

VT MUNRO SMART-BETA FUND
(Sub-fund VT Munro Smart-Beta UK Fund)

Annual Report and Financial Statements
for the year ended 31 January 2020

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COMPANY OVERVIEW

Size of Company	£5,764,014
Launch date	22 July 2007
Company objective and policy	<p>The objective of the VT Munro Smart-Beta UK Fund (the “Sub-fund”) is to maximize the overall return by seeking to replicate the performance of the Freedom Smart-Beta UK Dividend Index.</p> <p>The Sub-fund will invest mainly in UK securities listed on the London Stock exchange. The Sub-fund will be constructed on the basis of the underlying fundamental financial attributes of the companies listed on the London Stock Exchange rather on their market capitalisation. The weight of each company in the Sub-fund will be determined by the proportion that is forecast total dividend will be expected to make of the total income of all companies held in the Sub-fund.</p> <p>The Sub-fund may also invest in other transferable securities, bonds, collective investment schemes, warrants, money market instruments, cash and deposits.</p> <p>It is in the ACD’S intention that derivatives be used for hedging purposes using efficient portfolio management style techniques.</p> <p>The ACD does not intend to have an interest in any immovable property or tangible movable property.</p> <p>The Company will be managed in a manner that maintains eligibility for the stocks and shares component of a personal equity plan or individual savings account.</p>
Type of Company	<p>VT Munro Smart-Beta Fund (“the Company”) is an authorized open-ended investment company with variable capital (“ICVC”) further to a Financial Services Authority (“FSA”) (predecessor of the FCA) authorization order dated 18 July 2007. The Company is incorporated under registration number IC000551. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook (“COLL”) issued by the Financial Conduct Authority (“FCA”).</p> <p>The Company has been set up as an umbrella company. The Company has currently one Sub-fund available for investment, VT Munro Smart-Beta UK Fund (“the Fund”).</p> <p>The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Company consist predominantly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.</p> <p>The shareholders are not liable for the debts of the Company.</p> <p>The Instrument of Incorporation can be inspected at the office of the ACD.</p> <p>The Company has no directors other than the ACD.</p>

COMPANY OVERVIEW (Continued)

	The base currency of the Company is UK sterling.	
	Copies of the Prospectus and Key Investor Information Document are available free of charge from the ACD.	
Authorised Corporate Director (ACD)	Valu-Trac Investment Management Limited	
Annual accounting date	31 January	
Interim accounting dates	Last day of each month	
Annual income allocation date	31 March	
Interim income allocation dates	Last day of each month	
Individual Savings Account (ISA)	The Company is a qualifying investment for inclusion in an ISA.	
Minimum investment	<p>Lump sum subscription: A Class Shares = £1,000 B Class Shares = £100,000 X Class Shares = £250</p> <p>Top-up: A Class Shares = £1,000 B Class Shares = £1,000 X Class Shares = £100</p> <p>Holding: A Class Shares = £1,000 B Class Shares = £100,000 X Class Shares = £250</p> <p>Redemption: A Class Shares = Nil B Class Shares = Nil X Class Shares = Nil</p> <p>The ACD may at its discretion accept subscriptions lower than the minimum amount.</p>	
ACD charges	<p>The management charge in respect of the A Class Shares is 1.50% per annum of the Net Asset Value of the A Class Shares.</p> <p>The management charge in respect of the B Class Shares is 1.25% per annum of the Net Asset Value of the B Class Shares.</p> <p>The management charge in respect of the X Class Shares is 0.5% per annum of the Net Asset Value of the X Class Shares.</p>	

1. The Freedom Smart-Beta UK Dividend index is a Sterling based total return index, comprising approximately 300 of the largest dividend paying stocks (excluding Investment Trusts) that are quoted on the London Stock Exchange.

While the full universe is initially determined by market capitalisation, the investible universe is reweighted based on expected dividend payout. The Sub-fund aims to replicate the performance of the Freedom Smart-Beta UK Dividend index but will not necessarily be invested in all the constituents

INVESTMENT MANAGER'S REVIEW

Investment Activities

The fund was managed to follow the Freedom Smart-Beta UK Dividend Index as closely as possible, having regard for costs, during the year under review. At the end of the financial year it was invested in 163 companies which accounted for 96% of the forecast dividend income of the Index. The fund continues to follow the same process of investing in large and medium sized companies listed on the London Stock Exchange, excluding investment trusts, in line with each stock's contribution to the total forecasted dividend payout for the group as a whole. This process was encapsulated by the Freedom Smart-Beta UK Dividend Index which was launched on the 30th April 2014.

This process is designed to minimize trading and exploit volatility. New money is allocated to securities which are underweight relative to their position in the index. The process can therefore use market volatility to its advantage.

Redemptions to the fund of £885,545 exceeded subscriptions of £582,854 to give a net outflow of £302,691. However, an increase in the value of the market during the year mitigated this so that the fund reduced in size by £121,354 from £5,885,368 to £5,764,014.

During the period the fund distributed £326,021 to investors, a small increase on the £305,475 made the previous year.

Throughout this period the cash position was kept close to 1%.

Due to these redemptions, and corporate actions, the fund sold shares in 28 holdings as detailed on page 13 to a total value of £663,152. Seven of these; Barrick Gold, Cobham, Greene King, Inmarsat, Merlin, Nedbank and Old Mutual were because of corporate actions.

Purchases totaling £412,161 were made into 12 companies listed on page 13 and included taking up rights in Marks & Spencer.

Trading was therefore confined to investing new funds as per the index and accepting takeover offers and raising cash to meet redemptions.

The cost of running the fund decreased slightly relative from the previous year falling from £62,215 to £59,503 partly because of the slight fall in the size of the fund.

The UCITS method of calculating portfolio turnover, which adds purchases and sales less the sum of subscriptions and redemptions divided by average net asset value, gives a figure of -5.8% for the year. An alternative calculation which nets off sales against purchases and creations against redemptions, which is what happens in practice, gives a figure of 0.22%. Both figures are exceptionally low by comparison to active funds and are a key aspect of keeping fund management costs low.

Investment Performance

Over the period under review the X Accumulation shares fund increased in value by 6.67%. This compared to a rise of 6.78% in the Freedom Smart-Beta UK Dividend Index to which it is benchmarked giving a gross underperformance of 0.11%. However, the cost of running the fund of 0.96% (for the X Accumulation shares) reduced its return relative the index by that amount which leaves 0.85% of unattributable positive tracking error.

Finally, the difference between the fund being priced at midday while the index is priced at 4:30 pm at the close of business has a small effect on the relative returns. The fund started the period 0.34% higher than the index and ended 0.43% above the index which makes a net contribution to tracking error of a positive 0.09%. Therefore, the total positive tracking error was 0.94% which is probably mostly a consequence of momentum.

Because the index does not charge a dilution levy to cover the cost of stamp duty it is important to note that the cost of running the fund includes this tax which is important when comparing costs with passive funds that do.

