders

For the year ended 31 December 2021

This assessment is to establish what VT Grosvenor Cautious Fund (the fund) has delivered to you in return for the price you have had to pay.

Our assessment has been conducted against the seven factors outlined by the FCA and the fund has been rated via a ‘traffic light’ system, where green (G) indicates good value: amber (A) room for improvement, and red (R) poor value. The dashboard below shows an overall summary of the assessment.

	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
VT Grosvenor Cautious Fund	● G	● G	● G	● G	● G	● G	● G	● G
Class A: Accumulation Retail	● G	● G	● G	● G	● G	● G	● G	● G
Class B: Accumulation Staff	● G	● G	● G	● G	● G	● G	● G	● G

The AFM is the Authorised Corporate Director of the fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is Brompton Asset Management LLP. The sponsor of the fund is Grosvenor Consultancy Asset Management Limited.

The fund was launched on 6 January 2017 with the Class A: Accumulation Retail and Class B: Accumulation Staff share classes. The B class shares are only available to staff of the sponsor.

The fund aims to generate growth in capital and income over the longer term. The fund has an annualised target volatility of 5.1%. The fund’s primary objective is to control volatility and this could therefore be at the expense of performance. There can be no guarantee that the fund will achieve its objective of managing volatility. Capital is in fact at risk, and there is no guarantee that the investment objective will be achieved.

In order to meet its objective, the fund will be actively managed by investing primarily in collective investment schemes that will have substantial exposure to fixed income and other conservative investments (including, but not limited to, convertible bonds, UCITS Long Short funds, market neutral funds, structured products and both UK and international corporate bond funds). The fund’s exposure to UK and global equities will be limited to shares or funds in companies paying higher than average dividends and will not exceed 35% of the Net Asset Value of the fund. The fund may also invest directly in other transferable securities, money market instruments, cash and near cash. The composition of the portfolio will reflect the Investment Manager’s view of the potential future return of different asset classes and specific investments.

	At and for the period ended				
	31 Dec 2021 ¹	31 Dec 2020 ¹	31 Dec 2019 ¹	31 Dec 2018 ¹	31 Dec 2017 ¹
Value of fund (per Performance Record)					
Class A: Accumulation Retail ²	£172.8m	£134.4m	£116.4m	£95.0m	£66.0m
Class B: Accumulation Staff ²	£3.8m	£2.4m	£1.6m	£1.3m	£0.9m
Shares outstanding					
Class A: Accumulation Retail ²	146.1m	120.7m	106.9m	94.8m	63.6m
Class B: Accumulation Staff ²	3.2m	2.2m	1.5m	1.3m	0.8m

NAV per share

Class A: Accumulation Retail ²	118.23p	111.43p	108.92p	100.19p	103.78p
Class B: Accumulation Staff ²	119.83p	112.72p	109.95p	100.93p	104.34p

Dividend per share

Class A: Accumulation Retail ²	2.10p	1.88p	1.60p	2.17p	1.77p
Class B: Accumulation Staff ²	2.13p	1.90p	1.61p	2.18p	1.76p

Net gains/(losses) before expenses

Capital gains/(losses)	£7,603k	£1,850k	£7,669k	(£4,347k)	£1,034k
Total net gains/(losses)	£10,668k	£4,240k	£9,605k	(£2,651k)	£1,729k

1 Source of all data is Valu-Trac Administration Services unless otherwise stated.

2 Both share classes launched on 6 January 2017

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 has worked closely with Brompton 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.

The AFM has also assessed the costing of each of these services to comparable providers and has concluded that the fund is receiving good value for the services provided by each party (detailed analysis on how we have arrived at this conclusion can be provided on request).

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 generate growth in capital and income over the longer term with the fund's primary objective to control volatility to an annualised target volatility of 5.1%. The fund has a

specific benchmark, IA Mixed Investment 0-35% and the performance of the fund can be assessed by considering how the fund has performed against the benchmark.

Volatility is an expression of spread of monthly returns experienced and to show volatility, the table below compares the fund's annual volatility to its target and the IA Mixed Investment 0-35% Shares benchmark.

