VT THISTLEDOWN ICVC
(Sub-Fund VT Thistledown Income Fund)

Annual Report and Financial Statements
for the year ended 31 December 2019

This letter was first written in 2014. It remains relevant to anyone thinking of investing in the fund.

Dear Potential Investor,

Warren Buffet calls **'The Intelligent Investor'** by Benjamin Graham (1949) 'the best book on investing ever written'. It ends 'To achieve satisfactory investment results is easier than most people realise; to achieve superior results is harder than in looks'.

If you want a satisfactory return, then things have improved since 1949. How? One word: Vanguard.

Vanguard Group, founded by Jack Bogle, pioneered index funds. These deliver market returns at very low cost. Yes, you get the ups and downs. But, prepared for these by the excellent Vanguard website, you should stay the course and earn a satisfactory return.

Thistledown aims for a superior return? How? By dealing with Mr Market, the manic-depressive.

Mr Market is a mythical character from **'The Intelligent Investor'**. He is manic-depressive and as his mood swings so does the price he offers to buy and sell parts of businesses (shares). Happy he offers silly prices for our shares; sad, he'll sell at silly prices.

Who is Mr. Market and how can we avoid being like him?

He doesn't exist, but stands for 'groupthink' in the financial market. Think of the Dotcom mania of 1999/2000, or the financial boom and bust of 2008/09. One year the crowd believes good times will last forever, the next that the recession will never end. Thistledown does its best to stand apart, focussing on what a company is worth, its intrinsic value, not the market price which the crowd determines. We aim to buy below intrinsic value. We don't try to forecast in a conventional sense: '**forecasts tell you more about the forecaster than the future**' as Warren Buffet wrote. But broadly we believe that instrinsic value acts as a magnet, which pulls prices to it over time. A view supported by the work of the Nobel Economist Robert Shiller*.

The chef eats here.

We have over 90% of our equity investments in the fund. But, although this approach sounds easy, it isn't. Ignoring current option is hard, results aren't guaranteed and superior returns are not delivered consistently. Yet this approach is behind numerous successful investment partnerships. And it is supported by academic studies showing cheap companies and cheap markets provide better returns than expensive companies or markets.

Yours sincerely,
Dominic Fisher

Founder

Thistledown Investment Management Ltd

* Market Volatility. Robert J. Shiller MIT Press 1989

CONTENTS

	Page
Investment Manager's Review	1
Company Overview	3
Sub-Fund Overview	4
Portfolio Statement	6
Summary of Material Portfolio Changes	8
Statement of the Authorised Corporate Director's (ACD's) Responsibilities	9
Statement of the Depositary's Responsibilities and Report of the Depositary	10
Independent Auditor's Report to the Shareholders of VT Thistledown ICVC	11
Statement of Total Return	13
Statement of Changes in Net Assets Attributable to Shareholders	13
Balance Sheet	14
Notes to the Financial Statements	15
Performance Record	23
Distribution Tables	25
Information for Investors	28
Corporate Directory	29

Introduction

'*In 2019 the fund gained 12% while the UK stock market rose 18.4%. Last year I commented that Jerome Powell, the Chairman of the Federal Reserve, appeared 'extremely sensitive to market reaction'. That should have been a clue: 'Don't fight the Fed'. The losses of 2018 are history and 2019 has been a bonanza for investors* .'

This report was going to open with the lines above, but things have moved on!

Activity

Last year I wrote:

'There are few safe investments for traditional investors today.

In a crisis, there may be none. For this reason, and despite the devastating critique of investing in gold offered by Warren Buffett in his recent shareholder's letter, I expect to add exposure to gold while taking on more equity risk in the portfolio in the next year. It is more probable that the authorities are correct than not. In which case, equities outside the US offer reasonable value. If they are wrong, then the 'safe' assets that have formed a large part of this portfolio will be threatened while genuine alternatives outside the control of the monetary authorities should prosper.'

The largest single purchase was the ETFS Physical Gold Trust as hinted at last year. The opportunity cost of holding gold is low, given the minimal yield on bonds. I don't see this as an investment but as an insurance policy that may pay off if the current exceptional interest rate policies produce unexpected results. We also own shares in Sprott. This Canadian investment manager's main investment product is linked to gold.

The next two investments by size were Aberforth Smaller Companies Investment Trust and BlackRock Frontiers Investment Trust.

Aberforth Partners, the managers of the Aberforth trust are value investors. They have a long history of investing in UK smaller companies. We invested at a valuation that in the past, has produced double-digit returns for investors in the following decade.

The Frontiers Trust does not have such a long record, but the earnings of its investment portfolio have grown at 10% per annum for the last five years, and the trust yielded 4.5% at the time of investment. Despite this earnings performance, the trust shares had barely moved in five years. This suggests that the valuation of the companies in the portfolio had fallen over 30%. Given the companies are all based in developing economies with high growth rates there is a good chance that this record of growing profits can be maintained over the longer term. If this record is maintained the shares should eventually follow the earnings.

'Investing in cheap markets' is not a catchy slogan. It seems too simplistic. It is not difficult to work out that UK smaller companies and frontier market companies are cheap. But this fund tries where possible to keep it simple. And, the simple fact is that cheap markets have a habit of delivering good returns.

The next five investments were of approximately the same size; Bayer, Dart Group, Jardine Strategic, Krka dd Novo Mesto and Royal Bank of Scotland (RBS). The quarterly reports outline the reasons for each position. Seeing them listed, I hope it is clear how different the economics of their various businesses are. Dart Group and RBS are UK businesses, but there the similarity stops. RBS traded at a discount to its assets and has been shrinking for years. Dart has grown hugely at the expense of travel business competitors but was priced lowly for a company that has been able to grow strongly. Bayer and Krka are both pharmaceutical companies but with very different profiles. Bayer has been beaten down over worries about potential liabilities associated with the weed killer glyphosate. Krka makes generic pharmaceuticals and suffered from its exposure to Eastern Europe. Finally, Jardine Strategic owns a portfolio of business in Asia and trades at a substantial discount to its investments following poor business results in recent years. I expect these companies to be profitable investments, obviously, but it is also important that their future results depend on developments in different areas. Again, this is a simple approach to diversification, but one that has been successful to date.

