

VT Dominium Holdings
Investment Company with Variable Capital

INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 30th NOVEMBER 2021

SHAREHOLDER INFORMATION

Net assets attributable to shareholders:	£30,690,197
Shares outstanding:	
Accumulation:	22,565,045
Income:	237,089
Net asset value per share:	
Accumulation:	135.0p
Income:	129.3p
Ongoing charges figure (<i>annualised</i>):	0.98% (<i>see note below</i>)
Redemption charge:	3% for redemptions within three years (<i>payable to VT Dominium Holdings ICVC</i>)
Portfolio turnover (<i>annualised</i>):	0.0%
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

*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

Depository

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

Note

The OCF is capped at 1% p.a. This is reduced to 0.85% p.a. on incremental assets above £30m and 0.75% on incremental assets above £50m.

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 a vehicle through which a group of like-minded shareholders apply a philosophy of patient and purposeful business ownership. The objective in doing so is to protect and enhance the purchasing power of its capital over time.

A world of distortions

The economist and social theorist Thomas Sowell suggested that if the first rule of economics is scarcity, the first rule of politics is to disregard the first rule of economics. Through repeated fiscal and monetary interventions government planners continue to attempt to overcome scarcity. Society faces a constant choice between accepting imperfect prices or imperfect planners.

While not without limitations, free markets provide pricing signals that directly inform each of us of the trade-offs billions of others like us are prepared to make for the use of a particular resource. In this way accurate pricing *saves* scarce resources. Planners assume they have greater insight than the total direct knowledge brought to bear through social processes involving billions of people seeking to make use of a particular resource. Moreover, planners are frequently far removed from the consequences of their interventions and operate in structures that are reluctant to admit error. While often well intentioned, their actions can serve to distort prices and cause malinvestment that *squanders* scarce resources. This reality requires that the custodian of precious, irreplaceable savings give significant emphasis to identifying those characteristics where value might exist and endure independent of the interventions of planners.

Focus

Most of us have a limited number of close friends. Seldom does a scientist make multiple important discoveries. Few authors write many great books. It is rare to be world-class at several sporting disciplines. Only a handful of artists can count numerous masterpieces among their works. It seems then that in life it is difficult to disperse our focus widely and achieve impressive results.

Our Company's assets are largely comprised of ownership participations in a small number of carefully selected businesses. The more of these it holds the less attentive to each I necessarily must be. Increasingly I would need to rely on the research and evaluation of third parties. Under these conditions the assumed benefits of diversification are undermined by a widening lack of firsthand knowledge and distracted attention. Inevitably, I would become less certain in my own independent judgements.¹ Directing my efforts to just a few decisions about a small number of firms, each observed over prolonged periods of time, is deliberate. It is an attempt to limit distractions to better identify and assess the determinant, but often subtle, factors that enable each to adapt, progress and endure.

Identifying value in values

Entrepreneurial endeavour is a creative process in which people assemble scarce resources and turn them into something of more value to others than anything else that might have been achieved using the same inputs. Witnesses to quality in artistry or craftsmanship might attest to the fact that there is an undefinable moment when the creative process confers on it a unique quality that makes it almost spiritual. To the extent that it exists in a corporate setting, this unique quality gives rise to something palpable. It generates the energy, excitement, enthusiasm, excellence and effort that provides individuals with a shared sense of purpose and belonging. In this way firms require, and are rewarded for engaging in, social cooperation - doing so organically through enlightened self-interest, not contrived altruism. This is important for the customers, employees, suppliers and shareholders who are reliant on these firms, but also for society more broadly. They are exemplars that others might follow.

LETTER TO SHAREHOLDERS

Companies are little more than associations of people – more so today than at any time in history. Purposefulness, resilience, adaptability, ingenuity, probity and competence are qualities of tremendous value. Firms often self-select for them, while the best guard and invest in them. Occasionally they are manifest in long-tenure executives that have spent their entire working lives immersed in them.² Any appraisal of these character traits is necessarily subjective and doing so can require prolonged and close observation. My own assessments of them might differ substantially from those of others. Nevertheless, over any meaningful period it is the shared values of individuals that become the dominant variable in defining the distribution of outcomes for a firm. As such, an owner must give emphasis to them. In a world of distortions and uncertainty we can gain confidence by aligning ourselves with persons of character whose motives and priorities are the same as ours.

