

VT EPIC INVESTMENT FUND SERIES II (FORMERLY KNOWN AS VT GARRAWAY INVESTMENT FUND SERIES II)

(Sub-fund VT EPIC Diversified Income Fund (Formerly known as VT Garraway Diversified Income Fund))

Annual Report and Financial Statements for the year ended 30 September 2022

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COMPANY OVERVIEW

Type of Company

VT EPIC Investment Fund Series II (“the Company”) is an authorised open-ended investment company with variable capital (“ICVC”) further to a Financial Conduct Authority (“FCA”) authorisation order dated 30 March 1999. The Company is incorporated under registration number IC25. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes Sourcebook (“COLL”) issued by the FCA.

The Company is a UCITS scheme and is an umbrella company (as defined in the OEIC Regulations). The Company has currently one Sub-fund available for investment, VT Garraway Diversified Income Fund. Each Sub-fund would be a UCITS scheme if it had a separate authorisation order.

The shareholders are not liable for the debts of the Company.

Changes to Company

On 10 December 2021, EPIC Markets (UK) LLP acquired Anath Capital Group Ltd, parent company to Garraway Capital Management LLP.

On 10 December 2021, the Investment Manager changed from Garraway Capital Management LLP to EPIC Markets (UK) LLP.

On 24 January 2022, the name of the Company changed from VT Garraway Investment Fund Series II to VT EPIC Investment Fund Series II and the name of the Sub-fund changed from this date as follows:

VT Garraway Diversified Income Fund changed to VT EPIC Diversified Income Fund.

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

The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Company at the end of the financial year and its net revenue and net capital losses for the year. 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

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:

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

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 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 October 2022

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT EPIC INVESTMENT FUND SERIES II (SUB-FUND VT EPIC DIVERSIFIED INCOME FUND)

Opinion

We have audited the financial statements of VT EPIC Investment Fund Series II ("the Company") for the year ended 30 September 2022 which comprise the Statement of Total Return, Statement of Changes in Net Assets Attributable to Shareholders, Balance Sheet, 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 September 2022 and of the net revenue and the net capital losses on the scheme property of the Company for the year 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.

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 year 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 control 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.

Extent to which the 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 whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- > UK Generally Accepted Accounting Practice including Financial Reporting Standard 102 and the IA Statement of Recommended Practice for Authorised Funds;
- > the Financial Conduct Authority's Collective Investment Schemes Sourcebook; and
- > the Company's Prospectus.

We gained an understanding of how the Company is complying with these laws and regulations by making enquiries of the Authorised Corporate Director. We corroborated these enquiries through our review of any relevant correspondence with regulatory bodies and the Company's breaches register.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the Authorised Corporate Director was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Authorised Corporate Director oversees the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

> Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity and reviewing judgements made by the Authorised Corporate Director in its calculation of accounting estimates for potential management bias; and

> Assessing the Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook and its Prospectus.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material risk due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

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

Name of Sub-fund	VT EPIC Diversified Income Fund
Size of Sub-fund (£000's)	£5,395
Launch date	7 March 2014
Investment objective and policy	<p>The investment objective of VT EPIC Diversified Income Fund is to generate income (whilst also seeking some capital growth).</p> <p>VT EPIC Diversified Income Fund will seek to achieve its objective primarily (at least 70%) through investment in collective investment schemes (which may include those managed and/or operated by the ACD or Investment Manager) and investment trusts which provide exposure to fixed interest securities. The Sub-fund may also invest directly in fixed interest securities and equities. The mix between, Government securities, investment grade and high yield assets may vary depending upon the Investment Manager's view of prevailing conditions and prudent spread of risk. Money market instruments, equities and cash deposits may also be held from time to time.</p>
Derivatives	<p>The use of derivatives and/or hedging transactions is permitted in connection with the Efficient Portfolio Management of the Sub-fund. In addition, the Sub-fund may use derivatives and forward transactions for investment purposes. Use of derivatives is expected to be limited, although when used the resultant exposure may be significant.</p>
Benchmark	<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 OE £ Strategic Bond Sector which serves as a method of comparing the Sub-fund's performance with other funds which have broadly similar characteristics.</p>
Accounting dates	31 March and 30 September
Distribution dates	31 December, 31 January, the last day of February, 31 March, 30 April, 31 May, 30 June, 31 July, 31 August, 30 September, 31 October and 30 November
Individual Savings Account (ISA)	The Sub-fund is a qualifying investment for inclusion in an ISA.
Share classes	Class R, in each case as Accumulation Shares and as Income Shares
Minimum investment	
Lump sum subscription:	£10,000 - Class R
Top-up:	£1,000 - Class R
Holding:	£10,000 - Class R

SUB-FUND OVERVIEW (Continued)

ACD's Preliminary Charge	0% but can be raised to 5.0% by giving 3 months' notice
Switching charge	The ACD may charge a switching fee when shares of a fund are exchanged for shares in another fund not exceeding the maximum percentage rate of initial charge for the shares in such other fund.
Redemption charge*	Up to 5%*
<p>*The redemption charge may be imposed on shares redeemed within three months of purchase.</p> <p>The ACD may increase, reduce, or waive the minimum initial and subsequent investment amounts, the minimum withdrawal and holding amounts, and the preliminary and redemption charges at its absolute discretion in any particular case.</p>	
Annual management charges	The management charge in respect of the Class R is 0.45% per annum of the net asset value of the Class R.

INVESTMENT MANAGER'S REVIEW

Market Review – 30th September 2021 to 30th September 2022

Investors continued to grapple with a very different type of market environment as the effects of the huge fiscal and monetary stimulus continued to ripple through the economy. One consequence of the higher-pressure economy was the much higher level of inflation than previously anticipated in nearly all developed economies. Central banks have been “behind the curve” believing that inflation was transitory. However, they are now catching up, in one of the fastest hiking cycles in recent times. As a result, we have witnessed huge volatility in government bond markets and extremely large losses.

Government bond yield curves have been signalling oncoming recessions in the UK, Europe, and the US for some time, but investors have seemingly ignored them until recently with credit markets relatively calm. However, the overarching direction for most risk assets has been down, which combined with one of the weakest periods for developed market government bonds in history, has left no refuge for investors. Bloomberg reported that a 60/40 equities/bonds strategy, which has worked reliably for years, is now in its most prolonged drawdown since the Global Financial Crisis. Another report, that uses the S&P 500 and US Treasuries as a proxy for that split, states that it has had the worst nine months since 1937.

