

VT Dominium Holdings
Investment Company with Variable Capital

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st MAY 2018

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SHAREHOLDER INFORMATION

Size of the Company:	£18,597,973
Shares Outstanding:	
Accumulation:	17,441,867
Income:	200,000
Net Asset Value per Share:	
Accumulation:	105.6p
Income:	102.8p
Ongoing Charges Figure (<i>annualised</i>):	1% (<i>Capped at 1% p.a., reduced to 0.75% p.a. on incremental net assets above £50m</i>)
Redemption Charge:	3% for redemptions within 3 years (<i>payable to VT Dominion Holdings ICVC</i>)
Portfolio Turnover (<i>annualised</i>):	0%
Minimum Initial Investment:	£250,000
Minimum Subsequent Investment:	£20,000
Year end:	31 st May
Ex-Dividend Date:	31 st May
Dividend Distribution Date:	31 st July
Dividend per Share:	
Accumulation:	0.5868p
Income:	0.4757p
<i>Authorised Corporate Director (ACD), Alternative Investment Fund Manager (AIFM) and Registrar</i>	Valu-Trac Investment Management Limited Orton, Moray IV32 7QE Telephone: 01343 880217 Email: dominium@valu-trac.com Authorised and regulated by the Financial Conduct Authority
<i>Investment Adviser</i>	Inpersca Limited 28 Walker Street Edinburgh EH3 7HR Appointed Representative of Valu-Trac Investment Management Limited
<i>Depository</i>	National Westminster Bank Plc Drummond House, 2 nd Floor, 1 Redheughs Avenue Edinburgh EH12 9RH Authorised and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
<i>Auditor</i>	Johnston Carmichael LLP, CA Commerce House, South Street Elgin IV30 1JE

ABOUT VT DOMINIUM HOLDINGS ICVC

VT Dominion Holdings ICVC ('the Company') is an Open-Ended Investment Company that is regulated and authorised by the United Kingdom's Financial Conduct Authority (FCA) as a non-UCITS retail scheme. It began operations on 14th July 2017 as a vehicle for business ownership and is intended for like-minded shareholders who recognise the risks and benefits of its investment objective and approach. It does not directly own immovable assets, commodities, derivatives or collective investment schemes, and does not 'short' shares or borrow to invest.

Investment Objective

The Company's investment objective is to preserve and grow the purchasing power of shareholders' capital (i.e. for its returns to increase in excess of CPI) over the long-term.

Investment Approach

In our opinion, business ownership offers the best means to protect and grow capital in real terms over time. It provides us with a claim on the true sources of wealth creation. Participating patiently in the ownership of a limited number of carefully selected businesses, each providing products and services that satisfy society's needs, is the core of the Company's investment approach. It has no defined time horizon for each but hopes to own them for decades. *Simply put, its goal is to buy well and hold on.*

It will seek to partner with competent and honest entrepreneurs or business owners who share with us a community of interest. These individuals will have the privilege and burden of overseeing the distribution or reinvestment of company cash flows, a key determinant of the rate at which our capital will compound over time.

In order that this wealth creation accrues to us as owners, and is not competed away, each of our businesses should have barriers to entry that are scarce and difficult to replicate. They should also operate with capital structures and business models resilient enough to endure life's inevitable vicissitudes.

We believe neither 'risk' nor 'value' is a number that can be found on a spreadsheet.

Given the sanctity of capital we see 'risk' as the likelihood of permanent capital loss. The careful selection of each business the Company owns is its best protection against this outcome – even then we will make errors of judgement. As long-term business owners we do not view asset price volatility, or illiquidity, as risk. You should know in advance that it will not avoid large drops in the share prices of the companies it owns. By understanding its businesses and management partners we hope to have the resilience to survive these falls and the courage to take advantage of them.

We 'value' scarcity, resilience, adaptability, ingenuity, probity and competence. The Company will look to own as much of this as possible for every portion of a business it acquires. Price volatility may provide it with the opportunity to acquire a greater portion of this value relative to the price we are being asked to pay - a welcome outcome.

Cash represents the residual of the investment process. Suitable investment opportunities do not arise each and every day, or just because we might want them to. When suitable investment candidates are not available cash will be allowed to accumulate, to a maximum of 15% of net asset value. We have no ability to time markets and so will not attempt to do so.

