

# **VT GARRAWAY INVESTMENT FUNDS ICVC**

**Annual Report and Financial Statements  
for the year ended 30 June 2018**



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## COMPANY OVERVIEW

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**Size of company** £53,875,496

**Launch date** 29 May 2012

### Company objective and policy

The aim of the Fund is to provide a combination of capital growth and income.

The Fund will invest primarily in equity securities primarily of companies which are listed in the UK.

The Fund may also invest in other types of transferable securities and in companies which are not UK listed. At any one time, the Fund may invest in a relatively small number of securities. The Fund may invest in derivatives both for investment purposes and for efficient portfolio management. Derivatives may be used to create synthetic short positions in securities. The Fund may also invest in money market instruments, collective investment schemes, deposits, cash and near cash.

### Type of Company

VT Garraway Investment Funds ICVC is an investment company with variable capital incorporated in Great Britain, and having its head office in England, under registered number IC000935 and authorised and regulated by the Financial Conduct Authority ("FCA") with effect from 26 March 2012 (FCA Product Reference Number 573884).

The Company is a "UCITS scheme" (a type of scheme referred to in the FCA Rules).

The Company is structured as an umbrella comprising a number of funds. The assets of each fund will be treated as separate from those of every other fund and will be invested in accordance with the investment objective and investment policy applicable to that fund. New funds may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary. If a new fund is introduced, a new Prospectus will be prepared to set out the required information in relation to that fund. The only fund which has been established is VT Garraway UK Equity Market Fund.

You as a shareholder are not liable for the debts of the company.

**Authorised Corporate Director (ACD)** Valu-Trac Investment Management Limited.

**Ex-distribution Dates** 30 June, 30 September, 31 December and 31 March

**Distribution Dates** 31 August, 30 November, last day of February, 31 May

**Individual Savings Account (ISA)** The Company is a qualifying investment for inclusion in an ISA.

**Share Classes**  
Class R Sterling net accumulation shares  
Class R Sterling net income shares  
Class F Sterling net accumulation shares  
Class F Sterling net income shares

<b>Minimum Initial Investment:</b>	Class R Sterling net accumulation shares	£1,000
	Class R Sterling net income shares	£1,000
	Class F Sterling net accumulation shares	£1,000
	Class F Sterling net income shares	£1,000

<b>Minimum Subsequent Investment:</b>	Class R Sterling net accumulation shares	£500
	Class R Sterling net income shares	£500
	Class F Sterling net accumulation shares	£500
	Class F Sterling net income shares	£500

## COMPANY OVERVIEW (Continued)

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<b>Minimum Holding:</b>	Class R Sterling net accumulation shares	£500
	Class R Sterling net income shares	£500
	Class F Sterling net accumulation shares	£500
	Class F Sterling net income shares	£500
<b>Minimum Partial Redemption:</b>	Class R Sterling net accumulation shares	£500
	Class R Sterling net income shares	£500
	Class F Sterling net accumulation shares	£500
	Class F Sterling net income shares	£500
<b>Preliminary Charge:</b>	Class R Sterling net accumulation shares	Nil
	Class R Sterling net income shares	Nil
	Class F Sterling net accumulation shares	Nil
	Class F Sterling net income shares	Nil
<b>Annual Management Charge:</b>	Class R Sterling net accumulation shares	1.75%
	Class R Sterling net income shares	1.75%
	Class F Sterling net accumulation shares	0.85%
	Class F Sterling net income shares	0.85%

The annual management charge may be waived at the discretion of the ACD.

### Changes to the company

On 10 April 2018 the annual management charge for Class F shares increased from 0.75% to 0.85% as a result of increased work associated with regulatory developments in the period.

On 10 April 2018 the Class I shares closed and all shareholders who previously held Class I shares switched to Class F shares.

# INVESTMENT MANAGER'S REVIEW

## Performance

Cumulative returns for the year ended 30 June 2018

	1 year	2 years	5 years
Class R Shares	11.33	19.07	44.98
Class F Shares	12.48	21.45	52.30
FTSE 350 Index TR*	9.05	28.42	52.05

*Performance based on accumulation shares.*

*Source: Financial Express. Total return, bid to bid. Sterling terms.*

*Note: Past performance is not a reliable indicator of future results. Investors are reminded that the price of shares and the revenue derived from them is not guaranteed and may go down as well as up.*

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The Class F accumulation shares rose 12.48% over the twelve months to end June 2018, well ahead of an index move of 9.05%. This places the Fund in top quartile against the peer group for this period.

Much of the positive market return came in the second half of 2017. Global markets rallied as the Trump tax bill made its way into law heralding a long term cut for corporations, with US and UK indices finishing at their highs for the year, supported by further evidence of robust global growth. While this optimism again characterised the initial weeks of 2018, much of the rest of the period witnessed increased sector rotation and market volatility, partly technical, but also driven by a number of external factors. Strong US economic data raised the spectre of faster rate increases, with US 10-year bond yields rising through 3.0% at one point. Instability in domestic US politics, as Trump replaced key office bearers, further enhanced fears of erratic leadership at a time of rising geopolitical tension. The escalating war of words with China, and later Europe, over Trump's threatened tariff proposals, increasingly worried equity markets as fears over the impact on global growth heightened. There was a short-lived relief rally over April, as prospects for a rapprochement looked possible. However, not even the thawing of relations with North Korea could offset the negative tone to the latter months of the year under review, particularly as geopolitical tensions rose again with Iran, as the US withdrew from the nuclear deal. The fall in Chinese equities and weakening Renminbi reflected lingering worries over the impact on trade as tariff threats became implemented.

For the UK, politics and Brexit negotiations dominated the year. There was some relief that the 2018 local elections did not see a total 'wipe out' for the Conservatives in London as feared, but throughout the period, Theresa May has appeared vulnerable and her Cabinet unhelpfully divided on key Brexit issues. While headline news tended to be universally gloomy, the UK economy has appeared more resilient than the sceptics have advocated. With Sterling acting as the safety valve over Brexit uncertainty, the manufacturing sector has been in rude health, and exports strong. The housing market, always a key economic measure, has remained steadier than feared. Even retail sales have bounced from their earlier lows. Unemployment figures ended the reporting period at their lowest for 40 years with employment at levels not seen since 1971. Wage growth also picked up momentum. After a very difficult 2017, the outlook for the consumer appeared a little more positive, with the IHS Markit Household Finance Index delivering its highest read since 2016. However, the raft of profit warnings in related companies highlighted the latent impact of a very tough spending environment. The government took heart in much improved borrowing figures, while first quarter 2018 economic growth figures were revised up.