Notably, China is pursuing very different policies on Covid, and geopolitics remains at the core of many issues for China. It is not easy to see an immediate resolution. Weakness in the economy and the domestic property market has led to some easing of policy albeit this has not yet led the very cheap bond and credit markets to a sustainable rally.

As a result of rapidly rising US interest rates and a ‘safe haven’ effect the US Dollar was extremely strong against most developed market currencies. The US Dollar came close to parity against the Great British Pound (Sterling) and breached parity against the Euro towards the end of the period. As result some returns in sterling denominated funds were flattered by this weakness.

Market Outlook

Investors are grappling with the key fundamental issue, namely, is this a new secular reflation period with sustained levels of higher inflation, higher interest rates and bond yields?

Historical evidence suggests that the current inflation shock will subside and be relatively contained over the medium-term (i.e., two to three years). Despite this, inflationary risks remain considerably higher than they have been for over a decade. Most central banks are responding with rapid rate rises, and signals of more aggressive tightening of financial conditions. There remain several shorter-term hurdles as more hawkish central bank policies are likely to lead to recessions in many developed economies. As a result, this is a very difficult investing environment, and it is evident that there are significant changes in assets risk & reward, and correlations between broader asset classes.

However, China faces a very different environment, having followed more conventional monetary policy. This has already caused a tightening in financial conditions, a slowing in growth and several property developers have effectively entered administration and/or defaulted on their debt. The widening in credit spreads now leaves this fixed income market one of the most attractive risk /rewards globally.

Risks continue to surface, with the closure of open-ended property funds, a fiasco around UK Gilts and liability driven investment strategies and a general paucity of liquidity. Many suspect that the US Federal Reserve will be forced to tighten financial conditions until “something breaks”. Consequently, short term risks remain heightened and there is potential for some more immediate downside in risk assets. Despite the evident issues, we remain very aware of the fact that markets are discounting mechanisms, and a lot of the bad news is now “priced in” and we should soon see an excellent tactical opportunity to buy.

INVESTMENT MANAGER'S REVIEW (CONTINUED)

Fund Performance

In the period until 30th September 2022 the fund was down – 22.8% in sterling terms based on the R Accumulation share class. The IA OE £ Strategic Bond Sector was down -14.9%.

Global bond markets were relatively flat into the year-end but started a huge rally from the start of the year to the end of period. In the period, US 10-year government bond yields moved up from 1.5% to 3.9% and UK 10-year Gilt yields jumped up from 1.02% to 4.09%. This is the worst start for government bonds in decades and marks a change in the investing environment. Whilst we had limited exposure to bonds the larger fund holdings suffered at least as much as headline indices for developed market bonds.

From the start of the period the fund performed well into mid-November, but then started to suffer a setback and by year end was flat. From the start of 2022 until the end of the period the fund suffered as bonds aggressively sold off on a sustained basis. This caused the bulk of the absolute and relative drawdown, but other major negative contributors were our exposure to high yield and Asian credits. Despite the outbreak of war in Ukraine our reintroduction of longer duration positioning, normally a safe haven asset, was not helpful.

However, areas of the fixed income markets now look heavily oversold, and the Chinese credit market looks exceptional value. Whilst the fund has suffered a setback, in these extremely challenging conditions we believe it is set up to reward in the medium term. Equally the High Yield the fund offers looks secure and we are finding exciting new opportunities that should offer excellent risk/rewards.

Portfolio Activity

In January we added the Tabula Haitong Asia ex-Japan High Yield Corp USD Bond ESG UCITS ETF which provides exposure to USD-denominated Asia ex-Japan High Yield corporate bonds that meet the requirements for an Article 8 EU SFDR benchmark. This area of the fixed income markets is one of the few to offer very attractive risk/reward characteristics after a period of significant negative performance resulting from China's property sector overleverage.

Around mid-February we moved the portfolio to a more conventional construction with longer duration positioning in bonds and later added some "risk" hedging to protect from larger downside moves in equities.

In May we reduced the holding in ManGLG High Yield Opportunities Fund and in June, August and September we reduced our long standing holding in VPC Specialty Lending Investments as part of rebalancing to higher quality credit exposure and lowering exposure to the US.

EPIC Markets (UK) LLP
Investment Manager to the Fund
21 October 2022

PERFORMANCE RECORD

Financial Highlights

R Income

	Year to 30 September 2022	Year to 30 September 2021	Year to 30 September 2020
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	61.04	54.25	75.36
Return before operating charges	(12.62)	11.57	(14.98)
Operating charges (note 1)	(1.08)	(1.02)	(0.74)
Return after operating charges *	(13.70)	10.55	(15.72)
Distributions on income shares	(3.73)	(3.76)	(5.39)
Closing net asset value per share	43.61	61.04	54.25
*after direct transactions costs of:	0.03	0.02	0.02
Performance			
Return after charges	(22.45%)	19.45%	(20.86%)
Other information			
Closing net asset value (£'000)	1,629	2,645	2,429
Closing number of shares	3,735,169	4,333,373	4,477,895
Operating charges (note 2)	2.07%	1.77%	1.65%
Direct transaction costs	0.06%	0.04%	0.02%
Prices			
Highest share price	63.65	63.40	76.72
Lowest share price	43.61	53.79	52.99

R Accumulation

	Year to 30 September 2022	Year to 30 September 2021	Year to 30 September 2020
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	165.55	138.16	175.78
Return before operating charges	(34.64)	30.08	(35.91)
Operating charges (note 1)	(3.04)	(2.69)	(1.71)
Return after operating charges *	(37.68)	27.39	(37.62)
Closing net asset value per share	127.87	165.55	138.16
Retained distributions on accumulated shares	10.36	9.84	12.95
*after direct transactions costs of:	0.09	0.06	0.03
Performance			
Return after charges	(22.76%)	19.82%	(21.40%)
Other information			
Closing net asset value (£'000)	3,805	5,388	4,967
Closing number of shares	2,975,577	3,254,609	3,594,641
Operating charges (note 2)	2.07%	1.77%	1.65%
Direct transaction costs	0.06%	0.04%	0.02%
Prices			
Highest share price	174.02	169.85	181.68
Lowest share price	127.87	136.99	126.77