Administration

There were three changes last year that you were informed about at the time. First the annual management charge was reduced to 0.6% per annum from January 1st. Second, I will focus solely on the management of the fund. In the ten years since establishing Thistledown, I have tried several times to find a business partner. This has proved unsuccessful and time consuming, despite quite a number of attempts. Third Thistledown is now an appointed representative of Valu-trac Investment Management and pays them to manage compliance and relations with the Financial Conduct Authority. This saves time and money, with some of this reflected in the lower fee.

Commentary

I planned this report in January. I expected to write of another 'Groundhog Day' with high valuations in the US and low-interest rates pushing investors to add risk to achieve returns. Although the coronavirus had appeared in China, I thought that like many similar scares during my investing career; Y2K, SARS, it would fizzle out.

Wrong

The virus has spread, and Saudi Arabia has flooded the oil market. As I come to complete this report to you on March 12th, the stock market is down 29% and the fund down around 17% since the beginning of the year. This smaller loss than the market (professionals call this performance, but the word seems entirely inappropriate) is a partial vindication of a strategy to hold cash as 'insurance'. I wrote last year that the markets occasionally have truly dreadful periods; in financial jargon, there are 'fat tails'. These periods, though rare, are so unsettling that it is sensible to hold reserves. These reserves prevent forced selling and allow a manager to benefit from fear; 'buying from the manic-depressive Mr. Market'. The fund has not been a forced seller, and it has the means to take advantage of lower prices.

This is not to say that I had any insight other than valuations were high which made markets vulnerable.

The smaller loss than the market would have been even smaller had value shares done better. They have not, they have performed worse. In the United States the Russell index of value shares has fallen 29%, while the growth index has fallen 19%, other markets are similar. Cheaper valuations and reasonable dividend streams should protect capital. That has not happened. But I think that the strategy remains sound. Here are a couple of examples from the portfolio to illustrate why.

I described the reasons for investing in the BlackRock Frontiers Investment Trust above. The share price has fallen 35% this year. I monitor the largest holdings in the trust as reported at 30th of September. As I write the underlying portfolio is trading at eight times historic earnings and has grown its equity at around 9% per annum for the last five years. If the trust pays the same dividend as last year, it yields just under 7%. I do not think that the prospects for frontier markets have changed enough to justify this move. Frontier markets benefit considerably from lower oil prices, their stock markets were cheap and are now much cheaper and they have young populations. You could argue that recent developments have increased their attractiveness. The market disagrees clearly.

Krka is a company based in Slovenia with a long history as a generic pharmaceutical manufacturer. The share price has fallen 25% this year. The pharmaceutical business is not cyclical, and the company makes a 15% return on equity, has substantial cash reserves and now trades at eight times earnings, a significant discount to the broad market. A business with these high-quality characteristics should trade at a premium to the stock market. That it is not shows again that the market disagrees.

These examples demonstrate that there are increasing opportunities. These beg the question when will the fund move to take advantage of them. The answer is slowly. The current decline is beginning to address the excess valuations and stretched balance sheets that have worried me for some years. But I don't think these, combined with the twin shocks of the coronavirus and the oil price collapse, can be dealt with quickly. There is an adage that the market climbs the escalator and comes down in the elevator. I would rather miss the first few months of the escalator but over the next year I expect to invest substantially more than over the last four years.

Thank you as ever for your interest and investment.

Thistledown Investment Management Limited
Investment Adviser to the Fund

Type of Company

VT Thistledown Smartfund ICVC (the 'Company') is an investment company with variable capital under the Open Ended Investment Company Regulations 2001 (SI2001/1228). The Company is an umbrella company with 1 sub-fund, which is a UCITS scheme. Shareholders are not liable for the debts of the Company.

The Company was incorporated and Authorised by the Financial Conduct Authoirity on 13 June 2014 under registered number IC001011, and commenced trading with six sub-funds on 14 July 2014, which included Smartfund Thistledown Income Fund ('Thistledown') sub-fund whose assets were taken into the Company on 14 July 2014. The Thistledown sub-fund itself had commenced trading on 3 December 2010. Other than Thistledown the assets of the other five sub-funds, comprising Smartfund Aggressive Growth, Smartfund Balanced, Smartfund Cautious, Smartfund Defensive and Smartfund Growth were transferred out during the year ended 31 December 2016 to FundLogic Alternatives plc and these five sub-funds were wound up on 11 December 2017.

Changes to the Company

From 3 February 2020, the ACD has ceased to delegate the investment management function. Thistledown Investment Management Limited has acted as Investment Adviser from that date as an Appointed Representative of the ACD

SUB-FUND OVERVIEW

Name of Sub-Fund	VT Thistledown Income Fund
Size of Sub-Fund	£14,695,239
Launch date	14 July 2014
Investment objectve and policy	To provide income while investing to provide some capital growth over the medium to long term. The Fund will seek to achieve its investment objective by investing principally in equities. The Fund may also invest in exchange traded funds ("ETFs"), fixed income securities and other collective investment schemes. The ACD will apply a 'value' based policy when selecting equities for the Fund's portfolio. This means that an asset will be included in the portofolio when the Investment Adviser's analysis and expertise suggests it will provide a total return over the full investment cycle or longer that is higher than the total return that could be expected from UK equity investments over the same period (i.e. between 5 and 10 year horizons). Achieving these target returns for each equity investment or for the Fund's portfolio as a whole is highly uncertain as equities are volatile assets and are expected to be the prinicpal portfolio investment. The ACD will hold ETF's, fixed income securities, collective investment schemes and cash and near cash when it cannot identify enough opportunities to achieve a suitable spread of equity investments with the appropriate 'value' characteristics. The ACD will also seek to reduce investment risk by diversifying the Fund's investments across industries and countries. It will not consider the size of company or market important to its investment decision provided the ACD and the Investment Adviser believe the relevant investment will diversify risk in the portfolio. Investments in assets denominated in foreign currencies may be hedged into sterling. The ACD must ensure that the Fund maintains sufficient cash for the purposes of maintaining liquidity. This portion of the sub-fund's assets must be represented by cash or similarly liquid assets (which may include money market instruments, deposits or units in collective investment schemes) at all times. The Fund's portfolio and mix of asset classes will be rebalanced from time to time at the absolute discretion of the ACD.
Annual accounting date **Interim accounting dates**	31 December 30 June
Annual income allocation date **Interim income allocation dates**	31 December 31 March, 30 June, 30 September
Individual Savings Account (ISA)	The Company is a qualifying investment for inclusion in an ISA.
Minimum investment	
Lump sum subscription:	Z Class Income/Accumulation = £3,000 F Class Income/Accumulation - £10,000,000 C Class Income/Accumulation = £3,000
Top up:	Z Class Income/Accumulation = £500 (£100 for regular contributions) F Class Income/Accumulation - £1,000,000 C Class Income/Accumulation = £500 (£100 for regular contributions)
Holding:	Z Class Income/Accumulation = £3,000 F Class Income/Accumulation - £10,000,000 C Class Income/Accumulation = £3,000

Redemption:	Z Class Income/Accumulation = £1,000 F Class Income/Accumulation - £1,000,000 C Class Income/Accumulation = £1,000

N.B.C Class Shares are only available to registered charities and subject to their continuing to be so registered.

