VT Dominium Holdings
Investment Company with Variable Capital

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MAY 2021

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SHAREHOLDER INFORMATION

Size of the Company:	£24,037,194
Shares Outstanding:	
Accumulation:	18,825,791
Income:	237,089
Net Asset Value per Share:	
Accumulation:	126.7p
Income:	121.5p
Ongoing Charges Figure *(annualised):*	1% *(Capped at 1% p.a., reduced to 0.75% p.a. on incremental net assets above £50m)*
Redemption Charge:	3% for redemptions within 3 years *(payable to VT Dominium Holdings ICVC)*
Portfolio Turnover:	4.1%
Minimum Initial Investment:	£250,000
Minimum Subsequent Investment:	£20,000
Year end:	31st May
Ex-Dividend Date:	31st May
Dividend Distribution Date:	31st July
Dividend per Share:	
Accumulation:	0.4467p
Income:	0.4355p

Authorised Corporate Director (ACD), Alternative Investment Fund Manager (AIFM) and Registrar	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
Investment Adviser	Inpersca Limited 43 Melville Street Edinburgh EH3 7JF Appointed Representative of Valu-Trac Investment Management Limited
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, CA Commerce House, South Street Elgin IV30 1JE

ABOUT VT DOMINIUM HOLDINGS ICVC

VT Dominium Holdings ICVC (the Company) is an Open-Ended Investment Company that is authorised and regulated 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 the UK's Consumer Price Index) over the long-term.

Investment Approach
As Investment Adviser, Inpersca Limited is of the opinion that business ownership offers the best means to protect and grow capital in real terms over time. It provides owners with a claim on the true sources of wealth creation. Participating patiently in the ownership of a limited number of carefully selected businesses, each efficiently providing products and services that effectively 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*.

The Company will seek to partner with competent and honest entrepreneurs or business owners who share with it a community of interest. These individuals will have the privilege and burden of overseeing the distribution or reinvestment of the cash flows generated by their businesses, a key determinant of the rate at which the Company's capital will compound over time.

In order that this wealth creation accrues to owners, and is not competed away, each business in which the Company has an ownership participation 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.

At Inpersca Limited we believe that 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 the Company 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 it is being asked to pay - a welcome outcome.

Cash represents the residual of the investment approach. 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 do 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 ownership interests are selected without consideration of 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 UK's Consumer Price Index over a rolling five-year period. We suggest that a reasonable long-term comparator for global business ownership may be the MSCI World Index.

INVESTMENT ADVISER'S BUSINESS PRINCIPLES

As Investment Adviser, Inpersca Limited takes seriously its fiduciary responsibility to your savings. To ensure a community of interest between it and the shareholders of the Company, 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 it is our intention to share with the Company's 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 five years, it is unlikely to be a suitable vehicle for your savings (a redemption fee is payable to the Company for redemptions within three years). Our own time horizon is much longer and we only intend to comment on progress over a minimum of a five-year rolling period.

Inpersca Limited
Investment Adviser

LETTER TO SHAREHOLDERS

Dear fellow shareholders,

Our Company was established as a vehicle through which a group of like-minded shareholders participate patiently as owners in a small number of carefully selected businesses. In effect, faced with an unknowable future, we have sought to find a safe haven for our precious savings in the productive assets and honest entrepreneurial efforts that reside within these businesses. Over time, how effectively they are put to sensible use in delighting customers will have a considerable influence on the extent to which our Company meets its objective.

Through our ownership participations we help facilitate the daily movement of significant volumes of freight, people and money. We provide low cost motor insurance, groceries and spectacles, we brew, distil, manufacture and deliver beer, spirits, soft-drinks, coffee, petfood and infant formula, we craft jewellery, supply barrels and casks for the maturation of wines and spirits, produce thermal cooking systems for professional kitchens and offer specialty equipment for hire. Our collection of assets is purposeful and unique. Some may perceive of these activities as humdrum, yet this is the very core of their worth to us.