PERFORMANCE RECORD (Continued)**Financial Highlights (Continued)**

A Income	Period to 6 April 2020[^]
Changes in net assets per share	GBp
Opening net asset value per share	82.20
Return before operating charges	(20.65)
Operating charges (note 1)	(1.17)
Return after operating charges *	(21.82)
Distributions on income shares	(2.45)
Closing net asset value per share	57.93
*after direct transactions costs of:	0.02
Performance	
Return after charges	(26.55%)
Other information	
Closing net asset value (£'000)	-
Closing number of shares	-
Operating charges (note 2)	2.15%
Direct transaction costs	0.02%
Prices	
Highest share price	83.57
Lowest share price	57.66

[^]Share classes closed and holdings transferred to the equivalent R share class on 6 April 2020

A Accumulation	Period to 6 April 2020[^]
Changes in net assets per share	GBp
Opening net asset value per share	104.27
Return before operating charges	(26.97)
Operating charges (note 1)	(1.43)
Return after operating charges *	(28.40)
Closing net asset value per share	75.87
Retained distributions on accumulated shares	3.14
*after direct transactions costs of:	0.02
Performance	
Return after charges	(27.24%)
Other information	
Closing net asset value (£'000)	-
Closing number of shares	-
Operating charges (note 2)	2.15%
Direct transaction costs	0.02%
Prices	
Highest share price	107.61
Lowest share price	75.01

[^]Share classes closed and holdings transferred to the equivalent R share class on 6 April 2020

PERFORMANCE RECORD (Continued)

- 1 The operating charges per share 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 plus the costs of the underlying holdings.

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 (30 September 2021: ranked '4'). The Sub-fund is ranked 5 because weekly historical performance data indicates that it has experienced relatively high rises and falls in market prices historically.

PORTFOLIO STATEMENT

As at 30 September 2022

HOLDINGS	Value £'000	% of net assets
Collective Investment Scheme - (30.09.2021: 46.80%)		
1,212,110 Artemis High Income	783	14.51
597,970 Man GLG High Yield Opportunities	563	10.44
766,049 Schroder High Yield Opportunities	327	6.06
	1,673	31.01
Exchange Traded Funds - (30.09.2021: 3.20%)		
47,000 Tabula Haitong AsexJp HY Corp USD Bd ESG	383	7.10
	383	7.10
Investment Trusts - (30.09.2021: 38.74%)		
300,000 BioPharma Credit PLC	252	4.68
1,018,184 Chenavari Toro Income	476	8.83
925,000 Doric Nimrod Air Three Ltd	444	8.23
125,153 RDL Realisation PLC Ord	75	1.39
3,177,089 SLF Realisation Fund Ltd	195	3.61
612,300 TwentyFour Select Monthly Income Fund Ltd	457	8.47
100,998 Volta Finance Limited	441	8.17
388,340 VPC Specialty Lending Investments PLC	298	5.52
	2,638	48.90
Options - (30.09.2021: 0.26%)		
	-	-
Equities - (30.09.2021: 2.75%)		
	-	-
Futures - (30.09.2021: (1.20%))		
20 US Ultra Bond CBT Dec22 Future	(178)	(3.30)
	(178)	(3.30)
Portfolio of investments (30.09.2021: 90.55%)		
	4,516	83.71
Net other assets (30.09.2021: 9.80%)		
	929	17.22
Adjustment to revalue from mid to bid prices (30.09.2021: (0.35%))		
	(50)	(0.93)
	5,395	100.00

SUMMARY OF MATERIAL PORTFOLIO CHANGES

Total purchases for the year (note 14)	£ 1,619,380
Doric Nimrod Air Three Ltd	455,455
Tabula Haitong AsexJp HY Corp USD Bd ESG	1,163,925

Total sales for the year (note 14)	£ 3,068,610
Artemis High Income	265,964
Ashmore Emerging Markets Short Duration	685,903
Doric Nimrod Air Three Ltd	135,115
Man GLG High Yield Opportunities	548,296
Tabula Europn Perf Credit UCITS ETF	245,632
Tabula Haitong AsexJp HY Corp USD Bd ESG	648,463
TwentyFour Select Monthly Income Fund Ltd	136,814
VPC Specialty Lending Investments PLC	402,423

The above transactions represent all of the sales and purchases during the year.

STATEMENT OF TOTAL RETURN

For the year ended 30 September

		2022	2021
	Notes	£'000	£'000
Income			
Net capital (losses)/gains	2		1,028
Revenue	3	474	495
Expenses	4	(61)	(74)
Interest payable and similar charges	6	<u>(1)</u>	<u>(1)</u>
Net revenue before taxation		412	420
Taxation	5	<u>-</u>	<u>(55)</u>
Net revenue after taxation		<u>412</u>	<u>365</u>
Total return before distributions		(1,646)	1,393
Finance costs: distributions	6	<u>(473)</u>	<u>(503)</u>
Changes in net assets attributable to shareholders from investment activities		<u>(2,119)</u>	<u>890</u>

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 30 September

	2022	2021
	£'000	£'000
Opening net assets attributable to shareholders	7,953	7,327
Amounts receivable on creation of shares	120	331
Amounts payable on cancellation of shares	(876)	(930)
Retained accumulation distributions	317	335
Changes in net assets attributable to shareholders from investment activities (see above)	<u>(2,119)</u>	<u>890</u>
Closing net assets attributable to shareholders	<u>5,395</u>	<u>7,953</u>

BALANCE SHEET

As at	Notes	30.09.2022		30.09.2021	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investment assets			4,644		7,345
CURRENT ASSETS					
Debtors	7	201		78	
Cash and bank balances	8	1,053		798	
Total current assets			<u>1,254</u>	<u>798</u>	<u>876</u>
Total assets			5,898		8,221
CURRENT LIABILITIES					
Investment liabilities			(178)		(171)
Creditors					
Distribution payable on income shares		(56)		(32)	
Bank overdraft	8	(248)		(21)	
Other creditors	9	(21)		(44)	
Total current liabilities			<u>(325)</u>	<u>(44)</u>	<u>(97)</u>
Net assets attributable to shareholders			<u>5,395</u>	<u>7,953</u>	

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies, which have been applied in both the current and prior year, are set out below:

(a) Basis of accounting

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 and the figures are rounded off to the nearest thousand unless otherwise indicated.

As described in the Statement of ACD's Responsibilities, the ACD continues to adopt the going concern basis in the preparation of the financial statements of the Sub-fund.