	2021 Volatility	Annualised Volatility (since inception)
VT Grosvenor Cautious Fund	2.59%	3.68%
Objective Target	5.10%	5.10%
IA Mixed Investment 0-35 Shares	2.55%	4.91%

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 which vary depending on the class of shares, this is discussed more in the Classes of Units section below.

	2021 Performance	2021 Benchmark Performance	5-year Performance	5-year Benchmark Performance
Class A: Accumulation Retail	6.10%	3.32%	18.23%	18.62%
Class B: Accumulation Staff	6.30%	3.32%	19.83%	18.62%

The AFM has also assessed the risk taken to achieve the above performance and is satisfied no excessive risk was taken to achieve performance (detailed analysis on how we have arrived at this conclusion can be provided on request).

3. AFM costs - general

The costs charged during the year ended 31 December 2021 were as follows:

	£	% of average fund value
Authorised Corporate Director fee	26,663	0.02%
Investment Manager fee	939,923	0.60%
Sponsorship fee	50,487	0.03%
Depositary fee	52,904	0.03%
Audit fee	7,074	0.00%
FCA fee	52	0.00%
Transaction fee	53	0.00%
Safe custody	15,618	0.01%
Other expenses	9,149	0.01%
Total costs	1,101,923	0.70%

Income for the year (capital and revenue) less costs was £9,335,030 after tax of £187,688.

The prospectus does allow for a dilution levy charge. 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 fund is in continual decline; on a 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 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. There were no dilution levies charged in the period under review.

The AFM has considered the costs charged to the fund by comparing the operating charges of the share classes to the average OCF of the largest 10 funds in the IA Mixed 0-35% sector, retail classes where available. This is shown below.

	Operating charges (including cost of underlying funds)
Class A: Accumulation Retail	1.29%
Class B: Accumulation Staff	1.09%
IA Mixed 0-35% (average of 10 largest funds)	1.24%

Source - Morningstar

The AFM has concluded the costs, and in particular the Investment Manager's fee is appropriate and justified for the fund. It should be noted that a significant portion of the operating charges is the costs of underlying funds it holds at 0.58%. Excluding this the operating charges would be 0.71% for the Class A share class and 0.51% for the Class B share class. Section 7 discusses the difference in the annual management fee charged to the two share classes.

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 depositary fees charged being on a sliding scale so reduce in cost as the fund exceeds certain thresholds. 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 selected funds that are classified in the IA Mixed 0-35% Sector along with similar style funds that the AFM administer. The AFM believes that the shareholders of the fund are achieving efficient market rates as a whole and are not excessive as discussed in section 3. 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

As detailed below there are 2 share classes (accumulation for the Class A and Class B shares). Each class of shares has its own rates for charges as detailed in the table below.

	At and for the period ended				
	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Operating charges					
Class A: Accumulation Retail	1.29%	1.36%	1.19%	1.24%	1.44%
Class B: Accumulation Staff	1.09%	1.16%	0.99%	1.04%	1.24%

The Annual Management Charge which pays the Investment Manager fee, the Sponsorship fee and the ACD fee is as follows: A Class 0.65%, B Class 0.45%.

The Class B shares are only available to employees (as at the time of initial investment) of Grosvenor Consultancy Asset Management Limited (as a previous sponsor of the Fund) or otherwise at the ACD's discretion.

CONCLUSION

As mentioned in the introduction, we have rated the fund based on a 'traffic light assessment system. This is shown in the table below, where green (G) indicates good value; amber (A) indicates room for improvement, and red (R) indicates poor value.

	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
VT Grosvenor Cautious Fund	● G	● G	● G	● G	● G	● G	● G	● G
Class A: Accumulation Retail	● G	● G	● G	● G	● G	● G	● G	● G
Class B: Accumulation Staff	● G	● G	● G	● G	● G	● G	● G	● G

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 the shareholders of VT Grosvenor Cautious Fund are receiving good value.

