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VT Holland Advisors Equity Fund

21st January 2026

Dear Investors and Friends,

Year-end Investor Letter – December 2025

The Fund NAV was up 12.3%¹ in 2025 after all fees and expenses. Whilst pleased with recent years' performance, particularly as it rewards long term owners who invested early on, we are not resting on our laurels. Our mission is to compound the capital entrusted to us at a high rate for decades to come. As such we are only just at the start of our journey.

At 31st December 2025 the Fund size was £81m. In the last 24 months we have put a far stronger team in place to support Claire and I in the running of Holland Advisors. This team will enable us to scale the Fund to a much greater size without me getting too distracted from the part of the job I love: investing. As articulated in past letters, there will be a limit on the scale of monies we manage, but for now we could easily run £1-2bn without any noticeable drag on performance. Crucially, we want the right type of investors who really understand what we are trying to do, accepting that our approach is unorthodox. If that client self-selection bias means we end up running far smaller sums than those above, we are very happy with that prospect. Fund investors should rest assured that our/my number one priority is to achieve a high rate of compound growth of unit-holder capital, it is not running ever larger sums just for the sake of it. Our interests are fully aligned.

Our differentiated approach

Our approach has been refined over many years, but by now we hope it is familiar to our regular readers. In short, we want to:

- invest in great companies (i.e. with sustainable competitive advantages: 'SCA's)
- run by great owner managers (driven visionaries and brilliant capital allocators)
- and we want to buy them at great prices (i.e. cheap vs the growth potential they offer) i.e. when likely they are misunderstood

Why do we have this approach?

Simply because these are by far the three most powerful traits that combine to create the highest rates of long term investor capital compounding. As a reminder a capital sum that grows at 5% pa for 20y is worth 2.6x its original sum. Contrast this with the same capital sum that grows at **15%** pa for 20y. It is worth **16x** its original value. We did not pick these two growth rates by chance. The 5% rate is one that many investors often earn over the long term once fees, ownership of low yielding bonds and poor market timing are taken into account. The 15% rate is one that a few great investors actually surpassed. The aggregated past performance of Messers Buffett, Lynch, Munger and Sleep is closer to 20% pa (i.e. initial capital being worth 38x its original value 20 years prior!). These are the investing greats we have studied for decades and whose shoulders we stand on.

¹ All performance figures use 'I' class shares.

Such contrasting outcomes should focus the mind. We think a 15% compound growth rate is achievable to a disciplined global equity investor, and that is our aspiration. It will not be easy and requires work, but we have done/continue to do the work and we have decades of runway ahead.

Simply put we seek to own pieces (shares if you prefer) of the world's very best businesses that are run by brilliant entrepreneurial leaders. And we try to buy them opportunistically. We are highly selective in the companies we choose and will go anywhere to find them. All of this is in pursuit of the high compound growth rate we aspire to. This is our North Star – everything else is either a building block in support of that aim or an unwanted distraction.

Which companies of 000's to look at vs Buffett's five minute rule

The question we get asked most often by potential investors is how we select just a few investments from the thousands on offer to us globally. I will be honest and say until c.10-15y ago I found the selection somewhat daunting also. Today I just find saying no (almost all the time!) pretty easy. It is 70% about knowing what we are looking for before the search even begins, and for helping to refine that search we have others to thank.

On the shoulders of giants

Summarising all I have learnt from the likes of Buffett, Munger and Sleep is almost impossible, and does their teaching no justice. That said here is a super short summary:

- From Buffett I learnt to buy great companies, but only when they are offered at outstanding prices.
 - I also learnt that there are three types of business: The Dream, The Compounder and The Gruesome (see Berkshire Hathaway 2007 letter & Appendix)
 - Also, the power of superior capital allocation by CEO's
- From Munger I learnt the importance of deferred gratification and the power of incentives/alignment
- From Sleep I learnt about the Scale Economics Shared business models and the Robustness Ratio (i.e. how much money a company saves its customers vs its own profitability)