We do not believe making comparisons of investment performance with other assets over short periods of time is helpful. Furthermore, the Company's portfolio is selected without consideration for benchmark weightings and as such performance may deviate substantially from other investment vehicles. A realistic measure of long-term performance would be progress against the Consumer Price Index over a rolling 5-year period, and we suggest that a reasonable long-term comparator for global business ownership is the MSCI World Index.

INVESTMENT ADVISER'S BUSINESS PRINCIPLES

Inpersca Limited takes seriously its fiduciary responsibility to your savings. To ensure a community of interest between the shareholders of the Company and the Investment Adviser, Inpersca Limited is operated on the following broad business principles:

- ❖ We regard the capital entrusted to the Company as irreplaceable. Its long-term preservation, in real terms, is our first priority. A major portion of the savings of our staff are invested in the Company. We aim to make money with its shareholders, not from them.
- ❖ We care about investment returns. Inpersca Limited is dedicated solely to advising the Company and to monitoring the businesses it owns. The Company's size will be limited so as to maximise its opportunity set.
- ❖ As the Company grows the intention is to share with its shareholders the benefits of scale via a systematic reduction of the 'Ongoing Charges Figure'. In addition, our investment approach seeks to minimize transaction costs, an important and often overlooked expense that impairs long-term investment returns.
- ❖ It is essential that the shareholders of the Company are like-minded investors who share our investment philosophy, perspective of risk, return expectations and time horizon. The longer your investment time horizon the better. If your investment time horizon is less than 5 years, it is unlikely to be a suitable vehicle for your savings (a redemption fee is payable to the Company for redemptions within 3 years). Our own time horizon is much longer and we only intend to comment on performance, whether that of the Company or an individual holding, over a minimum of a 3-year rolling period.

Inpersca Limited
Investment Adviser

LETTER TO SHAREHOLDERS

Dear fellow shareholders,

VT Dominion Holdings ICVC was established as a vehicle for business ownership with the objective of preserving and growing the long-term purchasing power of the capital it has stewardship over. Since inception the Company has established ownership interests in 21 companies and the net asset value per share has risen 5.6%. I encourage you to consider yourselves owners, not just of the Company, but of each business in which it has an ownership participation. I would like to explain why this is important.

Thoughtful ownership.

For many, investing their savings is solely about maximising the return on those savings at any given point in time. How this is achieved and who they provide their capital to is often given less consideration. The end justifies the means. This can encourage an over-riding focus on short-term gain, an emphasis that frequently gives capitalism a bad name and potentially serves to undermine the bounty of goods and freedoms it can provide. These savers may better be described as ‘renters’ of whatever is going up in price, investing and measuring for the moment (persistent success in this endeavour is much discussed, yet rarely seen). Aiding the activities of these renters are levels of liquidity in capital markets which are above that necessary to create reasonable ‘cash-in’ capacity for the suppliers of long-term capital. The result is that participants in these markets can make investment decisions on a whim and have them undone just as effortlessly. The implications are significant as it does little to encourage the considered and patient deployment of capital.

In contrast to renters, owners feel a responsibility for ensuring the stability and continuity of a business. They appreciate that growth needs to be achieved with a respect for the communities and environments in which a business operates. Growth is not pursued at all costs or for its own sake. Doing something better can be just as important as doing more of something. Owners understand the value of integrity, probity, resilience and adaptability; attributes of only fleeting concern to renters. They recognise that companies have cultures, traditions and skills that have taken years to evolve, and that ‘control’ is not achieved through ‘top-down’ imposed rules but rather through a shared sense of purpose. Like beauty, soul is not easy to describe but easy to identify when observed, and those companies that possess it have incredible levels of what business writer Charles Handy refers to as ‘e-factors’ - enthusiasm, energy, excellence, effort and excitement.¹ In these institutions employees often exhibit high levels of allegiance and loyalty, not only to their fellow employees but to the organisation they are employed by. This can lead to a quality of motivation that the threat of redundancy and the lure of monetary reward far surpasses. While renters may be indifferent to these notions, owners understand their importance.

