

Valu-Trac Investment Management Limited

Authorised and regulated by the Financial Conduct Authority (FCA), registration number 145168.
Registered in England No. 2428648

Tel: +44 (0)1343 880344

Orton, Moray IV32 7QE

27 September 2024

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
YOU DO NOT NEED TO TAKE ANY ACTION, BUT WE RECOMMEND THAT YOU
READ IT.**

Dear Shareholder,

Important Changes to the VT Downing Fox Funds ICVC (the “Company”)

1. BACKGROUND

We are writing to you as an investor in one or more sub-funds of the Company to inform you about some important changes that affect the Company and the sub-funds.

The reason for the changes is because we, Valu-Trac Investment Management Limited (“**Valu-Trac**”), are retiring as authorised corporate director (“**ACD**”) of the Company (and of the sub-funds) and are to be replaced by Margetts Fund Management Limited (“**Margetts**”). Importantly, we would note that Downing LLP will continue to act as Investment Manager to the Company (and each of the sub-funds) and there will be no change to the investment management of the sub-funds as a result of the developments set out in this letter.

It is intended that the changes to the Company, which we summarise below, will take effect on **29 November 2024** (the “**Effective Date**”) which is to be a non-dealing day. Details of the deadlines for dealing before and after the Effective Date are set out below.

There is no need for you to take any action as a result of these changes. If you take no action, then your holding in the Company will continue (albeit with the changes noted below) and Downing LLP will continue as Investment Manager of the Company.

The Financial Conduct Authority (“**FCA**”) has confirmed that the implementation of the changes referred to in this letter will not affect the continued authorisation of the Company.

2. KEY CHANGES TO THE COMPANY

It is important that you read this letter carefully as it contains information about your investment. However, none of these changes will affect the structure of the Company (or sub-funds) or your ability to exercise your rights in connection with your investment.

In practice, only a limited number of changes to the way in which the Company is operated will be made although you may notice in due course that the drafting of the prospectus of the Company is to change considerably to reflect the preferred style of Margetts. In particular, as noted above, the Investment Manager of the Company, Downing LLP, will remain as Investment Manager following the change in ACD. There will be no change to the investment objective or policy of any of the sub-funds of the Company as a result of the change in ACD (and so there will be no change to the risk profile of any of the sub-funds as a result of the changes).

2.1. Change of ACD

The ACD, which is the organisation responsible for the management and operation of the Company, will change from us, Valu-Trac, to Margetts on the Effective Date.

About Margetts

Margetts is a company incorporated in England and Wales on 12 February 2001 with company number 04158249, with its registered office being at 1 Sovereign Court, 8 Graham Street, Birmingham, B1 3JR. Margetts currently acts as the ACD for a range of other UK collective investment schemes, similar to the Company.

2.2. Change of name of the Company and sub-funds

With effect from the Effective Date, the Company and sub-funds will be renamed to include reference to Margetts rather than Valu-Trac, as follows:

Current name	Name from the Effective Date
Company	
VT Downing Fox Funds ICVC	MGTS Downing Fox Funds ICVC
Sub-funds	
VT Downing Fox 40% Equity	MGTS Downing Fox 40% Equity
VT Downing Fox 60% Equity	MGTS Downing Fox 60% Equity
VT Downing Fox 80% Equity	MGTS Downing Fox 80% Equity
VT Downing Fox 100% Equity	MGTS Downing Fox 100% Equity

2.3. Change of Head Office

From the Effective Date, the Head Office of the Company will also change to 1 Sovereign Court, Graham Street, Birmingham, B1 3JR, which is also the registered office of Margetts. This is also the appropriate address for all correspondence relating to the Company from the Effective Date.

2.4. Change of Administrator and Registrar of the Company

The administrator and registrar will change from Valu-Trac to Margetts.

From the Effective Date, all communications concerning the Company (including complaints and dealing instructions) should be referred to Margetts at 1 Sovereign Court, Graham Street, Birmingham, B1 3JR (Telephone 0345 607 6808).

The prospectus of the Company will be updated from the Effective Date to reflect any changes to contact details and dealing arrangements.

2.5. Non dealing day to facilitate ACD transition

The Effective Date will be classed as a non-dealing day in order to ensure that the transfer of data from the outgoing administrator/registrar to the incoming administrator/registrar can be accommodated.