I've been to Omaha maybe six times and read every Buffett/Munger letter (many twice) and all the books on them both. I've also spent c.30y studying in detail many other great investors like Sleep, Lynch, Bolton, Templeton, Burry, Akre to name a few. But let us assume that I have only learnt what is included in the 3-5 points above, nothing more. The reality is that even just using this filter very very few companies can get over the combined hurdles of:

- a. being 'great' say having a 15y record of a high ROIC rate and/or a clear SCA
- b. run by a brilliant, aligned founder who excels at capital allocation
- c. driving down unit costs in their business and passing those benefits on to the customer, rather than pocketing it for themselves in higher profits
- d. being cheap enough in absolute terms vs its likely future compounding

A tiny percentage of quoted companies can clear such hurdles. When one does, we spend time on it, otherwise we mostly pass. I was at the Berkshire Hathaway meeting almost 20 years ago when Buffett said the quote below. At the time it amazed me, as did his empty diary. Now I realise their combined power.

“If we can't make an investment decision in five minutes, we can't make it in five months.”

For better or worse I now know within the first few minutes whether a company is interesting or not. To be sure I want to invest our capital in it takes more work of course, but quickly getting rid of the mediocre ideas is easier for me now. This creates more time to focus on the better ideas, hopefully a good percentage of which we already own, but others we are keen to find. Buffett also said the following:

“The difference between successful people and really successful people is that really successful people say no to almost everything.”

The two types of goodwill

Fun fact: Your author (and Investment Manager) started his young analytical life as a quant analyst. It was all spreadsheets, betas and factor exposure for a while. Today the numbers in isolation matter far far less. Of course, we must assess a company’s financial past, potential future growth and capital needs thoroughly, and this takes a little time. However, it is the deeper intangible factors of a business’ resilience and how it is perceived by others that matter far more when assessing its quality/longevity.

“What you can’t measure often matters more” **Charlie Munger**

Real life goodwill – A kindly neighbour

There are two very different types of goodwill, and maybe we can learn a little about business quality from comparing them. There is goodwill in real life, let’s call it RL goodwill. This is what happens when your neighbour takes your bins out for you when you are on holiday or when that same neighbour stops to help an elderly person into their house with their shopping. This is kindness or being community spirited. Such giving actions are not done to seek goodwill, or any reciprocation, but over time they just create it by behaving in a consistently generous way.

What relevance does this have to do with investing I hear you ask? Most of the time actually not much, but very occasionally a great deal. Most investors see businesses very differently from how they view their kindly neighbour. Big business is seen to be about ruthless efficiency, cost cutting and profit maximisation. Its dog eat dog. Sadly, this assessment is often correct as a great many average businesses are run on such near-term blunt metrics. Thus, those entering business assume they must behave in such a way to get ahead (#theapprentice!). The sad result is that a great many participants leave their moral compass at the door when they enter the office.

But as a reminder we are not looking to invest in average businesses run by average CEOs, we are looking for outstanding ones, run by brilliant far-sighted leaders.

Accounting goodwill or ‘overpayment’

The second type of goodwill, ‘Accounting goodwill’, is created when ‘average company A’ buys ‘average company B’. If the assets of B are worth \$1bn at the time of the takeover and the agreed price is \$2bn, the accounting wizards create a ‘goodwill’ balancing asset in A’s accounts of \$1bn. This is despite the fact that no RL goodwill may be present at all. Maybe it would be easier if it were labelled “potential overpayment” instead. Far fewer egotistical and value destructing takeovers might happen as a result!

The outstanding companies we look to invest in are not cost cutters, nor are they out to maximize today’s revenue by squeezing customers. They are largely organically built which means they also have very little accounting goodwill on their balance sheets. Indeed, a consistent adding of accounting goodwill over time shows us a highly acquisitive, potentially risk-taking company which is a sign of exactly what we are not looking for.