Whereas many market participants and management agents are incentivised to invest and measure for the moment, I seek those willing to take a different path. I seek to partner with like-minded people who understand the benefit of deploying capital patiently to establish something durable with a view to protecting and preserving the real value of that capital over the long-term. The Company’s assets are predominantly participations in businesses whose managers think like owners; motivated to build lasting enterprises either because they are themselves owner-operators or through the engaged oversight of a significant family shareholder. In these businesses management have the benefit of knowing that if they have agreed to a course of action that is focused on creating something durable the owners will not suddenly pull the rug from underneath them at the first sign of trouble. This permits them to be patient when doing so is the best course of action, but unafraid to act should an attractive opportunity arise where the payoff may only be evident in the distant future.

LETTER TO SHAREHOLDERS

Cathedral thinkers.

Around the corner from Inpersca Limited's office is St. Mary's Cathedral. Its three spires, the tallest of which is 90 metres high, can be seen for miles around Edinburgh. I often see visitors to the city staring up at it and taking photographs. Most of them are likely aware that its construction took time and effort but not that this magnificent building took over 40 years to complete! In the world we inhabit today few seem willing to allow time for their tea to brew, much less conceive of a project that will take decades to come to fruition. Imagine how liberating it is to know that you are free to build something permanent even though the fruits of your efforts may take some time to be fully revealed. To do so requires partnering with what might be referred to as 'cathedral thinkers'.²

In business, I have found these cathedral thinkers are often motivated owners who understand the scarcity of capital and the importance of its proficient allocation, but who also understand the value of deploying capital even when it may only generate distant future returns. This type of business owner focuses their thoughts and activities on the products, the customers, the employees and the suppliers of the company with a view to maximising customer benefits.

They understand that when done well, their financial interests as owners will be well served in the end - profits being the outcome of a job well done, not the objective. As the investment practitioner Thomas Phelps observed, *"Bet on men and organisations fired by a zeal to meet human wants and needs, imbued with enthusiasm over solving mankind's problems. Good intentions are not enough, but when combined with energy and intelligence the results make it unnecessary to seek profits. They come as a serendipity dividend on a well-managed quest for a better world"*.³ Rational AG, the family-controlled manufacturer of commercial ovens in which the Company has an ownership interest, understands this well, adhering to a corporate philosophy that states: *"Our primary objective is not to maximise sales or profit, but to offer our customers maximum benefits. Sales and profit are the result of this customer-centric approach"*. By comparison, renters are incentivised to put the immediate profit cart before the customer satisfaction horse. In doing so they frequently begin the process of undermining a company's ability to delight customers and ultimately produce any enduring value for its owners.

Patience and trust.

Jean-Francois van Boxmeer has been at the helm of Heineken NV ('Heineken') since 2005, during which time he and his management team have transformed the group from a predominately European and North American focused beer business to a global brewer with Mexico, Vietnam and Nigeria among its largest markets. To achieve this, they have relied on the loyal backing of patient owners in the form of the Heineken family. The family understand these actions are not only important for them as the current generation of owners but are even more so for those of the generations yet to come. Brazil can now be added to that list.

In 2011 the owners of Brazil's second largest beer business, Grupo Schincariol, sought to dispose of it. At the time emerging markets like Brazil were the investment destinations *du jour*. Many investment bankers and capital market participants were eager for Heineken to combine its existing Brazilian assets with this business to secure a stronger market position from which to compete with the market leader. To their dismay Heineken decided not to participate, due to the price demanded, and Grupo Schincariol was eventually sold to Japanese brewer Kirin Brewery Company ('Kirin') for a total consideration of \$4 billion. Kirin subsequently struggled to make a success of the business, and in early 2017 it agreed to dispose of the asset to Heineken for approximately \$700 million (recall the economic and political chaos that was afflicting Brazil by this time).

On both occasions Heineken's management were able to make the right long-term decision for the company in the knowledge that their major shareholder was supportive, regardless of the sentiments of shorter-term focused market participants. For a sensible price Heineken now occupies a solid number two market position in the world's third largest beer market by volume. More importantly, it allowed the company to secure a dedicated distribution system and so future independence from its long-standing reliance on a distribution agreement with the Coca-Cola bottlers in the country. Additionally, Heineken has increased its opportunity to invest meaningful amounts of additional capital into productive assets with a greater chance of achieving attractive economic returns on that capital. Real benefits accrue to those afforded the ability to be true cathedral thinkers.

