

*VT Dominium Holdings*  
*Investment Company with Variable Capital*

**INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDING 30<sup>th</sup> NOVEMBER 2022**

## SHAREHOLDER INFORMATION

Net assets attributable to shareholders:	£31,636,635
Shares outstanding:	
Accumulation:	23,099,143
Income:	290,804
Net asset value per share ('NAV'):	
Accumulation:	135.6p
Income:	129.0p
Ongoing charges figure ('OCF') ( <i>annualised</i> ):	1.00% ( <i>see note below</i> )
Redemption charge:	3% for redemptions within three years (payable to VT Dominium Holdings ICVC)
Portfolio turnover (annualised):	0.0%
Minimum initial investment:	£250,000
Minimum subsequent investment:	£20,000
Year end:	31 <sup>st</sup> May
Ex-dividend date:	31 <sup>st</sup> May
Dividend distribution date:	31 <sup>st</sup> 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: <a href="mailto:dominium@valu-trac.com">dominium@valu-trac.com</a> 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

### 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 14<sup>th</sup> 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 fifteen percent 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 ('CPI') over a rolling five-year period. We suggest that a reasonable long-term comparator for global business ownership may be a world index of listed businesses.

## 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. 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 owners,

### *The pretence of knowledge*

Events constantly reveal just how little we know and control. Ancient schools of thought saw events as the outcome of divine forces before the great thinkers of western Europe undertook to describe them using science. In a world looking for answers, the neat symmetry of equilibrium and cause and effect found in mathematics and Newtonian physics offer a particularly seductive means for explaining things. In the 1890's Alfred Marshall applied this thinking to economics. The science of economics has since become a tool for social control.

In 1974 Friedrich Hayek received the Sveriges Riksbank Prize in Economic Science in Memory of Alfred Nobel. He began his acceptance speech, *The Pretence of Knowledge*, with an apology on behalf of economists, noting that their failure “*to guide policy more successfully is closely connected with their propensity to imitate as closely as possible the procedures of the brilliantly successful physical sciences – an attempt which in our field may lead to outright error.*” He went on to describe how full knowledge of all the factors impacting a system as complex as the economy was beyond the ability of man. Few appear to have listened, perhaps in thrall by the control implied in seeing the world as just a solvable mathematics problem or, maybe, because their incentives discouraged them from doing so.

An alternative to viewing the economy as a mechanical system might be to consider it as similar to ecological systems like earthquakes, volcanoes, clouds, woodlands and lakes etc. These are dynamic, complex and adaptive systems where large disturbance and change is normal yet unpredictable. Economies are clearly systems as they are comprised of networks of components in vital relationship with other components. Their complexity arises from the great number, wide variety and interconnectedness of these components. Finally, they are adaptive as they alter, evolve and learn from past experiences.

Per Bak, a Danish physicist, studied complex systems. To describe them he used the example of a sandpile, explaining how at some tipping point the introduction of one additional grain of sand leads to ‘avalanches’ of varying degrees of severity.<sup>1</sup> In other words, there is a non-linear relationship between changes made to the system and their consequences. Bak also noted that there is no way to predict which grain would set off an avalanche and so any stability in the system is just temporary, its evolution occurring in fits and starts rather than in a smooth line. Notably, this evolution is not centrally controlled.

### *Humility in the face of complexity*

Why does this matter? How we perceive the world and the principles we adhere to influences the trade-offs we are prepared to accept. Political and economic systems explained with reference to the laws of the physical sciences suggest our futures are controllable, that we are rational and that value is absolute. It implies that with sufficient information life's puzzle can be solved and so efficiency and optimisation can be achieved. In contrast, reflecting on these systems using the lens offered by Bak suggests life requires a great deal more humility from each of us – a single gunshot in Sarajevo can escalate into a ‘war to end all wars’, the mistreatment of an individual can spark protests across a country, region and even the world, or trouble in derivatives on mortgage products in one country gave rise to a global financial meltdown.

Despite the unknown timing and severity of inevitable economic, political or social avalanches, indeed maybe even aided by them, societal living standards have continued to improve. Arguably the greatest societal advances have been achieved where the conditions for transformation through creative experimentation, the introduction of novelty and the pursuit of diversity, through the decentralisation of ingenuity, innovation, failure and renewal, exist. In short, resilience to catastrophe is established via individual liberty. It requires being willing to accept doubt, fallibility and plurality of thought while recognising the worth in judgement, capabilities and networks of relationships based on reciprocated trust. Those who claim to know best attempt to engineer change and resolve every crisis, even those of their own making, by conveying the illusion of certainty and control. Ultimately this comes at the cost of vitality and resilience.