Commitment

Today commitment seems to have been truncated by choice. Yet life without commitment is one that demands little or no responsibility to others. As I conceive of it, ownership is synonymous with commitment. This fact underlies the importance we give to the business associations we enter and the means we use to reach our desired ends. It is why alignment with our philosophy, expectations, understanding of risk and time frame are of such great importance.

I am grateful for the ongoing commitment from each of you. Best wishes to you all for 2022.

Evan Green
Inpersca Limited

Notes

1. Charles Ellis *Small Slam!* (Financial Analysts Journal, Vol 53. No.1 Jan – Feb 1997).
2. For example, consider the modesty and honesty of Craig Jelinek's prepared remarks to a US Senate hearing on the minimum wage earlier this year. They included the following, '*I'd like to make it clear that the past 37 years of my long retail career have been working for Costco, and Costco is what I know. I'm not an economist, regulator or legislator, and I don't pretend to know what methods or models are right for any other large or small companies or any other industries. But I do know what is right for Costco. We're certainly not perfect, but we try to take care of our employees, because they play such a significant role in our success.*' (Testimony of Craig Jelinek, President and CEO of Costco Wholesale Corp. before the US Senate Committee on the budget, 25 Feb 2021).

OWNERSHIP INTERESTS

Portfolio statement as at 30 th November 2021					
Holding	Security	Currency	Value (£)	% of Net Assets	31 st May 2021
5,610	Costco Wholesale Corp.	USD	2,323,004	7.57	
2,480	Markel Corp.	USD	2,308,229	7.52	
34,000	Heineken Holding NV	EUR	2,139,915	6.97	
66,000	Admiral Group plc	GBP	1,963,170	6.40	
10,800	Pernod-Ricard SA	EUR	1,869,508	6.09	
8,200	Berkshire Hathaway Inc.	USD	1,728,499	5.63	
34,700	Fielmann AG	EUR	1,722,944	5.61	
9,000	Schindler Holding AG	CHF	1,688,033	5.50	
29,900	Brown & Brown Inc.	USD	1,473,618	4.80	
12,000	Compagnie Financiere Richemont SA	CHF	1,348,952	4.40	
58,503	TFF Group	EUR	1,290,479	4.21	
13,100	Nestle SA	CHF	1,266,387	4.13	
128,660	VP plc	GBP	1,255,722	4.09	
15,400	RLI Corp	USD	1,215,612	3.96	
1,400	Rational AG	EUR	966,871	3.15	
171,950	A.G. Barr plc	GBP	907,896	2.96	
3,300	Mastercard Inc.	USD	777,827	2.53	
9,600	PriceSmart Inc.	USD	513,804	1.67	
38,500	Compania Cervecerias Unidas SA (ADR)	USD	464,155	1.51	
1,500	The Swatch Group	CHF	333,368	1.09	
24,000	C.F. Richemont SA Warrants (Sept 2023)	CHF	19,460	0.06	
Total equities			27,577,453	89.85	93.38
Cash and equivalents		Various	3,185,001	10.38	7.04
Adjustment to revalue assets from mid to bid			(72,257)	(0.23)	(0.42)
Total portfolio			30,690,197	100.0	

During the six months to 30th November 2021 there were investment purchases of £3,662,766 and investment sales of £nil.