LETTER TO SHAREHOLDERS

Entrepreneurial endeavour aimed at meeting society's myriad needs and wants is the bedrock of improved living standards; the true source of wealth creation. Savings finance this endeavour and our best opportunity to preserve the real value of our savings is an ownership claim on it. The savings placed under my stewardship have often taken a lifetime of sacrifice and effort to accumulate and I have the privilege of carefully considering who it is provided to and for what purpose. I believe that the patient and resolute placement of these savings alongside similarly motivated owners is the best means of achieving the Company's objective. Nevertheless, the open-ended nature of our Company's corporate structure means that to achieve the full benefits of doing so depends on having like-minded shareholders who share a belief in the benefits of being purposeful owners – shareholders willing to be cathedral thinkers.

Thank you all for your confidence and patient participation.

Evan Green

Inpersca Limited

Notes:

1. Charles Handy: *The Hungry Spirit* (Arrow Books, 2002, pg158).
2. Ibid; (pg129).
3. Thomas Phelps: *100 to 1 in the Stock Market* (McGraw Hill, 1972, pg143).

OWNERSHIP INTERESTS

Portfolio Statement as at 31st May 2018

Holding	Security	Currency	Value (£)	% of Net Assets
1,650	Markel Corp.	USD	1,372,316	7.38
18,350	Heineken Holdings NV	EUR	1,343,527	7.22
60,900	Admiral Group Plc	GBP	1,179,176	6.34
8,900	Pernod-Ricard SA	EUR	1,124,635	6.05
6,700	Berkshire Hathaway Inc.	USD	976,590	5.25
34,402	Jardine Strategic Holdings	USD	926,516	4.98
5,610	Costco Wholesale Corp.	USD	841,605	4.53
5,300	Schindler Holdings AG	CHF	821,275	4.42
15,400	RLI Corp.	USD	766,929	4.12
109,936	A.G. Barr Plc	GBP	749,764	4.03
13,100	Nestle SA	CHF	744,813	4.00
10,250	Compagnie Financiere Richemont	CHF	709,808	3.82
29,900	Brown & Brown Inc.	USD	627,745	3.38
9,600	PriceSmart Inc.	USD	624,697	3.36
32,350	Compania Cervecerias Unidas SA (ADR)	USD	619,906	3.33
59,000	VP Plc	GBP	552,240	2.97
3,300	Mastercard Inc.	USD	477,034	2.56
1,250	The Swatch Group	CHF	455,207	2.45
15,750	Diageo Plc	GBP	433,204	2.33
5,900	Fielmann AG	EUR	352,131	1.89
750	Rational AG	EUR	350,894	1.89
Total equities			16,050,012	86.30
Cash and equivalents		Various	2,567,435	13.80
Adjustment to revalue assets from mid to bid			(19,474)	(0.10)
Total portfolio			18,597,973	100.0

During the period there were investment purchases of £15,278,059, and investment sales of £nil.

The company was launched on 14th July 2017, hence there are no comparative figures.

FINANCIAL STATEMENTS

Statement of total return

For the period from 14 th July to 31 st May		2018
	Notes	£
Income		
Net capital gains	2	690,087
Revenue	3	260,011
Expenses	4	(151,433)
Finance costs: interest	5	<u>(579)</u>
Net revenue before taxation		107,999
Taxation	6	<u>(20,421)</u>
Net revenue after taxation		<u>87,578</u>
Total return before dividends		777,665
Finance costs: dividends	5	<u>(87,578)</u>
Change in net assets attributable to shareholders from investment activities		<u>690,087</u>

Statement of changes in net assets attributable to shareholders

For the period from 14 th July to 31 st May	2018
	£
Opening net assets attributable to shareholders	-
Amounts receivable on creation of shares	17,802,934
Dilution levy	2,609
Dividend reinvested	102,343
Change in net assets attributable to shareholders from investment activities (see above)	<u>690,087</u>
Closing net assets attributable to shareholders	<u>18,597,973</u>

The company was launched on 14th July 2017, hence there are no comparative figures.

