

**VT DOWNING INVESTOR FUNDS ICVC**  
**(Sub-funds VT Downing Global Investors Fund, VT Downing**  
**Unique Opportunities Fund and VT Downing European**  
**Unconstrained Income Fund)**

**Annual Report and Financial Statements**  
**for the period ended 30 June 2021**

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## COMPANY OVERVIEW

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### Type of Company

VT Downing Investor Funds ICVC (the Company) is an investment company with variable capital incorporated in England and Wales under the OEIC Regulations with registered number IC024590 and authorised by the Financial Conduct Authority (PRN: 921279) pursuant to an authorisation order dated 17 February 2020. The Company has an unlimited duration.

The Company is a UCITS scheme and is an umbrella company (as defined in the OEIC Regulations). Each Sub-fund would be a UCITS scheme if it had a separate authorisation order.

Shareholders are not liable for the debts of the Company.

## STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S (ACD's) RESPONSIBILITIES

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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 revenue 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 judgements 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

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

Anne A. Laing CA

David E. Smith CA

Valu-Trac Investment Management Limited  
Authorised Corporate Director

Date 13 October 2021

## STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

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The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- > the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
  - > the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
  - > the value of shares in the Company is calculated in accordance with the Regulations;
  - > any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
  - > the Company's income is applied in accordance with the Regulations; and
- > the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- ii) has observed the Investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited  
01 July 2021

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT DOWNING INVESTOR FUNDS ICVC (SUB-FUNDS VT DOWNING GLOBAL INVESTORS FUND, VT DOWNING UNIQUE OPPORTUNITIES FUND AND VT DOWNING EUROPEAN UNCONSTRAINED INCOME FUND)**

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**Opinion**

We have audited the financial statements of VT Downing Investor Funds ICVC ("the Company") for the period ended 30 June 2021 which comprise the Statements of Total Return, Statements of Changes in Net Assets Attributable to Shareholders, Balance Sheets, the related Notes to the Financial Statements, including significant accounting policies and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- > give a true and fair view of the financial position of the Company at 30 June 2021 and of the net revenue and the net capital gains on the scheme property of the Company for the period then ended; and
- > have been properly prepared in accordance with the IA Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are described further in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions Relating to Going Concern**

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Authorised Corporate Director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT DOWNING INVESTOR FUNDS ICVC (SUB-FUNDS VT DOWNING GLOBAL INVESTORS FUND, VT DOWNING UNIQUE OPPORTUNITIES FUND AND VT DOWNING EUROPEAN UNCONSTRAINED INCOME FUND) (continued)**

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**Opinion on other matters prescribed by the COLL Regulations**

In our opinion, based on the work undertaken in the course of the audit:

- > Proper accounting records for the Company have been kept and the accounts are in agreement with those records;
- > We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- > The information given in the report of the Authorised Corporate Director for the period is consistent with the financial statements.

**Responsibilities of the Authorised Corporate Director**

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 2, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal controls as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- > Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Authorised Corporate Director.
- > Conclude on the appropriateness of the Authorised Corporate Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT DOWNING INVESTOR FUNDS ICVC (SUB-FUNDS VT DOWNING GLOBAL INVESTORS FUND, VT DOWNING UNIQUE OPPORTUNITIES FUND AND VT DOWNING EUROPEAN UNCONSTRAINED INCOME FUND) (continued)**

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**Extent to which an audit is considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide the basis for our opinion. We planned and conducted our audit so as to obtain reasonable assurance of detecting any material misstatements in the financial statements resulting from irregularities or fraud.

All engagement team members were briefed on relevant laws and regulations and potential fraud risks at the planning stage of the audit. However, the primary responsibility for the prevention and detection of fraud rest with the Authorised Corporate Director.

We evaluated management's incentives for fraudulent activity and determined the key risk of fraud to be management override of controls in order to manipulate the financial statements. We determined that the principal risks in this regard were in relation inappropriate journal entries to increase net revenue or to increase the net asset value.

We considered the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. The most significant risk in relation to non-compliance with laws and regulations was deemed to be compliance with the Collective Investment Schemes Sourcebook and the Company's Prospectus.

Audit procedures performed in response to these risks included:

- Evaluating the control environment designed to prevent and detect irregularities which the Authorised Corporate Director has in place;
- Enquiring of management and those charged with governance regarding any known or suspected instances of non-compliance with laws and regulations and fraud and where they think fraud would most likely to occur and the safeguards made in place;
- Assessing the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur around the key risks of valuation and ownership of investments, and revenue recognition;
- Reviewing material journal entries during the period;
- Reviewing a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity that may indicate management override in the Company's financial statements; and
- Assessing the Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook and its Prospectus.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

**Use of our report**

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ("the COLL Rules") issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP  
Chartered Accountants  
Statutory Auditor  
Elgin

Date



## SUB-FUND OVERVIEW

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<b>Name of Sub-fund</b>	VT Downing Global Investors Fund
<b>Size of Sub-fund</b>	£40,981,943
<b>Launch date</b>	24 March 2020
<b>Investment objective and policy</b>	<p>The investment objective of the Sub-fund is to achieve capital growth and income over the long term (5 + years).</p> <p>The Sub-fund will seek to achieve its objective by investing at least 70% in equities across global markets (with up to 20% invested in higher risk emerging markets).</p> <p>The Sub-fund may also invest in government securities, fixed income, collective investment schemes (which may include those managed and/or operated by the ACD and which will provide exposure to various asset classes including equities and fixed income), money market instruments, deposits, cash and near cash.</p> <p>The Sub-fund will be actively managed.</p> <p>Save as noted above, the Sub-fund will not have any particular geographic, industry or economic sector focus and as such weightings in these may vary as required.</p>
<b>Derivatives</b>	<p>The Sub-fund may hold derivatives for Efficient Portfolio Management (EPM) purposes (including hedging). It is not intended that the use of derivatives for EPM purposes will increase the risk profile of the Sub-fund.</p>
<b>Benchmark</b>	<p>The Sub-fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance.</p> <p>However, many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.</p> <p>In order to assess the Sub-fund's performance, investors may find it useful to compare the Sub-fund against the performance of the IA Global Sector, which serves as a method of comparing the Sub-fund's performance with other funds which have broadly similar characteristics.</p>
<b>Annual accounting date</b>	30 June
<b>Interim accounting date</b>	31 December
<b>Annual income allocation date</b>	By 31 August
<b>Interim income allocation dates</b>	By last day of February

## SUB-FUND OVERVIEW (continued)

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### Minimum investment

**Lump sum subscription:** Class A: £1,000  
Class F: £1,000,000  
Class F shares are only available to those who invest at launch of the Sub-fund (or otherwise at the ACD's discretion)

**Top-up:** Class A: £100  
Class F: £1,000

**Holding:** Class A: £1,000  
Class F: £1,000,000

**Regular saving:** £100 per month

**Redemption/switching:** N/A (provided minimum holding is maintained)

**Initial, redemption and switching charges:** Nil

The ACD may waive the minimum levels (and initial charge and redemption charge) at its discretion.

### Annual management charges

The annual management charges are £30,000<sup>^</sup> per annum plus  
Class A – 0.75% per annum  
Class F – 0.60% per annum

The above percentages being percentages of the net asset value of the Sub-fund attributable to the relevant class (plus VAT if applicable).

<sup>^</sup>The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2021)). In the event of negative inflation, this fee will remain unchanged.

## INVESTMENT MANAGER'S REVIEW

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The VT Downing Global Investors Fund is a thematically invested fund focused on the needs and wants of the growing middle-class population. We believe this population is a homogeneous, borderless group, showing a single set of demands and aspirations. Currently numbering around 3.3 billion, we believe the global middle class will be closer to 5.3 billion at the end of this decade<sup>1</sup>.

We use pattern hunting strategies to identify areas of economic activity attracting capital. We buy equity stakes in businesses that supply the needs and wants of the expanding global middle class population. We seek to invest in the leading companies within any business grouping we identify. Our top-down conviction primarily leads to larger capitalisation businesses and aims to avoid undue exposure to any single factor. We balance defensive and cyclical stocks and sectors depending on where we are in the business cycle.

Since launch on 24 March 2020, the fund has shown a rise in NAV of 60.50% (F Accumulation) as at 30 June 2021, which compares favourably to the rise in the IA Global TR Index of 56.33%<sup>2</sup>. Our view is that the global economy is at the early stages of an upturn in the economic cycle given the combination of stronger pricing across many areas of commodity inputs (early signals in our view), and an affordable cost of economic endeavour (the 30-year US treasury rate stands at around 2%<sup>3</sup>, implying adequate supply of money relative to strengthening demand, we believe). This is an attractive scenario for investors of capital.

Over the period under review, some of the more popular areas for investment (for example the broad theme of decarbonisation and associated industries) have become 'overbought' and derated. Similarly, some of the more exciting areas of the wider technology sector have weakened. We have exited a number of investments in these fields of activity and would anticipate returning at some stage given their longer term attractions. We believe we have identified an upturn in levels of activity and rising market demand for capital expenditure businesses<sup>4</sup>. That is businesses that enable greater production of, and greater productivity in the production of, goods and services that are in demand. Such a development, if correctly identified, implies rising confidence across areas of business activity which in itself extends the business cycle and by virtue of increased productivity, the economic cycle.

Our investment methodology revolves around populating the top down conviction described, which is our single conviction. The strategy is for the fund as a whole to be invested in this economic phenomenon first and foremost. The individual investments we make are initially placed to reinforce the collective allocation of assets, rather than as an end in themselves. From that point on, individual stock conviction can then be 'earned', but this approach does lead to a broader portfolio and a higher level of exploratory turnover as events evolve than might be the case with a strategy based more on conviction in the individual investments themselves, and a consequently shorter list.

Downing LLP  
Investment Manager  
14 September 2021

### Sources

<sup>1</sup> [https://knowledge4policy.ec.europa.eu/growing-consumerism\\_en](https://knowledge4policy.ec.europa.eu/growing-consumerism_en)

<sup>2</sup> FE Analytics, 25 March 2020 to 30 June 2021

<sup>3</sup> [https://www.marketwatch.com/investing/bond/tmubmusd30y/charts?countrycode=bx&mod=mw\\_quote\\_advanced](https://www.marketwatch.com/investing/bond/tmubmusd30y/charts?countrycode=bx&mod=mw_quote_advanced)

<sup>4</sup> <https://www.forbes.com/sites/billconerly/2021/06/24/businesses-capital-spending-surgings-will-boost-wages-over-time/?sh=469d180df502>

## PERFORMANCE RECORD

		Period from 24 March 2020 to 30 June 2021 ^
<b>Class F (Accumulation)</b>		
Changes in net assets per unit		GBp
Opening net asset value per unit		100.0000
Return before operating charges		61.8550
Operating charges (note 1)		(1.3514)
Return after operating charges *		60.5036
Closing net asset value per unit		160.5036
Retained distributions on accumulated units		1.7833
*after direct transactions costs of:		0.6513
Performance	Return after charges	60.50%
Other information	Closing net asset value	£35,635,421
	Closing number of units	22,202,260
	Operating charges (note 2)	0.83%
	Direct transaction costs	0.50%
Prices	Highest unit price	167.58
	Lowest unit price	98.95

^Share class launched 24 March 2020

		Period from 22 May 2020 to 30 June 2021 ^
<b>Class F (Income)</b>		
Changes in net assets per unit		GBp
Opening net asset value per unit		100.0000
Return before operating charges		43.5180
Operating charges (note 1)		(1.0838)
Return after operating charges *		42.4342
Distribution on income units		(1.3704)
Closing net asset value per unit		141.0638
*after direct transactions costs of:		0.6027
Performance	Return after charges	42.43%
Other information	Closing net asset value	£5,303,057
	Closing number of units	3,759,333
	Operating charges (note 2)	0.83%
	Direct transaction costs	0.50%
Prices	Highest unit price	148.10
	Lowest unit price	99.30

^Share class launched 22 May 2020

**PERFORMANCE RECORD (Continued)**

		<b>Period from 05 March 2021 to 30 June 2021 ^</b>
<b>Class A (Accumulation)</b>		
Changes in net assets per unit		GBp
Opening net asset value per unit		100.0000
Return before operating charges		9.8813
Operating charges (note 1)		(1.2777)
Return after operating charges *		8.6036
Closing net asset value per unit		108.6036
Retained distributions on accumulated units		0.5432
*after direct transactions costs of:		0.5242
Performance		
Return after charges		8.60%
Other information		
Closing net asset value		£97,150
Closing number of units		89,454
Operating charges (note 2)		0.98%
Direct transaction costs		0.50%
Prices		
Highest unit price		109.06
Lowest unit price		98.75

^Share class launched 05 March 2021

1. The operating charges per unit figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.

2. The ongoing charges figure is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund together with the ongoing charges included within the underlying Closed Ended Investment Companies held within the Sub-fund's holdings.

**Risk Profile**

Based on past data, the Sub-fund is ranked a '6' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Sub-fund is ranked 6 because monthly historical performance data indicates that significant rises and falls in market prices would have occurred historically.

## PORTFOLIO STATEMENT

As at 30 June 2021

Holding		Value £	% of net assets
<b>Communications</b>			
115	Alphabet Inc	202,814	0.49%
110,000	Bollore SE	426,726	1.04%
1,000	Facebook Inc	253,818	0.62%
8,000	JCDecaux SA	158,501	0.39%
450	Nintendo Co Ltd	189,927	0.46%
18,000	Pearson PLC	149,076	0.36%
25,000	S4 Capital PLC	154,500	0.38%
1,262	Sea Ltd	261,376	0.64%
50,000	Sumo Group PLC	181,875	0.44%
1,900	Walt Disney Co	238,362	0.58%
12,000	YouGov PLC	141,600	0.35%
		<b>2,358,575</b>	<b>5.75%</b>
<b>Consumer Discretionary</b>			
60	Amazon.com Inc	149,269	0.36%
350,000	Bosideng International Holdings Ltd	180,756	0.44%
7,000	Byd Co Ltd	151,042	0.37%
2,000	Compagnie Financiere Richemont SA	17,574	0.04%
15,000	Dometic Group AB (publ)	184,504	0.45%
500	Dominos Pizza Inc	167,277	0.41%
4,000	eBay Inc	203,412	0.50%
101,332	Emak SpA	150,270	0.37%
1,300	EssilorLuxottica SA	174,876	0.43%
1,250	Evolution Gaming Group AB (publ)	144,849	0.35%
20,000	Foschini Group Ltd	162,061	0.40%
5,000	Jubilant Foodworks Ltd	149,684	0.37%
7,200	Jumia Technologies AG	163,970	0.40%
20,000	Li Ning Co Ltd	176,019	0.43%
500	LVMH Moet Hennessy Louis Vuitton SE	284,688	0.69%
1,700	Pandora A/S	165,021	0.40%
2,000	Porsche Automobil Holding SE	154,401	0.38%
10,000	Shenzhou International Group Holdings Ltd	182,196	0.44%
2,000	Shutterstock Inc	145,861	0.36%
3,600	Sony Corp	254,137	0.62%
2,000	Starbucks Corp	161,991	0.40%
3,000	Yeti Holdings Inc	201,100	0.49%
		<b>3,724,958</b>	<b>9.10%</b>
<b>Consumer Staples</b>			
10,000	AAK AB (publ)	161,587	0.39%
10,000	Ajinomoto Co Inc	188,114	0.46%
10,000	Amsterdam Commodities NV	195,767	0.48%
7,200	Archer Daniels Midland Co	314,722	0.77%
31	Chocoladefabriken Lindt & Spruengli AG	222,934	0.54%
4,810	Colgate-Palmolive Co	281,903	0.69%
5,000	Diageo PLC	174,225	0.43%
1,100	Estee Lauder Companies Inc	251,966	0.61%
550	L'Oreal SA	178,113	0.43%
1,650	Naspers Ltd	250,082	0.61%
2,000	Nestle SA	180,802	0.44%
10,000	Oatly Group AB (publ)	185,825	0.45%
33,000	Olam International Ltd (SUB SHS - CALC)	266	0.00%
1,500	PepsiCo Inc	159,019	0.39%
1,100	Remy Cointreau SA	166,662	0.41%
430,000	Thai Union Group PCL	194,908	0.48%
115,000	Total Produce PLC	261,625	0.64%
77,000	Wilmar International Ltd	186,141	0.45%
		<b>3,554,661</b>	<b>8.67%</b>