Great cultures look for win-win outcomes

Our companies look for win-win situations, i.e. where they can offer the customer a great deal but also make an acceptable return themselves. They seek out cost efficiencies but then pass those on to customers in lower prices. They want to delight their customers with great value or great service (sometimes both). What we see in such companies is something that cannot be measured easily, it is an earned customer loyalty towards the business. These companies have behaved in ways that over years, or decades, built trust to the extent that you will return to buy from them again, or you will, unprompted recommend their service to others. This is the RL goodwill that you feel for your kindly neighbour. It is the unspoken favour that you feel inclined (but never obliged) to repay. It is almost impossible to measure and has no line in a company's balance sheet. As a result, it is often paid little attention by the vast majority of investors.

Love actually or...

My favourite Christmas movie is "*It's a wonderful life*" (Love Actually is a close second!). Think Bank of Dave, but 100 years earlier. In the film local business owner George Bailey behaves impeccably, consistently putting others interests in his community ahead of his own for 20y, against unrelenting odds. When he later faces ruin he contemplates suicide, only for the community to come forward to voluntarily save his family and business. 100 years ago, when businesses were based in a single town the reputations of such companies and their owners were inextricably linked. As such, perhaps RL goodwill was easier to see both in community businesses and in the films that portrayed them.

Modern businesses have huge scale so they cannot have that local affinity. However, the very very best ones have realised the traits that create trust, loyalty and RL goodwill and they have enshrined those values in their companies. More often than not, such companies do not acquire others preferring to only grow organically, knowing that M+A risks their valuable culture. As a result, they have little or no accounting goodwill assets on their balance sheets, but gallons of unseen RL goodwill.

In our portfolio we think we have lots of examples of this customer centric, long-term culture. We admire it and expect such businesses to endure for many years to come because of it:

- Amazon invests not just in low prices, but in fast delivery and no quibble refunds
- Wise has a constant commitment to lowering the cost of FX transactions year after year, even when its prices are already c.80% below most banks
- Nu Holdings is a bank with a customer first obsession and very high NPS scores. They pass on their own efficiencies in lower borrowing costs and higher deposit rates to the customer
- Wetherspoon's has a commitment to low prices, despite cost pressures hurting their margins
- Jet2 has 22kg baggage allowance and in-resort reps to deal with any holiday hiccups. Also, one to meet the flight when you get home, just to say: "*we hope you had a good holiday*"

These are just a few examples of important intangible factors that are hard to measure, but super important to these businesses' longevity and our attraction to them.

Have we gone soft?

All of the above might suggest to the unsuspecting reader that we are not investing to make money. For any of that view I refer you to earlier comments on our capital compounding ambitions. The types of businesses we outline above, by investing in great customer offerings today, are creating tomorrow's demand. Additionally, they are building further scale which widens the moat around their castle, making it harder for competitors to breach it. In a highly competitive business world such businesses have a lower likelihood of mean reversion. In turn this means growth may not fade as it does for most average companies. The net result of which suggests such businesses are highly valuable. Yet, as they seemingly

turn away near term profits, Mr Market doesn't always favour them. **Great companies at great prices indeed.**

Owner Manager Monks!

To run a business in this way, i.e. solving customer problems, cutting prices, delivering for free, deferring easy profits, suggests they must be run by selfless monks. These are our owner managers. Monks they are not, but a different breed to hired hand CEO's they most definitely are.

- A founder sets up a business to solve a problem or offer a better product or service than currently exists. The founder has a passion to deliver on that vision in the long term.
- In contrast an *average* company board hires a new CEO to manage the company when the founder growth phase is long since over. Or maybe to try and improve the fortunes of a business under pressure. This is akin to changing your football manager. Unsurprisingly his priority is winning games this week/this season. The state of the club/company 5-10 years from now is not his concern.

Much of what we articulate above, comparing how great vs average companies behave, can be ascribed to timeframes. Simply put, founders with long term vision think in very long term timeframes. The hired CEO or football manager simply do not have that luxury. They have to win today and next week to avoid career risk. When such long term timeframes are used properly, they can result in powerful self-reinforcing businesses and create lasting value for the owners of such businesses.

