

VT SG DEFINED RETURN ASSETS ICVC
(Sub-fund VT SG UK Defined Return Assets Fund)

Interim Report and Financial Statements (Unaudited)
for the six month period ended 31 January 2024

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COMPANY OVERVIEW

Type of Company

VT SG Defined Return Assets ICVC (the Company) is an investment company with variable capital incorporated in England and Wales under the OEIC Regulations with registered number IC001097 and authorised by the Financial Conduct Authority (PRN: 784172) pursuant to an authorisation order dated 12 September 2017. The Company has an unlimited duration.

The Company is a UCITS scheme and is an umbrella company (as defined in the OEIC Regulations). Each Sub-fund would be a UCITS scheme if it had a separate authorisation order.

Shareholders are not liable for the debts of the Company.

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 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 expenses and net capital gains 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:

SUB-FUND OVERVIEW

Name of Sub-fund	VT SG UK Defined Return Assets Fund
Size of Sub-fund	£18,692,505
Launch date	31 January 2018
Sub-fund objective and policy	<p>The investment objective of the VT SG UK Defined Return Assets Fund is to generate capital growth over the long term.</p> <p>The Sub-fund will seek to achieve its objective primarily via exposure (indirectly by way of a swap) to a portfolio of defined return investments, namely twelve rolling up to six year autocalls (each of which will have a potential maturity date on a different calendar month each year) which are designed to provide a defined return if the FTSE 100 is at, or above, a predefined level on a specified date. Capital is at risk and there is no guarantee that a positive return will be achieved over a 12 month, or any, period.</p> <p>The Sub-fund may also invest in transferable securities, bonds, money market instruments, deposits, cash and near cash.</p>
Derivatives	Derivatives will be used for the purposes of meeting the Sub-fund's investment objectives and may be used for efficient portfolio management purposes.
Benchmark	The Sub-fund does not have a specific benchmark. However, the performance of the Sub-fund can be assessed by considering whether the objective is achieved (i.e. whether there has been capital growth over the long term (5+ years)).
Ex-distribution dates	31 July and 31 January
Distribution dates	30 September and 31 March
Individual Savings Account (ISA)	The Sub-fund is a qualifying investment for inclusion in an ISA.
Minimum investment*	
Lump sum subscription:	Class A (Net Accumulation) = £5,000
Top-up:	Class A (Net Accumulation) = £1,000
Holding:	Class A (Net Accumulation) = £5,000
Redemption:	Class A (Net Accumulation) = N/A (provided minimum holding is maintained)
Switching:	Class A (Net Accumulation) = N/A (provided minimum holding is maintained)
Initial/Redemption/Switching charges	Nil

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

Annual management charges

The annual management charge is comprised of a fixed element and variable element as noted below.

The fixed element, which is equal to £30,000 per annum, increasing by the rise in the Consumer Price Index from 1 August 2018 and on 1 August annually, is taken from Class A shares pro-rata to their net asset value. In the event of negative inflation, the fixed element of the fee will remain unchanged.

The variable element in respect of the Class A shares is equal to 0.375% per annum of the net asset value of the Class A shares.

INVESTMENT MANAGER'S REVIEW

Performance

During the 6 months starting 1st August 2024 the fund increased by +2.60%. The annualised daily volatility of the Fund during the period was 5.1%.

Review

While the fund has no official comparator, investment exposure is to the FTSE 100 and for reference the FTSE 100 Total Return Index returned +0.85% over this financial period. The fund has completed its sixth year in operation having returned +27.49% since launch, with the reference FTSE 100 Total Return index rising +27.66% over the equivalent period.

Summary of Holdings

Asset Month Ref	Strike Level	Coupon	Strike Date	Next Autocall Date	Final Valuation Date	Assumed duration / time to kickout - years	GRY*	Autocall Coupons					
								Autocall #1 (100% Level)	Autocall #2 (100% Level)	Autocall #3 (95% Level)	Autocall #4 (90% Level)	Autocall #5 (85% Level)	Autocall #6 (80% Level)
January	7724.94	6.65%	09/01/23	05/01/25	05/01/29	1.93	8.20%	-	113.30%	119.95%	126.60%	133.25%	139.90%
February	7885.17	6.20%	08/02/23	05/02/24	05/02/29	2.02	7.91%	106.20%	112.40%	118.60%	124.80%	131.00%	137.20%
March	7929.92	6.35%	08/03/23	05/03/24	05/03/29	2.09	7.69%	106.35%	112.70%	119.05%	125.40%	131.75%	138.10%
April	7785.72	6.35%	11/04/23	05/04/24	05/04/29	2.18	7.30%	106.35%	112.70%	119.05%	125.40%	131.75%	138.10%
May	7741.33	6.70%	10/05/23	07/05/24	08/05/29	2.26	7.47%	106.70%	113.40%	120.10%	126.80%	133.50%	140.20%
June	7624.34	7.30%	07/06/23	05/06/24	05/06/29	0.35	15.46%	107.30%	114.60%	121.90%	129.20%	136.50%	143.80%
July	7256.94	7.80%	07/07/23	05/07/24	05/07/29	0.43	10.54%	107.80%	115.60%	123.40%	131.20%	139.00%	146.80%
August	7618.6	6.40%	10/08/23	05/08/24	06/08/29	0.51	13.48%	106.40%	112.80%	119.20%	125.60%	132.00%	138.40%
September	7441.72	6.75%	07/09/23	05/09/24	05/09/29	0.60	11.47%	106.75%	113.50%	120.25%	127.00%	133.75%	140.50%
October	7492.21	6.95%	09/10/23	07/10/24	05/10/29	0.66	11.09%	106.95%	113.90%	120.85%	127.80%	134.75%	141.70%
November	7401.72	6.80%	08/11/23	05/11/24	06/11/29	0.78	10.25%	106.80%	113.60%	120.40%	127.20%	134.00%	140.80%
December	7513.72	6.35%	07/12/23	05/12/24	05/12/29	0.85	10.96%	106.35%	112.70%	119.05%	125.40%	131.75%	138.10%
FUND						1.22	8.89%						