Endurance through excellence in the mundane
In a free society no one is forced to enter into commercial exchange with anyone else. Consequently, every day our firms are subject to an ongoing process of market tested betterment. This obliges them to constantly adapt and innovate in an unceasing effort aimed at transforming capital into tailored, highly specific product or service offerings. In *How Innovation Works* Matt Ridley argues that innovation is mostly a bottom-up, incremental and serendipitous process borne of exchange, partnership, and trial and error. As such, individuals need the elbow room to tinker, fail, adapt and try again, doing so in an environment that is both patient and prepared to take advantage of good fortune.

In 1989 Daniel Chambliss published a paper documenting his finding into the source of superior performance in Olympic swimmers.[1] He identified excellence as not the consequence of talent or quantitative effort. Rather it is the outcome of 'the doing of actions, ordinary in themselves, performed consistently and carefully, habitualized, compounded together, added up over time.' For outside observers it is difficult to comprehend excellence in performance as being the confluence of many small, routine things perfected over prolonged periods. Chambliss notes that dedication to constantly improving seemingly dull tasks requires three critical attributes – technique, attitude and discipline. He points out that maintaining this dedication is *the* key psychological challenge.

Once we reflect on just how difficult it is to replicate the disciplined pursuit of small incremental improvements in seemingly tedious tasks and processes, a better sense of the worth of our collection of assets becomes apparent. It is easy to overlook the importance of effective claims handling at the call centres of our insurance companies, the accurate daily delivery of different sized packaging formats in a wide variety of beer or soft-drink brands to millions of locations, the importance of the daily inspection of ingredients and machinery used in the production of coffee, petfood and infant formula, correctly and continuously stacking display shelves in our opticians and wholesale clubs, systematically checking and maintaining the safety of elevators, escalators and delivery vehicles, the careful crafting and toasting of a quality wine barrel, or the skill and patience required in maturing cognac or aged whisky.

Psychological advantages are often the most enduring because obtaining them is incredibly difficult. The consistent application of those three attributes in executing everyday tasks requires you to truly care, to take ownership of both the process and the consequences of it. For many of the women and men in our companies the motivations for pursuing excellence in the mundane is not simply a matter of financial reward. That is often just the minimum threshold. Rather more is based on an intrinsic motivation that has as its source a sense of pride and purpose in the role they perform in meeting a societal need. They have within them an attitude of ownership.

Ownership in a world of trade-offs
The world in which we all live is one of unconstrained wants and limited resources. The resulting scarcity means we can not all afford to sit around waiting to be hit by a bolt of inspiration. Choices must be made and a balance struck. There are no solutions, just trade-offs that each of us have to make every day - leisure or learning, treat or abstinence, spend or save, instant pleasure or deferred gratification.

In making these trade-offs our judgement is influenced by our knowledge, priorities, incentives and biases. It is horrifying then to think that more and more of the world's capital is overseen by agents with little or no skin-in-the-game. They assume transitory responsibility for decisions with lasting implications. Their incentives are often weighted to the immediate returns from exploitation, rather than to the potentially more enduring and broadly shared gains made possible by exploring incremental improvements and innovations that add up over time.

In light of this, our shareholdings are predominantly made alongside engaged families, owner-managers or those who choose to think and act like low-time preference owners. Through these co-owners we hope to achieve responsible and accountable governance of the productive assets and entrepreneurial efforts in our businesses. In effect, it is to them that we have delegated the judgement of where the best use of our scarce capital should be directed. It is alongside them that we bear the consequences of these decisions.

Excellence in commercial ovens

In a world of rapid innovation, it is tempting to describe the manufacture and sale of commercial ovens as anything but cutting edge. Since its founding by Siegfried Meister in 1973, Rational AG's singular focus has been on providing 'maximum benefit for customers.' Everything else is an outcome of that process. This extreme customer centricity manifests itself in a continuous effort to adapt and innovate their cooking solutions to improve the lives of professional chefs. The company is dominated by chefs to whom responsibility and accountability is devolved. They are referred to as 'entrepreneurs within the company.' This corporate ethos provides them with the motivation to take ownership for delighting customers. The outcome is that a remarkable 85% of customers describe themselves as being both loyal and satisfied – as 'apostles' of Rational's products.[2] Of the estimated 4m professional kitchens globally that might use innovative thermal food preparation solutions, only a quarter currently do so and the company has a 50% share of these.[3] The financial outcome of this effort is equally impressive. To the end of 2020, without issuing any additional shares and carrying no net debt, it has generated €1,180m in cumulative after tax profits over the last ten years – over 5x the €230m in shareholders equity it began the decade with.[4]