The current dividend yield of the fund at the end of the year was 6.4% which was higher than all its competitors in the UK All Companies Sector, according to Trustnet.

Investment Strategy

There was no change in the investment strategy of the fund which is formalized as the Freedom Smart-Beta UK Dividend Index. This allocates weights to shares in proportion to their contribution to the total cash dividend forecast for this index.

INVESTMENT MANAGER'S REVIEW (Continued)

The fundamental dividend tracking process captures this effect by focusing solely on forecast dividend flows and ignoring capital values. As far as we know this makes it unique.

As a rules-based fund it does not have the option of selling stocks where the management strategy has proved detrimental to the interests of its shareholders. For that reason the fund takes the responsibilities of ownership seriously through corporate governance. In general terms it usually votes in line with resolutions proposed by the Board at the AGM. However, it does not agree that executives should be rewarded for carrying out their appointed duties by being awarded share options based on measures determined by the Board.

These awards are commonly based on measures such as adjusted EPS or returns on capital employed which can be gamed by the Board through devices such as changes in gearing, corporate actions (like share buybacks), mergers and acquisitions as well as judicious asset write-downs. Some boards also use measures such as Total Shareholder Return. This can be hugely influenced by macro-economic factors, such as the Covid-19 pandemic, quantitative easing, moves in interest and exchange rates or changes in government policy, such as Help to Buy, and can have a major impact on shareholder returns. Despite these factors being totally outside the control of the board executives may nevertheless find themselves amply rewarded for the actions of others.

An additional point to consider is that short term incentives, such as reducing research costs, may result in actions that may inhibit long term growth. The manager thinks it is better for the owners to have executives focused solely on their designated tasks rather than for these managers to be distracted by short term measures that may enrich them in the near term but hurt the business in the long term. A rules-based fund is the ultimate long-term investor.

For these reasons the fund typically votes against remuneration packages that award bonuses to executives for results they are not responsible for. The overriding principle is to protect the economic interests of investors from being diluted by agents, the executives, appointed on their behalf to manage the assets that they own jointly with others. While some may argue that being diluted by a few percent in a year is a worthwhile price to pay to secure good managers the cumulative effect of that dilution over years and decades is extremely detrimental to the joint owners.

Consequently, the fund normally votes against proposals that dilute ownership such as issuing shares for the remuneration scheme and the share buy-back schemes that normally accompany them to maintain the share price.

PERFORMANCE RECORD

Financial Highlights

Class A Net Income GBP	2020	2019	2018
Changes in net assets per unit	GBp	GBp	GBp
Opening net asset value per unit	<u>82.4994</u>	<u>91.7108</u>	<u>87.4672</u>
Return before operating charges	6.2662	(3.4082)	10.1080
Operating charges (note 1)	<u>(1.6493)</u>	<u>(1.6724)</u>	<u>(1.8951)</u>
Return after operating charges*	4.6169	(5.0806)	8.2129
Distributions on income units	<u>(4.6480)</u>	<u>(4.1308)</u>	<u>(3.9693)</u>
Closing net asset value per unit	<u>82.4683</u>	<u>82.4994</u>	<u>91.7108</u>
*after direct transaction costs of:	0.0412	0.0697	0.0538
Performance			
Return after charges	5.60%	(5.54%)	9.39%
Other information			
Closing net asset value	£26,718	£26,598	£29,567
Closing number of units	32,398	32,240	32,240
Operating charges (note 2)	1.96%	1.92%	2.11%
Direct transaction costs	0.05%	0.08%	0.06%
Prices			
Highest unit price	87.73	95.02	94.47
Lowest unit price	79.85	78.08	85.99

Class X Net Income GBP	2020	2019	2018
Changes in net assets per unit	GBp	GBp	GBp
Opening net asset value per unit	<u>90.3981</u>	<u>99.5546</u>	<u>94.0328</u>
Return before operating charges	6.8227	(3.5842)	10.8801
Operating charges (note 1)	<u>(0.8892)</u>	<u>(0.8738)</u>	<u>(1.0770)</u>
Return after operating charges*	5.9335	(4.4580)	9.8031
Distributions on income units	<u>(5.1109)</u>	<u>(4.6985)</u>	<u>(4.2813)</u>
Closing net asset value per unit	<u>91.2207</u>	<u>90.3981</u>	<u>99.5546</u>
*after direct transaction costs of:	0.0454	0.0760	0.0581
Performance			
Return after charges	6.56%	(4.48%)	10.43%
Other information			
Closing net asset value	£3,864,990	£3,598,909	£4,116,993
Closing number of units	4,236,966	3,981,175	4,135,412
Operating charges (note 2)	0.96%	0.92%	1.11%
Direct transaction costs	0.05%	0.08%	0.06%
Prices			
Highest unit price	96.55	103.46	102.50
Lowest unit price	88.04	85.48	92.65

PERFORMANCE RECORD (Continued)

Financial Highlights (Continued)

Class A Net Accumulation GBP		2020	2019	2018
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	127.0682	134.5121	122.7917
	Return before operating charges	9.8137	(4.9327)	14.4492
	Operating charges (note 1)	(2.6215)	(2.5112)	(2.7288)
	Return after operating charges*	7.1922	(7.4439)	11.7204
	Closing net asset value per unit	134.2604	127.0682	134.5121
	Retained distributions on accumulated units	7.3351	6.4610	5.6715
	*after direct transaction costs of:	0.0653	0.1046	0.0772
Performance				
	Return after charges	5.66%	(5.53%)	9.54%
Other information				
	Closing net asset value	£104,656	£122,123	£185,455
	Closing number of units	77,950	96,109	137,872
	Operating charges (note 2)	1.96%	1.92%	2.11%
	Direct transaction costs	0.05%	0.08%	0.06%
Prices				
	Highest unit price	141.97	141.54	138.49
	Lowest unit price	126.85	119.65	122.05
Class X Net Accumulation GBP		2020	2019	2018
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	139.8857	146.6612	132.5497
	Return before operating charges	10.7534	(5.4574)	15.6691
	Operating charges (note 1)	(1.4201)	(1.3181)	(1.5576)
	Return after operating charges*	9.3333	(6.7755)	14.1115
	Closing net asset value per unit	149.2190	139.8857	146.6612
	Retained distributions on accumulated units	8.1041	6.7530	6.1147
	*after direct transaction costs of:	0.0723	0.1146	0.0838
Performance				
	Return after charges	6.67%	(4.62%)	10.65%
Other information				
	Closing net asset value	£1,768,999	£2,139,190	£2,319,478
	Closing number of units	1,185,505	1,529,242	1,581,522
	Operating charges (note 2)	0.96%	0.92%	1.11%
	Direct transaction costs	0.05%	0.08%	0.06%
Prices				
	Highest unit price	157.72	154.80	150.93
	Lowest unit price	139.65	131.59	131.75

PERFORMANCE RECORD (Continued)

Financial Highlights (Continued)

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 year.
2. The operating charges percentage is based on the expenses incurred during the year, as a proportion of the average net asset value of the fund.

