

VT Dominium Holdings
Investment Company with Variable Capital

INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 30th NOVEMBER 2018

SHAREHOLDER INFORMATION

Size of the Company:	£20,889,635
Shares Outstanding:	
Accumulation:	18,909,111
Income:	200,000
Net Asset Value per Share:	
Accumulation:	109.6p
Income:	106.8p
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 Dominium Holdings ICVC</i>)
Portfolio Turnover:	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
<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>	NatWest Trustee and Depositary Services 2 nd Floor, Drummond House, 1 Redheughs Avenue, Edinburgh EH12 9RH Authorised by the Prudential Regulation Authority 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 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 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.*

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 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

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 is 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 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,

Our Company was established as a vehicle through which like-minded shareholders participate in the ownership of a limited number of carefully selected businesses. Its investment objective is to preserve and grow the purchasing power of its capital over time. Progress in meeting this objective will primarily be determined by how successfully the management teams in each of the underlying businesses deploy the productive assets under their control in order to delight their customers.

The future coming at us from behind.

Former U.S. National Intelligence Council chair, Gregory Treverton, famously explained the difference between a mystery and a puzzle.¹ While a puzzle is solvable, a mystery is not. A mystery's outcome is contingent on the future interaction of many factors, some known and others unknown. As such, through the identification of critical factors and applying some sense as to how these may interact, a mystery can at best merely be framed. Treverton went on to point out that while additional information can help with solving a puzzle, it does not always help in framing a mystery.

Most of us conceive of ourselves as striding forward into our future. In contrast, some ancient cultures believed that the future came at you from behind. To them this made sense as while the present and past can be seen perfectly (in front of you), the future is unseen (behind you). I sympathise with the ancients, possibly due to the political and economic uncertainty I experienced during my youth. It is clear to me that no amount of forecasting or modelling would have predicted with certainty the outcomes I have witnessed. While I now reside in a seemingly less volatile environment, where the range of potential outcomes *may* be smaller, the future remains uncertain. It remains a mystery.

The mystery of saving.

The accumulation of savings is difficult. It requires endeavour and sacrifice and as such it is deserving of both respect and reward. Yet saving is fraught with future uncertainty. To deal with this uncertainty many in finance refer to the volatility in the price of an asset to define its risk. With enough information, this mathematical process can provide a seemingly elegant and comfortable answer. However, doing so confuses a mystery for a puzzle.

As cash or government bonds have no or little volatility in their price, they are considered by many as 'safe'. By way of contrast, the prices ascribed to productive assets (or claims thereon) are volatile and therefore deemed 'risky'. That cash and government bonds provide immediate liquidity is undeniable. Yet, in most countries savings held in these assets over prolonged periods of time have suffered a significant and permanent decline in their purchasing power. For the long-term saver they have been anything but 'risk-free'. Government policies ultimately determine the value of money. I for one have little faith in them suddenly pursuing policies where these assets retain their future purchasing power. Paradoxically, it is the ownership of productive assets that has often best served to protect the purchasing power of savings over lengthy periods of time. Therefore, in seeking to protect savings from a permanent loss of purchasing power, *time* is a major factor in differentiating the relative attractiveness of cash over the ownership of a productive asset.

A permanent loss in the purchasing power of its capital is our Company's principle risk. Given its time preference, we do not define risk by reference to the volatility of the price quotes offered for its ownership stakes. Rather it resides within each of the underlying businesses the Company owns a participation in. These risks may include factors such as the robustness of a capital structure, the competence and integrity of management and directors, elasticity of demand, diversity of revenues, conservatism of accounting etc. They can be subjective and unquantifiable.

LETTER TO SHAREHOLDERS

The mystery of business.

All entrepreneurial endeavour requires intelligent risk-taking and a patient focus on the long-term. No entrepreneur can know ahead of time whether the deployment of the factors of production over which they have control will result in a product or service which successfully satisfies a societal need. It is not possible to be entirely certain whether a new advertising campaign will increase sales, whether a new store will increase customer numbers, if new manufacturing capacity will be effectively utilised, if the research currently being undertaken will eventuate in innovations customers actually want and are willingly to pay for, whether additional staff training will yield better customer service etc. Nevertheless, entrepreneurs understand that without continuous effort in these fields, the businesses for which they are responsible will eventually lose relevance. They cannot avoid making these decisions and some will inevitably be errors. Yet, the best of our management teams use their subjective judgement and experience to make these decisions, reflect on them and remain open-minded enough to adapt and improve when required.

