

VT MUNRO-SMART BETA FUND

**Annual Report and Financial Statements
for the year ended 31 January 2021**

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COMPANY OVERVIEW

Size of company £4,621,928

Launch date 22 July 2007

Company objective and policy 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.^

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 its forecast total dividend will be expected to make of the total income of all the companies held in the Sub-fund.

The Sub-fund may also invest in other transferable securities, bonds, collective investment schemes, money market instruments, cash and deposits.

It is the ACD's intention that derivatives be used for hedging purposes using efficient portfolio management style techniques.

The ACD does not intend to have an interest in any immovable property or tangible movable property.

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.

Type of Company

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").

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").

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.

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

The Instrument of Incorporation can be inspected at the office of the ACD.

The Company has no directors other than the ACD.

The base currency of the Company is UK sterling.

COMPANY OVERVIEW (Continued)

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	
Lump sum subscription:	A Class Shares = £1,000 B Class Shares = £100,000 X Class Shares = £250
Top-up:	A Class Shares = £1,000 B Class Shares = £1,000 X Class Shares = £100
Holding:	A Class Shares = £1,000 B Class Shares = £100,000 X Class Shares = £250
Redemption:	A Class Shares = Nil B Class Shares = Nil X Class Shares = Nil

The ACD may at its discretion accept subscriptions lower than the minimum amount.

ACD charges	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.
	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.
	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.

[^]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 ADVISER'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 97% 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 £880,339 exceeded subscriptions of £594,313 to give a net outflow of £286,026. This was compounded by the severe financial impacts of the covid crisis on the world economy so that the fund reduced in size by £1,142,086 from £5,764,014 to £4,621,928.

During the period the fund distributed £185,761 to investors. This was a large decrease on the £326,021 made the previous year as so many companies cut or reduced their dividends.

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

Due to these redemptions, and corporate actions, the fund sold shares in 22 holdings as detailed on page 13.

Purchases totaling £443,654 were made into 17 companies listed on page 13.

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 the previous year falling from £59,503 to £51,323 because of the 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 -5.7% for the year, a slight improvement on the -5.8% of last year. An alternative calculation which nets off sales against purchases and creations against redemptions, which is what happens in practice, gives a figure of 0.16%, again a better figure than the 0.22% last year. 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 decreased in value by 11.3%. This compared to a fall of 12.09% in the Freedom Smart-Beta UK Dividend Index to which it is benchmarked giving a gross outperformance of 0.79%. However, the cost of running the fund of 1.08% (for the X Accumulation shares) increases its outperformance, and tracking error, to 1.87%.

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 0.09% leaving an unexplained tracking error of 1.96%.

Because the fund 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 significant when comparing costs with passive funds that do. In fact, total transaction charges were only £2,716 last year of which £2,133 was stamp duty which represents a further 0.05%. Adding that cost back increases the tracking error, and outperformance, to 2.01%.

The current dividend yield of the fund at the end of the year was 3.2% which was higher than 90% of its competitors in the UK All Companies Sector, according to Trustnet.

INVESTMENT ADVISER'S REVIEW (continued)

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.

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 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.

A passive fund is simple and cheap to run. Many of the costs are fixed and this makes it very well placed to take advantage of economies of scale as the fund grows. The manager is keen to pass those benefits through to the investor and intends to reduce the AMC as the fund grows in size.

Robert Davies
Investment Adviser
11 March 2021

Note: Investments carry risks. Past performance is not a guide to future performance. Investors may not get back the amount invested.

PERFORMANCE RECORD

Financial Highlights

Class A Net Income GBP

	2021	2020	2019
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	82.4683	82.4994	91.7108
Return before operating charges	(8.9385)	6.2662	(3.4082)
Operating charges (note 1)	(1.5788)	(1.6493)	(1.6724)
Return after operating charges*	(10.5173)	4.6169	(5.0806)
Distributions on income units	(2.6096)	(4.6480)	(4.1308)
Closing net asset value per unit	69.3414	82.4683	82.4994

*after direct transactions costs of: 0.0455 0.0412 0.0697

Performance

Return after charges (12.75%) 5.60% (5.54%)

Other information

Closing net asset value	£18,240	£26,718	£26,598
Closing number of units	26,304	32,398	32,240
Operating charges (note 2)	2.08%	1.96%	1.92%
Direct transaction costs	0.06%	0.05%	0.08%

Prices

Highest unit price	84.68	87.73	95.02
Lowest unit price	54.39	79.85	78.08

Class X Net Income GBP

	2021	2020	2019
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	91.2207	90.3981	99.5546
Return before operating charges	(9.9553)	6.8227	(3.5842)
Operating charges (note 1)	(0.9108)	(0.8892)	(0.8738)
Return after operating charges*	(10.8661)	5.9335	(4.4580)
Distributions on income units	(2.8994)	(5.1109)	(4.6985)
Closing net asset value per unit	77.4552	91.2207	90.3981

*after direct transactions costs of: 0.0506 0.0454 0.0760

Performance

Return after charges (11.91%) 6.56% (4.48%)

Other information

Closing net asset value	£2,954,539	£3,864,990	£3,598,909
Closing number of units	3,814,515	4,236,966	3,981,175
Operating charges (note 2)	1.08%	0.96%	0.92%
Direct transaction costs	0.06%	0.05%	0.08%

Prices

Highest unit price	93.69	96.55	103.46
Lowest unit price	60.27	88.04	85.48

PERFORMANCE RECORD (Continued)**Financial Highlights (Continued)****Class A Net Accumulation GBP**

	2021	2020	2019
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	134.2604	127.0682	134.5121
Return before operating charges	(13.6567)	9.8137	(4.9327)
Operating charges (note 1)	(2.6233)	(2.6215)	(2.5112)
Return after operating charges*	(16.2800)	7.1922	(7.4439)
Closing net asset value per unit	117.9804	134.2604	127.0682
Retained distributions on accumulated units	4.3336	7.3351	6.4610
*after direct transactions costs of:	0.0757	0.0653	0.1046
Performance			
Return after charges	(12.13%)	5.66%	(5.53%)
Other information			
Closing net asset value	£81,297	£104,656	£122,123
Closing number of units	68,907	77,950	96,109
Operating charges (note 2)	2.08%	1.96%	1.92%
Direct transaction costs	0.06%	0.05%	0.08%
Prices			
Highest unit price	137.85	141.97	141.54
Lowest unit price	89.36	126.85	119.65

Class X Net Accumulation GBP

	2021	2020	2019
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	149.2190	139.8857	146.6612
Return before operating charges	(15.2770)	10.7534	(5.4574)
Operating charges (note 1)	(1.5209)	(1.4201)	(1.3181)
Return after operating charges*	(16.7979)	9.3333	(6.7755)
Closing net asset value per unit	132.4211	149.2190	139.8857
Retained distributions on accumulated units	4.8164	8.1041	6.7530
*after direct transactions costs of:	0.0845	0.0723	0.1146
Performance			
Return after charges	(11.26%)	6.67%	(4.62%)
Other information			
Closing net asset value	£1,569,104	£1,768,999	£2,139,190
Closing number of units	1,184,935	1,185,505	1,529,242
Operating charges (note 2)	1.08%	0.96%	0.92%
Direct transaction costs	0.06%	0.05%	0.08%
Prices			
Highest unit price	153.26	157.72	154.80
Lowest unit price	99.47	139.65	131.59

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 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 together with the ongoing charges included within the underlying Open Ended Investment Companies held within the Sub-fund's holdings.