Risk Profile

Based on past data, the fund is ranked a '5' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Document. The Fund is ranked 5 because weekly historical performance data indicates that it has experienced relatively high rises and falls in market prices historically. The higher the rank, the greater the potential reward but the greater the risk of losing money.

PORTFOLIO STATEMENT

As at 31 January 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Equities 99.21% (2019:99.30%)			
Equities - Incorporated in the United Kingdom 88.86% (2019:88.29%)			
Basic Materials 11.25% (2019:12.50%)			
Anglo American	2,960	58,972	1.02
Antofagasta	1,425	11,795	0.21
BHP Billiton	15,980	265,667	4.61
Croda International	104	5,196	0.09
Elementis	1,092	1,397	0.02
Essentra	295	1,232	0.02
Evrast	7,352	26,368	0.46
Johnson Matthey	208	5,418	0.09
Kaz Minerals	810	3,648	0.06
Mondi	616	9,636	0.17
Rio Tinto	6,270	256,772	4.45
Victrex	127	2,813	0.05
		<u>648,914</u>	<u>11.25</u>
Consumer Goods 7.97% (2019:6.91%)			
Barratt Developments	6,375	51,210	0.89
Bellway	152	6,072	0.11
Burberry Group	406	7,992	0.14
Carnival	1,560	49,577	0.86
Compass Group	2,642	49,458	0.86
Dunelm	230	2,653	0.05
Flutter Entertainment Plc	160	13,962	0.24
Howden Joinery Group	839	5,781	0.10
Intercontinental Hotels Group	209	9,699	0.17
ITV	9,823	13,345	0.23
Kingfisher	5,496	11,157	0.19
Marks & Spencer Group	6,331	11,250	0.20
Next	481	33,276	0.58
Pearson	2,280	13,076	0.23
Persimmon	2,102	64,216	1.11
Relx Plc	3,091	62,670	1.09
Smurfit Kappa Group Plc	510	13,556	0.24
TUI	2,729	21,393	0.37
Vistry Group Plc	169	2,332	0.04
WH Smith	283	6,750	0.12
Whitbread	141	6,224	0.11
William Hill	1,340	2,332	0.04
		<u>457,981</u>	<u>7.97</u>

PORTFOLIO STATEMENT (Continued)

As at 31 January 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Consumer Services 15.31% (2019: 14.07%)			
Associated British Foods	604	15,885	0.28
British American Tobacco	9,425	316,586	5.49
Britvic	423	3,857	0.07
Cineworld Group Plc	3,900	6,928	0.12
Diageo	3,394	101,455	1.76
GVC Holdings Plc	1,803	16,025	0.28
Imperial Brands	5,820	112,489	1.95
J Sainsbury	7,712	15,709	0.27
PZ Cussons	572	1,091	0.02
Reckitt Benckiser Group	1,325	83,694	1.45
Tate & Lyle	704	5,607	0.10
Tesco	21,112	52,263	0.91
Unilever	1,985	89,752	1.56
WM Morrison Supermarkets	6,787	12,379	0.21
WPP Plc	5,080	48,433	0.84
		<u>882,153</u>	<u>15.31</u>
Financials 22.21% (2019:22.63%)			
3i Group	1,052	11,693	0.20
Admiral Group	907	20,530	0.36
Ashmore Group	1,552	8,563	0.15
Aviva	16,673	66,800	1.16
Barclays	56,039	94,958	1.65
Beazley	897	4,871	0.08
Capital & Counties Properties	253	619	0.01
Close Brothers Group	233	3,330	0.06
Derwent London	88	3,622	0.06
Direct Line	6,908	23,339	0.40
Hargreaves Lansdown	550	9,654	0.17
HSBC Holdings	77,435	429,764	7.45
IG Group Holdings	449	2,980	0.05
Intermediate Capital Group	577	10,051	0.17
Investec	1,223	5,183	0.09
Jupiter Fund Management	676	2,635	0.05
Legal & General Group	29,417	89,781	1.56
Lloyds Banking Group	235,240	133,240	2.31
London Stock Exchange Group	357	28,010	0.49
Londonmetric Property	1,825	4,156	0.07
M&G Plc	5,726	13,622	0.24
Man Strategic Holdings	7,520	11,710	0.20
Melrose Industries Plc	2,856	6,780	0.12
Provident Financial	644	2,977	0.05
Prudential	5,726	77,401	1.34
Quilter Plc	2,800	4,760	0.08
Royal Bank of Scotland Group	37,625	81,985	1.42
RSA Insurance Group	2,646	14,627	0.25
Schroders	255	8,225	0.14
Standard Chartered	6,170	39,346	0.68
Standard Life	13,268	40,587	0.70
St James's Place	1,754	20,145	0.35
TP ICAP	1,510	5,992	0.10
		<u>1,281,936</u>	<u>22.21</u>

PORTFOLIO STATEMENT (Continued)

As at 31 January 2020

Investment	Nominal value or Holding	Market value £	% of total net assets
Healthcare 7.25% (2019:6.83%)			
AstraZeneca	2,365	176,606	3.06
GlaxoSmithKline	12,400	222,481	3.86
Smith & Nephew	1,045	19,306	0.33
		<u>418,393</u>	<u>7.25</u>
Industrials 3.92% (2019:3.56%)			
Aggreko	218	1,710	0.03
Ashtead Group	288	7,184	0.13
Babcock International Group	510	3,060	0.05
BAE Systems	10,709	67,574	1.17
Balfour Beatty	1,460	3,913	0.07
Bunzl	311	6,057	0.11
Capita	2,055	3,031	0.05
Easyjet	384	5,287	0.09
Electrocomponents	826	5,594	0.10
Firstgroup	3,315	4,142	0.07
G4S	2,772	5,525	0.10
Galliford Try	294	433	0.01
Go Ahead Group	142	2,904	0.05
Hays	1,875	2,932	0.05
Homeserve	655	8,489	0.15
IMI	261	2,940	0.05
Inchcape	580	3,844	0.07
Intertek Group	94	5,552	0.10
Meggitt	630	4,253	0.07
National Express	977	4,398	0.08
Pagegroup Plc	543	2,483	0.04
Rentokil Initial	1,339	6,316	0.11
Rolls-Royce	3,119	20,879	0.36
Rotork	730	2,254	0.04
Royal Mail	2,243	4,489	0.08
Serco Group	718	1,136	0.02
Signature Aviation	1,245	3,668	0.06
Smith (DS)	1,909	6,578	0.11
Smiths Group	555	9,486	0.16
Spectris	101	2,711	0.05
Spirax-Sarco Engineering	81	7,217	0.13
Stagecoach	648	886	0.02
Travis Perkins Plc	214	3,376	0.06
Vesuvius	418	1,812	0.03
Weir Group	212	2,887	0.05
		<u>225,000</u>	<u>3.92</u>

PORTFOLIO STATEMENT (Continued)