In 2020 many governments ordered restrictions on the movement of people. These policies placed a heavy toll on the hospitality and tourism industries that Rational's products serve. Nevertheless, in May 2020, at the height of the panic, the company decided to go ahead with the biggest product upgrade in its history and launched its *iCombi* and *iVario* cooking solutions. A huge undertaking in normal times, this was even more so considering prevailing restrictions. The method of launch had to be adapted, but the company had no hesitation in incurring the additional expenses and effort of doing so. Trade-offs had to be made with little knowledge of what the future held.

At that time the CEO, Peter Stadelmann, and the executive board wrote to owners noting, *"We hold the reins and can decide ourselves what suitable measures to take instead of being pushed around."* They went on to say, *'A high level of liquidity, the resultant independence from capital markets and bank loans, and preserving entrepreneurial freedom have always been vital for Rational. In times of crisis, that is even more important in order to ensure our company's long-term existence and success."*[5] Their actions evidenced independence of thought and are the judgements of owners, owners who understand the importance of both reciprocated loyalty and cathedral thinking.

In taking this course of action, they chose to transform previously accumulated capital into product innovations that served to further extended their technological lead over competitors. By doing so they offered their customers, employees and shareholders the reassurance that, despite what was happening around the world, the technique, attitude and discipline within Rational would remain committed to delivering maximum benefit for its customers. The outcome of this decision is not likely to be clear for many years. Whatever it is to be, we will reap the consequences on the same terms as the Meister family.

Our cone of future uncertainty

The worth of an asset is determined by its economic return, the duration of that return and the risks assumed in achieving it. It is my assessment that the difficult psychological task of focusing on continuously improving the many small, often mundane, tasks that are required to achieve excellence is a source of enduring advantage. Done successfully, it offers an avenue to extending the duration of, and reducing the risks to, attractive economic returns.

LETTER TO SHAREHOLDERS

The path we have each taken to get to this point is known. The decisions we make today will determine what options we have available to us tomorrow. The choices made tomorrow will impact what alternatives we then have available the day after, and so on. In this way our futures might be thought of as a widening cone of uncertainty. None of us will travel the 'optimal' middle path by making the best choices in every given set of circumstances. Rather, what we might hope for is a little luck and to make the selections that help us avoid the dangers and limited options that exist at the cone's edges. Through this process we may extend our journey and secure a reasonable result. Where we rely on others to make these judgements, their priorities and incentives are of great importance.

Our ownership participations are a carefully curated collection of assets. This is because both the business associations and the means used in seeking to achieve the Company's objective matter. It is comprised of firms engaged in honest and substantive endeavour. Most have as their foundation a powerful underlying business model, a customer centric and enabling corporate ethos, cathedral thinking co-owners, a resilience that is derived from excelling at the seemingly mundane, and a conservative capital structure. These attributes do not assure them of success. However, they offer a basis upon which to keep adapting and making choices that permit them to remain near the centre of their cone. By doing so, they offer us an enduring stake in the general improvements in global living standards. By doing so, they offer us a means of securing a reasonable real economic return in what are likely to be ever changing political, social and economic conditions. The task for each of us is to make the choices that enable us to stay the course; frequently a difficult psychological challenge.

Thank you for your support and patient participation.

Evan Green
Inpersca Limited

Notes:

1. Daniel Chambliss: *The mundanity of excellence: an ethnographic report on stratification and Olympic swimmers* (Sociological Theory, Vol. 7, No. 1 1989).
2. Rational AG: *Investor Relations presentation Q1 2021*
3. Ibid.
4. Rational's ability to retain and reinvest capital at elevated levels is limited. €824m of after tax profits have been returned to shareholders in the form of dividends over the corresponding period.
5. Rational AG: *Statement on the first quarter of 2020*