**PORTFOLIO STATEMENT (Continued)**

As at 30 June 2021

Holding		Value £	% of net assets
<b>Energy</b>			
50,000	Aegis Logistics Ltd	167,541	0.41%
12,000	Cameco Corp (CAD)	165,556	0.40%
8,000	Reliance Industries Ltd	163,915	0.40%
		<u>497,012</u>	<u>1.21%</u>
<b>Financials</b>			
5,000	Brookfield Asset Management Inc	188,670	0.46%
35	Brookfield Asset Management Reinsurance Partners Ltd	1,421	0.00%
360	MSCI Inc	140,784	0.34%
200	Partners Group Holding AG	219,612	0.54%
30,000	Singapore Exchange Ltd	179,575	0.44%
2,000	Wendel SE	194,952	0.48%
		<u>925,014</u>	<u>2.26%</u>
<b>Health Care</b>			
300	Align Technology Inc	132,569	0.32%
6,000	Avantor Inc	154,669	0.38%
322	Bio Rad Laboratories Inc	150,057	0.37%
1,350	Carl Zeiss Meditec AG	190,095	0.46%
4,200	Cellink AB	150,941	0.37%
2,700	Chemometec A/S	261,828	0.64%
917	Danaher Corp	179,137	0.44%
4,000	Divis Laboratories Ltd	170,915	0.42%
1,000	Eli Lilly and Co	165,443	0.40%
5,000	Fresenius SE & Co KGaA	188,391	0.46%
6,250	Getinge AB	171,747	0.42%
2,500	GN Store Nord A/S	158,220	0.39%
440	IDEXX Laboratories Inc	202,157	0.49%
540	Illumina Inc	186,730	0.46%
620	Insulet Corp	126,802	0.31%
215	Intuitive Surgical Inc	142,835	0.35%
1,000	IQVIA Holdings Inc	176,155	0.43%
1,000	Laboratory Corporation of America Holdings	199,095	0.49%
4,000	Laboratorios Farmaceuticos ROVI SA	196,411	0.48%
314	Lonza Group AG	161,136	0.39%
1,703	Medacta Group SA	162,273	0.40%
1,100	Moderna Inc	186,030	0.45%
4,000	Novo Nordisk A/S	243,647	0.59%
10,167	Oncimmune Holdings PLC	18,377	0.04%
22,000	Oxford BioMedica PLC	287,980	0.70%
134,228	Poolbeg Pharma Limited	-	0.00%
3,400	Revenio Group Oyj	185,758	0.45%
2,000	Shockwave Medical Inc	277,208	0.68%
200	Siegfried Holding AG	138,161	0.34%
150	Straumann Holding AG	171,568	0.42%
500	Tecan Group AG	178,691	0.44%
603	Thermo Fisher Scientific Inc	221,030	0.54%
15,000	WuXi Biologics (Cayman) Inc	198,195	0.48%
6,000	Xvivo Perfusion AB	171,084	0.42%
1,450	Zoetis Inc	196,593	0.48%
		<u>6,101,928</u>	<u>14.90%</u>

## PORTFOLIO STATEMENT (Continued)

As at 30 June 2021

Holding		Value £	% of net assets
<b>Industrials</b>			
4,000	Aalberts Industries NV	155,173	0.38%
23,000	Adani Ports and Special Economic Zone Ltd	157,223	0.38%
4,000	Atlas Copco AB	176,961	0.43%
500	Belimo Holding AG	165,325	0.40%
10,000	Biesse SpA	242,468	0.59%
3,000	Brenntag AG	201,831	0.49%
400	Bucher Industries AG	149,832	0.37%
3,375	Canadian Pacific Railway Ltd	188,078	0.46%
666	Deere & Co	167,678	0.41%
1,700	Eaton Corporation PLC	179,651	0.44%
30,000	Fagerhult AB	171,847	0.42%
750	FedEx Corp	161,164	0.39%
8,000	Fluidra SA	229,517	0.56%
600	Generac Holdings Inc	177,667	0.43%
34,000	Godrej Industries Ltd	189,701	0.46%
16,000	Havells India Ltd	152,226	0.37%
1,000	Honeywell International Inc	155,787	0.38%
2,400	IHS Markit Ltd	195,177	0.48%
70,000	International Container Terminal Services Inc	168,888	0.41%
65	Interroll Holding AG	187,485	0.46%
17,000	Itochu Corp	355,283	0.87%
7,000	Koninklijke Boskalis Westminster NV	163,544	0.40%
12,000	Larsen & Toubro Ltd	174,640	0.43%
34,000	Nicolas Correa SA	163,595	0.40%
2,000	Nidec Corp	168,152	0.41%
3,700	Quanta Services Inc	242,178	0.59%
5,000	Recruit Holdings Co Ltd	178,663	0.44%
800	Schindler Holding AG	169,780	0.41%
1,640	Schneider Electric SE	186,952	0.46%
175,000	SITC International Holdings Co Ltd	527,882	1.29%
32,000	Somero Enterprises Inc	147,200	0.36%
1,500	Spirax-Sarco Engineering PLC	204,150	0.50%
5,000	Toyota Tsusho Corp	171,383	0.42%
1,500	Varta AG	170,240	0.42%
800	VAT Group AG	191,292	0.47%
5,600	Vestas Wind Systems A/S	156,731	0.38%
2,000	Vinci SA	154,573	0.38%
2,500	Wolters Kluwer NV	181,036	0.44%
4,050	XP Power Ltd	224,370	0.55%
		<b>7,505,323</b>	<b>18.33%</b>



**PORTFOLIO STATEMENT (Continued)**

As at 30 June 2021

Holding		Value £	% of net assets
<b>Information Technology</b>			
817	Accenture PLC	174,674	0.43%
500	Adobe Systems Inc	213,035	0.52%
3,300	Altair Engineering Inc	169,922	0.41%
1,360	Apple Inc	133,744	0.33%
2,800	Applied Materials Inc	286,665	0.70%
17,600	Asetek A/S	143,124	0.35%
565	ASML Holding NV	281,864	0.69%
1,250	Automatic Data Processing Inc	178,228	0.43%
88,000	Boku Inc	151,360	0.37%
42,000	Borosil Renewables Ltd	109,425	0.27%
2,700	Brooks Automation Inc	187,914	0.46%
2,200	Cloudflare Inc	170,731	0.42%
3,000	Cognex Corp	181,244	0.44%
1,100	Comet Holding AG	216,896	0.53%
5,000	Confluent Inc	180,523	0.44%
1,000	Dassault Systemes SE	175,783	0.43%
1,100	DocuSign Inc	225,666	0.55%
16,000	Electrocomponents PLC	164,080	0.40%
1,000	Fortinet Inc	175,452	0.43%
3,000	Fujifilm Holdings Corp	161,355	0.39%
150,000	Greotech Technology Bhd	147,968	0.36%
5,500	Halma PLC	148,335	0.36%
17,500	Hexagon AB	186,873	0.46%
5,000	Hitachi Ltd	207,390	0.51%
6,000	HMS Networks AB	182,532	0.45%
385	HubSpot Inc	165,749	0.40%
200	Inficon Holding AG	167,123	0.41%
5,000	Infineon Technologies AG	145,357	0.35%
410	Intuit Inc	145,315	0.35%
500	Keyence Corp	182,972	0.45%
600	KLA Corp	140,747	0.34%
6,250	Lectra SA	172,878	0.42%
2,000	Logitech International SA	174,314	0.43%
648	Mastercard Inc	172,019	0.42%
400,000	Meyer Burger Technology AG	174,939	0.43%
1,163	Microsoft Corp	227,684	0.56%
8,000	Mycronic AB (publ)	175,163	0.43%
2,300	Northern Data AG	158,308	0.39%
332	NVIDIA Corp	191,874	0.47%
700	PayPal Holdings Inc	147,819	0.36%
1,100	Qorvo Inc	155,285	0.38%
1,600	Qualcomm Inc	164,611	0.40%
120,000	REC Silicon ASA	194,310	0.47%
170	Samsung Electronics Co Ltd	218,532	0.53%
205	Shopify Inc	219,217	0.53%
150,000	Sunevision Holdings Ltd	110,488	0.27%
22,000	Telefonaktiebolaget LM Ericsson	201,410	0.49%
600	Tokyo Electron Ltd	188,306	0.46%
3,000	Unity Software Inc	239,935	0.59%
105,000	Xinyi Solar Holdings Ltd	163,363	0.40%
545	Zebra Technologies Corp	210,858	0.51%
		<b>9,163,359</b>	<b>22.37%</b>

**PORTFOLIO STATEMENT (Continued)**

As at 30 June 2021

Holding		Value £	% of net assets
<b>Materials</b>			
75,957	Afrimat Ltd	220,702	0.54%
876,000	Alphamin Resources Corp	336,490	0.82%
12,000	Anglo American PLC	344,640	0.84%
1,300	Albemarle Corp	157,083	0.38%
50,000	Ambuja Cements Ltd	165,248	0.40%
1,300	Avery Dennison Corp	196,765	0.48%
3,777	Croda International PLC	278,856	0.68%
8,150	Freeport-McMoRan Inc	219,087	0.53%
50	Givaudan SA	169,174	0.41%
100,000	Ivanhoe Mines Ltd	515,654	1.26%
1,200	Koninklijke DSM NV	161,769	0.39%
1,000	Linde PLC	207,968	0.51%
68,870	Lynas Corporation Ltd	212,866	0.52%
60,000	Omnia Holdings Ltd	165,792	0.40%
2,700	Sensient Technologies Corp	168,184	0.41%
936	Sherwin-Williams Co	184,165	0.45%
786	Sika AG	187,176	0.46%
4,000	Smurfit Kappa Group PLC	156,923	0.38%
19,553	Trealt PLC	229,259	0.56%
1,250	Vulcan Materials Co	156,961	0.38%
1,400	Wacker Chemie AG	155,499	0.38%
12,000	Zignago Vetro SpA	174,660	0.43%
		<b>4,764,921</b>	<b>11.61%</b>
<b>Property</b>			
18,033	SEGRO PLC	198,047	0.48%
		<b>198,047</b>	<b>0.48%</b>
<b>Real Estate</b>			
1,000	American Tower Corp	196,736	0.48%
6,000	Americold Realty Trust	167,957	0.41%
280	Equinix Inc	162,098	0.40%
90,000	Mapletree Logistics Trust	98,762	0.24%
25,000	Oberoi Realty Ltd	152,410	0.37%
57,000	Parkway Life Real Estate Investment Trust	140,086	0.34%
2,200	Prologis Inc	192,759	0.47%
8,000	Weyerhaeuser Co	196,992	0.48%
		<b>1,307,800</b>	<b>3.19%</b>
<b>US Equities</b>			
8,000	ChargePoint Holdings Inc	205,706	0.50%
		<b>205,706</b>	<b>0.50%</b>
<b>Utilities</b>			
3,500	Nextera Energy Inc	187,050	0.45%
8,000	Scatec ASA	156,308	0.37%
		<b>343,358</b>	<b>0.82%</b>
<b>Portfolio of investments</b>		<b>40,650,662</b>	<b>99.19%</b>
<b>Net other assets</b>		<b>384,966</b>	<b>0.94%</b>
<b>Mid to bid adjustment</b>		<b>(53,685)</b>	<b>(0.13%)</b>
		<b>40,981,943</b>	<b>100.00%</b>

The Sub-fund was launched on 24 March 2020, hence there are no comparatives.

**SUMMARY OF MATERIAL PORTFOLIO CHANGES**

<b>Purchases (Note 14)</b>	<b>£</b>
Synairgen PLC	867,029
Tesla Motors Inc	744,497
Americold Realty Trust	615,284
Unity Software Inc	611,336
Shiseido Co Ltd	598,563
Northern Data AG	592,044
Top Glove Corporation Bhd	589,281
Shopify Inc	577,151
Naspers Ltd	563,532
Xinyi Solar Holdings Ltd	549,146
Reliance Industries Ltd	548,550
Beazley PLC	536,990
Keyence Corp	523,594
Olam International Ltd	519,851
Adyen NV	518,437
AAK AB (publ)	512,709
Albemarle Corp	510,950
Fraport AG Frankfurt Airport Services Worldwide	499,411
Ajinomoto Co Inc	498,890
Scatec ASA	497,694
Other purchases	79,706,379
<b>Total purchases for the period</b>	<b>91,181,318</b>
<b>Sales (Note 14)</b>	<b>£</b>
Tesla Motors Inc	841,807
Plug Power Inc	803,419
Top Glove Corporation Bhd	774,268
Synairgen PLC	725,752
Blink Charging Co	593,756
Shiseido Co Ltd	583,476
Adyen NV	540,694
Beazley PLC	521,668
Tianneng Power International Ltd	516,444
Xinyi Solar Holdings Ltd	512,711
Olam International Ltd	504,879
Fraport AG Frankfurt Airport Services Worldwide	494,049
Shopify Inc	489,480
Americold Realty Trust	458,192
Zoomlion Heavy Industry Science and Technology Co Ltd	454,891
Unilever PLC	449,078
Gerresheimer AG	443,365
Albemarle Corp	438,598
Palantir Technologies Inc	430,888
Digital Turbine Inc	429,012
Other sales	50,458,143
<b>Total sales for the period</b>	<b>61,464,570</b>

The above transactions represent the largest sales and purchases during the period.

## STATEMENT OF TOTAL RETURN

For the period ended 30 June 2021

		24.03.20 to 30.06.21	
	Notes	£	£
Income			
Net capital gains	2		10,731,940
Revenue	3	422,083	
Expenses	4	(294,536)	
Interest payable and similar charges	6	<u>(2,176)</u>	
Net revenue before taxation		125,371	
Taxation	5	<u>(50,249)</u>	
Net revenue after taxation			<u>75,122</u>
Total return before distributions			10,807,062
Finance costs: distributions	6		<u>(364,374)</u>
<b>Changes in net assets attributable to shareholders from investment activities</b>			<u><b>10,442,688</b></u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 30 June 2021

	24.03.20 to 30.06.21
	£
<b>Opening net assets attributable to shareholders</b>	-
Amounts receivable on creation of shares	31,871,823
Amounts payable on cancellation of shares	(1,687,824)
Dividend reinvested	355,256
Changes in net assets attributable to shareholders from investment activities (see above)	<u>10,442,688</u>
<b>Closing net assets attributable to shareholders</b>	<u><b>40,981,943</b></u>

The Sub-fund was launched on 24 March 2020, hence there are no comparatives.

## BALANCE SHEET

As at 30 June 2021

	Notes	£	30.06.21 £
<b>ASSETS</b>			
Investment assets			40,596,977
<b>Current assets</b>			
Debtors	7	995,732	
Cash and bank balances	8	452,683	
<b>Total current assets</b>			<u>1,448,415</u>
<b>Total assets</b>			42,045,392
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Distribution payable on income shares		(29,735)	
Bank overdraft	8	(168,250)	
Creditors	9	(865,464)	
<b>Total current liabilities</b>			<u>(1,063,449)</u>
<b>Net assets attributable to shareholders</b>			<u>40,981,943</u>

The Sub-fund was launched on 24 March 2020, hence there are no comparatives.

## NOTES TO THE FINANCIAL STATEMENTS

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### For the period ended 30 June 2021

(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 and to the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling

(b) Dividends on equities are recognised when the security is quoted ex-dividend. Other revenue is accounted for on an accruals basis.

(c) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-fund, 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, all expenses are charged to capital of the Sub-fund.

(f) Where the revenue from investments exceeds the expenses of the Sub-fund, half yearly distributions are allocated to all holders of income and accumulation shares.

(g) The listed investments of the Sub-fund have been valued at bid-market prices at the closing valuation point on 30 June 2021. The total net assets are presented at bid price.

(h) All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the date of such transactions. Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 30 June 2021.

(i) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.

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.

(j) In order to mitigate the dilutive effect of shareholder transactions on the existing shareholders of the Sub-fund and the Sub-fund's Net Asset Value, the ACD retains discretion to charge a dilution levy on all purchases and redemptions of shares. The levy, which is paid into the Sub-fund, is intended to cover certain charges not included in the mid market value of the Sub-fund, used in calculating the share price, which could have a diluting effect on the performance of the Sub-fund.

(k) Equalisation will be applied to the Sub-fund. An allocation of income to be made in respect of each share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum ("income equalisation") representing the ACD's best estimate of the amount of income included in the price of that share.

The amount of income equalisation in respect of any share may be the actual amount of income included in the issue price of the share in question or it may be an amount arrived at by taking the aggregate of the ACD's best estimate of the amounts of income included in the price of shares in that class issued or sold in the annual or interim period in question and dividing that aggregate by the number of those shares and applying the resultant average to each of the shares in question.

## 2 Net capital gains

**24.03.20 to  
30.06.21**  
£

The net capital gains comprise:

Non-derivative securities gains	10,886,150
Transaction charges (custodian)	(21,782)
Foreign exchange (losses)	(132,428)
Total net capital gains	<u>10,731,940</u>

## 3 Revenue

**24.03.20 to  
30.06.21**  
£

UK dividends	28,557
Overseas dividends	385,491
Property income distributions	2,741
Investment manager rebate	5,284
Bank interest	10
Total revenue	<u>422,083</u>

## 4 Expenses

**24.03.20 to  
30.06.21**  
£

**Payable to the Authorised Corporate Director,  
associates of the Authorised Corporate Director,  
and agents of either of them:**

ACD fee	247,949
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**Payable to the depositary, associates of the  
depositary, and agents of either of them:**

Depositary fee	22,844
Safe custody fee	3,955
	<u>26,799</u>

### Other expenses:

Audit fee	8,100
FCA fee	82
Other expenses	11,606
	<u>19,788</u>

Total expenses	<u>294,536</u>
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## 5 Taxation

24.03.20 to  
30.06.21  
£

### (a) Analysis of charge in the period

Irrecoverable overseas withholding tax	50,249
Total tax charge for the period (note 5b)	50,249

### (b) Factors affecting current tax charge for the period

The tax assessed for the year is higher than the standard rate of corporation tax in the UK for an open-ended investment company 20.00%.