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 SUMMARY

As at 31 January 2021

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities 99.60% (2020:99.21%)			
Equities - Incorporated in the United Kingdom 86.57% (2020:88.86%)			
Basic Materials 15.17% (2020:11.25%)			
Anglo American	2,960	72,557	1.57%
Antofagasta	1,425	20,648	0.45%
BHP Group	13,025	265,319	5.74%
Croda International	104	6,596	0.14%
Essentra	295	849	0.02%
EVRAZ	7,352	36,995	0.80%
Johnson Matthey	208	6,197	0.13%
Kaz Minerals	810	5,894	0.13%
Mondi	616	10,814	0.23%
Rio Tinto	4,815	272,433	5.89%
Victrex	127	3,001	0.06%
		<u>701,304</u>	<u>15.17%</u>
Consumer Goods 7.55% (2020:7.97%)			
Barratt Developments	6,375	40,940	0.89%
Bellway	152	4,175	0.09%
Burberry Group	406	7,066	0.15%
Carnival	1,995	24,100	0.52%
Cineworld Group	3,900	2,895	0.06%
Compass Group	2,642	34,749	0.75%
Dunelm Group	230	2,661	0.06%
Entain	1,803	22,330	0.48%
Howden Joinery Group	839	5,735	0.12%
InterContinental Hotels Group	209	9,478	0.21%
ITV	9,823	10,395	0.22%
Kingfisher	5,496	15,653	0.34%
Marks and Spencer Group	6,331	9,259	0.20%
Next	481	37,484	0.81%
Pearson	2,280	18,060	0.39%
Persimmon	2,102	54,011	1.17%
Smurfit Kappa Group	510	18,156	0.39%
Tui AG	5,081	17,728	0.38%
WH Smith	283	4,379	0.09%
Whitbread	211	5,928	0.13%
William Hill	1,340	3,611	0.08%
		<u>348,794</u>	<u>7.55%</u>

PORTFOLIO SUMMARY

As at 31 January 2021

	Nominal value or holding	Market value £	% of total net assets
Investment			
Consumer Services 16.72% (2020:15.31%)			
Associated British Foods	604	13,004	0.28%
British American Tobacco	9,400	253,495	5.48%
Britvic	423	3,188	0.07%
Diageo	3,394	99,818	2.16%
Imperial Brands	5,820	86,805	1.88%
WM Morrison Supermarkets	6,787	12,266	0.27%
PZ Cussons	572	1,406	0.03%
Reckitt Benckiser Group	1,325	81,912	1.77%
J Sainsbury	7,712	18,983	0.41%
Tate & Lyle	704	4,860	0.11%
Tesco	21,112	50,901	1.10%
Travis Perkins	214	2,915	0.06%
Unilever	2,435	103,889	2.25%
WPP	5,080	39,162	0.85%
		<u>772,602</u>	<u>16.72%</u>
Financials 16.89% (2020:22.21%)			
3i Group	1,052	11,730	0.25%
Admiral Group	907	26,475	0.57%
Ashmore Group	1,552	7,136	0.15%
Aviva	16,673	56,205	1.22%
Barclays	31,154	41,974	0.91%
Beazley	897	2,715	0.06%
Capital & Counties Properties	253	355	0.01%
Close Brothers Group	233	3,307	0.07%
Derwent London	88	2,798	0.06%
Direct Line Insurance Group	6,908	20,727	0.45%
Hargreaves Lansdown	550	9,423	0.20%
HSBC Holdings	65,215	251,583	5.44%
IG Group Holdings	449	3,366	0.07%
Intermediate Capital Group	577	9,962	0.22%
Investec	1,223	2,368	0.05%
Jupiter Fund Management	676	1,949	0.04%
Legal & General Group	29,417	73,131	1.58%
Lloyds Banking Group	156,015	51,118	1.11%
Londonmetric Property	1,825	4,166	0.09%
London Stock Exchange Group	357	30,706	0.66%
Man Group	7,520	11,041	0.24%
Melrose Industries	2,856	4,849	0.10%
Provident Financial	644	1,582	0.03%
Prudential	2,366	28,357	0.61%
Quilter	2,800	4,304	0.09%
RSA Insurance Group	2,646	17,868	0.39%
Schroders	255	8,795	0.19%
St. James Place	1,754	20,859	0.45%
Standard Chartered	6,170	27,784	0.60%
Standard Life Aberdeen	13,268	40,540	0.88%
TP ICAP	1,510	3,361	0.07%
		<u>780,534</u>	<u>16.89%</u>

PORTFOLIO SUMMARY

As at 31 January 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Healthcare 7.91% (2020:7.25%)			
AstraZeneca	2,185	165,798	3.59%
GlaxoSmithKline	13,425	183,761	3.98%
Smith & Nephew	1,045	16,140	0.35%
		<u>365,699</u>	<u>7.91%</u>
Industrials 4.02% (2020:3.92%)			
Aggreko	218	1,306	0.03%
Ashtead Group	288	10,741	0.23%
Babcock International Group	510	1,142	0.02%
BAE Systems	10,709	49,647	1.07%
Balfour Beatty	1,460	3,919	0.08%
Signature Aviation	1,245	5,141	0.11%
Vistry Group	168	1,420	0.03%
Bunzl	311	7,368	0.16%
Capita	2,055	730	0.02%
easyJet	384	2,813	0.06%
Electrocomponents	826	7,308	0.16%
FirstGroup	3,315	2,420	0.05%
G4S	2,772	7,213	0.16%
Hays	1,875	2,635	0.06%
HomeServe	655	6,930	0.15%
IMI	261	3,289	0.07%
Inchcape	580	3,886	0.08%
Intertek Group	94	5,228	0.11%
Meggitt	630	2,534	0.05%
Pagegroup	543	2,432	0.05%
National Express Group	977	2,446	0.05%
Rentokil Initial	1,339	6,731	0.15%
Rolls-Royce Holdings	3,119	2,905	0.06%
Rotork	730	2,402	0.05%
Royal Mail	2,243	9,127	0.20%
Serco Group	718	840	0.02%
DS Smith	1,909	7,033	0.15%
Smiths Group	555	7,764	0.17%
Spectris	101	3,121	0.07%
Spirax-Sarco Engineering	81	9,117	0.20%
Vesuvius	418	2,099	0.05%
Weir Group	212	4,094	0.09%
		<u>185,780</u>	<u>4.02%</u>