As at 31 January 2020

Investment	Nominal value or Holding	Market value £	% of total net assets
Oil & Gas 10.06% (2019:10.56%)			
BP	72,910	334,967	5.81
Hunting	274	845	0.01
John Wood Group	1,108	4,195	0.07
Royal Dutch Shell 'B'	11,935	240,520	4.17
Tullow Oil	496	252	0.00
		<u>580,779</u>	<u>10.06</u>
Real Estate 2.70% (2019:2.24%)			
Berkeley Group Holdings	575	29,854	0.52
British Land	3,380	19,056	0.33
Hammerson	1,093	2,617	0.05
Land Securitites Group	2,378	22,470	0.39
Segro	2,146	19,423	0.34
Taylor Wimpey	28,702	61,594	1.07
		<u>155,014</u>	<u>2.70</u>
Technology 0.52% (2019:0.43%)			
Halma	398	8,426	0.15
Moneysupermarket.com	1,094	3,586	0.06
Renishaw	126	5,060	0.09
Sage Group	1,724	12,797	0.22
		<u>29,869</u>	<u>0.52</u>
Telecommunications 3.08% (2019:4.62%)			
BT Group	38,010	61,705	1.07
Micro Focus International	688	7,178	0.12
TalkTalk Telecom Group	2,428	2,798	0.05
Vodafone Group	71,075	106,193	1.84
		<u>177,874</u>	<u>3.08</u>
Utilities 4.61% (2019:3.94%)			
Centrica	25,823	22,283	0.39
Drax Group	568	1,532	0.03
National Grid	11,995	120,694	2.09
Pennon Group	687	7,643	0.13
Severn Trent	515	13,292	0.23
SSE	4,590	69,252	1.20
United Utilities Group	3,047	30,958	0.54
		<u>265,654</u>	<u>4.61</u>
Total Equities - incorporated in the United Kingdom		<u><u>5,123,571</u></u>	<u><u>88.88</u></u>

PORTFOLIO STATEMENT (Continued)

As at 31 January 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - incorporated outwith the United Kingdom 10.33% (2019:11.01%)			
Basic Materials 2.67% (2019:3.07%)			
CRH	1,300	37,336	0.65
Fresnillo	1,131	7,389	0.13
Glencore Xstrata	43,007	96,196	1.67
Polymetal International	976	12,539	0.22
		<u>153,460</u>	<u>2.67</u>
Consumer Services 0.32% (2019:0.44%)			
Coca-Cola HBC	309	8,612	0.15
Informa	1,246	9,711	0.17
		<u>18,323</u>	<u>0.32</u>
Financials 0.73% (2019:0.67%)			
Hiscox	778	10,242	0.18
IWG	1,302	5,833	0.10
Lancashire Holdings	1,674	12,588	0.22
Phoenix Group Holdings	1,765	13,308	0.23
		<u>41,971</u>	<u>0.73</u>
Industrials 1.98% (2019:2.19%)			
DCC	108	6,690	0.12
Experian	786	20,856	0.36
Ferguson	551	37,622	0.65
International Consolidated Airlines Group	8,582	49,020	0.85
		<u>114,189</u>	<u>1.98</u>
Oil & Gas 4.60% (2019:4.61%)			
Petrofac	550	1,950	0.03
Royal Dutch Shell 'A'	13,110	263,478	4.57
		<u>265,428</u>	<u>4.60</u>
Technology 0.03% (2019:0.03%)			
Playtech	448	1,540	0.03
		<u>1,540</u>	<u>0.03</u>
Total Equities - incorporated outwith the United Kingdom		<u>594,911</u>	<u>10.33</u>
Portfolio of investments		5,718,478	99.21
Other net assets		46,885	0.81
Adjustment from mid to bid		(1,349)	(0.02)
Total net assets		<u>5,764,014</u>	<u>100.00%</u>

SUMMARY OF MATERIAL PORTFOLIO CHANGES

	£
Total sales for the year (note 14)	663,152
Anglo American	53,119
AstraZeneca	47,528
Barrick Gold	2,033
BHP Group	35,169
British Tobacco	7,062
Cobham	5,815
Croda	34
Experian	29,254
Galliford	10
GlaxoSmithKline	34,731
Greene King Corporate Acton	2,856
HSBC	51,753
Indivior	587
Inmarsat	4,857
INTU Property	1,173
Jardine	4,998
Lloyds Banking	54,457
Merlin Corporate Action	12,135
Micro Focus Capital Return	2,788
Millennium & Copthorne	2,596
Nedbank Group Ltd	4,256
Old Mutual	8,745
Rio Tinto	47,867
Rolls Royce	508
Royal Dutch Shell B	64,863
Standard Chartered	31,723
Unilever	59,763
Vodafone	92,472

	£
Total purchases for the year (note 14)	412,161
BP	36,135
Carnival	13,574
Cineworld	10,702
GVC Holdings	10,034
HSBC	92,434
Imperial Brands	21,199
Marks & Spencer Rights	1,952
Rio Tinto	60,255
Royal Bank of Scotland	14,565
Royal Dutch Shell A	40,304
Royal Dutch Shell B	70,908
Vodafone	28,193
WPP	11,906

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

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 period and its net revenues 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 judgments and estimates that are reasonable and prudent.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The Authorised Corporate Director is required to keep proper accounting records and to manage the Company in accordance with the COLL regulations, the Instrument of Incorporation, and the Prospectus. The Authorised Corporate Director is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTOR'S STATEMENT

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

Anne A. Laing CA

Neil J. Smith MA BA 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 the 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.

National Westminster Bank Plc
01 February 2020

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT MUNRO SMART-BETA FUND (THE COMPANY)

Opinion

In our opinion, VT Munro Smart-Beta Fund's financial statements:

- give a true and fair view of the financial position of the Company as at 31 January 2020 and of the net revenue and the net capital gains/(losses) of the scheme property of the Company and each of the sub-funds for the period then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investments Schemes sourcebook and the Instrument of Incorporation.

VT Munro Smart-Beta Fund (the "Company") is an authorized Open Ended Investment Company ("ICVC") with 1 sub-fund. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise the Balance Sheet as at 31 January 2020; the Statement of Total Return, and the Statement of Change in Net Assets Attributable to Shareholders for the year then ended; the Distribution Tables, the Accounting Policies of VT Munro Smart-Beta Fund and its sub-fund and the Notes to the Financial Statements of the individual sub-funds.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' Responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which include the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's and each of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.
- however, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's and each of the sub-funds' ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT MUNRO SMART-BETA FUND (THE COMPANY) (continued)

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities set out on page 14, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine 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 and each of the sub-funds' 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 individual sub-fund or to cease operation, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Opinions on matters required by the Collective Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Colin Gray B.Com C.A. (senior statutory auditor)

for and on behalf of FKF Accounting Limited
Chartered Accountants and Statutory Auditors
Metropolitan House, 31-33 High Street
Inverness IV1 1HT