The differences are explained below:

Net revenue before taxation	125,371
Corporation tax at 20.00%	25,074
<u>Effects of:</u>	
Revenue not subject to UK corporation tax	(82,809)
Current period expenses not utilised	57,735
Irrecoverable overseas withholding tax	50,249
Current taxation (note 5a)	50,249

### (c) Provision for deferred taxation

At 30 June 2021 there is a potential deferred tax asset of £57,735 in relation to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.

## 6 Finance costs

24.03.20 to  
30.06.21  
£

Interim distributions	169,346
Final distribution	228,919
	398,265

Add: Revenue deducted on cancellation of shares	3,441
Deduct: Revenue received on issue of shares	(37,332)

<b>Net distribution for the period</b>	364,374
Interest payable and similar charges	2,176
<b>Total finance costs</b>	366,550

### Reconciliation of distributions

Net revenue after taxation	75,122
Expenses paid from capital less IM rebate	289,252
<b>Net distribution for the period</b>	364,374



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>7 Debtors</b>	<b>2021</b>
	<b>£</b>
Amounts receivable for issue of shares	167,984
Amounts receivable on trades	799,843
Prepayments	67
Accrued revenue:	
UK dividends receivable	1,568
Overseas dividends receivable	20,850
Tax recoverable	5,420
Total debtors	<u>995,732</u>

<b>8 Cash and bank balances</b>	<b>2021</b>
	<b>£</b>
Cash and bank balances	452,683
Bank overdraft	<u>(168,250)</u>

<b>9 Creditors</b>	<b>2021</b>
	<b>£</b>
Amounts payable for redemption of shares	7,843
Amounts payable on trades	811,129
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>	
ACD's periodic charge	24,357
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>	
Depositary fee	1,627
Transaction charges	7,252
Safe custody and other bank charges	1,501
	<u>10,380</u>
Other accrued expenses	11,755
Total creditors	<u>865,464</u>

## 10 Risk management

In pursuing its investment objective as stated on page 7, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the period.

### Market price risk

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 10 Risk management (continued)

#### Market price risk (continued)

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the period ended 30 June 2021 would have increased/decreased by £4,059,698.

#### Foreign currency risk

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The Sub-fund's investment portfolio is invested in equities that are registered overseas and/or denominated in overseas currencies and the balance sheet can be affected by movements in foreign exchange rates. The ACD may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to Sterling on or near the date of receipt.

A portion of the net assets of the Sub-fund is denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by currency movements. If foreign exchange rates at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 30.06.21 would have increased/decreased by £3,675,702.

Net currency assets and liabilities consist of:

	Net monetary assets and liabilities	Non-monetary assets	Total net assets
	£	£	£
	30.06.21	30.06.21	30.06.21
Sterling	784,130	3,440,798	4,224,928
US Dollar	(66,817)	14,524,792	14,457,975
Euro	(9,063)	6,479,280	6,470,217
Australian Dollar	-	212,493	212,493
Canadian Dollar	-	1,387,169	1,387,169
Swiss Franc	-	3,385,581	3,385,581
Danish Krone	-	985,222	985,222
Hong Kong Dollar	-	1,688,559	1,688,559
Indian Rupee	4	1,748,079	1,748,083
Japanese Yen	-	2,243,941	2,243,941
Malaysian Ringgit	4	147,577	147,581
Norwegian Krone	(160,038)	493,290	333,252
Philippine Peso	-	168,733	168,733
Swedish Krona	-	2,077,852	2,077,852
Singapore Dollar	-	603,408	603,408
Thai Baht	-	194,425	194,425
South African Rand	(163,254)	815,778	652,524
Total	384,966	40,596,977	40,981,943

#### Interest rate risk

Interest rate risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in interest rates. At 30 June 2021 the Sub-fund has bank balances of £452,683 and bank overdraft of £168,250.

#### Maturity of financial liabilities

The financial liabilities of the Sub-fund as at 30 June 2021 are payable either within one period or on demand.

#### Liquidity risk

The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

**10 Risk management (continued)****Credit risk**

Certain transactions in securities that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the ACD as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

Credit risk also arises on cash held within financial institutions. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related.

**Fair value disclosure**

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

- A Fair value based on a quoted price for an identical instrument in an active market.
- B Fair value based on the price of a recent transaction for an identical instrument.
- C1 Fair value based on a valuation technique using observable market data.
- C2 Fair value based on a valuation technique that relies significantly on non-observable market data.

Valuation Technique	Assets (£000's)	Liabilities (£000's)
A Quoted prices for identical instruments in active markets	40,597	-
C2 Fair value based on a valuation technique that relies significantly on non-observable market data.	-	-
Total	40,597	-

**11 Shares held****Class F (Accumulation)**

Opening shares at 24.03.20	-
Shares issued during the period	23,868,158
Shares cancelled during the period	(1,188,648)
Shares converted during the period	(477,250)
<b>Closing shares as at 30.06.21</b>	<b>22,202,260</b>

**Class F (Income)**

Opening shares at 22.05.20	-
Shares issued during the period	3,277,058
Shares cancelled during the period	(55,632)
Shares converted during the period	537,907
<b>Closing shares as at 30.06.21</b>	<b>3,759,333</b>

**Class A (Accumulation)**

Opening shares at 05.03.21	-
Shares issued during the period	89,622
Shares cancelled during the period	(168)
Shares converted during the period	-
<b>Closing shares as at 30.06.21</b>	<b>89,454</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 12 Contingent assets and liabilities

At 30 June 2021, the Sub-fund had no contingent liabilities or commitments.

### 13 Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 30 June 2021. Since that date, the Sub-fund's quoted price has moved as follows:

#### Share class

	Price at 30 June 2021	Price at 13 October 2021
	GBp	GBp
Class F (Accumulation)	160.5036p	166.5691p
Class F (Income)	141.0638p	146.3942p
Class A (Accumulation)	108.6036p	112.6536p

### 14 Direct transaction costs

	24.03.20 to 30.06.21	
	£	%
<b>Analysis of total purchase costs</b>		
Purchases in the period before transaction costs	91,081,179	
Commissions	46,163	0.05%
Taxes	36,520	0.04%
Levies	17,456	0.02%
Total purchase costs	100,139	0.11%
Total purchases including transaction costs	91,181,318	

	24.03.20 to 30.06.21	
	£	%
<b>Analysis of total sale costs</b>		
Sales in the period before transaction costs	61,503,189	
Commissions	(30,597)	(0.05%)
Taxes	(6,003)	(0.01%)
Levies	(2,019)	(0.00%)
Total sale costs	(38,619)	(0.06%)
Total sales net of transaction costs	61,464,570	

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-fund's average net asset value in the period:

	24.03.20 to 30.06.21	
	£	% of average net asset value
Commissions	76,760	0.28%
Taxes	42,523	0.15%
Levies	19,475	0.07%
	138,758	0.50%

## DISTRIBUTION TABLES

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### For the period ended 30 June 2021

#### Interim distribution in pence per share

Group 1: Shares purchased prior to 24 March 2020

Group 2 : Shares purchased on or after 24 March 2020 and on or before 30 June 2020

24 March 2020 to 30 June 2020

<b>Class F (Accumulation)</b>	<b>Dividend accumulated 28 August 2020</b>	<b>Equalisation</b>	<b>Dividend accumulated 28 August 2020</b>
Group 1	0.3645p	-	0.3645p
Group 2	0.2824p	0.0821p	0.3645p

<b>Class F (Income)</b>	<b>Dividend paid 28 August 2020</b>	<b>Equalisation</b>	<b>Dividend paid 28 August 2020</b>
Group 1	0.1479p	-	0.1479p
Group 2	0.1479p	-	0.1479p

#### Interim distribution in pence per share

Group 1: Shares purchased prior to 1 July 2020

Group 2 : Shares purchased on or after 1 July 2020 and on or before 31 December 2020

01 July 2020 to 31 December 2020

<b>Class F (Accumulation)</b>	<b>Dividend accumulated 26 February 2021</b>	<b>Equalisation</b>	<b>Dividend accumulated 26 February 2021</b>
Group 1	0.5239p	-	0.5239p
Group 2	0.2257p	0.2982p	0.5239p

<b>Class F (Income)</b>	<b>Dividend paid 26 February 2021</b>	<b>Equalisation</b>	<b>Dividend paid 26 February 2021</b>
Group 1	0.4315p	-	0.4315p
Group 2	0.2209p	0.2106p	0.4315p

## DISTRIBUTION TABLES (continued)

### Final distribution in pence per share

Group 1: Shares purchased prior to 01 January 2021

Group 2 : Shares purchased on or after 01 January 2021 and on or before 30 June 2021

01 January 2021 to 30 June 2021

<b>Class F (Accumulation)</b>	<b>Dividend Accumulated 28 August 2021</b>	<b>Equalisation</b>	<b>Dividend Accumulated 28 August 2021</b>
Group 1	0.8949p	-	0.8949p
Group 2	0.5992p	0.2957p	0.8949p

<b>Class F (Income)</b>	<b>Dividend paid 28 August 2021</b>	<b>Equalisation</b>	<b>Dividend paid 28 August 2021</b>
Group 1	0.7910p	-	0.7910p
Group 2	0.5024p	0.2886p	0.7910p

<b>Class A (Accumulation)</b>	<b>Dividend Accumulated 28 August 2021</b>	<b>Equalisation</b>	<b>Dividend Accumulated 28 August 2021</b>
Group 1	0.5432p	-	0.5432p
Group 2	0.2483p	0.2949p	0.5432p

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

### Information for corporate shareholders

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 99.34% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 0.66% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

## SUB-FUND OVERVIEW

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<b>Name of Sub-fund</b>	VT Downing Unique Opportunities Fund
<b>Size of Sub-fund</b>	£38,514,521
<b>Launch date</b>	17 March 2020
<b>Investment objective and policy</b>	<p>The investment objective of the Sub-fund is to achieve capital growth and income over the long term (5 + years).</p> <p>The Sub-fund seeks to achieve its investment objective by investing at least 80% in equities listed on UK markets (including the London Stock Exchange, AIM and the ICAP Securities and Derivatives Exchange (ISDX)). The Investment Manager will be seeking to invest in equities which it considers to have a unique outlook and opportunity for growth. The Investment Manager will be looking for the Sub-fund to invest in companies which have clearly identifiable characteristics to protect them against the entry of competitors (which are expected to enable such companies to produce an above average return on equity). The unique characteristics sought include:</p> <ul style="list-style-type: none"><li>▪ having intangible assets e.g. brands, patents or regulatory licences;</li><li>▪ having cost advantages stemming from process, location, scale or access to a unique asset;</li><li>▪ being the leading network in a business segment; and/or</li><li>▪ there being high switching costs which generate high customer retention rates.</li></ul> <p>Such businesses are highly likely to be the only UK listed company in their industry or one of very few and possessing a distinctive corporate strategy and so are considered 'unique opportunities'.</p> <p>The Sub-fund may also invest in other equities, fixed income, money market instruments, deposits, warrants, cash and near cash.</p> <p>The Sub-fund will aim to hold a portfolio of between 25-40 investments.</p> <p>The Sub-fund will be actively managed.</p> <p>Save as noted above (with a focus on UK listed investments), the Sub-fund will not have any particular, industry or economic sector focus and as such weightings in these may vary as required.</p>
<b>Derivatives</b>	<p>The Sub-fund may hold derivatives for Efficient Portfolio Management (EPM) purposes (including hedging). It is not intended that the use of derivatives for EPM purposes will increase the risk profile of the Sub-fund.</p>
<b>Benchmark</b>	<p>The Sub-fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance.</p> <p>However, many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.</p> <p>In order to assess the Sub-fund's performance, investors may find it useful to compare the Sub-fund against the performance of the IA All Companies Sector Index, which serves as a method of comparing the Sub-fund's performance with other funds which have broadly similar characteristics.</p>

## SUB-FUND OVERVIEW (continued)

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<b>Annual accounting date</b>	30 June
<b>Interim accounting date</b>	31 December
<b>Annual income allocation date</b>	By 31 August
<b>Interim income allocation dates</b>	By last day of February

### Minimum investment

<b>Lump sum subscription:</b>	Class A: £1,000
<b>Top-up:</b>	Class A: £100
<b>Holding:</b>	Class A: £1,000
<b>Regular saving:</b>	£100 per month
<b>Redemption/switching:</b>	N/A (provided minimum holding is maintained)
<b>Initial, redemption and switching charges:</b>	Nil

The ACD may waive the minimum levels (and initial charge and redemption charge) at its discretion.

### Annual management charges

The annual management charges are	£30,000 <sup>^</sup> per annum plus Class A – 0.75% per annum
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The above percentages being percentages of the net asset value of the Sub-fund attributable to the relevant class (plus VAT if applicable).

<sup>^</sup>The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2021)). In the event of negative inflation, this fee will remain unchanged.



### Investment Philosophy

The manager believes that there is no philosophical difference between buying shares in a business and owning the business in its entirety. The first task therefore is to identify businesses which have long term growth potential, strong finances, committed and capable management, and strong barriers to keep out competition. Such barriers could include high customer switching costs, patents, regulatory licenses, brands, network effects, low operating costs or access to a unique asset. The evidence for such barriers to competition is usually found in above average returns on capital, or, since we are equity investors, in high returns on equity, but without undue financial leverage. Businesses which regularly achieve high returns on equity and can reinvest some or most of their surplus capital at similar returns can over time see a compounding of financial rewards to investors which may be underestimated by the stock market. The manager seeks to invest into these superior businesses at below intrinsic value, defined as the sum of likely future free cash flows discounted back at a conservative rate. There is in built conservatism in this process, in the forecasting of future cash flows, in the discount rate, and in the fact that surplus cash is not assumed to be reinvested, although some of it will be.

### Performance Overview

The Fund launched in March 2020, the income units on 17 March and the accumulation units on 25 March. Over the period from launch to 30 June 2021, the income units rose in price by 72.02%, and generated a total return of 74.47%. This compares to an average total return of 59.13% achieved by the peer group, the IA UK All Companies Total Return Index, over the same period. The accumulation units, which launched slightly later, rose in price by 70.63% from launch to 30 June 2021, and this compares to an average return of 49.17% achieved by the peer group over the identical time frame. Despite a pleasing start, this is still a short period over which to measure the performance of any fund and deduce meaningful conclusions.

The UK equity market had been very weak in early 2020 as the global Covid-19 pandemic unfolded and reached its nadir on 23 March. Thus, the timing of our launch was fortuitous. In this reporting period, the Fund performed in the first quartile among its peers, and this was achieved while holding cash balances which averaged 17%. The high cash balances reflected the time and care taken in the early months to establish and build up the portfolio holdings. Thus, the returns delivered by our underlying stock selection were very strong. The Fund ended June 2021 with around 8% in cash and 32 holdings (ignoring a holding in Trellus Health, a recently listed company whose shares were obtained from an in-specie distribution by EKF Diagnostics, and are valued at nil in these accounts, due to near term restrictions on dealing).

### Key Contributors and Detractors

The largest individual contribution to performance came from Impax Asset Management. Assets under management at this fund management house, which is a pioneer and global leader in sustainable investing, rose from £14.4 billion at the end of March 2020 to £34.4 billion at the end of June 2021. This demonstrates both the rising popularity of sustainable investing and the credentials of Impax in this field, both for institutional and retail investors.

The technology sector continues to have the highest representation in the Fund, at 30% on average, albeit this high-level categorisation includes some technology-rich industrial and defence businesses. The next three of the top four contributors in this period were IT software and services companies. Kainos Group has continued to see strong demand from the UK central government and the NHS for its digital services, where revenue grew by 32% year on year. In addition, Kainos continues to grow its Workday cloud-based human capital and financial planning software implementation practice in Europe and North America and its proprietary testing software for Workday customers. Workday revenues grew by 30% of which 18% was organic. Alfa Financial Software is a global leader in the provision of leasing software for managing the lease cycle for automotive, aircraft, office and agricultural equipment lessors. Alfa announced six new customer wins in 2020, diversifying its blue-chip customer base to 32. Several existing customers upgraded to version 5 of its software, and cloud-hosting is becoming an increasingly important, accretive, and predictable revenue stream. Dotdigital is a leading omni-channel platform for the automation of digital marketing campaigns. Dotdigital has continued to deliver a ten-year unbroken record of revenue and profit growth. The other top performer was Elementis, a speciality chemicals company whose active ingredients help improve the flow qualities of cosmetics and coatings. It is the second largest global producer of talc, used to lighten and strengthen plastics, and the only North American producer of chromium. Elementis received two bid approaches from trade buyers, but these were rejected as undervaluing the company. Nevertheless, this provides a useful underpinning of the share price.