Each of us deals with the uncertainty of our future differently. Regardless of whether we see ourselves as entering the future facing forward or backward, some will attempt to run, others to hardly move at all, and still others will seek the seeming comfort of following instructions given by those who proclaim perfect foresight. Success in dealing with an uncertain future undoubtedly requires some luck. However, it has been my experience that some traits are more frequently evident in those who successfully navigate this uncertainty. As I consider the risks within each of the businesses the Company has an ownership interest in, these traits provide a framework upon which I rely in dealing with the mystery that is the future.

They include:

- probity and competence;
- adaptability and ingenuity;
- humility and the curiosity to wish to learn from failure;
- resilience and persistence; and,
- optionality in order not to be reliant on a single outcome.

Indeed, I submit that it is these traits that make the ownership of productive assets so attractive in preserving the purchasing power of capital over prolonged periods.

Maybe G.K Chesterton best explained the pitfalls of attempting to see the future as a solvable puzzle rather than an uncertain mystery:

*“The real trouble with this world of ours is not that it is an unreasonable world, nor even that it is a reasonable one. The commonest kind of trouble is that it is nearly reasonable, but not quite. Life is not an illogicality; yet it is a trap for logicians. It looks just a little more mathematical and regular than it is; its exactitude is obvious, but its inexactitude is hidden; its wildness lies in wait.”*²

I thank you once again for your confidence and patient participation.

Evan Green
Inpersca Limited

Notes:

1. Gregory Treverton: *Risks and Riddles* (Smithsonian Magazine, June 2007)
2. G.K. Chesterton: *Orthodoxy*

OWNERSHIP INTERESTS

Portfolio Statement as at 30 th November 2018					
Holding	Security	Currency	Value (£)	% of Net Assets	31 st May 2018
1,650	Markel Corp.	USD	1,492,792	7.15	
19,850	Heineken Holding NV	EUR	1,355,627	6.49	
60,900	Admiral Group plc	GBP	1,276,464	6.11	
6,700	Berkshire Hathaway Inc.	USD	1,155,918	5.53	
36,998	Jardine Strategic Holdings	USD	1,134,058	5.43	
8,900	Pernod-Ricard SA	EUR	1,116,734	5.35	
5,610	Costco Wholesale Corp.	USD	1,008,066	4.83	
6,050	Schindler Holding AG	CHF	946,451	4.53	
15,400	RLI Corp.	USD	898,957	4.31	
13,100	Nestle SA	CHF	877,730	4.20	
109,936	A.G. Barr plc	GBP	863,547	4.13	
16,600	Fielmann AG	EUR	821,701	3.93	
29,900	Brown & Brown Inc.	USD	670,921	3.21	
32,350	Compania Cervecerias Unidas SA (ADR)	USD	655,730	3.14	
11,300	Compagnie Financiere Richemont	CHF	597,544	2.86	
59,000	VP PLC	GBP	578,200	2.77	
3,300	Mastercard Inc.	USD	542,683	2.60	
9,600	PriceSmart Inc.	USD	494,534	2.37	
15,750	Diageo plc	GBP	445,331	2.13	
1,500	The Swatch Group	CHF	366,700	1.75	
750	Rational AG	EUR	339,853	1.63	
8,500	Tonnellerie Francois Freres SA	EUR	294,544	1.41	
Total Equities			17,934,085	85.86	86.30
Cash and Equivalents		Various	2,981,797	14.27	13.80
Adjustment to revalue assets from mid to bid			(26,247)	(0.13)	(0.10)
Total Portfolio			20,889,635	100.0	

During the 6 months to 30th November 2018 there were investment purchases of £1,219,907 and investment sales of £nil.

FINANCIAL STATEMENTS

Statement of total return

	Six months to 30 th November 2018	14 th July 2017 to 30 th November 2017
	£	£
Income		
Net capital gains	688,086	136,768
Revenue	139,714	77,640
Expenses	(110,113)	(52,884)
Finance costs: interest	<u>-</u>	<u>(568)</u>
Net revenues before taxation	29,601	24,188
Taxation	<u>(1,025)</u>	<u>(949)</u>
Net revenues after taxation	<u>28,576</u>	<u>23,239</u>
Total return before dividends	716,662	160,007
Finance costs: dividends	<u>3,787</u>	<u>12,435</u>
Change in net assets attributable to shareholders from investment activities	<u>720,449</u>	<u>172,442</u>

