

## **VT CAPE WRATH FOCUS FUND**

**Interim Report and Financial Statements (Unaudited)  
for the six months ended 31 March 2024**

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

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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 revenue 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 FCA's Investment Funds Sourcebook ("FUND"), 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

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

David E. Smith CA

Valu-Trac Investment Management Ltd  
Authorised Fund Manager

Date

## COMPANY OVERVIEW

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<b>Name of Company</b>	VT Cape Wrath Focus Fund
<b>Size of Company</b>	£12,898,898
<b>Launch date</b>	03 October 2016
<b>Type of Company</b>	<p>VT Cape Wrath Focus Fund (the 'Company') is an investment company (company number IC001061) with variable capital incorporated in England and Wales under the Open Ended Investment Company Regulations 2001 (SI2001/1228).</p> <p>The Company was incorporated and authorised by the Financial Conduct Authority on 17 May 2016.</p> <p>The Company is a non-UCITS scheme (as defined in the OEIC Regulations).</p> <p>Shareholders are not liable for the debts of the Company.</p>
<b>Investment objective and policy</b>	<p>The investment objective of VT Cape Wrath Focus Fund is to generate capital growth over the long term (5 years).</p> <p>The company will aim to meet its objective by typically investing at least 70% in a concentrated portfolio of UK listed equities (however at times investments in equities may be less than 70% due to liquidity or market conditions). In addition to investing in equities, the Company may also invest in other transferable securities (such as bonds and gilts), collective investment schemes (that provide exposure to investments including equities and gilts) and which may include those managed and/or advised by the AFM or Investment Manager), money market instruments, deposits, cash and near cash.</p> <p>Derivatives and forward transactions may be held for efficient portfolio management purposes (although use of derivatives is expected to be limited).</p> <p>The Company will not have any particular industry or economic sector focus and as such weightings in these may vary as required.</p>
<b>Benchmark</b>	MSCI UK Net Dividends Reinvested Index - The performance of the Company for the purposes of the performance fee is compared against that of the benchmark. This benchmark has been selected as it is considered that this index most closely reflects the investments which the Company will make (and its risk/reward objectives). For the avoidance of doubt, the Investment Adviser and the AFM are not bound or influenced by the index when making their decisions and can make investments that are not included in the index.
<b>Derivatives</b>	The Company may hold derivatives only for efficient portfolio management purposes. It is not intended that the use of derivatives for efficient portfolio management purposes will increase the risk profile of the Company.
<b>Ex-distribution dates</b>	30 September and 31 March
<b>Distribution dates</b>	30 November and 31 May
<b>Individual Savings Account (ISA)</b>	The Company is a qualifying investment for inclusion in an ISA.
<b>Share Classes</b>	Class A (£) (Net Accumulation) Class B (£) (Net Accumulation)

## COMPANY OVERVIEW (Continued)

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### Minimum investment\*

Lump sum subscription:	Class A = £100,000 Class B = to 03 January 2023 = £100,000, from 03 January 2023 = £1,000
Top-up:	Class A = £20,000 Class B = to 03 January 2023 = £20,000, from 03 January 2023 = £100
Holding:	Class A = £100,000 Class B = to 03 January 2023 = £100,000, from 03 January 2023 = £1,000
Redemption:	Class A = N/A (provided minimum holding is maintained) Class B = N/A (provided minimum holding is maintained)
Switching:	N/A (provided minimum holding is maintained)
Initial charges	Nil

\*The AFM may at its discretion waive the Initial Charges and accept subscriptions lower than the minimum amount.

### Performance fee

Following the changes to the fee arrangements as shown below there is no performance fee to the class B shares. The performance fee arrangements in respect of Class A shares as stated above has not being changed.

### Annual management charges

Class A	0.30% per annum of the Net Asset Value
Class B	0.75% per annum of the Net Asset Value

The Investment Manager of the Company has undertaken to absorb any costs (excluding the effect of the performance fee and underlying collective investment undertaking holding charges) that would otherwise cause the Company to have operating expenses in excess of 0.45% for the Class A shares and 0.90% for the Class B shares.

## INVESTMENT MANAGER'S REVIEW

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During the half year to 31 March 2024, the Fund (VT Cape Wrath Focus Fund A-shares, GBP) delivered a 7.3% return, in-line with the 7.0% delivered by our Benchmark (MSCI UK IMI net dividends reinvested, GBP). The Fund saw four exits and five new positions in the period, leaving 23 equity holdings and a closing cash position of just under 7%.