### Key Contributors and Detractors (continued)

There were only a handful of relative detractors in the period, being mainly consumer-facing businesses such as MJ Gleeson (housebuilder) and AG Barr (soft drinks manufacturer), which were negatively affected by the various UK lockdowns imposed during different phases of the pandemic. There was only one significant faller in absolute terms, marine services supplier James Fisher. Its subsea and equipment-rental services to the offshore oil and gas industry, and its installation services to the offshore renewables industry, were severely disrupted by the pandemic. In addition, the decision to purchase two dive-support vessels to aid offshore oil & gas projects in West Africa and the Middle East proved ill-judged or at least badly timed. Impairments of £31.6 million were taken in 2020, and one of these vessels has subsequently been sold to reduce group debt. More positively, a recent strategic review of the group by a new management team has identified scope for significant operational and financial improvements in what has historically been a profitable and cash-generative company.

There have been only a handful of disposals at this early stage in the life of the Fund. The holding in Aveva (software) was sold as its market capitalisation had moved over our upper limit of £10 billion, following a share issue to purchase OSISoft. Small investments in SSP (airport and rail station catering) and Bioventix (antibody production) were sold early on. More recently, the holding in mask producer Avon Protection was sold as a result of lingering doubts over the quality and logic of an acquisition from 3M, which took the company into the new area of body armour. More generally the company is becoming more acquisitive, which in our view raises the investment risk. Subsequent to our exit, further delays in product shipments and rising labour and supply chain costs have caused a major de-rating of the shares.

### Outlook

The manager does not attempt to forecast macro-economic trends, preferring to focus on allocating investors' capital into excellent businesses with sustainably high barriers to competition, and allowing the compounding effect of high returns on equity to generate positive value creation over the long term.

Downing LLP  
Investment Manager to the Fund  
14 September 2021

### Sources

<sup>1</sup> <https://www.londonstockexchange.com/news-article/IPX/q3-aum-update/15048127>

<sup>2</sup> <https://go.kainos.com/rs/272-PGO-379/images/Kainos-Annual-Report-2021.pdf>

<sup>3</sup> <https://go.kainos.com/rs/272-PGO-379/images/Kainos-Annual-Report-2021.pdf>

<sup>4</sup> <http://s3-eu-west-1.amazonaws.com/cdn.alfasystems.com/articleDownloads/2020-FY-results-RNS-vFINAL.pdf?mtime=20210322201229>

<sup>5</sup> <https://www.dotdigitalgroup.com/wp-content/uploads/2021/02/H1-2021-dotdigital-Results-Presentation-FINAL-1.pdf>

<sup>6</sup> <https://www.elementis.com/business-at-a-glance>

<sup>7</sup> <https://www.elementis.com/sites/default/files/2021-04/2020%20Annual%20Report%20and%20Accounts.pdf>

<sup>8</sup> <https://ir.q4europe.com/Solutions/JamesFisher/2140/newsArticle.aspx?storyid=15176953>

<sup>9</sup> [https://www.james-fisher.com/files/7516/1616/0652/260448\\_JF\\_PLC\\_AnnualReport\\_Web\\_lower.pdf](https://www.james-fisher.com/files/7516/1616/0652/260448_JF_PLC_AnnualReport_Web_lower.pdf)

<sup>10</sup> [https://investors.aveva.com/annualreport/docs/Annual\\_Report\\_2021.pdf](https://investors.aveva.com/annualreport/docs/Annual_Report_2021.pdf)

<sup>11</sup> [https://otp.tools.investis.com/clients/uk/avon\\_rubber\\_plc1/rns/regulatory-story.aspx?cid=820&newsid=1436927](https://otp.tools.investis.com/clients/uk/avon_rubber_plc1/rns/regulatory-story.aspx?cid=820&newsid=1436927)

## PERFORMANCE RECORD

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		Period from 25 March 2020 to 30 June 2021
<b>Class A (Accumulation)</b>		
Changes in net assets per unit		GBp
	Opening net asset value per unit	100.0000
	Return before operating charges	72.3206
	Operating charges (note 1)	(1.6914)
	Return after operating charges *	70.6292
	Closing net asset value per unit	170.6292
	Retained distributions on accumulated units	2.3989
	*after direct transactions costs of:	0.8733
Performance	Return after charges	70.63%
Other information	Closing net asset value	£31,868,293
	Closing number of units	18,676,932
	Operating charges (note 2)	1.00%
	Direct transaction costs	0.65%
Prices	Highest unit price	171.50
	Lowest unit price	100.00

^Share class launched 25 March 2020

		Period from 17 March 2020 to 30 June 2021
<b>Class A (Income)</b>		
Changes in net assets per unit		GBp
	Opening net asset value per unit	100.0000
	Return before operating charges	76.2269
	Operating charges (note 1)	(1.7568)
	Return after operating charges *	74.4701
	Distribution on income units	(2.4530)
	Closing net asset value per unit	172.0171
	*after direct transactions costs of:	0.8777
Performance	Return after charges	74.47%
Other information	Closing net asset value	£6,867,234
	Closing number of units	3,992,180
	Operating charges (note 2)	1.00%
	Direct transaction costs	0.65%
Prices	Highest unit price	173.80
	Lowest unit price	99.65

^Share class launched 17 March 2020

## PERFORMANCE RECORD (Continued)

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1. The operating charges per unit figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.
2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund.

### Risk Profile

Based on past data, the Sub-fund is ranked a '5' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Sub-fund is ranked 5 because monthly historical performance data indicates that relatively high rises and falls in market prices would have occurred historically.

## PORTFOLIO STATEMENT

As at 30 June 2021

Holding		Value £	% of net assets
<b>Communications</b>			
47,000	4imprint Group PLC	1,269,000	3.28%
170,000	Auto Trader Group PLC	1,073,550	2.79%
90,000	YouGov PLC	1,062,000	2.76%
		<u>3,404,550</u>	<u>8.83%</u>
<b>Consumer Discretionary</b>			
90,000	Dunelm Group PLC	1,269,000	3.29%
11,000	Games Workshop Group PLC	1,277,100	3.32%
138,509	MJ Gleeson PLC	1,206,413	3.13%
85,000	Vitec Group Plc	1,200,625	3.12%
		<u>4,953,138</u>	<u>12.86%</u>
<b>Consumer Staples</b>			
210,000	A.G. Barr PLC	1,096,200	2.85%
		<u>1,096,200</u>	<u>2.85%</u>
<b>Financials</b>			
175,000	AJ Bell PLC	761,425	1.98%
125,000	Impax Asset Management Group PLC	1,401,250	3.64%
85,000	Mortgage Advice Bureau (Holdings) PLC	1,032,750	2.68%
265,000	Tatton Asset Management Ltd.	1,140,825	2.96%
		<u>4,336,250</u>	<u>11.26%</u>
<b>Healthcare</b>			
360,000	Advanced Medical Solutions Group PLC	1,016,100	2.64%
52,000	Craneware PLC	1,115,400	2.90%
1,500,000	EKF Diagnostics Holdings PLC	1,125,000	2.92%
80,000	EMIS Group PLC	927,200	2.41%
85,000	Ergomed PLC	1,024,250	2.66%
61,538	Trellus Health Ltd	-	0.00%
175,000	Tristel PLC	1,102,500	2.86%
		<u>6,310,450</u>	<u>16.39%</u>
<b>Industrials</b>			
425,000	Chemring Group PLC	1,219,750	3.17%
35,000	Diploma PLC	1,024,800	2.66%
115,000	James Fisher and Sons PLC	1,048,225	2.72%
300,000	Rotork PLC	1,039,500	2.70%
20,000	XP Power Ltd	1,108,000	2.88%
		<u>5,440,275</u>	<u>14.13%</u>
<b>Information Technology</b>			
750,000	Alfa Financial Software Holdings PLC	978,750	2.54%
160,000	Aptitude Software Group PLC	936,000	2.43%
550,000	Dotdigital Group PLC	1,260,876	3.27%
85,000	Kainos Group PLC	1,271,175	3.30%
49,000	Softcat PLC	873,915	2.27%
400,000	Strix Group PLC	1,259,000	3.27%
130,000	Tracsis PLC	1,176,500	3.05%
		<u>7,756,216</u>	<u>20.13%</u>
<b>Materials</b>			
800,000	Elementis PLC	1,224,400	3.18%
40,000	Victrix PLC	1,019,200	2.65%
		<u>2,243,600</u>	<u>5.83%</u>
<b>Portfolio of investments</b>		<b>35,540,679</b>	<b>92.28%</b>
<b>Net other assets</b>		<b>3,194,848</b>	<b>8.29%</b>
<b>Mid to bid adjustment</b>		<b>(221,006)</b>	<b>(0.57%)</b>
		<u><b>38,514,521</b></u>	<u><b>100.00%</b></u>

The Sub-fund was launched on 17 March 2020, hence there are no comparatives.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	£
<b>Total sales for the period (Note 14)</b>	<b>1,263,041</b>
AVEVA Group PLC	549,790
Avon Rubber PLC	517,443
Bioventix PLC	122,953
SSP Group PLC	72,855

	£
<b>Total purchases for the period (Note 14)</b>	<b>29,387,267</b>
4imprint Group PLC	1,073,584
A.G.Barr PLC	976,036
Advanced Medical Solutions Group PLC	819,163
AJ Bell PLC	700,343
Alfa Financial Software Holdings PLC	837,004
Aptitude Software Group PLC	757,227
Auto Trader Group PLC	944,750
AVEVA Group PLC	507,715
Avon Rubber PLC	561,513
Bioventix PLC	103,226
Chemring Group PLC	1,108,809
Craneware PLC	950,463
Diploma PLC	751,348
Dotdigital Group PLC	786,310
Dunelm Group PLC	1,141,350
EKF Diagnostics Holdings PLC	865,856
Elementis PLC	745,603
EMIS Group PLC	945,551
Ergomed PLC	894,092
Games Workshop Group PLC	1,016,033
Impax Asset Management Group PLC	622,036
James Fisher and Sons PLC	1,169,064
Kainos Group PLC	929,211
MJ Gleeson PLC	982,718
Mortgage Advice Bureau (Holdings) PLC	655,967
Rotork PLC	1,074,083
Softcat PLC	553,674
SSP Group PLC	69,550
Strix Group PLC	906,170
Tatton Asset Management Ltd	714,763
Tracsis PLC	798,955
Tristel PLC	875,846
Victrex PLC	871,817
Vitec Group Plc	815,379
XP Power Ltd	1,012,721
YouGov PLC	849,337

The above purchases and sales represent all of the purchases and sales during the period.

## STATEMENT OF TOTAL RETURN

For the period ended 30 June 2021

		17.03.20 to 30.06.21	
	Notes	£	£
Income			
Net capital gains	2		7,190,874
Revenue	3	321,780	
Expenses	4	(237,312)	
Interest payable and similar charges	6	(6,905)	
Net revenue before taxation		77,563	
Taxation	5	-	
Net revenue after taxation			77,563
Total return before distributions			7,268,437
Finance costs: distributions	6		(279,866)
<b>Changes in net assets attributable to shareholders from investment activities</b>			<b>6,988,571</b>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 30 June 2021

	17.03.20 to 30.06.21 £
<b>Opening net assets attributable to shareholders</b>	-
Amounts receivable on creation of shares	35,465,903
Amounts payable on cancellation of shares	(4,290,037)
Dividend reinvested	318,057
Dilution levy	32,027
Changes in net assets attributable to shareholders from investment activities (see above)	6,988,571
<b>Closing net assets attributable to shareholders</b>	<b>38,514,521</b>

The Sub-fund was launched on 17 March 2020, hence there are no comparatives.

## BALANCE SHEET

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As at 30 June 2021			30.06.21	
	Notes	£		£
<b>ASSETS</b>				
Investment assets				35,319,673
<b>Current assets</b>				
Debtors	7	402,753		
Cash and bank balances	8	3,253,852		
<b>Total current assets</b>				<u>3,656,605</u>
<b>Total assets</b>				38,976,278
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Distributions payable on income shares		(36,093)		
Creditors	9	(425,664)		
<b>Total current liabilities</b>				<u>(461,757)</u>
<b>Net assets attributable to shareholders</b>				<u>38,514,521</u>

The Sub-fund was launched on 17 March 2020, hence there are no comparatives .



## NOTES TO THE FINANCIAL STATEMENTS

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### For the period ended 30 June 2021

(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 and to the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling

(b) Dividends on equities are recognised when the security is quoted ex-dividend. Other revenue is accounted for on an accruals basis.

(c) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-fund, 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, all expenses are charged to capital of the Sub-fund.

(f) Where the revenue from investments exceeds the expenses of the Sub-fund, half yearly distributions are allocated to all holders of income and accumulation shares.

(g) The listed investments of the Sub-funds have been valued at bid-market prices at the closing valuation point on 30 June 2021. The total net assets are presented at bid price.

(h) All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the date of such transactions. Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 30 June 2021.

(i) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.

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.

(j) In order to mitigate the dilutive effect of shareholder transactions on the existing shareholders of the Sub-fund and the Sub-fund's Net Asset Value, the ACD retains discretion to charge a dilution levy on all purchases and redemptions of shares. The levy, which is paid into the Sub-fund, is intended to cover certain charges not included in the mid market value of the Sub-fund, used in calculating the share price, which could have a diluting effect on the performance of the Sub-fund.

(k) Equalisation will be applied to the Sub-fund. An allocation of income to be made in respect of each share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum ("income equalisation") representing the ACD's best estimate of the amount of income included in the price of that share.

The amount of income equalisation in respect of any share may be the actual amount of income included in the issue price of the Share in question or it may be an amount arrived at by taking the aggregate of the ACD's best estimate of the amounts of income included in the price of shares in that class issued or sold in the annual or interim period in question and dividing that aggregate by the number of those shares and applying the resultant average to each of the shares in question.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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### 2 Net capital gains

17.03.20 to  
30.06.2021  
£

The net capital gains comprise:

Non-derivative securities gains	7,195,533
Transaction charges (custodian)	(4,659)
Total net capital gains	<u>7,190,874</u>

### 3 Revenue

17.03.20 to  
30.06.2021  
£

UK dividends	286,770
Investment manager rebate	35,009
Bank interest	1
Total revenue	<u>321,780</u>

### 4 Expenses

17.03.20 to  
30.06.2021  
£

**Payable to the Authorised Corporate Director,  
associates of the Authorised Corporate Director,  
and agents of either of them:**

ACD fee	193,691
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**Payable to the depositary, associates of the  
depositary, and agents of either of them:**

Depositary fee	23,188
Safe custody fee	852
	<u>24,040</u>

**Other expenses:**

Audit fee	8,083
FCA fee	83
Other expenses	11,415
	<u>19,581</u>

Total expenses	<u>237,312</u>
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5 Taxation

17.03.20 to  
30.06.2021  
£

(a) Analysis of charge in the period

Irrecoverable income tax	-
Total tax charge for the period (note 5b)	-

(b) Factors affecting current tax charge for the period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20.00%.

The differences are explained below:

Net revenue before taxation	77,563
Corporation tax at 20.00%	15,513
Effects of:	
Revenue not subject to UK corporation tax	(57,355)
Current period expenses not utilised	41,842
Current taxation (note 5a)	-

(c) Provision for deferred taxation

At 30 June 2021 there is a potential deferred tax asset of £41,842 in relation to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.

6 Finance costs

17.03.20 to  
30.06.2021  
£

Interim dividend distributions	199,796
Final dividend distribution	202,733
	402,529

Add: Revenue deducted on cancellation of shares	14,614
Deduct: Revenue received on issue of shares	(137,277)

Net distribution for the period	279,866
Interest payable and similar charges	6,905
Total finance costs	286,771

Reconciliation of distributions

Net revenue after taxation	77,563
Expenses paid from capital less IM rebate	202,303
Net distribution for the period	279,866

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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### 7 Debtors

**2021**  
**£**

Amounts receivable for issue of shares	353,593
Prepayments	65
OCF rebate	32
Dividends receivable	49,063
Total debtors	<u>402,753</u>

### 8 Cash and bank balances

**2021**  
**£**

Cash and bank balances	<u>3,253,852</u>
------------------------	------------------

### 9 Creditors

**2021**  
**£**

Amounts payable on trades	278,415
Amounts payable on redemptions	85,957

**Payable to the ACD, associates of the ACD  
and agents of either of them:**

ACD's periodic charge	47,809
-----------------------	--------

**Payable to the depositary, associates of the  
depositary, and agents of either of them:**

Depositary fees	1,627
Transaction charges	1,148
Safe custody and other bank charges	413
	<u>3,188</u>

Other accrued expenses	10,295
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Total creditors	<u>425,664</u>
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### 10 Risk management

In pursuing its investment objective as stated on page 29, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the period.

#### Market price risk

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-Fund might suffer through holding market positions in the face of price movements.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the period ended 30 June 2021 would have increased/decreased by £3,531,967.

**10 Risk management (continued)****Foreign currency risk**

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

Net currency assets and liabilities consist of:

	Net monetary assets and liabilities	Non-monetary assets and liabilities	Total net assets
	£	£	£
	30.06.21	30.06.21	30.06.21
Sterling	3,194,848	35,319,673	38,514,521
Total	3,194,848	35,319,673	38,514,521

**Interest rate risk**

Interest rate risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in interest rates. At 30 June 2021 the Sub-fund has bank balances of £3,253,852.

**Maturity of financial liabilities**

The financial liabilities of the Sub-fund as at 30 June 2021 are payable either within one year or on demand.

