

VT Dominium Holdings
Investment Company with Variable Capital

INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 30th NOVEMBER 2020

SHAREHOLDER INFORMATION

Size of the Company:	£22,594,863
Shares Outstanding:	
Accumulation:	18,893,318
Income:	220,760
Net Asset Value per Share:	
Accumulation:	118.5p
Income:	114.0p
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 three years (<i>payable to VT Dominium Holdings ICVC</i>)
Portfolio Turnover (<i>annualised</i>):	3.0%
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 43 Melville Street, Edinburgh EH3 7JF Appointed Representative of Valu-Trac Investment Management Limited
<i>Depository</i>	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
<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 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 is intended for like-minded shareholders who understand the risks and benefits of participating patiently in the ownership of a small number of carefully selected businesses. I encourage you to consider yourself an owner in each. The underlying progress of these firms over many years will determine the extent to which the Company meets its objective.

Rather than attempting to forecast future outcomes as a means to pre-empting the anticipations of others, my efforts are mostly directed at identifying those rare companies who have the attributes that might enable them to extend their longevity, to endure. In effect, rather than forecasting tomorrow's weather to determine which boat to sail and then attempting to do the same the following day and so on, I accept that the journey ahead of us is a long one. Inevitably it will mean experiencing a variety of weather conditions. As these cannot be known in advance with absolute certainty, assessing the quality of the boat and the values of its crew are the focus of my attention. Ultimately, these characteristics will determine whether we have the means to get to where we wish to go – the continuous compounding of our financial capital in real terms over time through the financing of honest and substantive entrepreneurial endeavour.

Self-motivated customer orientation

Costco Wholesale Corp, Admiral Group plc or Fielmann AG are each examples of the successful implementation of a business model that is based on a willingness to share the benefits of scale with customers through ongoing reductions in selling prices. By establishing their pricing authority on certain standardised goods or services these organisations increase customer loyalty. This offers a foundation on which greater scale might subsequently be built. Heineken NV, Pernod Ricard SA or Schindler Holdings AG differ in that these are businesses where customer delight is based on the unique nature, integrity or efficacy of the product or service. The resulting cashflows are then reinvested into attempts to further enhance the offering with the aim of reinforcing customer commitment.

Evidently then, shareholders must understand that the success of both these business models are rooted in a readiness to 'sacrifice' some immediate profitability. For the first group, this necessitates foregoing the potential margin increases that might otherwise accrue to owners from improving economies of scale. In the latter set, it requires a willingness to constantly accept the burden of investments in time, effort and expense that prevents the gradual degradation of their offering. For most companies, competitive reality is the incentive for making this sacrifice. However, I suggest that what differentiates the companies listed above from most is the fact that their efforts are motivated by a more powerful and enduring force - a deeply rooted corporate ethos that gives primacy to customer outcomes. This makes them rare.

Clues to the true source of someone's motivations often surface during windfalls or moments of crisis. Admiral has become one of the largest motor insurers in the United Kingdom by passing on cost efficiencies to policyholders by way of lower premiums. Government mandated travel restrictions during much of 2020 has meant less miles driven by its customers. The outcome has been fewer accidents and a reduction in the frequency of claims and therefore pay-outs. Rather than simply accrue the resulting short-term windfall in underwriting profits for the sole benefit of us the owners, the company instead chose to rebate a portion of their premiums back to policyholders. Tellingly, they did so without being under any external pressure to do so (whether competitive, societal or regulatory). Motor insurance is a commodity product. Customers' purchasing habits are notoriously price sensitive. This will likely remain the case. However, for some (including this policyholder) Admiral's generosity at a moment of elevated uncertainty might influence their future buying decisions.

Schindler manufactures elevators and escalators and services one of the largest portfolios of installed units around the world. Its servicing contracts are usually less sensitive to short-term economic conditions than new installation orders. However, many of its units are fitted in hospitality venues, corporate high-rises and transportation hubs where usage rates have dropped in response to stay-at-home guidelines issued around the world this year. In solidarity with some of its customers in these locations, Schindler has chosen to offer them rebates on servicing fees. The company took a similar course of action in Hong Kong and China during the Severe Acute Respiratory

LETTER TO SHAREHOLDERS

Syndrome (SARS) epidemic in 2003. Thomas Oetterli, Schindler's Chief Executive Officer, explained that this enables them to create long-term relationships with customers and that, as a family company, their desire is to establish these types of partnerships.¹ Tellingly, his comments make explicit the importance of supportive owners in facilitating this decision.