PORTFOLIO SUMMARY

As at 31 January 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Oil & Gas 6.67% (2020:10.06%)			
BP	68,000	187,204	4.05%
Royal Dutch Shell B	9,065	117,791	2.55%
John Wood Group	1,108	3,227	0.07%
		<u>308,222</u>	<u>6.67%</u>
Real Estate 2.54% (2020:2.70%)			
Berkeley Group Holdings	575	24,084	0.52%
British Land Company	3,380	15,438	0.33%
Land Securities Group	2,378	14,848	0.32%
SEGRO	2,146	20,499	0.44%
Taylor Wimpey	28,702	42,371	0.92%
		<u>117,240</u>	<u>2.54%</u>
Technology 0.99% (2020:0.52%)			
Airtel Africa	18,920	14,871	0.32%
Halma	398	10,002	0.22%
Moneysupermarket.Com Group	1,094	2,912	0.06%
Renishaw	126	7,604	0.16%
Sage Group	1,724	10,308	0.22%
		<u>45,697</u>	<u>0.99%</u>
Telecommunications 3.09% (2020:3.08%)			
BT Group	38,010	47,769	1.03%
Micro Focus International	688	3,067	0.07%
Talktalk Telecom Group	2,428	2,379	0.05%
Vodafone Group	71,075	89,555	1.94%
		<u>142,769</u>	<u>3.09%</u>
Utilities 5.04% (2020:4.61%)			
Centrica	25,823	13,624	0.29%
Drax Group	568	2,138	0.05%
National Grid	11,995	102,029	2.21%
Pennon Group	687	6,432	0.14%
Severn Trent	515	11,889	0.26%
SSE	4,590	68,483	1.48%
United Utilities Group	3,047	28,173	0.61%
		<u>232,768</u>	<u>5.04%</u>
Total Equities - incorporated in the United Kingdom		<u>4,001,409</u>	<u>86.57%</u>

PORTFOLIO SUMMARY

As at 31 January 2021

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - incorporated outwith the United Kingdom 13.03% (2020:10.33%)			
Basic Materials 3.78% (2020:2.67%)			
CRH	1,300	39,819	0.86%
Fresnillo	1,131	11,420	0.25%
Glencore	43,007	107,582	2.33%
Polymetal International	976	15,765	0.34%
		<u>174,586</u>	<u>3.78%</u>
Consumer Services 0.76% (2020:0.32%)			
Coca Cola HBC AG	309	6,698	0.14%
Informa	1,246	6,201	0.13%
Flutter Entertainment	162	22,263	0.48%
		<u>35,161</u>	<u>0.76%</u>
Financials 2.42% (2020:0.73%)			
Hiscox Ltd	778	7,256	0.16%
IWG	1,302	4,161	0.09%
Lancashire Holdings Ltd	1,674	11,308	0.24%
M&G	5,726	10,358	0.22%
Ninety One	611	1,408	0.03%
Phoenix Group Holdings	1,765	11,901	0.26%
Natwest Group	44,615	65,573	1.42%
		<u>111,965</u>	<u>2.42%</u>
Industrials 2.82% (2020:1.98%)			
DCC	108	5,978	0.13%
Experian	786	20,192	0.44%
Ferguson	551	47,414	1.03%
International Consolidated Airlines Group SA	250	359	0.01%
Relx	3,091	56,473	1.22%
		<u>130,415</u>	<u>2.82%</u>
Oil & Gas 3.20% (2020:4.60%)			
Petrofac Ltd	550	673	0.01%
Royal Dutch Shell A	10,785	147,291	3.19%
		<u>147,963</u>	<u>3.20%</u>
Technology 0.05% (2020:0.03%)			
Playtech	448	2,092	0.05%
		<u>2,092</u>	<u>0.05%</u>
Total Equities - incorporated outwith the United Kingdom		<u>602,183</u>	<u>13.03%</u>
Portfolio of investments		4,603,592	99.60%
Net other assets		19,588	0.42%
Adjustment to revalue from mid to bid prices		(1,252)	(0.03%)
		<u>4,621,928</u>	<u>100.00%</u>

SUMMARY OF MATERIAL PORTFOLIO CHANGES

	£
Total purchases for the year (note 14)	443,654
Airtel Africa	14,035
BHP Group	16,422
BP	83,893
British American Tobacco	50,588
Carnival	13,783
GlaxoSmithKline	17,460
Hammerson	785
HSBC Holdings	66,260
International Consolidated Airlines Group SA	10,849
Lloyds Banking Group	14,242
Rio Tinto	50,190
Royal Bank of Scotland Group	15,693
Royal Dutch Shell A	32,764
Royal Dutch Shell B	33,116
Tui AG	2,234
Unilever	20,290
Whitbread	1,050

	£
Total sales for the year (note 14)	690,578
AstraZeneca	15,261
Barclays	35,470
BHP Group	69,419
BP	67,522
British American Tobacco	62,545
Elementis	688
Flutter Entertainment	72
Galliford Try	378
Go-Ahead Group	821
Hammerson	875
HSBC Holdings	100,645
Hunting	448
International Consolidated Airlines Group SA	36,124
Investec	1
Lloyds Banking Group	40,637
Prudential	36,854
Rio Tinto	106,262
Rolls-Royce Holdings	5,983
Royal Dutch Shell A	50,284
Royal Dutch Shell B	59,869
Stagecoach Group	370
Tullow Oil	50

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 period which give a true and fair view of the financial position of the Company at the end of the financial period and its net revenue and net capital gains/(losses) for the period. In preparing these financial statements the Authorised Corporate Director is required to:

- > comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- > select suitable accounting policies and then apply them consistently.
- > make judgements and estimates that are reasonable and prudent.
- > prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

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

DIRECTOR'S STATEMENT

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 MA

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"), and 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 February 2021

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

Opinion

In our opinion, the financial statements of VT Munro Smart-Beta Fund (the "Company"):

> give a true and fair view of the financial position of the Company and of the sub-fund as at 31 January 2021 and of the net revenue/expenses and the net capital gains on the scheme property of the Company and of the sub-fund for the year 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 Investment Schemes sourcebook and the Instrument of Incorporation. VT Munro Smart-Beta Fund is an Open Ended Investment Company ('OEIC') with one sub-fund. The financial statements of the Company comprise the financial statements of the sub-fund.