**Liquidity risk**

The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

**Credit risk**

Certain transactions in securities that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the ACD as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed. Indirect credit risk arises from holdings in collectives that invest in debt securities as any default or perceived risk of default will affect the valuation of such holdings.

Credit risk also arises on cash held within financial institutions. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related.

**Fair value disclosure**

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

A Fair value based on a quoted price for an identical instrument in an active market.

B Fair value based on the price of a recent transaction for an identical instrument.

C1 Fair value based on a valuation technique using observable market data.

C2 Fair value based on a valuation technique that relies significantly on non-observable market data.

Valuation Technique	Assets (£000's)	Liabilities (£000's)
A Quoted prices for identical instruments in active markets	35,320	-
C2 Fair value based on a valuation technique that relies significantly on non-observable market data.	-	-
Total	35,320	-

# 11 Shares held

## Class A (Accumulation)

Opening shares at 25.03.20	-
Shares issued during the period	21,191,771
Shares cancelled during the period	(2,514,839)
Shares converted during the period	-
<b>Closing shares as at 30.4.21</b>	<b>18,676,932</b>

## Class A (Income)

Opening Shares at 17.03.20	-
Shares issued during the period	4,205,602
Shares cancelled during the period	(213,422)
Shares converted during the period	-
<b>Closing Shares as at 30.4.21</b>	<b>3,992,180</b>

# 12 Contingent assets and liabilities

At 30 June 2021, the Sub-fund had no contingent liabilities or commitments.

# 13 Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 30 June 2021. Since that date, the Sub-fund's quoted price has moved as follows:

Share class	Price at 30 June 2021	Price at 13 October 2021
	<b>GBp</b>	<b>GBp</b>
Class A (Accumulation)	170.6292p	175.5037p
Class A (Income)	172.0171p	176.9642p

# 14 Direct transaction costs

	17.03.20 to 30.06.21	
	£	%
<b>Analysis of total purchase costs</b>		
Purchases in the period before transaction costs	29,284,458	
Commissions	17,808	0.06%
Taxes	49,517	0.17%
Levies	35,484	0.12%
Total purchase costs	102,809	0.35%
Total purchases including transaction costs	29,387,267	
<b>Analysis of total sale costs</b>		
	£	%
Sales in the period before transaction costs	1,263,837	
Commissions	(777)	(0.06%)
Levies	(19)	(0.00%)
Total sale costs	(796)	(0.06%)
Total sales net of transaction costs	1,263,041	

**14 Direct transaction costs (continued)**

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-fund's average net asset value in the period:

**17.03.20 to 30.06.2021**

	£	% of average net asset value
Commissions	18,585	0.12%
Taxes	49,517	0.31%
Levies	35,503	0.22%
	<u>103,605</u>	<u>0.65%</u>

## DISTRIBUTION TABLES

### For the period ended 30 June 2021

#### Interim distribution in pence per share

Group 1: Shares purchased prior to 17 March 2020

Group 2 : Shares purchased on or after 17 March 2020 and on or before 30 June 2020

17 March 2020 to 30 June 2020

<b>Class A (Accumulation)</b>	<b>Dividend accumulated 28 August 2020</b>	<b>Equalisation</b>	<b>Dividend accumulated 28 August 2020</b>
Group 1	0.2232p	-	0.2232p
Group 2	0.0991p	0.1241p	0.2232p

<b>Class A (Income)</b>	<b>Dividend paid 28 August 2020</b>	<b>Equalisation</b>	<b>Dividend paid 28 August 2020</b>
Group 1	0.2363p	-	0.2363p
Group 2	0.0372p	0.1991p	0.2363p

#### Interim distribution in pence per share

Group 1: Shares purchased prior to 1 July 2020

Group 2 : Shares purchased on or after 1 July 2020 and on or before 31 December 2020

01 July 2020 to 31 December 2020

<b>Class A (Accumulation)</b>	<b>Dividend accumulated 26 February 2021</b>	<b>Equalisation</b>	<b>Dividend accumulated 26 February 2021</b>
Group 1	1.2835p	-	1.2835p
Group 2	0.4382p	0.8453p	1.2835p

<b>Class A (Income)</b>	<b>Dividend paid 26 February 2021</b>	<b>Equalisation</b>	<b>Dividend paid 26 February 2021</b>
Group 1	1.3126p	-	1.3126p
Group 2	0.7487p	0.5639p	1.3126p

#### Final distribution in pence per share

Group 1: Shares purchased prior to 01 January 2021

Group 2 : Shares purchased on or after 01 January 2021 and on or before 30 June 2021

01 January 2021 to 30 June 2021

<b>Class A (Accumulation)</b>	<b>Dividend accumulated 31 August 2021</b>	<b>Equalisation</b>	<b>Dividend accumulated 31 August 2021</b>
Group 1	0.8922p	-	0.8922p
Group 2	0.4629p	0.4293p	0.8922p

<b>Class A (Income)</b>	<b>Dividend paid 31 August 2021</b>	<b>Equalisation</b>	<b>Dividend paid 31 August 2021</b>
Group 1	0.9041p	-	0.9041p
Group 2	0.3481p	0.5560p	0.9041p



## **DISTRIBUTION TABLES (continued)**

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Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

### **Information for corporate shareholders**

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 100.00% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 0.00% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

## SUB-FUND OVERVIEW

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<b>Name of Sub-fund</b>	VT Downing European Unconstrained Income Fund
<b>Size of Sub-fund</b>	£84,901,450
<b>Launch date</b>	5 November 2020
<b>Investment objective and policy</b>	<p>The investment objective of the Sub-fund is to generate income with the potential for long term (5 years) capital growth.</p> <p>The Sub-fund will seek to achieve its objective by investing at least 75% in equities issued by companies based in developed European markets (being member states of the European Union, Norway, Switzerland or the United Kingdom). The Sub-fund may also invest in emerging and frontier European markets including Turkey, Russia and Iceland.</p> <p>The Sub-fund may also invest in government securities, fixed income, closed ended collective investment schemes/vehicles (which may include those managed and/or operated by the ACD and which will provide exposure to various asset classes including equities and bonds), real estate investment trusts, money market instruments, deposits, cash and near cash.</p> <p>The Sub-fund will be actively managed.</p> <p>Save as noted above, the Sub-fund will not have any particular industry or economic sector focus and as such weightings in these may vary as required.</p>
<b>Derivatives</b>	<p>The Sub-fund may hold derivatives for Efficient Portfolio Management (EPM) purposes (including hedging). It is not intended that the use of derivatives for EPM purposes will increase the risk profile of the Sub-fund.</p>
<b>Benchmark</b>	<p>The Sub-fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance</p> <p>However, many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.</p> <p>In order to assess the Sub-fund's performance, investors may find it useful to compare the Sub-fund against the performance of the IA Europe (ex UK) Sector, which serves as a method of comparing the Sub-fund's performance with other funds which have broadly similar characteristics. The IA Europe (excluding UK) has been chosen as a comparator rather than the IA Europe (including UK), as it is not the intention of the Sub-fund to have a large exposure to UK equities that generate their revenue in the UK.</p>
<b>Annual accounting date</b>	30 June
<b>Interim accounting date</b>	31 December
<b>Annual income allocation date</b>	By 31 August
<b>Interim income allocation dates</b>	By 30 November; By last day of February; By 31 May

## SUB-FUND OVERVIEW (continued)

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### Minimum investment

**Lump sum subscription:** Class A: £1,000  
Class F: £1,000,000  
Class F shares are only available to those who invest at launch of the Sub-fund (or otherwise at the ACD's discretion)

**Top-up:** Class A: £100  
Class F: £1,000

**Holding:** Class A: £1,000  
Class F: £1,000,000

**Regular saving:** £100 per month

**Redemption/Switching:** N/A (provided minimum holding is maintained)

**Initial, redemption and switching charges:** Nil

The ACD may waive the minimum levels (and initial charge and redemption charge) at its discretion.

### Annual management charges

The annual management charges are £30,000<sup>^</sup> per annum plus  
Class A – 0.75% per annum  
Class F – 0.55% per annum

The above percentages being percentages of the net asset value of the Sub-fund attributable to the relevant class (plus VAT if applicable).

<sup>^</sup>The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2021)). In the event of negative inflation, this fee will remain unchanged.

## INVESTMENT MANAGER'S REVIEW

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### Investment philosophy

Whilst the Downing European Unconstrained Income fund is a relatively new fund, having only launched in November 2020, the investment philosophy underpinning the strategy has been followed by the managers for over a decade.

The fund aims to take advantage of two types of opportunities. The first is to find well known stocks that have temporarily fallen out of favour with the market but where the managers believe that the long-term business model still has strong potential. These can be large or small companies, but in such circumstances the manager is aiming to take advantage of the short-term behavioural bias of other investors. The second type of opportunities are in "off-the-radar" stocks. These are less well known stocks that are often a better way to play a market opportunity than the more popular names. In these circumstances, the managers believe that they may be able to get an analytic edge in these names simply because relatively few investors are taking the time to look at such stocks.

The types of businesses that the managers are attracted to are companies that have a long-term sustainable advantage that allows them to earn returns above the cost of capital over the long run. These companies typically have attractive characteristics such as strong brands, market dominance, a technology advantage, and structural tailwinds driving their industry. Strong balance sheets allow such companies to weather the natural gyrations of the economy and can also allow them to take advantage of opportunities that arise in their markets. However, these companies are usually well priced by other investors and so the managers believe that they need to be selective and patient in their approach to stock picking. As a result, the fund is concentrated, typically holding between 30 and 40 names, and the investment horizon is three to five years.

### Performance overview

The fund launched in November 2020; the F Inc class on 6 November and the A Acc Class on 18 November. It proved to be a difficult time to launch as it coincided with the first announcement of a successful Covid-19 vaccine which caused the general market to rally sharply and the more value focused stocks to increase in value even faster. This occurred as the fund was deploying its seed capital which led to a degree of cash drag on relative performance. However, since launch the F Inc units have increased in value from 100.2273p to 115.4496p and the A Acc units from 100.0000p to 112.9041p and the managers are relatively pleased with performance so far. The fund has also paid 3 quarterly dividends to investors, providing clients with income as well as capital performance.

### Key contributors and detractors

For the period under review from 1 January to 30 June, there were a number of positive contributors to performance. The largest contributor was BFF Bank which rose by 64%<sup>1</sup> during the period. The company is a leading player in speciality finance in Southern Europe, providing factoring and lending services to corporates in Italy, Spain, and Greece. The shares have been overlooked by the market in recent years due to its size, but the acquisition of Depobank which gives it access to cheap liquidity, will allow returns to increase from around 30% to 40% whilst the balance continues to be very strong with a CET1 ratio of 18.6%<sup>2</sup>. The Bank of Italy will also allow the company to pay-out the accrued 2019 and 2020 dividends later in the year which will provide investors with an attractive income of over 10% of the market capitalisation.

There has been a lot of discussion about the global shortage of semi-conductor chips which is starting to hamper the production plans of many industries just as demand begins to recover after the pandemic. BE Semiconductors has benefitted from this strong demand situation with revenue growing by 71%<sup>3</sup> in H1 compared to a year ago, and with an even stronger increase in its order book. The shares have been in demand and the share price grew by 42%<sup>4</sup> in the first half of the year.

The fund has a number of post-Covid re-opening plays as we try to capture the increase as consumer spending patterns begin to recover. Despite the still uncertain near-term outlook for Covid, as a group, these stocks contributed positively to performance during the first six months. For example, protein shake maker, Glanbia, and Salmar, a leading Norwegian salmon farmer, both enjoyed strong share price performance on the back of improving demand. The fund also has notable exposure to the European housebuilding market through Cairn Homes and Aedas Homes. Both the Irish and Spanish housing markets saw a lack of new homes being built during the pandemic as work on building sites ground to a halt amid social distancing restrictions. However, the housing demand is booming<sup>5</sup> as family savings rates have soared over the last 18 months, and this is beginning to translate into house price inflation and rising cashflows for our holdings.

### Key contributors and detractors (continued)

The biggest detractor during the period was GTT. GTT is a French engineering company which specialises in the design of cryogenic membrane containment systems for Liquid Natural Gas (LNG) carriers. Thanks to the transition by the world to new, more clean forms of energy, LNG is an industry that is expected to boom over the next 10 years. There is expected to be a wave of orders for new LNG carriers to meet the growing demand which GTT should benefit from. However, the orders are taking longer to materialise than we expected and the shares have been weak as a consequence<sup>6</sup>.

Most of our companies reported encouraging results during the period. However, there were notable outlook downgrades at a few of our holdings. Sadly, Fresenius Medical Care<sup>7</sup> saw a number of excess deaths in its patient population due to Covid which reduced the amount of people using their kidney dialysis services which is depressing revenue, whilst both Vestas Wind Systems<sup>8</sup> and Infineon flagged that supply chain constraints were beginning to impact their financials. Both company's shares have been relatively weak during the period.

### Portfolio activity & outlook

The European market has been remarkably strong so far in 2021, with growth continuing to outperform value stocks during the period. As bottom-up stock pickers the managers do not have a strong view on whether this will continue. However, they are encouraged that they have still been able to find attractive new ideas to add to the portfolio during the period.

As passenger cars transition from internal combustion engines to become fully electric, auto makers need to invest into new production lines to produce the necessary batteries and electric motors. Aumann is a Germany engineering company whose e-mobility production lines help their customers to do exactly that. Given the attractive long term outlook, the managers added the company to the portfolio in January.

In May, two new positions were added: Flow Traders<sup>9</sup> is one of the leading ETF liquidity providers. It benefits from the continued structural shift towards passive investing, as well as protecting the portfolio against bouts of higher market volatility. Fnac Darty is an interesting French consumer goods company which should benefit from increased demand after Covid. In June, the managers initiated new positions in Aedas and Masoeval. Aedas<sup>10</sup> is Spanish housebuilder who has some of the best plots of land in Spain, bought in the aftermath of the financial crisis. In a similar fashion to many European countries, housing demand is booming after the forced hiatus due to Covid and Aedas's residential properties are in high demand. Masoeval<sup>11</sup> is small Norwegian salmon farmer. Its operations are amongst the most efficient in the industry leading to high margins and solid cashflow generation. These new positions were funded by exiting the holdings in Vopak, Elekta and Sig Combibloc during the period.

Downing LLP  
Investment Manager  
15 September 2021

### Sources

<sup>1</sup> Bloomberg attribution report H1 2021

<sup>2</sup> BFF 1H 2021 Results, 6th August 2021

<sup>3</sup> [Half Year 2021 Report final.pdf \(besi.com\)](#)

<sup>4</sup> [Half Year 2021 Report final.pdf \(besi.com\)](#)

<sup>5</sup> [Bank of England monitors UK housing boom as it weighs inflation risk | Bank of England | The Guardian](#)

<sup>6</sup> [FY 2020 Results \(gtt.fr\)](#)

<sup>7</sup> [Deutsche Boerse Q2 2021 EN.pdf \(freseniusmedicalcare.com\)](#)

<sup>8</sup> [Vestas - Interim Financial Report - First Quarter 2021](#)

<sup>9</sup> Flow Traders, Annual Report 2020

<sup>10</sup> <https://www.aedas.com/en/news-and-media/publications-9>

<sup>11</sup> [Måsøval Annual Report 2020 \(flippingbook.com\)](#)

## PERFORMANCE RECORD

		Period from 17 November 2020 to 30 June 2021^
<b>Class A (Accumulation)</b>		
Changes in net assets per unit		GBp
	Opening net asset value per unit	100.0000
	Return before operating charges	13.4829
	Operating charges (note 1)	(0.5788)
	Return after operating charges *	12.9041
	Closing net asset value per unit	112.9041
	Retained distributions on accumulated units	1.7700
	*after direct transactions costs of:	0.2768
Performance		
	Return after charges	12.90%
Other information		
	Closing net asset value	£338,048
	Closing number of units	299,412
	Operating charges (note 2)	0.87%
	Direct transaction costs	0.26%
Prices		
	Highest unit price	113.75
	Lowest unit price	99.74

^Share class launched 17 November 2020

		Period from 30 November 2020 to 30 June 2021^
<b>Class A (Income)</b>		
Changes in net assets per unit		GBp
	Opening net asset value per unit	100.0000
	Return before operating charges	10.0255
	Operating charges (note 1)	(0.5273)
	Return after operating charges *	9.4982
	Distribution on income units	(1.6852)
	Closing net asset value per unit	107.8130
	*after direct transactions costs of:	0.2702
Performance		
	Return after charges	9.50%
Other information		
	Closing net asset value	£16,976
	Closing number of units	15,745
	Operating charges (note 2)	0.87%
	Direct transaction costs	0.26%
Prices		
	Highest unit price	109.97
	Lowest unit price	98.15

^Share class launched 30 November 2020

**PERFORMANCE RECORD (Continued)**

		<b>Period from 11 December 2020 to 30 June 2021^</b>
<b>Class F (Accumulation)</b>		
Changes in net assets per unit		GBp
Opening net asset value per unit		100.0000
Return before operating charges		9.5530
Operating charges (note 1)		(0.3796)
Return after operating charges *		9.1734
Closing net asset value per unit		109.1734
Retained distributions on accumulated units		1.9780
*after direct transactions costs of:		0.2719
Performance		
Return after charges		9.17%
Other information		
Closing net asset value		£28,797,328
Closing number of units		26,377,615
Operating charges (note 2)		0.67%
Direct transaction costs		0.26%
Prices		
Highest unit price		109.99
Lowest unit price		97.90

^Share class launched 11 December 2020

		<b>Period from 5 November 2020 to 30 June 2021</b>
<b>Class F (Income)</b>		
Changes in net assets per unit		GBp
Opening net asset value per unit		100.0000
Return before operating charges		18.0441
Operating charges (note 1)		(0.4812)
Return after operating charges *		17.5629
Distribution on income units		(2.1133)
Closing net asset value per unit		115.4496
*after direct transactions costs of:		0.2801
Performance		
Return after charges		17.56%
Other information		
Closing net asset value		£55,830,166
Closing number of units		48,358,899
Operating charges (note 2)		0.67%
Direct transaction costs		0.26%
Prices		
Highest unit price		117.76
Lowest unit price		100.00

^Share class launched 5 November 2020

## PERFORMANCE RECORD (Continued)

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1. The operating charges per unit figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.
2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund.