FINANCIAL STATEMENTS

Balance sheet

At 31 st May	Notes	£	2018 £
Assets			
Investment assets			16,030,538
Debtors	7	67,332	
Cash and bank balances	8	<u>2,527,053</u>	
Total other assets			<u>2,594,385</u>
Total assets			18,624,923
Liabilities			
Creditors	9	(21,347)	
Dividend payable		(951)	
Bank overdraft	8	<u>(4,652)</u>	
Total liabilities			<u>(26,950)</u>
Net assets attributable to shareholders			<u>18,597,973</u>

The company was launched on 14th July 2017, hence there are no comparative figures.

NOTES TO THE FINANCIAL STATEMENTS

For the period from 14th July 2017 to 31st May 2018

1 Accounting policies

- (a) The financial statements have been prepared in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014. The functional currency of the Company 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 receipts basis. Accumulation of revenue, relating to accumulation shares held in the company, is not included in the amount available for distribution.
- (c) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Company, 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 other than those relating to the buying and selling of investments, all expenses are charged to the revenue of the Company.
- (f) Where the revenue from investments exceeds the expenses of the Company, annual dividends are paid to all holders of income shares. In all cases, tax vouchers will be issued to shareholders.
- (g) The Company is not more than 60% invested in qualifying investments (as defined by S468L ICTA 1988) and where applicable will pay a dividend distribution.
- (h) The listed investments of the Company have been valued at bid market prices at 4.30pm UK time on 31st May 2018.
- (i) 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 period are translated at the exchange rates at the closing valuation point and any gains or losses taken to capital.
- (j) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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

NOTES TO THE FINANCIAL STATEMENTS

2	Net capital gains	2018 £
	The net capital gains comprise:	
	Currency (losses)	(42,334)
	Non-derivative securities gains	734,484
	Custodial transaction charges	(2,063)
	Total net capital gains	<u>690,087</u>
3	Revenue	2018 £
	UK dividends	94,542
	Overseas dividends	142,402
	Annual management charge rebate	23,067
	Total revenue	<u>260,011</u>
4	Expenses	2018 £
	Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:	
	ACD fees	<u>126,986</u>
	Payable to the depositary, associates of the depositary, and agents of either of them:	
	Depository and safekeeping fees	<u>18,831</u>
	Other expenses:	
	Audit fee	5,400
	FCA fee	<u>216</u>
		5,616
	Total expenses	<u>151,433</u>
5	Finance costs	2018 £
	Negative interest on bank deposits	<u>579</u>
	Dividend for the period	<u>103,294</u>
	Reconciliation of dividend:	
	Net revenue after taxation	87,578
	Equalisation on subscriptions	<u>15,716</u>
	Dividend for the period	<u>103,294</u>

NOTES TO THE FINANCIAL STATEMENTS

6	Taxation	2018 £
	(a) Analysis of charge in the period	
	Irrecoverable income tax	20,421
	Total current tax charge for the period (note 6b)	<u>20,421</u>
	(b) Factors affecting current tax charge for the period	
	The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20.00%. The differences are explained below:	
	Net revenue before taxation	<u>107,999</u>
	Corporation tax at 20.00%	21,600
	Effects of:	
	Revenue not subject to UK corporation tax	(47,389)
	Current year expenses not utilised	25,789
	Overseas tax expenses	<u>20,421</u>
	Current tax charge for period (note 6a)	<u>20,421</u>
	(c) Provision for deferred taxation	
	At 31 st May 2018 there is a potential deferred tax asset of £25,789 in relation to surplus management expenses. It is unlikely the Company will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.	
7	Debtors	2018 £
	Accrued revenue	67,332
	Total debtors	<u>67,332</u>
8	Cash and bank balances	2018 £
	Cash and bank balances	<u>2,527,053</u>
	Bank overdraft	<u>4,652</u>
9	Creditors	2018 £
	Accrued expenses	21,347
	Total creditors	<u>21,347</u>

NOTES TO THE FINANCIAL STATEMENTS

10 Share movement	Income shares	Acc. shares
Shares outstanding at 14 th July 2017	-	-
Shares issued during the period	200,000	17,441,867
Shares cancelled during the period	-	-
Shares converted during the period	-	-
Shares outstanding at 31 st May 2018	200,000	17,441,867