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 2021; the statement of total return, and the statement of changes in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies; and notes to the financial statements.

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 Auditor's 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 includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 or the sub-fund's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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. However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's or the sub-fund's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information 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. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, 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.

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 for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Directors' Responsibilities, 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 the sub-fund'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 wind up or terminate the Company or sub-fund, 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. 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.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company or the sub-fund and judgements and assumptions made by management in their significant accounting estimates. Audit procedures performed included:

- > Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- > Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- > Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

Other required reporting

Opinion on other matters prescribed 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;
- > the financial statements are not in agreement with the accounting records.

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

Date:

STATEMENT OF TOTAL RETURN

For the year ended 31 January 2021

		31.01.21	31.01.20
	Notes	£	£
Income			
Net capital (losses)/gains	2		124,957
Revenue	3	185,913	326,021
Expenses	4	(51,323)	(59,503)
Interest payable and similar charges	6	(152)	-
Net revenue before taxation		134,438	266,518
Taxation	5	-	-
Net revenue after taxation		134,438	266,518
Total return before distributions		(733,986)	391,475
Finance costs: distributions	6	(185,761)	(326,021)
Changes in net assets attributable to shareholders from investment activities		(919,747)	65,454

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 January 2021

	31.01.21	31.01.20
	£	
Opening net assets attributable to shareholders	5,764,014	5,885,368
Amounts receivable on creation of shares	593,642	582,854
Amounts payable on cancellation of shares	(878,497)	(885,545)
Accumulation dividends retained	62,516	115,883
Changes in net assets attributable to shareholders from investment activities (see above)	(919,747)	65,454
Closing net assets attributable to shareholders	4,621,928	5,764,014

BALANCE SHEET

As at 31 January 2021		31.01.21		31.01.20
	Notes	£	£	
Assets				
Investment assets		4,602,341		5,717,129
Current assets				
Debtors	7	15,954		12,602
Cash and bank balances	8	<u>58,657</u>		<u>81,272</u>
Total current assets			<u>74,611</u>	<u>93,874</u>
Total assets		4,676,952		5,811,003
Current Liabilities				
Creditors	9	(36,020)		(21,907)
Distribution payable on income shares		<u>(19,004)</u>		<u>(25,082)</u>
Total current liabilities			<u>(55,024)</u>	<u>(46,989)</u>
Net assets attributable to shareholders		<u>4,621,928</u>		<u>5,764,014</u>

For the year ended 31 January 2021

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 31st January 2021

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 29th January 2021, 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 2021 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.

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	31.01.21	31.01.20
	£	£
The net capital (losses)/gains comprise:		
Non-derivative securities (losses)/gains	(867,720)	125,582
Transaction charges	(690)	(681)
FX gains	(14)	56
Total net capital (losses)/gains	<u>(868,424)</u>	<u>124,957</u>
3 Revenue	31.01.21	31.01.20
	£	£
Franked revenue	185,891	325,862
Bank interest	22	159
Total revenue	<u>185,913</u>	<u>326,021</u>
4 Expenses	31.01.21	31.01.20
	£	£
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
ACD fee	<u>24,360</u>	<u>30,816</u>
Payable to the depositary, associates of the depositary, and agents of either of them:		
Depositary fee	17,901	18,020
Safe custody fee	(1,397)	2,183
	<u>16,504</u>	<u>20,203</u>
Other expenses:		
Audit fee	2,424	2,675
FCA fee	77	59
Transaction charges	7,706	5,890
Investment Manager Association Fee	252	(140)
	<u>10,459</u>	<u>8,484</u>
Total expenses	<u>51,323</u>	<u>59,503</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation	31.01.21	31.01.20
	£	£
(a) Analysis of charge in the period		
UK corporation tax	-	-
Total tax charge for the period (note 5b)	-	-
(b) Factors affecting current tax charge for the period		
The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20.00%		
The differences are explained below:		
Net revenue before UK corporation tax	134,438	266,518
Corporation tax at 20.00%	26,888	53,304
<u>Effects of:</u>		
Revenue not subject to UK corporation tax	(37,178)	(65,204)
Current year expenses not utilised	10,290	11,900
Total tax charge for period (note 5a)	-	-
(c) Provision for deferred taxation		
At 31 January 2021 there is a potential deferred tax asset of £108,092 (31 January 2020: £97,802) 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	31.01.21	31.01.20
	£	£
Interim income distributions	103,070	116,420
Interim accumulation distributions	51,936	69,278
Final income distribution	19,004	46,605
Final accumulation distribution	10,580	93,639
	184,590	325,942
Add: Revenue deducted on cancellation of shares	1,842	1,086
Deduct: Revenue received on issue of shares	(671)	(1,007)
Net distribution for the period	185,761	326,021
Interest payable and similar charges	152	-
Total finance costs	185,913	326,021
Reconciliation of distributions		
Net revenue after taxation	134,438	266,518
Expenses Paid from capital	51,323	59,503
Net distribution for the period	185,761	326,021
7 Debtors	31.01.21	31.01.20
	£	£
Amounts receivable for issue of shares	5,498	301
Dividends receivable	10,320	12,301
Prepaid costs	136	-
Total debtors	15,954	12,602

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 Cash and bank balances	31.01.21	31.01.20
	£	£
Cash and bank balances	58,657	81,272

9 Creditors	31.01.21	31.01.20
	£	£
Amounts payable on cancellation of shares	27,102	3,549
Other accrued expenses	8,918	18,358
Total creditors	36,020	21,907

10 Financial instruments

In pursuing its investment objective as stated on page 6, the Company holds a number of financial instruments. The Company'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 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 period.

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 January 2021 would have increased/decreased by £460,234 (31 January 2020: £571,713).

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. 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 2021 are payable either within one year or on demand.

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.

