

VT AI-FUNDS ICVC
(Sub-fund VT AI-FUNDS Tactical High Yield Bond)

Interim Report and Financial Statements (Unaudited)
for the six months to 31 October 2023

CONTENTS

	Page
Company Overview	1
Statement of the Authorised Fund Manager's (AFM's) Responsibilities	2
VT AI-FUNDS Tactical High Yield Bond	
Sub-fund Overview	3
Investment Manager's Review	5
Performance Record	6
Portfolio Statement	8
Summary of Material Portfolio Changes	9
Statement of Total Return	10
Statement of Changes in Net Assets Attributable to Shareholders	10
Balance Sheet	11
Distribution Tables	12
Information for Investors	13
Corporate Directory	14

COMPANY OVERVIEW

Type of Company: VT AI-FUNDS ICVC (the Company) is an open-ended investment company with variable capital incorporated in England and Wales under regulation 12 (Authorisation) of the Open Ended Investment Companies (OEIC) Regulations 2001 and authorised by the Financial Conduct Authority. The Company is incorporated under registration number IC016426.

The Company is a UCITS scheme as defined in the OEIC Regulations, and also an umbrella Company comprising one sub-fund, VT AI-FUNDS Tactical High Yield Bond ("the Sub-fund"). Shareholders are not liable for the debts of the Company.

A shareholder is not liable to make any further payment to the Company after they have paid the price on the purchase of the shares.

The Company was authorised by the FCA on 20 September 2019.

STATEMENT OF THE AUTHORISED FUND MANAGER'S (AFM's) RESPONSIBILITIES

The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Fund Manager to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Company at the end of the financial period and its net expenses and net capital losses for the period. In preparing these financial statements the Authorised Fund Manager 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 Fund Manager 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 Fund Manager 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 interim report.

David E. Smith CA

Valu-Trac Investment Management Limited
Authorised Fund Manager

Date 18 December 2023

SUB-FUND OVERVIEW

Name of Sub-fund	VT AI-FUNDS Tactical High Yield Bond
Size of Sub-fund	£10,866,780
Launch date	07 October 2019
Sub-fund objective and policy	<p>The investment objective of the Sub-fund is to provide consistent positive total returns of c. 6-9% per annum (net of fees) over a three year business cycle. Capital is in fact at risk and there is no guarantee that a positive return will be achieved over a three year, or any, period.</p> <p>The Sub-fund will seek to achieve its objective by using active systematic rules to invest almost exclusively (90%+) in a portfolio of high yielding fixed income collective investment schemes (CIS) (which may include funds managed and/or operated by the AFM) selected from a global market place.</p> <p>It is expected that CIS which the Sub-fund will invest will be very large (>\$1 billion) high yield fixed income funds. To reduce potential volatility from currency exposures the Sub-fund may invest (where available) in hedged share classes in a CIS which will mean currency exposures are hedged back to Sterling.</p> <p>If, in the opinion of the Investment Manager, market conditions deteriorate and become uncertain the Sub-fund's asset allocation may be tactically adjusted to increase the exposure to a range of money market and short dated bond CIS funds. If the conditions deteriorate even further, exposure may be made up to 30% into longer dated sovereign CIS funds.</p> <p>The Sub-fund may also invest in transferable securities, fixed income, money market instruments, deposits, cash and near cash.</p> <p>The Sub-fund will be actively managed.</p> <p>Save as noted above, the Sub-fund will not have any particular geographic, industry or economic sector focus and as such weightings in these may vary as required.</p> <p>The Sub-fund may hold derivatives for Efficient Portfolio Management (EPM) purposes (including hedging). It is not intended that the use of derivatives for EPM purposes will increase the risk profile of the Sub-fund.</p>
Benchmark	<p>The Sub-fund targets a return of 6-9% per annum over three year periods. The performance of the Sub-fund can be measured by considering if the returns fall within this range.</p>

SUB-FUND OVERVIEW (Continued)

