

Our ref: Sample

(Date)

Sample copy

Dear (Salutation)

Fund conversion for VT Sinfonia funds

Account number:

Your financial adviser:

I am writing to you because you are invested in one or more of the VT Sinfonia funds listed below, provided by Valu-Trac Investment Management Limited.

Valu-Trac will convert the below funds into a cheaper share class of the same fund on 23 October 2024. You'll see the new fund on your valuations and statements after that date.

Converted fund (share class)	New fund (share class)
VT Sinfonia Adventurous Growth Portfolio (Share Class D)	VT Sinfonia Adventurous Growth Portfolio (Share Class B)
VT Sinfonia Balanced Managed Portfolio (Share Class D)	VT Sinfonia Balanced Managed Portfolio (Share Class B)
VT Sinfonia Cautious Managed Portfolio (Share Class D)	VT Sinfonia Cautious Managed Portfolio (Share Class B)
VT Sinfonia Income & Growth Portfolio (Share Class D)	VT Sinfonia Income & Growth Portfolio (Share Class B)

You may want to speak to your financial adviser about the impact of the conversions. 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.

The last date we can sell from the funds before the conversion will be 11:00 on 22 October 2024.

How the conversion will affect your account

- **The value of your fund holding** – the conversion may affect the value of your fund holding, as explained below under the heading "Will the conversion cost me anything?"

Direct Debits – If you are paying into the fund by Direct Debit:

- 1) payments up to and including 22 October 2024 will be allocated to the VT Sinfonia Share Class D funds.
- 2) any payments which are due to be collected whilst the conversion is taking place will buy units proportionally across the other assets in your Direct Debit instruction. If the converting fund is the only fund in your instruction, those payments will be allocated to cash. They will stay in cash unless you choose to switch them to another asset in future.
- 3) payments after the conversion will be allocated to the VT Sinfonia Share Class B funds.

- **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.
- **Phasing and Rebalancing** – Any **phased investment** or **rebalancing** instructions using the fund will automatically continue after the conversion. Unless you give us an alternative choice, future transactions will be reapportioned across the other assets in your instruction, or cash if the converting fund is the only fund in your instruction.

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 conversion **won't change the fund's risk profile**.
- **Ongoing Charge Figure (OCF) /Total Expense Ratio (TER)*** - the OCF/TER will change with the conversion.

* The OCF/TER represents the ongoing charges for the fund, expressed as a percentage. It is the sum of the Annual Management Charge (AMC) and all other running costs of the fund. The figure shown is normally the ongoing charges figure (OCF), which is increasingly replacing the total expense ratio (TER). You can find more information about how the conversion will affect the OCF / TER and, where applicable, the Reimbursed Amount or Reimbursed Rebate on the last page of this letter.

Why the funds are converting

Valu-Trac has undertaken a review of its share classes to ensure investors are in share classes that provide value. As a result, they are converting D class shares to B class shares.

At the same time, Valu-Trac will also amend the investment policy of the VT Sinfonia Adventurous Growth Portfolio fund so that the proportion of the fund exposed to equities will reduce from 90% to 85%. This change will not alter the risk profile of the fund.

Will the conversion cost me anything?

The cost of the changes will be borne by the funds. The conversion cost for the VT Sinfonia Balanced Managed Portfolio, VT Sinfonia Cautious Managed Portfolio and the VT Income and Growth Portfolio are expected to be 0.02% of each fund's value.

The cost of the conversion and investment policy change for the VT Sinfonia Adventurous Growth Portfolio is expected to be 0.06% of the fund value.

The next steps and avoiding the conversion

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 Sinfonia Share Class D funds at any time up until **11:00 on 22 October 2024**. 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 Customer Operations

Fund information

Your account is currently on Charge Basis XXXX

AMC and OCF / TER changes for accounts on Charge Basis 1

Fund Name	Current AMC %	Current OCF/TER %	New AMC %	New OCF/TER %
VT Sinfonia Adventurous Growth Portfolio	1.75%	2.02%	1.50%	1.77%
VT Sinfonia Balanced Managed Portfolio	1.75%	2.05%	1.50%	1.80%
VT Sinfonia Cautious Managed Portfolio	1.75%	2.06%	1.50%	1.81%
VT Sinfonia Income & Growth Portfolio	1.75%	2.20%	1.50%	1.95%

What this change means for you (and your financial adviser)

The fund-based trail commission for the fund is reducing – The percentage of fund-based trail commission we pay your adviser is linked to the rebate we receive from the fund manager. The rebate is effectively a discount that we negotiate on the fund manager's AMC.

Current fund-based trail commission %	New fund-based trail commission %
0.50%	0.25%

If you have an agreement that your financial adviser receives 'fund-based trail commission' - The reduced rebate means that your adviser will receive less fund-based trail commission for the fund.

If you have an agreement that your financial adviser receives 'nominated trail commission' - Nominated trail commission is a set percentage that you agree to pay your adviser. It includes the fund-based trail commission. If your nominated percentage is higher than the level of fund-based trail commission, we sell units from the funds you're invested in to make up the difference.

As the new rate of fund-based trail commission has decreased, any nominated trail commission will be made up by selling more units from your holding.

Using the maximum amount of 1.5% nominated trail commission as an example, we would have previously sold 1.00% of your units each year, to pay for it. The decrease in fund-based trail commission means that we would now sell 1.25% of your units. This is a yearly percentage which we divide by 12 to work out how many units we need to sell each month.

AMC and OCF / TER changes for accounts on Charge Basis 2

	Current AMC %	New AMC %	Current OCF/TER %	New OCF/TER %	*Current Reimbursed amount %	*New Reimbursed amount %	Current Effective OCF/TER %	New Effective OCF/TER %
VT Sinfonia Adventurous Growth Portfolio	1.75%	1.50%	2.02%	1.77%	0.50%	0.25%	1.52%	1.52%
VT Sinfonia Balanced Managed Portfolio	1.75%	1.50%	2.05%	1.80%	0.50%	0.25%	1.55%	1.55%
VT Sinfonia Cautious Managed Portfolio	1.75%	1.50%	2.06%	1.81%	0.50%	0.25%	1.56%	1.56%
VT Sinfonia Income & Growth Portfolio	1.75%	1.50%	2.20%	1.95%	0.50%	0.25%	1.70%	1.70%

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

AMC and OCF / TER changes for accounts on Charge Basis 3

	Current AMC %	New AMC %	Current OCF/TER %	New OCF/TER %	**Current Reimbursed rebate %	**New Reimbursed rebate %	Current Effective OCF/TER %	New Effective OCF/TER %
VT Sinfonia Adventurous Growth Portfolio	1.75%	1.50%	2.02%	1.77%	1.10%	0.85%	0.92%	0.92%
VT Sinfonia Balanced Managed Portfolio	1.75%	1.50%	2.05%	1.80%	1.10%	0.85%	0.95%	0.95%
VT Sinfonia Cautious Managed Portfolio	1.75%	1.50%	2.06%	1.81%	1.10%	0.85%	0.96%	0.96%
VT Sinfonia Income & Growth Portfolio	1.75%	1.50%	2.20%	1.95%	1.10%	0.85%	1.10%	1.10%

**We receive a rebate from the fund manager in respect of this 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 AMC is the fund manager's Annual Management Charge. The AMC is not taken directly from your investment, but is reflected within the fund manager's pricing of the fund. This change will not affect any charges taken by Quilter.