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

ACD charges

The annual management charge is comprised of a fixed element which is retained by the ACD for its own account and a variable element which is paid by the ACD to the Investment Manager.

The fixed element, which is equal to £20,500 per annum, is taken from Z Class, F Class Shares and C Class shares pro-rata to their Net Asset Value.

The variable element in respect of the Z Class Shares is equal to 1.00% per annum of the Net Asset Value of the Z Class Shares.

The variable element in respect of the F Class Shares is equal to 0.60% per annum of the Net Asset Value of the F Class Shares.

The variable element in respect of the C Class Shares is equal to 0.60% per annum of the Net Asset Value of the C Class Shares.

Initial Charge	Z Class = Nil F Class = 5.0% C Class = Nil

Changes to the Sub-fund

The variable element in respect of the Z Class Shares was reduced to equal to 0.60% per annum of the Net Asset Value of the Z Class Shares effective from 1 January 2020.

As at 31 December 2019

Holding	Investment	Value £	% of total net assets
	Europe (excluding UK) 11.60% (31 December 2018: 7.94%)		
3,581	Bayer AG	261,055	1.78
20,521	Fondul P (REGS)	213,864	1.46
5,000	Krka dd Novo Mesto	309,757	2.11
3,850,000	OMV Petrom SA	304,612	2.08
120,000	Sprott Inc	207,865	1.41
27,971	Svenska Handelsbanken AB	227,926	1.55
1,561	Total Gabon	177,273	1.21
		1,702,352	11.60
	Global Emerging Markets 11.24% (31 December 2018: 8.82%)		
300,000	BlackRock Frontiers Investment Trust	401,250	2.73
12,408	iShares Emer Mrkts Govt Bd UCITS ETF	585,161	3.98
27,595	SPDR S&P Emerging Markets Dividend ETF	666,139	4.53
		1,652,550	11.24
	Asia ex Japan Equity 3.66% (31 December 2018: 2.63%)		
2,057,000	Lion Rock Group Ltd	239,325	1.63
331	Samsung Electronics Sp. GDR Repr 1/2 Vtg Sh	298,339	2.03
		537,664	3.66
	Japan 6.18% (31 December 2018: 6.68%)		
75,229	Morant Wright Fuji Yield GBP Inc Hedged	907,671	6.18
		907,671	6.18
	North America 3.13% (31 December 2018: 4.84%)		
14,569	HP Inc	225,385	1.53
11,600	Kulicke and Soffa Industries	235,388	1.60
		460,773	3.13
	UK Equity 31.40% (31 December 2018: 18.33%)		
37,000	Aberforth Smaller Companies Trust	569,430	3.87
113,039	Alumasc Group	107,952	0.73
44,711	Ashmore Group PLC ORD GBP0.0001	231,380	1.57
57,097	Aviva ORD GBP0.25	239,179	1.63
43,595	BP ORD USD0.25	205,649	1.40
23,757	Dart Group PLC	402,919	2.75
188,300	Dixons Carphone PLC	272,282	1.85
4,200	ETFS Physical Gold	461,160	3.14
12,966	GlaxoSmithKline PLC	230,639	1.57
12,000	Jardine Strategic Holdings Ltd	278,894	1.90
419,256	Lloyds Banking Group PLC	262,182	1.78
140,000	Royal Bank of Scotland Group PLC	337,050	2.29
5,343	Rio Tinto PLC	240,582	1.64
17,977	SSE PLC	258,644	1.76
117,000	Ti Fluid Systems PLC	310,635	2.11
141,398	Vodafone Group PLC	207,586	1.41
		4,616,163	31.40

	UK Gilts 26.76% (31 December 2018: 28.35%)		
7,720	iShares III PLC - I Shares UK Gilts 0-5yr UCITS ETF	1,030,581	7.01
16,703	SPDR Barclays 1-5 Year Gilt UCITS ETF	856,530	5.83
2,042,056	UK GILT 22/01/2021	2,046,139	13.92
		3,933,250	26.76
	Corporate Bonds 3.83% (31 December 2018: 4.18%)		
7,400	ISHARES $ ULTRASHORT BOND UCITS ETF	562,141	3.83
	Investment assets 97.80% (31 December 2018: 89.22%)	**14,372,564**	**97.80**
	Net Other Assets 2.36% (31 December 2018: 18.32%)	**346,475**	**2.36**
	Adjustment to revalue from Mid to Bid Prices (0.16%) (31 December 2018: (0.10%))	**(23,800)**	**(0.16)**
		14,695,239	**100.00**

SUMMARY OF MATERIAL PORTFOLIO CHANGES

	£
Total purchases for the year ended 31 December 2019 (Note 14)	**3,160,740**
Aberforth Smaller Companies Trust PLC	455,975
Aviva PLC	77,366
Bayer AG	297,683
BlackRock Frontiers Investment Trust PLC	402,916
Dart Group PLC	251,530
Dixons Carphone PLC	58,441
ETFS Physical Gold	498,533
Jardine Strategic Holdings Ltd	300,263
Krka dd Novo Mesto	278,265
Lion Rock Group Ltd	126,644
Lloyds Banking Group PLC	59,535
Royal Bank of Scotland Group PLC	280,316
TI Fluid Systems PLC	59,363
Vodafone Group PLC	13,910
Total sales for the year ended 31 December 2019 (Note 14)	**1,463,611**
Ashmore Group PLC	105,260
AT&T Inc	244,748
Aviva PLC	58,993
Bayer AG	77,789
BP PLC	56,533
Dart Group PLC	39,077
Fondul Proprietatea SA	53,759
GlaxoSmithKline PLC	94,777
Hargreaves Services PLC	51,249
HP Inc	26,500
Kulicke and Soffa Industries Inc	51,035
Lloyds Banking Group PLC	87,871
N Brown Group PLC	126,097
OMV Petrom SA	38,640
Pasona Group Inc	171,025
Rio Tinto PLC	64,653
Sprott Inc	69,440
SSE PLC	46,165