10 Financial instruments (continued)

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's)	Liabilities (£000's)
A Quoted prices for identical instruments in active markets	4,602	-
Total	4,602	-

11 Units held

Class A Net Income

Opening units at 01.02.20	32,398
Units issued during the period	198
Units cancelled during the period	(6,292)
Units converted during the period	-
Closing units as at 29.01.21	26,304

Class A Accumulation

Opening units at 01.02.20	77,950
Units issued during the period	-
Units cancelled during the period	(9,043)
Units converted during the period	-
Closing units as at 29.01.21	68,907

Class X Net Income

Opening units at 01.02.20	4,236,966
Units issued during the period	437,920
Units cancelled during the period	(776,463)
Units converted during the period	(83,908)
Closing units as at 29.01.21	3,814,515

Class X Accumulation

Opening units at 01.02.20	1,185,505
Units issued during the period	198,291
Units cancelled during the period	(248,808)
Units converted during the period	49,947
Closing units as at 29.01.21	1,184,935

12 Contingent assets and liabilities

At 31 January 2021, the Company had no contingent liabilities or commitments

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 31 January 2021. Since that date, the Company's quoted price has moved as follows for each share class:

Share class	Price at 29 January 2020	Price at 26 May 2021
Class A Net Income	69.3414	75.1367
Class A Accumulation	117.9804	130.2892
Class X Net Income	77.4552	84.1924
Class X Accumulation	132.4211	146.6966

14 Portfolio transaction costs

	31.01.21		31.01.20	
Analysis of total purchase costs	£	% of total purchases	£	% of total purchases
Purchases in the period before transaction costs	441,294		410,052	
Commissions	213	0.05%	343	0.08%
Taxes	2,133	0.48%	1,752	0.43%
Levy	14	0.00%	14	0.00%
Total purchase costs	<u>2,360</u>	<u>0.53%</u>	<u>2,109</u>	<u>0.51%</u>
Total purchases including transaction costs	<u>443,654</u>		<u>412,161</u>	
Analysis of total sale costs	£	% of total sales	£	% of total sales
Sales in the period before transaction costs	690,934		663,371	
Commissions	(342)	0.05%	(204)	0.03%
Levy	(14)	0.00%	(15)	0.00%
Total sale costs	<u>(356)</u>	<u>0.05%</u>	<u>(219)</u>	<u>0.03%</u>
Total sales net of transaction costs	<u>690,578</u>		<u>663,152</u>	

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

	2021 £	% of average net asset	2020 £	% of average net asset
Commissions	555	0.01%	547	0.01%
Taxes	2,133	0.05%	1,752	0.03%
Levy	28	0.00%	29	0.00%
	<u>2,716</u>	<u>0.06%</u>	<u>2,328</u>	<u>0.04%</u>

DISTRIBUTION TABLES

Month 1 Distribution in pence per share - Distribution number 65

Group 1: Shares purchased prior to 31 January 2020

Group 2 : Shares purchased 31 January 2020 to 28 February 2020

Payment Date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution Paid/ Allocated 2020	Distribution Paid/ Allocated 2019
30.04.20	Group 1	A Net Income	0.6609	-	0.6609	0.5731
30.04.20	Group 2	A Net Income	0.6609	-	0.6609	0.5731
30.04.20	Group 1	B Net Income	-	-	-	-
30.04.20	Group 2	B Net Income	-	-	-	-
30.04.20	Group 1	X Net Income	0.7314	-	0.7314	0.6282
30.04.20	Group 2	X Net Income	0.6891	0.0423	0.7314	0.6282
30.04.20	Group 2	A Net Accumulation	1.0759	-	1.0759	0.8827
30.04.20	Group 2	A Net Accumulation	1.0759	-	1.0759	0.8827
30.04.20	Group 2	B Net Accumulation	-	-	-	-
30.04.20	Group 2	B Net Accumulation	-	-	-	-
30.04.20	Group 2	X Net Accumulation	1.1964	-	1.1964	0.9722
30.04.20	Group 2	X Net Accumulation	1.1301	0.0663	1.1964	0.9722

Month 2 Distribution in pence per share - Distribution number 66

Group 1: Shares purchased prior to 28 February 2020

Group 2 : Shares purchased 28 February 2020 to 31 March 2020

Payment Date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution Paid/ Allocated 2020	Distribution Paid/ Allocated 2019
29.05.20	Group 1	A Net Income	0.2652	-	0.2652	0.6688
29.05.20	Group 2	A Net Income	-	0.2652	0.2652	0.6688
29.05.20	Group 1	B Net Income	-	-	-	-
29.05.20	Group 2	B Net Income	-	-	-	-
29.05.20	Group 1	X Net Income	0.2935	-	0.2935	0.7336
29.05.20	Group 2	X Net Income	0.0532	0.2403	0.2935	0.7336
29.05.20	Group 2	A Net Accumulation	0.4357	-	0.4357	1.0372
29.05.20	Group 2	A Net Accumulation	0.4357	-	0.4357	1.0372
29.05.20	Group 2	B Net Accumulation	-	-	-	-
29.05.20	Group 2	B Net Accumulation	-	-	-	-
29.05.20	Group 2	X Net Accumulation	0.4845	-	0.4845	1.1430
29.05.20	Group 2	X Net Accumulation	0.1541	0.3304	0.4845	1.1430

DISTRIBUTION TABLES (Continued)

Month 3 Distribution in pence per share - Distribution number 67

Group 1: Shares purchased prior to 31 March 2020

Group 2 : Shares purchased 31 March 2020 to 30 April 2020

Payment Date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution Paid/ Allocated 2020	Distribution Paid/ Allocated 2019
30.06.20	Group 1	A Net Income	0.1245	-	0.1245	0.4260
30.06.20	Group 2	A Net Income	0.1245	-	0.1245	0.4260
30.06.20	Group 1	B Net Income	-	-	-	-
30.06.20	Group 2	B Net Income	-	-	-	-
30.06.20	Group 1	X Net Income	0.1379	-	0.1379	0.4676
30.06.20	Group 2	X Net Income	0.0541	0.0838	0.1379	0.4676
30.06.20	Group 2	A Net Accumulation	0.2064	-	0.2064	0.6659
30.06.20	Group 2	A Net Accumulation	0.2064	-	0.2064	0.6659
30.06.20	Group 2	B Net Accumulation	-	-	-	-
30.06.20	Group 2	B Net Accumulation	-	-	-	-
30.06.20	Group 2	X Net Accumulation	0.2197	-	0.2197	0.7343
30.06.20	Group 2	X Net Accumulation	0.1579	0.0618	0.2197	0.7343

Month 4 Distribution in pence per share - Distribution number 68

Group 1: Shares purchased prior to 30 April 2020

Group 2 : Shares purchased 30 April 2020 to 29 May 2020

Payment Date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution Paid/ Allocated 2020	Distribution Paid/ Allocated 2019
30.07.20	Group 1	A Net Income	0.2116	-	0.2116	0.5345
30.07.20	Group 2	A Net Income	0.0226	0.1890	0.2116	0.5345
30.07.20	Group 1	B Net Income	-	-	-	-
30.07.20	Group 2	B Net Income	-	-	-	-
30.07.20	Group 1	X Net Income	0.2348	-	0.2348	0.5872
30.07.20	Group 2	X Net Income	0.2075	0.0273	0.2348	0.5872
30.07.20	Group 2	A Net Accumulation	0.3514	-	0.3514	0.8397
30.07.20	Group 2	A Net Accumulation	0.3514	-	0.3514	0.8397
30.07.20	Group 2	B Net Accumulation	-	-	-	-
30.07.20	Group 2	B Net Accumulation	-	-	-	-
30.07.20	Group 2	X Net Accumulation	0.3915	-	0.3915	0.9267
30.07.20	Group 2	X Net Accumulation	0.0301	0.3614	0.3915	0.9267