## Performance

Positive relative returns were helped by the establishment of an overweight position in materials, with Anglo American and Glencore enjoying improved production data and balance sheets. Our energy exposure has also added value, with Royal Dutch Shell, BP and Premier Oil benefiting from the rally in the oil price, and substantially improved cash flow. Not owning British American Tobacco over the full year was also a positive, as consumer staples lost some lustre. Wizz Air Holdings has performed well on considerable momentum in the expansion of its very low cost Eastern European franchise. Ashted Group rallied over the year, supported by a strengthening US economy. Segro outperformed, delivering consistently strong figures, with its industrial warehouse franchise increasingly attractive in a market place lacking capacity. A relatively new purchase of the challenger bank,

## INVESTMENT MANAGER'S REVIEW (Continued)

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Aldermore Group, received a bid from First Rand and we sold the shares profitably. Mortgage Advice Bureau's relative strength reflected further growth in its underlying business and generous distribution policy.

Less helpful were the results of two relatively new retail positions, Dixons Carphone and Card Factory, both suffering margin pressure in the UK. With prospects of recovery pushed further back, we sold the position in Card Factory. Weaker margins resulted in Ultra Electronics Holdings announcing a profit warning, and loss of CEO. This prompted us to sell the rest of our holding, already reduced. Barclays failed to deliver consistency in its quarterly earnings mix, disappointing the market. We no longer own the shares. Carnival drifted back on the impact of FX and rising fuel prices although the underlying results have remained strong. Vodafone Group lost ground following the successful purchase of Liberty Global's European assets. In contrast to other energy stocks held, Hurricane Energy lagged, and while its business remained robust, senior management changes raised questions over corporate governance, and the stock was sold. IFG Group, the owner of the private client group, Saunderson House, and the platform business, James Hay, suffered from poor management decisions, clouding the quality of its two divisions. The appointment of a new management team has encouraged the retention of the shares.

Within portfolio activity, there has been a focus of adding to our domestic earnings. New positions included Lloyds Banking Group and Royal Bank of Scotland, where the pace of restructuring is being matched by earnings progression. We added Tesco, where the benefits of its restructuring programme are gaining momentum, as recent results demonstrated. The merger with Booker Group will also be accretive. Sainsbury's was also purchased. The broad improvement across all of its divisions will be supplemented by the prospect of a transformational deal with Asda. Elsewhere, we built up positions in the telecom sector, buying Vodafone Group and BT Group. In materials, we also added Kaz Minerals, enjoying higher grades in its copper assets than initially expected, with further expansion opportunities. We later sold the stock after a strong rally. Rio Tinto was added, with its substantially improved cash flow, and its plans to sweat its world-class assets while maintaining recent capital discipline. We established a position in Premier Oil, now supported by a more robust balance sheet and production profile. We built up a position in GlaxoSmithKline, with improved momentum following its deal to buy out the Novartis healthcare division. At the small end of the market, we added Draper Esprit, a VC investment fund, with exposure to early stage digital opportunities. We established two new shorts, later successfully closed, and closed our longer held short exposure to Ocado Group before its significant rally.

Further sales included UBM on deteriorating momentum. We sold our last precious metals holding, Fresnillo and Arrow Global Group, concerned over its pace of acquisitions. The insurer, Lancashire Holdings was sold, impacted by deteriorating news around the likely impact of insurance claims related to the hurricane devastation. We continue to take profits in Mortgage Advice Bureau, and sold ZPG, as share price momentum waned.

### Outlook

The impact of tariffs on the US and China, and the broader global economy, will dominate short term sentiment. As with the tortuous Brexit negotiation, wrestling with the unknown is likely to temper short term appetite for risk. It is still unclear how material the trade war will be on growth forecasts, although there are some signs of disruption in both Chinese data, and references in US industry commentary. Our focus remains on the underlying health of both the UK economy and our portfolio holdings. Despite persistently negative assumptions, UK economic data is tending to surprise on the upside, and corporate results meeting or beating expectations. Away from the traditional high street retailer, UK domestic earnings are holding up. We remain well invested, regard the market as relatively attractive, as is the portfolio, on an earnings multiple of 12 and yield close to 4%.

Garraway Capital Management LLP  
Investment Manager to the Fund

## PERFORMANCE RECORD

### Financial Highlights

### Comparative Tables

#### Class I Net Income Shares

	2018^	2017	2016
Changes in net assets per unit			
	GBp	GBp	GBp
Opening net asset value per unit	168.3459	164.3655	169.4062
Return before operating charges	10.3854	11.4849	2.3189
Operating charges (note 1)	(1.8507)	(1.8075)	(2.2196)
Return after operating charges*	8.5347	9.6774	0.0993
Distributions on income units	(4.4714)	(5.6970)	(5.1400)
Closing net asset value per unit at 10 April 2018	172.4092	168.3459	164.3655
*after direct transaction costs of:	0.0682	0.9649	0.7200
Performance			
Return after charges	5.07%	5.88%	0.06%
Other information			
Closing net asset value	-	£712,953	£678,187
Closing number of units	-	423,505	412,609
Operating charges (note 2)	1.16%	1.13%	1.33%
Direct transaction costs	0.04%	0.58%	0.44%
Prices			
Highest unit price	188.51	179.80	175.53
Lowest unit price	166.73	159.95	154.34

^Shares were transferred to F Net Accumulation on 10 April 2018

#### Class I Net Accumulation Shares

	2018^	2017	2016
Changes in net assets per unit			
	GBp	GBp	GBp
Opening net asset value per unit	197.6911	186.7976	186.6017
Return before operating charges	12.1216	12.9605	2.6259
Operating charges (note 1)	(2.1452)	(2.0670)	(2.4300)
Return after operating charges*	9.9764	10.8935	0.1959
Closing net asset value per unit at 10 April 2018	207.6675	197.6911	186.7976
Retained distributions	5.2986	6.5763	5.7300
*after direct transaction costs of:	0.0811	1.1150	0.8215
Performance			
Return after charges	5.05%	5.83%	0.11%
Other information			
Closing net asset value	-	£1,821,776	£1,678,834
Closing number of units	-	921,526	898,504
Operating charges (note 2)	1.16%	1.13%	1.33%
Direct transaction costs	0.04%	0.58%	0.44%
Prices			
Highest unit price	224.98	205.61	193.37
Lowest unit price	197.25	182.92	172.41