OWNERSHIP INTERESTS

Portfolio Statement as at 31st May 2021

Holding	Security	Currency	Value (£)	% of Net Assets	*31st May 2020*
60,900	Admiral Group plc	GBP	1,790,765	7.45	
1,800	Markel Corp.	USD	1,569,016	6.53	
22,000	Heineken Holding NV	EUR	1,568,212	6.52	
5,610	Costco Wholesale Corp.	USD	1,509,440	6.28	
6,900	Schindler Holding AG	CHF	1,416,836	5.89	
8,900	Pernod Ricard SA	EUR	1,387,791	5.77	
6,700	Berkshire Hathaway Inc.	USD	1,365,142	5.68	
24,000	Fielmann AG	EUR	1,359,544	5.66	
15,400	RLI Corp.	USD	1,142,317	4.75	
13,100	Nestle SA	CHF	1,141,862	4.75	
29,900	Brown & Brown Inc.	USD	1,107,357	4.61	
12,000	Compagnie Financiere Richemont SA	CHF	1,028,965	4.28	
113,660	VP plc	GBP	982,022	4.09	
43,416	TFF Group	EUR	949,805	3.95	
171,950	A.G.Barr plc	GBP	913,055	3.80	
1,400	Rational AG	EUR	894,036	3.72	
3,300	Mastercard Inc.	USD	842,253	3.50	
9,600	PriceSmart Inc.	USD	595,871	2.48	
38,500	Compania Cervecerias Unidas SA (ADR)	USD	485,512	2.02	
1,500	Swatch Group SA	CHF	384,217	1.60	
24,000	C.F. Richemont SA Warrants (Sept 2023)	CHF	10,999	0.05	
Total equities			**22,445,017**	**93.38**	94.81
Cash and equivalents		Various	1,692,619	7.04	5.39
Adjustment to revalue assets from mid to bid			(100,442)	(0.42)	(0.20)
Total portfolio			**24,037,194**	**100.00**	

During the year there were investment purchases of £912,502 and investment sales of £1,458,391 (note 13).

FINANCIAL STATEMENTS

Statement of total return

For the year ended 31st May	Notes	£	2021 £	£	2020 £
Income					
Net capital gains/(losses)	2		3,438,988		(1,324,772)
Revenue	3	368,919		406,413	
Expenses	4	(249,181)		(245,965)	
Finance costs: interest	5	(4,260)		-	
Net revenue before taxation		115,478		160,448	
Taxation	6	(30,060)		(32,758)	
Net revenue after taxation			85,418		127,690
Total return before dividends			3,524,406		(1,197,082)
Finance costs: dividends	5		(85,062)		(126,341)
Change in net assets attributable to shareholders from investment activities			3,439,344		(1,323,423)

Statement of changes in net assets attributable to shareholders

For the year ended 31st May	2021 £	2020 £
Opening net assets attributable to shareholders	20,488,820	21,786,345
Amounts receivable on creation of shares	199,765	285,444
Amounts payable on cancellation of shares	(174,822)	(383,594)
Dividend reinvested	84,087	124,048
Change in net assets attributable to shareholders from investment activities (see above)	3,439,344	(1,323,423)
Closing net assets attributable to shareholders	24,037,194	20,488,820

FINANCIAL STATEMENTS

Balance sheet

At 31st May	**Notes**		**2021**		**2020**
		£	**£**	**£**	**£**
Assets					
Investment assets			22,344,575		19,384,596
Debtors	**7**	130,090		95,435	
Cash and cash equivalent	**8**	1,584,259		1,029,903	
Total other assets			1,714,349		1,125,338
Total assets			24,058,924		20,509,934
Liabilities					
Creditors	**9**	(20,698)		(19,671)	
Dividend payable		(1,032)		(1,443)	
Total liabilities			(21,730)		(21,114)
Net assets attributable to shareholders			24,037,194		20,488,820

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st May 2021

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 and to the amendments to the SORP issued by the IA in June 2017. The functional currency of the Company is sterling.

(b) Dividends on equities are recognised as revenue gross of withholding tax and accrue when the security is quoted ex-dividend. Both interest on deposits and the annual management charge rebates are accounted for on an accruals' basis.

(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 accrue to all shareholders. Holders of income shares receive their dividends as a cash payment. 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 investments of the Company have been valued at bid market prices at 4.30pm UK time on 28th May 2021.