In December 2023 we exited our position in the sofa and carpet retailer, SCS Group (SCS). At the start of the period the shares were trading for 170p, versus net cash on the balance sheet of 182p / share. As we noted in our commentary earlier in the year, 'an acquirer could pay a... premium for SCS simply by handing shareholders back their own cash'. And while the market appeared indifferent to this valuation anomaly, the Italian furniture retailer, Poltronasofà, was not, with the board of SCS agreeing a takeover at 280p, allowing the Fund to achieve a 53% return on the holding during the period. Poltronasofà's offer was consistent with our target price for SCS of 287p.

Later that same month, the proceeds of our SCS sale were recycled into a new holding in the specialist media business, Future PLC (FUTR). FUTR had de-rated from a peak forward P/E of 28.1x (at 3,910p) to a trough of 4.4x (at 594p), as the market realised that growth was more cyclical than previously thought. FUTR's titles are for readers who are prepared to pay for editorial / curated content ('MoneyWeek', 'The Week Junior'); or those seeking information to guide a purchasing decision (and so of high value to advertisers and retailers). The Group also owns the price comparison site Go.Compare. The new CEO has shifted capital allocation from M&A to organic investment in content, and initiated a share buy-back.

At the start of the period our largest holding was Gulf Marine Services (GMS), which owns and operates a fleet of offshore support vessels, serving oil & gas and wind farm clients in shallow waters around Europe and the Middle East. Thanks to position size and a 50% share price appreciation during the period (positive news flow on day rates and utilisation), GMS was the top contributor to overall Fund performance, adding over 3% to NAV.

A number of our holdings lost value during the period, but the smaller average position size of these losers, relative to the winners, supported the positive performance of the Fund as a whole. The largest detractor during the period was TheWorks.co.uk (WRKS), which suffered a profit warning in November 2023 due to softening customer demand heading into the key Christmas trading period. As a consequence, WRKS shares fell by 31% during the half year, with a negative impact on NAV of just over 1%.

With the Fund approaching its eighth birthday, we have some context in which to place the current environment in UK Valueland. Over 80% of the portfolio trades on a forward consensus P/E ratio of <10x. Almost 30% of the portfolio trades on a forward consensus FCFE yield of >10%. Notwithstanding that valuation is only one part of the risk-return equation, the current opportunity set is compelling.

Adam Rackley  
Investment Manager to the Fund  
30 May 2024

## PERFORMANCE RECORD

### Financial Highlights

Class A (£) Net Accumulation	Six months to 31 March 2024	Year ended 30 September 2023	Year ended 30 September 2022
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	130.4339	112.6626	139.3163
Return before operating charges	9.8087	18.2575	(26.1623)
Operating charges (note 1)	(0.3042)	(0.4862)	(0.4914)
Return after operating charges*	9.5045	17.7713	(26.6537)
Closing net asset value per share	139.9384	130.4339	112.6626
Retained distributions on accumulated shares	1.4634	3.4874	3.1087
*after direct transaction costs of:	0.2704	0.3525	0.4284
Performance			
Return after charges	7.29%	15.77%	(19.13%)
Other information			
Closing net asset value	£12,176,900	£8,487,748	£6,251,640
Closing number of shares	8,701,615	6,507,319	5,548,995
Operating charges (note 2)	0.45%	0.40%	0.39%
Performance fee	0.08%	0.02%	0.01%
Direct transaction costs	0.20%	0.29%	0.34%
Prices			
Highest share price	140.1374	143.2853	148.2729
Lowest share price	125.1504	112.1541	112.1840

Class A (\$) Net Accumulation	For the period 30 September 2021 to 5 April 2022 <sup>^</sup>
Changes in net assets per share	USDc
Opening net asset value per share	138.9531
Return before operating charges	(2.2422)
Operating charges (note 1)	(0.3174)
Return after operating charges*	(2.5596)
Closing net asset value per share	136.3935
Retained distributions on accumulated shares	-
*after direct transaction costs of:	0.4681
Performance	
Return after charges	(1.84%)
Other information	
Closing net asset value	-
Closing number of shares	-
Operating charges (note 2)	0.45%
Performance fee	0.00%
Direct transaction costs	0.34%
Prices	
Highest share price	150.0689
Lowest share price	122.7444

<sup>^</sup>Share class closed on 5 April 2022

## PERFORMANCE RECORD (Continued)

### Financial Highlights (Continued)

	Six months to 31 March 2024	Year ended 30 September 2023	Year ended 30 September 2022
<b>Class B (£) Net Accumulation</b>			
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	128.1422	110.9857	137.4115
Return before operating charges	9.8162	18.1011	(25.8669)
Operating charges (note 1)	(0.5974)	(0.9446)	(0.5589)
Return after operating charges*	9.2188	17.1565	(26.4258)
Closing net asset value per share	137.361	128.1422	110.9857
Retained distributions on accumulated shares	1.1139	3.6399	2.7816
*after direct transaction costs of:	0.2655	0.3467	0.4223
Performance			
Return after charges	7.19%	15.46%	(19.23%)
Other information			
Closing net asset value	£805,277	£765,539	£506,956
Closing number of shares	586,249	597,413	456,776
Operating charges (note 2)	0.90%	0.79%	0.45%
Performance fee	0.00%	0.00%	0.00%
Direct transaction costs	0.20%	0.29%	0.34%
Prices			
Highest share price	138.8471	140.8462	146.2518
Lowest share price	122.9150	110.4618	110.5153