^Shares were transferred to F Net Income on 10 April 2018

## PERFORMANCE RECORD (Continued)

### Comparative Tables

Class R Net Income Shares		2018	2017	2016
Changes in net assets per unit				
	GBP			
	Opening net asset value per unit	163.3337	160.6559	166.4194
	Return before operating charges	21.5688	11.1445	2.2265
	Operating charges (note 1)	(3.2870)	(2.9303)	(2.9500)
	Return after operating charges*	18.2818	8.2142	(0.7235)
	Distributions on income units	(6.0599)	(5.5364)	(5.0400)
	Closing net asset value per unit	175.5556	163.3337	160.6559
	*after direct transaction costs of:	0.0678	0.9396	0.7196
Performance	Return after charges	11.19%	5.11%	(0.43%)
Other information				
	Closing net asset value	£104,655	£51,747	£50,899
	Closing number of units	59,614	31,682	31,682
	Operating charges (note 2)	1.91%	1.88%	1.83%
	Direct transaction costs	0.04%	0.58%	0.44%
Prices				
	Highest unit price	184.46	175.42	172.40
	Lowest unit price	160.85	155.87	151.15
Class R Net Accumulation Shares		2018	2017	2016
Changes in net assets per unit				
	GBP			
	Opening net asset value per unit	192.0884	182.8471	183.5401
	Return before operating charges	25.6866	12.5971	2.5470
	Operating charges (note 1)	(3.9149)	(3.3558)	(3.2400)
	Return after operating charges*	21.7717	9.2413	(0.6930)
	Closing net asset value per unit	213.8601	192.0884	182.8471
	Retained distributions	7.2211	6.3754	5.6200
	*after direct transaction costs of:	0.0812	1.0873	0.7800
Performance	Return after charges	11.33%	5.05%	(0.38%)
Other information				
	Closing net asset value	£1,392,248	£1,432,229	£1,379,051
	Closing number of units	651,009	745,609	754,210
	Operating charges (note 2)	1.91%	1.88%	1.83%
	Direct transaction costs	0.04%	0.58%	0.44%
Prices				
	Highest unit price	222.50	200.89	190.14
	Lowest unit price	191.65	178.50	169.08



## PERFORMANCE RECORD (Continued)

### Financial Highlights (continued)

#### Comparative Tables

##### Class F Net Income Shares

	2018	2017	2016
Changes in net assets per unit			
	GBp	GBp	GBp
Opening net asset value per unit	172.5180	168.0377	172.3186
Return before operating charges	22.8780	11.5363	2.3591
Operating charges (note 1)	(1.6990)	(1.2277)	(1.3900)
Return after operating charges*	21.1790	10.3086	0.9691
Distributions on income units	(6.4346)	(5.8283)	(5.2500)
Closing net asset value per unit	187.2624	172.5180	168.0377
*after direct transaction costs of:	0.0720	0.9876	0.7400
Performance			
Return after charges	12.28%	6.13%	0.56%
Other information			
Closing net asset value	£30,784,870	£36,282,869	£42,596,730
Closing number of units	16,439,425	21,031,356	25,349,513
Operating charges (note 2)	0.93%	0.88%	0.83%
Direct transaction costs	0.04%	0.58%	0.44%
Prices			
Highest unit price	196.55	183.94	178.60
Lowest unit price	171.19	163.70	157.48

##### Class F Net

##### Accumulation Shares

	2018	2017	2016
Changes in net assets per unit			
	GBp	GBp	GBp
Opening net asset value per unit	200.9325	189.4351	188.2819
Return before operating charges	27.0830	12.8896	2.6832
Operating charges (note 1)	(2.0045)	(1.3922)	(1.5300)
Return after operating charges*	25.0785	11.4974	1.1532
Closing net asset value per unit	226.0110	200.9325	189.4351
Retained distributions	7.6850	6.6130	5.8000
*after direct transaction costs of:	0.0854	1.1321	0.8100
Performance			
Return after charges	12.48%	6.07%	0.62%
Other information			
Closing net asset value	£21,656,738	£24,568,206	£18,249,014
Closing number of units	9,582,162	12,227,093	9,633,386
Operating charges (note 2)	0.93%	0.88%	0.83%
Direct transaction costs	0.04%	0.58%	0.44%
Prices			
Highest unit price	234.91	208.61	195.16
Lowest unit price	200.49	185.63	174.51

## PERFORMANCE RECORD (Continued)

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1. The operating charges per unit figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.
2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the fund.

### **Risk and reward profile**

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund.

The fund is ranked as a '5' on a scale of 1-7. The Fund is ranked '5' because historical performance data indicates that it has experienced relatively high rises and falls in market prices historically. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment. The fund indicator increased from a '4' during the year.

The price of the Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to the future.

Where the Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

Where the Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the Fund.

Where investments are made in smaller company shares, these may be riskier as they can be more difficult to buy and sell. Their share prices may also move up and down more than larger companies.

Investments in emerging markets may involve greater risks due to political and economic instability and underdeveloped markets and systems. This means your money may be at greater risk of loss.

The Fund is entitled to use derivative instruments for efficient portfolio management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Fund.

The organisation from which the Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Fund.

For further information please refer to the Key Investor Information Document ("KIID").

For full details on risk factors for the Fund, please refer to the Prospectus.

## PORTFOLIO STATEMENT

### PORTFOLIO STATEMENT

As at 30 June 2018

Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
<b>Aerospace &amp; Defense</b> (0.00%; 30.06.17 : 4.36%)			
<b>Basic Resources</b> (11.28%; 30.06.17 : 5.83%)			
112,722	Anglo American	1,894,631	3.52
696,380	Glencore	2,517,414	4.67
39,500	Rio Tinto	1,665,419	3.09
		<b>6,077,464</b>	<b>11.28</b>
<b>Diversified Financials</b> (3.43%; 30.06.17 : 1.86%)			
147,413	Standard Chartered	1,024,963	1.90
349,760	Tatton Asset Management Ltd	821,936	1.53
		<b>1,846,899</b>	<b>3.43</b>
<b>Energy</b> (17.76%; 30.06.17 : 14.12%)			
659,939	BP	3,825,337	7.10
430,018	Premier Oil	553,218	1.03
196,195	Royal Dutch Shell 'A'	5,188,867	9.63
		<b>9,567,422</b>	<b>17.76</b>
<b>Financial Services</b> (14.58%; 30.06.17 : 20.66%)			
380,745	Ashmore Group	1,412,564	2.62
180,639	Draper Esprit	925,775	1.72
528,277	HSBC Holdings	3,769,256	7.00
783,606	IFG Group	1,053,950	1.95
374,532	XPS Pensions Group	692,884	1.29
		<b>7,854,429</b>	<b>14.58</b>
<b>Food, Beverage &amp; Tobacco</b> (9.80%; 30.06.17 : 12.54%)			
91,935	Diageo	2,526,144	4.69
265,812	J Sainsbury	859,104	1.59
730,705	Tesco	1,894,353	3.52
		<b>5,279,601</b>	<b>9.80</b>