(b) Recognition of revenue

Dividends on quoted equities are recognised when the securities are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution forms part of the distributable revenue.

Rebates from underlying investments are accounted for on an accruals basis and are recognised as revenue, or capital in line with the allocation of the annual management charge between capital and revenue of the underlying investments.

Interest on bank and other cash deposits is recognised on an accruals basis.

(c) Treatment of stock and special dividends

Stock dividends are credited to the capital account when the stock is quoted ex-dividend. The cash equivalent is then transferred to the revenue account and forms part of the distributable revenue. The allocation of special dividends is considered on a case-by-case basis.

(d) Treatment of expenses

All expenses, net of any associated tax effect, are charged to the capital account with the exception of bank interest and transaction charges relating to the payment of revenue. Expenses are recognised on the accruals basis.

(e) Allocation of revenue and expenses to multiple share classes

Any assets or liabilities not attributable to a particular share class are allocated by the ACD in a manner which is considered fair to shareholders in general, usually pro-rata based on the net asset values of the relevant share classes.

(f) Taxation

Corporation tax is provided for on taxable revenue, less deductible expenses, at a rate of 20.00%. 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.

(g) Distribution policy

Revenue produced by the Sub-fund's investments accrues monthly. At the end of each period, the net revenue plus an adjustment for expenses allocated to capital, is accumulated/distributed as per the Prospectus as an interest distribution. Any revenue deficit is funded from capital.

(h) Exchange rates

All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 30 September 2022.

1 Accounting policies (continued)

(i) Basis of valuation of investments

The investments are valued at closing prices of 12 noon on 30 September 2022. If closing prices are not available, the latest available prices are used. Investments held long are valued at closing bid price and investment held short are valued at the closing offer price.

If separate offer and bid prices are quoted for shares or units, then the bid price is used.

(j) Dilution levy

The ACD 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 is in continual decline; on the Sub-fund experiencing large levels of net purchases or redemptions relative to its size; on 'large deals' (typically being a purchase or redemption of shares in excess of £1 million or 5% of the Net Asset Value of the Sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of dilution levy.

(k) Direct transaction costs

Direct transaction costs may consist of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Direct transaction costs do not include any difference between the quoted bid and offer prices of investments at the balance sheet date, including the effect of foreign exchange, expressed as a percentage of the value determined by reference to the offer price.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Net capital (losses)/gains	2022	2021
	£'000	£'000
The net capital (losses)/gains comprise:		
Non-derivative securities (losses)/gains	(1,042)	1,189
Derivative securities losses	(1,010)	(161)
Transaction charges (custodian)	(1)	(2)
Currency losses	(6)	(3)
Rebates from underlying investments	1	5
Total net capital (losses)/gains	(2,058)	1,028
	<hr/>	<hr/>
3 Revenue	2022	2021
	£'000	£'000
Non-taxable dividends	146	60
Interest distributions	330	435
Bank interest	2	-
Rebates from underlying investments	(4)	-
Total revenue	474	495
	<hr/>	<hr/>
4 Expenses	2022	2021
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
Annual management charge	31	40
	<hr/>	<hr/>
	31	40
Payable to the depositary, associates of the depositary, and agents of either of them:		
Depositary fee	15	18
Safe custody fee	1	-
	<hr/>	<hr/>
	16	18
Other expenses:		
Audit fee	9	12
Other expenses	5	4
	<hr/>	<hr/>
	14	16
Total expenses	61	74
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation	2022 £'000	2021 £'000
(a) Analysis of charge in the year		
Tax receivable written off	-	55
Irrecoverable overseas withholding tax	-	-
Total tax charge for the year (note 5b)	-	55
(b) Factors affecting current tax charge for the year		
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% (2021: 20.00%). The differences are explained below:		
Net revenue before UK corporation tax	412	420
Corporation tax at 20.00% (2021: 20.00%)	82	84
<u>Effects of:</u>		
Revenue not subject to UK corporation tax	(28)	(12)
Interest distribution	(95)	(101)
Current year expenses not utilised	41	29
Tax receivable written off	-	55
Irrecoverable overseas withholding tax	-	-
Total tax charge for the year (note 5a)	-	55

(c) Provision for deferred taxation

At 30 September 2022 there is a potential deferred tax asset of £379,000 (30 September 2021: £338,000) 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	2022 £'000	2021 £'000
Interim interest distributions	315	501
Final interest distribution	150	-
	465	501
Add: Revenue deducted on cancellation of shares	9	3
Deduct: Revenue received on issue of shares	(1)	(1)
Net distribution for the year	473	503
Interest payable	1	1
Total finance costs	474	504
Reconciliation of distributions		
Net revenue after taxation	412	365
Expenses paid from capital	61	74
Balance brought forward	-	(176)
Deficit taken to capital	-	240
Net distribution for the year	473	503

7 Debtors	2022 £'000	2021 £'000
Amounts receivable on outstanding trades	142	-
Accrued revenue:		
Interest distributions receivable	56	49
Rebates from underlying investments	3	6
Fixed expenses receivable	-	15
Other amounts receivable	-	8
Tax recoverable	-	-
Total debtors	201	78

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 Cash and bank balances	2022	2021
	£'000	£'000
Cash and bank balances	1,053	798
Bank overdraft	(248)	(21)
	<u>1,053</u>	<u>798</u>
	<u>(248)</u>	<u>(21)</u>
	<u>805</u>	<u>777</u>
9 Creditors	2022	2021
	£'000	£'000
Amounts payable on cancellation of shares	6	19
Amounts payable for rebates	-	2
Amounts payable on outstanding trades	3	-
Other amounts payable	-	8
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	1	1
	<u>1</u>	<u>1</u>
Payable to the depositary, associates of the depositary and agents of either of them:		
Depositary charges	1	5
	<u>1</u>	<u>5</u>
Other accrued expenses	13	9
Total creditors	<u>21</u>	<u>44</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 year.

Market price risk

Market price risk is the risk that the value of the Sub-fund's financial instruments 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 company 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 the same the return attributable to shareholders for the year ended 30 September 2022 would have increased/decreased by £717,000 (30 September 2021: £727,000).

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 funds that are registered overseas and some investments denominated in other currencies which invest in overseas securities, and the balance sheet can be affected by movements in foreign exchange rates. The AFM 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.