### Risk Profile

Based on past data, the Sub-fund is ranked a '5' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Sub-fund is ranked 5 because simulated monthly historical performance data indicates that relatively high rises and falls in market prices would have occurred historically.



## PORTFOLIO STATEMENT

As at 30 June 2021

Holding		Value £	% of net assets
<b>Communications</b>			
214,634	Infrastrutture Wireless Italiane SpA	1,749,582	2.06%
		<u>1,749,582</u>	<u>2.06%</u>
<b>Consumer Discretionary</b>			
3,439,793	Cairn Homes PLC	3,124,335	3.68%
529,312	Europris ASA	2,414,255	2.84%
		<u>5,538,590</u>	<u>6.52%</u>
<b>Consumer Staples</b>			
216,299	Glanbia PLC	2,541,584	2.99%
79,428	Mowi ASA	1,468,199	1.73%
33,484	SalMar ASA	1,602,161	1.89%
		<u>5,611,944</u>	<u>6.61%</u>
<b>Energy</b>			
11,845	Gaztransport et Technigaz SA	693,119	0.82%
605,728	Snam SpA	2,523,856	2.97%
		<u>3,216,975</u>	<u>3.79%</u>
<b>Financials</b>			
28,090	Amundi SA	1,785,251	2.10%
191,547	Aumann AG	2,756,745	3.25%
522,912	Banca Farmafactoring SpA	3,758,391	4.43%
369,649	doValue SpA	2,931,067	3.45%
53,115	Julius Baer Gruppe AG	2,504,413	2.95%
363,446	Måsøval AS	1,260,327	1.48%
128,941	Van Lanschot Kempen NV	2,383,239	2.81%
		<u>17,379,433</u>	<u>20.47%</u>
<b>Health Care</b>			
139,105	Fagron NV	2,278,199	2.68%
54,736	Flow Traders NV	1,712,605	2.02%
55,621	Fnac Darty SA	2,554,628	3.01%
39,089	Fresenius Medical Care AG & Co KGaA	2,345,155	2.76%
60,526	Siemens Healthineers AG	2,690,621	3.17%
		<u>11,581,208</u>	<u>13.64%</u>
<b>Industrials</b>			
49,819	Befesa SA	2,788,078	3.28%
33,955	Eiffage SA	2,478,641	2.92%
101,703	Prysmian SpA	2,639,127	3.11%
110,700	Relx PLC	2,125,368	2.50%
20,738	Schneider Electric SE	2,364,035	2.78%
54,845	Vestas Wind Systems A/S	1,534,980	1.81%
		<u>13,930,229</u>	<u>16.40%</u>
<b>Information Technology</b>			
30,758	Amadeus IT Group SA	1,560,950	1.84%
197,536	AMS AG	2,851,169	3.36%
28,376	BE Semiconductor Industries NV	1,738,202	2.05%
58,639	Infineon Technologies AG	1,704,714	2.01%
21,774	SAP SE	2,228,523	2.62%
		<u>10,083,558</u>	<u>11.88%</u>
<b>Real Estate</b>			
6,575	Aedas Homes SA	130,268	0.15%
208,764	Cibus Nordic Real Estate AB (publ)	3,630,927	4.28%
106,234	Instone Real Estate Group AG	2,325,726	2.74%
1,558,957	Sirius Real Estate Ltd	1,722,647	2.03%
		<u>7,809,568</u>	<u>9.20%</u>

**PORTFOLIO STATEMENT (Continued)**

As at 30 June 2021

Holding		Value £	% of net assets
	<b>Utilities</b>		
72,822	Rubis SCA	2,338,448	2.75%
		<u>2,338,448</u>	<u>2.75%</u>
	<b>Portfolio of investments</b>	<b>79,239,535</b>	<b>93.32%</b>
	<b>Net other assets</b>	<b>5,742,980</b>	<b>6.77%</b>
	<b>Mid to bid adjustment</b>	<b>(81,065)</b>	<b>(0.09%)</b>
		<u><b>84,901,450</b></u>	<u><b>100.00%</b></u>

The Sub-fund was launched on 5 November 2020, hence there are no comparatives

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	£
<b>Total sales for the period (Note 14)</b>	<b>24,014,722</b>
Amadeus IT Group SA	213,501
Amundi SA	613,277
Banca Farmafactoring SpA	1,764,514
BE Semiconductor Industries NV	1,537,859
Befesa SA	745,697
Cibus Nordic Real Estate AB (publ)	326,193
Elekta AB (publ)	1,559,687
Europris ASA	426,860
Fresenius Medical Care AG & Co KGaA	361,734
Gaztransport et Technigaz SA	2,566,014
Glanbia PLC	1,219,518
Infrastrutture Wireless Italiane SpA	629,112
Instone Real Estate Group AG	478,709
Koninklijke Vopak NV	1,805,237
Mowi ASA	1,207,735
Relx PLC	511,536
Rubis SCA	417,861
Ryanair Holdings PLC	1,282,489
SalMar ASA	1,365,813
Schneider Electric SE	303,849
SIG Combibloc Group AG	1,893,786
Sirius Real Estate Ltd	2,055,719
Van Lanschot Kempen NV	488,763
Vestas Wind Systems A/S	239,259

The above represent all of the sales during the period.

**SUMMARY OF MATERIAL PORTFOLIO CHANGES (Continued)**

	£
<b>Total purchases for the period (Note 14)</b>	<b>93,007,329</b>
Amadeus IT Group SA	1,570,228
Aedas Homes	131,081
AMS AG	3,196,080
Amundi SA	2,243,553
Aumann AG	2,456,607
Banca Farmafactoring SpA	3,147,000
BE Semiconductor Industries NV	2,127,399
Befesa SA	2,414,932
Cairn Homes PLC	2,977,871
Cibus Nordic Real Estate AB (publ)	3,354,475
doValue SpA	2,963,774
Eiffage SA	2,253,612
Elekta AB (publ)	1,582,424
Europis ASA	2,699,881
Fagron NV	2,448,461
Flow Traders NV	1,694,444
Fnac Darty SA	2,737,720
Fresenius Medical Care AG & Co KGaA	2,890,251
Gaztransport et Technigaz SA	3,745,794
Glanbia PLC	2,956,941
Infineon Technologies AG	1,444,342
Infrastrutture Wireless Italiane SpA	2,704,172
Instone Real Estate Group AG	2,312,799
Julius Baer Gruppe AG	2,039,876
Koninklijke Vopak NV	2,101,067
Måsøval AS	1,135,827
Mowi ASA	2,086,623
Prysmian SpA	2,365,358
Relx PLC	2,445,162
Rubis SCA	2,550,675
Ryanair Holdings PLC	1,033,934
SalMar ASA	2,663,366
SAP SE	1,949,722
Schneider Electric SE	2,463,748
Siemens Healthineers AG	2,243,253
SIG Combibloc Group AG	1,762,314
Sirius Real Estate Ltd	3,138,629
Snam SpA	2,414,687
Van Lanschot Kempen NV	2,671,904
Vestas Wind Systems A/S	1,887,343

The above represent all of the purchases during the period.

## STATEMENT OF TOTAL RETURN

For the period ended 30 June 2021

	Notes	05.11.20 to 30.06.21 £	£
Income			
Net capital gains	2		10,059,972
Revenue	3	1,512,269	
Expenses	4	(328,999)	
Interest payable and similar charges	6	<u>(9,227)</u>	
Net revenue before taxation		1,174,043	
Taxation	5	<u>(165,390)</u>	
Net revenue after taxation			<u>1,008,653</u>
Total return before distributions			11,068,625
Finance costs: distributions	6		<u>(1,337,652)</u>
<b>Changes in net assets attributable to shareholders from investment activities</b>			<u><b>9,730,973</b></u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 30 June 2021

	05.11.20 to 30.06.21 £
<b>Opening net assets attributable to shareholders</b>	-
Amounts receivable on creation of shares	96,402,610
Amounts payable on cancellation of shares	(21,666,037)
Dividend reinvested	433,904
Changes in net assets attributable to shareholders from investment activities (see above)	<u>9,730,973</u>
<b>Closing net assets attributable to shareholders</b>	<u><b>84,901,450</b></u>

The Sub-fund was launched on 5 November 2020, hence there are no comparatives

## BALANCE SHEET

As at 30 June 2021

	Notes	£	30.06.21 £
<b>ASSETS</b>			
Investment assets			79,158,470
<b>Current assets</b>			
Debtors	7	2,075,681	
Cash and bank balances	8	<u>4,742,763</u>	
<b>Total current assets</b>			<u>6,818,444</u>
<b>Total assets</b>			85,976,914
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Distribution payable on income shares		(694,236)	
Creditors	9	<u>(381,228)</u>	
<b>Total current liabilities</b>			<u>(1,075,464)</u>
<b>Net assets attributable to shareholders</b>			<u>84,901,450</u>

The Sub-fund was launched on 5 November 2020, hence there are no comparatives

## NOTES TO THE FINANCIAL STATEMENTS

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### For the period ended 30 June 2021

(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 and to the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling

(b) Dividends on equities are recognised when the security is quoted ex-dividend. Other revenue is accounted for on an accruals basis.

(c) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-fund, 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, all expenses are charged to the capital of the Sub-fund.

(f) Where the revenue from investments exceeds the expenses of the Sub-fund, quarterly distributions are allocated to all holders of income and accumulation shares.

(g) The listed investments of the Sub-funds have been valued at bid-market prices at the closing valuation point on 30 June 2021. The total net assets are presented at bid price.

(h) All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the date of such transactions. Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 30 June 2021.

(i) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.

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.

(j) In order to mitigate the dilutive effect of shareholder transactions on the existing shareholders of the Sub-fund and the Sub-fund's Net Asset Value, the ACD retains discretion to charge a dilution levy on all purchases and redemptions of shares. The levy, which is paid into the Sub-fund, is intended to cover certain charges not included in the mid market value of the Sub-fund, used in calculating the share price, which could have a diluting effect on the performance of the Sub-fund.

(k) Equalisation will be applied to the Sub-fund. An allocation of income to be made in respect of each share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum ("income equalisation") representing the ACD's best estimate of the amount of income included in the price of that share.

The amount of income equalisation in respect of any share may be the actual amount of income included in the issue price of the Share in question or it may be an amount arrived at by taking the aggregate of the ACD's best estimate of the amounts of income included in the price of shares in that class issued or sold in the annual or interim period in question and dividing that aggregate by the number of those shares and applying the resultant average to each of the shares in question.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 2 Net capital gains

**05.11.20 to  
30.06.21**  
£

The net capital losses comprise:

Non-derivative securities gains	10,247,357
Transaction charges (custodian)	(2,063)
Foreign exchange (losses)	<u>(185,322)</u>
Total net capital gains	<u>10,059,972</u>

### 3 Revenue

**05.11.20 to  
30.06.21**  
£

UK dividends	89,532
Overseas dividends	1,422,695
Bank interest	<u>42</u>
Total revenue	<u>1,512,269</u>

### 4 Expenses

**05.11.20 to  
30.06.21**  
£

**Payable to the Authorised Corporate Director,  
associates of the Authorised Corporate Director,  
and agents of either of them:**

ACD fee	297,213
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**Payable to the depositary, associates of the  
depositary, and agents of either of them:**

Depositary fee	18,095
Safe custody fee	<u>4,651</u>
	<u>22,746</u>

**Other expenses:**

Audit fee	8,100
FCA fee	40
Other expenses	<u>900</u>
	<u>9,040</u>

Total expenses	<u>328,999</u>
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**5 Taxation**

**05.11.20 to  
30.06.21  
£**

**(a) Analysis of charge in the period**

Irrecoverable overseas withholding tax	165,390
Total tax charge for the period (note 5b)	<u>165,390</u>

**(b) Factors affecting current tax charge for the period**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20.00%.

The differences are explained below:

Net revenue before taxation	1,174,043
Corporation tax at 20.00%	<u>234,809</u>

**Effects of:**

Revenue not subject to UK corporation tax	(302,446)
Current period expenses not utilised	67,637
Irrecoverable overseas withholding tax	165,390
Current taxation (note 5a)	<u>165,390</u>

**(c) Provision for deferred taxation**

At 30 June 2021 there is a potential deferred tax asset of £67,637 in relation to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.

**6 Finance costs**

**05.11.20 to  
30.06.21  
£**

Interim dividend distributions	276,626
Final dividend distribution	<u>1,051,911</u>
	1,328,537

Add: Revenue deducted on cancellation of shares	38,860
Deduct: Revenue received on issue of shares	<u>(29,745)</u>

<b>Net distribution for the period</b>	1,337,652
Interest payable and similar charges	9,227
<b>Total finance costs</b>	<u>1,346,879</u>

**Reconciliation of distributions**

Net revenue after taxation	1,008,653
Expenses paid from capital	<u>328,999</u>
<b>Net distribution for the period</b>	<u>1,337,652</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>7 Debtors</b>	<b>2021</b>
	<b>£</b>
Amounts receivable for issue of shares	1,000
Amounts receivable on trades	1,868,259
Dividends receivable	126,328
Recoverable overseas withholding tax	80,050
Prepayments	44
Total debtors	<u>2,075,681</u>

<b>8 Cash and bank balances</b>	<b>2021</b>
	<b>£</b>
Cash and bank balances	<u>4,742,763</u>

<b>9 Creditors</b>	<b>2021</b>
	<b>£</b>
Amounts payable on trades	321,134
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>	
ACD's periodic charge	45,377
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>	
Depositary fees	2,752
Transaction charges	1,003
Safe custody and other bank charges	<u>2,755</u>
	6,510
Other accrued expenses	8,207
Total creditors	<u>381,228</u>

## 10 Risk management

In pursuing its investment objective as stated on page 48, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the period.

### Market price risk

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the period ended 30 June 2021 would have increased/decreased by £7,915,847.

**10 Risk management (continued)****Foreign currency risk**

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The Sub-fund's investment portfolio is invested in equities that are registered overseas and/or denominated in overseas currencies and the balance sheet can be affected by movements in foreign exchange rates. The ACD may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to Sterling on or near the date of receipt.

A portion of the net assets of the Sub-fund is denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by currency movements. If foreign exchange rates at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 30.06.21 would have increased/decreased by £7,851,346.

Net currency assets and liabilities consist of:

	Net monetary assets and liabilities	Non-monetary assets and liabilities	Total net assets and liabilities
	£	£	£
	30.06.21	30.06.21	30.06.21
Sterling	4,666,903	1,721,089	6,387,992
Euro	1,076,077	60,191,571	61,267,648
Danish Krone	-	1,534,663	1,534,663
Norwegian Krone	-	6,728,010	6,728,010
Swiss Franc	-	5,353,980	5,353,980
Swedish Krona	-	3,629,157	3,629,157
Total	5,742,980	79,158,470	84,901,450

**Interest rate risk**

Interest rate risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in interest rates. At 30 June 2021 the Sub-fund held bank balances of 4,742,763.

**Maturity of financial liabilities**

The financial liabilities of the Sub-fund as at 30 June 2021 are payable either within one year or on demand.

**Liquidity risk**

The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

**Credit risk**

Certain transactions in securities that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the ACD as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed. Indirect credit risk arises from holdings in collectives that invest in debt securities as any default or perceived risk of default will affect the valuation of such holdings.

Credit risk also arises on cash held within financial institutions. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related.

**Fair value disclosure**

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

A Fair value based on a quoted price for an identical instrument in an active market.

B Fair value based on the price of a recent transaction for an identical instrument.

C1 Fair value based on a valuation technique using observable market data.

C2 Fair value based on a valuation technique that relies significantly on non-observable market data.