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 year which give a true and fair view of the financial positon of the Company at the end of the financial year and its net revenues and net capital gains for the year. 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 forseeable 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

Neil J. Smith MA BA CA

Valu-trac Investment Management Ltd
Authorised Corporate Director

Date 30 April 2020

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"), 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 the 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 January 2020

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT THISTLEDOWN ICVC (SUB FUND VT THISTLEDOWN INCOME FUND)

Opinion

In our opinion, VT Thistledown ICVC's financial statements:

> give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 December 2019 and of the net revenue and the net capital gains of the scheme property of the Company and each of the sub-funds for the year then ended; and

> have been properly prepared in accordance with the 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 rules of the Collective Investments Schemes Sourcebook and the Instrument of Incorporation.

VT Thistledown ICVC (the "Company") is an Open Ended Investment Company ("OEIC") with 1 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 December 2019; the Statement of Total Return, and the Statement of Change in Net Assets Attributable to Shareholders for the year then ended 31 December 2019; the Distribution Statements, the Accounting Policies of VT Thistledown ICVC and its sub-fund and the Notes to the Financial Statements of the individual sub-fund.

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 Auditors' 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 include the FRC's Ethical Standard, and we have fulfilled our other ethical responsbilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

> the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

> the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt abut the Company's and each of the sub-fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' 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 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 responsibiities.

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 of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities set out on page 9, 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 each sub-funds' 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 liquidate the Company or individual sub-fund or to cease operations, 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.

A further description of our responsibilites 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.

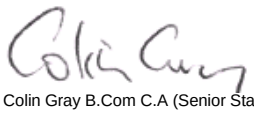
Opinion on other matters prescribed by the Collective Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit:

Collective Invetsment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook, we are also required to report to you if, in our opinion:
> proper accouting records have not been kept;
> the financial statements are not in agreement with the accounting records and returns.

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: 30 April 2020

STATEMENT OF TOTAL RETURN

For the year ended 31 December 2019

	Notes	31.12.19 £	31.12.19 £	31.12.18 £	31.12.18 £
Income					
Net capital gains/(losses)	**2**		1,346,547		(1,379,206)
Revenue	**3**	450,667		420,754	
Expenses	**4**	(158,649)		(152,118)	
Interest payable and similar charges		-		-	
Net revenue before taxation		292,018		268,636	
Taxation	**5**	(12,005)		(14,908)	
Net revenue after taxation			280,013		253,728
Total return before distributions			1,626,560		(1,125,478)
Finance costs: distributions	**6**		(280,013)		(251,042)
Changes in net assets attributable to shareholders from investment activities			1,346,547		(1,376,520)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 December 2019

	31.12.19 £	31.12.18 £
Opening net assets attributable to shareholders	13,826,083	13,375,436
Amounts receivable on creation of shares	243,817	1,765,876
Amounts payable on cancellation of shares	(828,890)	(31,972)
Dilution Levy	-	773
Dividend reinvested	107,682	92,490
Changes in net assets attributable to shareholders from investment activities (see above)	1,346,547	(1,376,520)
Closing net assets attributable to shareholders	14,695,239	13,826,083

BALANCE SHEET

As at 31 December 2019	Notes	31.12.19 £	31.12.19 £	31.12.18 £	31.12.18 £
ASSETS					
Investment assets			14,348,764		11,292,394
Current Assets					
Debtors	**7**	30,360		21,010	
Cash and bank balances	**8**	343,321		2,544,886	
Total current assets			373,681		2,565,896
Total assets			14,722,445		13,858,290
LIABILITIES					
Creditors					
Distribution payable		(5,291)		(14,557)	
Bank overdraft	**8**	(1,640)		-	
Creditors	**9**	(20,275)		(17,650)	
Total liabilities			(27,206)		(32,207)
Net assets atributable to shareholders			14,695,239		13,826,083

For the year ended 31 December 2019

1 Accounting policies

(a) Basis of Accounting

The financial statements have been prepared in compliance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and FRS 102. There have been no changes to comparatives following the adoption of this SORP. The functional currency of the fund is Sterling.

In respect of the AC shares class for each sub-fund, the following aspects of the Statement of Recommended Practice relating to the Authorised Funds have not been disclosed due to the Manager's view that this would require voluminous amounts of dislosures and would not assist the users of the financial statements;

> a comparative table with the information required to be disclosed in Chapter 4 of the CIS Sourcebook being:
> the net asset value of each notional unit in each AC class in issue at the beginning of the year;
> the high/low prices of each notional unit in each AC class in issue; and
> the net income distributed for each notional unit in each AC class in issue.

Instead, tables have been included which disclose this information for a single representative share within the AC share class. This is in accordance with the FCA's direction and modification of the applicable rule in Chapter 4 of the CIS Sourcebook as it applies to the VT Thistledown ICVC.

(b) Basis of Peparation

The Financial statements of the Company have been prepared on a going concern basis.

(c) Basis of valuation of investments

The investments of the Sub-Funds have been valued at bid market values at 4.30pm on the last business day of the accounting period. Market value is defined by the SORP as fair value which generally is bid value of each security, excluding any accrued interest in the case of fixed and floating rate securities. Any unquoted or suspended investments are valued at the Corporate Director's discretion with reference to the fair value pricing policy and are disclosed within the notes to the financial statements of the relevant Sub-Fund.

(d) Recognition of revenue

All income from Collective Investment Schemes are credited to income when they are quoted ex dividend. All distribtuions from accumulation holdings in Collective Investment Schemes are treated as revenue. Equalisation on distributions received from Collective Investment Schemes is treated as capital. All revenue is recognised at a gross amount that includes withholding taxes but excludes any other taxes such as tax credits. Rebate income is treated as revenue and recogised on an accrual basis. Gains and losses, including exchange differences in valuation of investments held at balance sheet date, including unrealised exchange differences, are treated as capital.

(e) Expenses

All expenses of the Sub-Funds are charged to income with exception of costs relating to the purchase and sale of investments and Stamp Duty costs, which are charged to capital.