Net currency assets and liabilities consist of:

	Net monetary assets and liabilities		Net Non-monetary assets and liabilities		Total net assets	
	£'000		£'000		£'000	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Sterling	480	319	3,493	4,996	3,973	5,315
Euro	-	3	899	1,263	899	1,266
US Dollar	449	457	74	915	523	1,372
Total	929	779	4,466	7,174	5,395	7,953

3. 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. These include cash and bank balances and inherent risk on the collectives that distributes interest.

The table below details the interest rate risk profile at the balance sheet date:

	30.09.2022	30.09.2021
	£'000	£'000
Financial assets floating rate	1,053	798
Financial assets interest bearing instruments	3,233	6,574
Financial assets non-interest bearing instruments	1,612	849
Financial liabilities non-interest bearing instruments	(255)	(247)
Financial liabilities floating rate	(248)	(21)
	5,395	7,953

Maturity of financial liabilities

The financial liabilities of the Sub-fund as at 30 September 2022 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.

Credit risk also arises on cash held within financial institutions and debt securities and bonds. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related. On debt securities and bonds credit risk is mitigated by ensuring that credit ratings are monitored regularly and in line with the investment objective and profile of the Sub-fund.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Risk management (continued)

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:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

Valuation Technique	Assets (£'000)	Liabilities (£'000)
Level 1: Unadjusted quoted price in an active market for an identical instrument	4,569	(178)
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1	75	-
Total	4,644	(178)

Counterparty risk

The table below shows the counterparty risk as at the balance sheet date:

		Derivative	Collateral	Collateral	Collateral
	Counterparty	Exposure £'000	Posted £'000	Received £'000	Asset Class
2022	SG	-	534	-	Cash
2021	SG	96	780	-	Cash

Leverage

Leverage is defined as any method by which the Sub-fund increases its exposure through borrowing or the use of derivatives (calculated as the sum of the net asset value and the incremental exposure through the derivatives divided by the net asset value).

There was 146.54% leverage as at 30 September 2022, other than that available to the Sub-fund as a result of its ability to borrow up to 10% of its value on a permanent basis (2021:207.29%).

11 Shares held

R Income

Opening shares at 30.09.2021	4,333,373
Shares issued during the year	172,125
Shares cancelled during the year	(770,330)
Shares converted during the year	-
Closing shares as at 30.09.2022	3,735,169

R Accumulation

Opening shares at 30.09.2021	3,254,609
Shares issued during the year	11,344
Shares cancelled during the year	(290,376)
Shares converted during the year	-
Closing shares as at 30.09.2022	2,975,577

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Contingent assets and liabilities

At 30 September 2022, the Sub-fund had no contingent liabilities or commitments (2021: £nil).

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 September 2022. Since that date, the Sub-fund's quoted price has moved as follows for each share class:

Share class	Price at 30 Sept 2022	Price at 30 January 2023
R Income	43.61p	46.70p
R Accumulation	127.87p	138.48p

14 Direct transaction costs

	2022		2021	
	£'000	%	£'000	%
Analysis of total purchase costs				
Purchases in the year before transaction costs	1,617		1,709	
Commission	1	0.06%	1	0.06%
Taxes & levies	1	0.06%	2	0.12%
Total purchase costs	<u>2</u>	<u>0.12%</u>	<u>3</u>	<u>0.18%</u>
Total purchases including transaction costs	<u>1,619</u>		<u>1,712</u>	
Analysis of total sale costs				
Sales in year before transaction costs	3,071		2,131	
Commission	(1)	(0.03%)	-	(0.00%)
Taxes & levies	(1)	(0.03%)	-	(0.00%)
Total sales costs	<u>(2)</u>	<u>(0.06%)</u>	<u>-</u>	<u>(0.00%)</u>
Total sales including transaction costs	<u>3,069</u>		<u>2,131</u>	

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 year:

	2022	% of average	2021	% of average
	£	net asset	£	net asset
		value		value
Commission	2	0.03%	1	0.01%
Taxes & levies	2	0.03%	2	0.03%
	<u>4</u>	<u>0.06%</u>	<u>3</u>	<u>0.04%</u>

15 Portfolio dealing spread

The average portfolio dealing spread at 30 September 2022 is 1.86% (2021 0.70%).

16 Related party transactions

Valu-Trac Investment Management Limited, as ACD is a related party due to its ability to act in respect of the operations of the Sub-fund.

Amounts paid to the ACD and its associates are disclosed in note 4. The amounts due to the ACD and its associates at the balance sheet date are disclosed in note 9.

DISTRIBUTION TABLES

First Interim Distribution in pence per share

Group 1: Shares purchased prior to 01 Oct 2021

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

01 October 2021 to 31 October 2021

Payment						
Date	Share Class		Net Revenue	Equalisation	Distribution 2021	Distribution 2020
31.12.2021	R Income	Group 1	0.2500p	-	0.2500p	0.3015p
31.12.2021	R Income	Group 2	0.2500p	-	0.2500p	0.3015p
31.12.2021	R Accumulation	Group 1	0.6778p	-	0.6778p	0.7691p
31.12.2021	R Accumulation	Group 2	0.5430p	0.1348p	0.6778p	0.7691p

Second Interim Distribution in pence per share

Group 1: Shares purchased prior to 01 Nov 2021

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

01 November 2021 to 30 November 2021

Payment						
Date	Share Class		Net Revenue	Equalisation	Distribution 2022	Distribution 2021
31.01.2022	R Income	Group 1	0.2500p	-	0.2500p	0.3750p
31.01.2022	R Income	Group 2	0.1397p	0.1103p	0.2500p	0.3750p
31.01.2022	R Accumulation	Group 1	0.6807p	-	0.6807p	0.9604p
31.01.2022	R Accumulation	Group 2	0.4028p	0.2779p	0.6807p	0.9604p

Third Interim Distribution in pence per share

Group 1: Shares purchased prior to 01 Dec 2021

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

01 December 2021 to 31 December 2021

Payment						
Date	Share Class		Net Revenue	Equalisation	Distribution 2022	Distribution 2021
28.02.2022	R Income	Group 1	0.2500p	-	0.2500p	0.3750p
28.02.2022	R Income	Group 2	0.0000p	0.2500p	0.2500p	0.3750p
28.02.2022	R Accumulation	Group 1	0.6819p	-	0.6819p	0.9650p
28.02.2022	R Accumulation	Group 2	0.0000p	0.6819p	0.6819p	0.9650p

DISTRIBUTION TABLES (Continued)**Fourth Interim Distribution in pence per share**