## PORTFOLIO STATEMENT (Continued)

Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
<b>Industrial Goods &amp; Services</b> <b>(8.48%; 30.06.17 : 9.08%)</b>			
53,279	CRH	1,432,673	2.66
285,494	Forterra	882,890	1.64
140,600	Smith (DS)	737,728	1.37
253,313	Vesuvius	1,513,545	2.81
		<b>4,566,836</b>	<b>8.48</b>
<b>Banks</b> <b>(5.29%; 30.06.17 : 0.00%)</b>			
2,885,288	Lloyds Banking Group	1,817,876	3.37
403,284	Royal Bank of Scotland Group	1,035,028	1.92
		<b>2,852,904</b>	<b>5.29</b>
<b>Insurance</b> <b>(7.05%; 30.06.17 : 9.38%)</b>			
729,259	Legal & General Group	1,933,266	3.59
106,967	Prudential	1,863,632	3.46
		<b>3,796,898</b>	<b>7.05</b>
<b>Materials</b> <b>(0.00%; 30.06.17 : 1.40%)</b>			
<b>Personal &amp; Household Goods</b> <b>(1.59%; 30.06.17 : 2.99%)</b>			
165,647	Barratt Developments	856,395	1.59
		<b>856,395</b>	<b>1.59</b>
<b>Pharmaceuticals &amp; Biotechnology</b> <b>(6.69%; 30.06.17 : 3.62%)</b>			
113,857	GlaxoSmithKline	1,738,596	3.23
43,687	Shire	1,866,746	3.46
		<b>3,605,342</b>	<b>6.69</b>
<b>Real Estate</b> <b>(2.54%; 30.06.17 : 1.67%)</b>			
205,853	Segro	1,369,746	2.54
		<b>1,369,746</b>	<b>2.54</b>
<b>Retail</b> <b>(0.96%; 30.06.17 : 0.00%)</b>			
276,960	Dixons Carphone	520,131	0.96
		<b>520,131</b>	<b>0.96</b>
<b>Business Support Services</b> <b>(3.23%; 30.06.17 : 1.41%)</b>			
75,676	Ashtead Group	1,739,791	3.23
		<b>1,739,791</b>	<b>3.23</b>

## PORTFOLIO STATEMENT (Continued)

<b>Holding or nominal value of positions</b>	<b>Bid market value £</b>	<b>Percentage of total net assets %</b>
<b>Telecommunication Services</b> <b>(3.10%; 30.06.17 : 2.10%)</b>		
219,956 BT Group	478,679	0.89
649,084 Vodafone Group	1,191,978	2.21
	<b>1,670,657</b>	<b>3.10</b>
<b>Travel &amp; Leisure</b> <b>(3.84%; 30.06.17 : 4.33%)</b>		
20,482 Carnival	889,021	1.65
32,930 Wizz Air Holdings	1,178,071	2.19
	<b>2,067,092</b>	<b>3.84</b>
<b>General Retailers</b> <b>(0.00%; 30.06.17 : 1.82%)</b>		
<b>Contracts for Difference</b> <b>(0.00%; 30.06.17 : (0.16%))</b>		
<b>Portfolio of investments (30.06.17 : 97.01%)</b>	<b>53,671,607</b>	<b>99.62</b>
<b>Net other assets (30.06.17 : 3.12%)</b>	<b>266,904</b>	<b>0.50</b>
<b>Adjustment to revalue assets from mid to bid prices (30.06.17: (0.13%))</b>	<b>(63,015)</b>	<b>(0.12)</b>
<b>Total net assets</b>	<b>53,875,496</b>	<b>100.00</b>

**Note: All of the above portfolio of investments are quoted on the London Stock Exchange.**

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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<b>Sales for the year (note 14)</b>	<b>£35,226,964</b>
Aldermore Group	855,288
Anglo American	621,871
Arrow Global Group	890,651
Ashmore Group	102,983
Ashtead Group	123,976
BAE Systems	1,812,528
Barclays	2,346,973
Barratt Developments	43,860
Bovis Homes Group	1,147,205
BP	1,572,824
British American Tobacco	3,512,867
BT Group	422,109
Card Factory	449,846
Carnival	711,427
CRH	789,771
Diageo	520,305
Dixons Carphone	29,972
Fresnillo	866,019
Forterra	996,635
GKN	1,701,595
GlaxoSmithKline	688,047
Glencore	304,969
HSBC Holdings	1,272,593
Hurricane Energy	524,955
IFG Group	458,431
Kaz Minerals	693,820
Lancashire Holdings Ltd	678,101
Legal & General Group	137,340
Lloyds Banking Group	346,041
Marks and Spencer Group	1,074,985
Mortgage Advice Bureau (Holdings)	1,194,433
Old Mutual	970,224
Premier Oil	287,364
Prudential	421,608
Rio Tinto	121,364
Royal Bank of Scotland Group	55,689
Royal Dutch Shell 'A'	1,243,628
Segro	103,991
Shire	313,111
Smith (DS)	37,212
Standard Chartered	52,911
Tatton Asset Management Ltd	20,408
Tesco	85,626
UBM	697,373
Ultra Electronics Holdings	580,883
Vesuvius	77,666
Vodafone Group	1,242,307
Wood Group	683,468
Wizz Air Holdings	332,705
XPS Pensions Group	386,714
ZPG	620,292
 <b>Contracts for Difference</b>	 <b>£22,404</b>
NewRiver REIT	22,404

The above sales reflect all the sales for the year.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES (Continued)

<b>Total purchases for the year (note 14)</b>	<b>£20,273,062</b>
Aldermore Group	620,928
Ashmore Group	203,674
Ashstead Group	394,031
BT Group	1,074,913
Card Factory	601,878
Dixons Carphone	658,292
Draper Esprit	807,910
GlaxoSmithKline	1,698,562
Hurricane Energy	649,409
J Sainsbury	826,930
Kaz Minerals	626,626
Lloyds Banking Group	2,338,954
Premier Oil	611,677
Rio Tinto	1,555,066
Royal Bank of Scotland Group	1,121,652
Royal Dutch Shell 'A'	246,800
Shire	533,616
Standard Chartered	537,982
Tatton Asset Management Ltd	559,999
Tesco	1,585,658
Vesuvius	161,305
Vodafone Group	2,809,554
XPS Pensions Group	47,646
<b>Contracts for Difference</b>	<b>£177,055</b>
Ocado	153,634
RPC Group	23,421

The above purchases reflect all the purchases for the year.

## STATEMENT OF AUTHORISED CORPORATE DIRECTOR'S (ACD'S) RESPONSIBILITIES

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The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Company at the end of the financial year and its net revenues and net capital gains for the year. In preparing these financial statements the Authorised Corporate Director is required to:

- comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The Authorised Corporate Director is required to keep proper accounting records and to manage the Company in accordance with the COLL regulations, the Instrument of Incorporation, and the Prospectus. The Authorised Corporate Director is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### DIRECTOR'S STATEMENT

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In accordance with the requirements of the Financial Conduct Authority's Collective Investment Scheme's Sourcebook, we hereby certify the annual report.

Anne A. Laing CA

Neil J. Smith MA BA CA

Valu-Trac Investment Management Limited  
Authorised Corporate Director

Date .....



## STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

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The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the "OEIC Regulations"), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme Documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme Documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme Documents of the Company, and
- ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank Plc  
01 July 2018

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT GARRAWAY INVESTMENT FUNDS ICVC (SUB-FUND VT GARRAWAY UK EQUITY MARKET FUND)

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We have audited the financial statements of VT Garraway Investment Funds ICVC ("the Company") for the year ended 30 June 2018 which comprise the Statement of Total Return, Statement of Changes in Net Assets Attributable to Shareholders, Balance Sheet, the related Notes to the Financial Statements and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company at 30 June 2018 and of the net revenue and the net capital gains on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with the IA Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are described further in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the ACD's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The ACD is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the COLL Regulations**

In our opinion, based on the work undertaken in the course of the audit:

- Proper accounting records for the Company have been kept and the accounts are in agreement with those records;
- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- The information given in the report of the ACD and in the report of the authorised fund manager for the year is consistent with the financial statements

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT GARRAWAY INVESTMENT FUNDS ICVC (SUB-FUND VT GARRAWAY UK EQUITY MARKET FUND) (Continued)

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## Responsibilities of the Authorised Corporate Director

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 15, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal controls as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the ACD.
- Conclude on the appropriateness of the ACD'S use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ("the COLL Rules") issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP  
Chartered Accountants  
Statutory Auditor  
Elgin

## STATEMENT OF TOTAL RETURN

For the year ended 30 June 2018			Year ended 30.06.18 £	Year ended 30.06.17 £
	Notes	£	£	£
Income				
Net capital gains	2		5,613,520	2,041,870
Revenue	3	2,083,699		2,379,065
Expenses	4	(532,322)		(638,907)
Finance costs: interest	6	-		-
Net revenue before taxation		1,551,377		1,740,158
Taxation	5	-		(28,740)
Net revenue after taxation			1,551,377	1,711,418
Total return before distributions			7,164,897	3,753,288
Finance costs: distributions	6		(2,083,699)	(2,350,325)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>5,081,198</b>	<b>1,402,963</b>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 30 June 2018	Year ended 30.06.18 £	Year ended 30.06.17 £
<b>Opening net assets attributable to shareholders</b>	64,785,529	64,632,265
Amounts receivable on creation of shares	24,457,796	13,241,585
Amounts payable on cancellation of shares	(41,308,808)	(15,405,262)
Retained distributions on accumulation shares	859,781	913,978
Change in net assets attributable to shareholders from investment activities	5,081,198	1,402,963
<b>Closing net assets attributable to shareholders</b>	<b>53,875,496</b>	<b>64,785,529</b>

## BALANCE SHEET

As at 30 June 2018

		30.06.18		30.06.17	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Investment assets			53,608,592		62,866,604
<b>CURRENT ASSETS</b>					
Debtors	7	446,521		1,096,923	
Cash and bank balances	8	439,879		2,149,994	
<b>Total current assets</b>			886,400		3,246,917
<b>Total assets</b>			54,494,992		66,113,521
<b>LIABILITIES</b>					
Investment liabilities			-		(101,119)
<b>CURRENT LIABILITIES</b>					
Distribution payable on income shares		(304,694)		(372,290)	
Bank overdraft	8	(27)		(28)	
Other creditors	9	(314,775)		(854,555)	
<b>Total current liabilities</b>			(619,496)		(1,226,873)
<b>Total liabilities</b>			(619,496)		(1,327,992)
<b>Net assets attributable to shareholders</b>			53,875,496		64,785,529

# NOTES TO THE FINANCIAL STATEMENTS

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**For the year ended 30 June 2018**

## **1 Accounting policies**

### **(a) Basis of accounting**

The financial statements have been prepared in compliance with FRS 102 and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Association (IA) in May 2014.

As described in the Statement of ACD's Responsibilities, the ACD continues to adopt the going concern basis in the preparation of the financial statements of the Fund.

### **(b) Recognition of revenue**

Dividends on holdings, net of any irrecoverable tax credits, are recognised when the underlying transferable security is quoted ex-dividend. Bank interest is accounted for on an accruals basis.

### **(c) Treatment of stock dividends**

Stock dividends are credited to the capital account when the stock is quoted ex-dividend. The cash equivalent is then transferred to the revenue account and forms part of the distributable revenue. The allocation of special dividends is considered on a case-by-case basis.

### **(d) Treatment of expenses**

All expenses, net of any associated tax effect, are charged to the capital account with the exception of bank interest and transaction charges relating to the payment of revenue, which are charged to the revenue account. Expenses are recognised on the accruals basis.

### **(e) Allocation of revenue and expenses to multiple share classes**

Any assets or liabilities not attributable to a particular share class are allocated by the ACD in a manner which is considered fair to shareholders in general, usually pro-rata based on the net asset values of the relevant share classes.

### **(f) Taxation**

Corporation tax is provided for on taxable revenue, less deductible expenses, at a rate of 20.00%. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the ACD considers that it is more likely than not there will be taxable profits from which underlying timing differences can be deducted.

### **(g) Distribution policy**

Revenue produced by the Fund's investments accrues quarterly. At the end of each period, the net revenue plus an adjustment for expenses allocated to capital, is accumulated/distributed as per the Prospectus.

### **(h) Exchange rates**

All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 29 June 2018.

### **(i) Basis of valuation of investments**

The investments are valued at closing prices on the balance sheet date. If closing prices are not available, the latest available prices are used. Investments held long are valued at closing bid price and investment held short are valued at the closing offer price.

If separate offer and bid prices are quoted for shares or units, then the bid price is used.