(f) Current Taxation

The charge for taxation is based at the current rate on taxable revenue for the period less allowable expenses. UK dividend income is disclosed net of any related tax credit.

(g) Deferred Taxation

Deferred tax is provided for on timing differences expected to reverse in the period.

(h) Distributions

The Sub-Fund has both income and accumulation units. Each Sub-fund goes ex-dividend daily and pays any income available to the shareholder on a quarterly basis, two weeks in arrears as a dividend. Should the expenses exceed the income then no distribution shall be made to the shareholder and the shortfall will be met by the capital account of the Sub-Fund.

(i) Allocation of income and expenses to multiple share classes

A proportion account is held for each unit class within each Sub-Fund. In order to calculate the unit price of each unit class the Manager shall determine a proportionate interest of that class in the assets and income of the Sub-Fund as its allocated share. The Authorised Corporate Director's periodic charge is a specific expense to each unit class.

(j) Unclaimed distributions

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-Fund (or if that no longer exists the Fund Manager). Application to claim distributions that have not been paid should be made to the Manager before this six year period has elapsed.

2 Net capital gains/(losses)

	31.12.19	31.12.18
	£	£
Non-derivative securities gains/(losses)	1,360,424	(1,385,414)
Transaction charges	(956)	(1,489)
Currency (losses)/gains	(12,921)	7,697
Total net capital gains/(losses)	1,346,547	(1,379,206)

3 Revenue

	31.12.19	31.12.18
	£	£
UK franked dividends	185,970	217,267
Unfranked income	51,356	27,414
Overseas dividends	203,202	176,073
Bank interest	10,138	-
Total revenue	450,667	420,754

4 Expenses

	31.12.19	31.12.18
	£	£
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
ACD fee	133,326	125,616
Payable to the depositary, associates of the depositary, and agents of either of them:		
Despositary fee	18,020	18,099
Safe custody fee	737	1,446
	18,757	19,545
Other expenses:		
Audit fee	2,580	2,413
FCA fee	63	112
Other expenses	3,923	4,432
	6,566	6,957
Total expenses	158,649	152,118

5 Taxation

	31.12.19	31.12.18
	£	£
(a) Analysis of charge in the year		
Irrecoverable income tax	12,005	14,908
Total tax charge for the year (note 5b)	12,005	14,908
(b) Factors affecting current tax charge for the year		
The tax assessed for the year 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 taxation	280,013	253,728
Corporation tax at 20.00%	56,003	50,746
Effects of:		
Revenue not subject to taxation	(77,834)	(78,668)
Irrecoverable income tax	12,005	14,908
Movement in excess management expenses	21,831	27,922
Current taxation (note 5a)	12,005	14,908

(c) Provision for deferred taxation

At 31 December 2019 there is a potential deferred tax asset of £114,224 (31 December 2018: £92,393) 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

	31.12.19	31.12.18
	£	£
Interim distributions	272,596	230,921
Final dividend distribution	6,945	22,191
	279,541	253,112
Add: Revenue deducted on cancellation of shares	629	51
Deduct: Revenue received on issue of shares	(157)	(2,121)
	280,013	251,042
Interest payable and similar charges	-	-
Total finance costs	280,013	251,042
Reconciliation of distributions		
Net revenue after taxation	280,013	253,728
Allocations to Capital:		
Expenses paid by capital	0	(2,686)
Net distribution for the year	280,013	251,042

7 Debtors	31.12.19	31.12.18
	£	£
Accrued revenue	30,360	21,010
Income tax recoverable	-	-
Total debtors	30,360	21,010

8 Cash and bank balances	31.12.19	31.12.18
	£	£
Cash and bank balances	343,321	2,544,886
Bank overdraft	(1,640)	-

9 Creditors	31.12.19	31.12.18
	£	£
Other accrued expenses	20,275	17,650
Total creditors	20,275	17,650

10 Units held

Class Z Net Income GBP

Opening units at 01.01.19	**4,538,810**
Units issued during the year	61,355
Units cancelled during the year	(624,886)
Units converted during the year	-
Closing units as at 31.12.19	**3,975,279**

Class Z Net Accumulation GBP

Opening units at 01.01.19	**4,432,144**
Units issued during the year	220,002
Units cancelled during the year	(57,270)
Units converted during the year	-
Closing units as at 31.12.19	**4,594,876**

Class F Net Income GBP

Opening units at 01.01.19	**2,429,660**
Units issued during the year	-
Units cancelled during the year	-
Units converted during the year	-
Closing units as at 31.12.19	**2,429,660**

11 Financial instruments

In pursuing its investment objective as stated on page 4, the Company holds a number of financial instruments. The Company's financial instruments, other than derivatives, 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 year.

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 31.12.19 would have increased/decreased by £1,434,876 (2018: £1,129,236).

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 Company's investment portfolio is invested in funds that are registered overseas and collective investment schemes which invest in overseas securities, and the balance sheet can be affected by movements in foreign exchange rates. Revenue received in other currencies is converted to sterling on or near the date of receipt.

A portion of the net assets of the Company is denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by currency movements.

Net currency monetary assets and liabilities consist of:

	Net monetary assets and liabilities		Non-monetary assets and liabilities		Total net assets	
	£		£		£	
	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18
Sterling	346,475	2,531,942	10,973,366	8,411,413	11,319,841	10,943,355
US Dollars	-	1,747	1,913,200	1,743,543	1,913,200	1,745,290
Swedish Krona	-	-	227,813	241,504	227,813	241,504
Euro	-	-	485,097	175,249	485,097	175,249
Hong Kong Dollars	-	-	237,330	134,520	237,330	134,520
Canadian Dollars	-	-	207,516	213,039	207,516	213,039
Japanese Yen	-	-	-	120,349	-	120,349
Romanian Leu	-	-	304,442	252,747	304,442	252,747
Total	346,475	2,533,689	14,348,764	11,292,364	14,695,239	13,826,053

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 invest in fixed rate securities and so interest rate risk exposure is restricted to these and interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

Maturity of financial liabilities

The financial liabilities of the company as at 31 December 2019 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.