11 Related party transactions 2018 £

Authorised Corporate Director's fees and investment adviser's fees were payable to the following related parties during the period:

Valu-Trac Investment Management Limited	18,904
Inpersca Limited	108,082
Annual management charge rebate (Inpersca Limited)	(23,067)

The balances due to these related parties at 31st May 2018 were as follows:

Valu-Trac Investment Management Limited	-
Inpersca Limited	15,752
Annual management charge rebate (Inpersca Limited)	(2,879)

12 Financial instruments

In pursuing its investment objective as stated on page 2, the Company holds a number of financial instruments. The Company's financial instruments comprise securities, 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 Company'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 period.

Market price risk

Market price risk is the risk that the value of the Company'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 Company holds. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

The Company'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. If market prices at the balance sheet date had been 10% higher or lower while all other variables remained the same the return attributable to shareholders for the period ended 31st May 2018 would have increased or decreased by £1,603,054.

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.

NOTES TO THE FINANCIAL STATEMENTS

Foreign currency risk

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

The Company's investment portfolio can be invested in holdings that are registered overseas, and this means that the balance sheet can be affected by movements in foreign exchange rates. Revenue received in other currencies is converted to sterling on or near the date of receipt.

A portion of the net assets of the Company is denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by currency movements. If foreign exchange rates at the balance sheet date had been 10% higher or lower while all other variables remained the same the return attributable to shareholders for the period ended 31st May 2018 would have increased or decreased by £1,390,627.

The currency exposure at 31st May 2018 consists of:

	Monetary assets 2018 £	Non-monetary assets 2018 £	Total net assets 2018 £
Sterling	1,793,716	2,897,982	4,691,698
Euro	2,209	3,167,281	3,169,490
Swiss Franc	10,129	2,738,750	2,748,879
US Dollar	761,381	7,226,525	7,987,906
Total	<u>2,567,435</u>	<u>16,030,538</u>	<u>18,597,973</u>

Interest rate risk

Interest rate risk is the risk that the capital value or income of the Company's investments will fluctuate as a result of changes in interest rates.

The Company currently does not invest in floating rate securities. The Company does hold cash balances which are subject to variable interest rates.

At the period end date 13.8% of the Company's assets by value were interest bearing.

Maturity of financial liabilities

The financial liabilities of the Company at 31st May 2018 are payable either within one year or on demand.

Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS

Credit risk

Certain transactions in securities that the Company 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 Company has fulfilled its responsibilities. The Company 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 brokers' financial ratings are reviewed.

Fair value disclosure

All investments are valued using prices for identical instruments in active markets.

13 Contingent assets and liabilities

At 31st May 2018, the Company had no contingent liabilities or commitments.

14 Portfolio transaction costs	2018 £	% of purchases
Analysis of total purchase costs:		
Purchases before transaction costs	15,253,362	
Commissions	8,066	0.05
Taxes	16,610	0.11
Levies	21	0.00
Total purchase costs	<u>24,697</u>	<u>0.16</u>
Total purchases plus transaction costs	<u>15,278,059</u>	
	£	% of sales
Analysis of total sale costs:		
Sales before transaction costs	-	
Commissions	-	-
Taxes	-	-
Total sale costs	<u>-</u>	<u>-</u>
Total sales less transaction costs	<u>-</u>	
	£	% of average net assets
Analysis of total transaction costs:		
Commissions	8,066	0.04
Taxes	16,610	0.09
Levies	21	0.00
	<u>24,697</u>	<u>0.13</u>

COMPARATIVE TABLES

	<u>Income shares</u>
For the period from 1st September 2017 to 31st May 2018	2018
Change in net assets per share	
Opening net asset value per share	100.0p
Return before operating charges [†]	4.3p
Operating charges	(1.0p)
Return after operating charges	3.3p
Dividend on income shares	(0.5p)
Closing net asset value per share	102.8p
[†] after direct transaction costs of	0.14p
Returns	
Total return after charges	3.3%
Other information	
Closing net asset value	£0.2m
Closing number of shares	0.2m
Annualised operating charges	1.00%
Direct transaction costs	0.14%
Share prices	
Highest offer price	102.8p
Lowest bid price	97.0p