## NOTES TO THE FINANCIAL STATEMENTS Continued

<b>2</b>	<b>Net capital gains</b>	<b>30.06.18</b>	<b>30.06.17</b>
	The net capital gains comprise:	£	£
	Non-derivative securities gains	5,598,461	2,501,031
	Derivative contracts	(55,362)	(123,798)
	Currency gains/(losses)	75,456	(325,682)
	Transaction charges	(5,035)	(9,681)
	Total net capital gains	<u>5,613,520</u>	<u>2,041,870</u>
<b>3</b>	<b>Revenue</b>	<b>30.06.18</b>	<b>30.06.17</b>
		£	£
	UK franked dividends	2,017,490	2,010,926
	Overseas dividends	<u>66,209</u>	<u>368,139</u>
	Total revenue	<u>2,083,699</u>	<u>2,379,065</u>
<b>4</b>	<b>Expenses</b>	<b>30.06.18</b>	<b>30.06.17</b>
		£	£
	<b>Payable to the ACD and associates</b>		
	Annual management charge	<u>465,662</u>	<u>544,830</u>
		<u>465,662</u>	<u>544,830</u>
	<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>		
	Depositary fee	26,759	49,289
	Safe custody fee	<u>7,217</u>	<u>7,113</u>
		<u>33,976</u>	<u>56,402</u>
	<b>Other expenses</b>		
	Audit fee	8,100	8,642
	FCA fee	233	52
	Other fees and subscriptions	<u>24,351</u>	<u>28,981</u>
		<u>32,684</u>	<u>37,675</u>
	Total expenses	<u>532,322</u>	<u>638,907</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>5</b>	<b>Taxation</b>	<b>30.06.18</b>	<b>30.06.17</b>
		<b>£</b>	<b>£</b>
(a)	<b>Analysis of charge in the year</b>		
	Overseas tax withheld	-	28,740
	Total tax charge for the year (note 5b)	-	28,740
(b)	<b>Factors affecting current tax charge for the year</b>		
	The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20.00% (2017: 20.00%). The differences are explained below:		
	Net revenue before taxation	1,551,377	1,740,158
	Corporation tax at 20.00% (2017:20.00%)	310,275	348,032
	<u>Effects of:</u>		
	Revenue not subject to UK corporation tax	(416,740)	(402,185)
	Excess management expenses	106,465	54,153
	Overseas tax	-	28,740
	Current taxation (note 5a)	-	28,740
(c)	<b>Provision for deferred taxation</b>		
	At 30 June 2018 there is a potential deferred tax asset of £318,994 (30 June 2017: £212,529) in relation to surplus management expenses. It is unlikely the Company will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.		
<b>6</b>	<b>Finance costs</b>	<b>30.06.18</b>	<b>30.06.17</b>
	Interim distributions	<b>£</b>	<b>£</b>
	-September	498,433	502,800
	-December	470,578	488,906
	-March	493,711	678,171
	Final dividend distribution (June)	529,848	649,121
		1,992,570	2,318,998
	Add: Revenue deducted on cancellation of shares	143,719	78,001
	Deduct: Revenue received on issue of shares	(52,590)	(46,674)
		2,083,699	2,350,325
	Interest payable and similar charges	-	-
	<b>Total finance costs</b>	<b>2,083,699</b>	<b>2,350,325</b>
	<b>Reconciliation of distributions</b>		
	Net revenue after taxation	1,551,377	1,711,418
	Expenses allocated to capital	532,322	638,907
	<b>Net distribution for the year</b>	<b>2,083,699</b>	<b>2,350,325</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>7 Debtors</b>	<b>30.06.18</b>	<b>30.06.17</b>
	£	£
Amounts receivable for issue of shares	71,368	220,420
Amounts receivable on sale of securities	188,642	683,468
Accrued revenue	151,034	162,424
Tax recoverable	35,477	30,611
	<u>446,521</u>	<u>1,096,923</u>
<b>8 Cash and bank balances</b>	<b>30.06.18</b>	<b>30.06.17</b>
	£	£
Bank balances	<u>439,879</u>	<u>2,149,994</u>
Bank overdraft	<u>(27)</u>	<u>(28)</u>
<b>9 Creditors</b>	<b>30.06.18</b>	<b>30.06.17</b>
	£	£
Amounts payable on cancellation of shares	225,116	226,311
Amounts payable on purchase of securities	-	559,999
Other accrued expenses	89,659	68,245
Total creditors	<u>314,775</u>	<u>854,555</u>

### 10 Shares held

#### Shares Held – Class I Net Income Shares

<b>Opening units at 01.07.17</b>	<b>423,505</b>
Units issued during the year	4,767
Units cancelled during the year	(21,239)
Units converted during the year	(407,033)
<b>Closing units at 30.06.18</b>	<b>-</b>

#### Shares Held – Class R Net Income Shares

<b>Opening units at 01.07.17</b>	<b>31,682</b>
Units issued during the year	27,932
Units cancelled during the year	-
Units converted during the year	-
<b>Closing units at 30.06.18</b>	<b>59,614</b>

#### Shares Held – Class F Net Income Shares

<b>Opening units at 01.07.17</b>	<b>21,031,356</b>
Units issued during the year	1,040,200
Units cancelled during the year	(6,028,547)
Units converted during the year	396,416
<b>Closing units at 30.06.18</b>	<b>16,439,425</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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### 10 Shares held (continued)

#### Shares Held – Class I Net Accumulation Shares

<b>Opening units at 01.07.17</b>	<b>921,526</b>
Units issued during the year	49,247
Units cancelled during the year	(273,556)
Units converted during the year	(697,217)
<b>Closing units at 30.06.18</b>	<b>-</b>

#### Shares Held – Class R Net Accumulation Shares

<b>Opening units at 01.07.17</b>	<b>745,609</b>
Units issued during the year	88,164
Units cancelled during the year	(182,764)
Units converted during the year	-
<b>Closing units at 30.06.18</b>	<b>651,009</b>

#### Shares Held – Class F Net Accumulation Shares

<b>Opening units at 01.07.17</b>	<b>12,227,093</b>
Units issued during the year	3,864,733
Units cancelled during the year	(7,190,764)
Units converted during the year	681,100
<b>Closing units at 30.06.18</b>	<b>9,582,162</b>

### 11 Risk management policies

#### Market price risk

Market price risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the company holds. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 11 Risk management policies (continued)

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus, and managed by the diversification of the portfolio.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 30 June 2018 would have increased/decreased by £5,360,859 (2017 – £6,276,549).

#### Interest rate risk

Interest rate risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates.

During the year the Fund's direct exposure to interest rates consisted of cash and bank balances.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules. However the risk is not actively managed.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

The table below details the interest rate risk profile at the balance sheet date

	30/06/2018		
	Floating rate financial assets	Financial assets not carrying interest	
Currency			Total
	£	£	£
UK Sterling	439,879	54,055,113	54,494,992
Total	439,879	54,055,113	54,494,992
	Floating rate financial liabilities	Financial liabilities not carrying interest	
	£	£	£
Sterling	-	(619,469)	(619,469)
US Dollar	(27)	-	(27)
Total	(27)	(619,469)	(619,496)

	30/06/2017		
	Floating rate financial assets	Financial Assets not carrying interest	
Currency			Total
	£	£	£
UK Sterling	2,149,994	63,963,527	66,113,521
Total	2,149,994	63,963,527	66,113,521
	Floating rate financial liabilities	Financial liabilities not carrying interest	
	£	£	£
UK Sterling	-	(1,327,964)	(1,327,964)
US Dollar	(28)	-	(28)
Total	(28)	(1,327,964)	(1,327,992)

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 11 Risk management policies (continued)

#### Foreign currency risk

Foreign currency risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

During the year the Fund's direct exposure to currencies consisted of investments, and is also managed by the diversification of the portfolio in line with the Company Prospectus.

