Statement by the Authorised Fund Manager (AFM) to the unitholders of the VT Argonaut European Alpha Fund on the outcome of the AFM's assessment of the value provided to unitholders

For the year ended 28 February 2023

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

Our assessment has been conducted against the seven factors outlined by the FCA and the Fund has been rated via a 'traffic light' system, where green (G) indicates receiving good value, amber (A) indicates receiving reasonable value and red (R) indicates not receiving good value.

The dashboard below shows the overall summary of this assessment, as at 28 February 2023:

	ality of	Per	formance	 M costs - eneral	Eco	nomies of scale		nparable ket rates	mparable ervices	Cl	asses of units	C	Overall
VT Argonaut European Alpha Fund	G	0	R	A		G		A	G		A	0	A
Class A Retail Net Accumulation	G		R	R		G		R	G		R		R
Class A Retail Net Income	G		R	R		G		R	G		R		R
Class A Retail Net Accumulation (EUR)	G		R	R		G		R	G		R		R
Class I Institutional Net Accumulation	G		R	G		G		A	G		G		A
Class I Institutional Net Income	G		R	G		G		A	G		G		A
Class I Institutional Net Accumulation (H)	G		R	G		G		A	G		G		A
Class I Institutional Net Accumulation (EUR)	G		R	G		G		A	G		G		A
Class R Retail Net Accumulation	G		R	G		G	0	A	G		G		A
Class R Retail Net Income	G		R	G		G		A	G		G		A

The dashboard below shows the overall summary for the previous assessment i.e. carried out as at 28 February 2022:

	ality of ervice	Per	formance	 M costs - general	Eco	nomies of scale	mparable ket rates	mparable ervices	Cl	asses of units	Overall
VT Argonaut European Alpha Fund	G	•	R	G		G	G	G		G	R
Class A	G		R	R		G	G	G		A	R
Class I	G		R	G		G	G	G		G	R
Class R	G		R	G		G	G	G		G	R

The VT Argonaut European Alpha Fund was launched on 14 July 2012.

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

The objective of the Fund is to achieve returns (capital and income) in excess of the returns of the Investment Association (IA) Europe ex UK Sector over the long term (five years).

The Fund will seek to achieve its objective by investing in a concentrated portfolio of approximately 30-60 stocks. The Fund will invest at least 80% in companies incorporated in countries in Europe. The Fund may also invest in companies that are headquartered or quoted outside Europe which derive a significant part of their business from Europe and whose securities are listed or traded on an eligible securities exchange.

The Fund will not concentrate on any particular sector but will invest in a broad range of companies without regard to market capitalisation.

The Fund may also invest in other equities, fixed interest, units in collective investment schemes, money market instruments and deposits.

The Fund may also make use of certain financial contracts known as derivatives and forward transactions for the purpose of efficient portfolio management, including the use of hedging techniques

and stock lending. It is not intended that the use of derivatives for efficient portfolio management purposes will increase the risk profile of the Fund.

The value of each share class at the end of the last five financial years are as follows:

At	and for the	year ended			
	28-Feb-23	28-Feb-22	28-Feb-21	28-Feb-20	28-Feb-19
Value of Fund					
(per Performance Record)					
Class A Retail Net Accumulation	£13.33m	£14.42m	£20.50m	£22.83m	£30.86m
Class A Retail Net Income	£0.26m	£0.26m	£0.27m	£0.29m	£0.33m
Class A Retail Net Accumulation (EUR)	€0.01m	€0.01m	€0.02m	€0.02m	€0.03m
Class I Institutional Net Accumulation	£2.56m	£2.72m	£3.74m	£5.30m	£8.82m
Class I Institutional Net Income	£1.01m	£1.75m	£2.07m	£3.99m	£6.33m
Class I Institutional Net Accumulation (H)	£0.18m	£0.20m	£0.16m	£0.19m	£0.54m
Class I Institutional Net Accumulation (EUR)	€0.07m	€0.07m	€0.07m	€4.75m	€4.56m
Class R Retail Net Accumulation	£9.37m	£10.04m	£13.45m	£15.92m	£19.15m
Class R Retail Net Income	£0.81m	£0.90m	£1.16m	£1.32m	£1.82m

Source: Valu-Trac, since 05/02/2021; prior to 05/02/2021, FundRock Partners Limited

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

1. Quality of service

The AFM includes the performance of following operational services in the assessment:

Fund Accounting & Administration – Valu-Trac Investment Management

Authorised Fund Manager - Valu-Trac Investment Management

Delegated Investment Management – Argonaut Capital Partners

Depositary – NatWest Trustee and Depositary Services Limited

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

The external audit is conducted by Johnston Carmichael LLP.