STATEMENT OF TOTAL RETURN

For the year ended 31 January 2020

		31.01.20		31.01.19	
	Notes	£	£	£	£
Income					
Net capital (losses)/gains	2		124,957		(535,484)
Revenue	3	326,021		305,475	
Expenses	4	(59,503)		(62,215)	
Interest payable and similar charges		-		-	
Net revenue before taxation		266,518		243,260	
Taxation	5	-		-	
Net revenue after taxation			266,518		243,260
Total return before distributions			391,475		(292,224)
Finance costs: distributions	6		(326,021)		(305,475)
Change in net assets attributable to shareholders from investment activities			<u>65,454</u>		<u>(597,699)</u>

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 January 2020

	31.01.20	31.01.19
	£	£
Opening net assets attributable to shareholders	5,885,368	6,650,345
Amounts receivable on creation of shares	582,854	965,109
Amounts payable on cancellation of shares	(885,545)	(1,248,320)
Retained Accumulation Distributions	115,883	115,933
Change in net assets attributable to shareholders from investment activities (see above)	<u>65,454</u>	<u>(597,699)</u>
Closing net assets attributable to shareholders	<u>5,764,014</u>	<u>5,885,368</u>

BALANCE SHEET

As at 31 January 2020

		31.01.20		31.01.19	
	Notes	£	£	£	£
FIXED ASSETS					
Investment assets			5,717,129		5,842,555
Current Assets					
Debtors	7	12,602		17,283	
Cash and bank balances	8	81,272		71,254	
Total other assets			<u>93,874</u>		<u>88,537</u>
Total assets			5,811,003		5,931,092
LIABILITIES					
Creditors					
Other creditors	9	(21,907)		(11,355)	
Distribution payable on income shares		(25,082)		(34,369)	
Bank overdrafts	8	-		-	
Total liabilities			<u>(46,989)</u>		<u>(45,724)</u>
Net assets attributable to shareholders			<u><u>5,764,014</u></u>		<u><u>5,885,368</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2020

1. Accounting policies

- (a) The financial statements have been prepared in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014.

(b) **Valuation of investments**

The purchase and sale of investments are included up to the valuation point on 31 January 2020.

The purchase and sale of investments are recognized when a legally binding and unconditional right to obtain, or an obligation to deliver an asset, arises.

Investments are stated at their fair value at balance sheet date. In determining fair value, the valuation point is 12 noon on 31 January 2020, with reference to quoted bid prices from reliable external sources.

Where an observable market price is unreliable or does not exist, investments are valued at the Fund's best estimate of the amount that would be received from an immediate transfer at arm's length.

(c) **Foreign exchange**

The base currency of the Fund is Sterling, which is taken to be the Fund's functional currency.

All transactions in foreign currencies are converted into Sterling at the rates of the exchange ruling at the dates of such transactions.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

(d) **Revenue**

Revenue is recognized in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non-equity shares are recognized as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

Overseas dividends are recognized as revenue gross of any withholding tax and the tax consequences are recognized within the tax expense.

(e) **Expenses**

The annual management charge is charged to the relevant share class against revenue and then reallocated to capital net of any tax effect.

For comparative purposes, up to 3 December 2012 all charges, other than those relating to the purchase and sale of investments are allocated to income. From 3 December 2012 all charges are allocated to capital per the terms of Prospectus.

(f) **Allocation of income and expenses to multiple share classes**

All income and expenses which are directly attributable to a particular share class are allocated to that share class. All income and expenses which are attributable to the Fund are allocated to the Fund and are normally allocated across the share classes pro rata to the net asset value of each share class on a daily basis.

(g) **Taxation**

Tax payable on profits is recognized as an expense in the period in which profits arise. The tax effects of tax losses available to carry forward are recognized as an asset when it is probable that future taxable profits will be available, against which these losses can be utilized.

UK corporation tax is provided as amounts to be paid/recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at 31 January 2020 to pay more or less tax, at a future date, at rates expected to apply when they crystallize based on current contract rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

(h) Efficient portfolio management

Where appropriate, certain permitted instruments such as derivatives or forward currency contracts may be used for efficient portfolio management purposes. Where such instruments are used to protect or enhance revenue, the revenue or expenses derived therefrom are included in the Statement of total return as income related items and form part of the distribution. Where such instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in the Statement of total return as capital related items.

(i) Dilution Levy

The need to charge a dilution levy will depend on the volume of sales or redemptions. The Authorised Corporate Director may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all shareholders and potential shareholders. Please refer to the Prospectus for further information.

Distribution policies

(j) Basis of distribution

The distribution policy of the Fund is to distribute all available revenue. Distributions attributable to income shares are paid to shareholders. Distribution attributable to accumulation shares are re-invested in the Fund on behalf of the shareholders.

(k) Revenue

All revenue is included in the final distribution with reference to the Accounting policies for revenue disclosed in note 1.

(l) Expenses

In respect of expenses payable from revenue please refer to the accounting policies in note 1.

In respect of expenses transferred to capital net of any tax effect, please refer to the accounting policies in note 1 and note 6.

(m) Equalisation

Group 2 shares are shares which are purchased on or after the previous XD date and before the current XD date. Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax in the hands of the shareholders but must be deducted from the cost of shares for capital gains tax purposes. Equalisation per share is disclosed in the Distribution table.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2	Net capital (losses)/gains	31.01.20	31.01.19
	The net capital (losses)/gains comprise:	£	£
	Non-derivative securities (losses)/gains	125,582	(535,196)
	Transaction charges	(681)	(2,376)
	FX gains	56	2,088
	Total net capital gains	<u>124,957</u>	<u>(535,484)</u>
3	Revenue	31.01.20	31.01.19
		£	£
	Franked revenue	316,015	290,079
	Overseas revenue	9,847	15,300
	Bank interest	159	96
	Total revenue	<u>326,021</u>	<u>305,475</u>
4	Expenses	31.01.20	31.01.19
		£	£
	Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
	ACD fee	30,816	32,877
	Payable to the depositary, associates of the depositary, and agents of either of them:		
	Depositary fee	18,020	18,000
	Safe Custody fee	2,183	427
		<u>20,203</u>	<u>18,427</u>
	Other expenses		
	Audit fee	2,675	2,148
	FCA fee	59	107
	Transaction charges	5,890	8,158
	Investment Manager Association Fee	(140)	498
		<u>8,484</u>	<u>10,911</u>
	Total expenses	<u>59,503</u>	<u>62,215</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Taxation	31.01.20	31.01.19
	£	£
(a) Analysis of charge in the year		
Overseas tax withheld	-	-
Total tax charge for the year (note 5b)	-	-
(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% (2019: 20.00%). The differences are explained below:		
Net revenue before taxation	266,518	243,260
Corporation tax at 20.00% (2019: 20.00%)	53,304	48,652
<u>Effects of:</u>		
Revenue not subject to UK corporation tax	(65,204)	(61,136)
Current year expenses not utilized	11,900	12,484
Total tax charge for year (note 5a)	-	-
(c) Provision for deferred taxation		
At 31 January 2020 there is a potential deferred tax asset of £97,802 (31 January 2019: £85,902) in relation to surplus management expenses. It is unlikely the Company will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.		
6. Finance costs	31.01.20	31.01.19
	£	£
Interim income distributions	116,420	188,390
Interim accumulation distributions	69,278	98,636
Final income distribution	46,605	10,686
Final accumulation distribution	93,639	6,646
	325,942	304,358
Add: Revenue deducted on cancellation of shares	1,086	1957
Deduct: Revenue received on issue of shares	(1,007)	(840)
	326,021	305,475
Interest payable and similar charges	-	-
Total finance costs	326,021	305,475
Reconciliation of distributions		
Balance brought forward	-	-
Net revenue after taxation	266,518	243,260
Allocations to Capital:		
Expenses paid by capital	59,503	62,215
Balance carried forward		
Net distribution for the year	326,021	305,475