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 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 broker's 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	14,349	-
Total	14,349	-

12 Contingent assets and liabilities

At 31 December 2019, the Sub-fund had no contingent liabilities or commitments (31 December 2018: £nil)

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 December 2019. Since that date, the Fund's quoted mid-price has moved as follows for each share class:

Share class	Price (GBp) at 31 December 2019	Price (GBp) at 28 April 2020
Class Z Net Income	132.7751	116.1530
Class Z Net Accumulation	139.1117	122.3860
Class F Net Income	129.0862	112.9264

14 Portfolio transaction costs

	31.12.19		31.12.18	
	£	£	£	£
Analysis of total purchase costs				
Purchases in the year before transaction costs		3,151,891		5,095,498
Commissions	1,579	0.05%	1,417	0.03%
Taxes	7,228	0.23%	3,084	0.06%
Levies	42	0.00%	13	0.00%
Total purchase costs		8,849		4,514
Total purchases including transaction costs		3,160,740		5,100,012
Analysis of total sale costs				
Sales in the year before transaction costs		1,464,361		4,330,595
Commissions	(732)	0.05%	(667)	0.02%
Taxes	0	0.00%	(422)	0.01%
Levies	(18)	0.00%	(39)	0.00%
Total sale costs		(750)		(1,128)
Total sales net of transaction costs		1,463,611		4,329,467

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

	2019 £	% of average net asset value	2018 £	% of average net asset value
Commissions	2,311	0.02%	2,084	0.02%
Taxes	7,228	0.05%	3,506	0.03%
Levies	60	0.00%	52	0.00%
	9,599	0.07%	5,642	0.05%

PERFORMANCE RECORD

Class Z Net Income GBP		**Year ended 31 December 2019**	**Year ended 31 December 2018**	**Year ended 31 December 2017**
Changes in net assets per unit		GBp	GBp	GBp
	Operating net asset value per unit	120.7686	133.5246	123.2763
	Return before operating charges	16.0100	(8.8275)	13.6605
	Operating charges (note 1)	(1.6631)	(1.6576)	(1.8134)
	Return after operating charges *	14.3469	(10.4851)	11.8471
	Distribution on income units	(2.3404)	(2.2710)	(1.5988)
		132.7751	120.7686	133.5246
	*after direct transactions costs of:	0.10114	0.0636	0.0642
Performance				
	Return after charges	11.88%	(7.85%)	9.61%
Other information				
	Closing net asset value	£5,325,349	£5,481,458	£5,521,555
	Closing number of units	4,010,804	4,538,810	4,135,233
	Operating charges (note 2)	1.31%	1.30%	1.40%
	Direct transaction costs	0.08%	0.05%	0.05%
Prices				
	Highest unit price	133.59	135.59	130.04
	Lowest unit price	120.77	120.05	120.02

Class Z Net Accumulation GBP		**Year ended 31 December 2019**	**Year ended 31 December 2018**	**Year ended 31 December 2017**
Changes in net assets per unit		GBp	GBp	GBp
	Operating net asset value per unit	124.2288	134.9492	122.9237
	Return before operating charges	16.6095	(9.0311)	13.8436
	Operating charges (note 1)	(1.7266)	(1.6893)	(1.8181)
	Return after operating charges *	14.8829	(10.7204)	12.0255
		139.1117	124.2288	134.9492
	Retained distribution on accumulated units	2.4255	2.3098	1.6120
	*after direct transactions costs of:	0.1054	0.0648	0.0645
Performance				
	Return after charges	11.98%	(7.94%)	10.03%
Other information				
	Closing net asset value	£6,257,335	£5,506,002	£4,728,564
	Closing number of units	4,498,066	4,432,144	3,503,958
	Operating charges (note 2)	1.31%	1.30%	1.40%
	Direct transaction costs	0.08%	0.05%	0.05%
Prices				
	Highest unit price	139.93	137.03	134.95
	Lowest unit price	124.23	123.32	123.10

Class F Net Income GBP		**Year ended 31 December 2019**	**Year ended 31 December 2018**	**Year ended 31 December 2017**
Changes in net assets per unit		GBp	GBp	GBp
	Operating net asset value per unit	117.4075	129.8152	119.8491
	Return before operating charges	15.5738	(8.5853)	13.2839
	Operating charges (note 1)	(1.1237)	(1.1170)	(1.2599)
	Return after operating charges *	14.4501	(9.7023)	12.0240
	Distribution on income units	(2.7714)	(2.7054)	(2.0579)
		129.0862	117.4075	129.8152
	*after direct transactions costs of:	0.0986	0.0618	0.0624
Performance				
	Return after charges	12.31%	(7.47%)	9.78%
Other information				
	Closing net asset value	£3,136,355	£2,852,604	£3,154,069
	Closing number of units	2,429,660	2,429,660	2,429,660
	Operating charges (note 2)	0.91%	0.90%	1.00%
	Direct transaction costs	0.08%	0.05%	0.05%
Prices				
	Highest unit price	130.00	131.84	133.62
	Lowest unit price	117.41	116.83	123.45

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 fund.

Risk Profile

Based on past data, the 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. The Fund is ranked 4 because simulated monthly historical data indicates that it has experienced moderate rises and falls in the market prices historically.

DISTRIBUTION TABLES

Interim distributions in pence per share
Group 1: Shares purchased prior to 01 January 2018.
Group 2 : Shares purchased on or after 01 January 2018 to 30 March 2019.

Payment date	Unit Type	Share Class	Net Revenue 2018	Equalisation 2018	Distribution paid/allocated 2018
13.04.18	Group 1	Z Net Income	0.5302	-	0.5302
13.04.18	Group 2	Z Net Income	0.5281	0.0021	0.5302
13.04.18	Group 1	F Net Income	0.6408	-	0.6408
13.04.18	Group 2	F Net Income	0.1867	0.4541	0.6408
13.04.18	Group 1	Z Net Accumulation	0.5358	-	0.5358
13.04.18	Group 2	Z Net Accumulation	0.5337	0.0021	0.5358

Interim distributions in pence per share
Group 1: Shares purchased prior to 01 April 2018.
Group 2 : Shares purchased on or after 01 April 2018 to 29 June 2018.

Payment date	Unit Type	Share Class	Net Revenue 2018	Equalisation 2018	Distribution paid/allocated 2018
13.07.18	Group 1	Z Net Income	0.8629	-	0.8629
13.07.18	Group 2	Z Net Income	0.8625	0.0004	0.8629
13.07.18	Group 1	F Net Income	0.9677	-	0.9677
13.07.18	Group 2	F Net Income	0.9677	-	0.9677
13.07.18	Group 1	Z Net Accumulation	0.8759	-	0.8759
13.07.18	Group 2	Z Net Accumulation	0.8737	0.0022	0.8759

Interim distributions in pence per share
Group 1: Shares purchased prior to 01 July 2018.
Group 2 : Shares purchased on or after 01 July 2018 to 28 September 2018.