Net foreign currency monetary assets and liabilities consist of:

	Net foreign currency assets at 30 June 2018			Net foreign currency assets at 30 June 2017		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	£	£	£	£	£	£
US Dollar	(27)	-	(27)	(28)	-	(28)

#### Maturity of financial liabilities

The financial liabilities of the company as at 30 June 2018 are payable either within one year or on demand.

#### Liquidity risk

A significant risk of the Fund is the cancellation of shares/units which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet obligations. If there were significant requests for the redemption of shares/units in the Fund at a time when a large proportion of the Fund's portfolio of investments were not easily tradable due to market conditions the Fund's ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares/units in the Fund. However all investments of the fund are deemed readily realisable. The fund may borrow up to 10% of its value in order to ensure settlement.

#### Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Fund. The Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

The Fund holds cash and cash deposits with financial institutions which potentially exposes the Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Fund of default.

There have been no collateral arrangements in the year.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 11 Risk management policies (continued)

#### Fair value disclosure

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

A Fair value based on a quoted price for an identical instrument in an active market

B Fair value based on the price of a recent transaction for an identical instrument

C1 Fair value based on a valuation technique using observable market data

C2 Fair value based on a valuation technique that relies significantly on non-observable market data

Valuation Technique 2018	Assets (£'000)	Liabilities (£'000)
A Quoted prices for identical instruments in active markets	53,609	-

2017		
A Quoted prices for identical instruments in active markets	62,866	101

### 12 Contingent assets and liabilities

At 30 June 2018, the fund had no contingent liabilities or commitments (30 June 2017: £Nil).

### 13 Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 29 June 2018. Since that date, the Fund's quoted mid price has moved as follows for each share class:

Share class	Price (GBp) at 29 June 2018	Price (GBp) at 3 Oct 2018
Class R Net Income GBP	175.5556	170.6016
Class R Net Accumulation GBP	213.8601	210.1728
Class F Net Income GBP	187.2624	182.4094
Class F Net Accumulation GBP	226.0110	222.6364

### 14 Direct transaction costs

	30.06.18		30.06.17	
Analysis of total purchase costs	£	% of total purchases	£	% of total purchases
Purchases in the year before transaction costs	20,267,173		72,347,729	
Commissions	5,834	0.03%	22,971	0.03%
Taxes	-	0.00%	315,107	0.43%
Levies	55	0.00%	145	0.00%
Total purchase costs	5,889	0.03%	338,223	0.46%
Total purchases including transaction costs	<u>20,273,062</u>		<u>72,685,952</u>	

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 14. Portfolio transaction costs (Continued)

Analysis of total sale costs	£	30.06.18 % of total sales	£	30.06.17 % of total sales
Sales in the year before transaction costs	35,239,040		72,585,863	
Commissions	(11,892)	0.03%	(26,703)	0.04%
Levies	(184)	0.00%	(252)	0.00%
Total sale costs	(12,076)	0.03%	(26,955)	0.04%
Total sales net of transaction costs	<u>35,226,964</u>		<u>72,558,908</u>	

The following represents the total of each type of transaction cost, expressed as a percentage of the Fund's average net asset value in the year:

	2018 £	% of average net asset value	2017 £	% of average net asset value
Commission	17,726	0.03%	49,674	0.08%
Taxes	-	0.00%	315,107	0.48%
Levies	239	0.00%	397	0.00%
	<u>17,965</u>	<u>0.03%</u>	<u>365,178</u>	<u>0.56%</u>

## DISTRIBUTION TABLES

### Interim Accumulation/Distribution (30 September 2017)

Group 1 - Shares purchased on or prior to 30 June 2017

Group 2 - Shares purchased after 30 June 2017

Shares	Net revenue  (pence)	Equal -isation  (pence)	Paid/Acc umulated 30.11.17 (pence)	Paid/Acc umulated 30.11.16 (pence)
<b>Class I Net Inc GBp</b>				
Group 1	1.4430	-	<b>1.4430</b>	<b>1.1969</b>
Group 2	1.1313	0.3117	<b>1.4430</b>	<b>1.1969</b>
<b>Class R Net Inc GBp</b>				
Group 1	1.3987	-	<b>1.3987</b>	<b>1.1589</b>
Group 2	1.3987	-	<b>1.3987</b>	<b>1.1589</b>
<b>Class F Net Inc GBp</b>				
Group 1	1.4792	-	<b>1.4792</b>	<b>1.2080</b>
Group 2	0.8635	0.6157	<b>1.4792</b>	<b>1.2080</b>
<b>Class I Net Acc GBp</b>				
Group 1	1.6980	-	<b>1.6980</b>	<b>1.3485</b>
Group 2	1.3922	0.3058	<b>1.6980</b>	<b>1.3485</b>
<b>Class R Net Acc GBp</b>				
Group 1	1.6450	-	<b>1.6450</b>	<b>1.3179</b>
Group 2	0.9458	0.6992	<b>1.6450</b>	<b>1.3179</b>
<b>Class F Net Acc GBp</b>				
Group 1	1.7225	-	<b>1.7225</b>	<b>1.3685</b>
Group 2	0.9228	0.7997	<b>1.7225</b>	<b>1.3685</b>

## DISTRIBUTION TABLES (Continued)

### Interim Accumulation/Distribution (31 December 2017)

Group 1 - Shares purchased on or prior to 30 September 2017

Group 2 - Shares purchased after 30 September 2017

Shares	Net revenue  (pence)	Equal -isation  (pence)	Paid/Acc umulated 28.02.18 (pence)	Paid/Acc umulated 28.02.17 (pence)
<b>Class I Net Inc GBp</b>				
Group 1	1.4605	-	<b>1.4605</b>	<b>1.1745</b>
Group 2	0.0892	1.3713	<b>1.4605</b>	<b>1.1745</b>
<b>Class R Net Inc GBp</b>				
Group 1	1.4133	-	<b>1.4133</b>	<b>1.1451</b>
Group 2	1.4133	-	<b>1.4133</b>	<b>1.1451</b>
<b>Class F Net Inc GBp</b>				
Group 1	1.4989	-	<b>1.4989</b>	<b>1.2143</b>
Group 2	0.9036	0.5953	<b>1.4989</b>	<b>1.2143</b>
<b>Class I Net Acc GBp</b>				
Group 1	1.7293	-	<b>1.7293</b>	<b>1.3431</b>
Group 2	1.1142	0.6151	<b>1.7293</b>	<b>1.3431</b>
<b>Class R Net Acc GBp</b>				
Group 1	1.6749	-	<b>1.6749</b>	<b>1.3113</b>
Group 2	0.3171	1.3578	<b>1.6749</b>	<b>1.3113</b>
<b>Class F Net Acc GBp</b>				
Group 1	1.8500	-	<b>1.8500</b>	<b>1.3379</b>
Group 2	0.7492	1.1008	<b>1.8500</b>	<b>1.3379</b>