(i) 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 redemption 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. These charges could otherwise have a diluting effect on the interests of the remaining shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

2	**Net capital gains/(losses)**	**2021**	**2020**
		£	**£**
	The net capital gains/(losses) comprise:		
	Currency gains/(losses)	(79,491)	13,293
	Realised Non-derivative securities losses	(231,582)	-
	Unrealised Non-derivative securities gains/(losses)	3,750,874	(1,338,029)
	Custodial transaction charges	(813)	(36)
	Total net capital gains/(losses)	3,438,988	(1,324,772)

3	**Revenue**	**2021**	**2020**
		£	**£**
	UK dividends	124,535	119,573
	Overseas dividends	217,109	249,755
	Annual management charge rebate	27,275	26,985
	Bank interest	-	10,100
	Total revenue	368,919	406,413

4	**Expenses**	**2021**	**2020**
		£	**£**
	Payable to the ACD, associates of the ACD, and agents of either:		
	ACD fees	221,906	218,980
	Payable to the depositary, its associates, and agents of either:		
	Depositary and safekeeping fees	21,397	20,908
	Other expenses:		
	Audit fee	5,818	5,700
	Under accrual of audit fee in 2019	-	300
	FCA fee	60	77
		5,878	6,077
	Total expenses	249,181	245,965

The Investment Adviser has agreed to rebate the Company any expenses to the extent necessary to limit the annual ongoing charges figure to 1.0% of the Company's average net assets. This rebate is accounted for as revenue and reflected as 'Annual management charge rebate' (Note 3).

NOTES TO THE FINANCIAL STATEMENTS

5 Finance costs

	2021 £	2020 £
Dividend for the year	85,119	125,492
Add: Revenue deducted on cancellation of shares	178	1,233
Deduct: Revenue received on issue of shares	(235)	(384)
Net distribution for the period	85,062	126,341
Interest payable and similar charges	4,260	-
Total finance costs	89,322	126,341

Reconciliation of distributions

	2021 £	2020 £
Net revenue after taxation	85,418	127,690
Balance brought forward	1,349	-
Balance carried forward	(1,705)	(1,349)
Net distribution for the period	85,062	126,341

6 Taxation

(a) Analysis of charge in the year

	2021 £	2020 £
Irrecoverable income tax	30,060	32,758
Total current tax charge for the year (note 6b)	30,060	32,758

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK for an open-ended investment company of 20.0%. The differences are explained below:

	2021 £	2020 £
Net revenue before taxation	115,478	160,448
Corporation tax at 20.0%	23,096	32,090
Effects of:		
Revenue not subject to UK corporation tax	(68,329)	(73,866)
Current year expenses not utilised	45,233	41,776
Overseas tax expenses	30,060	32,758
Current tax charge for the year (note 6a)	30,060	32,758

(c) Provision for deferred taxation

At 31st May 2021 there is a potential deferred tax asset of £149,970 (2020: £104,737) 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

	2021 £	2020 £
Dividends receivable	60,385	36,832
Tax reclaimable	63,243	55,419
Annual management charge rebate receivable	6,446	3,184
Prepayments	16	-
Total debtors	130,090	95,435

NOTES TO THE FINANCIAL STATEMENTS

8	Cash and cash equivalent	2021 £	2020 £
	Cash and bank balances	1,584,259	1,029,903

9	Creditors	2021 £	2020 £
	ACD fee	13,822	12,799
	Other accrued expenses	6,876	6,872
	Total creditors	20,698	19,671

10	Share movement	Income shares	Acc. shares
	Shares outstanding at 1st June 2020	220,760	18,805,951
	Shares issued during the year	16,329	157,338
	Shares cancelled during the year	-	(137,498)
	Shares converted during the year	-	-
	Shares outstanding at 31st May 2021	237,089	18,825,791

11 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 year.

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 holdings are 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 2021 would have increased or decreased by £2,234,458 (2020: £1,938,460).

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 FCA's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

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 6.6% of the Company's assets by value were interest bearing.

Maturity of financial liabilities

The financial liabilities of the Company at 31st May 2021 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.

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 holdings can be registered overseas. This means that the balance sheet can be affected by movements in foreign exchange rates.

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 year ended 31st May 2021 would have increased or decreased by £1,956,602 (2020: £1,654,403).