* per annum

Bold Autocall Coupons are the current potential returns based on the level of the FTSE 100 as of the 31st January 2024.

The first five legs in scope this period i.e. August, September, October, November and December triggered during the period and were replaced with coupons ranging from 6.35% (December) to 6.95% (October). The Gross Redemption Yield, the current expected yield of the Fund taking into account estimated fees for certain movements in the underlying indices given its current make-up, has reduced from 9.23% to 8.89% compared with the same period last year.

Outlook

As we enter an election year, the Bank of England has signalled it will maintain interest rates at the current level of 5.25%, continuing the pause from the 14 consecutive increases, as it tries to navigate a path between damping inflation back to target yet preventing the economy from tipping into recession. It recently dampened any expectation of imminent rate cuts with the most recent inflation data indicating a 4.0% year-on-year growth, well down from the 11.1% peak from the start of 2023. While inflation has reduced, enabling the Prime Minister Rishi Sunak to declare victory over one of his stated priorities which was to half the rate of inflation by the end of 2023, it remains persistently above target leaving the UK Chancellor, Jeremy Hunt, less room for manoeuvre in announcing tax cuts this March ahead of the general election forecast to be in the autumn.

Post the period end, the February leg has remained in place, with the underlying index failing to break through the strike level at the observation date.

Valu-Trac Investment Management Limited
Investment Manager to the Fund
06 March 2024

PERFORMANCE RECORD

Financial Highlights

Class A (Net Accumulation)

	Period ended 31 January 2024	Year ended 31 July 2023	Year ended 31 July 2022
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	124.2586	118.2300	114.5570
Return before operating charges	3.7461	6.8894	4.3597
Operating charges (note 1)	(0.5161)	(0.8608)	(0.6867)
Return after operating charges *	3.2300	6.0286	3.6730
Closing net asset value per share	127.4886	124.2586	118.2300
Retained distributions on accumulated shares	0.0263	0.0244	-
*after direct transactions costs of:	-	-	-
Performance			
Return after charges	2.60%	5.10%	3.21%
Other information			
Closing net asset value	£18,692,506	£21,817,434	£30,303,105
Closing number of shares	14,662,105	17,558,092	25,630,628
Operating charges (note 2)	0.82%	0.71%	0.59%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	127.6047	124.2586	119.5766
Lowest share price	121.1652	113.0569	111.9754

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.

Risk Profile

Based on past data, the Sub-fund is ranked a '6' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document (31 July 2023 ranked '6'). The Sub-fund is ranked '5' because monthly historical data indicates that it has experienced relatively high rises and falls in market prices historically. Please note that even the lowest risk class can lose money and that extreme market circumstances can mean you suffer severe losses in all cases.

PORTFOLIO STATEMENT

As at 31 January 2024

	Value £	% of net assets
AUTOCALLS (31.07.2023: 99.68%)		
1,476 SocGen Autocall Maturity Jan/2029	1,515,515	8.11%
1,486 SocGen Autocall Maturity Feb/2029	1,505,883	8.06%
1,514 SocGen Autocall Maturity Mar/2029	1,535,986	8.22%
1,487 SocGen Autocall Maturity Apr/2029	1,506,026	8.06%
1,493 SocGen Autocall Maturity May/2029	1,512,359	8.09%
1,509 SocGen Autocall Maturity Jun/2029	1,540,438	8.24%
1,535 SocGen Autocall Maturity Jul/2029	1,584,012	8.47%
1,512 SocGen Autocall Maturity Aug/2029	1,506,008	8.06%
1,565 SocGen Autocall Maturity Sep/2029	1,563,094	8.36%
1,525 SocGen Autocall Maturity Oct/2029	1,514,983	8.10%
1,557 SocGen Autocall Maturity Nov/2029	1,539,282	8.23%
1,576 SocGen Autocall Maturity Dec/2029	1,530,161	8.19%
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	18,353,747	98.19%
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Portfolio of investments (31.07.2023: 99.68%)	18,353,747	98.19%
Net other assets (31.07.2023: 0.32%)	338,758	1.81%
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	18,692,505	100.00%
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SUMMARY OF MATERIAL PORTFOLIO CHANGES