FINANCIAL STATEMENTS

Statement of total return

For the 6 months ended 30 th November	2021	2020
	£	£
Income		
Net capital gains	1,563,211	1,993,762
Revenue	319,619	151,107
Expenses	(145,264)	(120,727)
Finance costs: interest	<u>(3,104)</u>	<u>(1,944)</u>
Net revenues before taxation	171,251	28,436
Taxation	<u>(35,459)</u>	<u>(11,154)</u>
Net revenues after taxation	<u>135,792</u>	<u>17,282</u>
Total return before dividends	1,699,003	2,011,044
Finance costs: dividends	<u>18,873</u>	<u>26</u>
Change in net assets attributable to shareholders from investment activities	<u>1,717,876</u>	<u>2,011,070</u>

Statement of changes in net assets attributable to shareholders

For the 6 months ended 30 th November	2021	2020
	£	£
Opening net assets attributable to shareholders	24,037,194	20,488,820
Amounts receivable on creation of shares	5,143,506	94,973
Amounts payable on cancellation of shares	(215,000)	-
Dilution levies payable	6,621	-
Change in net assets attributable to shareholders from investment activities (see above)	<u>1,717,876</u>	<u>2,011,070</u>
Closing net assets attributable to shareholders	<u>30,690,197</u>	<u>22,594,863</u>

Revenue for the six months ended 30th November 2021 includes £13,368 of expense reimbursement received from the investment adviser. The corresponding figure for the period ended 30th November 2020 was £13,347.

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 2021 was £24,037,194.

FINANCIAL STATEMENTS

Balance sheet

As at	30 th November 2021		31 st May 2021	
	£	£	£	£
Assets				
Investment assets		27,505,196		22,344,575
Debtors	121,440		130,090	
Cash and bank balances	<u>3,086,005</u>		<u>1,584,259</u>	
Total other assets		<u>3,207,445</u>		<u>1,714,349</u>
Total assets		30,712,641		24,058,924
Liabilities				
Creditors	(22,444)		(20,698)	
Dividend payable	<u>-</u>		<u>(1,032)</u>	
Total liabilities		<u>(22,444)</u>		<u>(21,730)</u>
Net assets attributable to shareholders		<u>30,690,197</u>		<u>24,037,194</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 2021 and are described in those financial statements.

COMPARATIVE TABLES

	Income shares		
	6 months to 30 th Nov 2021	12 months to 31 st May 2021	12 months to 31 st May 2020
Change in net assets per share			
Opening net asset value per share	121.5p	103.9p	110.4p
Return before operating charges [†]	8.4p	19.1p	(4.7p)
Operating charges	(0.6p)	(1.1p)	(1.1p)
Return after operating charges	7.8p	18.0p	(5.8p)
Dividend on income shares	(0.0p)	(0.4p)	(0.7p)
Closing net asset value per share	129.3p	121.5p	103.9p
[†] after direct transaction costs of	0.03p	0.01p	0.01p
Returns			
Total return after charges	6.5%	17.3%	(5.3%)
Other information			
Closing net asset value	£0.3m	£0.3m	£0.2m
Closing number of shares	0.2m	0.2m	0.2m
Annualised operating charges	0.98%	1.00%	1.00%
Direct transaction costs	0.02%	0.01%	0.01%
Share prices			
Highest price	132.3p	122.5p	118.9p
Lowest price	122.3p	102.2p	96.3p

	Accumulation shares		
	6 months to 30 th Nov 2021	12 months to 31 st May 2021	12 months to 31 st May 2020
Change in net assets per share			
Opening net asset value per share	126.7p	107.9p	114.0p
Return before operating charges [†]	9.0p	20.0p	(5.0p)
Operating charges	(0.7p)	(1.2p)	(1.1p)
Return after operating charges	8.3p	18.8p	(6.1p)
Dividend on accumulation shares	(0.0p)	(0.4p)	(0.7p)
Reinvested dividend on accumulation shares	0.0p	0.4p	0.7p
Closing net asset value per share	135.0p	126.7p	107.9p
[†] after direct transaction costs of	0.03p	0.01p	0.01p
Returns			
Total return after charges	6.5%	17.4%	(5.3%)
Other information			
Closing net asset value	£30.5m	£23.7m	£20.3m
Closing number of shares	22.6m	18.8m	18.8m
Annualised operating charges	0.98%	1.00%	1.00%
Direct transaction costs	0.02%	0.01%	0.01%
Share prices			
Highest price	138.1p	127.3p	122.7p
Lowest price	127.5p	106.2p	99.5p

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.

David E. Smith CA

Valu-Trac Investment Management Limited
Authorised Corporate Director

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.