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Debtors	31.01.20	31.01.19
	£	£
Amounts receivable for issue of shares	301	11
Dividends receivable	12,301	17,080
Outstanding trade settlements	-	-
Prepaid costs	-	192
	<u>12,602</u>	<u>17,283</u>
Total debtors	<u>12,602</u>	<u>17,283</u>
8 Cash and bank balances	31.01.20	31.01.19
	£	£
Cash and bank balances	<u>81,272</u>	<u>71,254</u>
Bank overdrafts	<u>-</u>	<u>-</u>
9 Creditors	31.01.20	31.01.19
	£	£
Amounts payable on cancellation of shares	3,549	-
Other accrued expenses	18,358	11,355
	<u>21,907</u>	<u>11,355</u>
Total creditors	<u>21,907</u>	<u>11,355</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Units held

Class A Net Income

Opening units at 01.02.19	32,240
Units issued during the year	158
Units cancelled during the year	-
Units converted during the year	-
Closing units at 31.01.20	32,398

Class A Net Accumulation

Opening units at 01.02.19	96,109
Units issued during the year	-
Units cancelled during the year	(11,731)
Units converted during the year	(6,428)
Closing units at 31.01.20	77,950

Class X Net Income

Opening units at 01.02.19	3,981,175
Units issued during the year	3,557,076
Units cancelled during the year	(3,301,285)
Units converted during the year	-
Closing units at 31.01.20	4,236,966

Class X Net Accumulation

Opening units at 01.02.19	1,529,242
Units issued during the year	167,504
Units cancelled during the year	(517,029)
Units converted during the year	5,789
Closing units at 31.01.20	1,185,506

11. Financial instruments

In pursuing its investment objective as stated on page 1, the Company holds a number of financial instruments. The Company's financial instruments, other than derivatives, 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 Company'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 Company'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 company holds. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

The Company'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 year ended 31.01.20 would have increased/decreased by £576,401 (2019 – £588,536)

Foreign currency risk

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

The Fund had no significant exposure to foreign currency during the year

Interest rate risk

Interest rate risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates.

The Company does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

The Fund had no exposure to interest bearing securities in the year.

Maturity of financial liabilities

The financial liabilities of the company as at 31 January 2020 are payable either within one year or on demand.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Liquidity risk

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

Credit risk

Certain transactions in securities that the Company 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 Company has fulfilled its responsibilities. The Company 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.

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)	Liabilities (£'000)
A Quoted prices for identical instruments in active markets	5,764	-
Total	5,764	-

12. Contingent assets and liabilities

At 31 January 2020, the fund had no contingent liabilities or commitments (31 January 2019 £nil).

13. Post balance sheet events

Subsequent to the year end, the net asset value for each class has moved as follows as at 26.05.20:

Share Class	Value per share (p) 31.01.20	Value per share (p) 26.05.20
A Class Net Income	82.4683	64.6623
X Class Net Income	91.2207	71.7724
A Class Net Accumulation	134.2604	107.3934
X Class Net Accumulation	149.2190	119.7592

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Portfolio transaction costs

	31.01.20		31.01.19	
	£		£	
Analysis of total purchase costs				
Purchases in the year before transaction costs	410,052		426,617	
Commissions	343	0.08%	275	0.06%
Taxes	1,752	0.43%	2,178	0.51%
Levy	14	0.00%	-	0.00%
Total purchase costs	2,109	0.51%	2,453	0.57%
Total purchases including transaction costs	412,161		429,070	
Analysis of total sale costs				
Sales in year before transaction costs	663,371		645,408	
Commissions	(204)	0.03%	(159)	0.03%
Taxes	(15)	0.00%	(7)	0.00%
Total sale costs	(219)	0.03%	(166)	0.03%
Total sales net of transaction costs	663,152		645,242	

The following represents the total of each type of transaction cost, expressed as a percentage of the Fund's average net asset value in the year:

	2020	% of average net	2019	% of average
	£	asset value	£	net asset value
Commission	547	0.01%	434	0.01%
Taxes	1,752	0.03%	2,178	0.04%
Levy	29	0.00%	7	0.00%
	2,328	0.04%	2,619	0.05%

DISTRIBUTION TABLES

Month 1 distributions in pence per share – distribution number 53

Group 1: Shares purchased prior to 31 January 2019

Group 2: Shares purchased 31 January 2019 to 28 February 2019

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2019	2019	2019	2018
30.04.19	group 1	A Net Income	0.5731	-	0.5731	0.5806
30.04.19	group 2	A Net Income	0.5731	-	0.5731	0.5806
30.04.19	group 1	B Net Income	-	-	-	-
30.04.19	group 2	B Net Income	-	-	-	-
30.04.19	group 1	X Net Income	0.6282	-	0.6282	0.6306
30.04.19	group 2	X Net Income	0.4472	0.1810	0.6282	0.6306
30.04.19	group 1	A Net Accumulation	0.8827	-	0.8827	0.8516
30.04.19	group 2	A Net Accumulation	0.8827	-	0.8827	0.8516
30.04.19	group 1	B Net Accumulation	-	-	-	-
30.04.19	group 2	B Net Accumulation	-	-	-	-
30.04.19	group 1	X Net Accumulation	0.9722	-	0.9722	0.9290
30.04.19	group 2	X Net Accumulation	0.9654	0.0068	0.9722	0.9290

Month 2 distributions in pence per share – distribution number 54

Group 1: Shares purchased prior to 28 February 2019

Group 2: Shares purchased 28 February 2019 to 29 March 2019

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2019	2019	2019	2018
31.05.19	group 1	A Net Income	0.6688	-	0.6688	0.3662
31.05.19	group 2	A Net Income	0.6688	-	0.6688	0.3662
31.05.19	group 1	B Net Income	-	-	-	-
31.05.19	group 2	B Net Income	-	-	-	-
31.05.19	group 1	X Net Income	0.7336	-	0.7336	0.3979
31.05.19	group 2	X Net Income	0.1361	0.5975	0.7336	0.3979
31.05.19	group 1	A Net Accumulation	1.0372	-	1.0372	0.5406
31.05.19	group 2	A Net Accumulation	1.0372	-	1.0372	0.5406
31.05.19	group 1	B Net Accumulation	-	-	-	-
31.05.19	group 2	B Net Accumulation	-	-	-	-
31.05.19	group 1	X Net Accumulation	1.1430	-	1.1430	0.5900
31.05.19	group 2	X Net Accumulation	0.5455	0.5975	1.1430	0.5900