**For the period 30  
September 2021 to 5  
April 2022<sup>^</sup>**

### Class B (\$) Net Accumulation

Changes in net assets per share	USDc
Opening net asset value per share	134.9047
Return before operating charges	(2.1810)
Operating charges (note 1)	(0.3082)
Return after operating charges*	(2.4892)
Closing net asset value per share	132.4155
Retained distributions on accumulated shares	0.0000
*after direct transaction costs of:	0.4544
Performance	
Return after charges	(1.85%)
Other information	
Closing net asset value	-
Closing number of shares	-
Operating charges (note 2)	0.45%
Performance fee	0.00%
Direct transaction costs	0.34%
Prices	
Highest share price	145.7725
Lowest share price	119.1654

<sup>^</sup>Share class closed on 5 April 2022

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 plus the costs of the open-end funds the Sub-fund holds. Note, the 2023 and 2022 operating charges percentage also includes the underlying costs of investment trusts as per regulatory and Industry guidance issued in 2020, this was later changed to exclude underlying costs of investment trusts in December 2023.

### Risk Profile

Based on past data, the Company 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 (30 September 2023 ranking '6'). The Company is ranked '6' because weekly historical performance data indicates that it has experienced significant rises and falls in market prices historically.

## PORTFOLIO STATEMENT

As at 31 March 2024 (unaudited)

Holding	Value £	% of net assets
<b>Collective Investment Schemes (30.09.2023: 4.46%)</b>		
	-	-
<b>Real Estate Investment Trusts (30.09.2023: 8.14%)</b>		
932,449 Hammerson PLC	266,306	2.06%
650,693 Newriver Reit PLC	504,938	3.91%
	771,244	5.97%
<b>Equities (30.09.2023: 84.36%)</b>		
4,695,258 EnQuest PLC	681,282	5.29%
3,367,358 Gulf Marine Services PLC	644,849	5.01%
3,069,300 Capita PLC	409,138	3.18%
470,000 Eurocell PLC	601,600	4.66%
108,000 Future PLC	665,280	5.16%
418,000 International Personal Finance PLC	466,070	3.61%
366,106 NCC Group PLC	457,633	3.55%
59,000 WPP PLC	441,792	3.43%
149,271 James Fisher and Sons PLC	382,134	2.96%
999,045 Costain Group PLC	727,305	5.64%
85,400 Renewi PLC	481,656	3.73%
231,900 Somero Enterprises Inc	776,865	6.02%
18,600 Persimmon PLC	243,102	1.88%
286,150 Synthomer PLC	734,261	5.69%
25,060 GSK plc	428,025	3.32%
1,568,075 Works co uk PLC	393,587	3.05%
93,000 Wynnstay Group PLC	325,500	2.52%
48,000 XP Power Ltd	508,800	3.94%
457,000 TT electronics PLC	713,834	5.53%
331,750 Jupiter Fund Management PLC	290,945	2.26%
102,399 MJ Gleeson PLC	501,755	3.89%
	10,875,413	84.32%
<b>Stock Rights (30.09.2023: 0.61%)</b>		
	-	-
<b>Government Bonds (30.09.2023: 0.00%)</b>		
1,223,000 UK GILT 0.5% 22-10-2061	376,549	2.92%
	376,549	2.92%
<b>Portfolio of investments (30.09.2023: 97.57%)</b>		
	12,023,206	93.21%
<b>Net other assets (30.09.2023: 2.43%)</b>		
	875,692	6.79%
	12,898,898	100.00%

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	£
<b>Total purchases for the period</b>	<b>5,462,856</b>
Future PLC	766,091
TT electronics PLC	742,565
Synthomer PLC	657,954
Eurocell PLC	587,658
XP Power Ltd	534,233
UK GILT 0.5% 22-10-2061	364,439
Wynnstay Group PLC	332,277
EnQuest PLC	272,823
International Personal Finance PLC	218,586
James Fisher and Sons PLC	146,780
Other purchases	839,450
	£
<b>Total sales for the period</b>	<b>3,051,007</b>
SCS Group PLC	682,743
Gulf Marine Services PLC	569,562
Currys PLC	418,257
Legal & General Cash R Acc	410,401
Avon Protection PLC	360,026
HSS Hire Group PLC	251,360
Synthomer PLC	232,875
Costain Group PLC	95,546
Esken Ltd	30,237