The currency exposure at 31st May 2021 consists of:

	Net Monetary assets		Non-monetary assets		Total net assets	
	2021	2020	2021	2020	2021	2020
	£	£	£	£	£	£
Sterling	795,365	684,766	3,675,811	3,260,020	4,471,176	3,944,786
Euro	-	-	6,171,868	4,989,797	6,171,868	4,989,797
Swiss Franc	-	-	3,933,459	3,138,057	3,933,459	3,138,057
US Dollar	897,254	419,458	8,563,437	7,996,722	9,460,691	8,416,180
Total	1,692,619	1,104,224	22,344,575	19,384,596	24,037,194	20,488,820

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. In addition, limits are set to the exposure to any individual broker. At the year end the Company held cash balances of £1,584,259 with an overdraft of £nil (2020: cash balances £1,029,903, overdraft £nil). The credit ratings of all the banks related to the Company are reviewed daily to ensure they continue to meet the criterion required by the ACD.

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 for an identical instruments in an active market and the lowest priority to non-observable inputs. All the Company's investments are valued using prices for identical instruments in active markets.

12 Contingent assets and liabilities

At 31st May 2021 the Company had no contingent liabilities or commitments. (2020: none).

13 Direct transaction costs

	2021 £	% of purchases	2020 £	% of purchases
Analysis of total purchase costs:				
Purchases before transaction costs	911,063		1,225,147	
Commissions	464	0.05	668	0.05
Taxes	925	0.10	1,857	0.15
Levies	50	0.01	7	0.00
Total transaction costs	1,439	0.16	2,532	0.20
Total purchases plus transaction costs	912,502		1,227,679	

	£	% of sales	£	% of sales
Analysis of total sale costs:				
Gross sales before transaction costs	1,458,622		-	
Commissions	(231)	(0.02)	-	-
Total transaction costs	(231)	(0.02)	-	-
Total sales less transaction costs	1,458,391		-	

	£	% of average net assets	£	% of average net assets
Analysis of total transaction costs:				
Commissions	695	0.00	668	0.00
Taxes	925	0.01	1,857	0.01
Levies	50	0.00	7	0.00
	1,670	0.01	2,532	0.01

COMPARATIVE TABLES

	Income shares		
For the year ended 31st May	**2021**	**2020**	**2019**
Change in net assets per share			
Opening net asset value per share	103.9p	110.4p	102.8p
Return before operating charges †	19.1p	(4.7p)	9.4p
Operating charges	(1.1p)	(1.1p)	(1.1p)
Return after operating charges	18.0p	(5.8p)	8.3p
Dividend on income shares	(0.4p)	(0.7p)	(0.7p)
Closing net asset value per share	121.5p	103.9p	110.4p
† after direct transaction costs of	0.01p	0.01p	0.03p
Returns			
Total return after charges	17.3%	(5.3%)	8.1%
Other information			
Closing net asset value	£0.3m	£0.2m	£0.2m
Closing number of shares	0.2m	0.2m	0.2m
Operating charges	1.00%	1.00%	1.00%
Direct transaction costs	0.01%	0.01%	0.03%
Share prices			
Highest price	122.5p	118.9p	110.4p
Lowest price	102.2p	96.3p	102.3p

	Accumulation shares		
For the year ended 31st May	**2021**	**2020**	**2019**
Change in net assets per share			
Opening net asset value per share	107.9p	114.0p	105.6p
Return before operating charges †	20.0p	(5.0p)	9.5p
Operating charges	(1.2p)	(1.1p)	(1.1p)
Return after operating charges	18.8p	(6.1p)	8.4p
Dividend on accumulation shares	(0.4p)	(0.7p)	(0.7p)
Reinvested dividend on accumulation shares	0.4p	0.7p	0.7p
Closing net asset value per share	126.7p	107.9p	114.0p
† after direct transaction costs of	0.01p	0.01p	0.05p
Returns			
Total return after charges	17.4%	(5.3%)	8.1%
Other information			
Closing net asset value	£23.7m	£20.3m	£21.6m
Closing number of shares	18.8m	18.8m	18.9m
Operating charges	1.00%	1.00%	1.00%
Direct transaction costs	0.01%	0.01%	0.03%
Share prices			
Highest price	127.3p	122.7p	114.0p
Lowest price	106.2p	99.5p	105.0p

