

VT Dominium Holdings
Investment Company with Variable Capital

INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 30th NOVEMBER 2017

SHAREHOLDER INFORMATION

Size of the Company:	£16,979,259
Shares Outstanding:	
Accumulation:	16,475,927
Income:	200,000
Net Asset Value per Share:	
Accumulation:	101.8p
Income:	99.7p
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 Dominion 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

*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
28 Walker Street,
Edinburgh
EH3 7HR
Appointed Representative of Valu-Trac Investment
Management Limited

Depository

National Westminster Bank Plc
1st Floor Younger Building, 3 Redheughs Avenue,
Edinburgh
EH12 9RH
Authorised and regulated by the Financial Conduct
Authority and the Prudential Regulation Authority

Auditor

Johnston Carmichael LLP, CA
Commerce House, South Street,
Elgin
IV30 1JE

ABOUT VT DOMINIUM HOLDINGS ICVC

VT Dominion Holdings ICVC ('the Company') is an Opened-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 participate patiently in the ownership of a limited number of carefully selected enterprises worldwide so as to preserve and grow the purchasing power of shareholder's capital (i.e. for its returns to increase in excess of the UK's Consumer Price Index) over the long-term.

Investment Approach

In our opinion, business ownership offers the best means to protect and grow capital in real terms over time. It provides us with a claim on the true sources of wealth creation. Patient long-term 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.*

It will seek to partner with competent and honest entrepreneurs or business owners who share with us a community of interest. These individuals will have the privilege and burden of overseeing the distribution or reinvestment of company cash flows, a key determinant of the rate at which our capital will compound over time.

In order that this wealth creation accrues to us as owners, and is not competed away, each of our businesses 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.

We believe 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 it 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 we are being asked to pay - a welcome outcome.

Cash represents the residual of the investment process. 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 will 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 portfolio is selected without consideration for 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 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.

LETTER TO SHAREHOLDERS

Dear fellow shareholders,

I take seriously my fiduciary responsibility towards your capital. To ensure a community of interest between the shareholders of the Company and the Investment Adviser, I operate the latter on the following business principles:

- ❖ I regard the capital entrusted to the Company as irreplaceable. Its long-term preservation, in real terms, is my first priority. A major portion of my own capital is invested in the Company; and my aim is to make money with its shareholders, not from them.
- ❖ I 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 the intention is to *share* with its shareholders the benefits of scale via a systematic reduction of the 'Ongoing Charges Figure'. In addition, its 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 its 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 capital (a redemption fee is payable to the Company for redemptions within 3 years). My own time horizon is much longer, and I only intend to comment on performance, whether that of the Company or an individual holding, over a minimum of a 3-year rolling period.

Your savings are precious.

Your savings are testimony to a lifetime of effort and sacrifice. They are precious; not just to you but also to society as a whole. Business owners have a claim on the daily efforts of entrepreneurs to efficiently deliver innovative products and services that effectively address the wide-ranging needs of society. This entrepreneurial endeavour is the foundation upon which an improvement in our living standards is based. By proficiently investing your saving, the Company is not only making available capital to enterprises whose products and services improve mankind's lot; it also has the opportunity to maintain and grow the purchasing power of those savings over the long-term as reward for the effort and sacrifice made in accumulating them. I see both as principled objectives.

We are business owners.

Through the Company we are all long-term business owners. I encourage you to consider yourselves as such. It is not our intention to trade our way to riches by timing market cycles or investment fashions. Entrepreneurial endeavour requires intelligent risk-taking and a patient focus on the long-term. As providers of capital, we expect this of our management partners and they have every right to expect us to be similarly inclined. Private business owners successfully accumulate wealth without needing a daily price reference of how much others believe their company to be worth. They understand that it is the productive assets and entrepreneurial endeavour that resides within their business, put to sensible use in delighting customers, that determines its value to its owners. They define risk as permanent capital loss; not illiquidity, concentration or asset price volatility. These concepts of value and risk, so successful for wealth creation in private businesses, are often forgotten when corporate ownership is achieved through capital markets. Many capital market participants seem to believe wealth creation occurs on the stock market, not that it is merely reflected there (though not always efficiently). Were capital markets closed for a decade and a daily price quote no longer available for our ownership claims they would not suddenly be rendered worthless. Furthermore, I believe our carefully selected portfolio of companies have the attributes necessary to continue to grow their worth in real terms over that period.

In selecting the enterprises the Company owns, the first consideration is the ingenuity, probity and competence of those we are partnering with. I have found that it is most often in family controlled, or owner-managed, businesses where there is the greatest alignment with our interests as patient long-term owners. Almost all businesses require continuous reinvestment to ensure their relevance to customers, and therefore the permanence of their economics to us as owners. This reinvestment can require years of upfront expenditure being imposed

on cashflows and capital structures. Those businesses with shareholders who have an incentive in conveying an ownership claim to the next generation in better shape than it was when they became owners are often most willing to tolerate these upfront costs. This can often require an independence of mind over that which prevails as the consensus.