Payment date	Unit Type	Share Class	Net Revenue 2018	Equalisation 2018	Distribution paid/allocated 2018
12.10.18	Group 1	Z Net Income	0.7106	-	0.7106
12.10.18	Group 2	Z Net Income	0.7074	0.0032	0.7106
12.10.18	Group 1	F Net Income	0.8103	-	0.8103
12.10.18	Group 2	F Net Income	0.8103	-	0.8103
12.10.18	Group 1	Z Net Accumulation	0.7259	-	0.7259
12.10.18	Group 2	Z Net Accumulation	0.7223	0.0036	0.7259

Final distribution in pence per share
Group 1: Shares purchased prior to 01 October 2018.
Group 2 : Shares purchased on or after 01 October 2018 to 31 December 2018.

Payment date	Unit Type	Share Class	Net Revenue 2019	Equalisation 2019	Distribution paid/allocated 2019
14.01.19	Group 1	Z Net Income	0.1673	-	0.1673
14.01.19	Group 2	Z Net Income	0.1669	0.0004	0.1673
14.01.19	Group 1	F Net Income	0.2866	-	0.2866
14.01.19	Group 2	F Net Income	0.2866	-	0.2866
14.01.19	Group 1	Z Net Accumulation	0.1722	-	0.1722
14.01.19	Group 2	Z Net Accumulation	0.1722	-	0.1722

Interim distributions in pence per share
Group 1: Shares purchased prior to 01 January 2019.
Group 2 : Shares purchased on or after 01 January 2019 to 30 March 2019.

Payment date	Unit Type	Share Class	Net Revenue 2019	Equalisation 2019	Distribution paid/allocated 2019
12.04.19	Group 1	Z Net Income	0.5886	-	0.5886
12.04.19	Group 2	Z Net Income	0.4027	0.1859	0.5886
12.04.19	Group 1	F Net Income	0.6891	-	0.6891
12.04.19	Group 2	F Net Income	0.6891	-	0.6891
12.04.19	Group 1	Z Net Accumulation	0.6055	-	0.6055
12.04.19	Group 2	Z Net Accumulation	0.0979	0.5076	0.6055

Interim distributions in pence per share
Group 1: Shares purchased prior to 01 April 2019.
Group 2 : Shares purchased on or after 01 April 2019 to 28 June 2019.

Payment date	Unit Type	Share Class	Net Revenue 2019	Equalisation 2019	Distribution paid/allocated 2019
12.07.19	Group 1	Z Net Income	1.0675	-	1.0675
12.07.19	Group 2	Z Net Income	0.8879	0.1796	1.0675
12.07.19	Group 1	F Net Income	1.1612	-	1.1612
12.07.19	Group 2	F Net Income	1.1612	-	1.1612
12.07.19	Group 1	Z Net Accumulation	1.1032	-	1.1032
12.07.19	Group 2	Z Net Accumulation	1.0068	0.0964	1.1032

Interim distributions in pence per share
Group 1: Shares purchased prior to 01 July 2019.
Group 2 : Shares purchased on or after 01 July 2019 to 30 September 2019.

Payment date	Unit Type	Share Class	Net Revenue 2019	Equalisation 2019	Distribution paid/allocated 2019
14.10.19	Group 1	Z Net Income	0.6500	-	0.6500
14.10.19	Group 2	Z Net Income	0.5760	0.0740	0.6500
14.10.19	Group 1	F Net Income	0.7600	-	0.7600
14.10.19	Group 2	F Net Income	0.7600	-	0.7600
14.10.19	Group 1	Z Net Accumulation	0.6800	-	0.6800
14.10.19	Group 2	Z Net Accumulation	0.5849	0.0951	0.6800

Final distribution in pence per share
Group 1: Shares purchased prior to 01 October 2019.
Group 2 : Shares purchased on or after 01 October 2019 to 31 December 2019.

Payment date	Unit Type	Share Class	Net Revenue 2019	Equalisation 2019	Distribution paid/allocated 2019
14.01.19	Group 1	Z Net Income	0.0343	-	0.0343
14.01.19	Group 2	Z Net Income	0.0290	0.0053	0.0343
14.01.19	Group 1	F Net Income	0.1611	-	0.1611
14.01.19	Group 2	F Net Income	0.1611	-	0.1611
14.01.19	Group 1	Z Net Accumulation	0.0368	-	0.0368
14.01.19	Group 2	Z Net Accumulation	0.0065	0.0303	0.0368

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) 86.37% of the total dividend allocation together with the tax credit is received as franked investment income.
ii) 13.63% 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.

General Information

Base Currency
The base currency of the Company is Pounds Sterling which is the functional currency.

Share Capital
The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

Structure of the Company
The VT Thistledown ICVC is structured as an umbrella company. Provision exists for an unlimited number of Sub-Funds, and at the date of this Report there is one sub-fund, VT Thistledown Income Fund, authorised.

Classes of Shares
The Company can issue different classes of share in respect to any Sub-Fund.

Valuation Point

The scheme property of the Company and each Sub-Fund will normally be valued at 4.30 pm on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed.

The ACD reserves the right to revalue the Company or any Sub-Fund at any time if it considers it desirable to do so, with the Depositary's approval.

Buying and Sellling of Shares
The ACD will accept orders for the purchase and sale of shares on normal business days between 8.30am and 5.30pm. Instructions to buy or sell shares may either be in writing to:

Valu-Trac Investment Management Ltd
Orton, Fochabers, Moray, IV32 7QE
Or by email to:
thistledown@valu-trac.com for deals relating to the sub-fund.

A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

Pricing Basis
There is a single price for buying, selling and switching shares in a Sub-Fund which represents the net asset value of the Sub-Fund concerned. The share price is calculated on a forward pricing basis, that is at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD.

The prices of shares are published daily on the Investment Association website at www.fundlistings.com. Neither the ACD nor the Company can be held responsible for any errors in the publication of the prices. The shares in the company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected free of charge at the office of the ACD which is also the Head Office of the Company and copies may be obtained upon application.