Total purchases for the period	£ 8,913,807
SocGen Autocall Maturity Sep/2029	1,875,582
SocGen Autocall Maturity Aug/2029	1,847,304
SocGen Autocall Maturity Oct/2029	1,775,708
SocGen Autocall Maturity Nov/2029	1,734,354
SocGen Autocall Maturity Dec/2029	1,680,859
Total sales for the period	£ 12,886,256
SocGen Autocall Maturity Sep/2028	1,910,146
SocGen Autocall Maturity Dec/2028	1,906,922
SocGen Autocall Maturity Nov/2028	1,889,074
SocGen Autocall Maturity Oct/2027	1,855,344
SocGen Autocall Maturity Aug/2028	1,847,304
SocGen Autocall Maturity Jul/2029	337,546
SocGen Autocall Maturity Mar/2029	332,898
SocGen Autocall Maturity Aug/2029	332,328
SocGen Autocall Maturity Jun/2029	331,797
SocGen Autocall Maturity Apr/2029	2,142,897
Other various sales	

The above transactions represent all of the purchases and the top 10 sales during the period.

STATEMENT OF TOTAL RETURN

For the period ended 31 January

	2024	2023
	£	£
Income		
Net capital gains	577,914	1,018,490
Revenue	5,542	1,865
Expenses	(83,078)	(96,493)
Interest payable and similar charges	<u>(154)</u>	<u>(2)</u>
Net expenses before taxation	(77,690)	(94,630)
Taxation	<u>-</u>	<u>-</u>
Net expenses after taxation	<u>(77,690)</u>	<u>(94,630)</u>
Total return before distributions	500,224	923,860
Finance costs: distributions	<u>(4,365)</u>	<u>(1,863)</u>
Changes in net assets attributable to shareholders from investment activities	<u>495,859</u>	<u>921,997</u>

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 January

	2024	2023
	£	£
Opening net assets attributable to shareholders	21,817,433	30,306,970
Amounts receivable on creation of shares	3,458,059	6,382,466
Amounts payable on cancellation of shares	(7,082,697)	(10,959,596)
Accumulation dividends retained	3,851	1,724
Changes in net assets attributable to shareholders from investment activities (see above)	<u>495,859</u>	<u>921,997</u>
Closing net assets attributable to shareholders	<u>18,692,505</u>	<u>26,653,561</u>

The Investment Association SORP requires that comparatives are shown for the above report. As comparatives should be 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 31 July 2023 was £21,817,433

BALANCE SHEET

As at	31.01.2024		31.07.2023	
	£	£	£	£
Assets				
Investment assets		18,353,747		21,747,993
Current assets				
Debtors	260,008		28,543	
Cash and bank balances	<u>486,447</u>		<u>432,092</u>	
Total current assets		<u>746,455</u>		<u>460,635</u>
Total assets		19,100,202		22,208,628
Current liabilities				
Creditors	(407,697)		(391,034)	
Bank overdrafts	<u>-</u>		<u>(161)</u>	
Total current liabilities		<u>(407,697)</u>		<u>(391,195)</u>
Net assets attributable to shareholders		<u>18,692,505</u>		<u>21,817,433</u>

Accounting policies

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2023 and are described in those financial statements.

The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') for 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 distribution in pence per share

Group 1: Shares purchased prior to 01 August 2023

Group 2 : Shares purchased on or after 01 August 2023 and on or before 31 January 2024

Class A (Net Accumulation)	Net Revenue 31.03.2024	Equalisation	Distribution 31.03.2024	Distribution 31.03.2023
Group 1	0.0263p	-	0.0263p	0.0079p
Group 2	0.0228p	0.0035p	0.0263p	0.0079p

INFORMATION FOR INVESTORS

Individual shareholders

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

Capital gains tax: Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. 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.

Taxation

The Sub-fund will pay no corporation tax for the period ended 31 January 2024 and capital gains within the Sub-fund will not be taxed.

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 prevailing rates and will be liable to tax accordingly. On realisation of their shares, UK resident companies may be liable to pay corporation tax on any capital gains.

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

Issue and redemption of shares

Valu-Trac Investment Management Limited is the 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 (sg@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 Sub-fund's net assets at 12 noon on each dealing day.

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

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 on the fourth business day from the date of the contract note and should be made to the Authorised Fund Manager's dealing account.

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

Where shares are redeemed, payment will be made not later than the close of business on the fourth business day following the next valuation point after receipt by the AFM of a request for redemption. The AFM may accept subscriptions lower than the minimum amount and also allow holdings under the minimum amount at its discretion.

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

CORPORATE DIRECTORY

Authorised Fund Manager, Administrator & Registrar	Valu-Trac Investment Management Limited Orton Fochabers Moray IV32 7QE Telephone: 01343 880344 Fax: 01343 880267 Email: sg@valu-trac.com Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
Director	Valu-Trac Investment Management Limited as AFM
Investment Manager	Valu-Trac Investment Management Limited
Depository	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	Johnston Carmichael LLP Commerce House South Street Elgin IV30 1JE