These services are essential in ensuring that the Fund operated efficiently and in the case of the Depositary and Custodian the service is supervised on an on-going daily basis by the AFM. As a unitholder 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 operating 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 unitholders can be certain that their instructions will be carried out efficiently and that

the reporting they receive is timely and focused. The AFM works closely with the investment manager to coordinate any required investment communications.

The AFM has concluded that the unitholders within the Fund are receiving good value for the quality of services provided by each party (detailed analysis on how we have arrived at this conclusion can be provided on request).

2. Performance

The AFM has assessed performance of the Fund net (after) of all the charges that are outlined in its prospectus.

The objective of the Fund is to achieve returns (capital and income) in excess of the returns of the Investment Association (IA) Europe ex UK Sector over the long term (five years).

While it may be possible to derive a specific, capital growth value for a number of share classes within the Fund, it is not possible to derive a specific capital growth figure for the selected performance comparator. Therefore, it is not possible to perform a comparison between Fund and performance comparator on this measure.

However, the table below shows the annual dividend yield for each share class over the near and longer term. The table also shows the average dividend yield for the performance comparator (noted as 'Indicative Market Dividend Yield'), for the most recent twelve-month period.

	Indicative Market Dividend Yield	12m to 28- Feb- 23	12m to 28- Feb- 22	12m to 28- Feb- 21	12m to 28- Feb- 20	12m to 28- Feb- 19	5 Years to Feb- 23
Class A Retail Net Accumulation	1.46%	4.38%	0.88%	0.29%	0.65%	0.69%	6.14%
Class A Retail Net Income	1.46%	4.34%	0.89%	0.29%	0.64%	0.69%	5.98%
Class A Retail Net Accumulation (EUR)	1.46%	4.19%	0.87%	0.29%	0.62%	0.68%	5.45%
Class I Institutional Net Accumulation	1.46%	5.39%	1.42%	0.77%	1.31%	1.18%	7.71%
Class I Institutional Net Income	1.46%	5.41%	1.42%	0.77%	1.32%	1.18%	8.95%
Class I Institutional Net Accumulation (H)	1.46%	5.29%	1.29%	0.00%	1.13%	1.18%	6.89%
Class I Institutional Net Accumulation (EUR)	1.46%	5.19%	1.44%	0.74%	1.26%	1.16%	7.62%
Class R Retail Net Accumulation	1.46%	5.46%	1.42%	0.77%	1.32%	1.18%	9.34%
Class R Retail Net Income	1.46%	5.42%	1.42%	0.77%	1.33%	1.18%	8.96%

Source: Valu-Trac / Morningstar

The net total return (combining capital growth and income) for each available share class and for the comparator, are shown in the table below. Shorter periods are also reviewed to provide context for longer term performance. This is after on-going charges (OCF). This includes the fee paid to the Investment Manager, and transaction costs, which vary depending on the class of shares.

Note the comparator has been adjusted for the relevant share class currencies to provide relevant comparison. Please also note that, for the hedged share class, no directly appropriate comparator may

be available. The performance of this share class, therefore, has been partly assessed in the context of the return(s) generated by the relevant, un-hedged share class, after making a reasonable allowance for current hedging arrangements and for hedging costs.

	2023 Performance	2023 Comparator Performance	5-Year Performance (per year)	5-Year Comparator Performance (per year)
Class A Retail Net Accumulation	4.38%	10.12%	-1.78%	6.15%
Class A Retail Net Income	5.64%	10.12%	-1.68%	6.15%
Class A Retail Net Accumulation (EUR)	-0.50%	5.24%	-1.64%	6.38%
Class I Institutional Net Accumulation	5.42%	10.12%	-0.79%	6.15%
Class I Institutional Net Income	7.23%	10.12%	-0.70%	6.15%
Class I Institutional Net Accumulation (H)	3.19%	n/a	0.49%	n/a
Class I Institutional Net Accumulation (EUR)	0.49%	5.24%	-0.70%	6.38%
Class R Retail Net Accumulation	5.42%	10.12%	-0.79%	6.15%
Class R Retail Net Income	7.24%	10.12%	-0.70%	6.15%

Source: Morningstar

The AFM has referred to both internal and external data sources for performance statistics, where the AFM has felt this to be appropriate. Typically, statistics such as capital gain and historic yield, are not readily available via external data sources.