17 March 2022

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

For the year ended 31 December 2021

This assessment is to establish what VT Grosvenor Adventurous Fund (the fund) has delivered to you in return for the price you have had to pay.

Our assessment has been conducted against the seven factors outlined by the FCA and the fund has been rated via a 'traffic light' system, where green (G) indicates good value: amber (A) room for improvement, and red (R) poor value. The dashboard below shows an overall summary of the assessment.

	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
VT Grosvenor Adventurous Fund	● G	● G	● G	● G	● G	● G	● G	● G
Class A: Accumulation Retail	● G	● G	● G	● G	● G	● G	● G	● G
Class B: Accumulation Staff	● G	● G	● G	● G	● G	● G	● G	● G

The AFM is the Authorised Corporate Director of the fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is Brompton Asset Management LLP. The sponsor of the fund is Grosvenor Consultancy Asset Management Limited.

The fund was launched on 6 January 2017 with the Class A: Accumulation Retail and Class B: Accumulation Staff share classes. The B class shares are only available to staff of the sponsor.

The fund aims to generate capital growth principally from equity markets. The fund has an annualised target volatility of 12.5%. The fund's primary objective is to control volatility and this could therefore be at the expense of performance. There can be no guarantee that the fund will achieve its objective of managing volatility. Capital is in fact at risk, and there is no guarantee that the investment objective will be achieved.

In order to meet its objective, the fund will be actively managed and significantly exposed to UK and international equity investments by primarily investing in collective investment schemes, and may also invest directly in other transferable securities, money market instruments, cash and near cash. The fund will also invest in high yield bonds and alternatives, exposure to such assets will not exceed 35% of the Net Asset Value of the fund. The composition of the portfolio will reflect the Investment Manager's view of the potential future return of different asset classes and specific investments.

	At and for the period ended				
	31 Dec 2021¹	31 Dec 2020¹	31 Dec 2019¹	31 Dec 2018¹	31 Dec 2017¹
Value of fund (per Performance Record)					
Class A: Accumulation Retail ²	£211.0m	£164.7m	£135.5m	£97.7m	£74.1m
Class B: Accumulation Staff ²	£8.3m	£5.9m	£4.6m	£3.6m	£2.2m
Shares outstanding					
Class A: Accumulation Retail ²	142.6m	123.7m	113.5m	97.0m	67.5m
Class B: Accumulation Staff ²	5.6m	4.4m	3.8m	3.6m	2.0m

NAV per share

Class A: Accumulation Retail ²	148.01p	133.21p	119.36p	100.71p	109.73p
Class B: Accumulation Staff ²	149.41p	134.25p	120.05p	101.09p	109.93p

Dividend per share

Class A: Accumulation Retail ²	1.31p	1.06p	1.15p	1.12p	1.25p
Class B: Accumulation Staff ²	1.32p	1.06p	1.15p	1.12p	1.25p

Net gains/(losses) before expenses

Capital gains/(losses)	£19,692k	£17,277k	£19,472k	(£9,144k)	£4,210k
Total net gains/(losses)	£21,566k	£18,966k	£20,680k	(£8,288k)	£4,758k

1 Source of all data is Valu-Trac Administration Services unless otherwise stated.

2 Both share classes launched on 6 January 2017

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 has worked closely with Brompton 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.

The AFM has also assessed the costing of each of these services to comparable providers and has concluded that the fund is receiving good value for the services provided by each party (detailed analysis on how we have arrived at this conclusion can be provided on request).

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 generate capital growth with the fund's primary objective to control volatility to an annualised target volatility of 12.5%. The fund has a specific benchmark, IA Flexible and the performance of the fund can be assessed by considering how the fund has performed against the benchmark.

Volatility is an expression of spread of monthly returns experienced and to show volatility being controlled, the table below compares the fund annual volatility to its target and the IA Flexible Investment benchmark.

	2021 Volatility	Annualised Volatility (since inception)
VT Grosvenor Adventurous Fund	6.90%	8.81%
Objective Target	12.50%	12.50%
IA Flexible Investment benchmark	4.09%	8.94%

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 which vary depending on the class of shares, this is discussed more in the Classes of Units section below.