Authorised Fund Manager (AFM)	Valu-Trac Investment Management Limited
Share classes	The Sub-fund currently has two share classes launched, the Class S (Accumulation) and the Class I (Accumulation).
Ex-distribution dates	31 October, 30 April
Distribution dates	31 December, 30 June
Individual Savings Account (ISA)	The Sub-fund is a qualifying investment for inclusion in an ISA.
Minimum investment*	
Lump sum subscription:	Class S (Accumulation) = £1,000 Class I (Accumulation) = £1,000
Top-up:	Class S (Accumulation) = £1,000 Class I (Accumulation) = £1,000
Holding:	Class S (Accumulation) = £1,000 Class I (Accumulation) = £1,000
Redemption:	N/A (provided minimum holding is maintained) for all classes
Switching:	N/A (provided minimum holding is maintained) for all classes
Initial charges*	Nil
Redemption and switching charges*	Nil

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

Class S shares are only available to platforms and investors in the early stage of the Sub-fund at the AFM's discretion.

Annual management charges

The Annual management charges:	Class S (Accumulation) = 0.98% per annum Class I (Accumulation) = 1.08% per annum
--------------------------------	--

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

The Investment Manager has, with the agreement of the AFM, undertaken that if the total ongoing charges figure (OCF) of the Sub-fund (as calculated at the end of the relevant accounting period) exceeds 0.98% in respect of the Class S Shares or 1.08% in respect of the Class I shares, the Investment Manager shall reimburse the Sub-fund for an amount which, when deducted from the operating costs incurred by the Sub-fund during the relevant accounting period, would result in the Sub-fund having a total OCF equal to 0.98% in respect of the Class S shares or 1.08% in respect of the Class I shares in the relevant accounting period.

INVESTMENT MANAGER'S REVIEW

We added the ability to increase diversification when we receive a signal to switch into defensive regime 4, by adding Vanguard UK Long Duration Gilt Index to our potential 'defensive fund' list. The Vanguard fund provides duration if required to defend the fund.

This brings the total number of potential 'risk on' funds to 27 and the total number of potential cautious funds to 26.

The strategy has been invested in high yield funds throughout the period.

High yield continued to hold up until October, but was then affected by sentiment on how far central banks would hike their rates to quell inflation.

Over the period the fund is down approximately 0.1% but the strategic bond sector is down approximately 1.4%. FE has given the fund 5 crowns and a fundinfo Risk Score of only 24. The FE fundinfo Risk Score range is between 20 (low) and 93 (high) for the Strategic Bond sector.

Unbiased Financial Group LLP (t/a AI-INVESTMENTS)
Investment Manager to the Fund
21 November 2023

PERFORMANCE RECORD

Financial Highlights

Class S (Accumulation)	Six month period		
	ended 31 October 2023	Year ended 30 April 2023	Year ended 30 April 2022
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	110.4947	111.0049	112.9710
Return before operating charges	0.4151	0.5751	(0.8686)
Operating charges (note 1)	(0.5411)	(1.0853)	(1.0975)
Return after operating charges *	(0.1260)	(0.5102)	(1.9661)
Closing net asset value per share	110.3687	110.4947	111.0049
Retained distributions on accumulation shares	2.3432	1.1524	3.0519
*after direct transactions costs of:	-	-	-
Performance			
Return after charges	(0.11%)	(0.46%)	(1.74%)
Other information			
Closing net asset value	£10,700,962	£8,799,273	£6,915,120
Closing number of shares	9,695,645	7,963,528	6,229,564
Operating charges (note 2)	0.98%	0.98%	0.98%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	113.0162	111.1880	114.9975
Lowest share price	109.6943	107.1871	110.7640

Class I (Accumulation)	Six month period		
	ended 31 October 2023	Year ended 30 April 2023	Year ended 30 April 2022
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	129.5426	130.2778	132.7354
Return before operating charges	0.5155	0.6678	(1.0373)
Operating charges (note 1)	(0.6990)	(1.4030)	(1.4203)
Return after operating charges *	(0.1835)	(0.7352)	(2.4576)
Closing net asset value per share	129.3591	129.5426	130.2778
Retained distributions on accumulation shares	2.7465	1.3574	3.595
*after direct transactions costs of:	-	-	-
Performance			
Return after charges	(0.14%)	(0.56%)	(1.85%)
Other information			
Closing net asset value	£165,818	£211,384	£175,469
Closing number of shares	128,184	163,177	134,688
Operating charges (note 2)	1.08%	1.08%	1.08%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	132.4752	130.4827	135.0825
Lowest share price	128.5927	125.7439	129.9965