The AFM has also assessed the investment risk within the Fund. The AFM has concluded that investment risk is not out of keeping for an actively managed Fund of this type. Further details may be provided upon request.

Each share class has generated a yield higher than that of the performance comparator, over the preceding twelve months.

The total net return performance of each share class is significantly below that of the performance comparator over the long term (where applicable).

The AFM has concluded that unitholders within the Fund are not receiving good value, with regard to performance.

3. AFM costs - general

The costs directly charged to the Fund, during the year ended 28 February 2023, were as follows:

	£	%age of average fund value
Investment manager's fee	315,942	1.10%
ACD fee	39,891	0.14%
Depositary fee	18,000	0.06%
Audit fee	8,724	0.03%
FCA fee	447	0.00%

Safe custody fee	3,163	0.01%
Transaction charges (custodian)	14,135	0.05%
Other expenses	10,758	0.04%
Total Costs	411,060	1.43%

Source: Valu-Trac

Each share class within the Fund has its own Annual Management Charge (AMC). The AMC of each share class within the Fund is shown in the table below. Note that the share class-specific AMCs may differ from the total costs % shown in the table above, as the total cost % figure is calculated at the level of the Fund rather than at the level of each share class.

	AMC
Class A Retail Net Accumulation	1.75%
Class A Retail Net Income	1.75%
Class A Retail Net Accumulation (EUR)	1.75%
Class I Institutional Net Accumulation	0.75%
Class I Institutional Net Income	0.75%
Class I Institutional Net Accumulation (H)	0.75%
Class I Institutional Net Accumulation (EUR)	0.75%
Class R Retail Net Accumulation	0.75%
Class R Retail Net Income	0.75%

Source: Valu-Trac

For an actively managed fund of this type, an AMC of 1.75% appears high and the AFM has concluded that unitholders in the A share class are not receiving good value, with regard to AFM costs.

For the I & R share classes the charges are lower. The AFM has concluded that unitholders in the I & R share classes are receiving good value, with regard to AFM costs.

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 unitholders. An example of this is the safe custody fee, where competitive rates have been negotiated due to the overall size of the AFM's total assets under management, and which have no minimum amount charged. As the AFM grows its total assets across all schemes it uses this purchasing power to benefit all schemes in this way

The AFM has therefore concluded that all unitholders within the Fund are receiving good value, with regard to economies of scale.

5. Comparable market rates

The AFM has considered the costs charged to the Fund by comparing the current ongoing charges (OCF) of the share classes to the average OCF of the IA Europe ex UK Sector, retail classes where available, alongside the historical change for each share class. This is shown below:

OCF	28-Feb-23	28-Feb-22	28-Feb-21	28-Feb-20	28-Feb-19
Class A Retail Net Accumulation	1.90%	1.91%	2.00%	2.04%	1.98%
Class A Retail Net Income	1.90%	1.91%	2.00%	2.04%	1.98%
Class A Retail Net Accumulation (EUR)	1.90%	1.91%	2.00%	2.04%	1.98%
Class I Institutional Net Accumulation	0.90%	0.91%	1.00%	1.04%	0.98%
Class I Institutional Net Income	0.90%	0.91%	1.00%	1.04%	0.98%
Class I Institutional Net Accumulation (H)	0.90%	0.91%	1.00%	1.09%	1.04%
Class I Institutional Net Accumulation (EUR)	0.90%	0.91%	1.00%	1.04%	0.98%
Class R Retail Net Accumulation	0.90%	0.91%	1.00%	1.04%	0.98%
Class R Retail Net Income	0.90%	0.91%	1.00%	1.04%	0.98%
IA Europe ex UK Sector Average	0.90%	-	-	-	-

Source: Valu-Trac / Morningstar

Unitholders within the Class A share class are currently paying an OCF greater than that of the market average for similar funds. This is would also appear to be among the most expensive among peers. Unitholders within the Class I and R share classes are currently paying an OCF in line with that of the market average for similar funds.