The consequences of social distancing measures have been far more detrimental to the operational performance of Heineken. The impact on profitability of lower beer demand has been magnified by management's decision not to make any structural layoffs of staff during 2020 (though these now appear inevitable in 2021). Management chose to do this in recognition of the fact that as staff had faced tremendous uncertainty in dealing with the health effects of the pandemic it would be unfair to exacerbate this with questions about continued employment. In time, it is possible that this decision translates into greater employee commitment and in turn to better outcomes for both customers and owners.

Reciprocated loyalty

In effect, all these firms have chosen to make a long-term investment in loyalty at the expense of short-term reported profitability. These purposeful and principled decisions offer us an invaluable insight into the underlying motivations and integrity of these businesses. They evidence the fact that these firms see the fundamental mission of a business as not just immediate profit maximisation, but rather the broadly shared value creation that arises from win-win activities.

Reciprocated loyalty might not assure a business of future success, but committing to an approach based on integrity and collective trust is likely to be a fertile environment in which we might all adapt to whatever the future has in store. To be truly sustainable, to endure through an uncertain future, requires that a business and its constituents recognise the interdependence between loyal customers, loyal employees and loyal owners. A lack of trust or dedication by any one of these to any of the others will in time almost certainly lead to a loss of commitment from all of them.

Owners recognise the value of these subtle qualitative factors, even if they are lost on those indifferent to what they own or seduced by simplistic quantitative scores, checklists or labels. As a wise man once suggested, not everything that can be counted counts, and not everything that counts can be counted.

Thank you for your trust and the valuable role you play in our own approach. I wish each of you a healthy and happy new year.

Evan Green
Inpersca Limited

Notes

1. Schindler Holdings AG third quarter 2020 conference call (www.schindler.com).

OWNERSHIP INTERESTS

Portfolio Statement as at 30 th November 2020					
Holding	Security	Currency	Value (£)	% of Net Assets	31 st May 2020
60,900	Admiral Group plc	GBP	1,735,650	7.68	
5,610	Costco Wholesale Corp.	USD	1,623,463	7.19	
22,000	Heineken Holding NV	EUR	1,525,035	6.75	
1,800	Markel Corp.	USD	1,333,925	5.90	
8,900	Pernod-Ricard SA	EUR	1,275,739	5.65	
6,300	Schindler Holding AG	CHF	1,259,205	5.57	
6,700	Berkshire Hathaway Inc.	USD	1,151,593	5.11	
15,400	RLI Corp	USD	1,134,100	5.02	
20,000	Fielmann AG	EUR	1,118,610	4.95	
13,100	Nestle SA	CHF	1,101,093	4.87	
29,900	Brown & Brown Inc.	USD	1,008,495	4.46	
1,400	Rational AG	EUR	937,564	4.15	
36,316	TFF Group	EUR	879,795	3.89	
171,950	A.G. Barr plc	GBP	860,180	3.81	
3,300	Mastercard Inc.	USD	822,718	3.64	
101,160	VP plc	GBP	768,816	3.40	
12,000	Compagnie Financiere Richemont SA	CHF	753,100	3.33	
41,998	Jardine Strategic Holdings	USD	752,511	3.33	
9,600	PriceSmart Inc.	USD	580,986	2.57	
38,500	Compania Cervecerias Unidas SA (ADR)	USD	407,695	1.80	
1,500	The Swatch Group	CHF	278,280	1.23	
24,000	C.F. Richemont SA Warrants (Sept 2023)	CHF	3,574	0.02	
Total Equities			21,312,127	94.32	94.81
Cash and Equivalents		Various	1,323,488	5.86	5.39
Adjustment to revalue assets from mid to bid			(40,752)	(0.18)	(0.20)
Total Portfolio			22,594,863	100.0	

During the six months to 30th November 2020 there were investment purchases of £321,096 and investment sales of £460,340.