PERFORMANCE RECORD (Continued)

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

Risk Profile

Based on past data, the Sub-fund is ranked a 4 on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document (30 April 2023: ranked 4). The Sub-fund is ranked 4 because monthly historical performance data indicates that average rises and falls in market prices would have occurred historically.

PORTFOLIO STATEMENT

As at 31 October 2023

Holding	Value £	% of total net assets
Collective Investment Schemes		
380,524 Aegon High Yield Bond Fund	457,520	4.21%
268 Amundi Index Euro High Yield Bond	267,022	2.46%
79 Amundi Index Pioneer US High Yield Bond	78,941	0.73%
6,433 AS SICAV I - Select Euro High Yield Bond	264,147	2.43%
899,152 BNY Mellon Efficient US Fallen Angels Beta	872,807	8.03%
1,687,489 BNY Mellon Efficient US High Yield Beta	1,804,938	16.61%
17,224 CG UK Global High Income Opportunities	168,963	1.55%
342,466 Federated Hermes Global High Yield Credit	346,986	3.19%
66,001 Invesco High Yield Fund	177,174	1.63%
706,667 JPM Global High Yield Bond	1,577,282	14.51%
847 JPM Europe High Yield Bond	90,565	0.83%
5,201 Legg Mason Western Asset US High Yield Fund	532,601	4.90%
34,688 Lord Abbett Global High Yield	351,734	3.24%
3,766 Nomura Funds Ireland-US High Yield Bond	536,132	4.93%
848 Nomura Funds Ireland-European High Yield Bond	90,814	0.84%
4,248 PGIM Broad Market U.S High Yield Bond	438,271	4.03%
771 PGIM European High Yield Bond Fund	83,167	0.77%
785 PGIM Global High Yield Bond	80,809	0.74%
11,162 PIMCO GIS Global High Yield Bond	170,223	1.57%
36,172 PIMCO GIS US High Yield Bond	782,404	7.20%
213,729 Royal London Global High Yield Bond	163,866	1.51%
10 UBAM Global High Yield Solution Extended Duration	1,038	0.01%
19 UBAM Absolute Return Low Vol Fixed Income	1,997	0.02%
2,417 UBAM Global High Yield Solution	348,933	3.21%
Portfolio of investments (30.04.2023: 87.47%)	9,688,334	89.15%
Net other assets (30.04.2023: 15.53%)	1,178,446	10.85%
	10,866,780	100.00%

SUMMARY OF MATERIAL PORTFOLIO CHANGES

	£
Total purchases for the period	2,120,000
BNY Mellon Efficient US High Yield Beta	400,000
JPM Europe High Yield Bond	90,000
JPM Global High Yield Bond	720,000
Nomura Funds Ireland-European High Yield Bd	90,000
Nomura Funds Ireland-US High Yield Bond	550,000
UBAM Global High Yield Solution	270,000

	£
Total sales for the period	-

No sales in the period

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

STATEMENT OF TOTAL RETURN

For the period ended 31 October (unaudited)	2023		2022	
	£	£	£	£
Income				
Net capital (losses)		(131,629)		(148,841)
Revenue	159,830		33,515	
Expenses	(71,377)		(54,316)	
Interest payable and similar charges	-		(1)	
Net revenue/(expenses) before taxation	88,453		(20,802)	
Taxation	-		-	
Net revenue/(expenses) after taxation		88,453		(20,802)
Total return before distributions		(43,176)		(169,643)
Finance costs		(207,177)		(13,606)
Changes in net assets attributable to shareholders from investment activities		(250,353)		(183,249)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 October (unaudited)	2023	2022
	£	£
Opening net assets attributable to shareholders	9,013,446	7,090,591
Amounts receivable on creation of shares	4,101,242	1,599,207
Amounts payable on cancellation of shares	(2,228,603)	(430,724)
Retained accumulation distributions	230,713	14,268
Dilution levies	335	-
Changes in net assets attributable to shareholders from investment activities (see above)	<u>(250,353)</u>	<u>(183,249)</u>
Closing net assets attributable to shareholders	<u>10,866,780</u>	<u>8,090,093</u>