The AFM has therefore concluded that unitholders within the Class A share class are not receiving good value, with regard to market rates; whereas, unitholders within the Class I and R share classes are receiving reasonable value, with regard to market rates.

6. Comparable services

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

The AFM concludes that unitholders in all share classes are receiving good value, with regard to comparable services.

7. Classes of units

The AMC charged to the Class A share class includes rebates and trail commissions paid out, which is not considered in the ongoing charges. The AFM cannot be assured that in all cases this is being passed back to unitholders.

The GBP denominated Class A and Class R share classes have a minimum investment amount of £500. The EUR denominated Class A share class has a minimum investment amount of €2,500.

The GBP denominated Class I share class has a higher minimum of £3m and the EUR denominated Class I share class has a minimum investment amount of €3m.

A larger minimum amount helps the overall fund scale quicker, and the servicing required per £ / \in invested is generally lower; thus, lower ongoing charges.

The AFM has concluded that unitholders within the Class A share class are not receiving good value, with regard to classes of units.

The AFM has concluded that unitholders within the Class I and R share classes are receiving good value, with regard to classes of units.

CONCLUSION

Our assessment has been conducted against the seven factors outlined by the FCA and the Fund has been rated via a 'traffic light' system, where green (G) indicates receiving good value, amber (A) indicates receiving reasonable value and red (R) indicates not receiving good value.

	ality of	Per	formance	M costs - general	Eco	nomies of scale	mparable ket rates	mparable ervices	Cl	asses of units	C	Overall
VT Argonaut European Alpha Fund	G	0	R	A		G	A	G		A	0	A
Class A Retail Net Accumulation	G	0	R	R		G	R	G		R		R
Class A Retail Net Income	G		R	R		G	R	G		R		R
Class A Retail Net Accumulation (EUR)	G		R	R		G	R	G		R		R
Class I Institutional Net Accumulation	G		R	G		G	A	G		G		A
Class I Institutional Net Income	G		R	G		G	A	G		G		A
Class I Institutional Net Accumulation (H)	G		R	G		G	A	G		G		A
Class I Institutional Net Accumulation (EUR)	G		R	G		G	A	G		G		A
Class R Retail Net Accumulation	G		R	G		G	A	G		G		A
Class R Retail Net Income	G		R	G		G	A	G		G		A

In taking all of these criteria into consideration, the AFM has concluded 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 unitholders.

The total net performance of each Fund share class is significantly below that of the performance comparator, over the previous twelve months. More significantly, Fund performance is significantly below that of the performance comparator over the key investment horizon of five years. The AFM has concluded that unitholders within the Fund are not receiving good value, with regard to performance. The AFM will continue to monitor performance trends, and where appropriate will work with the Investment Manager to ensure the Fund is well positioned to perform in line with both its objectives and any performance comparator or benchmark.

The AFM has concluded that an AMC of 1.75% for the Class A shares, appears high, for an actively managed fund of this type. The AFM has concluded that unitholders in the Class A share class are not receiving good value, with regard to AFM costs. The AFM will continue to monitor costs, and will work with the Investment Manager, where appropriate, to ensure that costs reduce to an appropriate level.

The OCF of the Class A Shares is greater than that of the selected peer group average. The OCF of the Class A Shares would appear to be among the most expensive within that peer group. The AFM has concluded that unitholders within the Class A share class are not receiving good value, with regard to market rates. The AFM will continue to monitor all costs over the next 12 months, to ensure it continues to fall towards the average.

Overall, the AFM concludes that the unitholders of the VT Argonaut European Alpha Fund are receiving reasonable value.

The AFM is working with the Delegated Investment Manager to address the points raised within this assessment which have led to a conclusion of not receiving good value on some of the factors (performance, AFM Costs – General, Comparable Market Rates and Classes of Units). The Delegated Investment Manager has provided a commitment to improve the overall value delivered to shareholders. The AFM and the Depositary will continue to closely monitor the performance of the Fund to evaluate the effectiveness of the improvements delivered.

04/08/2023