## LETTER TO SHAREHOLDERS

### *Pragmatic evolution*

All businesses operate in ever changing landscapes as their customers, employees, suppliers, competitors and the broader society they serve are in a state of ceaseless flux. What matters to their owners is their ability to endure. To do so they must develop the means to absorb life's inevitable avalanches. This can require using scarce capital to establish optionality, flexibility, redundancy and independence. As more things can happen than do happen these efforts can appear inefficient as the path of events means the established resilience is often not needed. Moreover, it can be difficult to notice the slow-moving variables that cause the greatest upheaval. Judgement then is imperative, as is the liberty and independence to act on it.

Philosopher Soren Kierkegaard, another Dane, wrote that while life is understood backwards it must be lived forwards. Maybe mistakenly, I accept the global economy to be a complex adaptive system and the future as more mystery than puzzle. To meet the Company's objective my efforts are orientated towards identifying the few determinative factors that give a business that is mindful of the sanctity of its capital the greatest chance of enduring. Consequently, the Company's assets are comprised of a small collection of business participations that allow us to partner with what are in my subjective assessment communities of exceptional people building exceptional companies.

I identify these people as those whose actions and objectives are determined by principles and time preferences that align with my own and who bear the consequences for their decisions on the same terms as we must. In this assessment I will undoubtedly err, just as even the best of them will in making their own judgements. My hope is to learn from these errors. Our patience will be tested and the temptation to act to remove uncertainty will be overwhelming. Nevertheless, my preference is to demonstrate the same patient commitment as that shown by the exemplars among our business partners.

Remarkable individuals committed quietly to building outstanding companies are rare. Like a fine wine they get better with time. Participating alongside them does not guarantee success in meeting the Company's objective, but it may place the odds in our favour and make attempting to predict the future all but unnecessary. As importantly, it enables us to facilitate and share in deserved success.

My thanks for your patient support and I hope 2023 brings you every happiness.

Evan Green  
Inpersca Limited

### Notes:

1. *Self-organised criticality: an explanation of 1/f noise* by P. Bak, C. Tang and K. Wiesenfeld (Physical Review Letters, 1987)

## OWNERSHIP INTERESTS

Portfolio statement as at 30 <sup>th</sup> November 2022					
Holding	Security	Currency	Value (£)	% of Net Assets	31 <sup>st</sup> May 2022
2,480	Markel Corp.	USD	2,679,118	8.47	
5,610	Costco Wholesale Corp.	USD	2,534,866	8.01	
38,000	Heineken Holding NV	EUR	2,374,703	7.51	
8,200	Berkshire Hathaway Inc.	USD	2,140,135	6.76	
13,000	Schindler Holding AG	CHF	1,939,016	6.13	
58,503	TFF Group	EUR	1,858,330	5.87	
10,800	Pernod Ricard SA	EUR	1,762,668	5.57	
15,400	RLI Corp.	USD	1,635,637	5.17	
53,000	Fielmann AG	EUR	1,590,076	5.03	
74,000	Admiral Group plc	GBP	1,506,270	4.76	
29,900	Brown & Brown Inc.	USD	1,451,419	4.59	
12,000	Compagnie Financiere Richemont SA	CHF	1,312,759	4.15	
13,100	Nestle SA	CHF	1,298,192	4.10	
3,300	Mastercard Inc.	USD	951,987	3.01	
14,500	Exor NV	EUR	936,717	2.96	
128,660	VP plc	GBP	881,321	2.79	
171,950	A.G.Barr plc	GBP	871,787	2.76	
1,400	Rational AG	EUR	713,647	2.26	
11,100	PriceSmart Inc.	USD	659,877	2.09	
50,000	Compania Cervecerias Unidas SA (ADR)	USD	512,197	1.62	
600	Robertet Group	EUR	431,222	1.36	
24,000	C.F. Richemont SA Warrants (Sept 2023)	CHF	17,570	0.06	
<b>Total equities</b>			<b>30,059,514</b>	<b>95.03</b>	<i>94.22</i>
Cash and equivalents		Various	1,640,615	5.18	<i>5.92</i>
Adjustment to revalue assets from mid to bid			(63,494)	(0.21)	<i>(0.14)</i>
<b>Total portfolio</b>			<b>31,636,635</b>	<b>100.00</b>	

During the six months to 30<sup>th</sup> November 2022 there were investment purchases of £1,019,864 and investment sales of £nil.