"If we think long term we can accomplish things that we wouldn't otherwise accomplish. Time horizons matter. They matter a lot" Jeff Bezos

"Find a genius and hold on tight" Anon

Investing – The last liberal art

There are maybe 500-1,000 founder run companies in the world of all shapes and sizes. (This is a guess as any screen for them would likely throw up all sorts of speculative ventures unappealing to us). That owner manager companies on average outperform others is a matter of fact. What we are trying to do is improve our odds further by looking for ones with special business and personal qualities that have proven successful over time. The problem, as we try to outline above, is that the most important of these qualities are often very hard to see, especially to the untrained eye. That is why we mostly search for new ideas using pattern recognition ("what also looks like this?") or in truth a little serendipity, rather than screening or reading brokers' research. Knowing exactly what we are looking for is c.70% of the job.

We pride ourselves in trying to communicate to investors our approach in as simple a way as possible, but that does not mean the job is easy. A fellow investor described investing as one of the last liberal arts, i.e. it being a combination of ideas and judgement. Whether the process we apply, the ideas we generate and the judgement we use are ultimately successful, both the passing of time and you our investors will decide. Our approach may seem idiosyncratic to many in the mainstream investment industry – we are OK with that. If everyone agreed with us, we'd have far fewer opportunities to look at.

The investing backdrop – Trump/AI and all that jazz!

Most year end investor letters will likely have had much to say on AI and Trump. I remind readers that I see the macro environment as tantamount to the wing mirrors in my car. They help me see what is around or coming from behind, but I don't drive looking in them the whole time.

I note the AI bubble commentaries and can see signs that a capital cycle has built up. Often such cycles see returns on capital fall once it is evident that capital is overbuilt. (This I saw firsthand in the Telecom sector in 1997-2000). Contrastingly, I also hear hundreds of companies speak to the scale of change and efficiency that they think AI could deliver to them. Finally, many of those spending heavily on AI today are largely doing so from cash generated from powerful existing business models (i.e. they can afford it).

I think it interesting that the thorny economic problem of the last 20 years has been the inability of western economies to grow productivity. AI could be just the sort of tool that could enable a lasting productivity boost. Only time will tell, but productivity growth periods bring strong economic growth and usually happy stock markets to boot.

“Technology is miraculous because it allows us to do more with less.” Peter Thiel

As a result of this melting pot, I am open-minded about the prospects and risks of AI. For differing reasons, I see TSMC, Amazon and Meta as portfolio beneficiaries of AI. Amazon in particular is a standout that looks somewhat forgotten. Its AWS (cloud computing) business has given it an almost unique position of a trusted, Scale Economy Shared supplier to some of the world largest organisations. When such parties look for a trusted supplier of AI powered solutions, I think Amazon will be at the very top of their list.

Trumpo(w)n

As for President Trump and his seeming never ending unpredictability, I stand by the view I outlined in [Trump: Owner Manager? VAT meets Art of the Deal, Apr25](#) piece. Like many of the owner managers we know well, Trump is a disruptor and he is living up to that moniker. As such investors should expect shocks and surprises and this creates uncertainty. Greater uncertainty is not always definitely greater risk, however. Markets and a long line of economists last Spring were quick to price in/predict economic disaster after Trump’s tariff shock. (I saw it as just back door VAT). Most were then forced to eat humble pie as the economic effects have been muted. Now we have the new uncertainty around foreign policy. Again, all are quick to extrapolate disaster. I can see new uncertainties, and indeed grounds for some concern, but these are the actions of a change agent/disrupter.

Loosening the regulatory stranglehold

The 2008 crisis aftermath was soon followed by powerful implementation of global ESG policies and then Covid. This arguably created a highly overregulated western business climate, even in the US. This was what the Trump administration inherited. Whilst tariffs or Greenland make the news, arguably what is more powerful to businesses is the pull-back of regulation. Nowhere is this truer than in the banking sector. For almost 20 years post-2008, global banks have been forced to sit on excess capital and liquidity that they would otherwise have lent into the economy. The easing up of these and other such draconian regulations don’t make the front pages for long, but arguably they matter to the real economy a great deal.