For reference, relevant dealing cut-off and valuation points around the Effective Date will be as follows:

Date	Dealing and Valuation Point
Effective Date minus 1 business day (28 November 2024)	Dealing cut-off – 12:00pm Valuation point – 12:00pm
Effective Date (29 November 2024)	Non-dealing day No valuation point
Effective Date plus 1 business day (2 December 2024)	Dealing cut-off – 5:00pm (<i>for dealing following day</i>)
Effective Date plus 2 business days (3 December 2024)	Valuation point – 08:30am Dealing cut-off – 5:00pm (<i>for dealing following day</i>)

2.6. Valuation Point and Cut-Off Time

Following the Effective Date, the valuation point and deadline for dealing instructions in respect of each of the sub-funds of the Company is to change as follows:

Current Arrangement	New Arrangement
Dealing Cut-off - 12:00 noon Valuation Point - 12:00 noon	Dealing Cut-off - 5:00pm prior day Valuation Point - 8.30am

2.7. Price Publication

From the Effective Date, you will be able to find the most recent price of shares in the Company at www.mgtsfunds.com or by calling 0345 607 6808 during the new ACD's normal business hours (9am – 5pm).

2.8. Change of Depositary and Depositary Fees

The Depositary will change from being NatWest Trustee and Depositary Services Limited to being Bank of New York Mellon (International) Limited. The registered office of the new depositary is at 160 Queen Victoria Street, London, EC4V 4LA.

The Depositary is a private company limited by shares incorporated in England and Wales on 9 August 1996. Its ultimate holding company is The Bank of New York Mellon Corporation, a public company incorporated in the United States.

There will be some changes to the Depositary's fee structure as a result:

Current Depositary fee	New Depositary Fee
<p>The rate of the periodic fee is agreed between the ACD and the Depositary from time to time and is currently based on the value of the Company:</p> <ul style="list-style-type: none"> - Up to £100 million - 3 bps (0.03%) - £100 million to £200 million - 2.5 bps (0.025%) - £200 million to £400 million – 2.0 bps (0.020%) - thereafter – 1.5 bps (0.015%) <p>(plus VAT) subject to a minimum of £15,000 (plus VAT) per annum per sub-fund.</p>	<p>The rate of the periodic fee is agreed between the ACD and the Depositary from time to time and is currently based on the value of the Company:</p> <ul style="list-style-type: none"> - Up to £50 million - 0.0375% - £50 million to £100 million - 0.0275% on the next £50 million - £100 million to £150 million - 0.0175% - thereafter - 0.0075% <p>(plus VAT) subject to a minimum of £5,000 (plus VAT) per annum per sub-fund.</p>

2.9. Change of Custodian

The Custodian will change from being CACEIS Bank, UK Branch to being The Bank of New York Mellon SA/NV, London Branch.

As a result, there will be some changes to the fees payable to the Custodian:

	Current Custodian charges	New Custodian charges
Transaction charges	£0 to £40	£4.50 (UK) to £115 (Saudi Arabia)
Custody charges	0.01% to 0.12% per annum of the value of property of the Company	Usually between 0.006% (UK) and 1% (Saudi Arabia) of the value of the property of the Company

2.10. Annual Management Charge and Ongoing charges

The annual management charge ("**AMC**") will change as shown within the table below.¹ However, the effect of these changes (and indeed the change to the depositary fees) will not impact overall costs being borne by shareholders as the existing cap on the ongoing charges figure ("**OCF**") of each sub-fund remain unchanged (although further detail regarding the OCF before and after the change is set out below for reference).

	Current AMC	New AMC						
AMC	<p>£59,089.22 per annum</p> <p>PLUS</p> <p>(A) A variable fee based on the Net Asset Value of the Fund (plus VAT if applicable) as follows:</p> <ul style="list-style-type: none"> On sums up to £100 million – 1.5 bps 	<p>For all sub-funds:</p> <table border="1"> <thead> <tr> <th>Fund</th> <th>Class A</th> <th>Class F</th> </tr> </thead> <tbody> <tr> <td>VT Downing Fox 40% Equity</td> <td>0.30%</td> <td>0.26%</td> </tr> </tbody> </table>	Fund	Class A	Class F	VT Downing Fox 40% Equity	0.30%	0.26%
Fund	Class A	Class F						
VT Downing Fox 40% Equity	0.30%	0.26%						

¹ ISIN's for the share classes are as follows:

- **VT Downing Fox 40% Equity**: Class A Accumulation (ISIN: GB00BQBCTT86); Class A Income (ISIN: GB00BQBCTV09); Class F Accumulation (ISIN: GB00BQBCTW16); Class F Income (ISIN: GB00BQBCTX23)
- **VT Downing Fox 60% Equity**: Class A Accumulation (ISIN: GB00BQBCTY30); Class A Income (ISIN: GB00BQBCTZ47); Class F Accumulation (ISIN: GB00BQBQCV036); Class F Income (ISIN: GB00BQBQCV143)
- **VT Downing Fox 80% Equity**: Class A Accumulation (ISIN: GB00BQBQCV366); Class A Income (ISIN: GB00BQBQCV473); Class F Accumulation (ISIN: GB00BQBQCV580); Class F Income (ISIN: GB00BQBQCV697)
- **VT Downing Fox 100% Equity**: Class A Accumulation (ISIN: GB00BQBQCV812); Class A Income (ISIN: GB00BQBQCV929); Class F Accumulation (ISIN: GB00BQBQCVB41); Class F Income (ISIN: GB00BQBQCV57)