Group 1: Shares purchased prior to 01 Jan 2022

Group 2 : Shares purchased on or after 01 Jan 2022 and on or before 31 Jan 2022

01 January 2022 to 31 January 2022

Payment						
Date	Share Class		Net Revenue	Equalisation	Distribution 2022	Distribution 2021
31.03.2022	R Income	Group 1	0.2500p	-	0.2500p	0.3750p
31.03.2022	R Income	Group 2	0.0344p	0.2156p	0.2500p	0.3750p
31.03.2022	R Accumulation	Group 1	0.6843p	-	0.6843p	0.9678p
31.03.2022	R Accumulation	Group 2	0.0009p	0.6834p	0.6843p	0.9678p

Fifth Interim Distribution in pence per share

Group 1: Shares purchased prior to 01 Feb 2022

Group 2 : Shares purchased on or after 01 Feb 2022 and on or before 28 Feb 2022

01 February 2022 to 28 February 2022

Payment						
Date	Share Class		Net Revenue	Equalisation	Distribution 2022	Distribution 2021
29.04.2022	R Income	Group 1	0.2500p	-	0.2500p	0.3734p
29.04.2022	R Income	Group 2	0.0406p	0.2094p	0.2500p	0.3734p
29.04.2022	R Accumulation	Group 1	0.6872p	-	0.6872p	0.9731p
29.04.2022	R Accumulation	Group 2	0.0000p	0.6872p	0.6872p	0.9731p

Sixth Interim Distribution in pence per share

Group 1: Shares purchased prior to 01 Mar 2022

Group 2 : Shares purchased on or after 01 Mar 2022 and on or before 31 Mar 2022

01 March 2022 to 31 March 2022

Payment						
Date	Share Class		Net Revenue	Equalisation	Distribution 2022	Distribution 2021
31.05.2022	R Income	Group 1	0.2500p	-	0.2500p	0.3750p
31.05.2022	R Income	Group 2	0.0113p	0.2387p	0.2500p	0.3750p
31.05.2022	R Accumulation	Group 1	0.6895p	-	0.6895p	0.9844p
31.05.2022	R Accumulation	Group 2	0.0186p	0.6709p	0.6895p	0.9844p

DISTRIBUTION TABLES (Continued)**Seventh Interim Distribution in pence per share**

Group 1: Shares purchased prior to 01 Apr 2022

Group 2 : Shares purchased on or after 01 Apr 2022 and on or before 31 Apr 2022

01 April 2022 to 31 April 2022

Payment						
Date	Share Class		Net Revenue	Equalisation	Distribution 2022	Distribution 2021
30.06.2022	R Income	Group 1	0.2500p	-	0.2500p	0.2434p
30.06.2022	R Income	Group 2	0.0531p	0.1969p	0.2500p	0.2434p
30.06.2022	R Accumulation	Group 1	0.6934p	-	0.6934p	0.6390p
30.06.2022	R Accumulation	Group 2	0.0078p	0.6856p	0.6934p	0.6390p

Eighth Interim Distribution in pence per share

Group 1: Shares purchased prior to 01 May 2022

Group 2 : Shares purchased on or after 01 May 2022 and on or before 31 May 2022

01 May 2022 to 31 May 2022

Payment						
Date	Share Class		Net Revenue	Equalisation	Distribution 2022	Distribution 2021
29.07.2022	R Income	Group 1	0.2500p	-	0.2500p	0.3750p
29.07.2022	R Income	Group 2	0.0004p	0.2496p	0.2500p	0.3750p
29.07.2022	R Accumulation	Group 1	0.6970p	-	0.6970p	0.9948p
29.07.2022	R Accumulation	Group 2	0.0000p	0.6970p	0.6970p	0.9948p

Ninth Interim Distribution in pence per share

Group 1: Shares purchased prior to 01 June 2022

Group 2 : Shares purchased on or after 01 June 2022 and on or before 30 June 2022

01 June 2022 to 30 June 2022

Payment						
Date	Share Class		Net Revenue	Equalisation	Distribution 2022	Distribution 2021
31.08.2022	R Income	Group 1	0.2500p	-	0.2500p	0.2168p
31.08.2022	R Income	Group 2	0.0000p	0.2500p	0.2500p	0.2168p
31.08.2022	R Accumulation	Group 1	0.6988p	-	0.6988p	0.5769p
31.08.2022	R Accumulation	Group 2	0.0007p	0.6981p	0.6988p	0.5769p

Tenth Interim Distribution in pence per share

Group 1: Shares purchased prior to 01 July 2022

Group 2 : Shares purchased on or after 01 July 2022 and on or before 31 July 2022

01 July 2022 to 31 July 2022

Payment						
Date	Share Class		Net Revenue	Equalisation	Distribution 2022	Distribution 2021
30.09.2022	R Income	Group 1	0.2500p	-	0.2500p	0.3750p
30.09.2022	R Income	Group 2	0.0000p	0.2500p	0.2500p	0.3750p
30.09.2022	R Accumulation	Group 1	0.7010p	-	0.7010p	1.0046p
30.09.2022	R Accumulation	Group 2	0.0000p	0.7010p	0.7010p	1.0046p

DISTRIBUTION TABLES (Continued)

Eleventh Interim Distribution in pence per share

Group 1: Shares purchased prior to 01 Aug 2022

Group 2 : Shares purchased on or after 01 Aug 2022 and on or before 31 Aug 2022

01 August 2022 to 31 August 2022

Payment						
Date	Share Class		Net Revenue	Equalisation	Distribution 2022	Distribution 2021
31.10.2022	R Income	Group 1	0.2500p	-	0.2500p	0.3750p
31.10.2022	R Income	Group 2	0.0000p	0.2500p	0.2500p	0.3750p
31.10.2022	R Accumulation	Group 1	0.7034p	-	0.7034p	1.0089p
31.10.2022	R Accumulation	Group 2	0.0000p	0.7034p	0.7034p	1.0089p

Final distribution in pence per share

Group 1: Shares purchased prior to 01 Sep 2022

Group 2 : Shares purchased on or after 01 Sep 2022 and on or before 30 Sep 2022

01 September 2022 to 30 September 2022

Payment						
Date	Share Class		Net Revenue	Equalisation	Distribution 2022	Distribution 2021
30.11.2022	R Income	Group 1	0.9830p	-	0.9830p	-
30.11.2022	R Income	Group 2	0.0023p	0.9807p	0.9830p	-
30.11.2022	R Accumulation	Group 1	2.7652p	-	2.7652p	-
30.11.2022	R Accumulation	Group 2	0.0338p	2.7314p	2.7652p	-

EQUALISATION

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 INVESTORS

Taxation

The Company will pay no corporation tax on its profits for the year to 30 September 2022 and capital gains within the Company will not be taxed.