DISTRIBUTION TABLES

Final distribution in pence per share For the year ended 31st May	Income shares			
	2021 Net Income	**2021** Equalisation†	**2021** Distribution	**2020** Distribution
Group 1: shares purchased prior to 1st June 2020	0.4355	-	0.4355	0.6538
Group 2: shares purchased on or after 1st June 2020	0.3114	0.1241	0.4355	0.6538

Final distribution in pence per share For the year ended 31st May	Accumulation shares			
	2021 Net Income	**2021** Equalisation†	**2021** Distribution	**2020** Distribution
Group 1: shares purchased prior to 1st June 2020	0.4467	-	0.4467	0.6596
Group 2: shares purchased on or after 1st June 2020	0.3105	0.1362	0.4467	0.6596

† Equalisation applies only to shares subscribed for during the distribution period (Group 2 shares). When buyers subscribe for shares, the purchase price includes the value of accrued net income up to the date of subscription. It is returned to shareholders with the distribution as a capital repayment. It is not liable to income tax but should be deducted from the cost of the shares for capital gains tax purposes.

AUTHORISED CORPORATE DIRECTOR'S REPORT

The rules of the Financial Conduct Authority's (FCA) 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 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 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 FCA's Collective Investment Schemes Sourcebook and Investment Funds Sourcebook, 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 FCA's Collective Investment Schemes Sourcebook and Investment Funds Sourcebook, we hereby certify the annual report.

Anne A. Laing CA David E. Smith MA

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.

NatWest Trustee and Depositary Services Limited
1st June 2021

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of VT Dominium Holdings ICVC ("the Company") for the year ended 31st May 2021 which comprise the Statement of Total Return, Statement of Changes in Net Assets Attributable to Shareholders, Balance Sheet, the Distribution Tables and the related Notes to the Financial Statements including significant accounting policies. 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 31st May 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.

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.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of the Authorised Corporate Director
As explained more fully in the Statement of the Authorised Corporate Director's responsibilities set out on page 18, 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. As part of an audit in accordance with ISAs (UK), we exercise professional judgement 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 Authorised Corporate Director.
- Conclude on the appropriateness of the Authorised Corporate Director'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.

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.

Extent the audit was 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

INDEPENDENT AUDITOR'S REPORT

We assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide the basis for our opinion. We planned and conducted our audit so as to obtain reasonable assurance of detecting any material misstatements in the financial statements resulting from irregularities or fraud.

All engagement team members were briefed on relevant laws and regulations and potential fraud risks at the planning stage of the audit. However, the primary responsibility for the prevention and detection of fraud rest with the Authorised Corporate Director.

We evaluated management's incentives for fraudulent activity and determined the key risk of fraud to be management override of controls in order to manipulate the financial statements. We determined that the principal risks in this regard were in relation inappropriate journal entries to increase net revenue or to increase the net asset value.

We considered the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. The most significant risk in relation to non-compliance with laws and regulations was deemed to be compliance with the Collective Investment Schemes Sourcebook and the Company's Prospectus.

Audit procedures performed in response to these risks included:

- Evaluation of the control environment designed to prevent and detect irregularities which the Authorised Corporate Director has in place;
- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur around the key risks of valuation and ownership of investments, and revenue recognition;
- Review of material journal entries during the year;
- Review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity that may indicate management override in the Company's financial statements; and
- Assessing the Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook and its Prospectus.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also 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 deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Issue and redemption of shares
Valu-Trac Investment Management Limited is the ACD and Registrar and will receive requests for the purchase or sale of shares at any time during normal business hours (8.30am to 5.30pm). Instructions may be given by email to dominium@valu-trac.com or by sending an application form to the Registrar. Application forms are only 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. In this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

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.

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. 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. Annual statements in respect of 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. 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. It is not paid to the ACD or Investment Adviser.

The most recent prices of shares are published on www.valu-trac.com/dominium. Neither the ACD nor the Company can be held responsible for any errors in the publication of the prices.

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.

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 AIFM.

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: www.valu-trac.com. The Company does not employ any staff directly from the AIFM, so there are no quantitative disclosures in this report.