DISTRIBUTION TABLES (Continued)

Month 3 distributions in pence per share – distribution number 55

Group 1: Shares purchased prior to 31 March 2019

Group 2: Shares purchased 31 March 2019 to 30 April 2019

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2019	2019	2019	2018
28.06.19	group 1	A Net Income	0.4260	-	0.4260	0.4253
28.06.19	group 2	A Net Income	0.4260	-	0.4260	0.4253
28.06.19	group 1	B Net Income	-	-	-	-
28.06.19	group 2	B Net Income	-	-	-	-
28.06.19	group 1	X Net Income	0.4676	-	0.4676	0.4626
28.06.19	group 2	X Net Income	0.2831	0.1845	0.4676	0.4626
28.06.19	group 1	A Net Accumulation	0.6659	-	0.6659	0.6306
28.06.19	group 2	A Net Accumulation	0.6659	-	0.6659	0.6306
28.06.19	group 1	B Net Accumulation	-	-	-	-
28.06.19	group 2	B Net Accumulation	-	-	-	-
28.06.19	group 1	X Net Accumulation	0.7343	-	0.7343	0.6890
28.06.19	group 2	X Net Accumulation	0.4951	0.2392	0.7343	0.6890

Month 4 distributions in pence per share – distribution number 56

Group 1: Shares purchased prior to 30 April 2019

Group 2: Shares purchased 30 April 2019 to 31 May 2019

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2019	2019	2019	2018
31.07.19	group 1	A Net Income	0.5345	-	0.5345	0.5440
31.07.19	group 2	A Net Income	0.5345	-	0.5345	0.5440
31.07.19	group 1	B Net Income	-	-	-	-
31.07.19	group 2	B Net Income	-	-	-	-
31.07.19	group 1	X Net Income	0.5872	-	0.5872	0.5923
31.07.19	group 2	X Net Income	0.5029	0.0843	0.5872	0.5923
31.07.19	group 1	A Net Accumulation	0.8397	-	0.8397	0.8104
31.07.19	group 2	A Net Accumulation	0.8397	-	0.8397	0.8104
31.07.19	group 1	B Net Accumulation	-	-	-	-
31.07.19	group 2	B Net Accumulation	-	-	-	-
31.07.19	group 1	X Net Accumulation	0.9267	-	0.9267	0.8862
31.07.19	group 2	X Net Accumulation	0.2379	0.6888	0.9267	0.8862

DISTRIBUTION TABLES (Continued)

Month 5 distributions in pence per share – distribution number 57

Group 1: Shares purchased prior to 31 May 2019

Group 2: Shares purchased 31 May 2019 to 28 June 2019

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2019	2019	2019	2018
30.08.19	group 1	A Net Income	0.2724	-	0.2724	0.3091
30.08.19	group 2	A Net Income	0.2724	-	0.2724	0.3091
30.08.19	group 1	B Net Income	-	-	-	-
30.08.19	group 2	B Net Income	-	-	-	-
30.08.19	group 1	X Net Income	0.2994	-	0.2994	0.3366
30.08.19	group 2	X Net Income	0.2733	0.0261	0.2994	0.3366
30.08.19	group 1	A Net Accumulation	0.4306	-	0.4306	0.4632
30.08.19	group 2	A Net Accumulation	0.4306	-	0.4306	0.4632
30.08.19	group 1	B Net Accumulation	-	-	-	-
30.08.19	group 2	B Net Accumulation	-	-	-	-
30.08.19	group 1	X Net Accumulation	0.4755	-	0.4755	0.5066
30.08.19	group 2	X Net Accumulation	0.2575	0.2180	0.4755	0.5066

Month 6 distributions in pence per share – distribution number 58

Group 1: Shares purchased prior to 28 June 2019

Group 2: Shares purchased 28 June 2019 to 31 July 2019

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2019	2019	2019	2019
30.09.19	group 1	A Net Income	0.0753	-	0.0753	0.0314
30.09.19	group 2	A Net Income	0.0149	0.0604	0.0753	0.0314
30.09.19	group 1	B Net Income	-	-	-	-
30.09.19	group 2	B Net Income	-	-	-	-
30.09.19	group 1	X Net Income	0.0828	-	0.0828	0.0343
30.09.19	group 2	X Net Income	0.0036	0.0792	0.0828	0.0343
30.09.19	group 1	A Net Accumulation	0.1194	-	0.1194	0.0472
30.09.19	group 2	A Net Accumulation	0.1194	-	0.1194	0.0472
30.09.19	group 1	B Net Accumulation	-	-	-	-
30.09.19	group 2	B Net Accumulation	-	-	-	-
30.09.19	group 1	X Net Accumulation	0.1319	-	0.1319	0.0516
30.09.19	group 2	X Net Accumulation	0.1319	-	0.1319	0.0516

DISTRIBUTION TABLES (Continued)

Month 7 distributions in pence per share – distribution number 59

Group 1: Shares purchased prior to 31 July 2019

Group 2: Shares purchased 31 July 2019 to 30 August 2019

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid /allocated
			2019	2019	2019	2018
31.10.19	group 1	A Net Income	1.0041	-	1.0041	0.8378
31.10.19	group 2	A Net Income	0.0030	1.0011	1.0041	0.8378
31.10.19	group 1	B Net Income	-	-	-	-
31.10.19	group 2	B Net Income	-	-	-	-
31.10.19	group 1	X Net Income	1.1054	-	1.1054	0.9136
31.10.19	group 2	X Net Income	0.8231	0.2823	1.1054	0.9136
31.10.19	group 1	A Net Accumulation	1.5938	-	1.5938	1.2598
31.10.19	group 2	A Net Accumulation	1.5938	-	1.5938	1.2598
31.10.19	group 1	B Net Accumulation	-	-	-	-
31.10.19	group 2	B Net Accumulation	-	-	-	-
31.10.19	group 1	X Net Accumulation	1.7628	-	1.7628	1.3802
31.10.19	group 2	X Net Accumulation	1.4865	0.2763	1.7628	1.3802

Month 8 distributions in pence per share – distribution number 60

Group 1: Shares purchased prior to 30 August 2019

Group 2: Shares purchased 30 August 2019 to 30 September 2019

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid /allocated
			2019	2019	2019	2018
29.11.19	group 1	A Net Income	0.2460	-	0.2460	0.1963
29.11.19	group 2	A Net Income	0.0491	0.1969	0.2460	0.1963
29.11.19	group 1	B Net Income	-	-	-	-
29.11.19	group 2	B Net Income	-	-	-	-
29.11.19	group 1	X Net Income	0.2710	-	0.2710	0.2142
29.11.19	group 2	X Net Income	0.2020	0.2508	0.2710	0.2142
29.11.19	group 1	A Net Accumulation	0.3953	-	0.3953	0.2979
29.11.19	group 2	A Net Accumulation	0.3953	-	0.3953	0.2979
29.11.19	group 1	B Net Accumulation	-	-	-	-
29.11.19	group 2	B Net Accumulation	-	-	-	-
29.11.19	group 1	X Net Accumulation	0.4376	-	0.4376	0.3252
29.11.19	group 2	X Net Accumulation	0.0243	0.4133	0.4376	0.3252