	2021 Performance	2021 Benchmark Performance	5-year Performance	5-year Benchmark Performance
Class A: Accumulation Retail	11.11%	11.53%	48.01%	41.32%
Class B: Accumulation Staff	11.29%	11.53%	49.41%	41.32%

The AFM has also assessed the risk taken to achieve the above performance and is satisfied no excessive risk was taken to achieve performance (detailed analysis on how we have arrived at this conclusion can be provided on request).

3. AFM costs - general

The costs charged during the year ended 31 December 2021 were as follows:

	£	% of average fund value
Authorised Corporate Director fee	26,663	0.01%
Investment Manager fee	1,166,002	0.59%
Sponsorship fee	69,677	0.04%
Depositary fee	64,427	0.03%
Audit fee	7,074	0.00%
FCA fee	54	0.00%
Transaction fee	(1,173)	(0.00%)
Safe custody	14,518	0.01%
Other expenses	9,850	0.01%
Total costs	1,357,092	0.69%

Income for the year (capital and revenue) less costs was £20,179,094; there was no taxation.

The prospectus does allow for a dilution levy charge. 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 fund is in continual decline; on a 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 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. There were no dilution levies charged in the period under review.

The AFM has considered the costs charged to the fund by comparing the operating charges of the share classes to the average OCF of the largest 10 funds in the IA Flexible sector, retail classes where available. This is shown below.

	Operating charges (including cost of underlying funds)
Class A: Accumulation Retail	1.35%
Class B: Accumulation Staff	1.15%
IA Flexible (average of 10 largest funds)	1.23%

Source - Morningstar

While the costs are slightly above average compared to similar funds, the AFM has come to the conclusion that the costs (and in particular the cost of investment management) are reasonable given the experience, research process and knowledge of the Investment Manager and taking into account the fund performance that has been achieved over the years. It should be noted that a significant portion of the operating charges is the costs of underlying funds it holds at 0.65%. Excluding this the operating charges would be 0.70% for the Class A share class and 0.50% for the Class B share class. Section 7 discusses the difference in the annual management fee charged to the two share classes.

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 depositary fees charged being on a sliding scale so reduce in cost as the fund exceeds certain thresholds. 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 selected funds that are classified in the IA Flexible sector along with similar style funds that the AFM administer. The AFM believes that the shareholders of the fund are achieving efficient market rates as a whole and are not excessive as discussed in section 3. 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

As detailed below there are 2 share classes (accumulation for the Class A and Class B shares). Each class of shares has its own rates for charges as detailed in the table below.

	At and for the period ended				
	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Operating charges					
Class A: Accumulation Retail	1.35%	1.36%	1.27%	1.44%	1.47%
Class B: Accumulation Staff	1.15%	1.16%	1.07%	1.24%	1.27%

The Annual Management Charge which pays the Investment Manager fee, the Sponsorship fee and the ACD fee is as follows: A Class 0.65%, B Class 0.45%.

The Class B shares are only available to employees (as at the time of initial investment) of Grosvenor Consultancy Asset Management Limited (as a previous sponsor of the Fund) or otherwise at the ACD's discretion.

CONCLUSION

As mentioned in the introduction, we have rated the fund based on a 'traffic light assessment system. This is shown in the table below, where green (G) indicates good value; amber (A) indicates room for improvement, and red (R) indicates poor value.

	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
VT Grosvenor Adventurous Fund	● G	● G	● G	● G	● G	● G	● G	● G
Class A: Accumulation Retail	● G	● G	● G	● G	● G	● G	● G	● G
Class B: Accumulation Staff	● G	● G	● G	● G	● G	● G	● G	● G

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; while the performance of the fund is behind the benchmark in the period under review, it has outperformed the benchmark during the objective period providing total returns while achieving its target volatility. Therefore, it is considered that the shareholders of VT Grosvenor Adventurous Fund are receiving good value.

17 March 2022