

Assessment of Value

Statement by the Authorised Fund Manager for the year to 31st May 2021 to the shareholders of

VT Dominion Holdings Investment Company with Variable Capital

The purpose of this document is to assess the value that VT Dominion Holdings ICVC ('the Company') and its service providers have delivered to its shareholders in relation to the charges that they have incurred. This assessment of value is measured in relation to the Company's investment objective and philosophy. Valu-Trac Investment Management Limited (Valu-Trac) is the Authorised Fund Manager ('AFM') and Authorised Corporate Director ('ACD') of the Company. Inpersca Limited is its Investment Adviser.

The Company was established on the 14th July 2017 as a vehicle for business ownership and is only intended for like-minded shareholders who recognise the risks and benefits of its investment objective and approach. Its investment objective is to preserve and grow the purchasing power of shareholders' capital (i.e. for the returns of the Company to increase in excess of the UK's CPI) over the long term. To achieve this objective, it endeavours to participate patiently in the ownership of a limited number of carefully selected businesses.

Financial year ending 31 st May	2021	2020	2019	2018 ¹
Assets attributable to shareholders (£)	24,037,194	20,488,820	21,786,345	18,597,973
Shares outstanding				
Income	237,089	220,760	200,000	200,000
Accumulation	18,825,791	18,805,951	18,920,013	17,441,867
Net asset value per share				
Income	121.5p	103.9p	110.4p	102.8p
Accumulation	126.7p	107.9p	114.0p	105.6p
Dividend per share				
Income	0.44p	0.65p	0.67p	0.48p
Accumulation	0.45p	0.66p	0.70p	0.59p

¹ Period from 14 July 2017

In carrying out the assessment of value the following criteria were considered:

❖ *Quality of Service*

The AFM reviews the range and quality of services provided by both itself and other service providers to the Company's shareholders.

The AFM does not delegate the core functions of the Company, such as administration, accounting and transfer agency, to third parties. This means it directly employs and supervises the individuals who carry out this work, ensuring they are appropriately qualified and experienced. Through this supervision any shareholder requests and queries are dealt with effectively. Any complaints would form part of its review. The timely publication of the Company's interim and annual reports is also reviewed and reporting to shareholders is done directly.

The quality of service offered by the Investment Adviser is monitored on an ongoing basis. The AFM notes that Investment Adviser is dedicated solely to advising the Company and so has no competing demands on its resources in delivering this service. Neither the AFM or Investment Adviser solicits for subscriptions from prospective shareholders. Like-minded shareholders who subscribe to the Company's investment philosophy, perspective of risk, return expectations and time horizon of the Company are welcome to make a subscription for shares. In an effort to develop a shareholder base that has a patient business owner mentality and a low time preference, the Investment Adviser meets all prospective shareholders prior to their subscribing for shares. Thereafter, its interactions and correspondence with shareholders is focused on building enduring two-way relationships. All shareholders are treated equitably.

The quality of third-party services, including the depositary, custodial bank and auditor of the Company, are also constantly monitored by the AFM. These services are essential in ensuring the Company is operated efficiently. As an example of the effects of this monitoring, in the period since the Company's inception a new custodial bank has been appointed in an effort to improve service quality and lower fees.

The AFM considers that a good level of service commensurate with the amounts paid for those services has been delivered to the Company's shareholders by all parties involved. However, it also recognises that existing shareholders are likely to be well placed to assess the quality of the service provided by the Company. An indication of their perception as to the quality of service they receive is their willingness to remain shareholders. The total number of shares redeemed each year relative to the total number of shares outstanding at the beginning of each year is given below.

Financial year ending 31st May	2021	2020	2019	2018¹
Total shares redeemed as a percentage of total shares outstanding at beginning of the year	0.7%	1.8%	1.1%	Nil

Note 1: Period from 14th July 2017

❖ *Investment Returns*

The Company's investment returns, after deducting all payments, over a reasonable period of time are assessed in relation to its investment objective by the AFM.

As at 31st May 2021 the net asset value per accumulation shares had risen by 26.7% since inception. The Company's investment objective is to preserve and grow the real purchasing power of shareholders' capital over the long term. It seeks to do so by adhering to an investment philosophy of participating patiently as an owner in a small number of carefully selected businesses. A reasonable measure of its performance is considered to be progress against the UK's consumer price index over at least a rolling five-year period. The Company was established in July 2017 and has not yet been in existence for five years. However, the AFM continues to closely monitor investment returns and is satisfied that they are progressing towards meeting this objective.

The AFM also assessed the risks taken in achieving the above returns, and is satisfied that no excessive risk was taken (a detailed analysis on how this conclusion was determined can be provided on request).