DISTRIBUTION TABLES (Continued)

Month 5 Distribution in pence per share - Distribution number 69

Group 1: Shares purchased prior to 29 May 2020

Group 2 : Shares purchased 29 May 2020 to 30 June 2020

Payment Date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution Paid/ Allocated 2020	Distribution Paid/ Allocated 2019
31.08.20	Group 1	A Net Income	0.0657	-	0.0657	0.2724
31.08.20	Group 2	A Net Income	0.0010	0.0647	0.0657	0.2724
31.08.20	Group 1	B Net Income	-	-	-	-
31.08.20	Group 2	B Net Income	-	-	-	-
31.08.20	Group 1	X Net Income	0.0729	-	0.0729	0.2994
31.08.20	Group 2	X Net Income	0.0345	0.0384	0.0729	0.2994
31.08.20	Group 2	A Net Accumulation	0.1094	-	0.1094	0.4306
31.08.20	Group 2	A Net Accumulation	0.1094	-	0.1094	0.4306
31.08.20	Group 2	B Net Accumulation	-	-	-	-
31.08.20	Group 2	B Net Accumulation	-	-	-	-
31.08.20	Group 2	X Net Accumulation	0.1221	-	0.1221	0.4755
31.08.20	Group 2	X Net Accumulation	0.0940	0.0281	0.1221	0.4755

Month 6 Distribution in pence per share - Distribution number 70

Group 1: Shares purchased prior to 30 June 2020

Group 2 : Shares purchased 30 June 2020 to 30 July 2020

Payment Date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution Paid/ Allocated 2020	Distribution Paid/ Allocated 2019
30.09.20	Group 1	A Net Income	0.1602	-	0.1602	0.0753
30.09.20	Group 2	A Net Income	-	0.1602	0.1602	0.0753
30.09.20	Group 1	B Net Income	-	-	-	-
30.09.20	Group 2	B Net Income	-	-	-	-
30.09.20	Group 1	X Net Income	0.1779	-	0.1779	0.0828
30.09.20	Group 2	X Net Income	0.1001	0.0778	0.1779	0.0828
30.09.20	Group 2	A Net Accumulation	0.2671	-	0.2671	0.1194
30.09.20	Group 2	A Net Accumulation	0.2671	-	0.2671	0.1194
30.09.20	Group 2	B Net Accumulation	-	-	-	-
30.09.20	Group 2	B Net Accumulation	-	-	-	-
30.09.20	Group 2	X Net Accumulation	0.2981	-	0.2981	0.1319
30.09.20	Group 2	X Net Accumulation	0.0136	0.2845	0.2981	0.1319

DISTRIBUTION TABLES (Continued)

Month 7 Distribution in pence per share - Distribution number 71

Group 1: Shares purchased prior to 31 July 2020

Group 2 : Shares purchased 31 July 2020 to 31 August 2020

Payment Date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution Paid/ Allocated 2020	Distribution Paid/ Allocated 2019
30.10.20	Group 1	A Net Income	0.4712	-	0.4712	1.0041
30.10.20	Group 2	A Net Income	0.4712	-	0.4712	1.0041
30.10.20	Group 1	B Net Income	-	-	-	-
30.10.20	Group 2	B Net Income	-	-	-	-
30.10.20	Group 1	X Net Income	0.5262	-	0.5262	1.1054
30.10.20	Group 2	X Net Income	0.3821	0.1441	0.5262	1.1054
30.10.20	Group 2	A Net Accumulation	0.7879	-	0.7879	1.5938
30.10.20	Group 2	A Net Accumulation	0.7879	-	0.7879	1.5938
30.10.20	Group 2	B Net Accumulation	-	-	-	-
30.10.20	Group 2	B Net Accumulation	-	-	-	-
30.10.20	Group 2	X Net Accumulation	0.8728	-	0.8728	1.7628
30.10.20	Group 2	X Net Accumulation	0.7211	0.1517	0.8728	1.7628

Month 8 Distribution in pence per share - Distribution number 72

Group 1: Shares purchased prior to 31 August 2020

Group 2 : Shares purchased 31 August 2020 to 30 September 2020

Payment Date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution Paid/ Allocated 2020	Distribution Paid/ Allocated 2019
30.11.20	Group 1	A Net Income	0.1358	-	0.1358	0.2460
30.11.20	Group 2	A Net Income	0.0177	0.1181	0.1358	0.2460
30.11.20	Group 1	B Net Income	-	-	-	-
30.11.20	Group 2	B Net Income	-	-	-	-
30.11.20	Group 1	X Net Income	0.1510	-	0.1510	0.2710
30.11.20	Group 2	X Net Income	0.0077	0.1433	0.1510	0.2710
30.11.20	Group 2	A Net Accumulation	0.2287	-	0.2287	0.3953
30.11.20	Group 2	A Net Accumulation	0.2287	-	0.2287	0.3953
30.11.20	Group 2	B Net Accumulation	-	-	-	-
30.11.20	Group 2	B Net Accumulation	-	-	-	-
30.11.20	Group 2	X Net Accumulation	0.2556	-	0.2556	0.4376
30.11.20	Group 2	X Net Accumulation	0.0577	0.1979	0.2556	0.4376

DISTRIBUTION TABLES (Continued)

Month 9 Distribution in pence per share - Distribution number 73

Group 1: Shares purchased prior to 30 September 2020

Group 2 : Shares purchased 30 September 2020 to 30 October 2020

Payment Date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution Paid/ Allocated 2020	Distribution Paid/ Allocated 2019
31.12.20	Group 1	A Net Income	0.0693	-	0.0693	0.2936
31.12.20	Group 2	A Net Income	-	0.0693	0.0693	0.2936
31.12.20	Group 1	B Net Income	-	-	-	-
31.12.20	Group 2	B Net Income	-	-	-	-
31.12.20	Group 1	X Net Income	0.0771	-	0.0771	0.3239
31.12.20	Group 2	X Net Income	0.0006	0.0765	0.0771	0.3239
31.12.20	Group 2	A Net Accumulation	0.1169	-	0.1169	0.4732
31.12.20	Group 2	A Net Accumulation	0.1169	-	0.1169	0.4732
31.12.20	Group 2	B Net Accumulation	-	-	-	-
31.12.20	Group 2	B Net Accumulation	-	-	-	-
31.12.20	Group 2	X Net Accumulation	0.1308	-	0.1308	0.5244
31.12.20	Group 2	X Net Accumulation	0.0076	0.1232	0.1308	0.5244