<p>(0.015%) per annum</p> <ul style="list-style-type: none"> ▪ On sums between £100 million and £250 million – 0.75 bps (0.0075%) per annum ▪ On sums between £250 million and £500 million – 0.5 bps (0.005%) per annum; and ▪ and on all sums thereafter – 0.25 bps (0.0025%) per annum <p>PLUS</p> <p>(B) A variable fee depending on the share class as follows:</p> <table border="1"> <thead> <tr> <th>Fund</th> <th>Class A</th> <th>Class F</th> </tr> </thead> <tbody> <tr> <td>VT Downing Fox 40% Equity</td> <td>0.20%</td> <td>0.16%</td> </tr> <tr> <td>VT Downing Fox 60% Equity</td> <td>0.30%</td> <td>0.24%</td> </tr> <tr> <td>VT Downing Fox 80% Equity</td> <td>0.40%</td> <td>0.32%</td> </tr> <tr> <td>VT Downing Fox 100% Equity</td> <td>0.50%</td> <td>0.40%</td> </tr> </tbody> </table> <p>the above percentages being a percentage per annum of the Net Asset Value of the relevant sub-fund attributable to the relevant Class (plus VAT if applicable)</p>	Fund	Class A	Class F	VT Downing Fox 40% Equity	0.20%	0.16%	VT Downing Fox 60% Equity	0.30%	0.24%	VT Downing Fox 80% Equity	0.40%	0.32%	VT Downing Fox 100% Equity	0.50%	0.40%	<table border="1"> <tr> <td>VT Downing Fox 60% Equity</td> <td>0.40%</td> <td>0.34%</td> </tr> <tr> <td>VT Downing Fox 80% Equity</td> <td>0.50%</td> <td>0.42%</td> </tr> <tr> <td>VT Downing Fox 100% Equity</td> <td>0.60%</td> <td>0.50%</td> </tr> </table> <p>the above percentages being a percentage per annum of the Net Asset Value of the relevant sub-fund attributable to the relevant class (plus VAT if applicable).</p>	VT Downing Fox 60% Equity	0.40%	0.34%	VT Downing Fox 80% Equity	0.50%	0.42%	VT Downing Fox 100% Equity	0.60%	0.50%
	Fund	Class A	Class F																						
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VT Downing Fox 100% Equity	0.60%	0.50%																							

Margetts will also apply fees in respect of transfer agency services it provides to the Company (which vary depending on the service being provided).

As noted above, given the existence of a cap on the OCF, the costs being borne by each of the sub-funds of the Company (and so shareholders) are expected to remain unchanged as a result of the change in authorised corporate director. However, for reference, based on the value of each sub-fund as at 28 June 2024, the ongoing charges figure of each of the sub-funds will be approximately as follows:

	OCF (current)	New expected OCF (albeit subject to a cap)
VT Downing Fox Equity 40%	Class A: 0.40% <i>(in the absence of the cap, the ongoing charges figure would be 2.95%)</i> Class F: 0.36% <i>(in the absence of the cap, the ongoing charges figure would be 2.91%)</i>	Class A: 0.40% <i>(in the absence of the cap, the ongoing charges figure would be 1.38%)</i> Class F: 0.36% <i>(in the absence of the cap, the ongoing charges figure would be 1.34%)</i>
VT Downing Fox Equity 60%	Class A: 0.60% <i>(in the absence of the cap, the ongoing charges figure would be 1.57%)</i> Class F: 0.54% <i>(in the absence of the cap, the ongoing charges figure would be 1.51%)</i>	Class A: 0.60% <i>(in the absence of the cap, the ongoing charges figure would be 1.17%)</i> Class F: 0.54% <i>(in the absence of the cap, the ongoing charges figure would be 1.11%)</i>
VT Downing Fox Equity 80%	Class A: 0.80% <i>(in the absence of the cap, the ongoing charges figure would be 1.54%)</i> Class F: 0.72% <i>(in the absence of the cap, the ongoing charges figure would be 1.46%)</i>	Class A: 0.80% <i>(in the absence of the cap, the ongoing charges figure would be 1.39%)</i> Class F: 0.72% <i>(in the absence of the cap, the ongoing charges figure would be 1.31%)</i>
VT Downing Fox Equity 100%	Class A: 1.00% <i>(in the absence of the cap, the ongoing charges figure would be 2.08%)</i> Class F: 0.90% <i>(in the absence of the cap, the ongoing charges figure would be 1.98%)</i>	Class A: 1.00% <i>(in the absence of the cap, the ongoing charges figure would be 1.47%)</i> Class F: 0.90% <i>(in the absence of the cap, the ongoing charges figure would be 1.37%)</i>

2.11. Change of Auditor

With effect from the Effective Date, the current auditors, namely Johnston Carmichael LLP will retire and, Shipleys LLP will be appointed by Margetts.