## FINANCIAL STATEMENTS

### Statement of total return

For the 6 months ended 30 <sup>th</sup> November	2022	2021
	£	£
Income		
Net capital gains	451,513	1,563,211
Revenue	350,255	306,251
Expenses	(165,899)	(145,264)
Operating expenses		
Expense reimbursement by investment adviser	13,964	13,368
Finance costs: interest	<u>(35)</u>	<u>(3,104)</u>
Net revenues before taxation	198,285	171,251
Taxation	<u>(61,292)</u>	<u>(35,459)</u>
Net revenues after taxation	<u>136,993</u>	<u>135,792</u>
Total return before dividends	588,506	1,699,003
Finance costs: dividends	<u>2,371</u>	<u>18,873</u>
Change in net assets attributable to shareholders from investment activities	<u>590,877</u>	<u>1,717,876</u>

### Statement of changes in net assets attributable to shareholders

For the 6 months ended 30 <sup>th</sup> November	2022	2021
	£	£
Opening net assets attributable to shareholders	30,448,129	24,037,194
Amounts receivable on creation of shares	597,629	5,143,506
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>590,877</u>	<u>1,717,876</u>
Closing net assets attributable to shareholders	<u>31,636,635</u>	<u>30,690,197</u>

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 31<sup>st</sup> May 2022 was £30,448,129.



## FINANCIAL STATEMENTS

### Balance sheet

As at	30 <sup>th</sup> November 2022		31 <sup>st</sup> May 2022	
	£	£	£	£
<b>Assets</b>				
Investment assets		29,996,020		28,644,907
Debtors	210,039		179,049	
Cash and bank balances	<u>1,458,641</u>		<u>1,665,659</u>	
Total other assets		<u>1,668,680</u>		<u>1,844,708</u>
Total assets		31,664,700		30,489,615
<b>Liabilities</b>				
Creditors	(28,065)		(28,947)	
Dividend payable	-		(2,704)	
Bank overdraft	<u>-</u>		<u>(9,835)</u>	
Total liabilities		<u>(28,065)</u>		<u>(41,486)</u>
<b>Net assets attributable to shareholders</b>		<u>31,636,635</u>		<u>30,448,129</u>

### Accounting Policies

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 accounting policies applied are consistent with those of the financial statements for the period ended 31<sup>st</sup> May 2022 and are described in those financial statements.

## COMPARATIVE TABLES

	Income shares		
	6 months to 30 <sup>th</sup> Nov 2022	12 months to 31 <sup>st</sup> May 2022	12 months to 31 <sup>st</sup> May 2021
<b>Change in net assets per share</b>			
Opening net asset value per share	126.5p	121.5p	103.9p
Return before operating charges <sup>†</sup>	3.1p	7.1p	19.1p
Operating charges	(0.6p)	(1.2p)	(1.1p)
Return after operating charges	2.5p	5.9p	18.0p
Dividend on income shares	(0.0p)	(0.9p)	(0.4p)
Closing net asset value per share	129.0p	126.5p	121.5p
<sup>†</sup> after direct transaction costs of	0.00p	0.02p	0.01p
<b>Returns</b>			
Total return after charges	2.0%	4.9%	17.4%
<b>Other information</b>			
Closing net asset value	£0.4m	£0.4m	£0.3m
Closing number of shares	0.3m	0.3m	0.2m
Annualised operating charges	1.00%	1.00%	1.00%
Direct transaction costs	0.00%	0.02%	0.01%
<b>Share prices</b>			
Highest price	129.2p	133.7p	122.5p
Lowest price	120.6p	122.3p	102.2p

	Accumulation shares		
	6 months to 30 <sup>th</sup> Nov 2022	12 months to 31 <sup>st</sup> May 2022	12 months to 31 <sup>st</sup> May 2021
<b>Change in net assets per share</b>			
Opening net asset value per share	132.9p	126.7p	107.9p
Return before operating charges <sup>†</sup>	3.4p	7.5p	20.0p
Operating charges	(0.7p)	(1.3p)	(1.2p)
Return after operating charges	2.7p	6.2p	18.8p
Dividend on accumulation shares	(0.0p)	(1.0p)	(0.4p)
Reinvested dividend on accumulation shares	0.0p	1.0p	0.4p
Closing net asset value per share	135.6p	132.9p	126.7p
<sup>†</sup> after direct transaction costs of	0.00p	0.03p	0.01p
<b>Returns</b>			
Total return after charges	2.0%	4.9%	17.4%
<b>Other information</b>			
Closing net asset value	£31.3m	£30.1m	£23.7m
Closing number of shares	23.1m	22.6m	18.8m
Annualised operating charges	1.00%	1.00%	1.00%
Direct transaction costs	0.00%	0.02%	0.01%
<b>Share prices</b>			
Highest price	135.8p	139.5p	127.3p
Lowest price	126.8p	127.5p	106.2p

## 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

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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](mailto: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 1<sup>st</sup> and 15<sup>th</sup> (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](http://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 period 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 31<sup>st</sup> July each year.

### *Debts of the Company*

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