Valuation Technique	Assets (£000's)	Liabilities (£000's)
A Quoted prices for identical instruments in active markets	79,158	-
Total	79,158	-

**11 Shares held****Class A (Accumulation)**

<b>Opening shares at 17.11.20</b>	-
Shares issued during the period	311,025
Shares cancelled during the period	(11,613)
Shares converted during the period	-
<b>Closing shares as at 30.06.21</b>	<b>299,412</b>

**Class A (Income)**

<b>Opening shares at 30.11.20</b>	-
Shares issued during the period	22,312
Shares cancelled during the period	(6,567)
Shares converted during the period	-
<b>Closing shares as at 30.06.21</b>	<b>15,745</b>

**Class F (Accumulation)**

<b>Opening shares at 11.12.20</b>	-
Shares issued during the period	26,377,615
Shares cancelled during the period	-
Shares converted during the period	-
<b>Closing shares as at 30.06.21</b>	<b>26,377,615</b>

**Class F (Income)**

<b>Opening shares at 05.11.20</b>	-
Shares issued during the period	68,437,029
Shares cancelled during the period	(20,078,130)
Shares converted during the period	-
<b>Closing shares as at 30.06.21</b>	<b>48,358,899</b>

**12 Contingent assets and liabilities**

At 30 June 2021, the Sub-fund had no contingent liabilities or commitments.

**13 Post balance sheet events**

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 30 June 2021. Since that date, the Sub-fund's quoted price has moved as follows:

**Share class**

	<b>Price at 30 June 2021</b>	<b>Price at 13 October 2021</b>
	<b>GBp</b>	<b>GBp</b>
Class A (Accumulation)	112.9041p	112.2292p
Class A (Income)	107.8130p	106.7465p
Class F (Accumulation)	109.1734p	108.5829p
Class F (Income)	115.4496p	114.3704p

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 14 Direct transaction costs

	05.11.20 to 30.06.21	
	£	%
<b>Analysis of total purchase costs</b>		
Purchases in the period before transaction costs	92,830,928	
Commissions	46,313	0.05%
Taxes	106,102	0.11%
Levies	23,986	0.03%
Total purchase costs	176,401	0.19%
Total purchases including transaction costs	93,007,329	
<b>Analysis of total sale costs</b>		
	05.11.20 to 30.06.21	
	£	%
Sales in the period before transaction costs	24,025,669	
Commissions	(10,941)	(0.05%)
Taxes	(4)	(0.00%)
Levies	(2)	(0.00%)
Total sale costs	(10,947)	(0.05%)
Total sales net of transaction costs	24,014,722	

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-fund's average net asset value in the period:

	05.11.20 to 30.06.21	
	£	% of average net asset value
Commissions	57,254	0.08%
Taxes	106,106	0.15%
Levies	23,988	0.03%
	187,348	0.26%

## DISTRIBUTION TABLES

### For the period ended 30 June 2021

#### Interim distribution in pence per share

Group 1: Shares purchased prior to 05 November 2020

Group 2 : Shares purchased on or after 05 November and on or before 31 December 2020

05 November 2020 to 31 December 2020

<b>Class A (Accumulation)</b>	<b>Dividend Accumulated 26 February 2021</b>	<b>Equalisation</b>	<b>Dividend Accumulated 26 February 2021</b>
Group 1	0.1573p	-	0.1573p
Group 2	0.0302p	0.1271p	0.1573p

<b>Class A (Income)</b>	<b>Dividend paid 26 February 2021</b>	<b>Equalisation</b>	<b>Dividend paid 26 February 2021</b>
Group 1	0.1255p	-	0.1255p
Group 2	0.0059p	0.1196p	0.1255p

<b>Class F (Accumulation)</b>	<b>Dividend Accumulated 26 February 2021</b>	<b>Equalisation</b>	<b>Dividend Accumulated 26 February 2021</b>
Group 1	0.4191p	-	0.4191p
Group 2	0.0672p	0.3519p	0.4191p

<b>Class F (Income)</b>	<b>Dividend paid 26 February 2021</b>	<b>Equalisation</b>	<b>Dividend paid 26 February 2021</b>
Group 1	0.4435p	-	0.4435p
Group 2	0.1633p	0.2802p	0.4435p

#### Interim distribution in pence per share

Group 1: Shares purchased prior to 01 January 2021

Group 2 : Shares purchased on or after 01 January 2021 and on or before 31 March 2021

01 January 2021 to 31 March 2021

<b>Class A (Accumulation)</b>	<b>Dividend Accumulated 31 May 2021</b>	<b>Equalisation</b>	<b>Dividend Accumulated 31 May 2021</b>
Group 1	0.2264p	-	0.2264p
Group 2	0.0186p	0.2078p	0.2264p

<b>Class A (Income)</b>	<b>Dividend paid 31 May 2021</b>	<b>Equalisation</b>	<b>Dividend paid 31 May 2021</b>
Group 1	0.2197p	-	0.2197p
Group 2	0.1577p	0.0620p	0.2197p

<b>Class F (Accumulation)</b>	<b>Dividend Accumulated 31 May 2021</b>	<b>Equalisation</b>	<b>Dividend Accumulated 31 May 2021</b>
Group 1	0.2187p	-	0.2187p
Group 2	0.2187p	-	0.2187p

<b>Class F (Income)</b>	<b>Dividend paid 31 May 2021</b>	<b>Equalisation</b>	<b>Dividend paid 31 May 2021</b>
Group 1	0.2346p	-	0.2346p
Group 2	0.0599p	0.1747p	0.2346p

## DISTRIBUTION TABLES

### Final distribution in pence per share

Group 1: Shares purchased prior to 01 April 2021

Group 2 : Shares purchased on or after 01 April 2021 and on or before 30 June 2021

01 April to 30 June 2021

<b>Class A (Accumulation)</b>	<b>Dividend Accumulated 31 August 2021</b>	<b>Equalisation</b>	<b>Dividend Accumulated 31 August 2021</b>
Group 1	1.3863p	-	1.3863p
Group 2	0.8231p	0.5632p	1.3863p

<b>Class A (Income)</b>	<b>Dividend paid 31 August 2021</b>	<b>Equalisation</b>	<b>Dividend paid 31 August 2021</b>
Group 1	1.3400p	-	1.3400p
Group 2	0.9233p	0.4167p	1.3400p

<b>Class F (Accumulation)</b>	<b>Dividend Accumulated 31 August 2021</b>	<b>Equalisation</b>	<b>Dividend Accumulated 31 August 2021</b>
Group 1	1.3402p	-	1.3402p
Group 2	1.3402p	-	1.3402p

<b>Class F (Income)</b>	<b>Dividend paid 31 August 2021</b>	<b>Equalisation</b>	<b>Dividend paid 31 August 2021</b>
Group 1	1.4352p	-	1.4352p
Group 2	1.4352p	-	1.4352p

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

### Information for corporate shareholders

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 100.00% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 0.00% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

## INFORMATION FOR INVESTORS

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### Base Currency

The base currency of the Company is Pounds Sterling.

### Share Capital

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

### Structure of the Company

VT Downing Investor Funds ICVC is structured as an umbrella company. Provision exists for an unlimited number of Sub-funds, and at the date of this report three sub-funds, VT Downing Global Investors Fund, VT Downing Unique Opportunities Fund and VT Downing European Unconstrained Income Fund are authorised.

### Taxation

The Company will pay no corporation tax on its profits for the period ended 30 June 2021 and capital gains within the Company will not be taxed.

### Individual shareholders

**Income tax:** Tax on distributions: HM Revenue and 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 £2,000 (2021/22). 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.

**Capital gains tax:** 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. However, the first £12,300 (2020/2021) 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.

### Classes of Shares

The Company can issue different classes of share in respect to any sub-fund.

### Valuation Point

The scheme property of the Company and each sub-fund will normally be valued at 12:00 mid-day on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed.

The ACD reserves the right to revalue the Company or any Sub-fund at any time if it considers it desirable to do so, with the Depositary's approval.

### Buying and Selling of Shares

The ACD will accept orders for the purchase and sale of shares on normal business days between 8:30am and 5:30pm. Instructions to buy or sell shares may either be in writing to:

Valu-Trac Investment Management Limited

Orton, Fochabers, Moray, IV32 7QE

Or by email to:

Downing@valu-trac.com for deals relating to all the Sub-funds.

A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

### Pricing Basis

There is a single price for buying, selling and switching shares in a Sub-fund which represents the net asset value of the Sub-fund concerned. The share price is calculated on a forward pricing basis, that is at the next valuation point after the purchase or redemption is deemed to be accepted by the ACD.

The prices of shares are published daily on the Investment Association website at [www.fundlistings.com](http://www.fundlistings.com). Neither the ACD nor the Company can be held responsible for any errors in the publication of the prices. The shares in the company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

### Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected free of charge at the office of the ACD which is also the Head Office of the Company and copies may be obtained upon application.

**Remuneration:** Information about the authorised fund manager (AFM) remuneration policies and disclosures is available from Valu-Trac Investment Management Limited on its website which can be found on the link below.

<https://www.valu-trac.com/VIML%20Remuneration%20Policy%20Statement.pdf>

The AFM does not employ any staff directly from the fund, so there are no quantitative disclosures in this report.



## CORPORATE DIRECTORY

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<b>Authorised Corporate Director &amp; Registrar</b>	<p>Valu-Trac Investment Management Limited Orton Fochabers Moray IV32 7QE</p> <p>Telephone: 01343 880344 Fax: 01343 880267 Email: <a href="mailto:Downing@valu-trac.com">Downing@valu-trac.com</a></p> <p>Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648</p>
<b>Investment Manager</b>	<p>Downing LLP St Magnus House 3 Lower Thames Street London EC3R 6HD</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
<b>Depository</b>	<p>NatWest Trustee and Depositary Services Limited House A Floor 0, 175 Glasgow Road Gogarburn Edinburgh EH12 1HQ</p> <p>Authorised regulated by the Financial Conduct Authority</p>
<b>Auditor</b>	<p>Johnston Carmichael LLP Chartered Accountants Commerce House South Street Elgin IV30 1JE</p>

## **Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Downing Global Investors Fund on the outcome of the AFM's assessment of the value provided to shareholders**

For the period 24 March 2020 to 30 June 2021

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This assessment is to establish what VT Downing Global Investors Fund (the Fund) has delivered to you in return for the price you have had to pay.

VT Downing Global Investors Fund was launched on 24 March 2020 with an F Accumulation share class. A further F Income share class was launched on 22 May 2020 and an A Accumulation share class which launched on 05 March 2021.

The AFM is the Authorised Corporate Director (ACD) of the Fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is Downing LLP.

The investment objective of the Fund is to achieve capital growth and income over the long term (5 + years).

The Fund will seek to achieve its objective by investing at least 70% in equities across global markets (with up to 20% invested in higher risk emerging markets).

The Fund may also invest in government securities, fixed income, collective investment schemes (which may include those managed and/or operated by the ACD and which will provide exposure to various asset classes including equities and fixed income), money market instruments, deposits, cash and near cash.

The Fund will be actively managed.

Save as noted above, the Fund will not have any particular geographic, industry or economic sector focus and as such weightings in these may vary as required.

### **Period 24 March 2020 to 30 June 2021**

#### **Value of Fund (Per Performance record)**

Class F (Accumulation) <sup>1</sup>	£35,635k
Class F (Income) <sup>2</sup>	£5,303k
Class F (Accumulation) <sup>3</sup>	£97k

#### **Shares outstanding**

Class F (Accumulation) <sup>1</sup>	22,202k
Class F (Income) <sup>2</sup>	3,759k
Class F (Accumulation) <sup>3</sup>	89k

#### **NAV per share**

Class F (Accumulation) <sup>1</sup>	160.50p
Class F (Income) <sup>2</sup>	141.06p
Class F (Accumulation) <sup>3</sup>	108.60p

#### **Dividend per share**

Class F (Accumulation) <sup>1</sup>	1.78p
Class F (Income) <sup>2</sup>	1.37p
Class F (Accumulation) <sup>3</sup>	0.54p

## Net gains (before expenses)

Capital gains	£10,754k
Total Net gains	£11,171k

*1 Share Class launched 24 March 2020*

*2 Share Class launched 22 May 2020*

*3 Share Class launched 05 March 2021*

*Source of all data Valu-Trac Administration Services unless stated otherwise*

In carrying out the assessment of value the following criteria were considered:

### 1. Quality of service

The AFM considers that a good level of service was provided to shareholders by all parties involved commensurate to the amount paid by the Fund for those services. The AFM monitors the following operational services:

Depository – NatWest Trustee and Depository Services Limited

Custodian – RBC Investor Services Trust, UK branch (RBC)

The external audit is conducted by Johnston Carmichael LLP.

These services are essential in ensuring that the Fund operated efficiently and in the case of the Depository and Custodian the service is supervised on an on-going daily basis by the AFM. As a shareholder this means that you can be certain that your requests such as investment and redemption of the Fund's units will always be carried out exactly as set out in the documentation.

Valu-Trac does not delegate any of the core functions of the Fund such as fund administration, fund accounting and transfer agency. This means that the AFM directly employs and supervises the individuals who are carrying out this work and that those undertaking the work are appropriately qualified and experienced. Due to this high level of supervision and control of these functions the AFM believes that the shareholders can be certain that their instructions will be carried out efficiently and that the reporting they receive is timely and focused. The AFM works closely with Downing LLP to coordinate mailings such as annual letters with dividend vouchers and financial reports to avoid excessive correspondence whilst providing all required reporting on a timely and clear basis. This also has ensured that the AFM has responded to any enquiries from shareholders fully and promptly.

### 2. Performance

The AFM has assessed performance of the Fund net of all the charges that are outlined in its prospectus. The investment objective of the Fund is to achieve capital growth and income over the long term (5 + years). As the Fund has only been running for less than a year, the performance record of VT Downing Global Investors Fund is too short to determine whether value is being delivered on the investment performance criteria.

The Fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance. In order to assess the Fund's performance, investors may find it useful to compare the Fund against the performance of the IA Global Sector (the comparator)

To assess capital growth, the below table shows total return for the period under review.

	<b>Total Returns</b>	
	<b>Performance since class inception</b>	<b>Comparator Performance since class inception</b>
Class F (Accumulation) (since 24 March 2020)	60.50%	56.33%
Class F (Income) (since 22 May 2020)	42.43%	34.10%
Class A (Accumulation) (since 05 March 2021)	8.60%	11.60%

The AFM has also assessed the risk taken to achieve the above performance and is satisfied no excessive risk was taken to achieve performance, (detailed analysis on how we have arrived at this conclusion can be provided on request). However, it is too early to assess the performance of the Fund fully as to whether it is meeting the objectives of the Fund.

### 3. AFM costs

The costs incurred during the period 24 March 2020 to 30 June 2021 were as follows:

	<b>£</b>	<b>Annualised % of average fund value</b>
Investment manager's fee	209,868	0.61%
Investment manager's Rebate	(5,284)	(0.02%)
ACD fee	38,081	0.11%
Depositary fee	22,844	0.06%
Audit fee	8,100	0.02%
Safe custody fee	3,955	0.01%
FCA fee	82	0.00%
Other fees	11,606	0.03%
Transaction fee (capital)	21,782	0.06%
<b>Total costs</b>	<b>311,034</b>	<b>0.88%</b>

Gains for the period (capital and revenue) were £10,807,062, there was overseas taxation of £50,249.

There were no preliminary charges, redemption charges or dilution levies paid by shareholders during the period.

Note that the Investment Manager paid a rebate to the Fund such that the operating costs as a percentage of the Fund did not exceed 1.00%.

It should be noted that the prospectus does not allow for redemption charges however, the ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Sub-fund is in continual decline; on a Sub-fund experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size exceeding 3% of the Net Asset Value of the relevant Sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

The AFM has considered the costs charged to the Fund by comparing the operating charges of the share classes to the average OCF of the largest 10 funds in the IA Global Sector, retail classes where available. This is shown below.

	<b>Operating charges (excluding transaction fee (capital))</b>
Class F	0.83%
Class A	0.98%
IA Global Sector (average of 10 largest funds)	1.21%

Source - Morningstar

The AFM has concluded the costs, and in particular the Investment Manager's fee is appropriate and justified for the Fund. Section 7 explains the reasoning for the differences in the share class charges.

#### **4. Economies of scale**

The AFM has assessed to what extent it has been able to achieve any savings as a result of economies of scale. Where any such savings have been made this has in every case been passed on to the shareholders. An example of this is the depositary fees charges being on a sliding scale so reduce in cost as the Fund exceeds certain thresholds. As the AFM grows its total assets across all schemes it uses this purchasing power to benefit all schemes.

#### **5. Comparable market rates**

The AFM has compared the charges of this Fund with that of comparable funds. The AFM selected funds that are classified in the IA Global Sector along with similar style funds that the AFM administer. The AFM believes that the shareholders of the Fund are achieving efficient market rates as a whole and are not excessive as discussed in section 3. As the AFM assets grow in total it continues to strive for extra efficiencies wherever this can be achieved for all of its schemes.

#### **6. Comparable services**

The services provided to this Fund and the costs are also comparable amongst other similar funds operated by the AFM, and is aligned with its normal operating model.

#### **7. Classes of units**

The annualised operating charges for the two classes of shares is as noted below.

<b>At and for the period ended</b>	
<b>30 June 2021</b>	
Class F	0.83%
Class A	0.98%

The Investment manager's fee is 0.60% per annum for the class F share classes while it is 0.75% per annum for the class A share classes. The minimum initial investment and holding in the Class F share classes is £1,000,000 compared to £1,000 for the Class A share classes and minimum top up is £1,000 for Class F compared to £100 for Class A which is why it attracts a lower fee.