Month 10 Distribution in pence per share - Distribution number 74

Group 1: Shares purchased prior to 30 October 2020

Group 2 : Shares purchased 30 October 2020 to 30 November 2020

Payment Date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution Paid/ Allocated 2020	Distribution Paid/ Allocated 2019
29.01.21	Group 1	A Net Income	0.2677	-	0.2677	0.4033
29.01.21	Group 2	A Net Income	0.2677	-	0.2677	0.4033
29.01.21	Group 1	B Net Income	-	-	-	-
29.01.21	Group 2	B Net Income	-	-	-	-
29.01.21	Group 1	X Net Income	0.2984	-	0.2984	0.4450
29.01.21	Group 2	X Net Income	0.1941	0.1043	0.2984	0.4450
29.01.21	Group 2	A Net Accumulation	0.4524	-	0.4524	0.6521
29.01.21	Group 2	A Net Accumulation	0.4524	-	0.4524	0.6521
29.01.21	Group 2	B Net Accumulation	-	-	-	-
29.01.21	Group 2	B Net Accumulation	-	-	-	-
29.01.21	Group 2	X Net Accumulation	0.5068	-	0.5068	0.7232
29.01.21	Group 2	X Net Accumulation	0.3643	0.1425	0.5068	0.7232

DISTRIBUTION TABLES (Continued)
Month 11 Distribution in pence per share - Distribution number 75

Group 1: Shares purchased prior to 30 November 2020

Group 2 : Shares purchased 30 November 2020 to 31 December 2020

Payment Date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution Paid/ Allocated 2020	Distribution Paid/ Allocated 2019
26.02.21	Group 1	A Net Income	0.1497	-	0.1497	0.1135
26.02.21	Group 2	A Net Income	0.1497	-	0.1497	0.1135
26.02.21	Group 1	B Net Income	-	-	-	-
26.02.21	Group 2	B Net Income	-	-	-	-
26.02.21	Group 1	X Net Income	0.1670	-	0.1670	0.1254
26.02.21	Group 2	X Net Income	0.1467	0.0203	0.1670	0.1254
26.02.21	Group 2	A Net Accumulation	0.2540	-	0.2540	0.1844
26.02.21	Group 2	A Net Accumulation	0.2540	-	0.2540	0.1844
26.02.21	Group 2	B Net Accumulation	-	-	-	-
26.02.21	Group 2	B Net Accumulation	-	-	-	-
26.02.21	Group 2	X Net Accumulation	0.2848	-	0.2848	0.2047
26.02.21	Group 2	X Net Accumulation	0.2214	0.0634	0.2848	0.2047

Month 12 Distribution in pence per share - Distribution number 76

Group 1: Shares purchased prior to 31 December 2020

Group 2 : Shares purchased 31 December 2020 to 29 January 2021

Payment Date	Unit Type	Share Class	Net Revenue 2021	Equalisation 2021	Distribution Paid/ Allocated 2021	Distribution Paid/ Allocated 2020
31.03.21	Group 1	A Net Income	0.0280	-	0.0280	0.0374
31.03.21	Group 2	A Net Income	-	0.0280	0.0280	0.0374
31.03.21	Group 1	B Net Income	-	-	-	-
31.03.21	Group 2	B Net Income	-	-	-	-
31.03.21	Group 1	X Net Income	0.0312	-	0.0312	0.0414
31.03.21	Group 2	X Net Income	0.0037	0.0275	0.0312	0.0414
31.03.21	Group 2	A Net Accumulation	0.0476	-	0.0476	0.0609
31.03.21	Group 2	A Net Accumulation	0.0476	-	0.0476	0.0609
31.03.21	Group 2	B Net Accumulation	-	-	-	-
31.03.21	Group 2	B Net Accumulation	-	-	-	-
31.03.21	Group 2	X Net Accumulation	0.0533	-	0.0533	0.0677
31.03.21	Group 2	X Net Accumulation	0.0109	0.0424	0.0533	0.0677

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 purposes.

Information for corporate shareholders

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

- i) 99.99% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 0.01% 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 2021 and capital gains within the Company will not be taxed.

Individual shareholders

Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. However, the first £12,300 (2020/2021) of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

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.

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 8.30am to 5.30pm. Instructions may be given by email to the below email address or by sending an application form to the Registrar. Application forms are available from the Registrar. (E-mail:Smartbeta@valu-trac.com).

The price of shares will be determined by reference to a valuation of the Company's net assets at 12 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 subsequently fails to be cleared.

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

A contract note giving details of the shares purchased and the price used will be issued by the Registrar by the end of the business day following the valuation point by reference to which the purchase price is determined.

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.

Remuneration: Information about the authorised fund manager (AFM) remuneration policies and disclosures is available from Valu-Trac Investment Management Limited on its website which can be found on the link below.
<https://www.valu-trac.com/VIML%20Remuneration%20Policy%20Statement.pdf>

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

CORPORATE DIRECTORY

Authorised Corporate Director & Registrar	Valu-Trac Investment Management Limited Orton Fochabers Moray IV32 7QE Telephone: 01343 880344 Fax: 01343 880267 Email: Smartbeta@valu-trac.com Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
Director	Valu-Trac Investment Management Limited as ACD
Depositary	NatWest Trustee and Depositary Services Limited House A Floor 0, 175 Glasgow Road Gogarburn Edinburgh EH12 1HQ Authorised and regulated by the Financial Conduct Authority
Auditor	FKF Accounting Limited 4th Floor Metropolitan House 31-33 High Street Inverness IV1 1HT

Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Munro Smart-Beta Fund on the outcome of the AFM's assessment of the value provided to shareholders

For the year ended 31 January 2021

This assessment is to establish what the VT Munro Smart-Beta Fund (the fund) has delivered to you in return for the price you have had to pay.

The AFM is the Authorised Corporate Director of the fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is also Valu-Trac Investment Management Limited.

The fund was launched on 22 July 2007. There are currently 4 share classes held. These are Class A Net Income and Net Accumulation and Class X Net Income and Net Accumulation.

The objective of the VT Munro Smart-Beta UK Fund is to maximize the overall return by seeking to replicate the performance of the Freedom Smart-Beta UK Dividend Index.

The fund will invest mainly in UK securities listed on the London Stock Exchange. The 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 fund will be determined by the proportion that its forecast total dividend will be expected to make of the total income of all the companies held in the fund.

