

Our ref: 8807

Fund merger for VT Momentum Diversified Moderate

I am writing to you because you are invested in the VT Momentum Diversified Moderate fund, provided by Valu-Trac Investment Management Limited.

Valu-Trac has informed us that the VT Momentum Diversified Moderate fund will merge into the VT Momentum Diversified Income fund on **27 March 2026**. You'll see the new fund on your valuations and statements after that date.

The merger is subject to shareholder approval. If it isn't approved, we will write to let you know.

The last date we can sell from the fund before the merger will be 11:00 on 26 March 2026.

You may want to speak to your financial adviser about the impact of the merger. Please speak to them before making any investment decisions, or if you have any questions about this change.

If you don't have a financial adviser, we recommend that you consider the benefits of receiving professional financial advice, which can be especially important when you need to make investment decisions. If you would like to search for an adviser in your area you can start by visiting quilter.com/financial-advice/find-an-adviser.

How the merger will affect your account

- **The value of your fund holding** – The merger may affect the value of your fund holding, as explained below under the heading "Will the merger cost me anything?"
- **Treasured assets** – if you have treasured the fund to be excluded when deducting units to meet certain scheduled payments from your account (for example charges and ongoing adviser fees), this arrangement will stop. You can arrange to treasure different assets by providing us with a new treasured asset request form.

Cash may not be suitable for your long-term investment needs. If you're happy for the amount to stay in cash, you don't need to do anything. Alternatively, you can switch the cash into an alternative asset(s) from our extensive range. Your financial adviser can give us your switch instruction, or you can switch by logging into our online Customer Centre at quilter.com/login or by sending us a switch form in the post.

A note about cash in your account

We don't take any product or service charges on your cash balance (although the value is still included in the total value calculation for the charge). Instead, we pay you a rate of interest on cash in your account and we are paid by retaining a proportion of the interest we receive from our banking partners.

You can find more information, including the current interest rate payable and how much interest we retain, on our website at quilter.com/interest-on-cash.

- The merger **won't change the fund's risk profile**. You can see more information about the new fund in its Key Investor Information document, which will be available online at quilter.com/VT-momentum-DM upon receipt. Please note, it may not reflect the charges applicable when accessing the fund through us.

- **Ongoing Charge Figure (OCF) / Total Expense Ratio (TER)** - The OCF/TER will change with the merger.
- The **reimbursed rebate** that applies to your fund holding will change from 0.00% to 0.10%.

Fund managers apply an Annual Management Charge (AMC) for the investment management they provide. This is reflected within the daily price of the fund and not taken directly from your holdings.

The OCF/TER represents the ongoing charges for the fund, expressed as a percentage. It is the sum of the AMC and all other running costs of the fund. OCF is increasingly replacing the TER.

We will receive a rebate from the fund manager in respect of the receiving fund. This is effectively a discount on the fund manager's AMC, that we negotiate for you. We reinvest the whole rebate as a 'reimbursed rebate' into your account. You can see more details of this in the 'Customer Account Credit' section of your quarterly statements.

The table below shows the current and new AMC, OCF/TER and reimbursed rebate of the fund. The Effective OCF/TER is the OCF/TER less the reimbursed rebate.

	AMC %	OCF/TER %	Reimbursed rebate %	Effective OCF/TER %
Current	0.75	1.21	0.00	1.21
New	0.75	1.05	0.10	0.95

Please note that none of the changes detailed in this letter affect any charges made by Quilter.

Will the merger cost me anything?

Although the investment policies of both funds are similar in that they both invest in a broad range of asset classes, there will be some realignment of the portfolio of the merging fund. According to Valu-Trac, portfolio turnover is expected to be 53% and realignment costs are expected to be 0.07% of the merging fund's value.

In addition, the legal and audit costs associated with terminating the merging fund will be borne by the fund and an amount of £8,000 + VAT (circa 0.05% of the fund's value) will be retained by the fund to cover such costs.

Why the funds are merging

The fund is relatively small and has been in decline in recent years as it has not attracted significant investment. The merging and receiving funds have similar strategies, performance histories, asset allocation, sector exposure and identical risk profiles.

By merging the two funds, significant cost benefits are expected to be achieved through increased scale and efficiency, and investors are likely to benefit from reduced ongoing charges.

You can find more information about the old and new funds overleaf.

The next steps and avoiding the merger

You do not need to take any action unless you would like to choose a new asset from our extensive range. You can switch your holding in the VT Momentum Diversified Moderate fund at any time up until **11:00 on 26 March 2026**. If you decide to switch into a new asset(s), please note that you will also need to update your asset choice for Direct Debit payments, if applicable.

If you have any questions about this letter, please speak to your financial adviser who will be able to help you. Alternatively, you can call or email us using the details shown and we will be happy to help. Our Customer Service Centre is open 8:30am – 5:30pm, Monday to Friday.

Yours sincerely,



Callum Earl

Head of Client Services

Fund objectives

Current fund VT Momentum Diversified Moderate	New fund VT Momentum Diversified Income
<p>Fund objective: The fund aims to achieve total returns (comprised of capital growth and income) of the Consumer Prices Index + 5% (net of management fees and underlying fund charges) over the medium to long-term (3-5 years). Capital is in fact at risk and there is no guarantee that a positive return will be achieved over a five year, or any, period.</p>	<p>Fund objective: The fund aims to deliver an annual level of income (net of fees) in the range of 4% to 6%. The fund also aims to provide capital growth (generated through an increase in the value of the assets held by the fund and/or income received from those assets) over rolling 6 year periods, while maintaining a risk profile as defined by the portfolio's annualised ex ante volatility in the range of 8% to 11%.</p>