Every successful business faces the threat of competition. To rebuff this it needs an advantaged asset. To be enduring the asset should be difficult to replicate, and is thus likely scarce. Additionally, the future is unknowable and so it should be expected that there will be periods of economic decline, political uncertainty and sharp falls in the prices of assets. Consequently, a business needs to be structured to be resilient and adaptable. This adaptability and resilience, as well as the durability of a company's advantaged asset, are often also determined by the mindset of our management partners.

Our business activities.

Every day the enterprises in which we have an ownership claim are enabling global commerce by efficiently moving people, money and freight. Daily an estimated one billion people travel by our escalators and elevators, millions of transactions are processed over our payment network, and freight is hauled across our North American railway grid of 32,000 route miles.

Our professional cooking solutions are producing meals in kitchens from Buckingham Palace to the less grandiose setting of care-homes and schools, while our food brands address the nutritional needs of consumers from breakfast to dinner, and from birth to old age. We have an economic claim in the brand equities of the world's most international premium beer, the world's most recognised stout, one of the world's oldest cognac houses, some of the finest Irish and Scotch whiskies, as well as Scotland's 'other' national drink.

We operate wholesale warehouses around the world that serve millions of members – most of whom renew their membership every year to bargain hunt in our stores. At the other end of the price spectrum, we have a claim on the earnings streams accruing from creating and selling some of the world's most aspirational jewellery and watch brands. In Indonesia, companies we own an interest in sell 3 out of every 4 motorcycles and 1 in every 2 motor vehicles, while in Germany our stores accounted for almost 1 in 2 pairs of spectacles sold in that country last year. Our insurance business interests insure motor vehicles, kindergartens, jewellery, architect partnerships and more, and each has an enviable underwriting history that we ascribe to their unique corporate cultures.

'Now' is always the hardest time to invest.

Throughout my investment career there has always been something to worry about. Today, while a great deal that masquerades as prosperity is likely due to excess credit creation and despite the daily media headlines being filled with news of political instability, social discord and economic malaise, I am optimistic about the prospects of society. I accept that my incentives are aligned with making this claim. However, it is rooted in the power of human ingenuity, adaptability, and resourcefulness. It seems to me that bias ensures our frame of reference remains very narrow when considering the world around us, often leading us to assume things are getting gradually worse. Yet, the way we eat and live, how we are educated and entertained, our healthcare and our travel are all vastly better than 30 years ago, indeed even just a decade ago. The sharing of goods and ideas, the source of innovation and productivity improvements, has never been as rapid and widespread as it is today.

This is not to say I can predict the direction of capital markets. I cannot. I accept the future is uncertain and that there will be periods of declining asset prices. I have come to understand that having realistic expectations, structuring one's affairs so as to be able to keep an unwavering eye on one's long-term goals and great businesses bought well, are the best way of ensuring the capital entrusted to my care survives the future's unknown unknowns.

I thank you for your trust and commitment.

Evan Green

OWNERSHIP INTERESTS

Portfolio Statement as at 30th November 2017

Holding	Security	Currency	Value (£)	% of Net Assets
18,350	Heineken Holdings NV	EUR	1,303,237	7.68
1,550	Markel Corp.	USD	1,269,755	7.48
60,900	Admiral Group plc	GBP	1,171,411	6.90
8,900	Pernod-Ricard SA	EUR	1,027,775	6.05
6,700	Berkshire Hathaway Inc.	USD	952,015	5.61
29,700	Jardine Strategic Holdings	USD	913,431	5.38
13,100	Nestle SA	CHF	838,197	4.94
5,610	Costco Wholesale Corp.	USD	760,559	4.48
4,300	Schindler Holdings AG	CHF	703,901	4.15
15,400	RLI Corp.	USD	681,112	4.01
109,936	A.G. Barr plc	GBP	676,931	3.99
10,250	Compagnie Financiere Richemont	CHF	649,667	3.83
32,350	Compania Cervecerias Unidas SA (ADR)	USD	610,350	3.59
9,600	PriceSmart Inc.	USD	605,465	3.57
14,950	Brown & Brown Inc.	USD	564,845	3.33
15,750	Diageo plc	GBP	405,484	2.39
3,300	Mastercard Inc.	USD	364,882	2.15
750	Rational AG	EUR	361,620	2.13
5,300	Fielmann AG	EUR	343,045	2.02
1,250	The Swatch Group	CHF	336,865	1.98
Total Equities			14,540,547	85.64
Cash and Equivalents		Various	2,438,712	14.36
Total Portfolio			16,979,259	100.0

FINANCIAL STATEMENTS

Statement of total return

For the period from 14th July to 30th November		2017
	£	£
Income		
Net capital gains		136,768
Revenue	70,073	
Expenses	(45,317)	
Finance costs: interest	<u>(568)</u>	
Net revenues before taxation	24,188	
Taxation	<u>(949)</u>	
Net revenues after taxation		<u>23,239</u>
Total return before dividends		160,007
Finance costs: dividends		<u>12,435</u>
Change in net assets attributable to shareholders from investment activities		<u>172,442</u>

Statement of changes in net assets attributable to shareholders

For the period from 14th July to 30th November		2017
		£
Opening net assets attributable to shareholders		-
Amounts receivable on creation of shares		16,804,208
Dilution levy		2,609
Change in net assets attributable to shareholders from investment activities (see above)		<u>172,442</u>
Closing net assets attributable to shareholders		<u>16,979,259</u>

The company was launched on 14th July 2017, hence there are no comparative figures.