Authorised Corporate Director & Registrar and, after 3 February 2020, Investment Manager
Valu-Trac Investment Management Limited
Orton
Fochabers
Moray
IV32 7QE
Telephone: 01343 880344
Fax: 01343 880267
(Authorised and regulated by the Financial Conduct Authority)

Investment Manager (to 3 February 2020) and Investment Adviser following that date
Thistledown Investment Management Limited
Otham Manor
Otham Street
Maidstone
Kent
ME15 8RW
(Authorised and regulated by the Financial Conduct Authority)

Depositary
NatWest Trustee Depositary Services Limited
Drummond House
2nd Floor
1 Redheughs Avenue
Edinburgh EH12 9RH

(Authorised and regulated by the Financial Conduct Authority)

Auditor
FKF Accounting Limited
33 High Street
Inverness
IV1 1HT

Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Thistledown Income Fund on the outcome of the AFM's assessment of the value provided to shareholders

For the year ended 31 December 2019

This assessment is to establish what VT Thistledown Income 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 up to 3rd February 2020 was Thistledown Investment Management Limited. From the 3rd February 2020 Valu-Trac Investment Management Limited retained and carried out the Investment Management function.

The investment objective of the fund is to provide income while investing to provide some capital growth over the medium to long term .

	At and for the year ended				
	31 Dec 2019 [1]	**31 Dec 2018 [1]**	**31 Dec 2017 [1]**	**31 Dec 2016 [1]**	**3 Nov 2015 [1]**
Value of fund					
Z Net Income	£5.3m	£5.5m	£5.5m	£5.2m	£0.2m
Z Net Accum	£6.3m	£5.5m	£4.7m	£4.0m	-
F Net Income	£3.1m	£2.9m	£3.2m	£2.9m	-
Shares outstanding					
Z Net Income	4.0m	4.5m	4.1m	4.2m	0.2m
Z Net Accum	4.5m	4.4m	3.5m	3.3m	-
F Net Income	2.44m	2.4m	2.4m	2.4m	-
NAV per share					
Z Net Income	132.78p	120.77p	133.52p	123.28p	99.60p
Z Net Accum	139.11p	124.23p	134.95p	122.92p	-
F Net Income	129.09p	117.41p	129.82p	119.85p	-
Dividend per share					
Z Net Income	2.3404p	2.2710p	1.5988p	1.5894p	0.0140p
Z Net Accum	2.4255p	2.3098p	1.6120p	1.7132p	-
F Net Income	2.7714p	2.7054p	2.0579p	1.7682p	-
Operating charges					
Z Net Income	1.31%	1.30%	1.40%	1.38%	1.54%
Z Net Accum	1.31%	1.30%	1.40%	1.38%	-
F Net Income	0.91%	0.90%	1.00%	0.98%	-
Net gains/(losses)					
Capital gain/(loss)	£1.348m	(£1.378m)	£1.061m	£2.234m	(£0.090m)
Total Net gain/(loss)	£1.798m	(£0.957m)	£1.396m	£2.540m	£0.104m

[1] *Source: Valu-Trac Administration Services*

F Net Income Share Class launched 19/04/2016Z Net Accumulation Share Class launched 04/04/2016

The operating charges ratio is based on the actual charges and the average NAV during the period

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:

Depositary – NatWest Trustee and Depositary 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 Depositary 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. During the period under review the AFM had in fact changed the fund's custodian to RBC following a review of custody providers and comparing the quality of the services provided in addition to costs. Such items as recovery of withholding tax and efficiency of opening new investment markets were considered.

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. The AFM works closely with Thistledown Investment Management Limited to coordinate mailings such as annual letters with dividend vouchers and financial reports to avoid excessive correspondence whilst providing all required reporting on a timely and clear basis. This also has ensured that the AFM has responded to any enquiries from shareholders fully and promptly.

2. Performance

Although VT Thistledown Income Fund does not have a formal benchmark the performance can assessed as to whether the objective is being achieved (i.e. whether there has been capital growth over the medium to long term (3-5 years)).

The table below demonstrates that this has been achieved.

	Cumulative total return to 31 Dec 2019	
	5 years	**Average**
Total Return		**Annual Return**
Z Net Income	41%	7.1%
Z Net Accum (launched 04/04/2016)	39%	9.2%
F Net Income (launched 19/04/2016)	38%	9.0%

Notes

Total return basis has distributions added back in for the Income share class.

.

3. AFM costs - general

The costs (in £) incurred during the year ended 31 December 2019 were as follows:

Authorised Corporate Director	20,798	(VAT exempt)
Investment Management	112,528	(VAT exempt)
Depositary	18,020	(VAT inclusive)
Safe Custody fee	737	(VAT exempt)
Auditor	2,580	(VAT inclusive)
FCA	63	(VAT exempt)
Other fees	4,879	(VAT exempt)
Total costs	**159,605**	

Net income for the year (capital and revenue less expenses) was £1,626,560 which included taxation of £12,005.

There were no preliminary charges, redemption charges or performance fees paid by shareholders during the year.

It should be noted that the prospectus does not allow for redemption charges however a dilution levy can be charged on transactions into or out of the fund if any deal exceeds £500,000 or, if smaller, 1% of the size of the fund.

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. Examples of this are the sliding scales of both the investment manager and depositary in addition to reduction in depositary fees and in custody fees as a result of a review of custody providers. The fixed fee nature of the Authorised Corporate Director also provides for cost efficiency as the assets of the fund have grown. As the AFM grows its total assets across all schemes it uses this purchasing power to benefit all schemes. The successful growth of the AFM has already facilitated this for both depositary and custody fees.

5. Comparable market rates

The AFM has compared the charges of this fund with that of comparable funds. The AFM believes that the shareholders of the fund are achieving efficient market rates as a whole. 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. Comparable services

During the period under review, the Z class shareholders suffered operating charges of 0.4% higher than the F class shareholders, due to a higher Investment Management fee being applied to the Z class shareholders. Although the services provided to this fund and the costs are comparable amongst other similar funds operated by the AFM, it is considered that the differentiation in costs between the share

classes within the fund was not appropriate, and as a result from 1 January 2020, the differentiation in the IM fee charged was eliminated and so from 1 January 2020, the Z and F share classes will be charged exactly the same operating costs.

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 all categories of shareholders, that the anomaly between the F class shareholders and the Z class shareholders in the operating costs charged to them was not considered to be justified, and that consequently as from 1 January 2020, the F and Z categories of shareholders would be charged the same.

30 April 2020