DISTRIBUTION TABLES (Continued)

Month 9 distributions in pence per share – distribution number 61

Group 1: Shares purchased prior to 30 September 2019

Group 2: Shares purchased 30 September 2019 to 31 October 2019

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid /allocated
			2019	2019	2019	2018
31.12.19	group 1	A Net Income	0.2936	-	0.2936	0.2429
31.12.19	group 2	A Net Income	0.0054	0.2882	0.2936	0.2429
31.12.19	group 1	B Net Income	-	-	-	-
31.12.19	group 2	B Net Income	-	-	-	-
31.12.19	group 1	X Net Income	0.3239	-	0.3239	0.2658
31.12.19	group 2	X Net Income	0.0345	0.2894	0.3239	0.2658
31.12.19	group 1	A Net Accumulation	0.4732	-	0.4732	0.3703
31.12.19	group 2	A Net Accumulation	0.4732	-	0.4732	0.3703
31.12.19	group 1	B Net Accumulation	-	-	-	-
31.12.19	group 2	B Net Accumulation	-	-	-	-
31.12.19	group 1	X Net Accumulation	0.5244	-	0.5244	0.4055
31.12.19	group 2	X Net Accumulation	0.0678	0.4566	0.5244	0.4055

Month 10 distributions in pence per share – distribution number 62

Group 1: Shares purchased prior to 31 October 2019

Group 2: Shares purchased 31 October 2019 to 29 November 2019

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid /allocated
			2019	2019	2019	2018
31.01.20	group 1	A Net Income	0.4033	-	0.4033	0.3611
31.01.20	group 2	A Net Income	0.1154	0.2879	0.4033	0.3611
31.01.20	group 1	B Net Income	-	-	-	-
31.01.20	group 2	B Net Income	-	-	-	-
31.01.20	group 1	X Net Income	0.4450	-	0.4450	0.3949
31.01.20	group 2	X Net Income	0.1358	0.3092	0.4450	0.3949
31.01.20	group 1	A Net Accumulation	0.6521	-	0.6521	0.5510
31.01.20	group 2	A Net Accumulation	0.6521	-	0.6521	0.5510
31.01.20	group 1	B Net Accumulation	-	-	-	-
31.01.20	group 2	B Net Accumulation	-	-	-	-
31.01.20	group 1	X Net Accumulation	0.7232	-	0.7232	0.6052
31.01.20	group 2	X Net Accumulation	0.6648	0.0584	0.7232	0.6052

DISTRIBUTION TABLES (Continued)

Month 11 distributions in pence per share – distribution number 63

Group 1: Shares purchased prior to 29 November 2019

Group 2: Shares purchased 29 November 2019 to 31 December 2019

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid /allocated
			2019	2019	2019	2018
28.02.20	group 1	A Net Income	0.1135	-	0.1135	0.1728
28.02.20	group 2	A Net Income	0.1135	-	0.1135	0.1728
28.02.20	group 1	B Net Income	-	-	-	-
28.02.20	group 2	B Net Income	-	-	-	-
28.02.20	group 1	X Net Income	0.1254	-	0.1254	0.1892
28.02.20	group 2	X Net Income	0.1012	0.0242	0.1254	0.1892
28.02.20	group 1	A Net Accumulation	0.1844	-	0.1844	0.2648
28.02.20	group 2	A Net Accumulation	0.1844	-	0.1844	0.2648
28.02.20	group 1	B Net Accumulation	-	-	-	-
28.02.20	group 2	B Net Accumulation	-	-	-	-
28.02.20	group 1	X Net Accumulation	0.2047	-	0.2047	0.2912
28.02.20	group 2	X Net Accumulation	0.1932	0.0115	0.2047	0.2912

Month 12 distributions in pence per share – distribution number 64

Group 1: Shares purchased prior to 31 December 2019

Group 2: Shares purchased 31 December 2019 to 31 January 2020

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2020	2020	2020	2019
31.03.20	group 1	A Net Income	0.0374	-	0.0374	0.2433
31.03.20	group 2	A Net Income	-	0.0374	0.0374	0.2433
31.03.20	group 1	B Net Income	-	-	-	-
31.03.20	group 2	B Net Income	-	-	-	-
31.03.20	group 1	X Net Income	0.0414	-	0.0414	0.2665
31.03.20	group 2	X Net Income	0.0033	0.0381	0.0414	0.2665
31.03.20	group 1	A Net Accumulation	0.0609	-	0.0609	0.3736
31.03.20	group 2	A Net Accumulation	0.0609	-	0.0609	0.3736
31.03.20	group 1	B Net Accumulation	-	-	-	-
31.03.20	group 2	B Net Accumulation	-	-	-	-
31.03.20	group 1	X Net Accumulation	0.0677	-	0.0677	0.4111
31.03.20	group 2	X Net Accumulation	0.0625	0.0052	0.0677	0.4111

DISTRIBUTION TABLES (Continued)

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 purpose.

Information for corporate shareholders

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

- i) 99.95% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 0.05% 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

Distribution

Distributions of the revenue of the Company will be made to shareholders on or before 31 March each year (final) and interim allocations of revenue at the end of each calendar month.

Taxation

The Company will pay no corporation tax on its profits for the year to 31 January 2020 and capital gains within the Company will not be taxed.

Individual shareholders

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 now standing at £2,000. UK resident shareholders are now subject to new, higher rates of tax on dividend income in excess of the annual allowance. The actual rate depends on the individual's tax rate band.

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 £12,000 (2019/2020) 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

Companies resident for tax purposes in the UK which hold shares should note that OEIC distributions are streamed into both franked and unfranked income. 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.

Debts of the ICVC fund

Unit holders of the ICVC are not liable for the debts of the ICVC.

INFORMATION FOR INVESTORS (Continued)

Issue and redemption of shares

Valu-Trac Investment Management Limited is the ACD and Registrar. Valu-Trac Investment Management Limited will receive requests for the purchase or sale of shares at any time during normal business hours. Instructions may be given by email to smartbeta@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.

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.

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 can hold is detailed on page 2. 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.

CORPORATE DIRECTORY

Authorised Corporate Director & Registrar	Valu-Trac Investment Management Limited Orton Moray IV32 7QE Telephone: 01343 880344 Fax: 01343 880267 E-mail: (smartbeta@valu-trac.com) Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
Director	Valu-Trac Investment Management Limited
Depository	NatWest Trustee and Depositary Services Limited Drummond House, 2 nd Floor , 1 Redheughs Avenue Edinburgh EH12 9RH Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority
Auditors	FKF Accounting Limited 4 th Floor Metropolitan House 31-33 High Street Inverness IV1 1HT