Individual shareholders

Income tax: Tax-free annual dividend allowance now standing at £2,000 (2022/23). UK resident shareholders are 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 (2022/23) 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.

Corporate shareholders

The unfranked income element will be treated as an annual payment which has been subject to income tax at a rate of 20% and will be liable to tax accordingly. On realisation of their shares, UK resident companies may be liable to pay corporation tax on any capital gains.

The above information on taxation is only a general summary, and shareholders should consult their own tax advisors in relation to their own circumstances. Shareholders should also note that the position as outlined may change to reflect future changes in tax legislation.

Issue and redemption of shares

Valu-Trac Investment Management Limited is the ACD and Registrar. Valu-Trac Investment Management Limited will receive requests for the purchase or sale of shares at any time during normal business hours (8.30am to 5.30pm). Instructions may be given by email to (gy@valu-trac.com) or by sending an application form to the Registrar. Application forms are available from the Registrar.

The price of shares will be determined by reference to a valuation of the Company's net assets at 12:00 noon on each dealing day.

The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque fails to be cleared.

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

A contract note giving details of the shares purchased and the price used will be issued by the Registrar by the end of the business day following the valuation point by reference to which the purchase price is determined. Settlement is due four business days after the trade date shown on the contract note and should be made to the ACD's dealing account.

Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. Certificates will not be issued. Statements in respect of periodic distributions of revenue will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a shareholder's shares will also be issued at any time on request by the registered holder.

Where shares are redeemed, payment will be made not later than the close of business on the fourth business day following the next valuation point after receipt by the ACD of a request for redemption. The minimum value of shares that a shareholder may hold is £10,000. The ACD may at its discretion accept subscriptions lower than the minimum amount.

The most recent issue and redemption prices are available from the ACD.

INFORMATION FOR INVESTORS (Continued)

Remuneration

The ACD is subject to a remuneration policy which meets the requirements of the Undertakings for Collective Investment in Transferable Securities Directive (UCITS) as set out in SYSC 19E of the FCA Handbook.

The policy is designed to ensure practices for employee remuneration are consistent with, and promote, sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or instrument of incorporation of the funds managed, and does not impair the ACD compliance with its duty to act in the best interests of the funds it manages.

The ACD has reviewed the Remuneration Policy and its application in the last year which has resulted in no material changes to the policy or irregularities to process.

The ACD is required to disclose the total remuneration it pays to its staff during the financial year of the fund, split into fixed and variable remuneration, with separate aggregate disclosure for staff whose actions may have a material impact to the risk profile of a fund or the ACD itself. This includes executives, senior risk and compliance staff and certain senior managers.

30.09.2022	Number of Beneficiaries	Fixed Remuneration	Variable Remuneration Paid	Total Remuneration Paid
Total remuneration paid by the ACD during the year	95	£ 2,760,167	£ nil	£ 2,760,167
Remuneration paid to employees of the ACD who have a material impact on the risk profile of the UK UCITS	8	£ 492,146	£ nil	£ 492,146
Senior Management	18	£ 1,042,368	£ nil	£ 1,042,368
Control Functions	13	£ 652,722	£ nil	£ 652,722
Employees receiving total remuneration that takes them into the same remuneration brackets as senior management and risk takers	3	£ 149,085	£ nil	£ 149,085

Further information is available in the ACD's Remuneration Policy document which can be obtained from <https://www.valu-trac.com/Pillar%203%202021-09.pdf>. A paper copy of the remuneration policy is available on request from the registered office of the Authorised Corporate Director free of charge.

CORPORATE DIRECTORY

<p>Authorised Corporate Director, Administrator and Registrar</p>	<p>Valu-Trac Investment Management Limited Orton Moray IV32 7QE</p> <p>Telephone: 01343 880344 Fax: 01343 880267 Email: gy@valu-trac.com</p> <p>Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648</p>
<p>Director</p>	<p>Valu-Trac Investment Management Limited</p>
<p>Investment Manager to 10 December 2021</p> <p>From 10 December 2021</p>	<p>Garraway Capital Management LLP 6th Floor Becket House 36 Old Jewry London EC2R 8DD</p> <p>EPIC Markets (UK) LLP 200 Aldersgate Street London EC1A 4HD</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
<p>Depositary</p>	<p>NatWest Trustee and Depositary Services Limited House A Floor 0, 175 Glasgow Road Gogarburn Edinburgh EH12 1HQ</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
<p>Auditor</p>	<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 EPIC Diversified Income Fund on the outcome of the AFM’s assessment of the value provided to shareholders









For the year ended 30 September 2022

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

Please note that VT Garraway Diversified Income Fund, changed its name, to become VT EPIC Diversified Income Fund, on 24 January 2022.

The AFM is the Authorised Corporate Director of the Fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment manager is EPIC Markets (UK) LLP.

Our assessment has been conducted against the seven factors outlined by the FCA and the Fund has been rated via a ‘traffic light’ system, where green (G) indicates good value: amber (A) room for improvement, and red (R) poor value. The dashboard below shows an overall summary of the assessment.

	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
The VT EPIC Diversified Income Fund (R Class)	 A	 R	 R	 G	 R	 G	 G	 R

Note the traffic light system was introduced in 2022 and there were no ratings in last year assessment, the conclusion last year was that the shareholders of The VT EPIC Diversified Income Fund were receiving good value for the period under review. However, the AFM qualified this, by noting that total return from the fund was negative, and that it lagged that of the performance comparator by some way, over the stated investment horizon, of 5 years.

The investment objective of VT EPIC Diversified Income Fund is to generate income (whilst also seeking some capital growth).

VT EPIC Diversified Income Fund will seek to achieve its objective primarily (at least 70%) through investment in collective investment schemes (which may include those managed and/or operated by the ACD or Investment Manager) and investment trusts which provide exposure to fixed interest securities. The Fund may also invest directly in fixed interest securities and equities. The mix between, Government securities, investment grade and high yield assets may vary depending upon the Investment Manager’s view of prevailing conditions and prudent spread of risk. Money market instruments, equities and cash deposits may also be held from time to time.