3. OTHER CHANGES

In connection with the change in ACD Margetts has requested that the current prospectus of the Company be adapted/replaced by its general existing template. The consequent changes are not considered material to the investment strategy and operation of the Company. However, whilst most changes simply involve different language being used to cover the same point, we would note the following:

- i) Eligible Markets - the list of securities and derivatives markets in which the sub-funds may deal in investments will be updated to reflect Margetts standard temple (although Downing LLP, as the Investment Manager, has confirmed that this will not impact upon the investments which any of the sub-funds will make or restrict them in any way);
- ii) Mandatory Conversion – the ability of the ACD to mandatorily convert your shares from one class to another where it is considered to be in the best interests of investors, is to remain (although the language explaining the circumstances in which this may be done will be slightly different going forward);
- iii) Suspension of Dealing – the current prospectus provides that the ACD may suspend dealing in shares where, due to exceptional circumstances, it considers it to be in the best interests of shareholders to do so. It also provides that dealing in shares in a sub-fund may be suspended where at least 20% of the value of the sub-fund is invested in units of one or more other authorised funds for which dealings in units have been temporarily suspended in accordance with the FCA rules (for example, where, there is material uncertainty about the value of immovable property such funds have invested in). However, Margetts are not carrying over this specific provision.
- iv) Dilution – As noted in the Company's prospectus, there are costs (such as brokering charges and taxes) associated with purchasing, selling or switching underlying investments in the sub-funds (which may be triggered by shareholders buying or selling shares in the sub-funds). These dealing costs can have an adverse effect on the value of the sub-funds, known as "dilution". The effects of dilution on each sub-fund are currently addressed by way of a 'Dilution Adjustment' which involves an adjustment to the price of a share to reduce the impact of dilution. Margett's expectations as to the level of adjustment is slightly different, although it is expected to be broadly consistent with the approach taken by Valu-Trac.
- v) Risks – the prospectus which Margetts will use contains its own standard language regarding risk warnings, although these are largely the same as set out in the current prospectus.

- vi) Target market – similarly, the target market for each sub-fund will not change, however the current wording in the prospectus will be updated to match the preferred style and template used by Margetts.

4. REGULAR PAYMENTS

Existing mandates and direct debits which you have in place with Valu-Trac will terminate. Margetts will contact you separately with regards the establishment of revised mandates including new direct debit and regular investing instructions.

5. DATA PROTECTION

As a result of the proposed change of ACD, Shareholders' personal details will be transferred to Margetts, a company that is not within the same group of companies as Valu-Trac. Valu-Trac will retain personal details in order to comply with the FCA's record keeping rules but will not keep your personal data longer than is necessary and will take all reasonable steps to destroy, or erase from its systems, all data which is no longer required.

6. CONTACT AND SETTLEMENT DETAILS

	Pre-Effective Date	Post-Effective Date
Fund administration address	Valu-Trac Investment Management Limited, Mains of Orton, Orton, Moray IV32 7QE.	Margetts Fund Management Limited, 1 Sovereign Court, Graham Street, Birmingham B1 3JR
Contact number for dealing and enquiries	01343 880 344	0345 607 6808
Bank settlement details	N/A	Account Name: Margetts Fund Management Limited Investment Account Account Number: 33062635 Sort Code: 20-00-00 SWIFTBIC: BARCGB22 IBAN: GB10 BARC 2000 0033 0626 35

As a reminder, none of the changes outlined above are expected to result in any change to the way in which the sub-funds operate or the investments which each makes (and so the risk profile of each is to remain unchanged).

For the avoidance of doubt, the costs of the transition of ACD responsibilities shall be met by Downing LLP.

Should you wish to receive a copy of the updated prospectus this can be provided upon request free of charge.

Should you have any queries concerning your holding on or **before the Effective Date**, please contact Valu-Trac customer services team on 01343 880 344 or by post to Valu-Trac Investment Management Limited, Orton, Moray, IV32 7QE. Calls may be recorded for training or monitoring purposes.

If you have any doubt as to the action you should take in relation to this letter, we strongly recommend that you contact your professional adviser in the first instance.

Please note Valu-Trac Investment Management Limited does not provide investment advice.

Yours faithfully

**Mark Gillan, Head of Product Governance
Valu-Trac Investment Management Limited
Authorised Corporate Director to
VT Downing Fox Funds ICVC**