Statement of changes in net assets attributable to shareholders

	Six months to 30 th November 2018	14 th July 2017 to 30 th November 2017
	£	£
Opening net assets attributable to shareholders	18,597,973	-
Amounts receivable on creation of shares	1,776,622	16,804,208
Amounts payable on cancellation of shares	(205,409)	-
Dilution levy	-	2,609
Change in net assets attributable to shareholders from investment activities (see above)	<u>720,449</u>	<u>172,442</u>
Closing net assets attributable to shareholders	<u>20,889,635</u>	<u>16,979,259</u>

The revenue for the 6 months ended 30th November 2018 includes £11,111 of expense reimbursement received from the investment adviser. The corresponding figure for the period ended 30th November 2017 was £7,567.

As comparatives are shown for the comparable interim period the net asset value at the end of the period will not agree to the net asset value at the start of the period. The Company net asset value as at 31st May 2018 was £18,597,973.

FINANCIAL STATEMENTS

Balance sheet

As at	30 th November 2018	31 st May 2018
	£	£
Assets		
Investment assets	17,881,591	16,030,538
Debtors	38,368	67,332
Cash and bank balances	<u>3,052,116</u>	<u>2,527,053</u>
Total other assets	<u>3,090,484</u>	<u>2,594,385</u>
Total assets	20,972,075	18,624,923
Liabilities		
Creditors	(18,347)	(21,347)
Dividend payable	-	(951)
Bank overdraft	<u>(64,093)</u>	<u>(4,652)</u>
Total liabilities	<u>(82,440)</u>	<u>(26,950)</u>
Net assets attributable to shareholders	<u>20,889,635</u>	<u>18,597,973</u>

Accounting Policies

The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') Authorised Funds issued by the Investment Association in May 2014. The accounting policies applied are consistent with those of the financial statements for the period ended 31st May 2018 and are described in those financial statements.

AUTHORISED CORPORATE DIRECTOR RESPONSIBILITIES

The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each accounting 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 revenues and net capital gains for the period. In preparing these financial statements the Authorised Corporate Director is required to:

- comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- select suitable accounting policies and then apply them consistently.
- make judgments 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 Instrument of Incorporation, and the Prospectus. The Authorised Corporate Director is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTOR'S STATEMENT

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

Anne A. Laing CA

Neil J. Smith MA BA CA

Valu-Trac Investment Management Limited
Authorised Corporate Director

Date 15 January 2019

COMPARATIVE TABLES

	Income shares	
	6 months to 30 th November 2018	1 st September 2017 to 31 st May 2018
Change in net assets per share		
Opening net asset value per share	102.8p	100.0p
Return before operating charges [†]	5.0p	4.3p
Operating charges	(1.0p)	(1.0p)
Return after operating charges	4.0p	3.3p
Dividend on income shares	-	(0.5p)
Closing net asset value per share	106.8p	102.8p
[†] after direct transaction costs of	-	0.14p
Returns		
Total return after charges	3.9%	3.3%
Other information		
Closing net asset value	£0.2m	£0.2m
Closing number of shares	0.2m	0.2m
Annualised operating charges	1.00%	1.00%
Direct transaction costs	0.00%	0.14%
Share prices		
Highest offer price	110.3p	102.8p
Lowest bid price	102.3p	97.0p

	Accumulation shares	
	6 months to 30 th November 2018	14 th July 2017 to 31 st May 2018
Change in net assets per share		
Opening net asset value per share	105.6p	100.0p
Return before operating charges [†]	5.1p	6.6p
Operating charges	(1.1p)	(1.0p)
Return after operating charges	4.0p	5.6p
Closing net asset value per share	109.6p	105.6p
Retained dividend on accumulation shares	-	0.6p
[†] after direct transaction costs of	-	0.14p
Returns		
Total return after charges	3.8%	5.6%
Other information		
Closing net asset value	£20.7m	£18.4m
Closing number of shares	18.9m	17.4m
Annualised operating charges	1.00%	1.00%
Direct transaction costs	0.00%	0.14%
Share prices		
Highest offer price	113.3p	105.6p
Lowest bid price	105.1p	99.1p

ADDITIONAL INFORMATION

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 only available from the Registrar upon request.

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, replacing dividend tax credits with an 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. Shareholders should consult with their tax adviser about their circumstances.

Debts of the Company

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

ADDITIONAL INFORMATION

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.