I am no Trump fan boy and wish this agent of change came in a nicer package with far higher levels of integrity, but as the saying goes, sometimes we get the leaders we deserve.

Whether it is AI, Trump or whatever new challenge or cycle confronts us next, I try to tackle the world objectively. i.e. as I think it might unfold affecting our investments, rather than how I might like it to be. Capital compounding is our North Star destination, macro wing mirrors we glance at once in a while, but we try not to let them distract us.

Searching for scale economies we can share with you

Not only are we trying to grow your capital by making hopefully astute investments, but we also want your fund holding costs to be low as well. This is not always easy in an overregulated sector. Any, and all regulatory or other costs incurred by Holland are part and parcel of our 0.8% management fee² and not charged to the Fund. Specific fund running costs such as those incurred by Valu-Trac for administration and pricing or by our custodian (of shares) and depository (of cash) now equate to 0.18% of the Fund's value pa. We are pleased this figure is low and it should fall further as the Fund scales.

On a personal note

I still love what I do. This is my hobby as well as my job. At Holland we are striving for investment excellence and eat our own cooking (i.e. as a team we are big investors in our own fund). I am also incredibly lucky to be surrounded and supported by a truly great team both inside Holland Advisors and at Valu-Trac. I thank them all for their never-ending hard work and diligence.

Each year in our letters we try to be open and candid about how we run the monies entrusted to us. Some years we talk about market cycles or why we sell. In others we talk through examples of companies we own. (We discussed Wise plc in our [December 2024](#) letter and Nu Holdings in [June 2025](#)). To get a good feel for how we invest do take a look at a few of our past letters and maybe some of the other research on the Holland Advisors [website](#).

Thank you for your continued support and trust.

With kind regards

Andrew Hollingworth

P.S.: An informal Fund meeting will be held in the afternoon of Friday 10th April 2026 in Farnham, Surrey, UK. It is open to investors and non-investors alike. Further details will be shared with all on our distribution list.

² Management fee for I class shares of the Fund

Appendix

Extracts from Berkshire Hathaway's 2007 Annual Letter

Businesses – The Great, the Good and the Gruesome

Let's take a look at what kind of businesses turn us on. And while we're at it, let's also discuss what we wish to avoid.

A truly great business must have an enduring "moat" that protects excellent returns on invested capital. The dynamics of capitalism guarantee that competitors will repeatedly assault any business "castle" that is earning high returns. Therefore a formidable barrier such as a company's being the low cost producer (GEICO, Costco) or possessing a powerful world-wide brand (Coca-Cola, Gillette, American Express) is essential for sustained success. Business history is filled with "Roman Candles," companies whose moats proved illusory and were soon crossed.

Long-term competitive advantage in a stable industry is what we seek in a business. If that comes with rapid organic growth, great. But even without organic growth, such a business is rewarding. We will simply take the lush earnings of the business and use them to buy similar businesses elsewhere. There's no rule that you have to invest money where you've earned it. Indeed, it's often a mistake to do so: Truly great businesses, earning huge returns on tangible assets, can't for any extended period reinvest a large portion of their earnings internally at high rates of return.

A company that needs large increases in capital to engender its growth may well prove to be a satisfactory investment. There is, to follow through on our example, nothing shabby about earning \$82 million pre-tax on \$400 million of net tangible assets. But that equation for the owner is vastly different from the See's situation. It's far better to have an ever-increasing stream of earnings with virtually no major capital requirements. Ask Microsoft or Google.

Now let's move to the gruesome. The worst sort of business is one that grows rapidly, requires significant capital to engender the growth, and then earns little or no money. Think airlines. Here a durable competitive advantage has proven elusive ever since the days of the Wright Brothers. Indeed, if a farsighted capitalist had been present at Kitty Hawk, he would have done his successors a huge favor by shooting Orville down.

Warren Buffett – [2007 Berkshire Hathaway investment letter](#)

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