

Our ref: 8817/nam

## Fund merger for VT Downing Unique Opportunities

I am writing to you because you are invested in the VT Downing Unique Opportunities fund, provided by Valu-Trac Investment Management Limited.

Valu-Trac has informed us that the VT Downing Unique Opportunities fund will merge into the VT Downing Small & Mid-Cap Income fund on **10 April 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 09 April 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](https://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](https://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](https://quilter.com/interest-on-cash).

- The merger **may change the fund's risk profile**. You can see more information about the new fund in its Key Investor Information document, available online at [quilter.com/VT-Downing-Unique-Opportunities](https://quilter.com/VT-Downing-Unique-Opportunities) 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 not change with the merger.

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.

The table below shows the current and new AMC and OCF/TER of the fund.

	AMC %	OCF/TER %
Current	0.75	1.00
New	0.75	1.00

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

### Will the merger cost me anything?

The audit and accountancy costs associated with terminating the merging fund will be borne by the fund and are estimated to be approximately 0.06% of the fund value.

### Why the funds are merging

Over the past 12 months, the receiving fund has outperformed the merging fund by around 4% and the size of the merging fund has fallen from £24,044,467 as at 9 October 2025 to £16,526,974 as of 16 January 2026. Valu-Trac believes that the receiving fund offers stronger prospects for future growth, which may result in additional cost reductions through economies of scale over the longer term.

The funds have a similar investment objective and can, broadly, invest in the same type of assets. The funds both mainly invest in equities, particularly in smaller companies based in the UK, and there is a significant degree of overlap of the underlying investments of the funds (rising from around 8% in September 2024 to around 45% in November 2025). The portfolios of both funds have been managed by the same portfolio manager in recent years, and their performance, risk profile and key risk/return factors are very similar. The receiving fund is, therefore, considered by Valu-Trac to be a suitable receiving fund.

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 Downing Unique Opportunities fund at any time up until **11:00 on 09 April 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

<b>Current fund</b> VT Downing Unique Opportunities	<b>New fund</b> VT Downing Small & Mid-Cap Income
<p><b>Fund objective:</b> To achieve capital growth and income over the long term (5+ years) by investing at least 80% in equities listed on UK markets (including the London Stock Exchange, AIM and the ICAP Securities and Derivatives Exchange (ISDX)). The Investment Manager will be seeking to invest in equities which it considers to have a unique outlook and opportunity for growth.</p>	<p><b>Fund objective:</b> To achieve income with the potential for capital growth over the long term (5+ years) by investing at least 80% in equities listed on UK markets (including the London Stock Exchange, AIM and the ICAP Securities and Derivatives Exchange (ISDX)). The Investment Manager will be seeking to invest in shares of small and medium sized companies which are listed in the UK and which the Investment Manager considers to have the ability to increase returns over time. The Investment Manager characterises small and medium-sized listed companies as those companies outside the largest 100 UK listed companies by market capitalisation.</p>