	<u>Accumulation shares</u>
For the period from 14th July 2017 to 31st May 2018	2018
Change in net assets per share	
Opening net asset value per share	100.0p
Return before operating charges [†]	6.6p
Operating charges	(1.0p)
Return after operating charges	5.6p
Closing net asset value per share	105.6p
Retained dividend on accumulation shares	0.6p
[†] after direct transaction costs of	0.14p
Returns	
Total return after charges	5.6%
Other information	
Closing net asset value	£18.4m
Closing number of shares	17.4m
Annualised operating charges	1.00%
Direct transaction costs	0.14%
Share prices	
Highest offer price	105.6p
Lowest bid price	99.1p

AUTHORISED CORPORATE DIRECTOR'S REPORT

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

- comply with the Prospectus 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 to manage the Company in accordance with the COLL regulations, the FCA's Investment Funds Sourcebook ("Fund"), 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 and FUND, we hereby certify the annual report.

Anne A. Laing CA

Neil J. Smith MA BA CA

Valu-Trac Investment Management Limited
Authorised Corporate Director

DEPOSITARY'S REPORT

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds 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 Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has the 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 AIFM:

- (i) has carried out the issue, sale, redemptions and cancellation, and calculation of the price of the Company's shares and the 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.

National Westminster Bank Plc
1st June 2018

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of VT Dominion Holdings ICVC ("the Company") for the period ended 31st May 2018 which comprise the Statement of Total Return, Statement of Changes in Net Assets Attributable to Shareholders, Balance Sheet and the related Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including FRS102 "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 31st May 2018 and of the net revenue and the net capital gains on the scheme property of the Company for the period 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the ACD's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The ACD is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

INDEPENDENT AUDITOR'S REPORT

Opinions 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 ACD and in the report of the authorised fund manager for the period is consistent with the financial statements.

Responsibilities of the Authorised Corporate Director

As explained more fully in the Authorised Corporate Director's Responsibilities Report set out on page 17, the ACD 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 controls as the ACD 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 ACD 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 ACD 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the ACD.
- Conclude on the appropriateness of the ACD's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

ADDITIONAL INFORMATION

Authorised Corporate Director's charges

Payments to the ACD comprise £25,000 per annum indexed each year to the Consumer Price Index plus the Investment Adviser fee.

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. Instructions may be given by email to (dominium@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 4:30pm on the 1st and 15th (or the next business day) of each month.

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. 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. Please note that shares redeemed within three years of purchase will be subject to a redemption charge. This redemption charge is payable to the Company, not to the ACD or investment adviser.

The prices of shares are published on www.fundlistings.com. Neither the ACD nor the Company can be held responsible for any errors in the publication of the prices. The most recent prices are also available from the ACD upon request.

Taxation

The Company will pay no corporation tax on its profits for the year and capital gains within the Company will not be taxed.

Distribution

Distributions of the revenue of the Company will be made to shareholders on or before 31st July each year.

UK Resident individual shareholders

In 2016 HM Revenue & Customs changed the taxation of dividends. They replaced dividend credits with a tax-free annual dividend allowance. UK resident shareholders are currently subject to tax on dividend income in excess of the annual allowance. The actual rate depends on the individual's tax rate band.

Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares in the Company, as with other chargeable assets. At present there is a tax-free allowance for individuals but gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

Shareholders should consult with their tax adviser about their circumstances.

ADDITIONAL INFORMATION

Debts of the Company

Shareholders of the Company are not liable for the debts of the Company.

Alternative Investment Fund Managers Directive

Under the EU's Alternative Investment Fund Managers Directive (AIFMD) 2013, the Company has been designated an Alternative Investment Fund. The ACD, Valu-Trac Investment Management Limited, has been appointed as the Alternative Investment Fund Manager (AIFM). The AIFMD has had little impact on the operating costs or management of VT Dominion Holdings ICVC.

To comply with the AIFMD, information about the AIFM's remuneration policies and disclosures and conflict of interest policies are available from Valu-Trac Investment Management Limited on its website. The Company does not employ any staff directly from the AIFM, so there are no quantitative disclosures in this report.