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

## STATEMENT OF TOTAL RETURN

For the six months ended 31 March

	2024	2023
	£	£
Income		
Net capital gains	650,305	1,012,895
Revenue	143,171	136,249
Expenses	(40,591)	(40,050)
Interest payable and similar charges	<u>(502)</u>	<u>(19)</u>
Net revenue before taxation	102,078	96,180
Taxation	<u>-</u>	<u>-</u>
Net revenue after taxation	<u>102,078</u>	<u>96,180</u>
Total return before distributions	752,383	1,109,075
Finance costs: distributions	<u>(109,264)</u>	<u>(97,257)</u>
<b>Changes in net assets attributable to shareholders from investment activities</b>	<u>643,119</u>	<u>1,011,818</u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 March

	2024	2023
	£	£
<b>Opening net assets attributable to shareholders</b>	9,182,623	6,657,737
Amounts receivable on creation of shares	3,508,026	1,114,630
Amounts payable on cancellation of shares	(582,962)	(1,101,940)
Dilution levies	14,223	-
Accumulation dividends retained	133,869	102,810
Changes in net assets attributable to shareholders from investment activities (see above)	<u>643,119</u>	<u>1,011,818</u>
<b>Closing net assets attributable to shareholders</b>	<u>12,898,898</u>	<u>7,785,055</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 Sub-fund net asset value as at 30 September 2023 was £9,182,623.

## BALANCE SHEET

As At

	31.03.2024		30.09.2023	
	£	£	£	£
<b>FIXED ASSETS</b>				
Investment assets		12,023,206		8,959,029
<b>Other expenses</b>				
Debtors	43,443		64,999	
Cash and bank balances	912,429		219,618	
<b>Total current assets</b>		955,872		284,617
<b>Total assets</b>		12,979,078		9,243,646
<b>CURRENT LIABILITIES</b>				
Creditors	(73,138)		(19,047)	
Bank overdraft	(7,042)		(41,976)	
<b>Total current liabilities</b>		(80,180)		(61,023)
<b>Net assets attributable to shareholders</b>		12,898,898		9,182,623

### Accounting policies

The accounting policies applied are consistent with those in the Annual Financial Statements for the year ended 30 September 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 (IA) in May 2014 and the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling.

## DISTRIBUTION TABLES

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### Interim distribution in pence per share

Group 1 - Shares purchased prior to 01 October 2023

Group 2 - Shares purchased on or after 01 October 2023 and on or before 31 March 2024

<b>Class A (£) Net Accumulation</b>	<b>Net Revenue 31.05.2024</b>	<b>Equalisation</b>	<b>Distribution 31.05.2024</b>	<b>Distribution 31.05.2023</b>
Group 1	1.4634p	-	1.4634p	1.7971p
Group 2	0.3384	1.1250p	1.4634p	1.7971p

<b>Class B (£) Net Accumulation</b>	<b>Net Revenue 31.05.2024</b>	<b>Equalisation</b>	<b>Distribution 31.05.2024</b>	<b>Distribution 31.05.2023</b>
Group 1	1.1139p	-	1.1139p	1.4441p
Group 2	0.1392p	0.9747p	1.1139p	1.4441p

## INFORMATION FOR INVESTORS

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### Distributions

Distributions of the revenue of the Company if applicable will be made to shareholders on or before 30 September each year and interim allocations of revenue on or before 31 March.

### Individual shareholders

**Income tax:** Tax-free annual dividend allowance now standing at £1,000 (2023/24). UK resident shareholders are now subject to 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. However, the first £6,300 (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.

### 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. 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. Email: [capewrath@valu-trac.com](mailto:capewrath@valu-trac.com).

The price of shares will be determined by reference to a valuation of the Company's net assets at 12:00 noon on each dealing day.

The 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 on receipt by the purchaser of the contract note and should be made to the Company's account at the custodian.

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

## CORPORATE DIRECTORY

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<b>Authorised Fund Manager &amp; Registrar</b>	Valu-Trac Investment Management Limited Orton Moray IV32 7QE  Telephone: 01343 880344 Fax: 01343 880267 Email: capewrath@valu-trac.com  Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
<b>Director</b>	Valu-Trac Investment Management Limited as AFM
<b>Investment Manager</b>	Cape Wrath Capital 16 Trinity Square Llandudno Wales LL30 2RB
<b>Depository</b>	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
<b>Auditor</b>	Frame Kennedy Ltd Metropolitan House, 31-33 High Street Inverness IV1 1HT