### **CONCLUSION**

In taking all of these criteria into consideration the AFM concludes that in assessing whether the payments out of the scheme property as set out in the prospectus are justified in the context of the overall value delivered to shareholders, while it is too early to conclude if the objective will be met, the shareholders of VT Downing Global Investors Fund are receiving good value, considering the period of time the Fund has been in operation.

13<sup>th</sup> October 2021

**Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Downing Unique Opportunities Fund on the outcome of the AFM's assessment of the value provided to shareholders**

For the period 17 March 2020 to 30 June 2021

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This assessment is to establish what VT Downing Unique Opportunities Fund (the Fund) has delivered to you in return for the price you have had to pay.

VT Downing Unique Opportunities Fund was launched on 17 March 2020 with an A Income share class. A further A Accumulation share class was launched on 25 March 2021.

The AFM is the Authorised Corporate Director (ACD) of the Fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is Downing LLP.

The investment objective of the Fund is to achieve capital growth and income over the long term (5 + years).

The Fund seeks to achieve its investment objective by investing at least 80% in equities listed on UK markets (including the London Stock Exchange, AIM and the ICAP Securities and Derivatives Exchange (ISDX)). The Investment Manager will be seeking to invest in equities which it considers to have a unique outlook and opportunity for growth. The Investment Manager will be looking for the Fund to invest in companies which have clearly identifiable characteristics to protect them against the entry of competitors (which are expected to enable such companies to produce an above average return on equity). The unique characteristics sought include:

- having intangible assets e.g. brands, patents or regulatory licences;
- having cost advantages stemming from process, location, scale or access to a unique asset;
- being the leading network in a business segment; and/or
- there being high switching costs which generate high customer retention rates.

Such businesses are highly likely to be the only UK listed company in their industry or one of very few and possessing a distinctive corporate strategy and so are considered 'unique opportunities'.

The Fund may also invest in other equities, fixed income, money market instruments, deposits, warrants, cash and near cash.

The Fund will aim to hold a portfolio of between 25-40 investments.

The Fund will be actively managed.

Save as noted above (with a focus on UK listed investments), the Fund will not have any particular, industry or economic sector focus and as such weightings in these may vary as required.

**Period 17 March 2020 to 30 June  
2021**

**Value of Fund (Per Performance record)**

Class A (Accumulation) <sup>1</sup>	£31,868k
Class A (Income) <sup>2</sup>	£6,867k

<b>Shares outstanding</b>	
Class A (Accumulation) <sup>1</sup>	18,677k
Class A (Income) <sup>2</sup>	3,992k
<b>NAV per share</b>	
Class A (Accumulation) <sup>1</sup>	170.63p
Class A (Income) <sup>2</sup>	172.02p
<b>Dividend per share</b>	
Class A (Accumulation) <sup>1</sup>	2.40p
Class A (Income) <sup>2</sup>	2.45p
<b>Operating charges (annualised)</b>	
Class A (Accumulation) <sup>1</sup>	1.00%
Class A (Income) <sup>2</sup>	1.00%
<b>Net gains (before expenses)</b>	
Capital gains	£7,196k
Total Net gains	£7,482k

*1 Share Class launched 25 March 2020*

*2 Share Class launched 17 March 2020*

*Source of all data Valu-Trac Administration Services unless stated otherwise*

In carrying out the assessment of value the following criteria were considered:

### **1. Quality of service**

The AFM considers that a good level of service was provided to shareholders by all parties involved commensurate to the amount paid by the Fund for those services. The AFM monitors the following operational services:

Depository – NatWest Trustee and Depository Services Limited

Custodian – RBC Investor Services Trust, UK branch (RBC)

The external audit is conducted by Johnston Carmichael LLP.

These services are essential in ensuring that the Fund operated efficiently and in the case of the Depository and Custodian the service is supervised on an on-going daily basis by the AFM. As a shareholder this means that you can be certain that your requests such as investment and redemption of the fund's units will always be carried out exactly as set out in the documentation.

Valu-Trac does not delegate any of the core functions of the fund such as fund administration, fund accounting and transfer agency. This means that the AFM directly employs and supervises the individuals who are carrying out this work and that those undertaking the work are appropriately qualified and experienced. Due to this high level of supervision and control of these functions the AFM believes that the shareholders can be certain that their instructions will be carried out efficiently and that the reporting they receive is timely and focused. The AFM works closely with Downing LLP to coordinate mailings such as annual letters with dividend vouchers and financial reports to avoid

excessive correspondence whilst providing all required reporting on a timely and clear basis. This also has ensured that the AFM has responded to any enquiries from shareholders fully and promptly.

## 2. Performance

The AFM has assessed performance of the Fund net of all the charges that are outlined in its prospectus. The investment objective of the Fund is to achieve capital growth and income over the long term (5 + years). As the Fund has only been running for less than a year, the performance record of VT Downing Unique Opportunities Fund is too short to determine whether value is being delivered on the investment performance criteria.

The Fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance. In order to assess the fund's performance, investors may find it useful to compare the Fund against the performance of the IA All Companies Sector (the comparator).

To assess capital growth, the below table shows total return for the period under review.

	<b>Total Returns</b>	
	<b>Performance since class inception</b>	<b>Comparator Performance since class inception</b>
Class A (Accumulation) (since 25 March 2020)	70.63%	49.17%
Class A (Income) (since 17 March 2020)	74.88%	59.13%

The AFM has also assessed the risk taken to achieve the above performance and is satisfied no excessive risk was taken to achieve performance, (detailed analysis on how we have arrived at this conclusion can be provided on request). However, it is too early to assess the performance of the fund fully as to whether it is meeting the objectives of the fund.

## 3. AFM costs

The costs incurred during the period 17 March 2020 to 30 June 2021 were as follows:

	<b>£</b>	<b>Annualised % of average fund value</b>
Investment manager's fee	154,954	0.76%
Investment manager's Rebate	(35,009)	(0.18%)
ACD fee	38,737	0.19%
Depositary fee	23,188	0.11%
Audit fee	8,083	0.04%
Safe custody fee	852	0.01%
FCA fee	83	0.00%
Other fees	11,415	0.06%
Transaction fee (capital)	4,659	0.02%
<b>Total costs</b>	<b>206,962</b>	<b>1.02%</b>

Gains for the period (capital and revenue) were £7,268,437, there was no taxation.

There were no preliminary charges, redemption charges paid by shareholders during the period.

Note that the Investment Manager paid a rebate to the Fund such that the operating costs (excluding capital transaction fees) as a percentage of the Fund did not exceed 1.00%.



It should be noted that the prospectus does not allow for redemption charges however, the ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Sub-fund is in continual decline; on a Sub-fund experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size exceeding 3% of the Net Asset Value of the relevant Sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy. There was £32,027 of dilution levies applied in the period under review.

The AFM has considered the costs charged to the Fund by comparing the operating charges of the share classes to the average OCF of the largest 10 funds in the IA All Companies Sector, retail classes where available. This is shown below.

	<b>Operating charges (excluding capital transaction costs)</b>
Class A	1.00%
IA All Companies Sector (average of 10 largest funds)	0.58%
Source - Morningstar	

The AFM has concluded the costs, and in particular the Investment Manager's fee is appropriate and justified for the Fund. While the Operating charges is higher than the comparator the largest element being the Investment manager's fee is considered good value given the experience, knowledge and research which the Manager applies to arrive at the selection of the assets which have delivered this outcome.

#### **4. Economies of scale**

The AFM has assessed to what extent it has been able to achieve any savings as a result of economies of scale. Where any such savings have been made this has in every case been passed on to the shareholders. An example of this is the depositary fees charges being on a sliding scale so reduce in cost as the Fund exceeds certain thresholds. As the AFM grows its total assets across all schemes it uses this purchasing power to benefit all schemes.

#### **5. Comparable market rates**

The AFM has compared the charges of this Fund with that of comparable funds. The AFM selected funds that are classified in the IA All Companies Sector along with similar style funds that the AFM administer. The AFM believes that the shareholders of the Fund are achieving efficient market rates as a whole and are not excessive as discussed in section 3. As the AFM assets grow in total it continues to strive for extra efficiencies wherever this can be achieved for all of its schemes.

#### **6. Comparable services**

The services provided to this Fund and the costs are also comparable amongst other similar funds operated by the AFM, and is aligned with its normal operating model.

#### **7. Classes of units**

There is only one share class in this Fund, therefore, all shareholders of this Fund are treated equally in all respects. The Investment manager fee is 0.75% per annum.

## **CONCLUSION**

In taking all of these criteria into consideration the AFM concludes that in assessing whether the payments out of the scheme property as set out in the prospectus are justified in the context of the overall value delivered to shareholders, while it is too early to conclude if the objective will be met, the shareholders of VT Downing Unique Opportunities Fund are receiving good value, considering the period of time the Fund has been in operation.

13<sup>th</sup> October 2021

**Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Downing European Unconstrained Income Fund on the outcome of the AFM's assessment of the value provided to shareholders**

For the period 05 November 2020 to 30 June 2021

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This assessment is to establish what VT Downing European Unconstrained Income Fund (the Fund) has delivered to you in return for the price you have had to pay.

VT Downing European Unconstrained Income Fund was launched on 05 November 2020 with an F income share class. A further A Accumulation share class was launched on 17 November 2020, an A Income share class was launched on 30 November 2020 and an F Accumulation was launched on 11 December 2020.

The AFM is the Authorised Corporate Director (ACD) of the Fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is Downing LLP.

The investment objective of the Fund is to generate income with the potential for long term (5 years) capital growth.

The Fund will seek to achieve its objective by investing at least 75% in equities issued by companies based in developed European markets (being member states of the European Union, Norway, Switzerland or the United Kingdom). The Fund may also invest in emerging and frontier European markets including Turkey, Russia and Iceland.

The Fund may also invest in government securities, fixed income, closed ended collective investment schemes/vehicles (which may include those managed and/or operated by the ACD and which will provide exposure to various asset classes including equities and bonds), real estate investment trusts, money market instruments, deposits, cash and near cash.

The Fund will be actively managed.

Save as noted above, the Fund will not have any particular industry or economic sector focus and as such weightings in these may vary as required.

**Period 05 November 2020 to 30 June 2021**

**Value of Fund (Per Performance record)**

Class A (Accumulation) <sup>1</sup>	£338k
Class A (Income) <sup>2</sup>	£17k
Class F (Accumulation) <sup>3</sup>	£28,797k
Class F (Income) <sup>4</sup>	£55,830k

**Shares outstanding**

Class A (Accumulation) <sup>1</sup>	299k
Class A (Income) <sup>2</sup>	16k
Class F (Accumulation) <sup>3</sup>	26,378k
Class F (Income) <sup>4</sup>	48,359k

**NAV per share**

Class A (Accumulation) <sup>1</sup>	112.90p
Class A (Income) <sup>2</sup>	107.81p
Class F (Accumulation) <sup>3</sup>	109.17p
Class F (Income) <sup>4</sup>	115.45p

**Dividend per share**

Class A (Accumulation) <sup>1</sup>	1.77p
Class A (Income) <sup>2</sup>	1.69p
Class F (Accumulation) <sup>3</sup>	1.98p
Class F (Income) <sup>4</sup>	2.11p

**Net gains (before expenses)**

Capital gains	£10.06m
Total Net gains	£11.57m

*1 Share Class launched 17 November 2020*

*2 Share Class launched 30 November 2020*

*3 Share Class launched 11 December 2020*

*4 Share Class launched 05 November 2020*

*Source of all data Valu-Trac Administration Services unless stated otherwise*

In carrying out the assessment of value the following criteria were considered:

**1. Quality of service**

The AFM considers that a good level of service was provided to shareholders by all parties involved commensurate to the amount paid by the Fund for those services. The AFM monitors the following operational services:

Depository – NatWest Trustee and Depository Services Limited

Custodian – RBC Investor Services Trust, UK branch (RBC)

The external audit is conducted by Johnston Carmichael LLP.

These services are essential in ensuring that the Fund operated efficiently and in the case of the Depository and Custodian the service is supervised on an on-going daily basis by the AFM. As a shareholder this means that you can be certain that your requests such as investment and redemption of the Fund's units will always be carried out exactly as set out in the documentation.

Valu-Trac does not delegate any of the core functions of the Fund such as fund administration, fund accounting and transfer agency. This means that the AFM directly employs and supervises the individuals who are carrying out this work and that those undertaking the work are appropriately qualified and experienced. Due to this high level of supervision and control of these functions the AFM believes that the shareholders can be certain that their instructions will be carried out efficiently and that the reporting they receive is timely and focused. The AFM works closely with Downing LLP to coordinate mailings such as annual letters with dividend vouchers and financial reports to avoid excessive correspondence whilst providing all required reporting on a timely and clear basis. This also has ensured that the AFM has responded to any enquiries from shareholders fully and promptly.

**2. Performance**

The AFM has assessed performance of the Fund net of all the charges that are outlined in its prospectus. The investment objective of the Fund to generate income with the potential for long term (5 years) capital growth. As the Fund has only been running for less than a year, the performance record of VT Downing European Unconstrained Income Fund is too short to determine whether value is being delivered on the investment performance criteria.

The Fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance. In order to assess the Fund's performance, investors may find it useful to compare the Fund against the performance of the IA Europe Excluding UK sector (the comparator).

To assess income, the below table shows the dividend yield for the period under review.

	<b>Dividend Yield</b>	
	<b>since class inception</b>	<b>Comparator annualised yield</b>
Class A (Accumulation) (since 17 November 2020)	1.77%	0.72%
Class A (Income) (since 30 November 2020)	1.69%	0.72%
Class F (Accumulation) (since 11 December 2020)	1.98%	0.72%
Class F (Income) (since 05 November 2020)	2.11%	0.72%

The AFM has also assessed the risk taken to achieve the above performance and is satisfied no excessive risk was taken to achieve performance, (detailed analysis on how we have arrived at this conclusion can be provided on request). However, it is too early to assess the performance of the Fund fully as to whether it is meeting the objectives of the Fund.

### 3. AFM costs

The costs incurred during the period 05 November 2020 to 30 June 2021 were as follows:

	<b>£</b>	<b>Annualised % of average fund value</b>
Investment manager's fee	277,657	0.62%
ACD fee	19,556	0.05%
Depositary fee	18,095	0.05%
Audit fee	8,100	0.02%
Safe custody fee	4,651	0.02%
FCA fee	40	0.00%
Other fees	900	0.00%
Transaction fee (capital)	2,063	0.00%
<b>Total costs</b>	<b>331,062</b>	<b>0.76%</b>

Gains for the period (capital and revenue) were £11,069k, after overseas withholding taxation of £165k.

There were no preliminary charges, redemption charges or dilution levies paid by shareholders during the period.

It should be noted that the prospectus does not allow for redemption charges however, the ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Sub-fund is in continual decline; on a Sub-fund experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size exceeding 3% of the Net Asset Value of the relevant Sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

The AFM has considered the costs charged to the Fund by comparing the operating charges of the share classes to the average OCF of the largest 10 funds in the IA Europe Excluding UK sector, retail classes where available. This is shown below.

	<b>Operating charges (excluding transaction fee (capital))</b>
Class F	0.67%
Class A	0.87%
IA Europe Excluding UK (average of 10 largest funds)	0.98%

Source - Morningstar

The AFM has concluded the costs, and in particular the Investment Manager's fee is appropriate and justified for the Fund. Section 7 explains the reasoning for the differences in the share class charges.

#### **4. Economies of scale**

The AFM has assessed to what extent it has been able to achieve any savings as a result of economies of scale. Where any such savings have been made this has in every case been passed on to the shareholders. An example of this is the depositary fees charges being on a sliding scale so reduce in cost as the Fund exceeds certain thresholds. As the AFM grows its total assets across all schemes it uses this purchasing power to benefit all schemes.

#### **5. Comparable market rates**

The AFM has compared the charges of this Fund with that of comparable funds. The AFM selected funds that are classified in the IA Europe Excluding UK sector along with similar style funds that the AFM administer. The AFM believes that the shareholders of the Fund are achieving efficient market rates as a whole and are not excessive as discussed in section 3. As the AFM assets grow in total it continues to strive for extra efficiencies wherever this can be achieved for all of its schemes.

#### **6. Comparable services**

The services provided to this Fund and the costs are also comparable amongst other similar funds operated by the AFM, and is aligned with its normal operating model.

#### **7. Classes of units**

The annualised operating charges for the two classes of shares is as noted below.

##### **At and for the period ended**

##### **30 June 2021**

Class F	0.67%
Class A	0.87%

The Investment manager's fee is 0.55% per annum for the class F share classes while it is 0.75% per annum for the class A share classes. The minimum initial investment and holding in the Class F share classes is £1,000,000 compared to £1,000 for the Class A share classes and minimum top up is £1,000 for Class F compared to £100 for Class A which is why it attracts a lower fee.

#### **CONCLUSION**

In taking all of these criteria into consideration the AFM concludes that in assessing whether the payments out of the scheme property as set out in the prospectus are justified in the context of the overall value delivered to shareholders, while it is too early to conclude if the objective will be met, the shareholders of VT Downing European Unconstrained Income Fund are receiving good value, considering the period of time the Fund has been in operation.

13<sup>th</sup> October 2021