## DISTRIBUTION TABLES (Continued)

### Interim Accumulation/Distribution (31 March 2018)

Group 1 - Shares purchased on or prior to 31 December 2017

Group 2 - Shares purchased after 31 December 2017

Shares	Net revenue  (pence)	Equal -isation  (pence)	Paid/Acc umulated 31.05.18 (pence)	Paid/Acc umulated 31.05.17 (pence)
<b>Class I Net Inc GBp</b>				
Group 1	1.5679	-	<b>1.5679</b>	<b>1.6333</b>
Group 2	0.1634	1.4045	<b>1.5679</b>	<b>1.6333</b>
<b>Class R Net Inc GBp</b>				
Group 1	1.5138	-	<b>1.5138</b>	<b>1.5886</b>
Group 2	1.5138	-	<b>1.5138</b>	<b>1.5886</b>
<b>Class F Net Inc GBp</b>				
Group 1	1.6094	-	<b>1.6094</b>	<b>1.6724</b>
Group 2	0.9748	0.6346	<b>1.6094</b>	<b>1.6724</b>
<b>Class I Net Acc GBp</b>				
Group 1	1.8713	-	<b>1.8713</b>	<b>1.8811</b>
Group 2	1.3221	0.5492	<b>1.8713</b>	<b>1.8811</b>
<b>Class R Net Acc GBp</b>				
Group 1	1.8093	-	<b>1.8093</b>	<b>1.8322</b>
Group 2	1.0155	0.7938	<b>1.8093</b>	<b>1.8322</b>
<b>Class F Net Acc GBp</b>				
Group 1	1.9049	-	<b>1.9049</b>	<b>1.9102</b>
Group 2	1.1356	0.7693	<b>1.9049</b>	<b>1.9102</b>

## DISTRIBUTION TABLES (Continued)

### Final Accumulation/Distribution (30 June 2018)

Group 1 - Shares purchased on or prior to 31 March 2018

Group 2 - Shares purchased after 31 March 2018

Shares	Net revenue  (pence)	Equal -isation  (pence)	Paid/Acc umulated 31.08.18 (pence)	Paid/Acc umulated 31.08.17 (pence)
<b>Class I Net Inc GBp</b>				
Group 1	-	-	-	<b>1.6923</b>
Group 2	-	-	-	<b>1.6923</b>
<b>Class R Net Inc GBp</b>				
Group 1	1.7341	-	<b>1.7341</b>	<b>1.6438</b>
Group 2	1.7341	-	<b>1.7341</b>	<b>1.6438</b>
<b>Class F Net Inc GBp</b>				
Group 1	1.8471	-	<b>1.8471</b>	<b>1.7336</b>
Group 2	0.8503	0.9968	<b>1.8471</b>	<b>1.7336</b>
<b>Class I Net Acc GBp</b>				
Group 1	-	-	-	<b>2.0036</b>
Group 2	-	-	-	<b>2.0036</b>
<b>Class R Net Acc GBp</b>				
Group 1	2.0919	-	<b>2.0919</b>	<b>1.9140</b>
Group 2	0.8587	1.2332	<b>2.0919</b>	<b>1.9140</b>
<b>Class F Net Acc GBp</b>				
Group 1	2.2076	-	<b>2.2076</b>	<b>1.9964</b>
Group 2	0.7813	1.4263	<b>2.2076</b>	<b>1.9964</b>

## INFORMATION FOR INVESTORS

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### **Distribution**

Distributions of the revenue of the Company will be made to shareholders on or before 31 August each year and interim allocations of revenue on or before 30 November, last day of February and 31 May.

### **Taxation**

The Company will pay no corporation tax on its profits for the year to 30 June 2018 and capital gains within the Company will not be taxed.

### **Individual shareholders**

HM Revenue & Customs changed the taxation of dividends on 6 April 2016. Dividend tax credits were abolished and replaced by a tax-free annual dividend allowance now standing at £2,000. UK resident shareholders are now subject to new, higher rates of tax on dividend income in excess of the annual allowance. The actual rate depends on the individual's tax rate band.

### **Capital gains tax:**

Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. The first £11,700 of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

### **Debts of the ICVC fund**

Unitholders of the ICVC are not liable for the debts of the ICVC.

### **Issue and redemption of shares**

Valu-Trac Investment Management Limited is the ACD and Registrar. Valu-Trac Investment Management Limited will receive requests for the purchase or sale of shares at any time during normal business hours (between 8.30am and 5.30pm). Instructions may be given by email to ([garraway@valu-trac.com](mailto:garraway@valu-trac.com)) or by sending an application form to the Registrar. Application forms are available from the Registrar.

The price of shares will be determined by reference to a valuation of the Company's net assets at 12:00 noon each day.

The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

A contract note giving details of the shares purchased and the price used will be issued by the Registrar by the end of the business day following the valuation point by reference to which the purchase price is determined. Settlement is due four business days after the trade date shown on the contract note and should be made to the ACD's dealing account.

Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. Certificates will not be issued. Statements in respect of periodic distributions of revenue will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a shareholder's shares will also be issued at any time on request by the registered holder.

Where shares are redeemed, payment will be made not later than the close of business on the fourth business day following the next valuation point after receipt by the ACD of a request for redemption. The ACD may at its discretion accept redemptions lower than the minimum amount.

The most recent issue and redemption prices are available from the ACD.

### **Pricing basis**

There is a single price for buying, selling and switching shares in a Sub-Fund which represents the net asset value of the Sub-Fund concerned. The share price is calculated on a forward pricing basis, that is at the next valuation point after the purchase or redemption is deemed to be accepted by the ACD.

The prices of shares are published daily on the Investment Association website at [www.investmentuk.org](http://www.investmentuk.org). Neither, the ACD nor the Company can be held responsible for any errors in the publication of the prices. The shares in the company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

## INFORMATION FOR INVESTORS (Continued)

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### **Other information**

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected free of charge at the office of the ACD which is also the Head Office of the Company and copies may be obtained upon application.

## CORPORATE DIRECTORY

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<b>Authorised Corporate Director Manager &amp; Registrar</b>	Valu-Trac Investment Management Limited Orton Moray IV32 7QE  Telephone: 01343 880344 Fax: 01343 880267 Email: (garraway@valu-trac.com)  Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
<b>Director</b>	Valu-Trac Investment Management Limited as ACD
<b>Investment Manager</b>	Garraway Capital Management LLP 6 <sup>th</sup> Floor Beckett House 36 Old Jewry London EC2R 8DD
<b>Depository</b>	National Westminster Bank Plc Trustee and Depositary Services Drummond House 2 <sup>nd</sup> Floor , 1 Redheughs Avenue Edinburgh EH12 9RH Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority
<b>Auditor</b>	Johnston Carmichael LLP Chartered Accountants Commerce House South Street Elgin IV30 1JE