FINANCIAL STATEMENTS (Continued)

Balance sheet

At 30 th November		2017
	£	£
Assets		
Investment assets		14,540,547
Debtors	23,375	
Cash and bank balances	<u>2,432,631</u>	
Total other assets		<u>2,456,006</u>
Total assets		16,996,553
Liabilities		
Creditors	<u>(17,294)</u>	
Total liabilities		<u>(17,294)</u>
Net assets attributable to shareholders		<u>16,979,259</u>

The company was launched on 14th July 2017, hence there are no comparative figures.

NOTES TO THE FINANCIAL STATEMENTS

For the period from 14th July 2017 to 30th November 2017

1 Accounting policies

- (a) The financial statements have been prepared in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014. The functional currency of the Company is sterling.
- (b) Dividends on equities are recognised when the security is quoted ex-dividend. Bond interest is accrued daily into the Company. An adjustment is made to the amount of income recognised in bonds using the effective interest yield basis. Interest on deposits is accounted for on an accruals basis. Other revenue is accounted for on receipts basis. Accumulation of revenue, relating to accumulation shares held in the company, is not included in the amount available for distribution.

Equalisation received by the way of distributions from OEICs or unit trust investments is not included in revenue but is reflected as a reduction in the book cost of that investment.

- (c) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Company, and where applicable is included in the distribution. In the case of an enhanced stock dividend the value of the enhancement is treated as capital.
- (d) Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.
- (e) All expenses are accounted for on an accruals basis and other than those relating to the buying and selling of investments, all expenses are charged to the revenue of the Company.
- (f) Where the revenue from investments exceeds the expenses of the Company, annual dividends are paid to all holders of income shares. In all cases, tax vouchers will be issued to shareholders.
- (g) The Company is not more than 60% invested in qualifying investments (as defined by S468L ICTA 1988) and where applicable will pay a dividend distribution.
- (h) The listed investments of the Company have been valued at bid market prices at 4.30pm UK time on 30th November 2017. Suspended securities are valued initially at the suspended price but are subject to constant review.
- (i) All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point and any gains or losses taken to capital.
- (j) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Deferred tax assets are recognised only to the extent that the ACD considers that it is more likely than not there will be taxable profits from which underlying timing differences can be deducted.

- (k) In certain circumstances the ACD may charge a dilution levy on the sale or repurchase of shares. The levy, which is paid into the Company, is intended to cover certain charges not included in the bid market value of the Company, used in calculating the share price, which could have a diluting effect on the performance of the Company.

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

COMPARATIVE TABLES

	Income shares
For the period from 1st September to 30th November	2017
Change in net assets per share	
Opening net asset value per share	100.0p
Return before operating charges †	0.7p
Operating charges	(1.0p)
Return after operating charges	(0.3p)
Dividend on income shares	-
Closing net asset value per share	99.7p
† after direct transaction costs of	0.13p
Returns	
Total return after charges	(0.3%)
Other information	
Closing net asset value	£0.2m
Closing number of shares	0.2m
Annualised operating charges	1.00%
Direct transaction costs	0.13%
Share prices	
Highest offer price	100.4p
Lowest bid price	97.0p

	Accumulation shares
For the period from 14th July to 30th November	2017
Change in net assets per share	
Opening net asset value per share	100.0p
Return before operating charges †	2.8p
Operating charges	(1.0p)
Return after operating charges	1.8p
Closing net asset value per share	101.8p
Retained dividend on accumulation shares	-
† after direct transaction costs of	0.13p
Returns	
Total return after charges	1.8%
Other information	
Closing net asset value	£16.8m
Closing number of shares	16.5m
Annualised operating charges	1.00%
Direct transaction costs	0.13%
Share prices	
Highest offer price	102.8p
Lowest bid price	99.1p

ADDITIONAL INFORMATION FOR SHAREHOLDERS

Distribution

Distributions of the revenue of the Company will be made to shareholders on or before 31st July each year.

Taxation

The Company will pay no corporation tax on its profits for the year and capital gains within the Company will not be taxed.

UK Resident individual shareholders

HM Revenue & Customs changed the taxation of dividends on 6 April 2016. Dividend tax credits were abolished and replaced by a tax-free annual dividend allowance of £5,000. UK resident shareholders are now subject to new, higher rates of 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, as with other chargeable assets. The first £11,300 of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

Debts of the Company

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

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 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. 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.

The most recent prices are available from the ACD upon request.

Pricing Basis

There is a single price for buying and selling shares which represents the net asset value of the Company.

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.