The Investment Association SORP requires that comparatives are shown for the above report. As comparatives are shown for the comparable interim period the net asset value at the end of the period will not agree to the net asset value at the start of the period. The Company net asset value as at 30 April 2023 was £9,013,446.

BALANCE SHEET

As at (unaudited)	31.10.2023		30.04.2022	
	£	£	£	£
Assets				
Investment assets		9,688,334		7,613,809
Current assets				
Debtors	316,066		177,155	
Cash and bank balances	<u>1,233,152</u>		<u>1,584,403</u>	
Total current assets		<u>1,549,218</u>		<u>1,761,558</u>
Total assets		11,237,552		9,375,367
Current liabilities				
Bank overdraft	(241,908)		(215,653)	
Other creditors	<u>(128,864)</u>		<u>(146,268)</u>	
Total liabilities		<u>(370,772)</u>		<u>(361,921)</u>
Net assets attributable to shareholders		<u>10,866,780</u>		<u>9,013,446</u>

Accounting Policies

The accounting policies applied are consistent with those of the financial statements for the year ended 30 April 2023 and are described in those financial statements.

The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') Authorised Funds issued by the Investment Association in May 2014 and the amendments to the SORP issued by the IA in June 2017.

DISTRIBUTION TABLES

Interim interest distribution in pence per share

Group 1: Shares purchased prior to 01 May 2023

Group 2 : Shares purchased on or after 01 May 2023 and on or before 31 October 2023

Class S (Accumulation)	Net revenue 29.12.2023	Equalisation	Distribution 29.12.2023	Distribution 30.12.2022
Group 1	2.3432p	-	2.3432p	0.1914p
Group 2	1.1146p	1.2286p	2.3432p	0.1914p

Class I (Accumulation)	Net revenue 29.12.2023	Equalisation	Distribution 29.12.2023	Distribution 30.12.2022
Group 1	2.7465p	-	2.7465p	0.2245p
Group 2	1.2624p	1.4841p	2.7465p	0.2245p

INFORMATION FOR INVESTORS

Taxation

The Company will pay no corporation tax on its profits for the period ended 31 October 2023 and capital gains within the Company will not be taxed.

Individual shareholders

Income tax: Tax-free annual dividend allowance now standing at £1,000 (2023/24). UK resident shareholders are now subject to new, higher rates of tax on dividend income in excess of the annual allowance. UK resident shareholders are subject to tax on dividend income in excess of the annual allowance.

Capital gains tax: Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. The first £6,000 (2023/24) 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.

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

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

The AFM 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 AFM will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the AFM 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. Settlement is due by the purchaser T+4 days from the date of the contract note and should be made to the AFM's dealing account.

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

Where shares are redeemed, payment will be made no later than the close of business on the fourth business day following the next valuation point after receipt by the AFM of a request for redemption. The AFM may at its discretion accept subscriptions lower than the minimum amount.

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

CORPORATE DIRECTORY

Authorised Fund Manager & Registrar	Valu-Trac Investment Management Limited Mains of Orton Fochabers Moray IV32 7QE Telephone: 01343 880344 Fax: 01343 880267 Email: aifunds@valu-trac.com Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
Investment Manager	Unbiased Financial Group LLP (t/a AI-INVESTMENTS) 37 Dorset Road Merton Park London SW19 3EZ Authorised and regulated by the Financial Conduct Authority
Depository	NatWest Trustee and Depository Services Limited House A Floor 0, 175 Glasgow Road Gogarburn Edinburgh EH12 1HQ Authorised regulated by the Financial Conduct Authority
Auditor	Johnston Carmichael LLP Commerce House South Street Elgin IV30 1JE