The use of derivatives and/or hedging transactions is permitted in connection with the Efficient Portfolio Management of the Fund. In addition, the Fund may use derivatives and forward transactions for investment purposes. Use of derivatives is expected to be limited, although when used the resultant exposure may be significant.

At and for the year ended					
	30-Sep-22	30-Sep-21	30-Sep-20	30-Sep-19	30-Sep-18
Value of Fund (per Performance Record)					
R Income	£1.6m	£2.6m	£2.4m	£3.4m	£6.6m
R Accumulation	£3.8m	£5.4m	£5.0m	£2.6m	£3.4m
A Income*	n/a	n/a	n/a	£0.3m	£0.4m
A Accumulation*	n/a	n/a	n/a	£4.7m	£5.0m
Shares outstanding					
R Income	3.7m	4.3m	4.5m	4.6m	8.3m
R Accumulation	3.0m	3.3m	3.6m	1.5m	2.0m
A Income*	n/a	n/a	n/a	0.3m	0.5m
A Accumulation*	n/a	n/a	n/a	4.5m	4.9m
NAV per share					
R Income	43.61p	61.04p	54.25p	75.36p	79.84p
R Accumulation	127.87p	165.55p	138.16p	175.78p	171.06p
A Income*	n/a	n/a	n/a	82.20p	47.48p
A Accumulation*	n/a	n/a	n/a	104.27p	101.98p
Dividend per share					
R Income	3.73p	3.76p	5.39p	6.58p	5.11p
R Accumulation	10.36p	9.84p	12.95p	14.52p	10.51p
A Income*	n/a	n/a	2.45p	7.70p	5.61p
A Accumulation*	n/a	n/a	3.14p	8.65p	6.31p
Operating charges					
R Income	2.07%	1.77%	1.65%	1.57%	1.24%
R Accumulation	2.07%	1.77%	1.65%	1.57%	1.24%
A Income*	n/a	n/a	2.15%	2.07%	1.74%
A Accumulation*	n/a	n/a	2.15%	2.07%	1.74%
Net (losses) / gains before expenses					
Capital (losses) / gains	(£2.057m)	£1.030m	(£2.688m)	(£0.505m)	(£1.431m)
Total Net (losses) / gains	(£1.583m)	£1.525m	(£2.112m)	£0.591m	(£0.384m)

*The A Income and A Accumulation share classes were converted into the R Income and R Accumulation share classes on 6 April 2020.

The ongoing charges ratio is based on the actual charges and the average NAV during the period. From 25 March 2019 the source of all data is Valu-Trac Administration Services unless otherwise stated Source of data prior to 25 March 2019 – City Financial Investment Company Limited

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

1. Quality of service

The AFM considers that a reasonable 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 EPIC Markets (UK) 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.

The AFM has also assessed the costing of each of these services to comparable providers and has concluded that the Fund is receiving reasonable value for the services provided by each party (detailed analysis on how we have arrived at this conclusion can be provided on request).

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 VT EPIC Diversified Income Fund is to generate income (whilst also seeking some capital growth). The Fund is not managed to or constrained by a benchmark, however in order to assess the Fund's performance, investors may find it useful to compare the Fund against the performance of the IA OE £ Strategic Bond Sector (the comparator).

To compare income, the table below shows the Fund dividend yield for the period under review and the last five years against the comparator annualised yield.

	2022 Dividend Yield	2022 Comparator Dividend Yield*	5-Year Dividend Yield (p.a)
R Income	6.11%	2.95%	5.08%
R Accumulation	6.26%	2.95%	5.89%

**Source: Morningstar. Indicative only.*

The total returns of the Fund for the period under review and over the last five years against the comparator is shown below:

	2022 Performance	2022 Comparator Performance	5-Year Performance (p.a.)	5-Year Comparator Performance (p.a.)
R Income	(22.45%)	(14.89%)	(4.79%)	(0.27%)
R Accumulation	(22.76%)	(14.89%)	(6.15%)	(0.27%)

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).

3. AFM costs - general

The costs incurred during the year ended 30 September 2022 were as follows:

	£	%age of average fund value
ACD fee	31,399	0.45%
Depository fee	14,942	0.22%
Audit fee	8,643	0.12%
FCA fee	49	0.00%
Safe custody fee	854	0.01%
Transaction charges (custodian)	1,400	0.02%
Other expenses	6,880	0.10%
Total Costs	64,167	0.92%

Total losses for the year (capital and revenue) were £1.6m. The fund suffered no taxation.

It should be noted that the prospectus does not allow for a redemption charge if the redemption occurs over 3 months after the initial subscription, however a dilution adjustment can be charged on transactions into or out of the fund in the following circumstances: where the Scheme Property of the Fund is in continual decline; on the 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 5% of the Net Asset Value of the Fund). No dilution levy was charged during 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 OE £ Strategic Bond Sector, retail classes where available. This is shown below.:

	Operating charges (excluding transaction charges)
R Class	2.07%
IA OE £ Strategic Bond Sector (average of 10 largest funds)	0.92%

Source - Morningstar

The AFM notes that the operating charges for the Fund are markedly higher than that of that of the peer group comparator. It should also be noted that a significant portion (1.17%) of the Fund's operating charges, relate to the cost of managing the Fund's underlying holdings. Excluding these underlying costs and transaction fees, the operating charge of the Fund is 0.90%, as detailed above excluding transaction 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 charged 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 within the IA OE £ Strategic Bond Sector. The AFM believes that the shareholders of the Fund are not achieving efficient market rates as a whole (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









All shareholders of this Fund are subject to the same service at the same cost. The services provided to this Fund and the costs are also comparable amongst other similar funds operated by the AFM.

7. Classes of units

All shareholders of this Fund are treated equally. The Annual management charge which pays both the Investment Manager's fee and the ACD fee is charged at 0.45% of the Fund value.

CONCLUSION

As mentioned in the introduction, we have rated the Fund based on a 'traffic light assessment system. This is shown in the table below, where green (G) indicates good value; amber (A) indicates room for improvement, and red (R) indicates poor value.

	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
The VT EPIC Diversified Income Fund (R Class)	 A	 R	 R	 G	 R	 G	 G	 R

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; the shareholders of VT EPIC Diversified Income Fund are not receiving good value. The AFM is exploring actions to improve value delivered to the shareholders.

11 January 2023