❖ *Costs and charges*

The AFM assesses whether the costs and charges incurred by the Company are reasonable.

The Company has accumulation and income shares in a single share class. Consequently, all shareholders are treated equitably and incur the same charges. None are subject to preliminary or performance fees. Shareholders who elect to redeem within three years of subscription are subject to a 3% redemption fee. This fee is payable to the Company to compensate existing shareholders. It is not paid to either the AFM or Investment Adviser.

Total annual ongoing charges incurred by the Company are currently capped at 1% p.a. Any ongoing charges incurred in excess of this limit are reimbursed to the Company by the Investment Adviser. As the Authorised Corporate Director fee, which includes the fees accruing to the Investment Adviser, are currently charged at 1% p.a., all other ongoing costs are in effect reimbursed by the Investment Adviser. Through this arrangement the AFM and Investment Adviser are both motivated to closely review and monitor every cost component of the ongoing charges figure.

The ACD's policy is that it may require a dilution levy on the subscription or redemption of the Company's shares if, in its opinion, the interests of other shareholders might otherwise be adversely affected. This cost is incurred by the individual shareholder where applicable.

The Company's investment philosophy limits transaction costs. These are an important, and often overlooked, expense that can impair long-term investment returns.

The total charges incurred by shareholders in the year to 31st May 2021 are detailed below:

	£	Annualised % of average asset value
Authorised Corporate Director fees	£221,906	1.00%
Depository and safekeeping fees	£21,397	0.10%
Audit fee	£5,818	0.03%
Financial Conduct Authority	£60	0.00%
Ongoing charges	£249,181	1.13%
Ongoing charges reimbursed by investment adviser	(£27,275)	(0.13%)
Net ongoing charges	£221,906	1.00%
Total transaction costs	£813	0.00%
Total costs of ownership	£222,719	1.00%

The AFM believes all shareholders are treated equally and that the overall cost of ownership is reasonable for the service provided, especially when considered in relation to the size of the Company.

❖ *Economies of scale*

Economies of scale occur when the size of the Company's assets enable it to secure lower fees from service providers. The AFM monitors and assesses whether cost savings have been achieved and, if so, whether they have been passed on to the Company's shareholders.

All charges are monitored and assessed on an ongoing basis. Fees are renegotiated with service providers where appropriate. Through the cap on ongoing charges of 1% p.a. all fees in excess of this are reimbursed by the Investment Adviser. The Investment Adviser is committed to sharing the benefits of scale with the Company's shareholders via a systematic reduction of the cap on ongoing charges. In the first instance, it has committed to capping the Company's ongoing charges figure to 0.75% p.a. on incremental net assets in excess of £50m.

In the assessment of the AFM the fees incurred by the Company are competitive, fair and reasonable and that economies of scale will accrue to all its shareholders at certain thresholds of assets.

❖ *Comparable market rates*

The AFM assesses the Company's charges in relation to comparable vehicles.

Both the AFM and Investment Adviser strongly believe that the costs incurred by the Company should be fair, reasonable and transparent. The Company is a unique and carefully curated collection of ownership participations. These ownership interests are purposefully selected as a means to achieving the Company's investment objective. This together with its small size does not lend itself to making direct comparisons of its charges in relation to other investment vehicles. Additionally, costs should not be considered in isolation.

The AFM assesses that the shareholders of the Company are being charged fees at fair market rates, as discussed in the 'Costs and charges' section above. In making this assessment it considered, as a reasonable comparator, the average ongoing charges figures incurred by retail share classes in the 10 largest pooled investment vehicles in the Investment Association's Global Sector.

VT Dominion Holdings ICVC
IA Global Sector (average of 10 largest)

Operating charges

1.00%

1.21%

Source – Morningstar

❖ *Comparable services*

The AFM assesses whether the Company's services and their costs are comparable to those of the other investment vehicles it delivers services to.

The AFM offers investment management and administration services to a wide range of investment vehicles. The services provided to, and the costs incurred by, the Company are comparable with these. As the Company has a single class of share, all shareholders receive the same services for the same cost.

Having considered the fees and services of the Company in relation to those of other investment vehicles the AFM provides comparable services to, it is satisfied that they are appropriate.

❖ *Classes of units*

The AFM assesses whether shareholders are invested in the share class that is appropriate for them.

As the Company only has accumulation and income shares in a single class of share, all shareholders are subject to the same fees and operating costs and receive the same level of service. Consequently, it is the AMF's assessment that all shareholders are treated equally in all respects.

Conclusion

Having considered the justification for the charges incurred by the Company in relation to the value delivered to its shareholders, the AFM is of the opinion that all the shareholders of the Company are treated equitably and have received good value.

30 July 2021