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Statement of total return

For the 6 months ended 30 th November	2020	2019
	£	£
Income		
Net capital gains	1,993,762	502,818
Revenue	151,107	212,332
Expenses	(120,727)	(127,716)
Finance costs: interest	<u>(1,944)</u>	<u>-</u>
Net revenues before taxation	28,436	84,616
Taxation	<u>(11,154)</u>	<u>(14,810)</u>
Net revenues after taxation	<u>17,282</u>	<u>69,806</u>
Total return before dividends	2,011,044	572,624
Finance costs: dividends	<u>26</u>	<u>191</u>
Change in net assets attributable to shareholders from investment activities	<u>2,011,070</u>	<u>572,815</u>

Statement of changes in net assets attributable to shareholders

For the 6 months ended 30 th November	2020	2019
	£	£
Opening net assets attributable to shareholders	20,488,820	21,786,345
Amounts receivable on creation of shares	94,973	174,810
Amounts payable on cancellation of shares	-	-
Change in net assets attributable to shareholders from investment activities (see above)	<u>2,011,070</u>	<u>572,815</u>
Closing net assets attributable to shareholders	<u>22,594,863</u>	<u>22,533,970</u>

The revenue for the six months ended 30th November 2020 includes £13,347 of expense reimbursement received from the investment adviser. The corresponding figure for the period ended 30th November 2019 was £12,752.

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 31th May 2020 was £20,488,820.

FINANCIAL STATEMENTS

Balance sheet

As at	30 th November 2020		31 st May 2020	
	£	£	£	£
Assets				
Investment assets		21,271,375		19,384,596
Debtors	76,338		95,435	
Cash and bank balances	<u>1,266,283</u>		<u>1,029,903</u>	
Total other assets		<u>1,342,621</u>		<u>1,125,338</u>
Total assets		22,613,996		20,509,934
Liabilities				
Creditors	(19,132)		(19,671)	
Dividend payable	-		(1,443)	
Bank overdraft	<u>(1)</u>		<u>-</u>	
Total liabilities		<u>(19,133)</u>		<u>(21,114)</u>
Net assets attributable to shareholders		<u>22,594,863</u>		<u>20,488,820</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 2020 and are described in those financial statements.

AUTHORISED CORPORATE DIRECTOR RESPONSIBILITIES

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 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 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 Investment Scheme's Sourcebook and Investment Funds Sourcebook, we hereby certify the interim report.

Neil J. Smith MA BA CA

Valu-Trac Investment Management Limited
Authorised Corporate Director

Date

COMPARATIVE TABLES

	Income shares		
	6 months to 30 th Nov 2020	12 months to 31 st May 2020	12 months to 31 st May 2019
Change in net assets per share			
Opening net asset value per share	103.9p	110.4p	102.8p
Return before operating charges [†]	11.2p	(4.7p)	9.4p
Operating charges	(1.1p)	(1.1p)	(1.1p)
Return after operating charges	10.1p	(5.8p)	8.3p
Dividend on income shares	(0.0p)	(0.7p)	(0.7p)
Closing net asset value per share	114.0p	103.9p	110.4p
[†] after direct transaction costs of	0.00p	0.01p	0.03p
Returns			
Total return after charges	9.8%	(5.3%)	8.0%
Other information			
Closing net asset value	£0.2m	£0.2m	£0.2m
Closing number of shares	0.2m	0.2m	0.2m
Annualised operating charges	1.00%	1.00%	1.00%
Direct transaction costs	0.00%	0.01%	0.03%
Share prices			
Highest price	116.1p	118.9p	110.4p
Lowest price	102.2p	96.3p	102.3p

	Accumulation shares		
	6 months to 30 th Nov 2020	12 months to 31 st May 2020	12 months to 31 st May 2019
Change in net assets per share			
Opening net asset value per share	107.9p	114.0p	105.6p
Return before operating charges [†]	11.7p	(5.0p)	9.5p
Operating charges	(1.1p)	(1.1p)	(1.1p)
Return after operating charges	10.6p	(6.1p)	8.4p
Dividend on accumulation shares	(0.0p)	(0.7p)	(0.7p)
Reinvested dividend on accumulation shares	0.0p	0.7p	0.7p
Closing net asset value per share	118.5p	107.9p	114.0p
[†] after direct transaction costs of	0.00p	0.01p	0.05p
Returns			
Total return after charges	9.8%	(5.3%)	8.0%
Other information			
Closing net asset value	£22.3m	£20.3m	£21.6m
Closing number of shares	18.9m	18.8m	18.9m
Annualised operating charges	1.00%	1.00%	1.00%
Direct transaction costs	0.00%	0.01%	0.03%
Share prices			
Highest price	120.7p	122.7p	114.0p
Lowest price	106.2p	99.5p	105.0p

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, and 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, not 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.

UK Resident individual shareholders

UK resident shareholders are currently subject to tax on dividend income in excess of an annual allowance. The actual rate depends on the individual's tax rate band. They may also 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 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. The Company does not employ any staff directly from the AIFM, so there are no quantitative disclosures in this report.