	At and for the year ended				
	31-Jan 2021¹	31-Jan 2020¹	31-Jan 2019¹	31-Jan 2018¹	31-Jan 2017¹
Value of fund (Per the Performance Record)					
A Net Income	£18k	£27k	£27k	£30k	£28k
A Net Accumulation	£81k	£105k	£122k	£185k	£232k
X Net Income	£2,955k	£3,865k	£3,599k	£4,117k	£3,862k
X Net Accumulation	£1,569k	£1,769k	£2,139k	£2,319k	£2,150k
Shares outstanding					
A Net Income	26k	32k	32k	32k	32k
A Net Accumulation	69k	78k	96k	138k	189k
X Net Income	3,815k	4,237k	3,981k	4,135k	4,108k
X Net Accumulation	1,185k	1,186k	1,529k	1,582k	1,622k
NAV per share					
A Net Income	69.34p	82.47p	82.50p	91.71p	87.47p
A Net Accumulation	117.98p	134.26p	127.07p	134.51p	122.79p
X Net Income	77.46p	91.22p	90.40p	99.55p	94.03p
X Net Accumulation	132.42p	149.22p	139.89p	146.66p	132.55p
Dividend per share					
A Net Income	2.61p	4.65p	4.13p	3.97p	3.78p
A Net Accumulation	4.33p	7.34p	6.46p	5.67p	4.87p
X Net Income	2.90p	5.11p	4.70p	4.28p	3.91p
X Net Accumulation	4.82p	8.10p	6.75p	6.11p	5.38p

Net (losses)/gains before expenses

Capital gain/(losses)	(£868k)	£126k	(£533k)	£438k	£1,144k
Total Net gain/(losses)	(£682k)	£452k	(£228k)	£734k	£1,404k

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

The fund follows the Freedom Smart-Beta UK Dividend Index in order to determine the asset allocation it has, so it is appropriate to consider the fund's performance against it (see 2. Performance below)

The table below shows the increase/(decrease) in the value of the shares over the past 5 years whilst in the Performance section below, a further table considers the total return position of the share classes.

	Cumulative gain to 31 Jan 2021
	5 years
Increase/(decrease) in NAV per share	
A Net Income (dividends not added back)	(5%)
A Net Accumulation	21%
X Net Income (dividends not added back)	(0%)
X Net Accumulation	27%

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

1. Quality of service

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

Depository – NatWest Trustee and Depository Services Limited

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

The external audit is conducted by FKF Accounting Limited.

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. This also has ensured that the AFM has responded to any enquiries from shareholders fully and promptly.

2. Performance

The AFM has assessed performance of the fund net of all the charges that are outlined in its prospectus. The objective of the fund is to replicate the performance of the Freedom Smart-Beta UK Dividend Index. The below table shows the period under review performance and the cumulative performance since 2016 when the fund selected this benchmark. While the fund made losses in the period under

review it outperformed the benchmark in both the period under review and since the benchmark was introduced.

Share class (before operating charges)	2021 performance	Benchmark 2021 Performance ¹	Cumulative 6-year performance	Benchmark 6-year Performance ¹
A Net Income	(10.84%)	(12.09%)	18.49%	16.29%
A Net Accumulation	(10.17%)	(12.09%)	20.15%	16.29%
X Net Income	(10.91%)	(12.09%)	18.16%	16.29%
X Net Accumulation	(10.24%)	(12.09%)	19.77%	16.29%

Total return basis has distributions added back in for the Income share classes and before operating charges for all share classes.

1.The Freedom Smart-Beta UK Dividend Index is a total return index which includes the effect of dividend reinvestment. As such the Accumulation share classes more closely reflect the return of this index. The Income share classes distribute the income received which can result in an underperformance where the index is generally rising (you're not reinvesting the dividend to get a compounded additional growth), and a slight outperformance when the index is falling (you're not reinvesting the dividend to a compounded addition drop)

The AFM has also assessed the risk the fund took to achieve the above performance and is satisfied no excessive risk was undertaken. While under this most recent period capital has not been preserved, in general the fund has provided capital growth outperforming its benchmark while delivering a competitive level of income without incurring excessive risk (detailed analysis on how we have arrived at this conclusion can be provided on request).

3. AFM costs - general

The costs charged during the year ended 31 January 2021 were as follows:

	£	% of average fund value
Authorised Fund Manager fee	24,360	0.52%
Depositary fee	17,901	0.38%
Audit fee	2,424	0.05%
FCA fee	77	0.00%
Safe custody and transaction fees	7,251	0.16%
Total costs	52,013	1.11%

Losses for the year (capital and revenue) less costs were £733,986; there was no taxation.

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

It should be noted that the prospectus does allow for a dilution levy charged on transactions into or out of the fund if a) in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy, or b) there is a large transaction, being 5% or over of the Net Asset Value of the Fund. There was no dilution levy applied on the purchase and redemption of shares in the fund in the period under review.

The AFM has considered the costs charged to the fund by comparing the operating charges of the share classes to the average OCF of the largest 10 funds in the IA UK Equity Income Sector, retail classes where available. This is shown on the following page.

	Operating charges
A Class	2.08%
X Class	1.08%
IA UK Equity Income Sector (average of 10 largest funds)	1.32%

Source - Morningstar

The AFM has concluded that the costs are appropriate and justified for the fund. The Investment manager's fee (X shares) is considered good value as it is competitive for this style of fund and not considered excessive.

4. Economies of scale

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

5. Comparable services

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

6. Classes of units

As detailed below there are 4 share classes (income and accumulation for the Class A and Class X shares), available figures are given below. Each class of shares has its own rate for investment manager charges, as detailed below, with 2019 having the lowest percentage of operating charges so far.

	At and for the year ended				
	31-Jan 2021	31-Jan 2020	31-Jan 2019	31-Jan 2018	31-Jan 2017
Operating charges					
A Class	2.08%	1.96%	1.92%	2.11%	2.07%
X Class	1.08%	0.96%	0.92%	1.11%	1.07%

The A Class shares were designed for investors receiving advice through an IFA, whilst the X class shares are for those investors investing direct. The A class shares have an investment manager charge of 1.5%, whilst the X class shares have an investment management charge of 0.5% of the net asset value of those share classes.

CONCLUSION

In taking all of these criteria into consideration the AFM concludes that in assessing whether the payments out of the scheme property as set out in the prospectus are justified in the context of the overall value delivered to shareholders, the shareholders of VT Munro Smart-Beta UK Fund X have received good value over the longer term and the fund objectives have been met over all periods since the Freedom Smart-Beta UK Dividend Index benchmark was introduced. Investors in the VT Munro Smart-Beta UK Fund A would receive better value within the X share class and we are exploring the switching of these investors into the X share class.

28 May 2021